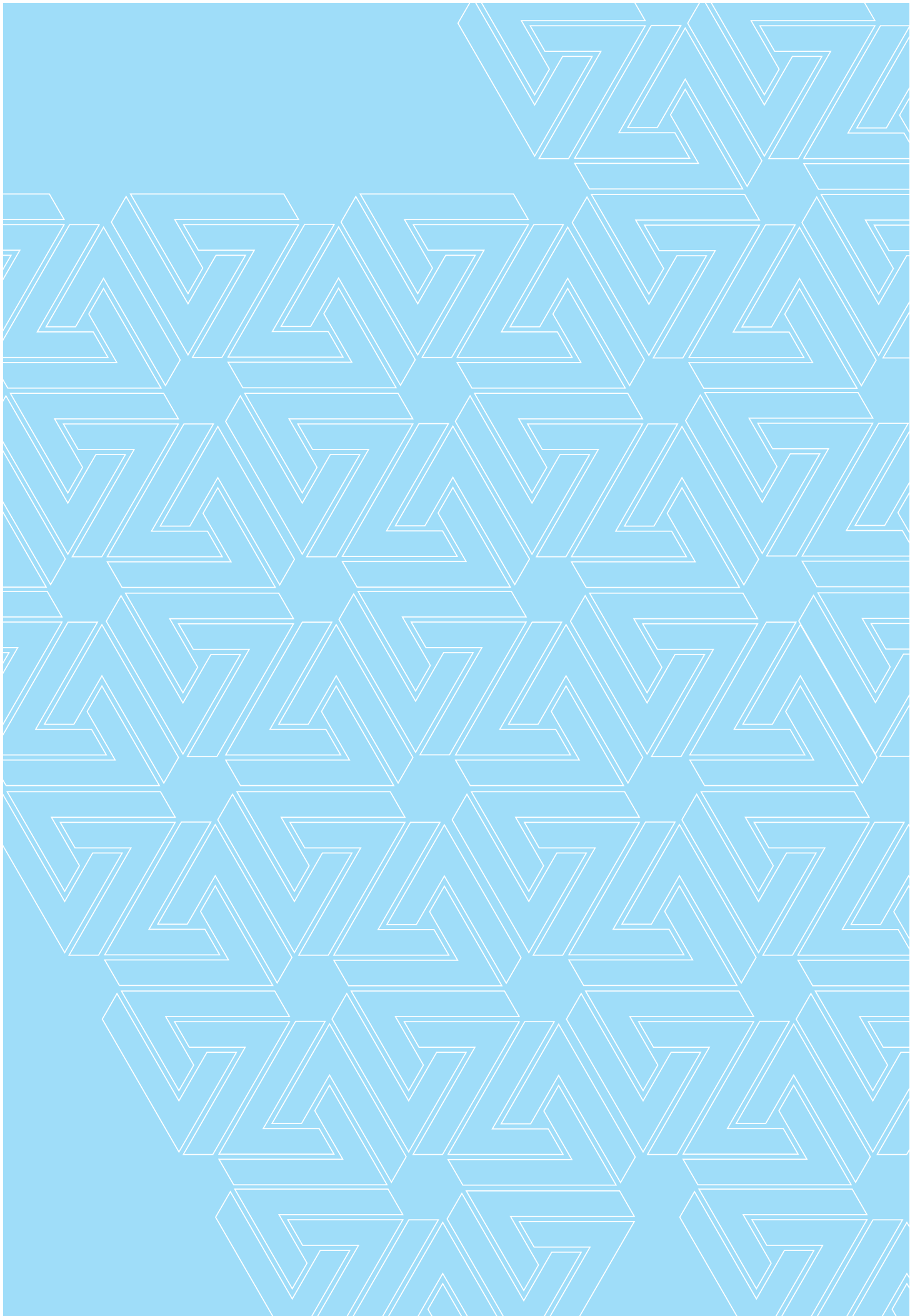




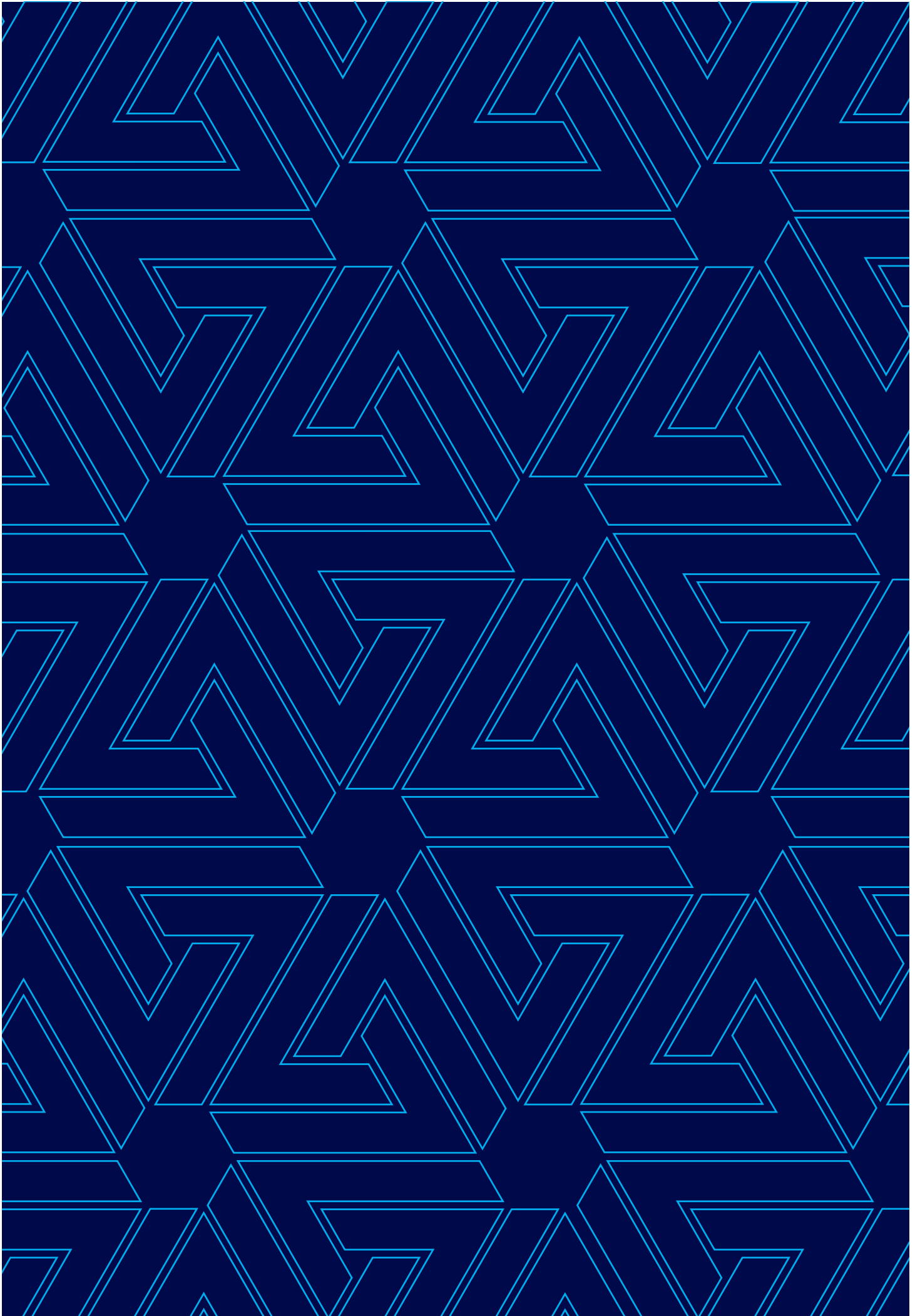
# **ANNUAL REPORT 2022**



**HRVATSKA AGENCIJA ZA OSIGURANJE DEPOZITA**  
CROATIAN DEPOSIT INSURANCE AGENCY

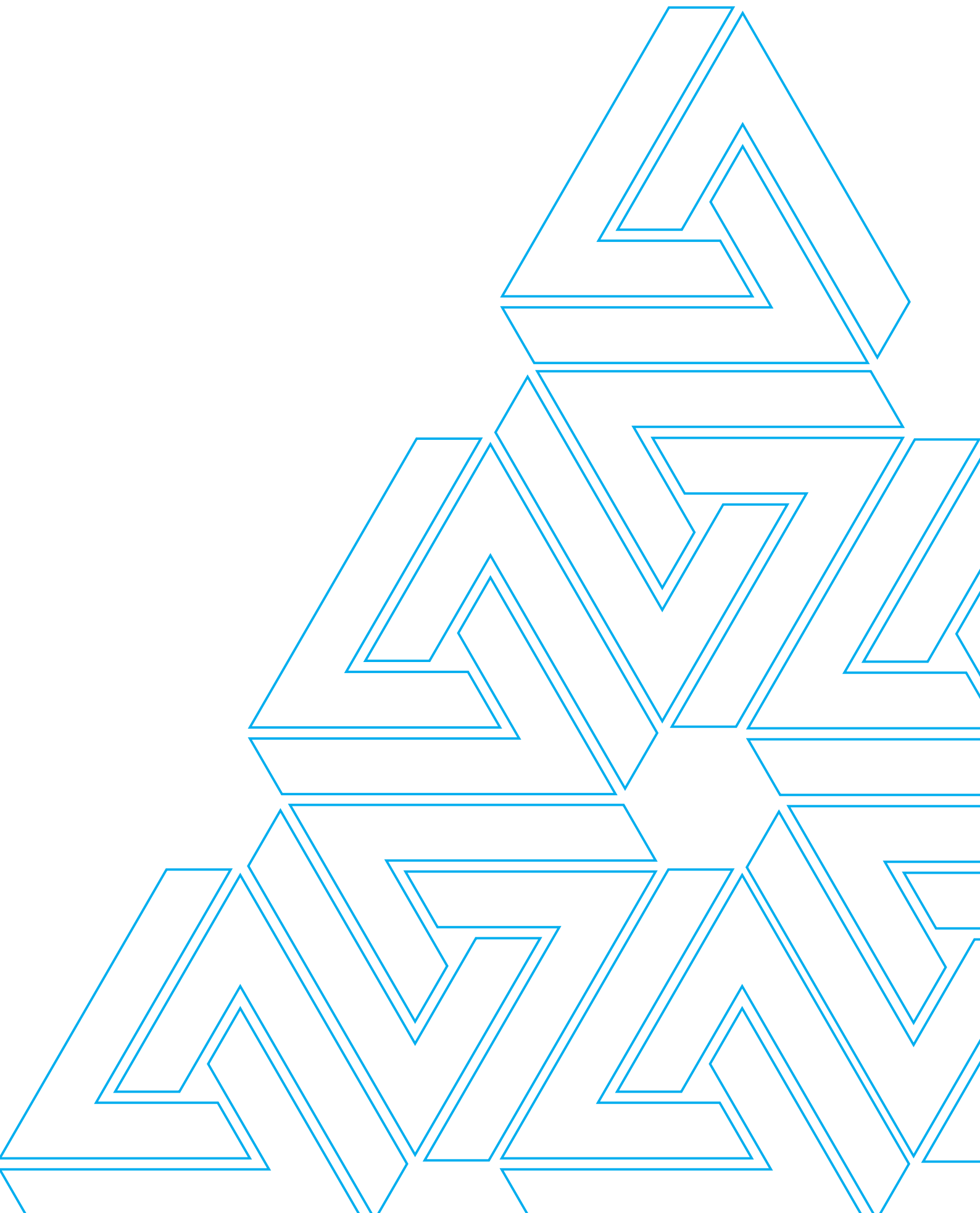


**ANNUAL  
REPORT**  
2022  
ON THE DEPOSIT  
INSURANCE  
SYSTEM  
AND ACTIVITIES OF  
THE CROATIAN  
DEPOSIT  
INSURANCE  
AGENCY



# Content

<b>FOREWORD</b> .....	<b>7</b>
<b>ABBREVIATIONS</b> .....	<b>9</b>
<b>1. BRIEF OVERVIEW OF SCOPE AND ACTIVITIES IN 2022</b> .....	<b>11</b>
1.1. Organisational structure and activities .....	12
1.2. Legal framework and amendments in 2022 .....	13
<b>2. DEPOSIT INSURANCE SYSTEM</b> .....	<b>17</b>
2.1. Role and importance of the deposit insurance system .....	18
2.2. Legislation on the Deposit Insurance System .....	19
2.3. Financing the Deposit Insurance System .....	19
2.3.1. Deposit Insurance Fund .....	20
2.3.2. Deposit insurance premiums .....	20
2.4. Credit institutions in the Republic of Croatia .....	21
2.4.1. DIS members .....	22
2.4.2. Categorisation of CIs and share of their assets .....	22
2.4.3. Ownership structure and market share of credit institutions .....	23
2.5. Exposure of the Deposit Insurance Fund to credit institutions .....	24
2.6. Compensation payouts .....	25
<b>3. DEPOSIT TRENDS IN CREDIT INSTITUTIONS</b> .....	<b>29</b>
3.1. Deposits according to sector structure .....	32
3.1.1. Total deposits by sector structure .....	32
3.1.2. Eligible deposits by sector structure .....	33
3.1.3. Covered deposits by sector structure .....	34
<b>4. COMPULSORY WINDING-UP OF CREDIT INSTITUTIONS</b> .....	<b>37</b>
<b>5. ACTIVITIES IN THE SINGLE RESOLUTION MECHANISM</b> .....	<b>41</b>
<b>6. INTERNATIONAL COLLABORATION</b> .....	<b>45</b>
<b>7. FINANCIAL INDICATORS</b> .....	<b>49</b>
<b>8. CDIA ACTIVITY REPORT</b> .....	<b>51</b>
8.1. Activity Report – Deposit Insurance System .....	51
8.2. Activity Report – Compulsory Winding-Up and Resolution Fund .....	52
8.3. Activity Report – general tasks in operations support (including mandated activities) .....	53
8.4. Public Procurement Report .....	55
8.5. Activity report of the information officer .....	56
8.6. Activity report by the occupational health and safety officer .....	57
8.7. Activity report by the data protection officer .....	57
8.8. Activity report by the dignity protection officer .....	58
<b>APPENDIX</b> .....	<b>59</b>
<b>LIST OF TABLES</b> .....	<b>60</b>
<b>LIST OF FIGURES</b> .....	<b>60</b>



