



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

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Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority			
<b>1.1 Name of the notifying authority</b>	Hrvatska narodna banka (HNB)		
2. Description of the measure			
<b>2.1 Concerned institution or group of institutions</b>	Name of institution concerned	LEI Code	Firm level for application
	Zagrebačka banka d.d., Zagreb	PRNXTNXHBI0TSY1V8P17	A consolidated level and individual level
	Erste&Steiermärkische Bank d.d. Rijeka	549300A2F46GR0UOM390	
	Privredna banka banka Zagreb d.d., Zagreb	549300ZHFZ4CSK7VS460	
	Raiffeisenbank Austria d.d., Zagreb	529900I1UZV70CZRAU55	
	OTP banka Hrvatska d.d., Zagreb	5299005UJX6K7BQKV086	
	Addiko Bank d.d.	RG3IZJKPYQ4H6QPIC08	
	Hrvatska poštanska banka d.d., Zagreb	529900D5G4V6THXC5P79	
As the process of integration of OTP banka Hrvatska d.d. and Splitska banka d.d. into one entity was finalized on December 1, 2018, the number of O-SII institutions with regard to the last classification declined from 8 to 7.			
<b>2.2 Level of the buffer applied</b>	Name of institution concerned	Level of the O-SII buffer	
	Zagrebačka banka d.d., Zagreb	2.0%	
	Erste&Steiermärkische Bank d.d. Rijeka	2.0%	
	Privredna banka banka Zagreb d.d., Zagreb	2.0%	
	Raiffeisenbank Austria d.d., Zagreb	2.0%	
	OTP banka Hrvatska d.d., Zagreb	2.0%	
	Addiko Bank d.d.	2.0%	
	Hrvatska poštanska banka d.d., Zagreb	0.2%	

<b>2.3 Name of the EU ultimate parent institution</b>	Name of institution concerned	Name of the parent institution	LEI Code (parent inst.)			
	Zagrebačka banka d.d., Zagreb	UniCredit S.p.A.	549300TRUWO2CD2G5692			
	Erste&Steiermärkische Bank d.d. Rijeka	Erste Group Bank AG	PQOH26KWDF7CG10L6792			
	Privredna banka banka Zagreb d.d., Zagreb	Intesa Sanpaolo S.p.A.	2W8N8UU78PMDQKZENC08			
	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Bank International AG	9ZHRYM6F437SQJ6OUG95			
	OTP banka Hrvatska d.d., Zagreb	OTP Bank Nyrt.	529900W3MOO00A18X956			
	Addiko Bank d.d.	AI LAKE (Luxembourg) S.a.r.l.	222100LC9TDJEKDXOQ07			
	Hrvatska poštanska banka d.d., Zagreb					
<b>2.4 Names of subsidiaries</b>	n/a					
<b>3. Timing of the measure</b>						
<b>3.1 Timing of the Decision</b>	20th December 2018					
<b>3.2 Timing of the Publication</b>	8th January 2019					
<b>3.3 Disclosure</b>	Official decision to identified institutions by registered post and publication on HNB's web page.					
<b>3.4 Timing of Application</b>	Timing of application depends on the delivery of the decision (see 3.3) to each of the banks in question.					
<b>3.5 Phasing in</b>	None					
<b>3.6 Review of the measure</b>	At least annually. HNB intends to perform its review each year in autumn, based on reported data as of end-December of the preceding year.					
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>						
<b>4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</b>	Name of the institution	Size	Importance (including substitutability / financial system infrastructure)	Complexity / Cross-border	Interconnectiveness	Score
	Zagrebačka banka d.d., Zagreb	2777	3034	3960	2191	2991
	Erste&Steiermärkische Bank d.d. Rijeka	1444	1523	1630	4241	2209
	Privredna banka banka Zagreb d.d., Zagreb	2270	1930	2376	906	1870
	Raiffeisenbank Austria d.d., Zagreb	739	972	794	547	763
	OTP banka Hrvatska d.d., Zagreb	968	429	495	674	642
	Addiko Bank d.d.	465	500	345	562	468
	Hrvatska poštanska banka d.d., Zagreb	440	423	29	157	262
<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>a. The identification process followed the methodology set out in the <i>EBA Guidelines</i> (EBA/GL/2014/10).</p> <p>b. <b>Threshold: 275 basis points.</b> Lower threshold is used to account for 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.</p> <p>c. Please see 4.1. above.</p> <p>d. Institutions listed in 2.1 were identified through the <b>two-step procedure</b> as laid down in EBA guidelines. In the first step, standard scoring approach for the assessment of O-SIIs,</p>					

