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Introductory remarks

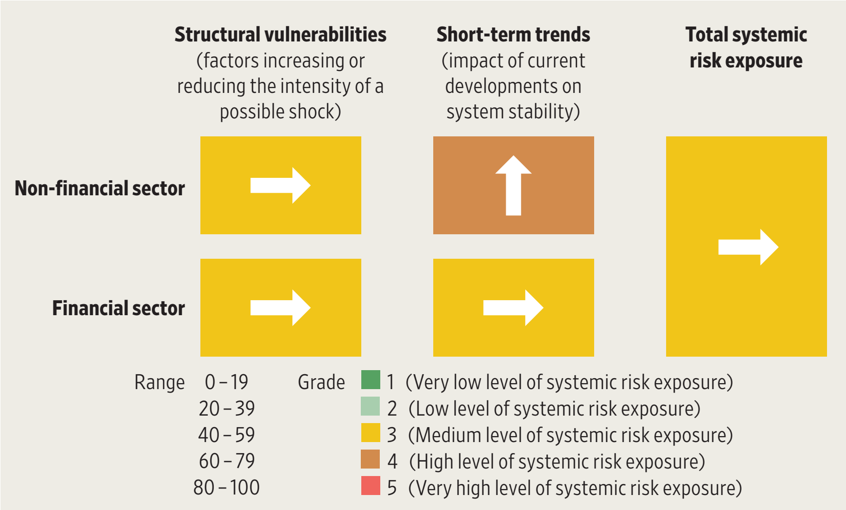
The macroprudential diagnostic process consists of assessing any macroeconomic and financial relations and developments that might result in the disruption of financial stability. In the process, individual signals indicating an increased level of risk are detected, according to calibrations using statistical methods, regulatory standards or expert estimates. They are then synthesised in a risk map indicating the level and dynamics of vulnerability, thus facilitating the identification of systemic risk, which includes the definition of its nature (structural or cyclical), location (segment of the system in which it is developing) and source (for instance, identifying whether the risk reflects disruptions on the demand or on the supply side). With regard to such diagnostics, instruments are optimised and the intensity of measures is calibrated in order to address the risks as efficiently as possible, reduce regulatory risk, including that of inaction bias, and minimise potential negative spillovers to other sectors as well as unexpected cross-border effects. What is more, market participants are thus informed of identified vulnerabilities and risks that might materialise and jeopardise financial stability.

1 Identification of systemic risks

The exposure of the Croatian financial system to systemic risks has remained moderately elevated, with an increase in short-term (cyclical) risks in the non-financial sector (Figure 1). Amid favourable domestic macroeconomic developments and a solid labour market, strong and broad-based lending to the domestic non-financial sector and continued robust growth in residential real estate prices have exacerbated the already elevated cyclical risks. At the same time, the escalation of geopolitical risks at the international level may undermine investor confidence, exacerbate market volatility and stimulate the growth of financing costs.

Strong borrowing by the private sector and a surge in residential property prices are currently driving economic activity, but they also increase medium-term risks to economic growth. Economic growth is expected to slow down gradually in the coming years, but should remain around 3%. However, accelerated growth of the private non-financial sector debt, the sharp increase in the wage bill alongside fiscal expansion and the deterioration of the current and capital account balance clearly indicate

Figure 1 Risks to financial stability are moderately elevated



Note: Arrows indicate changes from the risk score published in Macroprudential Diagnostics No. 26 (July 2025).
Source: CNB.

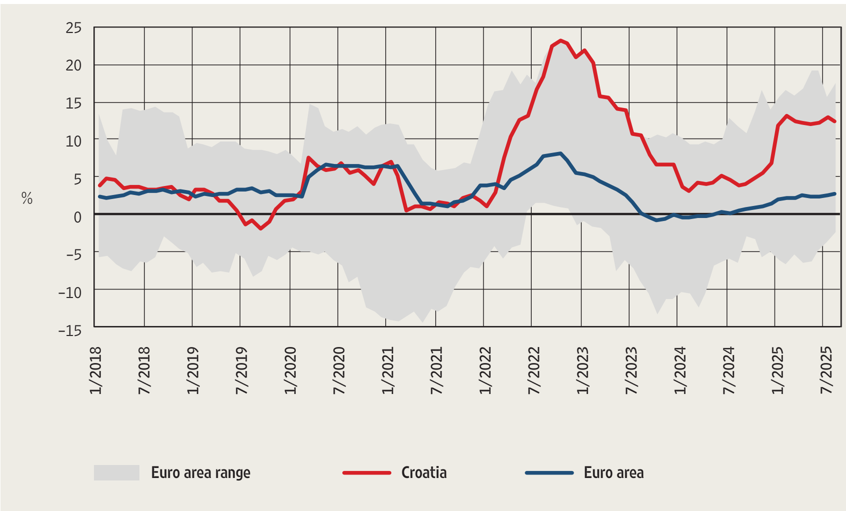
the accumulation of imbalances. So far, corporate and household income growth have alleviated the debt repayment burden for the domestic non-financial sector. Nevertheless, excessive optimism and risk underestimation in an environment of strong borrowing and falling inflation increase the risks to future debt servicing and financial system vulnerabilities. A possible escalation of geopolitical and trade tensions could rapidly reverse trends due to weaker exports, a fall in investment and a rise in borrowing costs.

Although fiscal risks are currently moderate, a combination of adverse structural and cyclical factors could exacerbate them again. In the short run, economic growth supported by EU funds strengthened public finances and reduced the debt-to-GDP ratio; however, to a large extent this was due to cyclical effects and high inflation. The weakening of favourable short-term effects of inflation on public debt, coupled with the continuation of relatively strong fiscal expansion, widens the budget deficit and reduces room for a more active fiscal policy in adverse economic conditions. An expansion of defence spending to above current levels constitutes an additional structural burden for the budget, while population ageing puts pressure on the expenditure side of the budget in the long run (pensions, healthcare outlays). A possible economic slowdown could additionally weaken the revenue side of the budget due to lower tax revenues, while a potential materialisation of risks that would increase the risk premium would also increase the debt repayment burden. Together, such external shocks could adversely affect fiscal sustainability and reduce room for active fiscal policy.

Corporate business performance in the forthcoming period will largely depend on the impact of a possible materialisation of geopolitical risks on macroeconomic developments. Compared with the past few years, the revenue growth of the non-financial corporate sector slowed in 2024, to around 5%. However, coupled with a slight uptick in the operating margin (from 7.3% in 2023 to 7.5% in 2024), it led to a growth in earnings and capital (which reached 39.8% of liabilities). Companies are particularly vulnerable to changes in financial conditions and operational bottlenecks. Therefore, a potential escalation of geopolitical tensions or new trade conflicts could rapidly worsen business conditions because of subdued foreign demand, rising energy and commodity prices and supply chain disruptions. This would increase costs and pressures on liquidity, which could result in delayed investments, contraction of activities and greater difficulties in regular debt servicing.

