

Pursuant to Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013) and Article 129 of the Credit Institutions Act (Official Gazette 59/2013), the Governor of the Croatian National Bank hereby issues the

**Decision
on the application of the structural systemic risk buffer**

1 GENERAL PROVISIONS

Subject matter and legal persons subject to the Decision

Article 1

(1) This Decision prescribes the level of the structural systemic risk buffer rate, the date of application and location of exposures to which the structural systemic risk buffer applies as well as exemptions from the application of this Decision.

(2) The provisions of this Decision shall apply to all credit institutions with head offices in the Republic of Croatia, authorised by the Croatian National Bank.

(3) The provisions of this Decision shall apply *mutatis mutandis* to branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch of a third-country credit institution.

Scope of application of the Decision

Article 2

A credit institution shall apply the provisions of this Decision on an individual and a consolidated basis in the manner determined in Part One, Title II 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 and amending Regulation (EU) No 648/2012 (OJ, L 176, 27.6.2013).

2 STRUCTURAL SYSTEMIC RISK BUFFER RATE

The level of the structural systemic risk buffer rate and the manner of its application

Article 3

(1) The level of the structural systemic risk buffer rate shall be determined depending on the nature, scope and complexity of activities of a credit institution.

(2) The nature, scope and complexity of activities of a credit institution referred to in paragraph (1) of this Article shall be reflected in the relative size, relative risk exposure and dispersion by sectors and geographical areas of a credit institution's credit activity and shall be measured indirectly as the share of assets of an individual credit institution in total assets of all credit institutions on 31 December 2013.

(3) In accordance with the provisions of paragraph (2) of this Article, credit institutions whose share in the total assets of all credit institutions in the Republic of Croatia equals or exceeds 5%, shall apply a structural systemic risk buffer rate of 3% of the total risk exposure amount.

(4) In accordance with the provisions of paragraph (2) of this Article, credit institutions whose share in the total assets of all credit institutions in the Republic of Croatia is below 5%, shall apply a structural systemic risk buffer rate of 1.5% of the total risk exposure amount.

(5) The exposure referred to in paragraphs (3) and (4) of this Article shall include exposures in the Republic of Croatia, exposures in European Economic Area countries (Kingdom of Belgium, Republic of Bulgaria, Republic of Cyprus, Czech Republic, Kingdom of Denmark, Republic of Estonia, Republic of Finland, French Republic, Federal Republic of Germany, Hellenic Republic, Hungary, Republic of Iceland, Ireland, Italian Republic, Republic of Latvia, Monarchy of Liechtenstein, Republic of Lithuania, Grand Duchy of Luxembourg, Republic of Malta, Kingdom of the Netherlands, Kingdom of Norway, Republic of Poland, Portuguese Republic, Romania, Slovak Republic, Republic of Slovenia, Kingdom of Spain, Kingdom of Sweden, United Kingdom of Great Britain and Northern Ireland) and exposures in third countries.

3 REPORTING TO THE CROATIAN NATIONAL BANK

Reporting to the Croatian National Bank Article 4

A credit institution shall report to the Croatian National Bank on its compliance with the requirements set out in this Decision in the manner and within the time limits prescribed by the Decision on capital buffers and capital conservation measures.

4 TRANSITIONAL AND FINAL PROVISIONS

Review of the level of the structural systemic risk buffer rate Article 5

The Croatian National Bank shall review the level of the structural systemic risk buffer rate as a minimum on an annual basis and before introduction of a buffer instrument for other systemically important credit institutions.

Exemptions from the application of the Decision Article 6

(1) A credit institution which at the time of entry into force of this Decision is subject to a decision issued by the Croatian National Bank based on the provisions of the Credit Institutions Act (Official Gazette 159/2013) under which the required rate or the amount of own funds should exceed the minimum prescribed under a joint decision by the college of supervisors

adopted for the balance as at 31 December 2012, shall not be obligated to apply the provisions of this Decision until expiry of the said decision.

(2) Where the decision referred to in paragraph (1) has been issued for a group of credit institutions in the Republic of Croatia, the exemption referred to in paragraph (1) of this Article shall apply to the parent credit institution and all the members of the group.

Entry into force
Article 7

This Decision shall be published in the Official Gazette and shall enter into force on 19 May 2014.

No.: 137-020/05-14/BV
Zagreb, 12 May 2014

Boris Vujčić

Croatian National Bank
Governor