



Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)

Notified bodies:

- ESRB (notifications@esrb.europa.eu)
- ECB (macropru.notifications@ecb.europa.eu)
- EBA (notifications@eba.europa.eu)
- EC (FISMA-E-3-NOTIFICATIONS@ec.europa.eu)
- Designated and competent authorities in the member states of the O-SII's parent institutions

1. Notifying national authority																																	
1.1 Name of the notifying authority	Hrvatska narodna banka																																
2. Description of the measure																																	
2.1 Concerned institution or group of institutions	<p>Table 1. Basic information</p> <table border="1"> <thead> <tr> <th>Name of institution concerned</th> <th>LEI Code</th> <th>Level of the O-SII buffer</th> <th>Firm level for application</th> </tr> </thead> <tbody> <tr> <td>Zagrebačka banka d.d., Zagreb</td> <td>PRNXTNXHBI0TSY1V8P17</td> <td>2,0%</td> <td rowspan="10">A sub-consolidated level and individual level</td> </tr> <tr> <td>Erste&Steiermärkische Bank d.d. Rijeka</td> <td>549300A2F46GR0UOM390</td> <td>2,0%</td> </tr> <tr> <td>Privredna banka banka Zagreb d.d., Zagreb</td> <td>549300ZHFZ4CSK7V5A60</td> <td>2,0%</td> </tr> <tr> <td>Raiffeisenbank Austria d.d., Zagreb</td> <td>529900I1UZV70CZRAU55</td> <td>2,0%</td> </tr> <tr> <td>Société Générale-Splitska banka d.d., Split</td> <td>54930006A7BQRKDHV809</td> <td>2,0%</td> </tr> <tr> <td>Hypo Alpe-Adria-Bank d.d., Zagreb</td> <td>RG3IZJKPYQ4H6IQPIC08</td> <td>2,0%</td> </tr> <tr> <td>Sberbank d.d., Zagreb</td> <td>529900NGK4TXO1F8FR52</td> <td>0,2%</td> </tr> <tr> <td>Hrvatska poštanska banka d.d., Zagreb</td> <td>529900D5G4V6THXC5P79</td> <td>0,2%</td> </tr> <tr> <td>OTP banka Hrvatska d.d., Zagreb</td> <td>5299005UJX6K7BQKV086</td> <td>0,2%</td> </tr> </tbody> </table>	Name of institution concerned	LEI Code	Level of the O-SII buffer	Firm level for application	Zagrebačka banka d.d., Zagreb	PRNXTNXHBI0TSY1V8P17	2,0%	A sub-consolidated level and individual level	Erste&Steiermärkische Bank d.d. Rijeka	549300A2F46GR0UOM390	2,0%	Privredna banka banka Zagreb d.d., Zagreb	549300ZHFZ4CSK7V5A60	2,0%	Raiffeisenbank Austria d.d., Zagreb	529900I1UZV70CZRAU55	2,0%	Société Générale-Splitska banka d.d., Split	54930006A7BQRKDHV809	2,0%	Hypo Alpe-Adria-Bank d.d., Zagreb	RG3IZJKPYQ4H6IQPIC08	2,0%	Sberbank d.d., Zagreb	529900NGK4TXO1F8FR52	0,2%	Hrvatska poštanska banka d.d., Zagreb	529900D5G4V6THXC5P79	0,2%	OTP banka Hrvatska d.d., Zagreb	5299005UJX6K7BQKV086	0,2%
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3.1 Timing of the Decision	It is our intention that each of the banks identified as O-SII during January 2016 receives an individual decision about its O-SII status and corresponding buffer rate.																																
3.2 Timing of the Publication	Intended timing of publication: January 29 th 2016																																
3.3 Disclosure	Intended timing of disclosure: January 29 th 2016																																

