



HNB

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**Announcement on maintaining the countercyclical buffer rate
for the Republic of Croatia of 1.5%**

In the first quarter of 2025, the domestic financial cycle remains in an expansive phase, as reflected in a strong activity of banks, further growth in the prices of residential real estate and additional strengthening of cyclical vulnerabilities. Against such a backdrop, the countercyclical buffer rate of 1.5% is now appropriate for preserving banking system resilience in a possible scenario of a materialisation of cyclical systemic risks or sudden shocks unrelated to the business or financial cycle, bearing in mind the new restrictions on consumer lending aimed at slowing down consumer credit. However, any further deepening of cyclical vulnerabilities might require a further increase in this buffer or other complementary macroprudential measures. The relevant information pursuant to Articles 119 and 123 of the Credit Institutions Act is given below.

Specific credit gap indicators for the Republic of Croatia (Figure 1) and the composite indicator of the cyclical systemic risk (Figure 2), which comprises a larger group of financial cycle indicators, remained elevated in the fourth quarter of 2024 (Table 1). Household loans continued to grow sharply, at an annual growth rate of 12.7% in April 2025 (transaction-based). Their growth mirrors a further increase in general-purpose cash loans, which rose by 15.2% on an annual level in April 2025, as well as a faster growth of housing loans, which grew 10.7% on an annual level. Loans to corporates have also grown strongly since the beginning of the year (the annual growth rate reached 11.9% in April), mostly fuelled by loans to companies in manufacturing and service activities. Residential property prices on the domestic market continued to grow faster than in most EU member states, having grown 10.1% on an annual level in the fourth quarter of 2024.

The CNB will continue to monitor regularly the evolution of cyclical systemic risks against the backdrop of domestic and global economic and financial developments and to pursue a macroprudential policy aimed at maintaining banking system resilience and reducing systemic risks. Taking into account other macroprudential policy instruments, including the consumer lending criteria restrictions, the CNB will, as appropriate, make a timely adjustment to the calibration of measures so as to achieve their optimum combination with regard to the systemic risks to financial system stability.

Table 1 Indicators of cyclical systemic risk and associated benchmark countercyclical buffer rates for Q4/2024

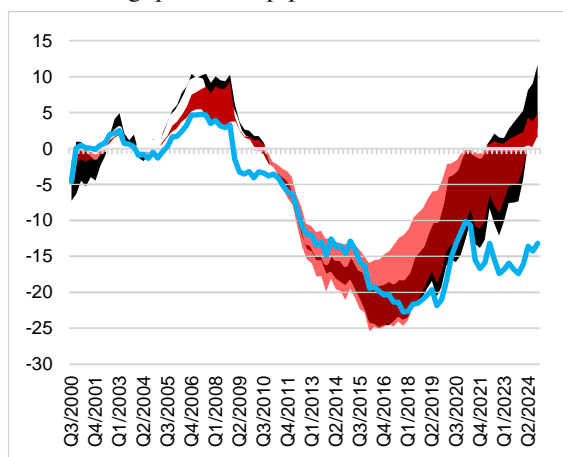
Indicator	Ratio/indicator value	Credit gap (deviation from the long-term trend)	Benchmark CCyB rate
Standardised (Basel) credit-to-GDP ratio	59.7% ↓	-13.2 p.p. ↑	0%
Specific credit-to-GDP ratio (absolute gap)	46.6% ↑ (narrow) and 59.8% ↓ (broad)	1.4 p.p. ↑ to 4.9 p.p. ↑	0.42% to 2.50% ↑
Specific credit-to-GDP ratio (relative gap)		2.4% ↑ to 11.7% ↑	0.82% to 2.50% ↑
Composite indicator	0.27 ↑ (71st percentile of distribution)	/	1.32% to 1.68% ↑

Note: Specific ratio values differ depending on the definition of credit (46.6% for a narrow definition of credit, which includes only domestic bank credit, and 59.8% for a broad definition). Differences in gap values arise from different definitions of gap (absolute gap is calculated as the difference while the relative gap is calculated as the ratio of the following variables: the credit-to-GDP ratio and its trend) and estimated statistical trends. The arrows indicate the direction of the change in relation to the value of indicators and benchmark rates from the previous quarter.

