HNB
EUROSYSTEM

Macroprudential Diagnostics

Year XI · Number 28 · February 2026

HRVATSKA NARODNA BANKA
EUROSYSTEM

Contents

PUBLISHER

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ISSN 2459-8887

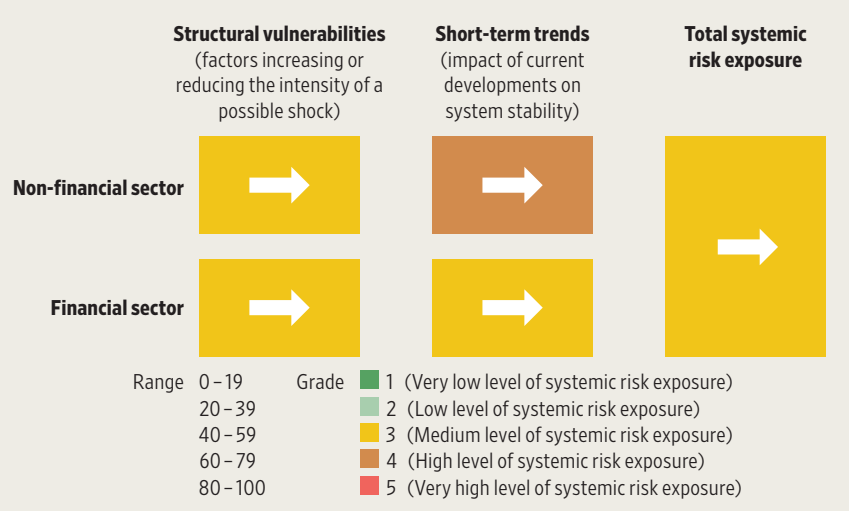
Introductory remarks

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 and expert estimates. They are then synthesised in a risk map indicating the level and dynamics of vulnerability, thus facilitating the identification of systemic risk, including 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. 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, primarily due to the continued sharp rise in prices of real estate and lending to the non-financial private sector, paired with additional uncertainties arising from an unfavourable and volatile geopolitical environment (**Figure 1**). Strong lending to the non-financial private sector continued simultaneously with the growth of the domestic economy and a strong labour market, while prolonged and strong growth in residential real estate prices additionally amplified the already heightened cyclical vulnerabilities. At the same time, elevated geopolitical risks and financial market vulnerabilities at the international level, including elevated valuation in some equity market segments and very narrow corporate bond spread relative to government bonds, has increased the probability of sudden changes in investor sentiment, which may spur a strong growth in the prices of financial instruments and a deterioration of financing conditions. These shocks may spill over to the domestic economy, primarily in the form of increased market volatility and growth in capital costs.

Figure 1 Risks to financial stability are moderately elevated



Note: Arrows indicate changes from the risk score published in Macroprudential Diagnostics No. 27 (July 2025).
Source: CNB.

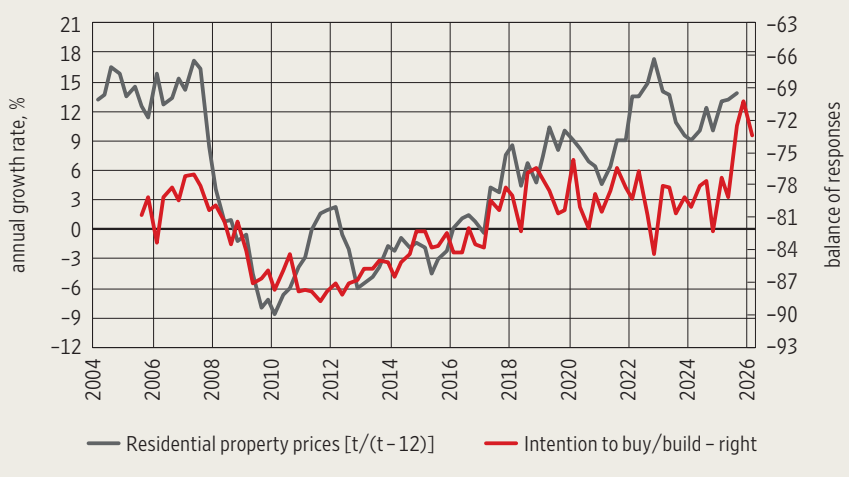
The domestic economy has proven to be relatively resilient to elevated global uncertainty with domestic demand remaining the key growth driver. The slowdown in economic growth in 2025 from 2024 primarily reflects weaker growth of personal consumption and unfavourable trends in real services exports. The contribution of net foreign demand in 2025 was less negative than in 2024, mostly due to the relative favourable developments in goods exports, that is, relatively strong deceleration in the growth of imports. At the same time, investment activity remained robust, particularly in construction and infrastructural projects financed by EU funds, continuing to provide considerable support to economic activity. Economic growth was driven to a great degree by domestic demand, primarily investments financed from EU funds. This growth structure, although contributing to the stability of economic activity in the short term, indicates a heavy dependence on strong domestic demand. At the same time, the limited contribution of net exports and private productive investments paired with signs of deteriorating cost competitiveness may contribute to a gradual deepening of external imbalances and unfavourably impact long term growth sustainability and resilience.

Weakening cost competitiveness, deteriorating external position and gradual narrowing of the fiscal room boost the vulnerability of the economy to shocks. The strong growth of wages spilling over from the public to the private sector increases cost pressures and unfavourably affects competitiveness, especially in export-oriented activities, causing the services trade balance and consequently the overall current and capital account to deteriorate. The expansionary fiscal policy pursued in the preceding period, implemented against the backdrop of strong economic growth, functioned pro-cyclically, reducing the fiscal space in the medium term for response in the event of a cyclical downturn. In addition, fiscal pressure is also created by the increase in EU-wide requirements

for defence funding, as well as current expenditures, primarily on social benefits.

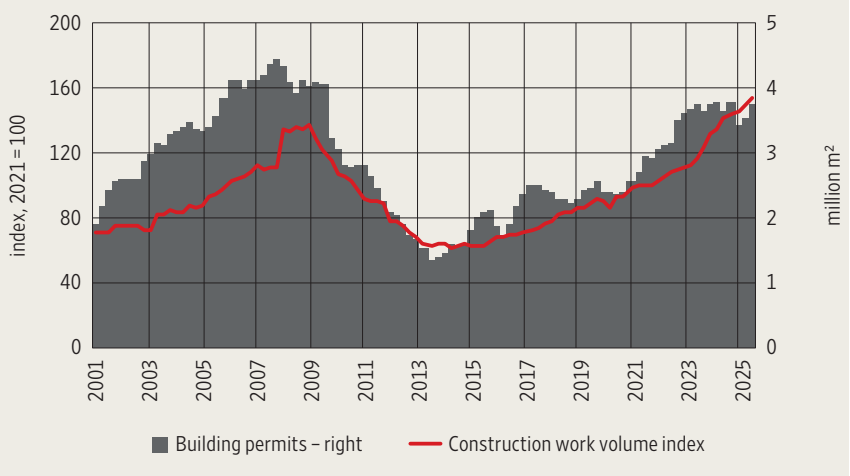
The acceleration in the prices of residential real estate spurred by the growth in employment, the strong increase in salaries and lowered interest rates and tax incentives, additionally strengthened cyclical risks. The still strong growth of the domestic economy, paired with further increases in employment and wages, declining interest rates on housing loans in early 2025 and new tax incentives for the purchase of the first residential property additionally intensified demand for residential real estate (**Figure 2**). At the same time, construction activity and issued building permits continued to rise (**Figure 3**), with the increase in the number of permits to be partially explained by the increase in applications

Figure 2 Strong demand paired with accelerating residential property prices



Note: The response balance is calculated as the difference between the proportion of positive and the proportion of negative answers to the survey question: "Do you intend to buy or build a flat/house in the following 12 months (for yourself, a family member, a holiday home, property for rent, etc.)?"
Sources: CBS and the European Commission (Consumer data survey).

