



HNB

EUROSUSTAV

Trg hrvatskih velikana 3, HR-10000 Zagreb

Phone: +385 1 4564 555 +385 1 4610 551

[www.hnb.hr](http://www.hnb.hr)

30 November 2023

**The Croatian National Bank confirms the existing other systemically important credit institutions and increases the prescribed capital buffers at system level**

In its regular annual review, the Croatian National Bank confirmed the status of seven other systemically important credit institutions (hereinafter referred to as 'O-SIIs'). At the same time, it prescribed the capital buffer rates for these institutions for 2024, adjusted so as to take into account changes in the market position and to better link the buffers to the systemic importance of each O-SII (Table 1). The countercyclical buffer rate (hereinafter referred to as 'CCyB rate') to be maintained in 2024 thus changed for four O-SIIs. The rate was increased for three institutions and decreased for one.

**Table 1 O-SIIs in the Republic of Croatia**

O-SII	Systemic importance score as at 31 Dec. 2022	CCyB rate as of 1 Jan. 2024		CCyB rate in 2023	
		Set	Applicable*	Set	Applicable*
Zagrebačka banka d.d., Zagreb	3079	<b>2.5%↑</b>	<b>2.5%↑</b>	2.0%	2.0%
Privredna banka Zagreb d.d., Zagreb	2298	2.0%	<b>2.0%↑</b>	2.0%	1.75%
Erste&Steiermärkische Bank d.d., Rijeka	1846	2.0%	2.0%	2.0%	2.0%
Raiffeisenbank Austria d.d., Zagreb	929	1.5%	1.5%	1.5%	1.5%
OTP banka Hrvatska d.d., Split	733	1.5%	1.5%	1.5%	1.5%
Hrvatska poštanska banka d.d., Zagreb	479	<b>1.0%↑</b>	<b>1.0%↑</b>	0.5%	0.5%
Addiko Bank d.d., Zagreb	198	<b>0.25%↓</b>	<b>0.25%↓</b>	0.5%	0.5%

Note: CCyB rates in bold (set and/or applicable) where different from the rates in 2023. The arrows indicate the direction of the change.

\* The actually applicable rate considering the regulatory limit linked to the rate for the parent O-SII or G-SII in the EU, where applicable.

Source: CNB.

The assessment of the systemic importance of credit institutions is conducted once a year in accordance with the European Banking Authority's Guidelines (hereinafter referred to as 'Guidelines') based on the EU Capital Requirements Directive<sup>1</sup>, the provisions of which have been transposed into the Credit

<sup>1</sup> Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU in relation to the assessment of other systemically important institutions (EBA/GL/2014/10).

Institutions Act and the [internal supervisory procedures of the Croatian National Bank](#). The O-SII status is awarded automatically to all institutions whose score exceeds the prescribed threshold. In this procedure the Croatian National Bank applies the adjusted lower threshold of 275 points, envisaged in the Guidelines, which caters for the specifics of the domestic banking sector. Additionally, pursuant to expert judgement and based on a series of mandatory or additional indicators provided in the Guidelines, O-SII status may also be awarded to credit institutions with the score below the threshold but above the score of 4.5. Expert judgement was applied in awarding the O-SII status to Addiko Bank, whose systemic importance score was below the threshold in this review cycle for the second year in a row. The decision was made due to the fact that the score for one of the four mandatory indicator groups exceeds the threshold of 275, and was backed by analysis of additional indicators, which in some regions are above the threshold, indicating its relatively higher systemic importance in eastern Croatia.

While the list of O-SIIs remains unchanged in 2024, the prescribed capital buffers were adjusted slightly. The basis for determining the buffer rate continues to be the equal expected impact method, wherein the level of the O-SII buffer is set with a view to equalising the expected impact of an O-SII's distress on the overall system with the potential impact of a non-O-SII's distress. The set buffer rates are also in line with the revised methodology of the European Central Bank, which prescribes the minimum rate of this buffer depending on the systemic importance scores calculated for each individual O-SII within the euro area, to be applied as of 1 January 2024. The buffer rate for the largest O-SII was thus increased from 2% to 2.5%, while the buffer rate for the smallest O-SII was reduced from 0.5% to 0.25%. The expansion of the permitted range of prescribed buffers took into consideration market developments over the last year and additionally strengthened the link between the systemic importance of the individual O-SII and its buffer rate. The maximum set rate neared the maximum legally permitted rate of 3%. The capital buffer rate was also increased for Hrvatska poštanska banka, as a reflection of its increased systemic importance after acquiring Nova hrvatska banka.

In addition, each O-SII, that is a subsidiary of an O-SII or of a global systemically important credit institution (hereinafter: G-SII) that is an EU parent credit institution to which a G-SII/O-SII buffer applies on a consolidated basis, is subject to regulatory limit of the applicable level of the buffer rate depending on the rate applied to the parent institution. This buffer may not be higher than that maintained by the parent O-SII/G-SII increased by one percentage point, up to a maximum of 3%. As a result of the increase in the rate of the parent O-SII, the previous limit on the amount of the applicable rate imposed on Privredna banka Zagreb was lifted so the capital buffer rate it is obligated to maintain in 2024 increased to 2%, from 1.75%, which made it equal to the rate determined pursuant to the CNB methodology.