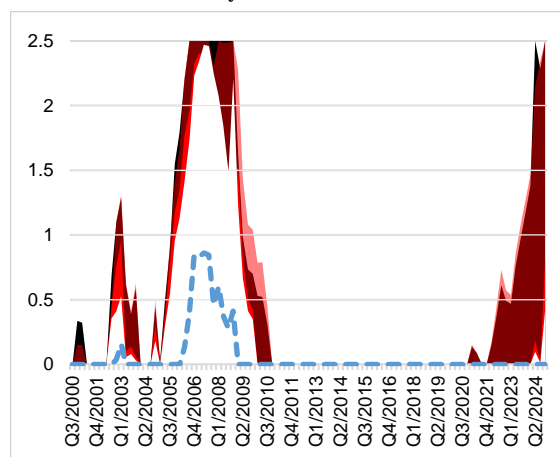
Source: CNB.

Figure 1 Range of credit gap indicators and affiliated benchmark CCyB rates

1.a Credit gap (% and p.p.)



1.b Benchmark CCyB rates

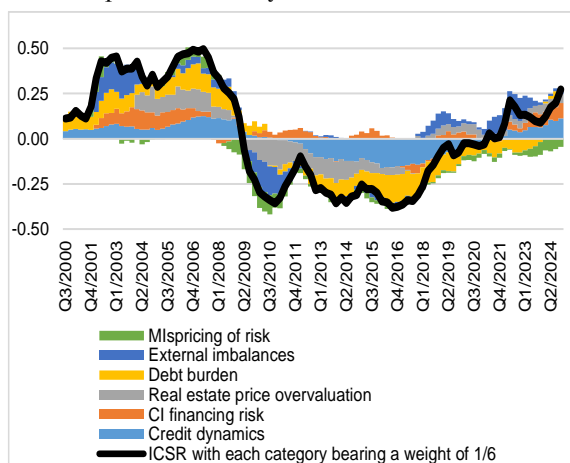


Notes: The left panel shows the Basel gap (blue curve) and the range of 12 credit gap indicators which have better signalling properties for the Republic of Croatia than the Basel gap. The red shaded areas indicate the range of absolute gaps, while the black shaded areas indicate relative gaps. The right panel shows the range of CCyB rates calibrated on the basis of the gaps in the left panel. The blue dashed curve indicates the calibration based on the Basel gap given in the left panel. For details on the methodology used to estimate credit gaps, see [Box 2](#) Improvements in the methodology of countercyclical buffer identification and calibration in Croatia, Macroprudential Diagnostics No. 16.

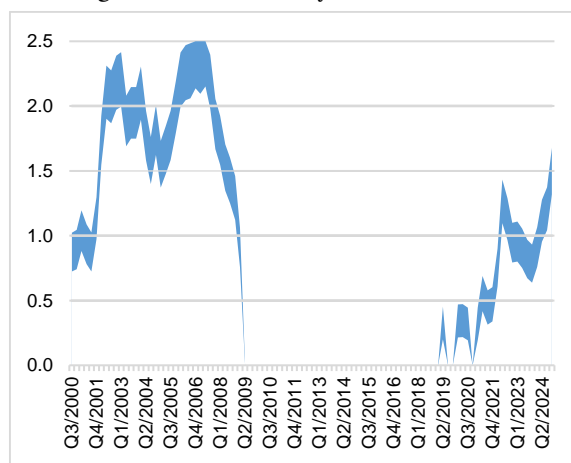
Source: CNB.

Figure 2 Composite indicator of the cyclical systemic risk (ICSR) and the affiliated range of benchmark CCyB rates

2.a Composition and dynamics of ICSR



2.b Range of calibrated CCyB rates



Note: CI indicates credit institutions. The lower threshold for the calibration of the CCyB rate has been chosen to enable the rate to become positive before indicators included in ICSR calculation (Figure 2.a) reach median level, while the upper threshold is determined by the highest percentiles of ICSR distribution.

Source: CNB.