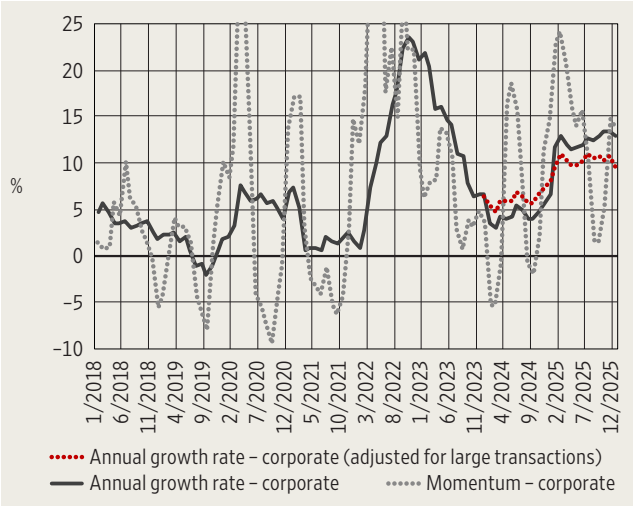
Figure 3 Growth in the volume of construction works and area covered by new building permits



Note: The time series of building permits is shown as a 12-month moving sum of the usable area of building permits issued for buildings.
Source: CBS.

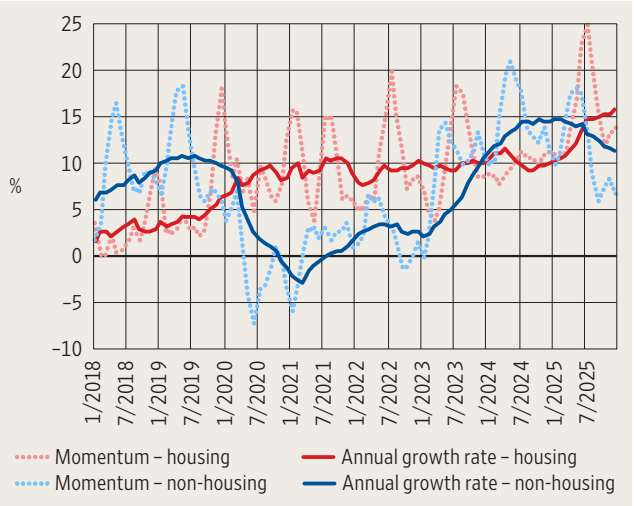
ahead of the announced amendments to Zagreb's General Urban Plan (GUP). Despite the continued growth in supply, input cost pressures and demand strengthening resulted in additional acceleration in the growth of residential property prices to 13.8% in the third quarter of 2025 (**Figure 2**). Limited supply of residential real estate amid strong demand continued to generate upward pressure on prices, while a long period of strong price growth increases the risk that, should it come to a price correction, the drop in prices might be more pronounced.

Figure 4 Lending to corporates increases in 2025



Notes: The adjusted series excludes several large transactions in 2024 and 2025, which had a more significant impact on the dynamics. Momentum is the annualised quarterly rate of growth.
Source: CNB.

Figure 5 Slowdown in loans to households in 2025 particularly pronounced in non-housing loans



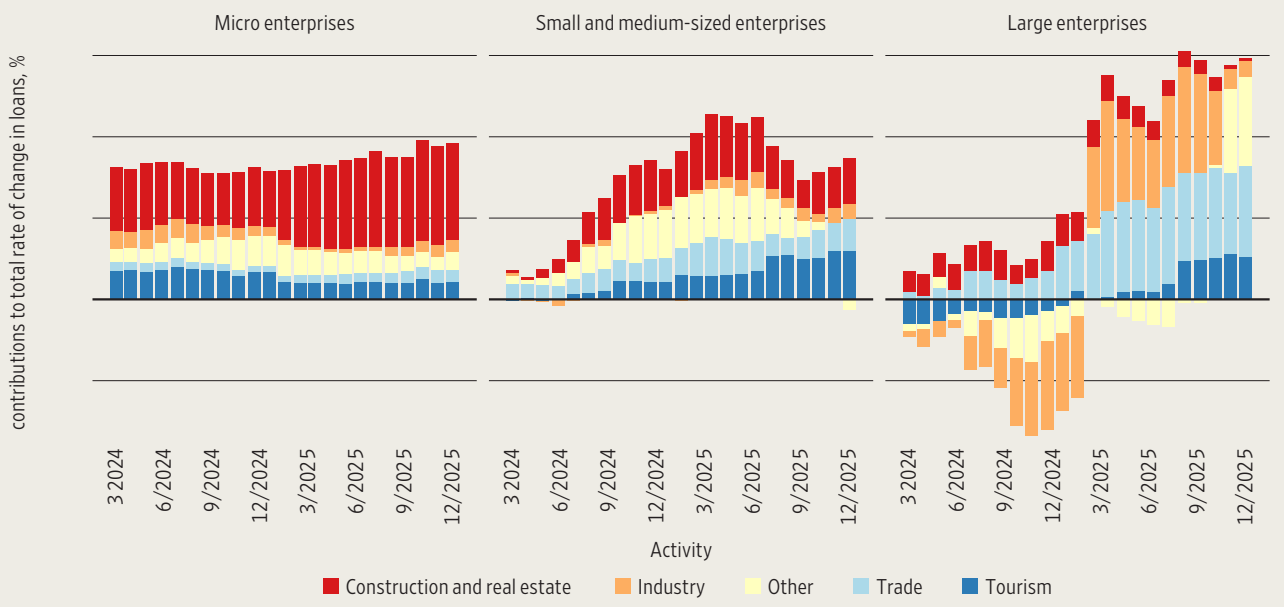
Note: Momentum is the annualised quarterly rate of growth.
Source: CNB.

Lending to corporates accelerated in 2025 and was concentrated in cyclically sensitive activities. Corporate loans grew at an annual rate of 12.8% in 2025 which was much above the 6.7% rate of 2024. The greatest contribution to the strengthening of lending to corporates in 2025 came from a few large transactions that accelerated growth last year but slowed it down the year before. However, even after excluding the impact of these transactions, the strengthening of credit activity is undeniable, with loan growth at slightly below 10% (**Figure 4**). New loans remain concentrated in construction, manufacturing, trade and accommodation and food service activities. Although the contribution of large corporations to the acceleration in lending activity was predominant, lending to micro enterprises in the construction and the real estate sector remained strong, to the greatest extent connected to financing new development projects in residential real estate construction via special purpose vehicles (SPVs)[1]. Thanks to good business results and relatively healthy balance sheets

1 *Special Purpose Vehicle* (SPV) is a legal entity established for a specific, limited purpose, usually asset separation, risk management or the implementation of a specific financial project, and is legally and financially separated from the parent company or investor. In practice, SPVs do not have any employees and often no operating activity; they are used to isolate assets, liabilities and risks from the parent company.

of corporates from these activities, indicators of credit quality continued to improve, with the share of stage 2 loans decreasing and the share of non-performing loans additionally falling from their already record low. However, the intensive increase in lending to a construction sector highly sensitive to economic cycles, paired with the simultaneous strong growth in real estate prices and concentrated exposure of the financial sector to this sector increases system vulnerability. This situation potentially amplifies the negative consequences of the possible downswing in the business cycle to the portfolio quality, which can manifest themselves in the growth of the share of non-performing placements, reduction in the value of collateral and risks to financial system stability.