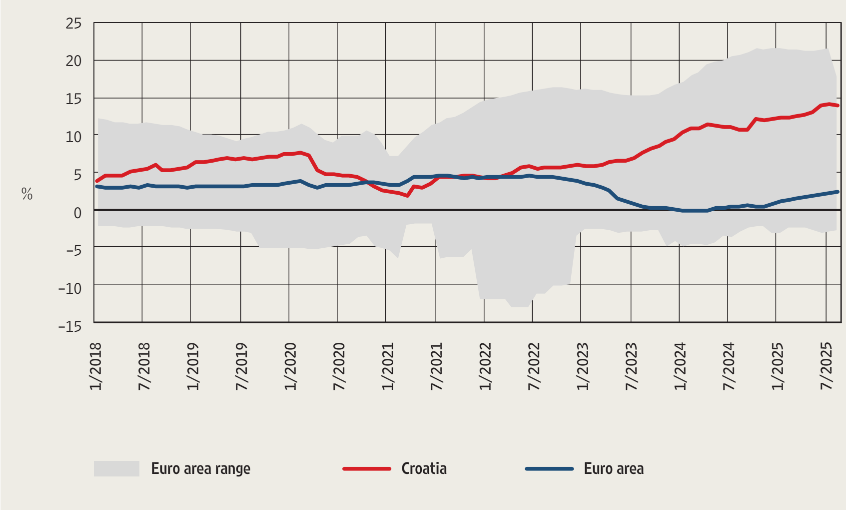
Corporate vulnerabilities increase in the upward phase of the financial cycle. The growth in corporate loans that began towards the end of 2024 stabilised in mid-2025 and stood at around 13% during the summer months (Figure 2), with a particularly sharp growth in working capital loans (of around 19%). As loans are mostly granted to activities with a pronounced growth in revenues (manufacturing, trade and accommodation and food service activities), and because their liquidity remains high, non-financial corporations do not currently have debt servicing problems. Thanks to favourable business performance and lower interest rates, the debt servicing burden, which had grown since the beginning of 2023, stabilised at around 35% in the first half of 2025, while total corporate indebtedness remained well below the EU average. However, a disruption in economic or financial conditions could relatively quickly impair the debt repayment capacity of non-financial corporations.

Figure 2 Growth in corporate loans is stable at a high level



Note: The grey range shows the minimum and maximum annual growth rate across countries.
Sources: ECB DWH and CNB calculations.

Figure 3 Household loans continue to surge

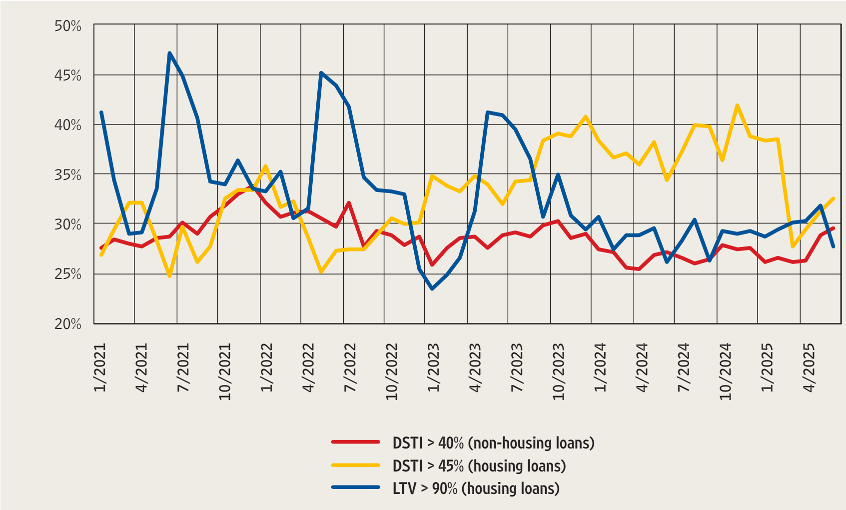


Note: The grey range shows the minimum and maximum annual growth rate across countries.
Sources: ECB DWH and CNB calculations.

Lending to households accelerated strongly in the first half of 2025, when banks offered promotional borrowing conditions. However, the number of new loans contracted sharply in July and August, following the expiry of promotional conditions and the entry into force of the limits on lending criteria. The reduction of interest rates in promotional offers motivated some consumers to contract new housing loans even though they had not planned to borrow in the first half of the year. The total annual growth of housing loans picked up strongly, reaching 14.8% at the end of August, while cash loans grew at a slightly slower rate (13.2%) in the same period (Figure 3). After the expiry of special-offer conditions, which coincided with the introduction of the CNB's limits on lending criteria, the number of new loans decreased considerably. The fall was particularly pronounced in the segment of cash loans, while the number of contracted and disbursed housing loans remained high given that they involve more demanding and longer procedures for granting and disbursement. The number of housing loans dropped sharply in July and especially in August, while the disbursement of housing loans decreased relatively slightly, reflecting the disbursements of loans granted in the first half of the year. The number of renewed agreements also rose considerably during promotional lending conditions, with a significant share of consumers contracting lower interest rates on existing housing loans, reducing on average the repayment burden by 3.3% of income (see Box 1).

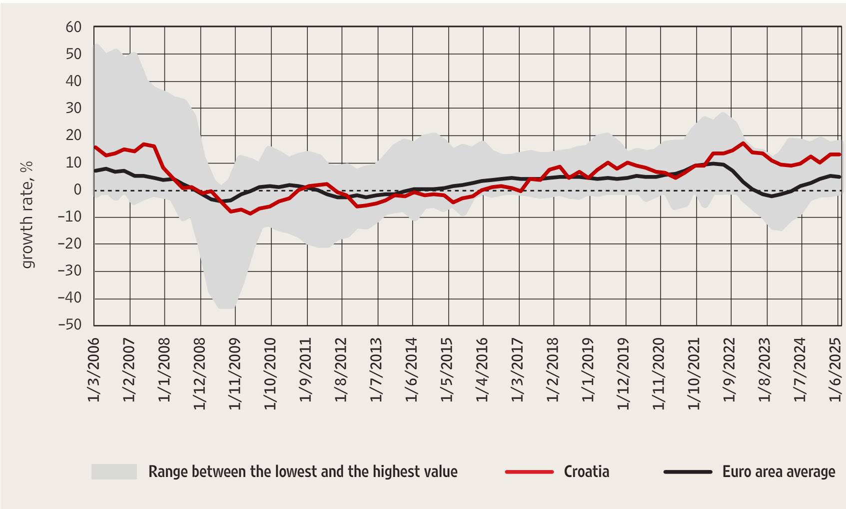
The interest rate reduction in the first half of this year, which coincided with a surge in income, enabled households to borrow with a somewhat lower debt servicing burden. The share of newly-granted housing loans with a DSTI ratio above 45% thus decreased to 31.2% in the second quarter of 2025, from 37.8% in 2024 (Figure 4). In the same period, the share of loans with an LTV ratio above 90% did not change much and remained slightly below 30%. Despite the sharp increase in loans, household debt indicators did not deteriorate significantly thanks to continued strong growth in nominal income. However, as income growth slows down gradually, a possible continuation of strong borrowing will increase the vulnerability of households to adverse changes in the macroeconomic environment, especially if the repayment burden of new loans increases again. The new macroprudential measure limiting household lending criteria has been introduced precisely to mitigate such risks.

Figure 4 Household lending criteria have improved



Note: The figure shows monthly averages.
Source: CNB (lending standards).

Figure 5 Real estate prices continue to rise sharply



Note: Grey shaded area shows the range between the lowest and the highest value of annual rates of change of residential real estate prices in euro area member states.
Source: Eurostat.

The growth in residential property prices picked up steam in late 2024 and early 2025, raising the risk of a reversal of real estate market trends in an uncertain macroeconomic environment. The acceleration of annual price growth to 13.2% at the end of the second quarter (Figure 5) was driven by lower interest rates on housing loans, relatively strong economic growth and wage increases. In addition, the government's tax refund measure for young people for the purchase of the first residential property has also given a boost to demand. Following several years of decline, the number of purchase and sale transactions of residential real estate increased in the first half of this year, but it was still lower than in the period immediately following the pandemic. On the other hand, robust construction activity, coupled with a share of construction in total GVA at a historically high level, has gradually increased supply and might alleviate upward pressures on prices. In addition, the real estate tax could further stimulate supply, encouraging owners to market unused residential properties. All this could gradually reduce the risk of a reversal in the residential real estate market associated with exceptionally strong price growth.

The banking system remains highly liquid and profitable, with a very low non-performing loan ratio. Thanks to a fall in interest rates, the net interest spread has been narrowing since mid-2024; however, as it is still elevated, bank profitability has also remained high compared to historical levels. The currently favourable macroeconomic conditions are also reflected in low credit risk indicators, which further supports profitability. Nevertheless, the increase in loans with longer maturities and fixed interest rates, coupled with the growing exposure to debt securities, raises interest rate risk in banks' balance sheets. Even though these risks have not yet materialised, geopolitical uncertainty heightens potential credit risk, so that risks to the banking sector remain elevated despite the currently very favourable performance indicators. Therefore, in a period of elevated cyclical risks and geopolitical uncertainty, it is necessary to preserve bank capital, which will be strengthened by the announced increase in the countercyclical capital buffer rate (Chapter 3).