	<p>using exclusively mandatory indicators was used. In the second step, classification of credit institutions by scoring approach was subject to supervisory assessment, taking into account all available qualitative and quantitative information on systemic importance of individual institutions from the point of view of assessment of potential consequences that possible disturbances in such credit institutions would generate in the system.</p> <p>e. One additional institution (Hrvatska poštanska banka d.d.) with the score below the threshold was identified as an O-SII institution upon supervisory judgement based on one optional indicator (number of retail deposit accounts) and its former O-SII status. In addition, it was taken into account that the bank in question gained an approval from HNB to acquire a qualifying holding equalling and exceeding 50 percent of the capital of Jadranska banka d.d. in July 2018, that will raise its score after the process of integration is completed.</p> <p>f. Croatian banking market is relatively traditional and conservative, with the retail sector playing an important role. By the number of retail deposit accounts, Hrvatska poštanska banka with a share of 9% (score 895) comparable to O-SII institutions and stands out clearly above the other credit institutions.</p> <p>g. All credit institutions were included in calculation (including ones not exceeding 0.02% of relative total assets and branches for purpose of calculating system-wide aggregates - denominators).</p> <p>h. Non-banks are not included.</p>
<b>4.3 Supervisory judgement</b>	<p>Supervisory assessment (quantitative and qualitative) complemented the scoring process and helped determine the range of relevant sub-scores and total scores. Quantitative supervisory judgement was based on one optional indicator: number of retail deposit accounts. One additional institution (Hrvatska poštanska banka d.d.) with a score below the threshold was identified as an O-SII institution upon supervisory judgement based on optional indicator and its former OSII status. In addition, it was taken into account that the bank in question gained an approval from HNB to acquire a qualifying holding equalling and exceeding 50 percent of the capital of Jadranska banka d.d. in July 2018, that will raise its score after the process of integration is completed.</p>
<b>4.4 Calibrating the O-SII buffer</b>	<p>HNB uses the combination of equal expected impact along with the bucketing approach, recommended by <i>The ESRB Handbook on Operationalising Macro-prudential Policy in the Banking Sector</i>.</p> <p>Potential impact of O-SIIs and non-SIIs in distress is equilibrated via adjusting the probability of distress for O-SII in relation to the probability of distress of a (reference) non-SII based on 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-SIIs the optimal requirement exceeds the legal maximum capital requirement of 2% (thus 2% O-SII buffer rate is applied), while to the remaining institution identified as O-SII applies 0.2% O-SII buffer rate.</p>
<b>4.5 Effectiveness and proportionality of measure</b>	<p>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).</p>
<b>5. Cross-border and cross-sector impact of the measure</b>	
<b>5.1 Assessment of cross-border effects and the likely impact on the internal market  (Recommendation ESRB/2015/2)</b>	<p>The HNB's framework (Decision, OG 60/2017) provides the assessment of cross-border effects (leakages and regulatory arbitrage) for the implementation of Croatian macroprudential policy measures in own jurisdiction, in other Member States and on the Single Market, following the Recommendation/2015/2. Results of this assessment show that cross-border effects of the measure are expected to be non-significant.</p>