Figure 6 A considerable contribution to the growth of corporate loans comes from large enterprises, with a noticeable increase in lending to micro enterprises in the construction and real estate sectors



Notes: This figure shows the contribution of an individual lending segment to the annual rate of growth of loans to non-financial corporations per month. Enterprise classification (micro, small, medium-sized and large enterprises) is carried out in accordance with the Accounting Act based on three criteria extracted from FINA's 2024 database: the average number of employed persons, total assets and generated income. An enterprise is classified into a certain category if it does not exceed two out of three prescribed criteria: micro (<10 employees, assets ≤ EUR 350,000, income ≤ EUR 700,000), small (<50 employees, assets ≤ EUR 4m, income ≤ EUR 8m), medium-sized (<250 employees, assets ≤ EUR 20m, income ≤ EUR 40m), while large enterprises exceed the criteria set for medium-sized enterprises. The figure does not include "unclassified" enterprises which make up a small share of the total 2025 growth rate.
Source: CNB.

Lending to households has been on the rise for several years, accelerating additionally in 2025 to 13.1% on an annual basis from 12.2% in 2024. Continuously strong housing lending, which temporarily accelerated at the beginning of 2025 following announcements of promotional interest rates, contributed the most to credit activity. After that, the quarterly growth rate of housing loans declined from a very high 5.2% in the second quarter to a still elevated 3.3% in the fourth quarter. Despite the slowdown in current activity, annual housing loan growth accelerated in the second half of the year, from 13.1% in June to 15.5% in December (**Figure 5**). Non-housing lending accelerated gradually until mid-2025 when new macroprudential limits considerably curbed its growth, particularly in the segment of general-purpose cash loans. The quarterly growth of general-purpose cash

loans thus gradually decelerated from 4.0% in the second quarter to 1.5% in the fourth quarter, while year-on-year it weakened from 15.0% in June to 11.1% in December 2025. The noticeable slowdown in non-housing loans is linked to stricter limits on consumer lending criteria and fewer permitted exceptions to criteria prescribed for housing loans (see Box 1 The first effects of limits on consumer lending criteria).

Macroprudential limits on lending criteria[2], in effect since July 2025, mitigate risks associated with strong lending to households and easing of lending criteria. Ever since the measures started to be applied, the share of new loans with increased DSTI and LTV ratios noticeably decreased. The share of housing loans approved with DSTI ratio above the limit (45%) decreased from approximately one third in the first half of 2025 to 15% following their application, while in the same period the share of non-housing loans with DSTI ratio above the limit (40%) decreased from 27% to 10% (see **Box 1**, **Figures 5 and 7**). The share of housing loans with LTV ratio above the prescribed limit (90%) declined as well, from 30% to some 20% of new loans (see **Box 1**, **Figure 6**).

The banking system remained highly profitable, with a very low non-performing loan ratio. However, the overall risks remain elevated due to geopolitical uncertainty and private sector debt growth. Continued moderation of monetary policy restrictiveness in 2025 significantly reduced interest income from funds deposited with the CNB. Banks increased investments in domestic and foreign debt securities, as yields on long term securities remained relatively stable, at levels above the current short-term interest rates. This way they made up for a share of income loss from interest on funds deposited with the CNB. Interest income from loans grew as well, reflecting a strong growth of loans to the private non-financial sector (**Figure 4 and Figure 5**), which fully neutralised and at the same time provided additional support to net profit despite the decrease in market interest rates. Interest expenses edged down, although remaining at elevated levels. Favourable macroeconomic conditions keep non-performing loans low, which provides further support to banks' financial results. Nevertheless, the increase in approved loans with longer maturities and fixed interest rates, coupled with the growing exposure to debt securities, raises interest rate risk in banks' balance sheets. In addition, elevated geopolitical uncertainty and strong growth of private non-financial sector debt indicate that overall risks for the banking system remain elevated, despite the currently very favourable performance indicators.

2 Decision on consumer lending criteria (OG 50/2025)

2 Potential risk materialisation triggers

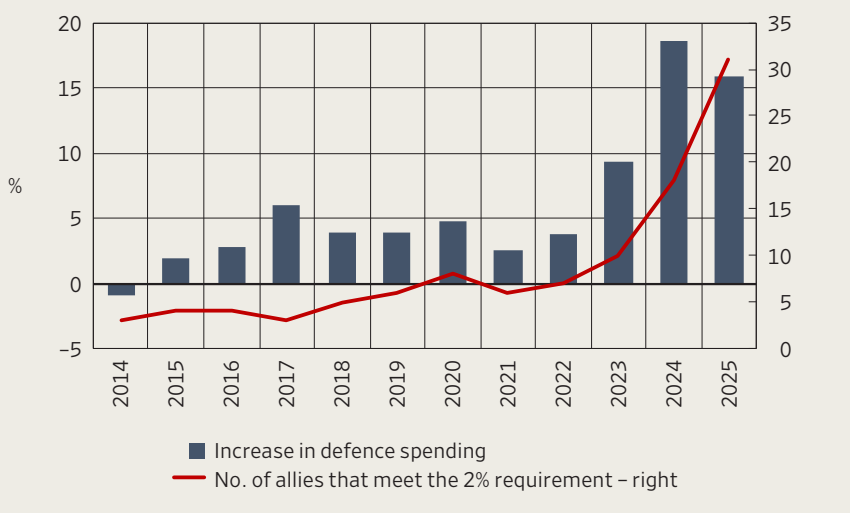
The escalation of geopolitical tensions at the global level remains the main potential trigger for the materialisation of systemic risks. In addition to the long-lasting armed conflict in Ukraine, the global environment was marked by the rise of additional regional crises and the gradual weakening of established international cooperation frameworks, which increases insecurity in the global financial system. The intensification of geopolitical tensions in the Middle East and parts of Asia, as well as increased uncertainty in Latin America under the influence of external factors, might, especially due to the importance of these regions for global supply of energy and strategic raw materials, unfavourably affect economic activity and financial markets. The prices of energy were extremely volatile at the beginning of this year, additionally confirming the market vulnerability to geopolitical shocks. In the period to come, the relations between the United States and China might also become an important source of geopolitical tensions because the deepening of strategic and economic rivalry might raise uncertainty about trade flows and prompt the technological separation of the two states with negative consequences to the global economy and financial markets.

The permanent increase in defence spending, spurred by the growth of geopolitical tensions places growing pressure on public finances in EU countries. The increase in defence spending from current levels of some 2% of GDP in most NATO member states closer and up to the level of 5% of GDP will additionally burden public finances of most EU countries (**Figure 7**). Although increased investments in defence may spur industrial activity and technological development, increased expenditures may limit the fiscal room available for financing other strategic goals and public policies, such as climate transition or innovation. The rise in defence expenditures, if not financed through new taxes or fiscal savings, will widen budget deficit and unfavourably impact public debt, limiting the ability of individual countries to resume their stabilisation role in a timely and efficient manner, which increases vulnerability in the event of an economic crisis. Under such circumstances the growth of risk premium on government bonds serving as a reference risk-free rate might turn to unfavourable financing conditions for other economic entities and additionally slow down economic activity.