# FOREWORD



**2**022 will be recorded as the year in which the Republic of Croatia completed intensive preparations for introducing the euro to replace the kuna with the euro on 1 January 2023, thus becoming the 20th member of the euro area.

The economy and financial markets for Croatian citizens and citizens of the Eurozone in 2022 have shown signs of recovery after the COVID-19 pandemic. However, the situation in Ukraine has caused concerns in various aspects of life, including deposit insurance, especially concerning Russian banks operating in Croatia, namely Sberbank d.d., a member of our Deposit Insurance System. Due to the sudden disruption of the liquidity of Sberbank d.d., the European Central Bank announced that Sberbank d.d. “is failing or likely to fail”. Consequently, the Single Resolution Board, in cooperation with Croatian institutions, has initiated resolution proceedings over Sberbank d.d. As a result, Hrvatska poštanska banka is now the new owner and Sberbank d.d. has been renamed as Nova hrvatska banka.

During this critical event in 2022, our deposit insurance system confirmed exceptional quality. With swift action, we prevented a potential bank run and panic regarding the bank on the verge of collapse due to its ownership structure. Any potential adverse effects on the banking market of the Croatia were avoided by the high-quality coordination of institutions responsible for financial stability and prompt and efficient cooperation with the SRB. The resolution of Sberbank d.d. rescued a healthy credit institution. It also ensured access to all covered (almost HRK 4 billion) and uncovered (over HRK 4 billion) deposits. Moreover, the National Deposit Insurance Fund was preserved since no insured event occurred, and no payment was required for nearly HRK 4 billion worth of covered deposits.

I take the opportunity to emphasize and praise the coordination, work, and support of the Government of the Republic of Croatia, which enabled the purchase and sale of the failing Bank by HPB. Without such a decision, the resolution proceedings could not be completed. Furthermore, it was confirmed that using bank resolution proceedings is an effective tool/instrument for managing and minimizing the adverse effects that any participant’s failure in the banking industry can have on the overall industry and financial stability. Despite some challenges, I am proud of the successful outcome and the valuable experience we gained. We are eager to share our knowledge to turn all examples of potential hazards into positive outcomes.