Box 1 Favourable winds make sailing easier: renewed agreements for existing housing loans mostly reduce the debt repayment burden

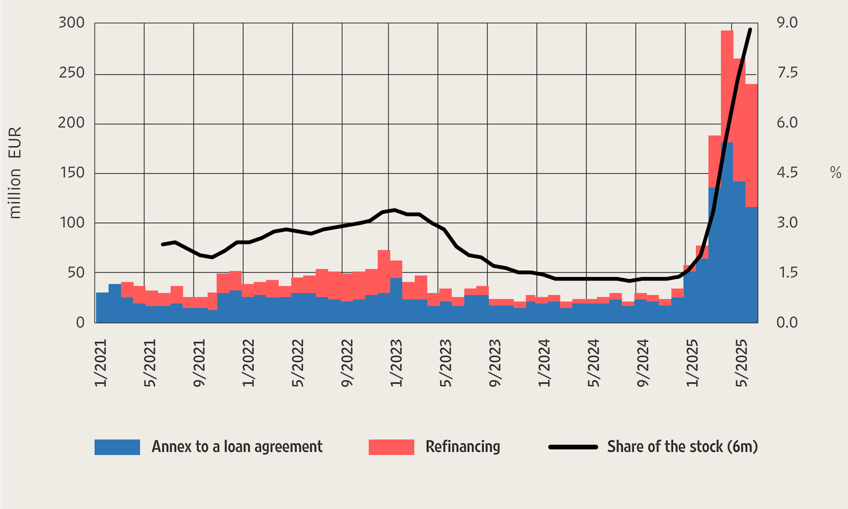
In addition to new lending, the first half of 2025 saw a sharp increase in the number of renewed agreements[1], changing the terms and conditions for the repayment of existing housing loans. Between January and June, around 10,000 consumers contracted annexes to existing agreements or refinanced their loans. The number of renewed agreements was approximately three times higher than the several-year average, while their amount reached about 9% of the principal of existing housing loans (Figure 1). Most borrowers who applied for a change of repayment terms were motivated by the decrease in market interest rates. In almost three quarters of renewed agreements, the interest rate was reduced, on average by about 0.9 percentage points (Figure 2), which alleviated the repayment burden of every 30th existing housing loan (around 6.5% of the total stock of housing loans). Not only did consumers win decreases in interest rates, but, to a smaller extent, also negotiated changes to other loan repayment terms; this most often referred to the option of early repayment, extension of the loan repayment term or fixing the interest rate.

Consumers mostly changed the repayment terms for loans taken out in the previous two years. In terms of the year of the original loan disbursement, the bulk of renewed agreements referred to loans disbursed in 2024 (Figure 2). These consumers were also those that reduced the interest rate most (by 0.95 percentage points on average). Namely, while housing loans from end-2019 to mid-2023 were mainly contracted at interest rates equal to or even slightly lower than in the quarter before (around 2.9%), they were granted at considerably higher interest rates in the second half of 2023 and in 2024. However, in an environment characterised by the easing of monetary policy restrictiveness, banks, also in the framework of special offers, reduced their interest rates significantly in early 2025 (Figure 3).

Interest rates subsequent to the signing of annexes or the refinancing of loans in either the same or a different bank, were very similar, averaging between 2.8% and 2.9%. Consumers most often negotiated new repayment

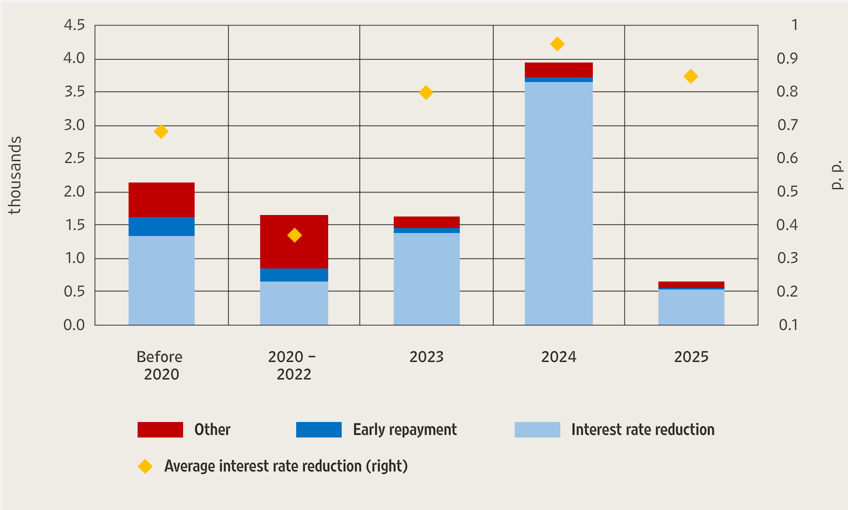
1 Renewed agreements include annexes and refinancings. Refinancing refers to contracting a new loan while closing the original loan. It may include a revaluation of collateral and loan agreement authentication by a public notary, which makes the approval procedure more complex. On the other hand, the procedure for concluding an annex to the original contract is generally simpler and more favourable to the debtor, as it usually implies only the authentication of signatures by a notary.

Figure 1 The first half of 2025 saw a significant increase in renewed agreements for existing housing loans



Note: The share of the stock refers to the ratio of total renewed agreements in the past six months to the average stock of housing loans in that period.
Source: CNB (consumer lending standards)..

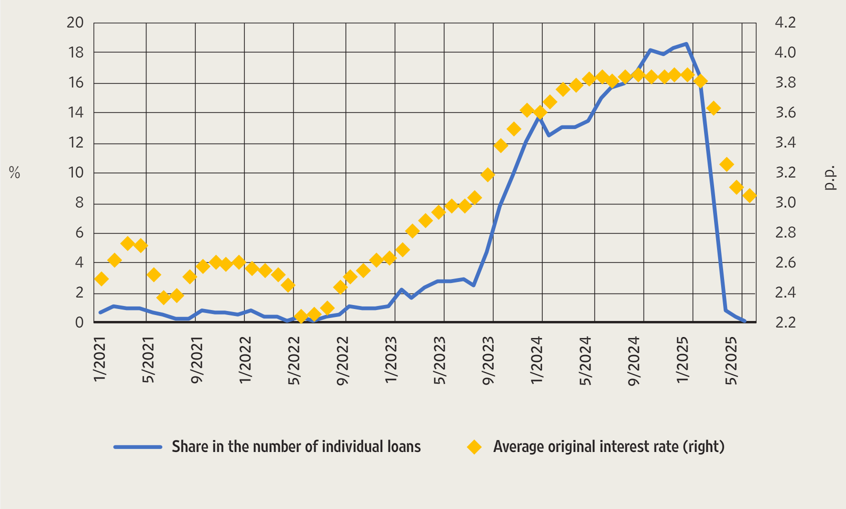
Figure 2 Most renewed agreements relate to a reduction in interest rates on recently contracted loans



Notes: 2025 refers to the first half of the year. Renewed loan agreements related to less than 20% of the total principal amount are excluded. The average interest rate reduction refers to renewed agreements with a reduced interest rate.
Source: CNB (consumer lending standards).

