



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

Please send this template to

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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			
1.1 Name of the notifying authority	Hrvatska narodna banka (HNB)		
2. Description of the measure			
2.1 Concerned institution or group of institutions	Name of institution concerned	LEI Code	Firm level for application
	Zagrebačka banka d.d., Zagreb	PRNXTNXHBI0TSY1V8P17	Consolidated and individual level
	Privredna banka banka Zagreb d.d., Zagreb	549300ZHFZ4CSK7VVS460	Consolidated and individual level
	Erste&Steiermärkische Bank d.d. Rijeka	549300A2F46GR0UOM390	Consolidated and individual level
	Raiffeisenbank Austria d.d., Zagreb	529900H UZV70CZRAU55	Consolidated and individual level
	OTP banka Hrvatska d.d., Zagreb	5299005UJX6K7BQKV086	Consolidated and individual level
	Addiko Bank d.d.	RG3ZJKPYQ4H6IQPIC08	Individual level
	Hrvatska poštanska banka d.d., Zagreb	529900D5G4V6THXC5P79	Individual level
The list of identified O-SIIs has not changed since the last review.			
2.2 Level of the buffer applied	Name of institution concerned	Level of the O-SII buffer	
	Zagrebačka banka d.d., Zagreb	2.0%	
	Privredna banka banka Zagreb d.d., Zagreb	2.0%	
	Erste&Steiermärkische Bank d.d. Rijeka	2.0%	
	Raiffeisenbank Austria d.d., Zagreb	2.0%	
	OTP banka Hrvatska d.d., Zagreb	2.0%	
	Addiko Bank d.d.	0.5%	
Hrvatska poštanska banka d.d., Zagreb	0.5%		
The O-SII buffer rate for one credit institution has changed after the recalibration following the equal expected impact approach.			

2.3 Name of the EU ultimate parent institution	Name of institution concerned	Name of the parent institution	LEI Code (parent inst.)			
	Zagrebačka banka d.d., Zagreb	UniCredit S.p.A.	549300TRUWO2CD2G5692			
	Privredna banka banka Zagreb d.d., Zagreb	Intesa Sanpaolo S.p.A.	2W8N8UU78PMDQKZENC08			
	Erste&Steiermärkische Bank d.d. Rijeka	Erste Group Bank AG	PQOH26KWDF7CG10L6792			
	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Bank International AG	9ZHRYM6F437SQJ6OUG95			
	OTP banka Hrvatska d.d., Zagreb	OTP Bank Nyrt.	529900W3MOO00A18X956			
	Addiko Bank d.d.	Al LAKE (Luxembourg) Holding S.a.r.l.	529900AZGQJIZ2UBR22			
Hrvatska poštanska banka d.d., Zagreb						
2.4 Names of subsidiaries	n/a					
3. Timing of the measure						
3.1 Timing of the Decision	Planned for: 19 November 2020					
3.2 Timing of the Publication	30 November 2020					
3.3 Disclosure	Official decision to identified O-SI institutions via registered post and publication on HNB's web page.					
3.4 Timing of Application	1 January 2021					
3.5 Phasing in	None					
3.6 Review of the measure	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.					
4. Reason for O-SII identification and activation of the O-SII buffer						
4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)	Name of institution concerned	Size	Importance (including substitutability / financial system infrastructure)	Complexity / Cross-border	Interconnectedness	Score
	Zagrebačka banka d.d., Zagreb	2890	3104	3996	2456	3112
	Privredna banka banka Zagreb d.d., Zagreb	2344	1785	2528	1177	1959
	Erste&Steiermärkische Bank d.d. Rijeka	1467	1483	1385	3447	1945
	Raiffeisenbank Austria d.d., Zagreb	715	915	912	543	771
	OTP banka Hrvatska d.d., Zagreb	928	931	474	608	735
	Addiko Bank d.d.	357	383	222	270	308
	Hrvatska poštanska banka d.d., Zagreb	474	457	69	230	307
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>a. The identification process followed the methodology set out in the <i>EBA Guidelines</i> (EBA/GL/2014/10).</p> <p>b. Threshold: 275 basis points. 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 of systemic importance.</p> <p>c. Please see 4.1. above.</p>					

	<p>d. Institutions listed in 2.1 were identified through the standard scoring approach for the assessment of O-SIIs, using exclusively mandatory indicators. 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. Supervisory assessment did not change the list of identified O-SIIs in the standard scoring approach.</p> <p>f. /</p> <p>g. All credit institutions were included in calculation (including ones not exceeding 0.02% of relative total assets and branches for the purpose of calculating system-wide aggregates - denominators).</p> <p>h. Non-banks were not included.</p>
4.3 Supervisory judgement	Supervisory assessment (quantitative and qualitative) complemented the scoring process. It did not result in identifying any additional O-SII.
4.4 Calibrating the O-SII buffer	<p>Along with the scores of systemic importance obtained in the scoring process, HNB uses the equal expected impact approach as 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).</p> <p>Recalibration confirmed that in case of five largest banks identified as O-SIIs the optimal requirement exceeds the legal maximum capital requirement of 2% (thus 2% O-SII buffer rate is applied). The remaining two O-SII institutions were assigned lower O-SII buffer rates in accordance with their O-SII scores and results of the recalibration exercise (0.5% each).</p>
4.5 Effectiveness and proportionality of measure	The O-SII buffer rates are proportional to the higher risk that these institutions pose to the financial system due to their size, complexity and importance for the economy.
5. Cross-border and cross-sector impact of the measure	
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	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.
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	See 5.1 above.
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	There are no G-SIIs in Croatia.

6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>All banks are subject to systemic risk buffer applied to all exposures (domestic and foreign). Both, the O-SII buffer and the SyRB should be maintained on both individual and consolidated level where applicable. Where an institution is subject to both O-SII buffer and SyRB, only the higher of the two applies, according to the current regulatory framework. Before the new regulatory framework (CRD V is being transposed into national Credit Institutions Act, currently in parliamentary procedure) allowing for the two buffers to be cumulative becomes applicable, SyRB rates will also be recalibrated.</p>																													
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* O-SII buffer rates applicable in 2020																														
6.4 Interaction with other measures	<p>There are no interactions with other measures.</p>																													

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	<p>Ms. Lana Ivicic Financial Stability Department Hrvatska narodna banka Phone: ++385 1 456 50 09 E-mail: лана.ivicic@hnb.hr</p>
7.2 Any other relevant information	