This case demonstrated the excellent cooperation between Croatian and European institutions during the resolution proceedings of Sberbank d.d. It also emphasized the benefits of Croatia being a member of the European banking system and the European protection mechanism. I would certainly like to thank Hrvatska poštanska banka for their prompt reaction and assistance throughout this proceeding.

To summarise, following the CDIA’s mission, trust in the financial system was preserved, citizens and the economy were protected, and support was provided to the credit institution to ensure stable and long-term business.

Over the past year, we have been actively involved in international cooperation through the work of international organisations of deposit insurers: the International Association of Deposit Insurers (IADI) and the European Forum of Deposit Insurers (EFDI). Our employees have contributed significantly to increasing recognition of the CDIA within the international community and promoting cooperation in deposit insurance to strengthen the financial system. By sharing recent and previous examples from the Croatian deposit insurance system, we have helped to enrich the knowledge base and contribute to improving the deposit insurance system.

We also made progress in strengthening cooperation regarding deposit insurance by signing a Memorandum of Understanding with the Fondo Interbancario di Tutela dei Depositi in Rome. This expands our list of countries where we have established cooperation, contributing to better cooperation between Croatia and Italy in this field. The memorandum will enable us to coordinate necessary activities and exchange knowledge and professional experience, opening up new possibilities for developing the deposit insurance system.

The year 2023., in view of the new currency – Euro, and pertinent to, we strongly believe, various impacts of the upcoming economic and political events on the global level, will be one more in a row of challenging years. However, we will search for the best solutions using our proficiency.

Before you dive into the following pages, I would like to take the opportunity to express my gratitude to all CDIA employees for their professionalism and dedicated work in the past year. We have accomplished great things that we can all be proud of. I also want to extend my thanks to the Supervisory Board for their trust and support.

Marija Hrebac, CEO





# ABBREVIATIONS

**ARAI**

Act on the Right of Access to Information

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**CDIA**

Croatian Deposit Insurance Agency

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**CI(s)**

Credit institution(s)

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**CNB**

Croatian National Bank

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**DIF**

Deposit Insurance Fund

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**DIS**

Deposit Insurance System

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**DISA**

Deposit Insurance System Act

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**ECB**

European Central Bank

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**EFDI**

European Forum of Deposit Insurers

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**EU**

European Union

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**GDPR**

General Data Protection Regulation

**IADI**

International Association of Deposit Insurers

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**MPPCSA**

Ministry of Physical Planning, Construction  
and State Assets

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**OG**

Official Gazette

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**OHSA**

Occupational Health and Safety Act

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**POLICY**

Privacy policy

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**Regulation**

Regulation (EU) No 806/2014 of the  
European Parliament and of the Council

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**SRB**

Single Resolution Board

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**SRF**

Single Resolution Fund

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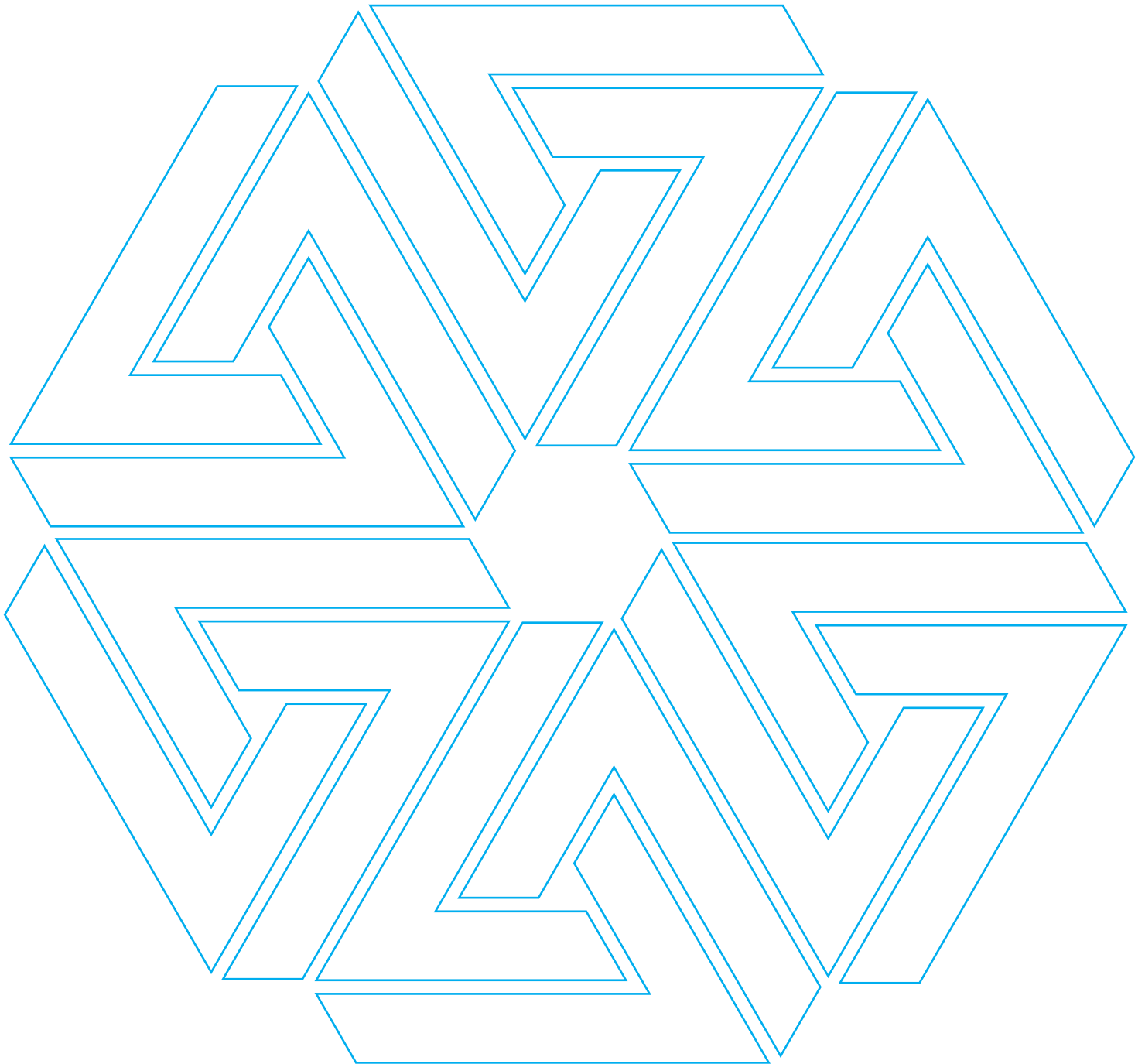
**SRM**

Single Resolution Mechanism

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**THB**

Temporary High Balance



# BRIEF OVERVIEW OF SCOPE AND ACTIVITIES IN 2022

## CDIA - PRESERVING CONFIDENCE IN THE FINANCIAL SYSTEM

The Croatian Deposit Insurance Agency (formerly the State Agency for Deposit Insurance and Bank Resolution) was founded in 1994 as a specialised financial institution that insures deposits in banks and savings banks and conducts bank resolution proceedings.

After the amendments to the legislative framework from 2021, the role of supervisory winding-up authority within the proceedings for the compulsory winding-up of credit institutions in accordance with the regulations governing the compulsory winding-up of credit institutions was added to the core activities of the CDIA, which consist of managing the deposit insurance system and managing the Deposit Insurance Fund and the resolution fund.

The CDIA manages the deposit insurance system in the Republic of Croatia. This system safeguards depositors' funds in case of an insured event occurring in a credit institution. It is an essential component of the financial security network, especially during times of crisis.

The CDIA regularly shares information about its role through publication activities and dissemination of educational materials through publications on CDIA website, publications on social networks and internet platforms (LinkedIn) and through communication with (potential) users of financial services and the general public through question and answer databases on the CDIA website with informative announcements.

## ACTIVITIES RELATED TO THE LEGAL FRAMEWORK

In 2022, the Croatian Deposit Insurance Agency (CDIA) successfully continues to exercise the powers entrusted to it by the regulations governing its operations, all in accordance with the Deposit Insurance System Act and the Act on Compulsory Winding-Up of Credit Institutions established in the previous year.

The role of supervisory winding-up authority assigned to the CDIA by the Act on Compulsory Winding-Up of Credit Institutions was already activated in 2022 with the opening of compulsory winding-up proceedings against INTERNET MOBILE BANK d.d. in liquidation.