Growing investments in the development and employment of artificial intelligence, if spurred by overly optimistic expectations of future earnings may also become a source of potential vulnerabilities for the financial system. Increased investments in AI-related sectors largely rely on expectations of further technological advancement, productivity growth and high future profitability. Considering the already high investment

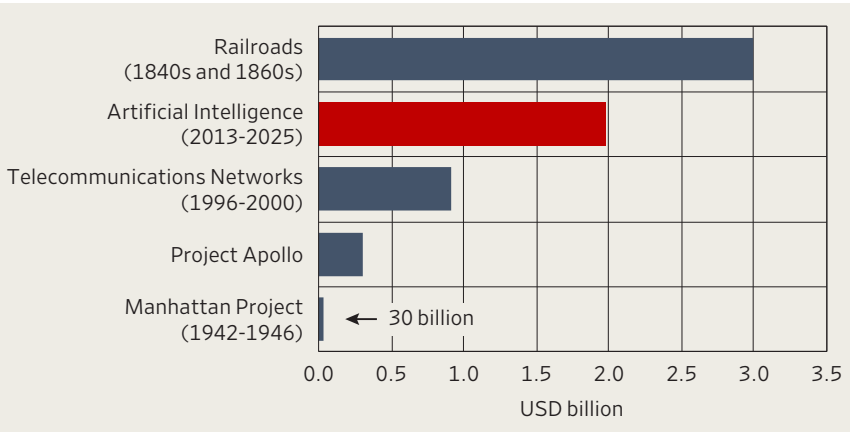
level (**Figure 8**), weaker than currently expected financial results of these investments might result in the decrease of market values of assets associated with these investments, considerable losses to investors, decline in the availability of finance and broader negative impacts on the real economy and financial stability. In addition, increasingly wider application of AI considerably increases demand for electricity and key raw materials, which might increase the volatility in the prices of energy and raw materials and raise cost pressures in the economy.

Figure 7 Deterioration in the global security situation accelerated the real growth of NATO's defence expenditures



Notes: Data as at 3 June 2025, based on prices and exchange rates from 2021. Data for 2024 and 2025 are estimated. The summary data for NATO, Europe and Canada include Montenegro (member since 5 June 2017) since 2017, Northern Macedonia (member since 27 March 2020) since 2020, Finland (member since 4 April 2023) since 2023 and Sweden (member since 7 March 2024) since 2024.
Source: NATO, Defence Expenditure of NATO Countries (2014–2025), Press Release, Public Diplomacy Division, 3 June 2025.

Figure 8 The scale of investment in AI is already surpassing some historical technological mega-projects



Notes: All amounts are expressed in prices from 2024, while data on investments in 2025 are estimated. The cost estimates for the Manhattan Project and the Apollo Program come from the National Park Service and The Planetary Society. Estimates of investments in AI are taken from the Stanford HAI 2025 AI Index Report. The estimated amounts of investments in telecommunications networks between 1996 and 2000 come from the Brookings Institution. Estimates of investment in the railway boom are based on research by Andrew Odlyzk, a professor of mathematics at the University of Minnesota.
Source: Reuters, "Investment in AI is exploding", Mayank Munjal and Vineet Sachdev, 5 December 2025, available at: https://www.reuters.com/graphics/USA-ECONOMY/AI-INVESTMENT/gkvlqbgxkpb/

3 Recent macroprudential activities

In the environment of risks to financial stability mounting from the already elevated level, the CNB undertook additional measures to strengthen the resilience of credit institutions to possible materialisation of systemic risks. In response to the continued rise of cyclical systemic risks in the domestic market, the CNB raised its countercyclical capital buffer rate from 1.5% to 2% in late 2025, with application planned from 1 January 2027. At the same time, the status of other systemically important credit institutions was confirmed for seven institutions, as were their capital buffer rates to be applied in 2026, with the rate being additionally increased for one institution. As in Croatia, the macroprudential policy in most EEA member states continued to focus on strengthening and preserving the resilience of the financial system in the fourth quarter 2025, with previously introduced macropurdential measures remaining in force or tightening.

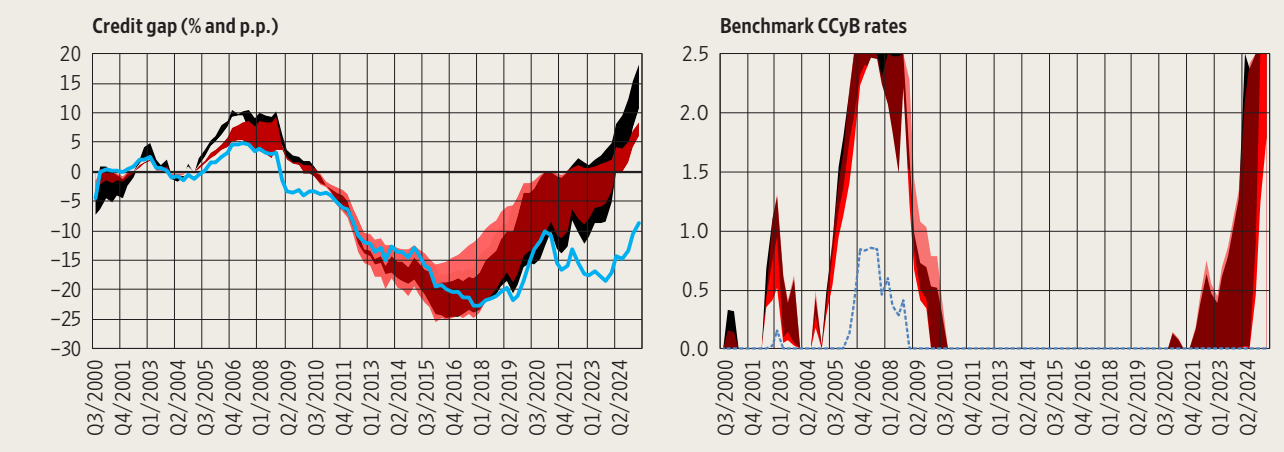
3.1 Countercyclical capital buffer rate increase from 1.5% to 2%

In December, the CNB decided to increase the countercyclical capital buffer rate from the currently applicable 1.5% to 2%, effective as of 1 January 2027. The domestic financial cycle remains in an expansive phase, as reflected in a strong and encompassing credit activity of banks and a further acceleration in the growth of prices of residential real estate (see Chapter 1) further fuelling the already heightened cyclical vulnerabilities. The indicators of the credit gap for the Republic of Croatia (**Figure 9**) and the composite indicator of cyclical systemic risk (**Figure 10**) increased additionally, with the composite indicator in the second quarter of 2025 outstripping the historical high recorded before the global financial crisis. This is a reflection primarily of the strong growth in loans and increase in the indebtedness of the private non-financial sector amid the environment of low interest rates, indicating the possible underestimating of credit and other risks. The increase in systemic risks is additionally underlined by the widening of the balance of payments current account which reflects the strong domestic demand and the weakening of the cost and price competitiveness of the economy.

The strengthening of the capital position of banks paired with the deepening of cyclical risks complements the new limits on consumer lending criteria. The macroprudential restrictions on consumer lending criteria that entered into force as of 1 July 2025 limit excessive consumer borrowing and decrease the riskiness of new loans to households, at the same time increasing households' resilience to possible shocks to income or

