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The countercyclical capital buffer rate of 2.0% remains appropriate for preserving banking system resilience

The domestic financial cycle is in a mature phase of expansion, with strong bank lending to the domestic private sector and the acceleration of residential property prices. Credit gap indicators for the Republic of Croatia (Figure 1) and the composite indicator of cyclical risks (Figure 2) remained elevated in the third quarter of 2025, with the composite indicator remaining above the levels recorded on the eve of the global financial crisis (Table 1). Against such a backdrop, the countercyclical capital buffer rate of 2%, announced in September 2025 and applicable as of 1 January 2027, has been assessed as still adequate for preserving banking system resilience in the case of materialisation of cyclical systemic risks, having also regard to the complementary effects of the macroprudential restrictions on consumer lending criteria applicable since July 2025.

The annual growth rate of the residential real estate prices in the domestic market accelerated to 13.8% in the third quarter of 2025, following an average annual growth of 10.4% in 2024, and grew faster than in most EU member states. The continued growth of residential property prices was supported by a strong growth in employment and wages, lower interest rates on housing loans and new tax incentives for house purchase.

Although still relatively strong, the growth of loans to households slowed down slightly in January 2026, with the annual growth rate standing at 12.7% (transaction-based). The intensity of growth in both housing and general-purpose cash loans weakened slightly. Housing loans grew at an annual rate of 15.1% in January, marking the end of their continuous acceleration, which lasted more than one year. At the same time, general-purpose cash loans continued to decelerate, and their annual growth rate stood at 10.8%. The slowdown was also confirmed by short-term indicators: the momentum of housing loans and general-purpose cash loans moderated from 13.9% and 6.3% in December 2025 to 11.3% and 4.4% in January 2026, respectively. The slowdown in the growth of household loans can largely be associated with the application of macroprudential restrictions on lending criteria, which resulted in a considerable decrease in the share of new loans granted with elevated debt service-to-income ratio and loan-to-value ratio. The growth of corporate loans also slowed down, to 10.6% in annual terms, while their momentum weakened from 13.7% in December 2025 to 11.2% in January 2026. It has continued to be strongly supported by credit growth in accommodation and food service activities and trade.

The surge in loans and soaring real estate prices have continued to contribute to the elevated value of the composite indicator of cyclical systemic risk, with possible underestimation of credit risk and other risks and the widening of current account deficit.

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. In doing so, particular attention will be paid to monitoring the impacts of restrictions on consumer lending criteria on credit activity and the riskiness of loans. Depending on the circumstances, this may include further increases in the countercyclical capital buffer rate if cyclical risks grow further, but also its immediate full or partial release or the abandonment of the announced increase in the event of a significant deterioration in economic and financial conditions.

Table 1 Indicators of cyclical systemic risk and the associated benchmark countercyclical buffer rates for Q3/2025

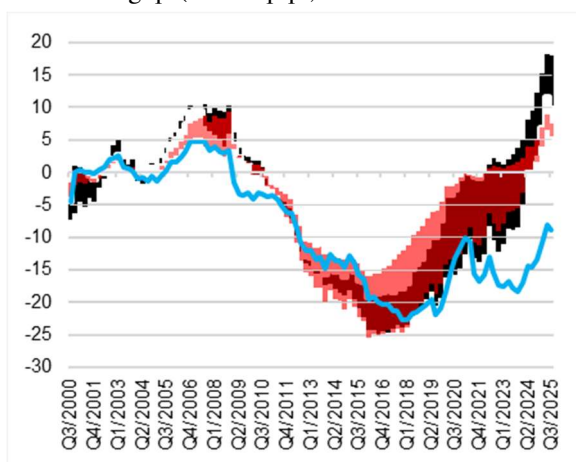
Indicator	Ratio/indicator value	Credit gap (deviation from the long-term trend)	Benchmark CCyB rate
Standardised (Basel) credit-to-GDP ratio	60.9% ↓	−8.9 p.p. ↓	0%
Specific credit-to-GDP ratio (absolute gap)	48.3% ↓ (narrow) and 60.8% ↓ (broad)	5.5 p.p. ↓ up to 7.6 p.p. ↓	1.65% ↓ to 2.50% →
Specific credit-to-GDP ratio (relative gap)		10.0% ↓ to 18.1% →	2.50% → to 2.50% →
Composite indicator	0.49 ↓ (100th percentile of distribution)	/	2.13% ↓ to 2.50% →

