

Pursuant to Article 144a of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020, 151/2022 and 145/2024) and Article 43, paragraph (2), item (6) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020), the Governor of the Croatian National Bank hereby issues the

## **Decision on consumer lending criteria**

### **Decision purpose and subject matter**

#### **Article 1**

(1) This Decision lays down and governs the criteria for the granting of loans to consumers, in particular:

- 1) the maximum allowed ratio of the monthly cost of total debt servicing to the consumer's monthly income and the share of allowed departures from that ratio;
- 2) the maximum allowed ratio of the loan amount granted under an agreement on a consumer housing loan to the value of residential immovable property granted as collateral by a pledge or transfer of ownership for the purpose of securing claim and the ratio of allowed departures from that ratio;
- 3) maximum loan agreement duration;
- 4) exemptions from the obligation to apply this Decision.

(2) This Decision is adopted with the aim of strengthening the financial resilience of consumers and mitigating credit risks for entities subject to this Decision stemming from excessive credit growth and excessive consumer indebtedness with a view to contributing to the safeguarding of the stability of the financial system as a whole.

(3) This Decision shall not affect the liability of the entities subject to the Decision for risk management.

### **Terms used in this Decision**

#### **Article 2**

(1) The terms used in this Decision shall have the following meanings:

- 1) '*consumer*' shall have the meaning as defined in the Credit Institutions Act;
- 2) '*loan agreement*' means an agreement on a consumer housing loan or an agreement on a non-housing loan granted to a consumer;
- 3) '*agreement on a consumer housing loan*' shall have the meaning as defined in Article 3, item (3) of the Act on Consumer Housing Loans (Official Gazette 101/2017, 128/2022 and 156/2023);

- 4) '*agreement on a non-housing loan granted to a consumer*' shall mean any agreement whereby an entity subject to this Decision grants or undertakes to grant a credit to a consumer in the form of payment deferral, loan or similar financial settlement, where the credit is not governed by the Act on Consumer Housing Loans;
- 5) '*credit card loan*' means an instrument of consumer lending which enables a credit card holder to execute payment transactions up to the amount of the authorised limit with the settlement of the due amount on a later date alongside interest or other expenses;
- 6) '*current account overdraft*' means the allowed overdraft as defined in Article 2, paragraph (1), item (4) of the Consumer Credit Act (Official Gazette 75/2009, 112/2012, 143/2013, 147/2013, 9/2015, 78/2015, 102/2015, 52/2016, 128/2022 and 156/2023) and the tacitly accepted overdraft as defined in Article 2, paragraph (1), item (5) of the Consumer Credit Act and Article 7, paragraph (4) of the Memorandum of Understanding in respect of current account overdrafts;
- 7) '*renewed agreement*' means a change in the conditions laid down in existing loan agreements (e. g., principal amount, interest rate amount, repayment period, collateral) to which the consumer consented or which the consumer proposed, except measures to facilitate repayment prescribed by the law governing consumer credit and consumer housing loans;
- 8) '*annuity repayment*' means the method of repayment whereby the consumer makes monthly payments of identical amounts constituting, in part, of a principal and, in part, of interest on the remaining principal;
- 9) '*LTV ratio*' ('*loan-to-value ratio*') means the ratio of the loan amount granted under the loan agreement and the value of immovable property granted as collateral by a pledge or a transfer of ownership for the purpose of securing the claim;
- 10) '*DSTI ratio*' ('*debt service-to-income ratio*') means the ratio of the monthly cost of total debt repayment to the monthly income of the consumer;
- 11) '*value of immovable property*' means the value determined on the basis of a valuation performed by a licensed appraiser or defined by the agreement on the purchase and sale where the acquisition of the immovable property is funded under a loan agreement. Where both values are available, the lower value shall be taken into account. In case of immovable property under construction or renovation, the value of the immovable property may be the estimated expected immovable property value following the completion of construction or renovation.

(2) The terms used in this Decision, other than those referred to in paragraph (1) of this Article, shall have the same meaning as the terms used in the Credit Institutions Act and the Act on Consumer Housing Loans.

## **Entities subject to the Decision and scope of the Decision**

### **Article 3**

(1) The provisions of this Decision shall apply to:

- 1) credit institutions with a registered office in the Republic of Croatia, established in accordance with the Credit Institutions Act;
- 2) branches of credit institutions from Member States, established within the territory of the Republic of Croatia in accordance with the Credit Institutions Act;
- 3) branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch within the territory of the Republic of Croatia in accordance with the Credit Institutions Act.

(2) The provisions of this Decision shall apply to loan agreements and renewed agreements.

