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PRESS RELEASE

The National Bank of Belgium keeps the countercyclical capital buffer percentage at zero

As of 1 January 2016, the countercyclical capital buffer (CCyB) came into effect. In principle, the percentage rate of this buffer must lie somewhere between zero and 2.5 % of the credit institutions' risk-weighted assets, but can be set at a higher level if the underlying risks make this necessary. The CCyB was introduced under the Basel III framework with the objective of supporting the sustainable provision of credit through the cycle by strengthening the resilience of credit institutions. In particular, capital buffers are imposed whenever there is an increase in cyclical systemic risks (e.g. with excessive growth in lending), so that these additional requirements can be relaxed when the cycle turns and the risks start to decline. If risks emerge – in a situation of financial stress for instance – a decision can be taken to release the buffer instantly in order to give the banks some extra breathing space and thus put them in a better position to absorb losses and keep up their level of lending.

The Bank is legally required to set the percentage for the countercyclical capital buffer on the basis of one or more reference indicators which reflect the credit cycle and the risks stemming from any exceptional growth in lending in Belgium, while taking account of the specific features of the domestic economy. The indicators used and the strategy for determining the buffer are explained in some detail in the document entitled [‘Setting the countercyclical buffer rate in Belgium: A policy strategy’](#). On the basis of this information, which is further explained in the document [‘Quarterly decision of the National Bank of Belgium on the countercyclical buffer rate \(2017 Q2\)’](#), it appears that neither credit developments, nor the other indicators used give any indication of a build-up of cyclical systemic risks at the moment. Consequently, the Bank has decided on 27 March 2017 to keep the countercyclical buffer percentage for credit risk exposures to counterparties established on Belgian territory at 0 % for the second quarter of 2017. This CCyB percentage will be reviewed after three months.