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**Announcement of the continued application of the countercyclical buffer rate for the Republic of Croatia for the first quarter of 2023**

Based on the regular quarterly assessment of cyclical systemic risk evolution, the CNB announces that the same rate of 0% will continue to be applied in the first quarter of 2023, as of 1 January 2023. The relevant information pursuant to Articles 119 and 123 of the [Credit Institutions Act](#) can be found below.

Paired with continued strong economic recovery amid low interest rates, credit activity of banks continued to gain momentum. The acceleration in household placements predominantly mirrors faster growth in housing loans but also gradual revival of general-purpose cash loans. At the same time, housing prices continued to grow, further departing from economic fundamentals. Since the described developments suggest a possible beginning of systemic risks accumulation in the domestic economy, as the competent macroprudential authority, the CNB will continue to monitor regularly the economic and financial developments and further evolution of systemic risks so as to be able to timely adjust the countercyclical buffer rate.

Chart 1: Buffer guide

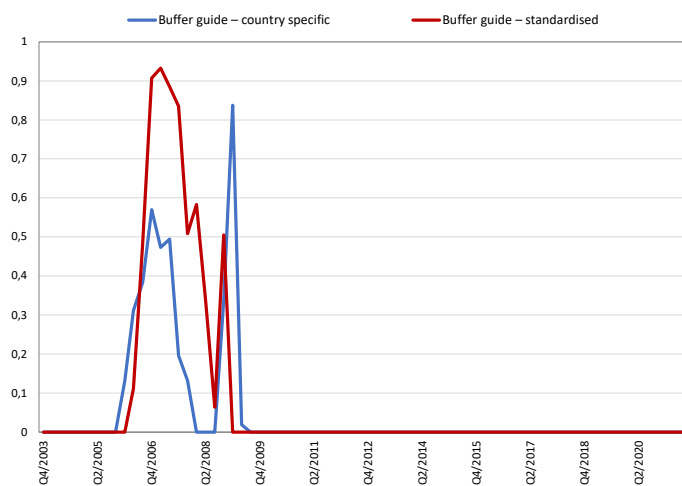


Chart 2: Specific indicator of relative indebtedness and short-term gap<sup>a</sup>

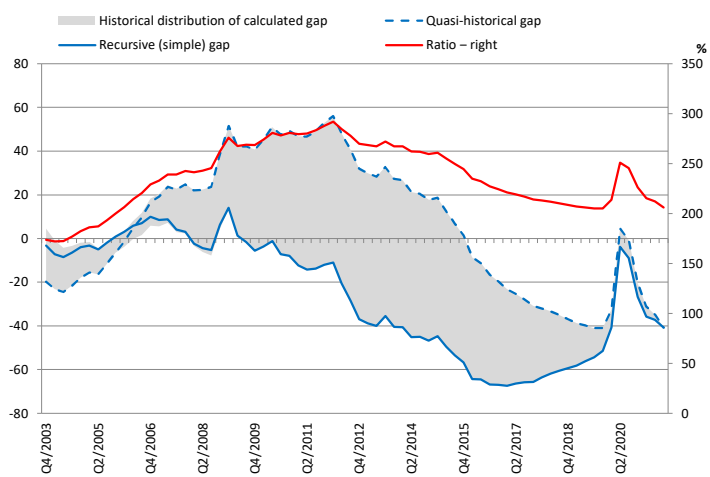
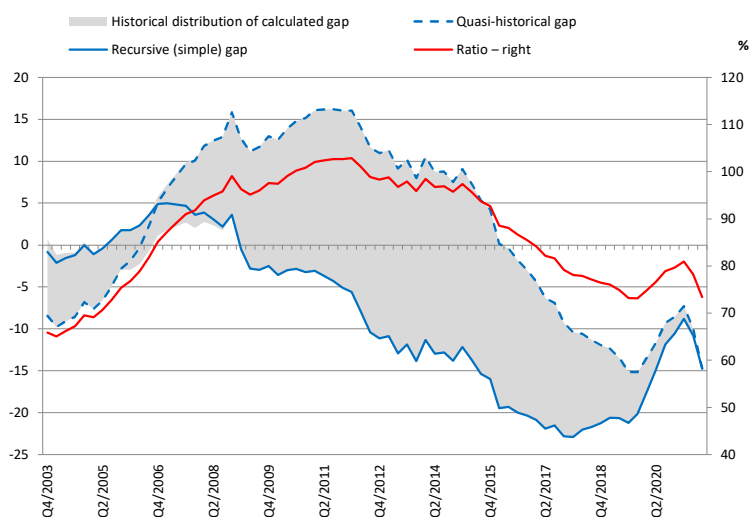


Chart 3: Standardised indicator of relative indebtedness and short-term gap<sup>a</sup>



<sup>a</sup>Calculations of all relevant ratios (standardised ratio is the ratio of total placements, i.e. domestic placements and external debt, to nominal annual GDP, while the specific ratio is the ratio of loans of domestic credit institutions to quarterly, seasonally adjusted, GDP) and the short-term gap are made on a sample as of 2000. The quasi-historical gap is calculated on the entire sample, while the recursive gap is calculated on the right-hand side moving sample (of available data for each quarter), with the last observations being always the same for both gap indicators. The historical distribution of the calculated gap is the area between the lowest and the highest value of the gap calculated by moving the sample to the right. Historical series of buffer guides are shown as the function of the short-term (recursive) gap.

Sources: CBS (original series of nominal GDP, seasonally adjusted by the CNB); CNB (tables D1, D5 and H15 for time series of credit); time series are subject to revision and available on the CNB website; time series of external debt of non-financial private corporations is adjusted for the effect of reclassification of a part of the external debt from loans and debt securities into external debt from direct investment.