

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, 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 Sweden and recommended for reciprocation by the European Systemic Risk Board in its Recommendation of 6 July 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2023/4) 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 exposure referred to in the Recommendation of the European Systemic Risk Board of 6 July 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2023/4) and shall, 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 Swedish Financial Supervisory Authority adopted the measure in accordance with Article 458, paragraph (2), item (d), sub-item (vi) of Regulation (EU) No 573/2013, which applies to credit institutions authorised in Sweden and using the IRB approach. The measure entered into force in Sweden on 30 September 2023 and it prescribes the minimum levels (floor) for average risk weights for the portfolio of exposures to corporates secured by commercial real estate (35%)

and residential real estate for commercial use (25%), located in Sweden. The measure does not apply to corporate exposures secured by: (i) agricultural real estate; (ii) real estate owned directly by municipalities, states or regions; (iii) real estate where more than 50% of the real estate is used for own business; and (iv) multi-dwelling real estate where the purpose of the real estate is not commercial (for example housing associations that are owned by the residents and that are non-profit making) or where the number of dwellings is less than four.

Upon the request of the Swedish Financial Supervisory Authority, the European Systemic Risk Board has issued its Recommendation of 6 July 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2023/4), recommending the measure's reciprocity in all member states. The ESRB recommendation also provides for a maximum institution-specific materiality threshold of SEK 5 billion to steer the application of the *de minimis* principle by the relevant authorities reciprocating the measure.

Since according to available data there are no credit institutions in the Republic of Croatia with direct exposures that meet the criteria for the application of this measure, nor do domestic credit institutions have branches located in Sweden, using the *de minimis* principle, the Croatian National Bank will not prescribe the reciprocation of the macroprudential measure adopted by the designated authority of Sweden.

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/2023/4 fulfils the preconditions prescribed by the measure, shall prescribe the reciprocation of the measure.

No. 365-091/11-23/BV

Zagreb, 24 November 2023

Croatian National Bank  
Governor  
**Boris Vujčić**