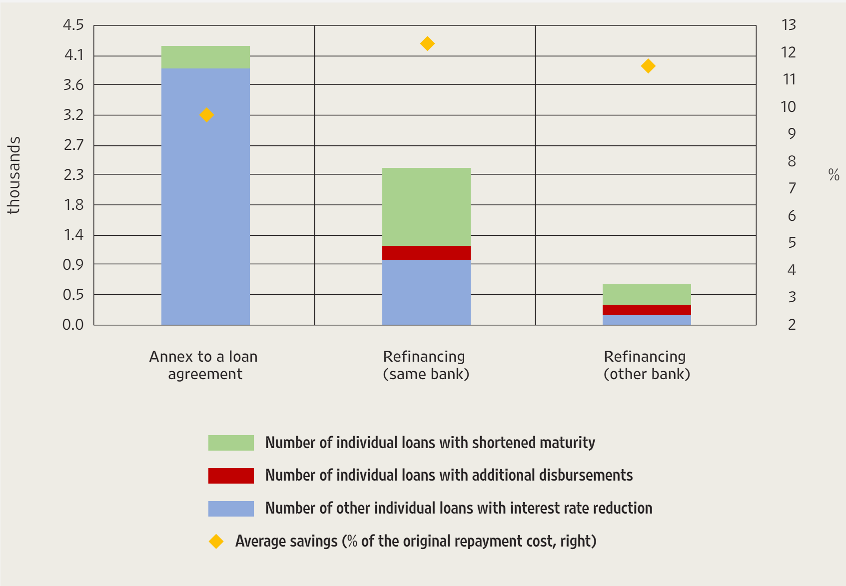
terms in the same bank in which they had raised their initial loan (around 90% of all renewed agreements, Figure 4), and they mostly concluded annexes to the original loan contract, while loan refinancing was used less frequently. Agreed interest rates were almost the same for both annexes and refinancing, with either the same bank or another bank. Consumers opted for loan refinancing, which could include additional costs (such as the cost of real estate valuation), mostly if, in addition to interest rates, they also changed some other repayment terms, for example, if they shortened the loan repayment period or partially repaid the principal, while they less frequently decided to increase the loan amount.

Figure 3 Every sixth borrower that took a loan in 2024 reduced the interest rate in the first half of 2025



Note: The figure shows a ratio of renewed agreements with a reduced interest rate to actual new loans according to the original disbursement date.
Source: CNB (consumer lending standards).

Figure 4 Refinancing was usually accompanied by reduced maturity or additional disbursements

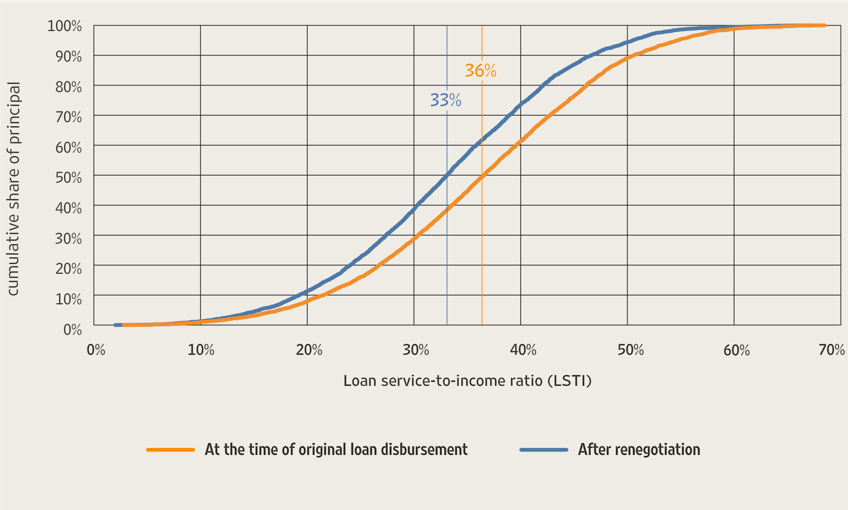


Notes: The figure shows renewed agreements with a reduced interest rate. Average savings refers to the difference in the total cost of repayment of principal and interest in the loan period between the original disbursement and the renewed agreement for individual loans where no new principal was disbursed or where the new disbursement did not exceed 5% of the total agreed principal amount.
Source: CNB (consumer lending standards).

On average, consumers that obtained more favourable financing terms reduced their repayment costs by approximately 6% (EUR 63 per month), i.e. around 11% (EUR 17 thousand) over the remaining repayment period (on average 22.7 years, Table 1). About half of the consumers reduced their monthly instalment by 5-25%, on average, by EUR 90 per month. Consumers with higher original loan amounts and initially higher interest rates generally made even greater savings, especially those who repaid part of the remaining debt early. On the other hand, around one in five consumers opted to shorten the repayment term, by almost four years on average, while retaining the existing repayment amount, and some even increased the cost of repayment in order to repay the loan much earlier and make additional savings. For one in seven consumers, the monthly cost of repayment increased on average by around EUR 100; however, with an average five-year shortening of maturities, the total cost of loan repayment was cut by 14%.

The reduction in interest rates and income growth eased the repayment burden for most consumers. According to the loan service-to-income (LSTI) ratio), almost 90% of individual loans showed a decline, averaging 3.3% for all consumers (Figure 5). The actual decrease in this ratio could be even larger because income was not reassessed in most cases (around 60% of the observed sample, while there had been an increase in the income of most of the consumers whose creditworthiness was reassessed, which additionally reduced the repayment burden). For example, income growth enabled some consumers to make significant savings by shortening loan maturity, which is why their repayment burdens (LSTI) did not grow much despite the higher monthly instalments (Table 1).

Figure 5 Monthly repayment cost decreased on average by 3.3% of income



Notes: The figure shows renewed agreements with a reduction in the interest rate on individual loans where no new principal was disbursed. It shows a little less than 5,500 individual loans (76% of the sample) for which data on income are available, while other loans are excluded from the presentation. The figure shows the LSTI ratio calculated at the moment of the renegotiation in 2025 and the LSTI ratio calculated at the last disbursement, which in 91% of the cases shown refers to the disbursement of the original actual new loan and in others the previous moment of the renegotiation.
Source: CNB (consumer lending standards).

Overall, the fall in market interest rates allowed a reduction in repayment costs for some existing housing loans, easing the repayment burden for consumers and mitigating credit risk for banks. Agreeing to fixed interest rates over the past two years, when interest rates were high, limited the risk of future interest rate increases for consumers, but it did not prevent them from obtaining lower interest rates following a change in market conditions. A decrease in debt repayment costs associated with lower interest rates does reduce bank income; on the other hand, to some extent, it also reduces the risk of a deterioration in regular debt servicing. Although the number of renegotiated agreements has been gradually decreasing in recent months, the level of such agreements remained elevated; around 14,000 housing loans (6.4%) with a remaining maturity over 10 years were granted at interest rates above 3.9%, which is almost a whole percentage point, or even more, above the market average. Therefore, many consumers could continue to request banks for an adjustment in loan standards in order to reduce the loan repayment cost.

Table 1 Distribution and characteristics of renewed agreements according to the change in repayment cost due to a reduction in interest rates

	Amount and number of renegotiations				Change in contractual terms			Change in repayment cost and savings			Change in the repayment burden		
Range of a change in the monthly loan repayment cost	Number of individual loans	Cumulative of the share in the number of individual loans	Total amount of renegotiations (EUR million)	Average principal amount (EUR thousand)	Average interest rate reduction (p.p.)	Change in maturity (years)	Share of individual loans with early repayment	Change in repayment cost (EUR, per month)	Average total savings in the repayment period (EUR thousand)	Average savings (as % of original repayment cost)	Change in debt service-to-income ratio (p.p.)	Of which: effect of renegotiations	Of which: effect of a change in income
decrease of over 25%	117	2%	19	160	1.0	4.5	57%	−588	73	56%	−12.8	−15.0	2.3
decrease of 25% to 10%	1,566	23%	156	100	1.1	0.2	3%	−113	28	14%	−5.0	−4.8	−0.3
decrease of 10% to 5%	2,323	56%	293	126	0.8	0.0	1%	−72	16	8%	−3.0	−2.8	−0.2
decrease of 5% to 1%	1,477	76%	207	140	0.5	−0.4	2%	−33	7	5%	−1.8	−1.2	−0.5
decrease of less than 1%	294	81%	44	150	0.4	−1.6	4%	−4	10	8%	−1.5	−0.2	−1.3
increase of less than 1%	153	83%	22	147	0.8	−2.5	2%	3	17	11%	−1.7	0.2	−1.9
increase of 1% to 10%	464	89%	54	116	0.8	−3.1	5%	30	15	12%	−2.4	1.5	−3.9
increase of 10% to 25%	294	93%	18	61	0.8	−5.1	4%	115	15	14%	−0.3	5.5	−5.8
increase of more than 25%	228	96%	6	28	0.7	−7.8	4%	231	12	16%	3.6	13.4	−9.7
Unknown	256	100%	34	131									
Total	**7,172**		**853**	**119**	**0.82**	**−0.4**	**3%**	**−63**	**17**	**11%**	**−3.3**	**−2.5**	**−0.8**

Notes: The table shows renewed agreements witnessing a decrease in interest rates and no disbursement of new principal amounts. The change in the debt service-to-income ratio is presented for the part of the sample for which income data are available, which accounts for about 75% of the total sample.
Source: CNB (consumer lending standards).