3.4 Timing of Application	Please see 3.1. Intended timing of application will be upon the delivery of the decision to each of the banks in question.																																																												
3.5 Phasing in	None																																																												
3.6 Review of the measure	At least on annual basis																																																												
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4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs	<p>Table 2. Scoring procedure</p> <table border="1"> <thead> <tr> <th>Name of the institution</th> <th>Size</th> <th>Importance (including substitutability / financial system infrastructure)</th> <th>Complexity / Cross-border</th> <th>Interconnectedness</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>Zagrebačka banka d.d.</td> <td>2543</td> <td>2391</td> <td>3570</td> <td>2017</td> <td>2630</td> </tr> <tr> <td>Erste&Steiermärkische Bank d.d. Rijeka</td> <td>1493</td> <td>1342</td> <td>1949</td> <td>4493</td> <td>2319</td> </tr> <tr> <td>Privredna banka Zagreb d.d.</td> <td>1715</td> <td>1716</td> <td>880</td> <td>853</td> <td>1291</td> </tr> <tr> <td>Raiffeisenbank Austria d.d.</td> <td>780</td> <td>970</td> <td>1201</td> <td>390</td> <td>835</td> </tr> <tr> <td>Société Générale-Splitska banka d.d.</td> <td>714</td> <td>765</td> <td>622</td> <td>587</td> <td>672</td> </tr> <tr> <td>Hypo Alpe-Adria-Bank d.d.</td> <td>701</td> <td>565</td> <td>747</td> <td>513</td> <td>631</td> </tr> <tr> <td>Sberbank d.d.</td> <td>255</td> <td>445</td> <td>290</td> <td>245</td> <td>309</td> </tr> <tr> <td>HPB d.d.</td> <td>431</td> <td>393</td> <td>147</td> <td>237</td> <td>302</td> </tr> <tr> <td>OTP banka d.d.</td> <td>394</td> <td>427</td> <td>210</td> <td>129</td> <td>290</td> </tr> </tbody> </table> <p>Source: HNB</p>	Name of the institution	Size	Importance (including substitutability / financial system infrastructure)	Complexity / Cross-border	Interconnectedness	Score	Zagrebačka banka d.d.	2543	2391	3570	2017	2630	Erste&Steiermärkische Bank d.d. Rijeka	1493	1342	1949	4493	2319	Privredna banka Zagreb d.d.	1715	1716	880	853	1291	Raiffeisenbank Austria d.d.	780	970	1201	390	835	Société Générale-Splitska banka d.d.	714	765	622	587	672	Hypo Alpe-Adria-Bank d.d.	701	565	747	513	631	Sberbank d.d.	255	445	290	245	309	HPB d.d.	431	393	147	237	302	OTP banka d.d.	394	427	210	129	290
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4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>The identification process followed the mandatory indicators set out in the EBA's Guidelines (EBA/GL/2014/10). Data used: revised data for 31.12.2014., unconsolidated level, all credit institutions (including ones not exceeding 0,02% of relative total assets).</p> <p>Threshold: 275 basis points. Lower threshold is used as there are three institutions with scores lower than 350 basis points, but still distinctively higher from scores of other institutions. According to their size, complexity and potential impact on the economy they belong to the group of institutions with systemic importance. Please also see 4.3.</p> <p>Optional indicators: No</p> <p>Non-banks: Not included</p>																																																												
4.3 Supervisory judgement	Institutions listed in 2.1 have been identified through two-step procedure as laid down in EBA guidelines on the assessment of O-SIIs. First, through scoring methodology and second through supervisory assessment. The latter involved quantitative and qualitative judgment.																																																												
4.4 Calibrating the O-SII buffer	<p>HNB used the method of "equal expected impact", recommended by <i>The ESRB Handbook on Operationalising Macro-prudential Policy in the Banking Sector</i>. Equilibrating the potential impact of O-SII and non-SII institutions in distress via adjusting the probability of distress for O-SII in relation to the probability of distress of a (reference) non-SII on basis of the historical distribution of the ratio of income to RWAs (return on RWA, or RORWA).</p> <p>Empirical findings confirm that in case of six banks identified as O-SII the optimal requirement exceeds the legal maximum capital requirement of 2% (thus 2% O-SII buffer rate is applied), while the remaining three institutions identified as O-SII are below that limit and can be grouped to apply 0,2% O-SII buffer rate.</p>																																																												
4.5 Effectiveness and proportionality	Effectively, the O-SII buffer rates will not be additive to the combined capital requirement consisting of, among others, the SRB buffer rate applied to all exposures (domestic and foreign). Since differentiated SRB buffer of 3% and 1,5% (please see <i>The Review of the level of the structural systemic risk buffer</i> at http://www.hnb.hr/propisi/odluke-nadzor-																																																												

