

OPINION

Macropudencial measure adopted by the Banco de España to reciprocate a systemic risk buffer in Portugal

Background

On 19 February 2024 the Banco de España informed AMCESFI, the Spanish macropudencial authority, of its intention to reciprocate a macropudencial measure adopted by the Banco de Portugal consisting in a sectoral systemic risk buffer. This falls under the macropudencial policy powers conferred upon the Banco de España in Spanish legislation,¹ in transposition of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions.

The European Union (EU) voluntary reciprocity framework, set out in Recommendation ESRB/2015/2 of the European Systemic Risk Board (ESRB) on the assessment of cross-border effects of and voluntary reciprocity for macropudencial policy measures, aims to bolster the effectiveness of national macropudencial measures and ensure that a particular risk receives equivalent treatment within the EU, irrespective of the Member State where the affected banks are located, thereby ensuring the effectiveness of the measure and strengthening the resilience of the EU financial system overall.

AMCESFI is empowered to issue opinions on proposed macropudencial measures notified by the sectoral supervisory authorities, pursuant to Article 11 of Royal Decree 102/2019 of 1 March 2019 whereby AMCESFI was created, its legal framework was established and certain aspects relating to macropudencial tools were implemented.

AMCESFI has resolved to issue this opinion, considering that the proposal entails the application of a new macropudencial measure that would affect three Spanish credit institutions.

¹ Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions; Royal Decree 84/2015 of 13 February 2015 implementing Law 10/2014; and Banco de España Circular 2/2016 of 2 February 2016 to credit institutions on supervision and solvency, which completes the adaptation of Spanish law to Directive 2013/36/EU and to Regulation (EU) No 575/2013.

Description and assessment of the measure

The Banco de Portugal informed the ESRB of its intention to set a sectoral systemic risk buffer of 4% on retail exposures to natural persons secured by residential real estate located in Portugal. The buffer is applicable at the highest level of consolidation to banks that use the internal ratings based approach to calculate own fund requirements for credit risk. The buffer will be in force from 1 October 2024 and will be reviewed by the Banco de Portugal at least every two years, based on developments in the risks targeted by this measure.²

In view of the systemic nature of the risks identified, the Banco de Portugal asked the ESRB to recommend that other Member States reciprocate the measure. After assessing the request, the ESRB issued Recommendation ESRB/2023/13 of 8 December 2023 in which it *invited other EU countries to apply reciprocal measures at the highest level of consolidation*, recommending an institution-specific materiality threshold of €1 billion to guide the reciprocity decision.

In compliance with the ESRB recommendation, the Banco de España proposes to reciprocate the macroprudential measure adopted in Portugal and to apply it, at consolidated level, to three Spanish banks (see Table 1) that have significant exposures of the kind covered by the measure. All of them exceed the ESRB's recommended materiality threshold. In its assessment, the Banco de España has also taken into consideration the rationale for contributing to the effectiveness of the measure in Portugal.

Table 1: Banks subject to the Banco de España's proposed reciprocal measure

Legal Entity Identifier (LEI)	Institution
5493006QMFDDMYWIAM13	Banco Santander, S.A.
7CUNS533WID6K7DGFI87	CaixaBank, S.A.
VWMYAEQSTOPNV0SUGU82	Bankinter, S.A.

Source: Banco de España.

Conclusion

AMCESFI welcomes the Banco de España's proposed reciprocation of the measure introduced by Portugal, considering that it will increase the Spanish banks' resilience at consolidated level to the systemic risk identified in Portugal and contribute to the financial stability of that country and of the EU as a whole.

² See *Press release by the Banco de Portugal on the imposition of a capital buffer on exposures secured by residential real estate*, of 15 November 2023.

Pursuant to Article 14 of Royal Decree 102/2019, this opinion shall be published on AMCESFI's website on the same date as the Banco de España announces the measure adopted.

Approved by the Council of AMCESFI on 3 April 2024.

Disclaimer: This is an English translation, for information purposes, of the Opinion issued by AMCESFI on the macroprudential measure adopted by the Banco de España to reciprocate a systemic risk buffer in Portugal. In the event of any discrepancies between the English and the Spanish versions of the document, the Spanish version shall prevail.