2 Potential risk materialisation triggers

The escalation of geopolitical tensions remains the main potential trigger for the materialisation of risks to financial stability. The war in Ukraine could soon enter its fifth year, and the intensification of attacks on Ukrainian and Russian energy infrastructure could have a negative impact on global energy markets. Also, conflicts in the Middle East and uncertainties surrounding US trade and security policies further increase the risk of disruption to international trade, contributing to the fragmentation of the global order, to which Europe is particularly vulnerable. In such circumstances, the risk of financial market disruptions that may adversely impact economic activity also increases.

Growing defence spending amid already high indebtedness and elevated interest rates further narrow fiscal room across Europe, increasing vulnerability to global shocks. A possible increase in defence spending to 5% of GDP would increase structural pressure on EU countries' budgets. While it strengthens the European security architecture and stimulates industry and employment with a multiplicative effect in the short term, it heightens fiscal pressures in the long term and may crowd out investments in key development areas, threatening the sustainability of public finances. In the conditions of the already narrow fiscal space, additional inflationary pressures spurred by trade barriers, energy shocks or an expansion in defence spending could lead to monetary policy tightening, raise borrowing costs and narrow fiscal space even more. In addition, social unrest related to rising food and energy prices or fiscal adjustments further elevates macrofinancial uncertainty, particularly in vulnerable regions, while population ageing is already weighing on a number of advanced economies.

The accelerated development of AI increasingly affects the financial sector, creating new business opportunities, as well as risks. More efficient business operations, broader financial inclusion and better risk management present new opportunities for both the financial sector and its clients. However, AI development also entails an increase in new risks. Widespread use of similar models by financial institutions may lead to the emergence of homogeneous decisions ("herding"), which reduces the diversity of market strategies and increases potential volatility in financial markets. Also, the lack of transparency and understanding of the models used by financial institutions increases the risk of erroneous assessments, while the dominance of several service providers in the development of AI technologies creates additional concentration and systemic vulnerability. Therefore, the safe and responsible application of AI, accompanied by the development of an appropriate regulatory framework, is increasingly important for safeguarding financial stability.

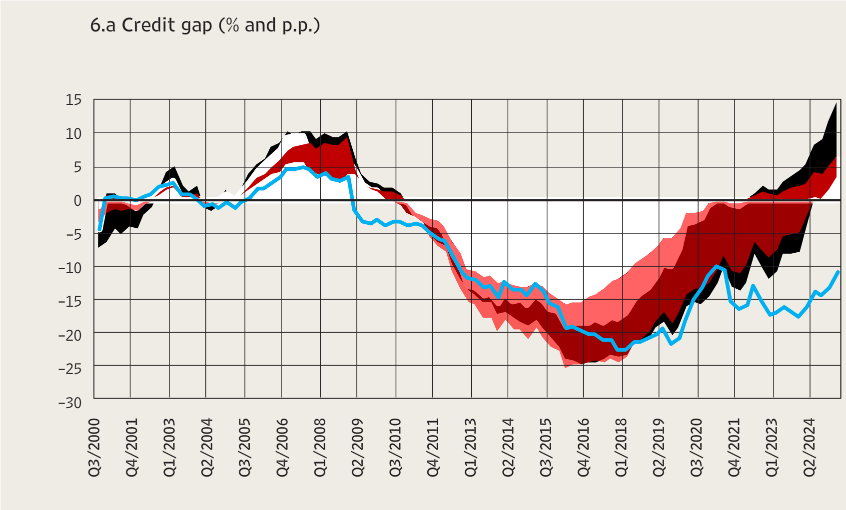
3 Recent macroprudential activities

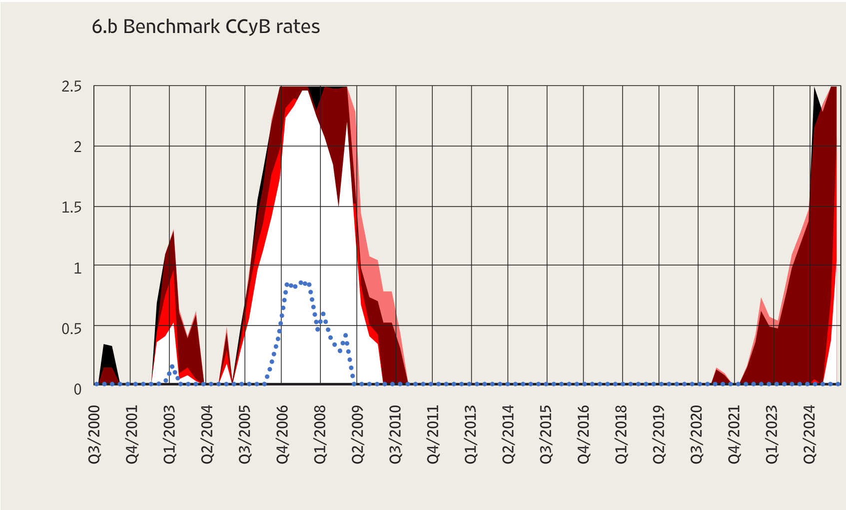
In response to the continued expansion of the domestic financial cycle and the further build-up of cyclical systemic risks, coupled with the currently heightened global uncertainty, the CNB announced that it would increase the countercyclical capital buffer rate from 1.5% to 2% in late September 2025, with a planned application from 1 January 2027. Amid heightened global uncertainties, and taking into account national specificities, macroprudential policy in most EEA member states continued to focus on strengthening and preserving the resilience of the financial system, with previously introduced macroprudential measures remaining in force or tightened in the third quarter of 2025.

3.1 Increase in the countercyclical capital buffer rate

In September 2025, the CNB announced that it would raise the countercyclical capital buffer rate from 1.5% to 2% in order to further strengthen banking sector resilience to the possible materialisation of systemic risks. The domestic financial cycle remains in the phase of expansion, which is reflected in strong bank lending to the domestic non-financial sector and continued robust growth in residential real estate prices. Developments in the relevant indicators of cyclical systemic risk, such as the credit gap specific for the Republic of Croatia and the composite indicator that comprises a larger set of indicators connected with financial cycle trends (e.g. credit activity, debt burden, prices in the residential real estate market, etc.), reflect an additional increase in cyclical vulnerabilities and point to the need to raise the countercyclical capital requirement above the current level of 1.5% (Figures 6 and 7). Public consultations on the draft Decision on amendments to the Decision on the countercyclical buffer rate were launched in October, while the planned date for the beginning of the application of the new countercyclical capital buffer rate is 1 January 2027 (Figure 8).

