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10 December 2020

Notification on the results of the review of the systemic importance of credit institutions in the Republic of Croatia

The Croatian National Bank, as the designated authority for the identification of other systemically important credit institutions (hereinafter: O-SIIs) has conducted the annual review of the systemic importance of credit institutions and the buffer rates for the identified O-SIIs.

The review was conducted using the same methodology as in the previous cycles of the identification of O-SIIs, in accordance with Article 138 of the Credit Institutions Act (hereinafter: Act), which prescribes that systemic importance, for the purposes of identifying O-SIIs, is assessed on the basis of at least any of the following criteria: size, importance for the economy of the European Union or of the Republic of Croatia, significance of cross-border activities and interconnectedness of the credit institution or the group with the financial system. The European Banking Authority's 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) have been transposed into the [internal supervisory procedures of the Croatian National Bank](#).

The Croatian National Bank applied the standard scoring approach for the assessment of O-SIIs, using the so-called mandatory indicators in all the four areas (criteria) referred to in Article 138 of the Act, available on 31 December 2019 (revised data for all authorised credit institutions having a head office in the Republic of Croatia at the moment of scoring), the adjusted threshold of 275 basis points and expert judgement. Based on the described procedure, seven O-SIIs were identified (Table 1).

The Croatian National Bank determines the buffer rate for an O-SII within the legally permitted range, taking into account the indicators of systemic importance, historical losses in the system and expert judgement, in relation to other macroprudential instruments as a segment of a coordinated central bank policy aimed at achieving and maintaining financial stability. The basis for determining the buffer rate is 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. In line with the abovementioned, O-SII buffer rates were set as shown in Table 1. An O-SII that is a subsidiary of a global systemically important credit institution (hereinafter: a G-SII), or an O-SII that is an EU parent credit institution to which a G-SII or an O-SII buffer applies on a consolidated basis, is obligated to monitor and apply the G-SII/O-SII buffer in accordance with the applicable provisions of the

Act. This buffer may not be higher than that maintained by the parent O-SII/G-SII increased by one percentage point, and may be maximum 3%.

Table 1 O-SIIs in the Republic of Croatia

O-SIIs	SCORES	The buffer rate set for O-SIIs as of 1 January 2021	The buffer rate to be maintained by O-SIIs as of 1 January 2021 *
Zagrebačka banka d.d., Zagreb	3112	2.0%	2.0%
Privredna banka Zagreb d.d., Zagreb	1959	2.0%	1.75%
Erste&Steiermärkische Bank d.d., Rijeka	1945	2.0%	2.0%
Raiffeisenbank Austria d.d., Zagreb	771	2.0%	2.0%
OTP banka Hrvatska d.d., Split	735	2.0%	1.0%
Addiko Bank d.d., Zagreb	308	0.5%	0.5%
Hrvatska poštanska banka d.d., Zagreb	307	0.5%	0.5%

* Taking into account the status of the parent O-SII or G-SII in the EU, where applicable.

Source: CNB.