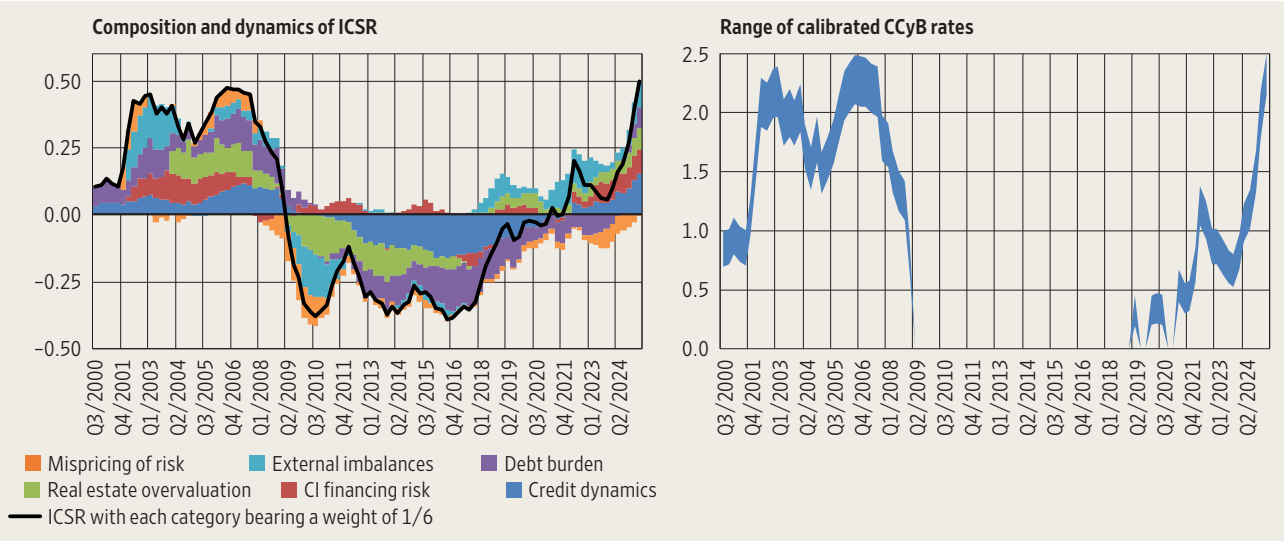
financing conditions. At the same time, the strengthening of banks' capital position increases their ability to withstand possible losses in the event of systemic risk materialisation. The joint effects of these measures mitigate the build-up of risks to financial stability and increase system resilience to adverse macroeconomic shocks. 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.

Figure 9 Range of credit gap indicators and affiliated 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 10 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 reach median level, while the upper threshold is determined by the highest percentiles of ICSR distribution.
Source: CNB

3.2 Review of the systemic importance of credit institutions

In December 2025, the CNB confirmed the status of other systemically important credit institutions (hereinafter: O-SII) for seven banks and increased the capital buffer rate for one bank. This additional capital buffer increases the resilience of credit institutions and their ability to sustain losses; due to their systemic importance, these institutions could, in the event of difficulties, negatively impact the stability of the entire financial system.

The O-SII status has been assigned to six credit institutions according to their systemic importance scores, while one credit institution has been so identified on the basis of expert judgement. The systemic importance score reflects the relative importance of a credit institution for the financial system according to performance indicators including the institution's size, its significance for the economy, the complexity of its activities and its interconnectedness with the financial system. Credit institutions exceeding the predefined score threshold are automatically considered systemically important institutions. One credit institution (Addiko bank d.d.), which remained below the score threshold, was given the O-SII status on the basis of expert judgement, taking into account its importance for the deposit guarantee system and its broad client base as well as its high integration in the domestic economy and financial flows.

The prescribed capital buffer rates for O-SIIs for 2026 have been adjusted to the changes in their market positions to link the buffers to the systemic importance of each O-SII in an adequate manner. For one O-SII, the previously set buffer rate has been increased, while for another a buffer rate lower than the one determined is to be applied in 2026 due to a regulatory constraint related to the buffer rate of its parent credit

Table 1 O-SIIs in the Republic of Croatia

O-SII credit institutions	Systemic importance score as at 31 Dec. 2024	O-SII buffer rate as of 1 Jan. 2026 (%)		*CCyB rate in 2025 (%)*	
		Set	Applicable[a]	*Set*	*Applicable[a]*
Zagrebačka banka d.d., Zagreb	2936	2.5	**2.25↓**	*2.5*	*2.5*
Privredna banka Zagreb d.d., Zagreb	2619	**2.25↑**	**2.25↑**	*2.0*	*2.0*
Erste&Steiermärkische Bank d.d., Rijeka	1635	2.0	2.0	*2.0*	*2.0*
Raiffeisenbank Austria d.d., Zagreb	855	1.5	1.5	*1.5*	*1.5*
OTP banka Hrvatska d.d., Split	788	1.5	1.5	*1.5*	*1.5*
Hrvatska poštanska banka d.d., Zagreb	550	1.0	1.0	*1.0*	*1.0*
Addiko Bank d.d., Zagreb[b]	178	0.25	0.25	*0.25*	*0.25*

Notes: CCyB rates in bold (set and/or applicable) where different from the rates in 2025. The arrows indicate the direction of the change.
[a] 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.
[b] Additional indicators of systemic importance that exceed the materiality threshold of 275 points: (1) amount of deposits covered by the deposit guarantee system (316 points); (2) number of deposit accounts held by natural persons (318 points); and (3) number of deposit accounts held by legal persons (380 points).
Source: CNB.

institution, which for 2026 has been reduced from 1.5% to 1.25%. The applicable buffer rate for that O-SII has thus been accordingly lowered from 2.5% to 2.25% (**Table 1**).

3.3 Actions taken at the recommendation of the European Systemic Risk Board

In accordance with ESRB Recommendations, in late 2025 the CNB adopted decisions on the non-reciprocity of the macroprudential policy measures issued by designated authorities of Germany and Norway, as the relevant exposures of domestic credit institutions do not exceed the prescribed materiality thresholds. The measures, which had not been previously reciprocated by the CNB, have been recalibrated by the German and Norwegian authorities to reflect the level and structure of systemic risks in their respective economies more appropriately. In Germany, the sectoral systemic risk buffer for all exposures to natural and legal persons secured by residential real estate located in Germany has been reduced from 2% to 1%; in Norway, the average risk weight floor for the portfolio of exposures secured by residential real estate located in the country has been raised from 20% to 25%.

3.4 Implementation of 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; macroprudential measures previously introduced either remained in force or were tightened in the fourth quarter of 2025. At the beginning of January 2026, the positive countercyclical capital buffer rate continued to be applied in 25 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. In line with its positive neutral rate strategy, **Poland** continued its planned increase of the countercyclical capital buffer rate, announcing in September 2025 that the rate would be increased from 1% to the predetermined positive neutral level of 2%, effective as of 30 September 2026.

In Belgium, the 6% sectoral systemic risk buffer is set to be abolished as of 1 July 2026 for exposures to natural persons secured by residential property in Belgium, applicable solely to credit institutions using the internal-ratings-based (IRB) approach. At the same time, the applicable countercyclical capital buffer rate is set to be increased from 1% to 1.25% for

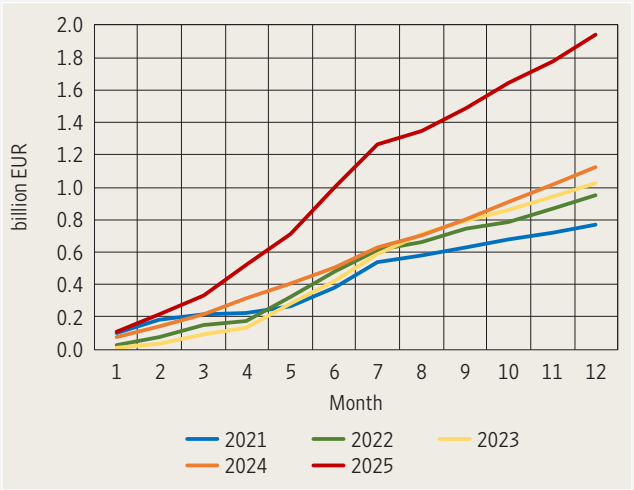
all credit institutions. The adjustment of measures reflects the decrease in specific vulnerabilities linked to exposures secured by residential real estate and the effort to simplify the macroprudential framework, making it more flexible in the context of heightened uncertainty.