Figure 6 Range of credit gap indicators and corresponding benchmark countercyclical capital buffer rates

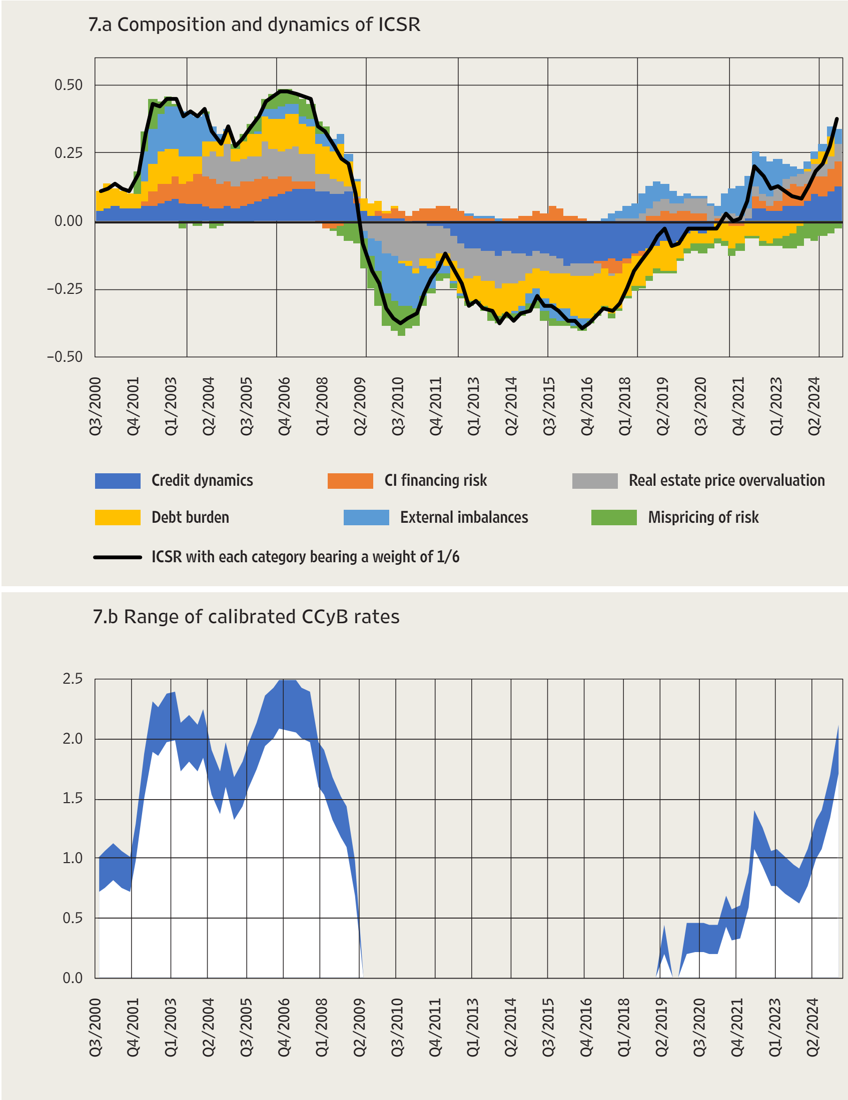




Notes: The left panel shows the Basel gap (blue curve) and the range of 12 credit gap indicators that have better signalling properties for the Republic of Croatia than the Basel gap. The red shaded areas indicate the range of absolute gaps, while the black shaded areas indicate relative gaps. The right 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 7 Composite indicator of the cyclical systemic risk (ICSR) and the affiliated range of benchmark CCyB rates

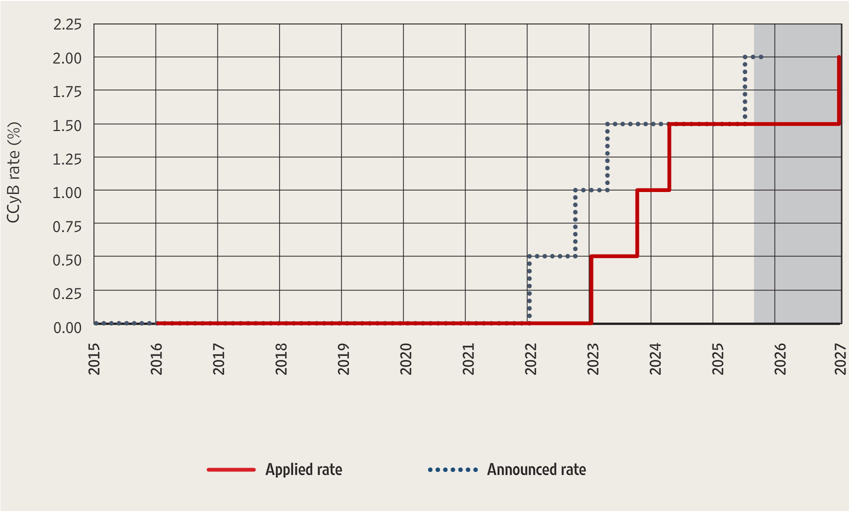


Notes: CI indicates credit institutions. The lower threshold for the calibration of the CCyB rate has been chosen to enable the rate to become positive before indicators included in ICSR calculation (Figure 7.a) reach median level, while the upper threshold is determined by the highest percentiles of ICSR distribution.
Source: CNB.

The strengthening of the banks' capital position through a countercyclical capital buffer complements the new macroprudential policy measures limiting consumer lending criteria, aiming to alleviate the risks arising from rising household indebtedness. This also enhances the resilience of banks and consumers and reinforces financial system stability.

The CNB will continue to monitor closely the evolution of cyclical vulnerabilities in the light of domestic and global economic and financial developments and adjust macroprudential measures as needed so as to achieve their optimal combination and ensure the long-term stability of the financial system. Depending on the circumstances, this may include further increases in the countercyclical capital buffer rate if cyclical risks grow even more, but also its immediate release (in full or in part) or the abandonment of the announced increase in the event of a significant deterioration in economic and financial conditions.

Figure 8 Countercyclical buffer rates



Note: The shaded area indicates the period from the 4th quarter of 2025 to the 1st quarter of 2027 when the new rate enters into force.
Source: CNB.

3.2 Macroprudential policy in other European Economic Area countries

Most EEA member states continued to focus on strengthening and preserving the resilience of the financial system, with previously introduced macroprudential measures remaining in force or tightened in the third quarter of 2025. At the beginning of October 2025, the positive countercyclical capital buffer rate continued to be applied in 24 out of 30 EEA countries. More than half of these countries follow a positive neutral CCyB approach, maintaining a positive CCyB rate in an environment of neutral cyclical risks as well, thereby strengthening the system's resilience to potential shocks in a timely manner. Thus, in line with their respective positive neutral CCyB approach, Greece and Spain continued with the planned increase in the CCyB rate to pre-specified positive neutral levels defined by their regulatory authorities. The 0.25% rate entered into force in Greece in early October and its increase to the target level of 0.5% is announced for 1 October 2026. In Spain, the 0.5% rate started to be applied in October 2025 and its increase to 1% was announced for 1 October 2026.

Table 1 Overview of macroprudential measures in EEA member countries

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IS	IT	LT	LU	LI	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK
Capital and liquidity buffers																														
CCoB	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CCyB rate applied (%)	0	1.0	2.0	1.0	1.25	0.75	2.5	1.5	0.5	0	1.0	0.25	1.5	1.0	1.5	2.5	0	1.0	0.5	0	1.0	0	2.0	2.5	1.0	0	1.0	2.0	1.0	1.5
CCyB rate pending (%)				1.5					1.0			0.5		2.0												0.75				
G-SII						●			●		●												●							
O-SII	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
SRB	●		●		●		●			●			●	●		●							●	●			●	●		
Sectoral SRB	●	●				●	●										●	●		●		●				●			●	
Liquidity ratio														●										●	●			●		
Caps on prudential ratios																														
DSTI	●		●	●				●		●	●	●	●	●		●		●			●	●			●	●	●		●	●
DTI/LTI							●								●						●			●						●
LTD																													●	
LTV	●	●	●	●	●		●	●		●		●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●
Loan amortisation					●															●				●				●		●
Loan maturity	●		●		●			●		●	●		●					●			●	●	●		●	●	●		●	●
Other measures																														
Pillar II		●		●																									●	
Risk weights								●					●						●	●		●	●	●	●		●	●	●	
LGD																								●						
Stress/sensitivity test			●	●	●					●					●									●		●				
Other measures	●		●				●						●		●							●			●		●	●		●

Notes: The listed measures are in line with Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD V). The definitions of abbreviations are provided in the List of abbreviations at the end of the publication. Green indicates measures that have been added since the last version of the table.
Sources: ESRB, CNB and notifications from central banks and websites of central banks as at 15 September 2025.

