



HNB

**GUVERNER**

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 measures adopted by the designated authority of the Netherlands and recommended for reciprocation by the European Systemic Risk Board under Recommendation of 16 February 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2022/1) have not been met in the Republic of Croatia.
- II. The Croatian National Bank will not prescribe the reciprocation of the macroprudential policy measures referred to in item I.
- III. The Croatian National Bank shall monitor the level of exposures referred to in Recommendation of 16 February 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2022/1) and in case a credit institution meeting the requirements set out in the macroprudential policy measures referred to in item I. exceeds the prescribed materiality threshold, prescribe the reciprocation of the measures referred to in item I.

## **Rationale**

As the designated authority for the purposes of implementation of Article 458 of Regulation (EU) no 575/2013, the central bank of the Netherlands has adopted the measure prescribing the average risk weight floor for credit institutions authorised in the Netherlands that use the internal ratings based approach (IRB) for the portfolios of exposures to natural persons secured by residential property in the Netherlands. For each exposure covered by the measure, a risk weight of 12% is assigned to the part of the loan not exceeding 55% of the market value of the residential property used as loan collateral and a risk weight of 45% is assigned to the remaining part of the loan. The measure entered into force in the Netherlands on 1 January 2022. At the request of the central bank of the Netherlands, the ESRB included the measure, in the context of its Recommendation ESRB/2022/1, in the list of measures recommended for reciprocation in other member states.

The measure also determined the institution-specific materiality threshold to steer the potential application of the *de minimis* principle by the relevant authorities reciprocating the measure. The exemption prescribed is intended for credit institutions using the IRB approach whose portfolio of exposures to natural persons secured by residential property in the Netherlands does not exceed five billion euro.

Since credit institutions in the Republic of Croatia that use the IRB approach do not have direct exposures secured by residential property in the Netherlands that exceed the prescribed materiality threshold, the Croatian National Bank, applying the *de minimis* principle, does not prescribe the reciprocation of the macroprudential measure adopted by the central bank of the Netherlands.

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/2022/1, fulfils the preconditions prescribed by the measure, shall prescribe reciprocation of the measure.

Number: 264-091/07-22/BV

Zagreb, 21 July 2022

GOVERNOR  
CROATIAN NATIONAL BANK

Boris Vujčić