Notes: Specific ratio values differ depending on the definition of credit (48.3% for a narrow definition of credit, which includes only domestic bank credit, and 60.8% for a broad definition). Differences in gap values arise from different definitions of gap (absolute gap is calculated as the difference while the relative gap is calculated as the ratio of the following variables: the credit-to-GDP ratio and its trend) and estimated statistical trends. The arrows indicate the direction of the change in relation to the value of indicators and benchmark rates from the previous quarter.

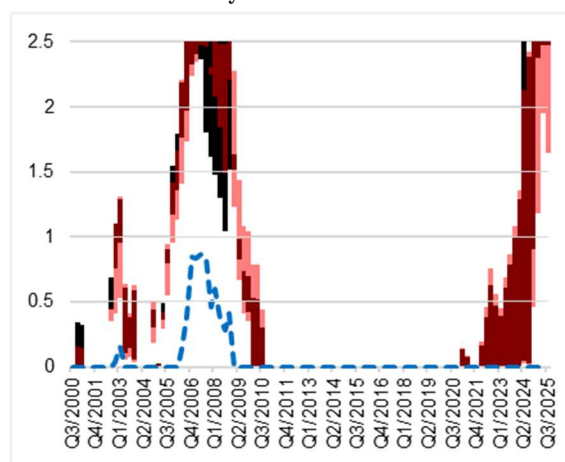
Source: CNB.

Figure 1 Range of credit gap indicators and affiliated benchmark CCyB rates

1.a Credit gap (% and p.p.)



1.b Benchmark CCyB rates

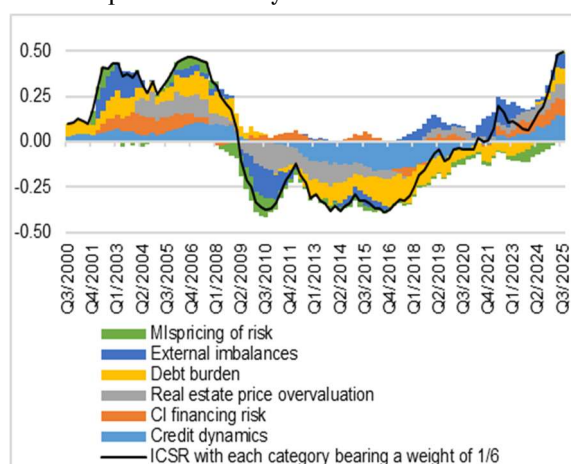


Notes: The left panel shows the Basel gap (blue curve) and the range of 12 credit gap indicators which have better signalling properties for the Republic of Croatia than the Basel gap. The red shaded areas indicate the range of absolute gaps, the black shaded areas indicate relative gaps, and the dark red areas indicate overlapping. 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, Macprudential Diagnostics No. 16.

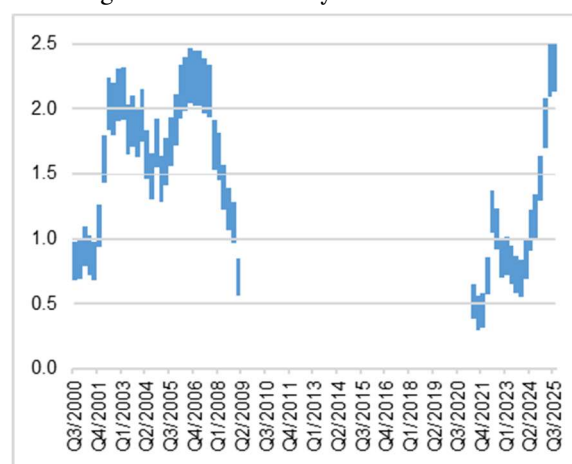
Source: CNB.

Figure 2 Composite indicator of the cyclical systemic risk (ICSR) and the affiliated range of benchmark CCyB rates

2.a Composition and dynamics of ICSR



2.b Range of calibrated 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 (Figure 2.a) reach median level, while the upper threshold is determined by the highest percentiles of ICSR distribution.

Source: CNB.