

Réf.: ST.22-0804

Luxembourg, October 17th 2022

To all credit institutions

Concerns: Adoption of the euro by Croatia

Ladies and Gentlemen,

On 12 July 2022, the EU Council formally approved the accession of Croatia to the euro area on 1 January 2023.

The objective of the present circular letter is to clarify the impact of the adoption of the euro by Croatia for the establishment of the monthly and quarterly statistical reports.

1 Impact on the statistical data collection of the BCL

The joining of the euro area by Croatia as from 1 January 2023 onwards will not only have an impact on the establishment of monthly and quarterly statistical reports but also on the calculation of the reserve requirement, which credit institutions are subject to.

1.1 Impact on the monthly statistical data collection

The monthly statistical reports:

- S 1.1 «Monthly statistical balance sheet of credit institutions»,
- S 1.4 «Valuation effects on the statistical balance sheet of credit institutions»
- S 1.5 «Information on interest rates in EUR»
- S 1.8 «Securitisations and other loan transfers by credit institutions»

require a breakdown of assets and liabilities according to the country of residency or the

country of the registered office, i.e. the country where the centre of economic interest of a counterpart is located.

The following breakdowns are applicable:

- All countries: this category regroups all the operations regardless of the country of residency or the country of the registered office
- Luxembourg (LU)
- OMUMs: i.e. Other Monetary Union Member States
- Rest of the world: i.e. the countries that are not included in the two aforementioned categories

As from 1 January 2023, the category «Other Monetary Union Member States» (OMUMs) will also include Croatia that is currently, and until 31 December 2022, included in the category «Rest of the world».

1.2 Impact on the quarterly statistical data collection

The quarterly statistical report S 2.5 «Quarterly statistical balance sheet of credit institutions» requires a breakdown of assets and liabilities according to the country of residency or the country of the registered office by using a two digit ISO code.

Since the economic sector breakdown is identical for all countries, the adoption of the euro by Croatia does not have any impact on report S 2.5 «Quarterly statistical balance sheet of credit institutions».

2 Impact for the calculation of the reserve requirement

The liabilities which are owed to the European Central Bank (ECB), to the National Central Banks (NCBs) that are members of the Eurosystem and to credit institutions (CIS) that are subject to the Eurosystem's minimum reserve requirement are excluded from the reserve base. Therefore, the volume of liabilities included in the reserve base must be reduced by the amount of liabilities owed to credit institutions from Croatia that are subject to the Eurosystem's minimum reserve requirement as from January 2023 onwards. The volume of liabilities included

in the reserve base must also be reduced by the amount of liabilities owed to the Croatian central bank.

For the maintenance period starting 21 December 2022 and ending 7 February 2023 as well as the one starting 8 February 2023 and ending 21 March 2023, the liabilities owed to the National Central Bank of Croatia as well as to credit institutions from Croatia being subject to the Eurosystem's reserve requirement may already be deducted from the reserve base of credit institutions.

Luxembourg credit institutions that wish to benefit from this option must fill in the attached table for October 2022 and December 2022 in order to inform the BCL about the positions against counterparts resident in Croatia.

The BCL will adjust the reserve requirements reported based on report S 1.1 «Monthly statistical balance sheet of credit institutions» of October and December 2022 by taking into account the information provided in the attached table.

Credit institutions are reminded that statistical reports S 1.1, S 1.4, S 1.5, S 1.8 and S 2.5 must be established by considering Croatia as not being a member of the Monetary Union until 31 December 2022 included.

3 Quality of the data transmitted

Credit institutions are reminded to scrupulously check the correct identification of their counterparts and to use, in particular, the official list of credit institutions published by the Commission de Surveillance du Secteur Financier (CSSF) as well as the official list of monetary financial institutions made available to reporting agents on the website of the ECB.

We therefore consider it necessary to stress once again the importance of the quality of the data transmitted to the BCL and the necessity to submit the data to the verification rules detailed in the technical documentation. Only a rigorous control undertaken during data production will allow respecting the quality requirements as well as the reporting delays. This is particularly important given that the collected data will be checked by the ECB before aggregating them with the data of the other Member States. Any error or important negligence

will have harmful repercussions on the reputation of the Luxembourg financial community.

4 Setting up of the new arrangements

The new classification of assets and liabilities towards resident counterparts of Croatia must be implemented for the first time with regard to the monthly statistical reports referring to January 2023.

The attached table relating to the calculation of minimum reserves refers to the periods of October and December 2022.

Yours sincerely,

BANQUE CENTRALE DU LUXEMBOURG



Germain Stammet

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BANQUE CENTRALE DU LUXEMBOURG

EUROSYSTEME

Annex: 1

- Information to be provided to the Banque centrale du Luxembourg for the reduction of the reserve base relating to the periods of October and December 2022