During 2022, changes were made to the law and by-law regulations governing the Deposit Insurance System. These changes were made partly due to the transition from the kuna to the euro and partly to regulatory updates to the deposit insurance system's scope.

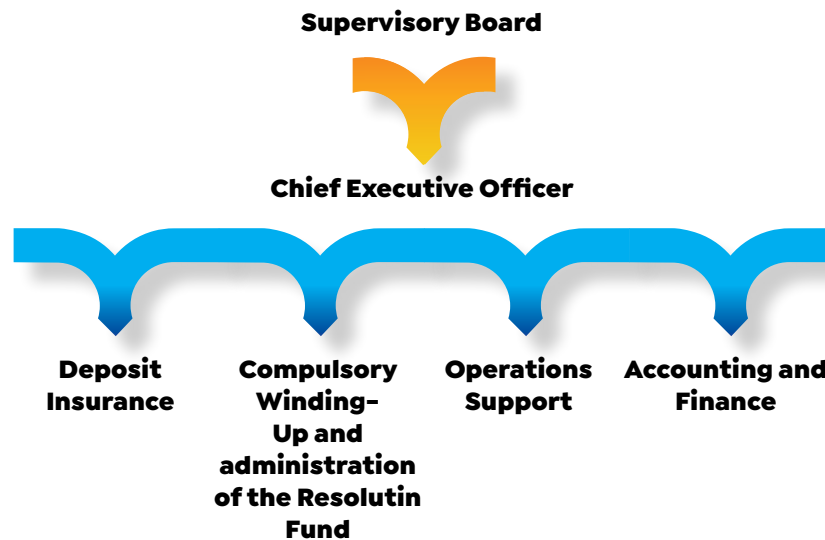
The introduction of the euro as the official currency also resulted in the involvement of the CDIA in activities related to the adoption of the Act on the introduction of the euro as the official currency of the Republic of Croatia, as well as in the harmonisation of regulations, the adoption of which is provided for by the Act on the Deposit Insurance System, and also in the harmonisation of internal regulations.

## 1.1. Organisational structure and activities

During 2022, the Supervisory Board operated in a changed composition compared to the previous year. By the decision on the appointment of the president and members of the Supervisory Board of the CDIA adopted by the Government of the Republic of Croatia in 2021, Stipe Župan was appointed as the president of the CDIA Supervisory Board, Jadranka Grokša Kardum as a member of the CDIA Supervisory Board and Mario Jurišić as a member of the CDIA Supervisory Board. At the session held on 17 March 2022 (Official Gazette 38/2022), the Government of the Republic of Croatia issued a Decision on the dismissal of a member of the Supervisory Board of the Croatian Deposit Insurance Agency, which dismisses Mario Jurišić from his duties as a member of the Supervisory Board of the Croatian Deposit Insurance Agency.

Dražen Karakašić was appointed as a member of the CDIA Supervisory Board by the Decision on the appointment of a member of the Supervisory Board of the Croatian Deposit Insurance Agency, which was adopted by the Government of the Republic of Croatia at the session held on 31 March 2022 (Official Gazette 43/2022). The CDIA CEO, Marija Hrebac, acts at the head of CDIA in the mandate entrusted to her for 4 years by the Supervisory Board, performing all the duties entrusted by the law, statute, and other regulations.

**Figure 1. Organisational structure**



In 2022, the CDIA Supervisory Board held six sessions at which it unanimously made decisions on the selection of an independent auditor, the adoption of audited financial reports and the CDIA financial plan, the annual CDIA work plan for 2022 and the three-year plan, controlled implementation of all adjustments on the recommendation of the State Audit Office, adopted the new Work Regulations, the Regulations on the Organisation and Systematisation of Workplaces and the Ordinance on Wages, Benefits and Other Workers' Receipts, adopted the Regulations on the Procedure for Internal Reporting of Irregularities, adopted the Regulations issued by the CDIA in accordance with the Deposit Insurance System Act, namely: Ordinance on the procedure for joining the Deposit Insurance System, Ordinance on the procedure for exchanging information between the CDIA and the deposit insurance system of the home member state, Ordinance on the implementation of control over whether a credit institution fulfils its obligations under the DISA and Ordinance on the method of proving the criteria for determining deposits that represent temporary high balance, adopted amendments to the financial plan of the CDIA for 2022, adopted Ordinance on the implementation of simple procurement process, and as part of its activities supervised the legality of the CDIA's work and determined that the CDIA's operations are in accordance with the legal framework that governs its jurisdiction.

## 1.2. Legal framework and amendments in 2022

**Amendments to the regulations governing the performance of work within the scope of the CDIA, which entered into force at the beginning of 2021, were adopted in 2022 to introduce new arrangements regarding the harmonisation of Croatian legislation with the European acquis.**

Thus, in 2022, amendments to the Deposit Insurance System Act published in Official Gazette 119/22 of 14 October 2022, which aimed to further harmonize the current Act with the provisions of Directive 2014/49/EU, entered into force. The aforementioned amendments change the existing provisions regarding depositors with absolute right to the amounts from the account in a way that enables the exercise of the right to deposit insurance and depositors whose identity the account owners can determine before the date of determining the unavailability of the deposit and who can prove their absolute right to the amounts in the account. Then, the obligation to transfer insurance premiums was introduced in the event of a change in membership of credit institutions in the deposit insurance system. At the same time, certain provisions are being amended due to the introduction of the euro as the official currency in the Republic of Croatia.

Regarding the by-laws adopted by the CDIA Supervisory Board, CDIA conducts consultations with the public on draft regulations related to CDIA's field of activities.

After consultation with the public and with the prior consent from the Ministry of Finance, on 13 July 2022, the CDIA Supervisory Board, in accordance with the DISA, adopted the following regulations published on the CDIA's website:

1. *Ordinance on the method of proving the criteria for determining deposits that represent a temporary high balance*, which stipulates in more detail:
  - conditions and method of proving the right to the additionally protected part of the eligible deposit in the amount of up to EUR 30,000
2. *Ordinance on the procedure for the exchange of information between the Croatian Deposit Insurance Agency and the Deposit Insurance System of the home Member State*, which stipulates in detail:
  - communication and exchange of information between the deposit insurance system or, as necessary, designated authorities, in accordance with Directive 2014/49/EU, the Deposit Insurance System Act (Official Gazette 146/20; hereinafter: DISA), the Act on the Implementation of the General Regulation on Data Protection (OG 42/18) and the Guidelines on Cooperation Agreements between Deposit Insurance Systems within the framework of Directive 2014/49/EU
3. *Ordinance on the implementation of control over whether a credit institution fulfils the obligations in relations to the Deposit Insurance System Act*, which stipulates in more detail:
  - conditions and manner of conducting control over the operations of credit institutions in the segment of operations with deposits as prescribed by the provisions of the DISA
4. *Ordinance on the procedure for joining the Deposit Insurance System*, which stipulates in detail:
  - initiation of the procedure for membership in the deposit insurance system and records of members of the Deposit Insurance System

At the same time, in accordance with the authority provided for in the Statute and the DISA, the CDIA CEO issued a new (revised) Instruction on the implementation of stress tests of the deposit insurance system, which prescribes in more detail the conditions, method and purpose of conducting stress tests of the deposit insurance system, as it is prescribed by the DISA and the revised Guidelines on stress tests of deposit insurance systems based on Directive 2014/49/EU of the European Banking Authority EBA/GL/2021/10, which are carried out by CDIA employees or other persons authorised by the CDIA CEO.

The Act on Compulsory Winding-Up of Credit Institutions (OG No. 146/20) which has not been amended in 2022, applies to the activities of CDIA with regard to the powers in the compulsory winding-up proceedings and the role of the supervisory winding-up authority in the compulsory winding-up proceedings. Pursuant to the aforementioned Act, the Ministry of Finance adopted the Ordinance on determining the list of liquidators (Official Gazette, no. 75/22).

On the basis of the subject Act and the aforementioned Ordinance, CDIA determines, maintains, and regularly updates the list of liquidators. The list of liquidators must be published and permanently available on the website of the supervisory winding-up authority <https://www.haod.hr/prisilna-likvidacija/lista-prisilnih-likvidatora>.

The legal framework for performing tasks under the competence of the CDIA in 2022 comprises the provisions given in Table 1.