To address the risk associated with the real estate market in a more adequate manner, Malta extended the scope of application of its 1.5% sectoral systemic risk buffer currently in use. Hence, as of 30 June 2026, the instrument will, in addition to exposures to natural persons secured by residential real estate, also apply to exposures to legal persons secured by commercial real estate.

Box 1 The first effects of limits on consumer lending criteria

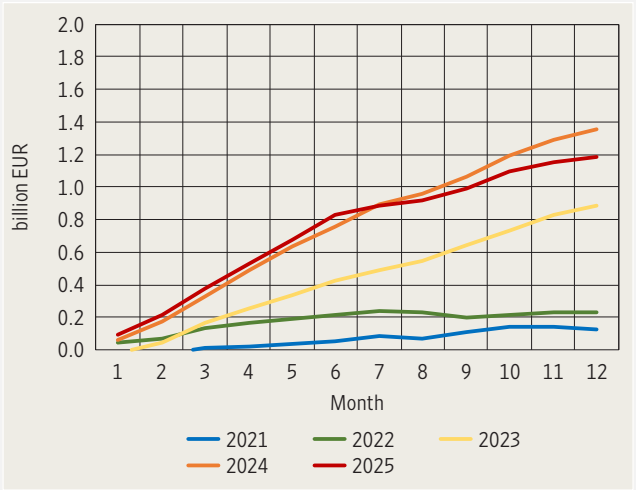
In July 2025, the Croatian National Bank introduced macroprudential limits on lending criteria with the aim of mitigating the risks associated with the strong growth in lending to households. The growth of household loans has been intensifying gradually from 2023 amid relatively lenient lending criteria, pointing to a weakening of households' resilience to adverse shocks and to the accumulation of risks in the financial system[3]. To mitigate those risks, the Croatian National Bank limited consumer lending criteria by introducing the maximum allowed debt-service-to-income (DSTI) and loan-to-value (LTV) ratios and maturity caps, effective as of 1 July 2025[4]. New macroprudential measures distinguish housing from non-housing loans, primarily reflecting the different levels of risk of these loans as well as the effort to minimise possible adverse effects of restrictions on the availability of housing. They are designed primarily as a preventative tool aimed at mitigating risks associated with excessive consumer lending and at strengthening the financial resilience of households and the financial system as a whole.

Figure 1 The growth in housing loans picked up temporarily in the first half of 2025



Notes: The data include housing loans and mortgage loans. The figure shows the annual cumulative number of transactions excluding exchange rate, price and other changes.
Source: CNB.

Figure 2 The growth in non-housing loans slowed down in the second half of 2025



Note: The figure shows the annual cumulative number of transactions excluding exchange rate, price and other changes.
Source: CNB.

In the first half of 2025, the increase in household lending was exceptionally strong, primarily reflecting the rapid growth in housing loans. The accelerated growth in housing loans (Chapter 1, Figure 5) was mostly linked to the application of promotional interest rates and increased loan origination ahead of the start of the application of the new measures. Specifically, in the period from April to July 2025, almost 11 thousand

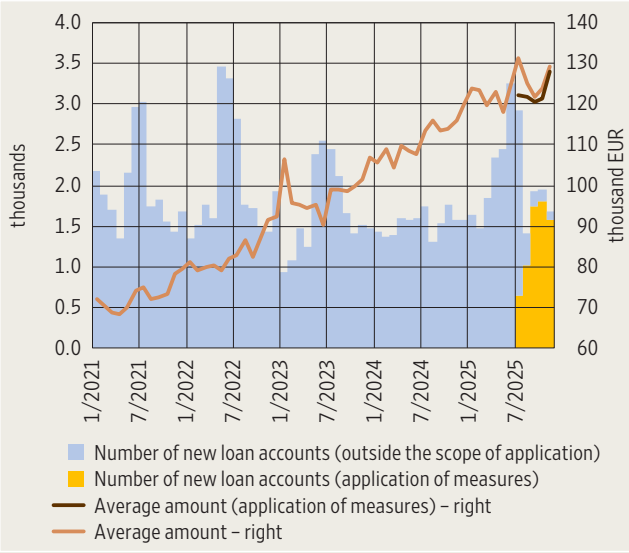
3 See Macroprudential Diagnostics No. 25, Box 1.

4 Decision on consumer lending criteria (OG 50/2025, hereinafter: the Decision).

housing loans were disbursed, which was an increase of 68% from the same period in 2024 and approximately comparable to the quarterly periods of subsidised housing loan disbursements in 2021 and 2022 (**Figures 3 and 4**). As for non-housing loans, their relatively strong growth continued in the first half of 2025, following the same dynamics as in the year before (**Figures 1 and 2**).

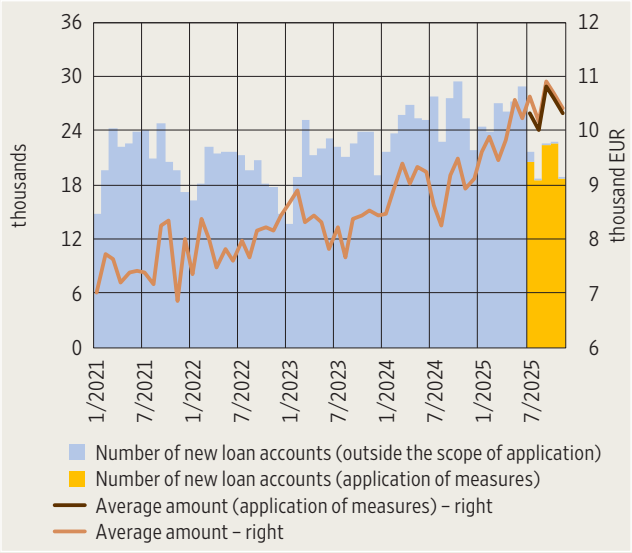
The increase in housing loans slowed down very gradually after the introduction of the measures, as reflected in both the number of loans and the average amount. In the initial months of the application of limits, significant amounts of housing loans originating from the period before the Decision took effect were still being disbursed without being subject to new restrictions. In July, almost 80% of disbursed housing loans originated from the period before the start of the application of the measures, after which the share began to decrease gradually, dropping to below 10% in November. The number of disbursed housing loans decreased considerably only after September, nevertheless remaining higher in the period from September to November 2025 than in the same period in 2024. The average housing loan amount, which has mostly been in line with the trends in residential real estate prices over the past years, stood at around EUR 122 thousand in the second quarter of 2025, having increased by approximately 12.5% from the year before. After the measures took effect, the average loan amount increased only slightly, standing at EUR 123 thousand in the period from September to November 2025. As a result, the annual rate of growth in the average housing loan amount slowed down to 7.8% from the same period in 2024 despite the continued two-digit rate of growth in residential real estate prices (see Chapter 1).

Figure 3 The increase in the number and average amount of housing loans slowed down in the second half of 2025



Notes: Renegotiated loans are excluded. Loans in tranches are included in the month in which the first tranche was disbursed. The average loan amount excludes loans disbursed in tranches.
Source: CNB (consumer lending standards).

