



## Press release

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# ESRB publishes report on the usability of banks' capital buffers

The European Systemic Risk Board (ESRB) has today published a [report](#) on the usability of banks' capital buffers. Macroprudential capital buffers were introduced in response to the global financial crisis to increase the resilience of banking systems against systemic risks. Unlike regulatory minimum requirements, banks should be able to draw down their buffers when losses need to be absorbed during times of stress and to replenish those buffers afterwards. Therefore, buffers should cushion against shocks and improve banks' loss absorbing capacities. Buffers complement minimum requirements and are key macroprudential policy instruments.

The report concludes that banks will not always be able to use their capital buffers to absorb losses without breaching the leverage ratio requirement or the minimum requirement for own funds and eligible liabilities, which apply in parallel. Potential impediments to using capital buffers can vary depending on, for example, a bank's systemic importance or the region in which it is operating. The report can contribute to the work done by macroprudential policy makers, and its findings also highlight the importance of full and timely implementation of the Basel III international regulatory framework for banks. Furthermore, the report can support discussions on improving the regulatory framework, for example in the European Commission's macroprudential review that is scheduled for 2022.

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