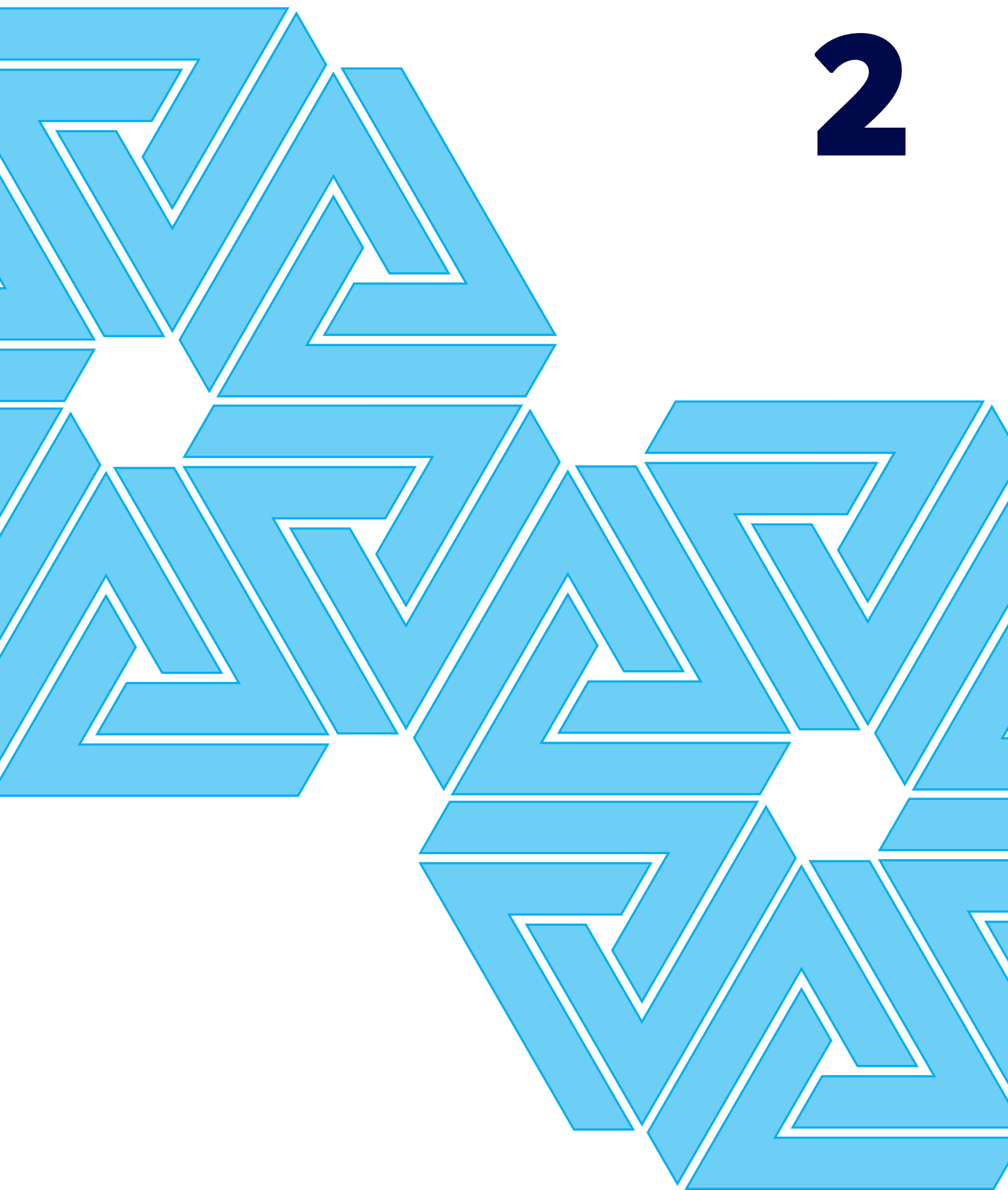
**Table 1. Overview of the legal framework of the EU and Croatia**

EU regulation	Official Journal of the EU	Croatian Laws	OG
EU Directive of the European Parliament and of the Council on deposit guarantee schemes	2014/49/ EU of 6 April 2014	Deposit Insurance System Act	146/20, 119/22
Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firm	2014/59/EU of 15 May 2014	Act on the Resolution of Credit Institutions and Investment Firms	146/20, 21/22
Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions	2001/24/EC of 4 April 2001	Act on Compulsory Winding-Up of Credit Institutions	146/20
Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/ EU as regards the ranking of unsecured debt instruments in the insolvency hierarchy	2017/2399/EU of 12 December 2017		

Source: EU and Croatian Regulations



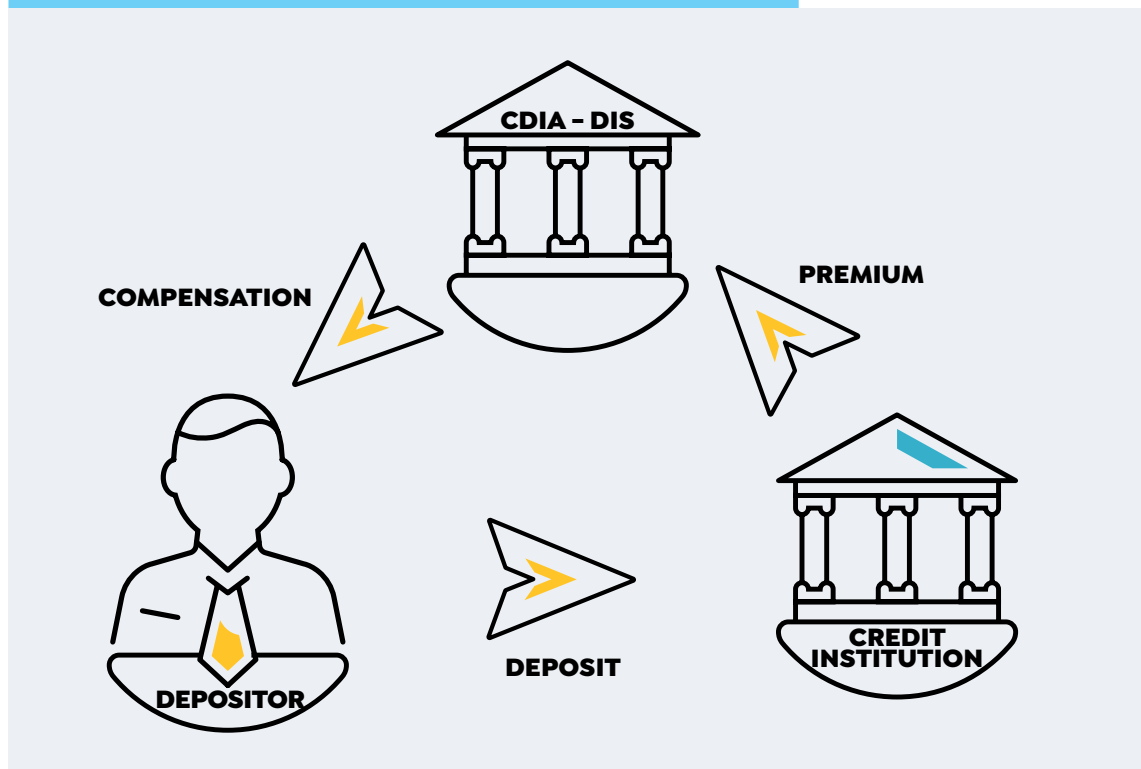
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# DEPOSIT INSURANCE SYSTEM

