Reciprocity of the macroprudential measure applied by the National Bank of Belgium

BANCO DE PORTUGAL
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By deliberation of the Board of Directors adopted in 11 December 2018, Banco de Portugal, in the exercise of its competences as the national macroprudential authority and in compliance with the Recommendation of the European Systemic Risk Board (ESRB/2015/29) of 15 December 2015 as amended by Recommendation of the European Systemic Risk Board (ESRB/2018/5) of 21 September 2018, has decided to reciprocate the macroprudential measure imposed by the National Bank of Belgium under Article 458 (2)(d)(vi) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR).

Given that the measure imposed by the Belgian macroprudential authority is provided for in the CRR, reciprocity will be operationalised through the same measure, i.e. through the increase of the risk weights associated with loans secured by residential immovable property located in Belgium. The calculation is based on two components. The first component imposes a fixed increase in the risk weight of 5 percentage points. The second component includes a proportional increase in the risk weight, equivalent to 33% of the exposure-weighted average of the risk weights on exposures secured by residential immovable property in Belgium.

This measure will be applied to credit institutions using the internal ratings based approach (IRB) for estimating their risk weights, authorised in Belgium both directly or through Belgian located branches of Portuguese banks.

This decision enters into force as of the date of its publication and will remain in force for as long as the measure applied by the National Bank of Belgium is in place, including any reviews based on Article 458 (2) of the CRR.

For further details, an analysis was published simultaneously with this decision, describing National Bank of Belgium's rationale for imposing the measure, as well as Banco de Portugal's analysis.