

Pursuant to Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013) 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 69/2017), the Governor of the Croatian National Bank hereby issues the following

## **DECISION**

- I. It is hereby established that the recommended criteria for the reciprocation of the macroprudential policy measure adopted by the macroprudential authority of Sweden and recommended for reciprocation by the European Systemic Risk Board under Recommendation ESRB/2019/1 of 15 January 2019 have not been met in the Republic of Croatia.
- II. The Croatian National Bank shall 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 ESRB/2019/1, 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 macroprudential authority of Sweden adopted a macroprudential measure which, in accordance with Article 458, paragraph (2), item (d), sub-item (vi) of Regulation (EU) No 573/2013, applies to credit institutions authorised in Sweden and using the Internal Ratings Based approach for calculating regulatory capital requirements (IRB Approach). The measure consists of a credit institution-specific floor of 25 per cent for the exposure-weighted average of the risk weights applied to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property.

In Recommendation ESRB/2019/1 of 15 January 2019, the European Systemic Risk Board recommended that the relevant authorities of Member States reciprocate the Swedish measure in accordance with Article 458, paragraph (5) of Regulation (EU) No 575/2013 by applying it to branches of domestic credit institutions located in Sweden using the IRB Approach and domestic credit institutions using the IRB Approach that have direct retail exposures to obligors residing in Sweden secured by immovable property. The measure is complemented by an institution-specific materiality threshold of SEK 5 billion to steer the application of the *de minimis* principle.

As there are no credit institutions in the Republic of Croatia that have branches in Sweden or domestic credit institutions using the IRB Approach that have direct retail exposures to obligors residing in Sweden secured by immovable property in an amount exceeding the prescribed materiality threshold, the Croatian National Bank shall not recognise the reciprocity of the macroprudential policy measure adopted by the macroprudential authority of Sweden.

The Croatian National Bank shall, once a year, review the materiality of exposures referred to above and, in case a domestic credit institution meeting the requirements referred to in Recommendation ESRB/2019/1 exceeds the prescribed materiality threshold, review its decision on the reciprocation of the measure.

No.: 119-020/06-19/BV

Zagreb, 28 June 2019

Croatian National Bank

Governor

Boris Vujčić