Provides prompt and efficient compensation to depositors



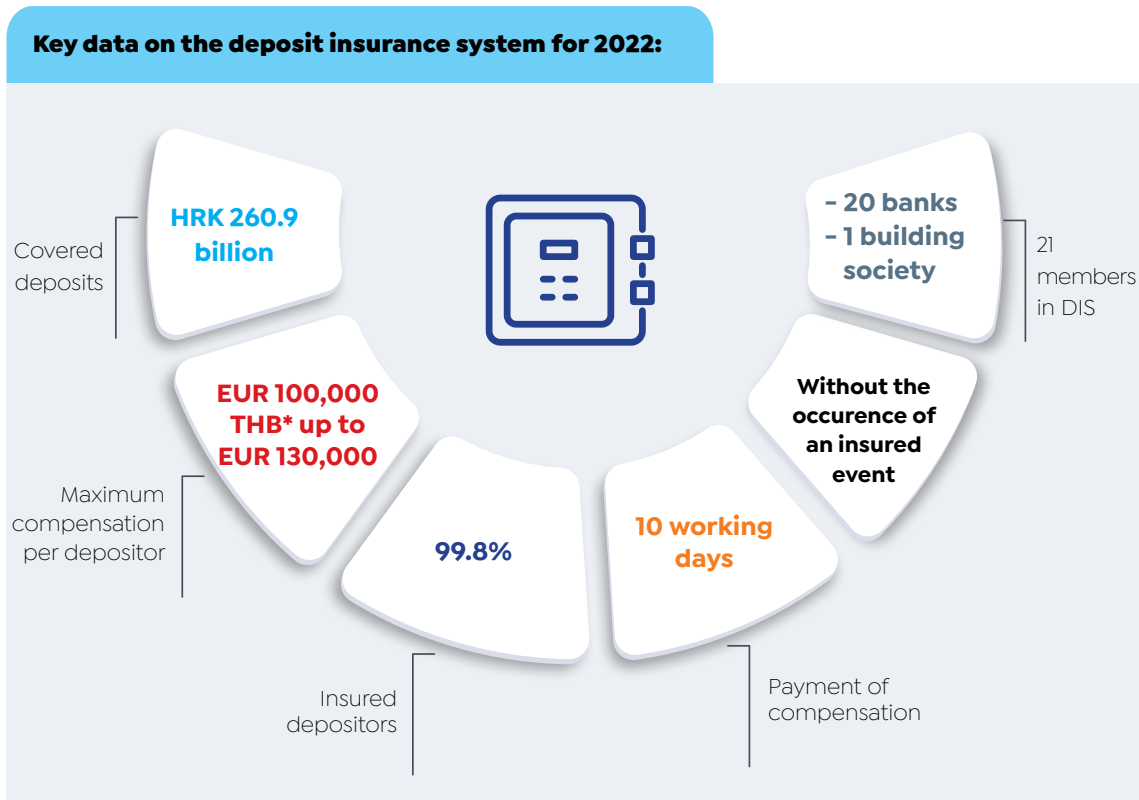
The Deposit Insurance System (DIS) protects depositors from losing their deposits if the credit institution experiences an insured event. DIS helps preserve the trust of depositors and the stability of the entire financial system in the Republic of Croatia.

The CDIA manages the Deposit Insurance System in the Republic of Croatia as an authority authorised to conduct procedures as stipulated in the Deposit Insurance System Act (OG no. 146/20, 119/22).

The Deposit Insurance System is activated at the onset of an insured event. This can occur when the Croatian National Bank (CNB) issues a decision on the unavailability of deposits or when the court of jurisdiction issues a decision to open compulsory winding-up proceedings (formerly bankruptcy proceedings) against a credit institution.

The main characteristics of the DIS in the Republic of Croatia:

- independence and autonomy of the CDIA within its overall competence,
- mandatory membership for all credit institutions,
- financing “in advance” (“ex-ante”),
- differentiated deposit insurance premium system,
- target level of the Deposit Insurance Fund,
- insured amount = EU.



\*THB = Temporary high balance

## 2.1. Role and importance of the deposit insurance system

### VISION

- Promote confidence in the stability of the financial system

### MISSION

- To protect depositors from losing their funds in the event of the failure of the credit institution
- Enable prompt payment of covered deposits in case of failure of the credit institution
- Contribute to stability and confidence in the Croatian financial system
- Provide support to credit institutions in ensuring long-term stable operations.

Clients' trust prevents a liquidity crisis and ultimately the failure of the credit institution. The crises of the financial system that have occurred have shown that deposit insurance is the basis of depositors' confidence and financial stability.

Banking stability depends highly on the **trust** of clients who use the services of credit institutions. Difficulties in the banking business occur when trust is eroded, i.e., specifically at the time when depositors "withdraw" their deposits due to a lack of trust in a certain credit institution.

The deposit insurance system enhances the **trust** of depositors in the entire banking system preventing potential panic of depositors and withdrawing of deposits from credit institutions. This approach protects the whole banking system and supports credit institutions to ensure stability and longevity of the business.

DIS is an exceptionally important element of the Financial Safety Net and is especially important in times of crisis when it prevents the so-called “bank run”, caused by depositors’ lack of trust.

## 2.2. Legislation on the Deposit Insurance System

The uniformity of deposit insurance at the EU level is based on Directive 2014/49/EU (DGSD), by which European regulators increased the degree of harmonisation of deposit insurance systems in EU member states. The DGSD was transposed into the Croatian legislation by the Deposit Insurance System Act (OG No. 146/20, 119/22) (hereinafter: DISA).

Harmonisation especially relates to:

- the amount of compensation (the level of protection has been agreed upon and presumes that the covered amount in all EU Member States is EUR 100,000 per depositor per credit institution),
- the scope of insurance coverage (inclusion into the insurance and deposit system of all legal entities, except for financial institutions, insurance companies, pension funds and state units),
- compensation payout deadlines.

Besides strengthening the trust in the banking system, the intention of European regulators in passing these important common provisions at the level of EU member states is to establish equal conditions for all depositors on the common European market. This prevents the migration of deposits between Member States for the purpose of achieving a higher degree of security and preserve the financial stability of each system, both individually and as a whole.

For the efficient functioning of the DIS, it is important to ensure a high-quality organisation of the system, appropriate funding methods, and alternative funding sources if necessary. Most importantly, promptly informing the public about deposit availability, amounts, and deadlines in the event of unavailability of deposits in a certain credit institution.

Awareness of the operation of the national DIS, which will pay depositors their covered deposits up to a certain limit within a relatively short time significantly contributes to reducing the difficulties that ultimately occur when crisis occurs.

## 2.3. Financing the Deposit Insurance System

Financing of the deposit insurance system in the Republic of Croatia has been based on an ex-ante basis. It is characteristic of ex-ante systems that the Deposit Insurance Fund (DIF) is established, which is planned and into which funds are paid in advance, primarily from the premiums paid by all credit institutions, members of the system.

Thanks to regular and sure sources of inflows, liquid and solvent operations of DIF are enabled, as well as quick payout of covered deposits, especially bearing in mind that the prescribed payout deadlines are shortened significantly.

This way of collecting funds “in advance”, i.e. on an ex-ante basis, is based on clearly prescribed rules and provides significant security because the funds in the DIF are collected in good times, they are always available, and thus the funds of the Fund are sufficient for quick and efficient operation in case of failure of the credit institution.

It is important to note that the DISA ensures that the failure of the credit institution is not borne by taxpayers, and the total burden of financing the deposit insurance system is explicitly transferred to the members of the DIS.

### 2.3.1. Deposit Insurance Fund

The deposit insurance system has been financed from the available financial means of the DIF.

**In addition to the deposit insurance premiums - the main source of financing**, the DIF funds are also secured through:

1. initial fees from members of the deposit insurance system,
2. funds from charging payments based on compensation payouts in the compulsory winding-up proceedings against the credit institution,
3. funds from charges for confiscated assets of the credit institution over which the compulsory winding-up proceedings are initiated (previously known as bankruptcy proceedings),
4. revenue from investing DIF funds,
5. receivables for irrevocable payables,
6. other sources such as: taking out loans from credit institutions in the country and abroad, institutional investors, the Croatian national budget as the so-called “final refuge” and other deposit insurance systems within the EU.

The target level of DIF funds in the Republic of Croatia **amounts to 1% + 1.5% of covered deposits in all credit institutions, deposit insurance system members**.

The target level of the Deposit Insurance Fund refers to the estimated amount of financial resources that the deposit insurance system must continuously have for settling anticipated future obligations and coverage of operational and associated costs of the deposit insurer.

The new DISA stipulates that the Deposit Insurance Fund consists of two parts, i.e.:

1. Basic Deposit Insurance Fund - 1%
2. Additional Deposit Insurance Fund - 1.5%.

**The Basic DIF** always has 1% of available financial means that serve solely for paying out covered deposits. The Basic DIF should have available at any time financial means amounting to 1% of the total covered deposits in all credit institution in the Republic of Croatia.

**Additional DIF** has the function of supplementing the Basic DIF, in the form of provide support in collecting ex-post premiums, utilise funds for the purpose of undertaking measures to prevent the risk of an insured event occurring and support in financing the resolution of credit institutions, as well as support in financing compulsory winding-up of credit institutions.