of measure	kontrola/makrobonitetne_mjere/2015/e-preispitivanje-visine-zastitnog-sloja-kapitala.pdf) covers risk of highly concentrated market to which O-SIIs contribute to large extent, the O-SII buffer rates applied in this manner as well as the public announcement of the identified O-SIIs in Croatia is for now considered to be effective and proportionate to mitigate the risks associated with their importance.																																
5. Combinations and interactions with other measures																																	
5.1 Assessment of cross-border effects and the likely impact on the internal market	Effectively no additional regulatory requirement is been induced (please see 4.5 and 6.2).																																
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	No leakages within the market are expected.																																
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6.1 Combinations between G-SII and OSII buffers (Article 131.14)	There are no G-SII in Croatia; for EU scope please see 4.5 and 6.2.																																
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>Table 3. Combinations with SRB buffers</p> <table border="1" data-bbox="430 1243 1356 1792"> <thead> <tr> <th>Name of institution concerned</th> <th>Level of the O-SII buffer</th> <th>Other buffer rates (non-cyclical)</th> <th>Scope of application of SRB</th> </tr> </thead> <tbody> <tr> <td>Zagrebačka banka d.d., Zagreb</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> <td rowspan="10" style="text-align: center;">All exposures</td> </tr> <tr> <td>Erste&Steiermärkische Bank d.d. Rijeka</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> </tr> <tr> <td>Privredna banka banka Zagreb d.d., Zagreb</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> </tr> <tr> <td>Raiffeisenbank Austria d.d., Zagreb</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> </tr> <tr> <td>Société Générale-Splitska banka d.d., Split</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> </tr> <tr> <td>Hypo Alpe-Adria-Bank d.d., Zagreb</td> <td>2,0%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%</td> </tr> <tr> <td>Sberbank d.d., Zagreb</td> <td>0,2%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%</td> </tr> <tr> <td>Hrvatska poštanska banka d.d., Zagreb</td> <td>0,2%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%</td> </tr> <tr> <td>OTP banka Hrvatska d.d., Zagreb</td> <td>0,2%</td> <td>Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%</td> </tr> </tbody> </table> <p>Source: HNB</p>	Name of institution concerned	Level of the O-SII buffer	Other buffer rates (non-cyclical)	Scope of application of SRB	Zagrebačka banka d.d., Zagreb	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	All exposures	Erste&Steiermärkische Bank d.d. Rijeka	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	Privredna banka banka Zagreb d.d., Zagreb	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	Raiffeisenbank Austria d.d., Zagreb	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	Société Générale-Splitska banka d.d., Split	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	Hypo Alpe-Adria-Bank d.d., Zagreb	2,0%	Conservation buffer rate: 2,5% Systemic risk buffer: 3,0%	Sberbank d.d., Zagreb	0,2%	Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%	Hrvatska poštanska banka d.d., Zagreb	0,2%	Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%	OTP banka Hrvatska d.d., Zagreb	0,2%	Conservation buffer rate: 2,5% Systemic risk buffer: 1,5%
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6.3 Combined buffer requirement (Article 131.16 and Article	Combined buffer requirement applies and it is not above the sum of the buffers described in Article 131-16 and Article 131-17.																																

131.17)	
6.4 O-SII requirement for a subsidiary (Article 131.8)	For subsidiaries of G-SIBs, Art. 131(8) CRD IV is respected.
6.5 Interaction with other measures	The capital requirements are differentiated as described in 4.5 and 6.2, while there are no overlaps of O-SII buffer rates with Pillar 2 structure.
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Mr. Tomislav Ridzak Head of Financial Stability department Hrvatska narodna banka Phone: ++385 1 459 03 96 E-mail: tomislav.ridzak@hnb.hr
7.2 Any other relevant information	N/A