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Pursuant to Article 43, paragraph (2), item (6) and Article 77a 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, 146/2020 and 151/2022) 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 Portugal and recommended for reciprocation by the European Systemic Risk Board under Recommendation of 8 December 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2023/13) 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 the European Systemic Risk Board of 8 December 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2023/13), 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 Portugal has adopted a measure in accordance with Article 133 of Directive 2013/36/EU, setting a new sectoral systemic risk buffer rate of 4% for credit institutions that use the IRB approach (internal ratings based approach), which is applicable to all non-defaulted exposures to natural persons secured by residential property in Portugal. The measure shall apply at the highest level of consolidation, starting from 1 October 2024.

At the request of the central bank Banco de Portugal, under Recommendation of 8 December 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of

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and voluntary reciprocity for macroprudential policy measures (ESRB/2023/13), the European Systemic Risk Board has recommended that all member states reciprocate the measure in question. The recommendation is complemented by a materiality threshold so that, based on the application of the *de minimis principle* by the relevant authorities reciprocating the measure, credit institutions may be exempted from the sectoral systemic risk buffer requirement if their relevant sectoral exposures do not exceed one billion euro.

Since according to available data there are no credit institutions in the Republic of Croatia with exposures that meet the criteria for the application of this measure, using the *de minimis* principle, the Croatian National Bank will not prescribe the reciprocation of the macroprudential measure adopted by the designated authority of Portugal.

The Croatian National Bank shall review the materiality of these exposures on an annual basis and, in case a domestic credit institution meeting the conditions prescribed by Recommendation ESRB/2023/13 fulfils the preconditions prescribed by the measure, shall prescribe the reciprocation of the measure.

Number: 283-091/07-24/BV

Zagreb, 23 July 2024

Croatian National Bank
Governor

Boris Vujčić