The Additional DIF should have available at any time financial means amounting to 1.5% of the total covered deposits in all credit institution in the Republic of Croatia.

DIF funds are invested exclusively in low-risk assets (treasury bills, bonds of the Republic of Croatia) so that they are quickly and easily available in the event of the failure of the credit institution.

### 2.3.2. Deposit insurance premiums

Credit institutions are obliged to pay a one-time initial fee when joining DIS, as well as deposit insurance premium during participation in DIS, all based on clearly defined calculation methods in accordance with the provisions of DISA. Deposit insurance premiums represent the most important source of funding for the DIF.

Deposit insurance premiums in the national DIS are calculated on the so-called risk based model, so that one of the factors in the calculation of the premium is the risk profile of each individual credit institution, which means that the credit institution that assumes a higher risk has the obligation to pay a higher premium in DIF.

The financial means from the paid deposit insurance premiums are held in a separate account of the CDIA opened at the CNB.

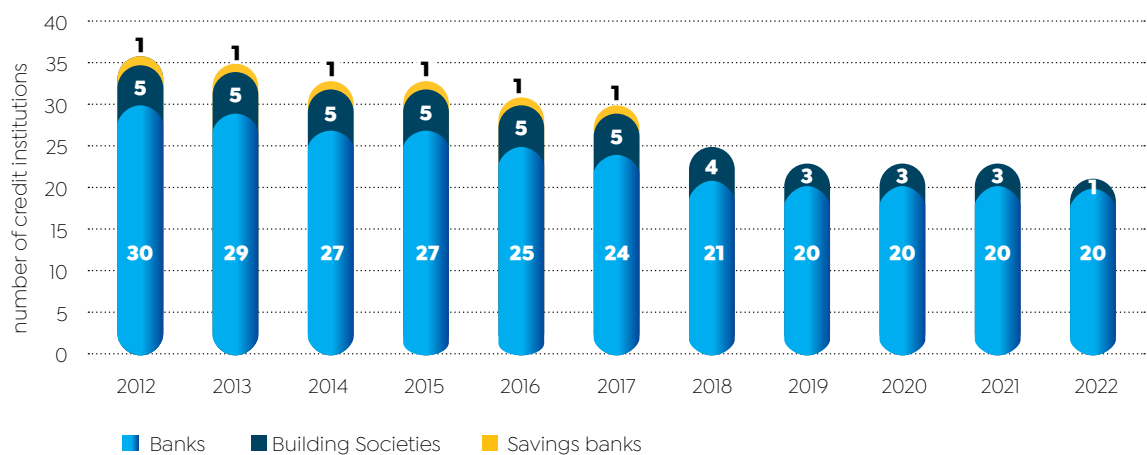
During 2022, CDIA charged a deposit insurance premium, considering that DIF financial means for the 1st and 4th quarters were at a level below 2.5%.

During the 4th quarter of 2022, there was an expected increase in the growth of deposits, due to the deposit of a significant amount of kuna funds into accounts in credit institutions, stimulated by the replacement of the Croatian kuna with the euro from 1 January 2023.

## 2.4. Credit institutions in the Republic of Croatia

The slight trend of decreasing the number of credit institutions continued in 2022 due to the consolidation of the building societies market. As at 31 December 2022, there were 20 commercial banks and 1 building society operating on the banking market. In 2022, the integration of two building societies with parent companies took place. In June, PBZ stambena štedionica d.d. was merged with Privredna banka d.d., while in May Raiffeisen stambena štedionica d.d. was merged with Raiffeisen banka d.d.

**Figure 2. Number of credit institutions by years 2012 - 2022**



Source: CDIA

## 2.4.1. DIS members

Membership in the DIS is mandatory for all credit institutions that have received approval to operate from the CNB and subsidiaries of those credit institutions in other Member States.

**Table 2. List of Deposit Insurance System members, as at 31 December 2022**

No.	Members	Web address
1	ADDIKO BANK d.d., Zagreb	www.addiko.hr
2	AGRAM BANKA d.d. Zagreb	www.agrambanka.hr
3	BANKA KOVANICA d.d., Varaždin	www.kovanica.hr
4	CROATIA BANKA d.d., Zagreb	www.croatiabanka.hr
5	ERSTE&STEIERMÄRKISCHE BANK d.d., Rijeka	www.erstebank.hr
6	HRVATSKA POŠTANSKA BANKA d.d., Zagreb	www.hpb.hr
7	IMEX BANKA d.d., Split	www.imexbanka.hr
8	ISTARSKA KREDITNA BANKA UMAG d.d., Umag	www.ikb.hr
9	J&T BANKA d.d., Varaždin	www.jtbanka.hr
10	KARLOVAČKA BANKA d.d., Karlovac	www.kaba.hr
11	KENTBANK d.d., Zagreb	www.kentbank.hr
12	NOVA HRVATSKA BANKA d.d. Zagreb	www.novahrvatskabanka.hr
13	OTP BANKA d.d., Split	www.otpbanka.hr
14	PARTNER BANKA d.d., Zagreb	www.paba.hr
15	PODRAVSKA BANKA d.d., Koprivnica	www.poba.hr
16	PRIVREDNA BANKA ZAGREB d.d., Zagreb	www.pbz.hr
17	RAIFFEISENBANK AUSTRIA d.d., Zagreb	www.rba.hr
18	SAMOBORSKA BANKA d.d., Samobor	www.sabank.hr
19	SLATINSKA BANKA d.d., Slatina	www.slatinska-banka.hr
20	ZAGREBAČKA BANKA d.d., Zagreb	www.zaba.hr
21	WÜSTENROT STAMBENA ŠTEDIONICA d.d., Zagreb	www.wuestenrot.hr

Source: CDIA

## 2.4.2. Categorisation of CIs and share of their assets

Out of 21 credit institutions, the largest 7 according to market share in total assets, are classified as other systemically important credit institutions, and 14 refer to other credit institutions.

The total assets of credit institutions in the Republic of Croatia at the end of December 2022 amounted to HRK 572.2 billion, which is an increase of HRK 71.3 billion or even 14.2% more compared to the end of 2021<sup>1</sup>.

The growth of the assets of credit institutions is the result of deposits of depositors' funds into accounts in credit institutions for conversion of the domestic currency into the euro and the expansion of lending by credit institutions due to the high demand for loans.

<sup>1</sup> Source: CNB, unaudited preliminary data for the end of 2022.

**Table 3. Share of the CI in total assets**

**in HRK 000**

No.	Credit institution	Other Systemically Important Credit Institutions ("O-SIIs")	Total assets	Share in total assets %
1	Zagrebačka banka d.d.	YES	150,443,158	26.29
2	Privredna banka Zagreb d.d.	YES	119,335,882	20.86
3	Erste&Steiermärkische Bank d.d.	YES	102,576,672	17.93
4	OTP banka d.d.	YES	57,625,358	10.07
5	Raiffeisenbank Austria d.d.	YES	47,874,619	8.37
6	Hrvatska poštanska banka d.d.	YES	34,412,346	6.01
7	Addiko Bank d.d.	YES	17,224,416	3.01
8	Nova hrvatska banka d.d.		9,288,820	1.62
9	Istarska kreditna banka Umag d.d.		5,285,886	0.92
10	Podravska banka d.d.		4,590,137	0.80
11	Agram banka d.d.		4,318,300	0.75
12	KentBank d.d.		4,076,273	0.71
13	Karlovačka banka d.d.		3,307,547	0.58
14	Partner banka d.d.		2,143,398	0.37
15	Wüstenrot stambena štedionica d.d.		2,110,567	0.37
16	Croatia banka d.d.		1,841,304	0.32
17	Slatinska banka d.d.		1,597,168	0.28
18	Banka Kovanica d.d.		1,590,637	0.28
19	Imex banka d.d.		1,205,310	0.21
20	Samoborska banka d.d.		665,295	0.12
21	J&T banka d.d.		664,508	0.12
	<b>TOTAL</b>		<b>572,177,602</b>	<b>100.00</b>

Source: CNB

### 2.4.3. Ownership structure and market share of credit institutions

Since all large credit institutions belong to European banking groups, foreign-owned credit institutions continue to dominate in the banking system in the Republic of Croatia. As at the end of 2022, 11 out of 21 CIs are in foreign ownership.

