



HNB

GVERNER

Pursuant to Article 43, paragraph (2), item (6) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020), Article 4, paragraph (1), item (3) and Article 11, paragraph (2) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020 and 146/2020), and Article 3, paragraph (1) of the Decision on the reciprocity of macroprudential policy measures adopted by relevant authorities of other European Union Member States and assessment of cross-border effects of macroprudential policy measures (Official Gazette 60/2017), the Governor of the Croatian National Bank hereby issues the

DECISION

- I. It is hereby established that the recommended criteria for the reciprocation of the macroprudential policy measure adopted by the designated authority of Belgium and recommended for reciprocation by the European Systemic Risk Board under Recommendation of 30 March 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2022/3) have not been met in the Republic of Croatia.
- II. The Croatian National Bank will not prescribe the reciprocation of the macroprudential policy measure referred to in item I.
- III. The Croatian National Bank shall monitor the level of exposures referred to in Recommendation of 20 March 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2022/3) and in case a credit institution meeting the requirements set out in the macroprudential policy measure referred to in item I. exceeds the prescribed materiality threshold, prescribe the reciprocation of the measure referred to in item I.

Rationale

The central bank of Belgium as the designated authority within the meaning of Article 133, paragraph (12) of Directive 2013/36/EU, has adopted the macroprudential measure in accordance with Article 133, paragraph (9) of Directive 2013/16/EU, setting the systemic risk buffer rate at 9% for retail exposures to natural persons secured by residential property in Belgium to which the internal ratings based approach (IRB) is applied. The measure entered into force in May 2022 and replaces the previous more restrictive national measure adopted pursuant to Article 458 of Regulation (EU) No 575/2013, also in force in the Republic of Croatia before its revocation.

At the request of the central bank of Belgium, the European Systemic Risk Board recommended under its Recommendation ESRB/2022/3 of 30 March 2022 the relevant authorities of other member states to reciprocate the described Belgian measure.

The recommendation was complemented by an institution-specific materiality threshold. Institutions may be exempted from the systemic risk buffer requirement based on the use of *de minimis* principle as long as their relevant sectoral exposures do not exceed two billion euro.

Since credit institutions in the Republic of Croatia that use the IRB approach do not have direct retail exposures to natural persons secured by residential property in Belgium that exceed the prescribed materiality threshold, the Croatian National Bank, using the *de minimis* principle, does not prescribe the reciprocation of the macroprudential measure adopted by the macroprudential authority of Belgium.

The Croatian National Bank shall review the materiality of relevant exposures on an annual basis and in case a domestic credit institution meeting the conditions prescribed by Recommendation ESRB/2022/3 fulfils the preconditions prescribed by the measure, shall prescribe the reciprocation of the measure.

Number: 265-091/07-22/BV

Zagreb, 21 July 2022

GOVERNOR
CROATIAN NATIONAL BANK

Boris Vujčić