Figure 4 The number of new non-housing loans dropped in the second half of 2025, while the average amount continued to increase

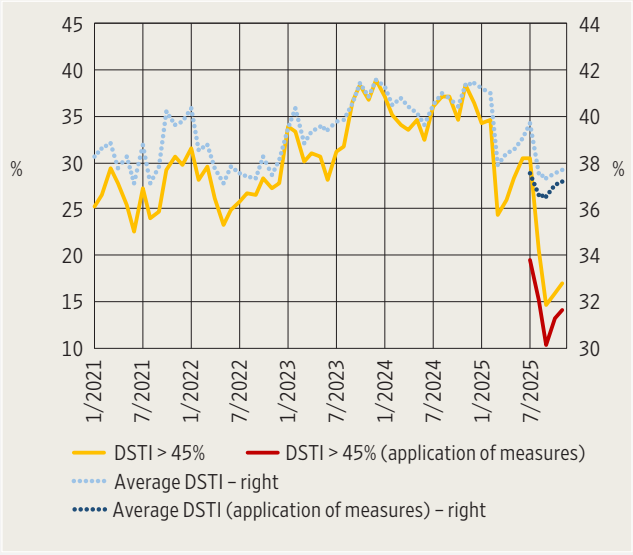


Notes: Renegotiated loans are excluded. Loans in tranches are included in the month in which the first tranche was disbursed. The average loan amount excludes loans disbursed in tranches.
Source: CNB (consumer lending standards).

The slowdown of the growth in non-housing loans in the second half of 2025 was stronger than that in housing loans, with a decrease being recorded in the number of new loans and an increase seen in the average amount. The number of new non-housing loans increased by around 6% in the second quarter of 2025 from the same period in 2024, with the loans being covered by the newly imposed limits from the very start of the application of the measures, and in the period from September to November 2025, their number decreased by 22% from the same period in the preceding year. At the same time, the average amount of non-housing loans began to increase more strongly, having picked up from 11% on an annual basis in the second quarter of 2025 to almost 16% in the period between September and November.

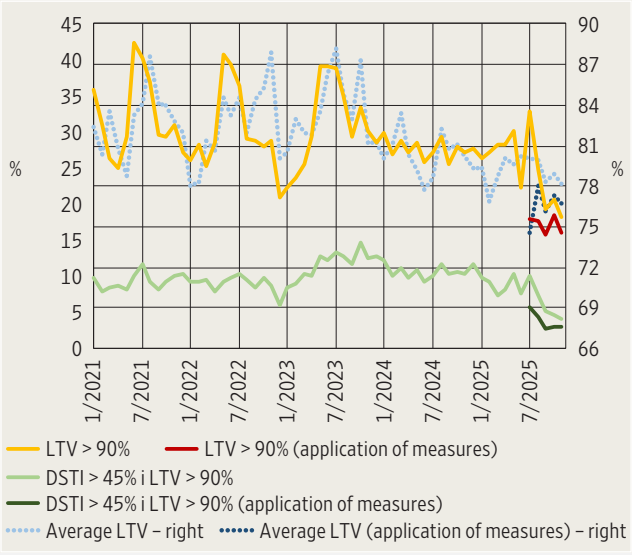
In addition to a slowdown in loan growth, the application of macroprudential limits particularly contributed to the decrease in the level of risk of new loans, primarily by reducing the DSTI ratio in new housing loans. Standing at 38.7% in the second quarter of 2025, the average DSTI ratio for new housing loans had begun to decline even before the application of the measures owing to the decrease in average interest rates and the continuation of the multi-year maturity extension (**Figure 5**). After the start of the application of limits on lending criteria and the gradual decrease in the disbursements of previously agreed upon loans, the average DSTI ratio shrank further despite the stable interest rates and unchanged maturities, standing at 37.5% in the period from September to November 2025 and at 36.9% for loans disbursed and agreed upon after 1 July. At the

Figure 5 The introduction of limits accelerated the decrease in the share of housing loans with a DSTI ratio below 45%



Note: "DSTI > 45%" refers to the share of the principal of loans with a DSTI ratio above 45% at creditworthiness assessment.
Source: CNB (consumer lending standards).

Figure 6 In the period from July to November, the share of loans with high DSTI and LTV ratios halved



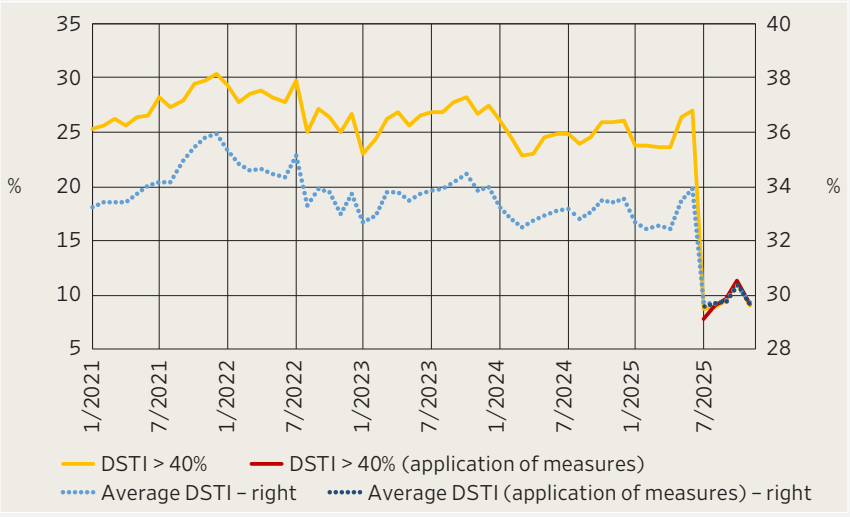
Notes: "LTV > 90%" refers to the share of the principal of loans with an LTV ratio above 90% at creditworthiness assessment. "DSTI > 45%" refers to the share of the principal of loans with a DSTI ratio above 45% and an LTV ratio above 90% at creditworthiness assessment.
Source: CNB (consumer lending standards).

same time, the share of the principal of housing loans with a DSTI ratio above 45%, which stood at 28.4% in the second quarter of 2025, fell to 15.8% in the period from September to November 2025 and was even lower for loans agreed upon after 1 July.

The coverage of loan principal by the value of real estate serving as collateral (LTV ratio) also improved with the application of macroprudential limits. The average LTV ratio for new housing loans, which, as in 2024, hovered around 80% in the first half of 2025, dropped slightly to 78.5% in the period from September to November 2025 and to 76.7% for loans disbursed and agreed upon after 1 July (**Figure 6**). A similar trend was recorded in the share of the principal of loans with an LTV ratio above 90%, which dropped from 26% in the second quarter of 2025 to 20% in the period between September and November. What is more, the decrease in the share of the riskiest loans, i.e. those in which both the DSTI and the LTV ratio are high, was particularly pronounced. The share of such housing loans decreased significantly, from 8.6% in the second quarter of 2025 to 4.7% in the September-November period and to 2.9% in loans agreed upon after 1 July.

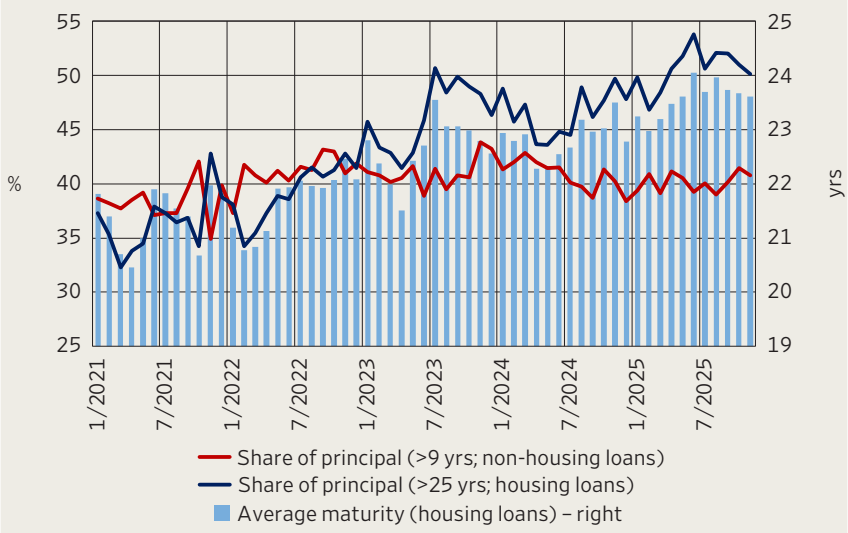
Indicators of risk improved even more noticeably in non-housing than in housing loans. The average DSTI for new non-housing loans (**Figure 7**) dropped from 33.3% in the second quarter of 2025 to some 30% in the September-November period. At the same time, the share of loans with a DSTI ratio above the prescribed cap of 40% fell sharply, from 26% to 10%. This points to a rapid and strong mitigation of the risk profile of new non-housing loans following the application of macroprudential limits, attributable to tightened restrictions and the reduced volume of allowed

Figure 7 The share of non-housing loans with a DSTI share above 40% dropped considerably



Note: "DSTI > 40%"refers to the share of the principal of loans with a DSTI ratio above 40% at creditworthiness assessment.
Source: CNB (consumer lending standards).