Table 2 Implementation of macroprudential policy and overview of macroprudential measures in Croatia

Measure	Primary objective	Year of adoption	Description	Basis for standard measures in Union law	Activation date	Frequency of revisions
Macroprudential measures implemented by the CNB prior to the adoption of CRD IV						
Prior to the adoption of CRD IV, the CNB used various macroprudential policy measures, of which the most significant ones are listed and described in: a) Galac, T., and E. Kraft (2011): http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-5772 b) Vujčić, B., and M. Dumičić (2016): https://www.bis.org/publ/bppdf/bispap86l.pdf						
Macroprudential measures envisaged in CRD IV and CRR and implemented by the competent macroprudential authority						
CCoB	Credit growth and leverage following Recommendation ESRB/2013/1	2014	Early introduction: at 2.5% level	CRD, Art. 160(6)	1 Jan. 2014	Discretionary
		2015	Exemption of small and medium-sized investment firms from the capital conservation buffer	CRD, Art. 129(2)	17 Jul. 2015	Discretionary
CCyB	Credit growth and leverage following Recommendation ESRB/2013/1 and implementing Recommendation ESRB/2014/1	2015	CCyB rate set at 1.5%; announcement of CCyB rate of 2% to be applied as of 1 January 2027	CRD, Art. 136	1 Jan. 2016	Quarterly
		2015	Exemption of small and medium-sized investment firms from the countercyclical capital buffer	CRD, Art. 130(2)	17 Jul. 2015	Discretionary
O-SII	Limiting the systemic impact of misaligned incentives with a view to reducing moral hazard following Recommendation ESRB/2013/1	2015	Seven O-SIIs identified by review in late 2024, with corresponding O-SII buffer rates: 2.5% for Zagrebačka banka d.d., Zagreb, 2.0% for Privredna banka Zagreb d.d. and Erste&Steiermärkische Bank d.d., Rijeka, 1.5% for Raiffeisenbank Austria d.d., Zagreb and OTP banka Hrvatska d.d., Split, 1.0% for Hrvatska poštanska banka d.d., Zagreb, 0.25% for Addiko Bank d.d., Zagreb.	CRD, Art. 131	1 Feb. 2016	Annually
SRB	Credit growth and leverage following Recommendation ESRB/2013/1	2014	Two SRB rates (1.5% and 3%) applied to two sub-groups of banks (market share < 5%, market share ≥ 5%). Applied to all exposures	CRD, Art. 133	19 May 2014	Annually
		2017	The level of two SRB rates (1.5% and 3%) and the application to all exposures remain unchanged. Decision (OG 78/2017) changes the method for determining the two sub-groups to which the SRB is applied. Sub-groups are determined by calculating the indicator of the average three-year share of assets of a credit institution or a group of credit institutions in the total assets of the national financial sector (indicator < 5%, indicator ≥ 5%). The review conducted in 2019 determined that the rates for the two sub-groups remain unchanged.	CRD, Art. 133	17 Aug. 2017	At least on a biennial basis
		2020	Under the Decision (OG 144/2020), a uniform buffer rate (SRB) was introduced in the amount of 1.5% of the total amount of exposure. All credit institutions having their head office in the RC have been required to maintain a uniform systemic risk buffer rate since the end of 2020.	CRD, Art. 133	29 Dec. 2020	At least on a biennial basis
Risk weights for exposures secured by mortgages on residential property	Credit growth and leverage following Recommendation ESRB/2013/1	2014	Maintaining a stricter definition of residential property for preferential risk weighting (e.g. owner cannot have more than two residential properties, exclusion of holiday homes, need for occupation by owner or tenant)	CRR, Art. 124, 125	1 Jan. 2014	Discretionary
		2024	In accordance with amendments to the Capital Requirements Regulation (CRR3), the criteria for the application of the preferential risk weight for exposures secured by residential real estate have been adjusted. The more restrictive definition of residential real estate for the application of the preferential risk weight now assumes that the loan user does not own more than two real estate properties and that the real estate property used to secure the exposure is not a holiday home.	CRR, Art. 124, 125	1 Jan. 2025	Discretionary
Risk weights for exposures secured by mortgages on commercial property	Mitigating and preventing excessive maturity mismatch and market illiquidity pursuant to Recommendation ESRB/2013/1	2014	CNB's recommendation issued to banks (not legally binding) on avoiding the use of risk weights of 50% to exposures secured by CRE during low market liquidity	CRR, Art. 124, 126	1 Jan. 2014	Discretionary
		2016	Decision on higher risk weights for exposures secured by mortgages on commercial immovable property. RW set at 100% (substituted CNB's recommendation from 2014, i.e. effectively increased from 50%)	CRR, Art. 124, 126	1 Jul. 2016	Discretionary
		2024	With regard to amendments to the Capital Requirements Regulation (CRR3), the exercised national discretion in the form of the mandatory application of a higher risk weight (100%) to exposures secured by mortgages on commercial immovable property was repealed.	CRR, Art. 124, 126	1 Jan. 2025	Discretionary
Other measures and policy actions whose effects are of macroprudential importance and are implemented by the macroprudential authority						
Consumer protection and awareness	Raising risk awareness and creditworthiness of borrowers following Recommendation ESRB/2011/1	2013	Decision on the content of and the form in which consumers are provided information prior to contracting banking services (credit institutions are obliged to inform clients about details on interest rate changes and foreign currency risks)		1 Jan. 2013	Discretionary
		2013	Amended Decision from 1 Jan. 2013 (credit institutions were also obliged to provide information about the historical oscillations of the currency in which credit is denominated or indexed to vis-à-vis the domestic currency over the past 12 and 60 months)		1 Jul. 2013	Discretionary
Information list with the offer of loans to consumers aimed at consumer protection and awareness raising	Raising risk awareness of borrowers pursuant to Recommendation ESRB/2011/1 and encouraging price competitiveness in the banking system	2017	The Information list with the offer of loans to consumers, available on the CNB's website, provides a systematic and searchable overview of the conditions under which banks grant loans. With the Information list, standard information available to the consumers are extended with information regarding interest rates.		14 Sep. 2017	Discretionary
Consumer protection and awareness	Financial stability concerns regarding risk awareness of borrowers	2016	Borrowers are strongly recommended (publicly) by the CNB to carefully analyse the available information and documentation on the products and services offered prior to reaching their final decision, as is customary when concluding any other contract		1 Sep. 2016	Discretionary

