



**THE NATIONAL COMMITTEE
FOR MACROPRUDENTIAL OVERSIGHT**

**NCMO Recommendation No. R/2/2023
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 is 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:

- Eligible borrowers' access to finance is not influenced by this measure, the annual growth rate of lending remaining positive, albeit posting a slight slowdown,
- Liquidity and profitability levels of the banking sector continue to be substantial, with credit institutions being able to use some of the profit to strengthen the capital base,
- Domestic macroeconomic imbalances persist, *inter alia* as a result of geopolitical developments,

- The international environment remains deeply riddled with uncertainty.

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 keep in place the measure to set the countercyclical buffer rate at 1 percent, as of 23 October 2023.

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.

Art.3 – Until 23 October 2023, depending on the macroeconomic conditions and the developments in lending, the measure recommended to be implemented in accordance with Art. 1 may be subject to revision by the NCMO.

MUGUR CONSTANTIN ISĂRESCU

Chairman