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

In its regular annual review, the Croatian National Bank confirmed the status of seven other systemically important credit institutions (hereinafter referred to as 'O-SIIs'). The buffer rates to be maintained by these institutions (hereinafter referred to as 'O-SII buffer rate') in 2025 will remain at the same levels as in 2024 (Table 1).

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

O-SII	Systemic importance score as at 31 Dec. 2023	O-SII buffer rate as of 1 Jan. 2025 (%)	O-SII buffer rate in 2024 (%)
Zagrebačka banka d.d., Zagreb	3004	2.5	2.5
Privredna banka Zagreb d.d., Zagreb	2412	2.0	2.0
Erste&Steiermärkische Bank d.d., Rijeka	1622	2.0	2.0
Raiffeisenbank Austria d.d., Zagreb	1070	1.5	1.5
OTP banka Hrvatska d.d., Split	787	1.5	1.5
Hrvatska poštanska banka d.d., Zagreb	458	1.0	1.0
Addiko Bank d.d., Zagreb	190	0.25	0.25

Source: CNB.

The assessment of the systemic importance of credit institutions is conducted once a year in accordance with the [European Banking Authority's Guidelines](#) (hereinafter referred to as 'Guidelines'), the provisions of which have been transposed into the [internal supervisory procedures of the Croatian National Bank](#). In the first step, the scores which reflect the systemic importance of a credit institution are calculated on the basis of the following four criteria: an institution's size, importance for the economy, complexity and interconnectedness with the financial system. The O-SII status is awarded automatically to all institutions whose score exceeds the prescribed threshold. In this procedure the Croatian National Bank applies the adjusted lower threshold of 275 points, envisaged in the Guidelines, which caters for the specifics of the domestic banking sector and the distribution of scoring results, and differentiates, in the best possible manner, two homogeneous groups of credit institutions in terms of their systemic importance. In the second step, pursuant to expert judgement and based on a series of mandatory or additional indicators provided in the Guidelines, the O-SII status may also be awarded to credit institutions with the score below the threshold. Expert judgement was applied in awarding the O-

SII status to Addiko Bank, whose systemic importance score was much higher than the score of the first lower-ranked credit institution in the overall ranking of credit institutions not identified as O-SIIs. The expert judgement was based on additional quantitative and qualitative indicators suggesting the bank's relatively higher systemic importance in eastern Croatia and several important segments of its operations.

The Croatian National Bank determines the buffer rate for an O-SII taking into account the indicators of systemic importance, historical losses in the system relative to the system capital and expert judgement, in relation to other macroprudential instruments as a segment of a coordinated central bank policy aimed at achieving and maintaining financial stability. The basis for determining the buffer rate is the equal expected impact method, wherein the level of the O-SII buffer is set with a view to equalising the expected impact of an O-SII's distress on the overall system with the potential impact of a non-O-SII's distress. Based on the above, the buffer rates to be maintained by O-SIIs in 2025 will be kept at the same levels as in 2024.

The O-SII buffer is an integral part of the [combined capital buffer](#) whose purpose is to strengthen the resilience of credit institutions in the event of systemic risk materialisation; for all credit institutions it includes the capital conservation buffer, the structural systemic risk buffer and the countercyclical capital buffer.