



BOARD OF THE BANK OF LITHUANIA

RESOLUTION ON ESTABLISHING THE SYSTEMIC RISK BUFFER

25 November 2021 No 03-200
Vilnius

Acting in observance of Article 8(2)(7) of the Republic of Lithuania Law on the Bank of Lithuania and Paragraph 46 of the Rules for the Formation of Capital Buffers approved by Resolution No 03-51 of the Board of the Bank of Lithuania of 9 April 2015 on the rules for the formation of capital buffers, the Board of the Bank of Lithuania has r e s o l v e d:

To establish that:

1. The systemic risk buffer requirement shall be applicable to banks and central credit unions that meet the condition indicated Paragraph 4 of this Resolution;
2. The systemic risk buffer rate shall be 2% of the amount of risk-weighted retail exposures to natural persons in the Republic of Lithuania, which are secured by residential real estate;
3. The systemic risk buffer requirement shall be complied with at the country's highest consolidation level;
4. The systemic risk buffer requirement shall be applicable to banks and central credit unions, whose average gross value of loans to natural persons resident in the Republic of Lithuania secured by residential real estate (hereinafter – residential real estate loans) of the last 2 sets of quarterly financial statements is equal to or exceeds €50 million;
5. If the average gross value of residential real estate loans of the last 8 sets of quarterly financial statements of a bank or central credit union, which was subject to the systemic risk buffer requirement, becomes lower than €50 million and the condition indicated in Paragraph 4 of this Resolution is not met, the systemic risk buffer requirement shall not be applicable to such bank or central credit union from the next quarter after the date of approval of the last (eighth) set of quarterly financial statements mentioned in this Paragraph;
6. If the average gross value of residential real estate loans of the last 2 sets of quarterly financial statements of a bank or central credit union, which was not subject to the systemic risk buffer requirement, becomes equal to or exceeds €50 million, the systemic risk buffer requirement shall become applicable to such bank or central credit union in the second quarter after the date of approval of the second set of quarterly financial statements mentioned in this Paragraph;
7. The average gross values of residential real estate loans indicated in Paragraphs 4–6 of this Resolution shall be calculated by using the data indicated in column 010 of row 230 of the FINREP 20.4 report at the country's highest consolidation level. If these data are not reported, the data indicated in column 060 of row 090 of the FINREP 5 report at the country's highest consolidation level shall be used;
8. The present Resolution comes into effect on 1 July 2022.

Chairman of the Board

Gediminas Šimkus