Measure	Primary objective	Year of adoption	Description	Basis for standard measures in Union law	Activation date	Frequency of revisions
Recommendation to mitigate interest rate and interest rate-induced credit risk	Mitigation of the interest rate risk in the household sector and the interest-induced credit risk in the banks' portfolios and enhancing the price competition in the banking system	2017	Credit institutions providing consumer credit services are recommended to extend their range of credit products to fixed-rate loans, while minimising consumer costs.		26 Sep. 2017	Discretionary
Additional criteria for assessing consumer creditworthiness in granting housing consumer loans	Credit risk management in housing consumer loans pursuant to EBA Guidelines on creditworthiness assessment (EBA/GL/2015/11) and EBA Guidelines on arrears and foreclosure (EBA/GL/2015/12)	2017	Decision on the additional criteria for the assessment of consumer creditworthiness and on the procedure for the collection of arrears and voluntary foreclosure		1 Jan. 2018	Discretionary
Recommendation on actions in granting non-housing consumer loans	Financial stability concerns due to credit risk in banks' housing loan portfolios and protection of consumers excessive debt taking	2019	All credit institutions in Croatia granting consumer loans are recommended to apply, in determining a consumer's creditworthiness for all non-housing consumer loans with original maturity equal to or longer than 60 months, the minimum costs of living that may not be less than the amount prescribed by the act governing the part of salary exempted from foreclosure.		28 Feb. 2019	Discretionary
Decision on collecting data on standards on lending to consumers	Establishment of an analytical basis for the monitoring of systemic and credit risk and the calibration of borrower-based measures and for meeting the requirements from the ESRB recommendations on closing real estate data gaps (ESRB/2016/14 and ESRB/2019/3)	2020	A new reporting system is introduced which provides for a monthly collection of individual data on all newly-granted consumer loans at the individual loan level and the annual collection of data on all individual consumer loan balances. The collected data will be used for the analysis and the regular monitoring of systemic risk, the monitoring of credit risk, the calibration of macroprudential measures and, where necessary, the monitoring of actions by credit institutions against which measures have been imposed.		2 Apr. 2020	Discretionary
Decision on consumer lending criteria	Mitigation of excessive consumer borrowing, i.e. excessive risk-taking by banks, which could lead to loan repayment difficulties and create losses for banks, adversely affecting financial stability	2025	The Decision limits the ratio of monthly debt service to consumer income (debt-service-to income, DSTI) to a maximum of 45% for housing loans and 40% for non-housing loans; for loans secured by real estate, the ratio of the total loan amount to the value of the real estate serving as collateral (loan-to-value, LTV) may not exceed 90%. The maturity of housing and non-housing consumer loans secured by real estate is limited to thirty, while the maturity of other non-housing loans is limited to ten years. Based on its own assessment, a bank may quarterly grant up to 20% of housing loans and up to 10% of non-housing loans above DSTI caps, as well as 20% of consumer loans above LTV caps.		1 Jul. 2025	Discretionary
Other measures whose effects are of macroprudential use						
Amended Consumer Credit Act	Financial stability concerns due to interest rate risk and currency risk	2013	Fixed and variable parameters defined in interest rate setting, impact of exchange rate appreciation for housing loans limited, upper bound of appreciation set to 20%		1 Dec. 2013	Discretionary
Amended Consumer Credit Act	Financial stability concerns due to interest rate risk and currency risk	2014	Banks are obliged to inform their clients about exchange rate and interest rate risks in written form		1 Jan. 2014	Discretionary
Amended Consumer Credit Act	Financial stability concerns due to currency risk	2015	Freezing the CHF/HRK exchange rate at 6.39		1 Jan. 2015	Discretionary
Amended Consumer Credit Act	Financial stability concerns due to currency risk	2015	Conversion of CHF loans		1 Sep. 2015	Discretionary
Consumer Home Loan Act	Financial stability concerns due to interest rate risk and currency risk	2017	To establish the variable interest rate, the interest rate structure was defined through reference variable parameters and the fixed portion of the rate; for foreign currency consumer home loans, clients were offered one-off conversion of loans, from the currency a loan was denominated in or linked to, to the alternative currency without additional costs		20 Oct. 2017	Discretionary
Act on Amendments to the Credit Institutions Act	Compliance with the requirements for close cooperation with the ECB and the legal basis for imposing legally binding borrower-based measures	2020	Detailed provisions on the CNB's powers regarding the adoption and implementation of macroprudential measures that for the first time explicitly stipulate borrower-based measures. The ECB may issue instructions to the CNB if it assesses that a Croatian macroprudential measure, which is based on harmonised European rules and aimed at credit institutions, is not strict enough		15 4 2020 (some provisions enter into force on 1 October 2020, with the beginning of close cooperation with the ECB)	Discretionary
Act on Amendments to the Credit Institutions Act	Compliance with CRD V	2020	Regulation of the provisions on capital buffers; increased maximum O-SII buffer rate; sectoral SRB; O-SII buffer and SRB additivity; changes to the notification system; determination of the CNB as the designated authority for the assessment of the adequacy of the risk weights referred to in Article 125(2) or Article 126(2) of Regulation (EU) No 575/2013		29 Dec. 2020	Discretionary
Act on Amendments to the Credit Institutions Act	Text adjustment relating to the RC joining the euro area	2022	Harmonisation of the provisions of the Act relating to the RC joining the euro area and the related changes in the CNB's powers, full membership in the Single Supervisory Mechanism and the Single Resolution Mechanism.		1 Jan. 2023	Discretionary

Measure	Primary objective	Year of adoption	Description	Basis for standard measures in Union law	Activation date	Frequency of revisions
Act on Amendments to the Credit Institutions Act	Harmonisation of legal provisions with the acquis communautaire	2024	The adjustment of the provisions of the Act relating to the implementation of directives governing the digital operational resilience of the financial sector, crypto-asset markets, the provision of crypto-asset services, and requirements relating to credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. Adjustment of provisions due to the RC joining the OECD. Finally, for the purpose of enhancing the financial literacy of Croatia's citizens, a requirement is introduced for credit institutions to set aside a portion of their operating income each year to finance activities aimed at strengthening financial literacy.		21 Dec. 2024	Discretionary

Notes: The definitions of abbreviations are provided in the List of abbreviations at the end of the publication. Green indicates measures that have been added since the last version of the table.
Source: CNB.

Glossary

Financial stability is characterised by the smooth and efficient functioning of the entire financial system with regard to the financial resource allocation process, risk assessment and management, payments execution, resilience of the financial system to sudden shocks and its contribution to sustainable long-term economic growth.

Systemic risk is defined as the risk of events that might, through various channels, disrupt the provision of financial services or result in a surge in their prices, as well as jeopardise the smooth functioning of a larger part of the financial system, thus negatively affecting real economic activity.

Vulnerability, within the context of financial stability, refers to structural characteristics or weaknesses of the domestic economy that may either make it less resilient to possible shocks or intensify the negative consequences of such shocks. This publication analyses risks related to events or developments that, if materialised, might result in the disruption of financial stability. For instance, due to the high ratios of public and external debt to GDP and the consequentially high demand for debt (re) financing, Croatia is very vulnerable to possible changes in financial conditions and is exposed to interest rate and exchange rate change risks.

Macroprudential policy measures imply the use of economic policy instruments that, depending on the specific features of risk and the characteristics of its materialisation, may be standard macroprudential policy measures. In addition, monetary, microprudential, fiscal and other policy measures may also be used for macroprudential purposes, if necessary. Because the evolution of systemic risk and its consequences, despite certain regularities, may be difficult to predict in all of their manifestations, the successful safeguarding of financial stability requires not only cross-institutional cooperation within the field of their coordination but also the development of additional measures and approaches, when needed.

List of abbreviations

bn	billion
b.p.	basis points
CB	central bank
CCoB	capital conservation buffer
CCyB	countercyclical capital buffer
CHF	Swiss franc
CNB	Croatian National Bank
CRD V	Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms
CRR	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms
d.d.	dioničko društvo (joint stock company)
DSTI	debt-service-to-income ratio
DTI	debt-to-income ratio
EEA	European Economic Area
EBA	European Banking Authority
ECB	European Central Bank
ESRB	European Systemic Risk Board
EU	European Union
EUR	euro
GDP	gross domestic product
G-SII	global systemically important institutions buffer
GVA	Gross value added
LGD	loss-given-default
LSTI	loan-service-to-income ratio
LTD	loan-to-deposit ratio
LTI	loan-to-income ratio
LTV	loan-to-value ratio
no.	number
m	million
OG	Official Gazette
O-SII	other systemically important institutions buffer
O-SIIs	other systemically important institutions
Q	quarter
SRB	systemic risk buffer

Two-letter country codes

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
ES	Spain
FI	Finland
FR	France
GR	Greece
HR	Croatia
HU	Hungary
IE	Ireland
IS	Iceland
IT	Italy
LI	Liechtenstein
LV	Latvia
LT	Lithuania
LU	Luxembourg
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

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