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Ref. number: 884-020/15-07-14/DO

Zagreb, 15 July 2014

**European Commission (EC)
European Systemic Risk Board
(ESRB)
European Banking Authority (EBA)
Relevant supervisory colleges**

To all parties concerned,

In accordance with Article 160 (6) of Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, the Croatian National Bank hereby notifies relevant bodies about shorter transitional periods for the capital conservation buffer and the countercyclical capital buffer.

In 2013 the Republic of Croatia adopted the Credit Institutions Act (Official Gazette 159/2013), thereby implementing the provisions of the Directive 2013/36/EU. In that Act, both of the aforementioned buffers were implemented for credit institutions with registered office in the Republic of Croatia, on an individual and consolidated basis.

Pursuant to Articles 117 and 390 of the Credit Institutions Act, credit institutions are required to maintain a capital conservation buffer of Common Equity Tier 1 capital equal to 2.5% of their total risk exposure amount calculated in accordance with Article 92 (3) 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, from 1 January 2014.

Furthermore, pursuant to Articles 118 and 390 of the Credit Institutions Act, the countercyclical capital buffer requirement enters into force on 1 January 2015, with the level of the buffer rate for the Republic of Croatia to be determined by the Croatian National Bank as a designated authority for setting the countercyclical buffer rate for the Republic of Croatia.

Yours sincerely,



Damir Odak
Vicegovernor