

Reg. No: 113-01-020/12-02-19/MD
Zagreb, 12 February 2019

TO ALL CREDIT INSTITUTIONS
Attention of: Management Board

Subject: Application of the EBA Guidelines on institutions' stress testing (EBA/GL/2018/04)

Dear Sir/Madam,

We hereby draw your attention to the fact that the European Banking Authority (hereinafter: the EBA) issued the

Guidelines on institutions' stress testing (EBA/GL/2018/04) (hereinafter: the Guidelines).

In accordance with Article 4, paragraph (1), item (3) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015 and 15/2018), the Croatian National Bank (hereinafter: the CNB) shall make every effort to comply with those guidelines and recommendations issued by the European Banking Authority in accordance with Article 16 of Regulation (EU) No 1093/2010 (OJ L 24.11.2010).

The Guidelines aim to provide common organisational requirements, methodologies and processes for the performance of stress testing by institutions, taking into account capital adequacy and risk management, as part of their risk management processes.

In conclusion, the Guidelines specified in this circular also represent the expectations which the CNB will take into account in the exercise of supervision. The CNB expects credit institutions to fully comply with the Guidelines in the part applicable to them. If a credit institution fails to comply with the applicable provisions of the Guidelines referred to in this circular, the CNB will consider the need to impose supervisory measures to ensure compliance with the Guidelines.

The Guidelines are available on the EBA's website at the following link:

EBA Guidelines on institutions' stress testing

<https://www.eba.europa.eu/sites/default/documents/files/documents/10180/2282644/2b604bc8-fd08-4b17-ac4a-cdd5e662b802/Guidelines%20on%20institutions%20stress%20testing%20%28EBA-GL-2018-04%29.pdf?retry=1>

Kind regards,

Martina Drvar

Vicegovernor