(3) Entities subject to this Decision may apply more stringent methods of calculating the total debt of a consumer, the monthly total debt repayment costs of a consumer and the monthly income of a consumer, other than those laid down in this Decision, but in that case, they shall also apply the restrictions referred to in Articles 7 and 8 of this Decision.

## **Method of calculating the total debt of a consumer**

### **Article 4**

(1) Entities subject to this Decision shall calculate the total debt of a consumer as the sum of all outstanding liabilities of the consumer and the co-debtor towards the credit institution and other creditors prior to the conclusion of the loan agreement, including the liabilities under the loan agreement being concluded by the consumer and the outstanding liabilities of the consumer and co-debtor based on previous agreements wherein the consumer or the co-debtor are co-debtors for another loan.

(2) Where a renewed agreement is concluded, entities subject to this Decision shall also include in the total debt of the consumer the outstanding part of the total remaining principal amount, which may include a possible increase in the principal amount.

(3) By way of derogation from paragraph (1) of this Article, where the same person is the co-debtor under the loan agreement with the consumer as for a previously granted loan, the outstanding amount of the previously granted loan is included only once in the calculation of the consumer's total debt.

(4) By way of derogation from paragraph (1) of this Article, entities subject to this Decision shall not include the following in the total debt of a consumer:

- 1) loans and other liabilities repaid by the funds granted under the loan agreement being concluded;
- 2) outstanding one-off liabilities arising from charge cards.

(5) When calculating the total debt of a consumer, as appropriate, entities subject to this Decision shall use additional assumptions referred to in Article 7, paragraph (1), items (1) and (3) of the Decision on the effective interest rate (Official Gazette 105/2017 and 91/2022).

(6) When calculating the total debt of a consumer, entities subject to this Decision shall also collect the data on consumers from, as appropriate, inspecting credit registers and systems for the collection, exchange and provision of data established by credit/financial institutions or using other appropriate methods.

### **Method of calculating the monthly cost of total debt repayment by a consumer**

#### **Article 5**

(1) Entities subject to this Decision shall calculate the monthly cost of repayment of the total debt of a consumer as the sum of monthly payments of the components of the consumer's total debt referred to in Article 4 of this Decision, which include the payment of principal and interest.

(2) By way of derogation from paragraph (1) of this Article, entities subject to this Decision shall calculate the monthly repayment cost for current account overdrafts and credit card credit as 3% of the average daily amount of current account overdraft used in the three months preceding the assessment of the consumer's creditworthiness and 3% of the amount of the amount of credit card credit used at the end of the month preceding the assessment of the consumer's creditworthiness.

(3) By way of derogation from paragraph (1) of this Article, when calculating the monthly cost of repayment of loans with lump-sum principal repayment at the maturity date of the loan agreement, loans with initial payment deferral and loans in tranches, entities subject to the Decision shall take into account the assumption of the annuity repayment of loan.

(4) Where the amount of monthly repayment or the remaining maturity of a consumer loan or other outstanding liabilities towards a credit institution or other creditors included in the calculation of the total debt of the consumer referred to in Article 4 of this Decision are not known, for the purpose of calculating the monthly cost of repayment of the debt arising from that liability, entities subject to this Decision shall assume loan repayment in annuities, with a remaining maturity of 36 months.

(5) When calculating the monthly cost of repayment of a consumer's total debt, as appropriate, entities subject to this Decision shall also use additional assumptions referred to in Article 6, paragraph (3) and Article (7), paragraph (1), items (1), (2), (3), (4) and (5) of the Decision on the effective interest rate.

## **Method of calculating the monthly income of a consumer**

### **Article 6**

(1) Entities subject to this Decision shall calculate the monthly income of a consumer as the sum of all remunerations of the consumer and the consumer's co-debtor resulting from employment, self-employment, capital, property and property rights and other income, in accordance with the provisions of the law governing income tax, where such income is generated on a regular basis, net of tax and contributions and expressed on a monthly basis.

(2) For the purposes of calculation referred to in paragraph (1) of this Article, only disbursed interest, dividends and shares in profit arising from capital holdings shall be included as income from capital.

(3) One-off or temporary compensation (e.g., jubilee benefits, special benefits), except income tax refund, shall not be included in the monthly income of the consumer referred to in paragraph (1) of this Article.

(4) When calculating the monthly income of the consumer, entities subject to this Decision shall use the average income, calculated in accordance with paragraphs (1) through (3) of this Article, over at least the past three months preceding the assessment of the consumer's creditworthiness.

## **Maximum allowed DSTI ratio and allowed departures**

### **Article 7**

(1) Entities subject to this Decision shall not grant a consumer housing loan where the DSTI ratio exceeds 45%.