<b>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	See 5.1 above.																										
<b>6. Combinations and interactions with other measures</b>																											
<b>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	There are no G-SII in Croatia.																										
<b>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</b>	<p>All banks are subject to systemic risk buffer applied to all exposures (domestic and foreign). Both O-SII buffers and SRBs should be maintained on both an individual and consolidated level. Where an institution is subject to an O-SII buffer and a SRB buffer, the higher of the two applies. This is currently the SRB rate.</p> <table border="1" data-bbox="427 768 1332 1137"> <thead> <tr> <th>Name of institution concerned</th> <th>Level of the O-SII buffer</th> <th>Systemic risk buffer rate</th> <th>Scope of application of SRB</th> </tr> </thead> <tbody> <tr> <td>Zagrebačka banka d.d., Zagreb</td> <td>2.0%</td> <td>3.0%</td> <td rowspan="7">All exposures</td> </tr> <tr> <td>Erste&amp;Steiermärkische Bank d.d. Rijeka</td> <td>2.0%</td> <td>3.0%</td> </tr> <tr> <td>Privredna banka banka Zagreb d.d., Zagreb</td> <td>2.0%</td> <td>3.0%</td> </tr> <tr> <td>Raiffeisenbank Austria d.d., Zagreb</td> <td>2.0%</td> <td>3.0%</td> </tr> <tr> <td>OTP banka Hrvatska d.d., Zagreb</td> <td>2.0%</td> <td>3.0%</td> </tr> <tr> <td>Addiko Bank d.d.</td> <td>2.0%</td> <td>3.0%</td> </tr> <tr> <td>Hrvatska poštanska banka d.d., Zagreb</td> <td>0.2%</td> <td>1.5%</td> </tr> </tbody> </table>	Name of institution concerned	Level of the O-SII buffer	Systemic risk buffer rate	Scope of application of SRB	Zagrebačka banka d.d., Zagreb	2.0%	3.0%	All exposures	Erste&Steiermärkische Bank d.d. Rijeka	2.0%	3.0%	Privredna banka banka Zagreb d.d., Zagreb	2.0%	3.0%	Raiffeisenbank Austria d.d., Zagreb	2.0%	3.0%	OTP banka Hrvatska d.d., Zagreb	2.0%	3.0%	Addiko Bank d.d.	2.0%	3.0%	Hrvatska poštanska banka d.d., Zagreb	0.2%	1.5%
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<b>6.3 O-SII requirement for a subsidiary (Article 131.8)</b>	<table border="1" data-bbox="427 1167 1453 1429"> <thead> <tr> <th>Name of institution concerned</th> <th>Name of the parent institution</th> <th>O-SII buffer rate*</th> <th>G-SII buffer rate*</th> </tr> </thead> <tbody> <tr> <td>Zagrebačka banka d.d., Zagreb</td> <td>UniCredit S.p.A.</td> <td>1.0%</td> <td>1.0%</td> </tr> <tr> <td>Erste&amp;Steiermärkische Bank d.d. Rijeka</td> <td>Erste Group Bank AG</td> <td>2.0%</td> <td>-</td> </tr> <tr> <td>Privredna banka banka Zagreb d.d., Zagreb</td> <td>Intesa Sanpaolo S.p.A.</td> <td>0.75%</td> <td>-</td> </tr> <tr> <td>Raiffeisenbank Austria d.d., Zagreb</td> <td>Raiffeisen Bank International AG</td> <td>2.0%</td> <td>-</td> </tr> <tr> <td>OTP banka Hrvatska d.d., Zagreb</td> <td>OTP Bank Nyrt.</td> <td>2.0%</td> <td>-</td> </tr> </tbody> </table> <p>* G-SII and O-SII buffers applicable after phase-in period</p>	Name of institution concerned	Name of the parent institution	O-SII buffer rate*	G-SII buffer rate*	Zagrebačka banka d.d., Zagreb	UniCredit S.p.A.	1.0%	1.0%	Erste&Steiermärkische Bank d.d. Rijeka	Erste Group Bank AG	2.0%	-	Privredna banka banka Zagreb d.d., Zagreb	Intesa Sanpaolo S.p.A.	0.75%	-	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Bank International AG	2.0%	-	OTP banka Hrvatska d.d., Zagreb	OTP Bank Nyrt.	2.0%	-		
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<b>6.4 Interaction with other measures</b>	There are no interactions with other measures.																										

<b>7. Miscellaneous</b>	
<b>7.1 Contact person(s) at notifying authority</b>	<p>Ms. Lana Ivicic  Financial Stability Department  Hrvatska narodna banka  Phone: ++385 1 456 50 09  E-mail: <a href="mailto:лана.ivicic@hnb.hr">лана.ivicic@hnb.hr</a></p>

**7.2 Any other relevant information**

[Announcement of the HNB Council](#): Hrvatska poštanska banka granted approval to acquire Jadranska banka, July 4, 2018