



**THE NATIONAL COMMITTEE
FOR MACROPRUDENTIAL OVERSIGHT**

**NCMO Recommendation No. R/1/2024
on the countercyclical capital buffer in Romania**

Having regard to:

- (1) the provisions of Art. 3, para. (2), letter b) and para. (3) of *Law No. 12/2017 on the macroprudential oversight of the national financial system* and the provisions of *NCMO Regulation No. 2/2017 on the methodology and procedures used for setting capital buffers and the scope of these instruments*, as subsequently amended and supplemented, namely Articles 4-9 on the countercyclical capital buffer and Art. 1 on the application of capital buffers,
- (2) the objective of the countercyclical capital buffer (CCyB) to improve the banking sector's resilience to potential losses generated by a cyclical increase in risks. The countercyclical buffer rate, expressed as a percentage of total risk exposure amount of credit institutions with credit exposures in Romania, shall range between 0 percent and 2.5 percent and shall be calibrated in steps of 0.25 percentage points or multiples of 0.25 percentage points. Where justified, a CCyB rate higher than 2.5 percent of total risk exposure amount may be set.

Whereas:

- Cyclical systemic risks persist, *inter alia* amid the geopolitical uncertainties still in place, generated by the wars in Ukraine and the Middle East,

- There is a tendency at EU level to enhance the resilience of the banking sector, *inter alia* by applying a neutral countercyclical capital buffer rate above zero percent in a standard risk environment,
- Profitability, liquidity and solvency levels of the banking sector further show positive developments and thus make the build-up of capital buffers appropriate – in line with EU best practices and recommendations,
- The overall macroeconomic environment is still dominated by the twin deficit issue.

Pursuant to:

- the provisions of Art. 3, para. (1) letters b), e) and i) and the provisions of Art. 4, para. (1) of *Law No. 12/2017 on the macroprudential oversight of the national financial system*,

The National Committee for Macroprudential Oversight has issued this recommendation:

Art.1 - The National Bank of Romania is recommended to maintain the countercyclical buffer rate at 1 percent.

Art. 2 – The National Bank of Romania is recommended to further monitor developments in the economy and lending, given the multiple sources of uncertainty internationally and in the region.

MUGUR CONSTANTIN ISĂRESCU

Chairman