(2) By way of derogation from paragraph (1) of this Article, entities subject to this Decision may, in each quarter, disburse consumer housing loans granted with a DSTI ratio above 45% up to a maximum of 20% of the total amount of consumer housing loans disbursed in the previous quarter.

(3) Entities subject to this Decision shall disburse at least 75% of consumer housing loans referred to in paragraph (2) of this Article to consumers meeting their housing needs by purchasing, constructing or renovating residential immovable property.

(4) Entities subject to this Decision shall not grant a non-housing consumer loan where the DSTI ratio exceeds 40%.

(5) By way of derogation from paragraph (4) of this Article, entities subject to this Decision may, in each quarter, disburse non-housing consumer loans granted with a DSTI ratio exceeding 40% up to a maximum of 10% of the total amount of non-housing consumer loans disbursed in the previous quarter.

(6) Entities subject to this Decision shall document all departures from paragraphs (1) and (4) of this Article, granted in accordance with paragraphs (2), (3) and (5) of this Article.

(7) The provisions of this Article shall not apply to:

- 1) current account overdrafts and credit granted to consumers due to the revocation of the permitted current account overdraft in accordance with the law governing consumer credit;
- 2) credit card loans;
- 3) debit card or charge card instalment payments;
- 4) loans fully secured by deposit, securities or other financial instruments;
- 5) the application of measures aimed at facilitating repayment, as laid down in the law governing consumer credit and consumer housing loans.

### **Maximum allowed LTV ratio and allowed departures**

#### **Article 8**

(1) Entities subject to this Decision shall not grant a loan to a consumer where the loan is collateralised by a pledge on immovable property or a transfer of ownership of immovable property for the purpose of securing the claim and the LTV ratio exceeds 90%.

(2) Where a loan to a consumer is collateralised by a pledge on immovable property or a transfer of ownership of immovable property for the purpose of securing the claim and the immovable property had already previously been granted as collateral by a pledge or transfer of ownership for the purpose of securing a claim which has not been paid in full and has priority in collection under the loan agreement being concluded, entities subject to this Decision shall calculate the LTV ratio by including in the numerator of the ratio, in addition to the amount of the loan granted under the loan agreement, the total value of all outstanding claims against which the immovable property has been granted as collateral by a pledge or transfer of ownership for the purpose of securing the claim, excluding the amount of the outstanding loan and other liabilities repaid by funds granted under the loan agreement being concluded.

(3) By way of derogation from paragraph (1) of this Article, entities subject to this Decision may, in each quarter, disburse loans granted with an LTV ratio exceeding 90% to consumers up to a maximum of 20% of the total amount of loans disbursed to consumers in the previous quarter.

(4) Entities subject to this Decision shall disburse at least 75% of loans referred to in paragraph (3) of this Article to consumers meeting their housing needs by purchasing, constructing or renovating residential immovable property.

(5) Entities subject to this Decision shall document all departures from paragraph (2) of this Article, granted in accordance with paragraphs (3) and (4) of this Article.

(6) The provisions of this Article shall not apply to the application of measures aimed at facilitating repayment, as laid down in the law governing consumer credit and consumer housing loans.

## **Maximum loan agreement duration**

### **Article 9**

(1) Entities subject to this Decision may conclude an agreement on a consumer housing loan with a maximum duration of thirty years.

(2) Entities subject to this Decision may conclude an agreement on a non-housing consumer loan with a maximum duration of ten years.

(3) By way of derogation from paragraph (2) of this Article, entities subject to this Decision may conclude an agreement on a non-housing consumer loan collateralised by a pledge on immovable property or a transfer of ownership of immovable property for the purpose of securing the claim with a maximum duration of thirty years.

## **Monitoring the application of the Decision**

### **Article 10**

(1) The Croatian National Bank shall regularly monitor the application of this Decision based on the data that entities subject to the Decision submit to the Croatian National Bank in accordance with the decision governing the collection of data on consumer lending standards and household deposits.

(2) The Croatian National Bank is authorised to supervise the application of this Decision in any other manner in accordance with its powers.

## **Final provisions**

### **Article 11**

Any reference to other regulations in this Decision shall refer to the text of the regulation in force at that moment.

### **Article 12**

(1) This Decision shall be published in the Official Gazette and shall enter into force on 1 July 2025 and apply to all loans to consumers and renewed agreements that the entities subject to this Decision conclude as of 1 July 2025.

(2) By way of derogation from paragraph (1) of this Article, the provisions of this Decision shall not apply to renewed agreements concluded in relation to loan agreements concluded prior to 1 July 2025 if there is no increase in the outstanding principal amount of the loan.

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Zagreb, 17 March 2025

Croatian National Bank  
Governor  
**Boris Vujčić**