Figure 8 The increase in the maturity of new housing loans slowed down in the second half of 2025



Source: CNB (consumer lending standards).

deviations as well as to the shortened time lag between loan origination and disbursement.

In the second half of 2025, the tendency of loan maturity extension for new housing loans stopped in parallel with the introduction of maximum maturity. Initially spurred by the increase in interest rates, the maturity of new housing loans increased from the second half of 2022 to the second quarter of 2025 from 22 to 23.8 years on average (**Figure 8**), which to an extent offset the increase in the repayment burden. After that, average maturity stagnated, with housing loans being granted with a repayment period of 23.6 years on average in October and November 2025. On the other hand, between 2022 and 2025, the maturity of non-housing loans remained mostly unchanged, standing slightly above 7 years, with the share of the principal of loans granted with a repayment period longer than 9 years (mostly loans with a maturity of 10 years) hovering around 40%.

All things considered, macroprudential limits on lending criteria achieved the expected effects in the mitigation of risks linked to household lending in the initial months following implementation. After housing loans picked up temporarily in the period immediately before the measures came into effect, in the second half of 2025, the growth in household loans moderated, particularly in the non-housing loan segment. The growth in housing loans has been slowing down very gradually, reflecting less stringent limits and a longer time lag between loan origination and disbursement. In addition, the decline in the share of loans with high debt indicators (DSTI and LTV ratios) points to a decrease in risk in consumer lending. Considering their preventative effect in mitigating risks associated with excessive consumer lending, limits on lending criteria constitute a permanent structural element of the CNB's macroeconomic policy. The CNB will accordingly continue to monitor the effect of the prescribed limits on

Table B.1 Selected indicators of consumer lending

Housing loans

Quarter	Amount of disbursed principal (million EUR)	Number of new loan accounts	Average loan amount (thousand EUR)	Average maturity (yrs)	Average nominal interest rate (%)	Average DSTI	DSTI > 45%	Average LTV	LTV > 90%	DSTI > 45% and LTV > 90%	Average LTI	LTI > 6
2024	2,112	18,475	111.5	22.8	3.8	40.7%	35.5%	80.3%	27.6%	10.7%	4.8	29.1%
Q1/2025	618	4,956	122.1	23.1	3.5	39.9%	30.7%	78.4%	27.2%	8.8%	5.0	32.0%
Q2/2025	984	8,042	122.1	23.8	3.0	38.7%	28.4%	80.0%	26.4%	8.6%	5.2	35.8%
Q3/2025	801	6,257	126.8	23.8	3.0	38.5%	23.5%	79.5%	27.0%	8.0%	5.0	33.4%
o/w: outside the scope of application	395	2,850	133.8	24.1	3.0	40.3%	33.8%	82.7%	37.5%	12.3%	5.2	36.1%
o/w: outside the scope of application	**406**	**3,407**	**121.3**	**23.5**	**3.1**	**36.8%**	**13.6%**	**76.4%**	**16.8%**	**3.8%**	**4.9**	**30.9%**
Q4/2025[a]	471	3,631	126.4	23.6	3.1	37.6%	16.5%	78.6%	19.5%	4.5%	5.0	31.6%
o/w: outside the scope of application	56	267	152.9	23.8	3.1	41.9%	37.3%	90.0%	36.5%	15.8%	5.2	38.7%
o/w: outside the scope of application	**415**	**3,364**	**124.4**	**23.6**	**3.1**	**37.1%**	**13.7%**	**77.0%**	**17.3%**	**3.0%**	**4.9**	**30.6%**

Non-housing loans

Quarter	Amount of disbursed principal (million EUR)	Number of new loan accounts	Average loan amount (thousand EUR)	Average maturity (yrs)	Average nominal interest rate (%)	Average DSTI	DSTI > 40%	Average LTI	LTI > 2
2024	2,975	303,496	9.0	7.1	6.0	33.1%	24.7%	1.2	14.2%
Q1/2025	805	75,482	9.6	7.1	5.7	32.6%	23.7%	1.1	10.9%
Q2/2025	872	82,339	10.2	7.2	5.6	33.3%	25.7%	1.1	11.2%
Q3/2025	669	62,976	10.6	7.2	5.6	29.8%	9.1%	1.1	10.7%
o/w: outside the scope of application	27	1,436	18.8	6.7	4.8	32.3%	14.4%	1.3	12.5%
o/w: outside the scope of application	**641**	**61,540**	**10.4**	**7.2**	**5.6**	**29.7%**	**8.8%**	**1.1**	**10.6%**
Q4/2025[a]	441	41,666	10.6	7.2	5.5	30.1%	10.3%	1.1	11.3%
o/w: outside the scope of application	6	203	27.1	3.3	3.5	31.1%	2.8%	0.7	0.0%
o/w: outside the scope of application	**435**	**41,463**	**10.5**	**7.3**	**5.5**	**30.1%**	**10.4%**	**1.1**	**11.4%**

Notes: Renegotiated loans are excluded. Loans in tranches are included in the number of loans in the month in which the first tranche was disbursed, and in the amount of principal at each tranche disbursement. The average loan amount excludes loans disbursed in tranches. "DSTI > 45%" and "DSTI > 40%" refer to the share of the principal of loans with DSTI ratios above 45% and 40% at creditworthiness assessment. "LTV > 90%"refers to the share of the principal of loans with an LTV ratio above 90% at creditworthiness assessment. "DSTI > 45%"refers to the share of the principal of loans with a DSTI ratio above 45% and an LTV ratio above 90% at creditworthiness assessment. "Average LTI" refers to the ratio of loan principle to consumer income, and "LTI > 6" to the share of the principal of loans in which the amount of loan principal exceeds six annual incomes. Data for the fourth quarter of 2025 refer to October and November.
Source: CNB (consumer lending standards).

lending activity and risks associated with household borrowing, taking into account information availability, the overall macroprudential policy toolkit and the development of systemic risks as well as general macrofinancial circumstances. In doing so it will, where necessary, adjust the measures applied and inform the public of any such adjustment in a timely manner.

Table P.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	1.5	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	0.75	1.0	2.0	1.0	1.5
CCyB rate pending (%)		1.25							1.0			0.5	2.0												2.0					
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 IV). 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 16 January 2026.
For details, see: https://www.esrb.europa.eu/national_policy/html/index.en.html and https://www.esrb.europa.eu/home/coronavirus/html/index.en.html.

Table P.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 counter-cyclical 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 2025, with corresponding O-SII buffer rates: 2.5% for Zagrebačka banka d.d., Zagreb, 2.25% for Privredna banka Zagreb d.d., 2.0% for 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
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

Measure	Primary objective	Year of adoption	Description	Basis for standard measures in Union law	Activation date	Frequency of revisions
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 Apr. 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
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

ISSN 2459-8887