In 2022, resolution proceedings were initiated against Sberbank d.d. It was decided to carry out the resolution by sale and the new owner of Sberbank d.d. became Hrvatska poštanska banka d.d., Consequently, the ownership structure was also changed from private to state, lending to an increase in the number of state-owned credit institutions to three.

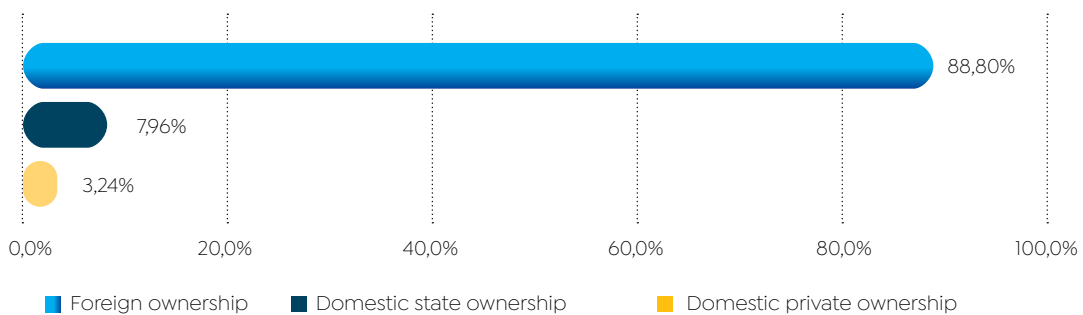
**Table 4. The number and share of CI assets in the assets of all CIs by ownership structure at the end of the period**

Ownership structure of CI	31 December 2021		31 December 2022	
	Number of CIs	Share,%	Number of CIs	Share,%
Domestic state ownership	2	5.93	3	3,24
Domestic private ownership	7	3.45	7	7,96
Foreign ownership	14	90.62	11	88,80
Total	23	100.00	21	100,00

Source: CNB

As at 31 December 2022, foreign-owned credit institutions held 88.80% of total assets, while domestic-owned credit institutions held a 11.20% share. Of the domestic-owned institutions, 7 were privately owned and had a share of 7.96% in total assets, while the remaining 3 were state-owned with a share of only 3.24% in total assets.

**Figure 3. CI ownership structure as at 31 December 2022**



Source: CNB

## 2.5. Exposure of the Deposit Insurance Fund to credit institutions

As at 31 December 2022, DIF funds amounted to HRK 6.085 billion, while the covered deposits in all credit institutions amounted to HRK 260.9 billion.

Coverage of covered deposits by DIF funds on 31 December 2022 amounted to 2.4%. With available DIF funds at the level of 2.4%, CDIA could pay the total covered deposits of the 7 smallest credit institutions “LSI”, at the time of simultaneous occurrence of the insured event.

We would additionally highlight the important fact that other systemically important institutions (“O-SIs”) are under the jurisdiction of the SRB, which manages the Single Resolution Fund (SRF), which was at the level of 66 billion euros in 2022.

The coverage of covered deposits by individual credit institution as at 31 December 2022 is shown in the table below.



**Table 5. Coverage level of covered deposits by DIF funds as at 31 December 2022 (HRK '000)**

LSI CI*	COVERED DEPOSITS	CD PAYMENT FUNDS (2.4% CD)	COVERAGE, %
1	3,372,655	6,084,862	180.4%
2	3,110,540	6,084,862	195.6%
3	2,475,223	6,084,862	245.8%
4	1,961,719	6,084,862	310.2%
5	1,764,092	6,084,862	344.9%
6	1,681,097	6,084,862	362.0%
7	1,676,121	6,084,862	363.0%
8	1,240,608	6,084,862	490.5%
9	1,162,481	6,084,862	523.4%
10	939,311	6,084,862	647.8%
11	928,062	6,084,862	655.7%
12	911,168	6,084,862	667.8%
13	420,695	6,084,862	1446.4%
14	349,220	6,084,862	1742.4%

\* LSI credit institutions

OSV CI**	COVERED DEPOSITS	CD PAYMENT FUNDS (2.4% CD)	COVERAGE, %
1	66,755,759	6,084,862	9.1%
2	60,274,664	6,084,862	10.1%
3	39,633,518	6,084,862	15.4%
4	28,577,423	6,084,862	21.3%
5	20,888,351	6,084,862	29.1%
6	14,110,582	6,084,862	43.1%
7	8,667,314	6,084,862	70.2%

\*\*O-SIIs (other systemically important credit institutions) – jurisdiction of the SRB

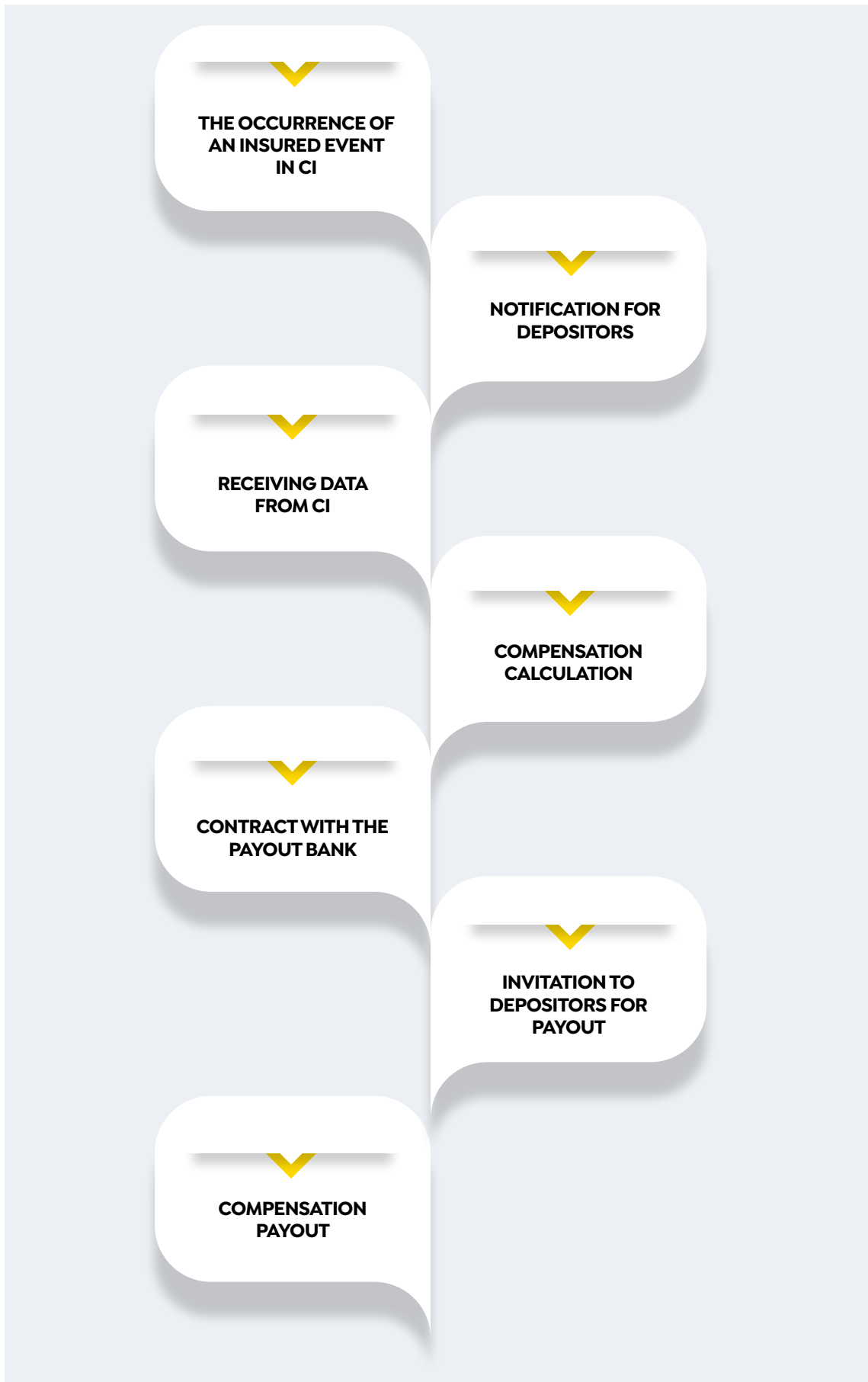
## 2.6. Compensation payouts

In 2022, not a single credit institution had failed.

The deposit insurance system is activated when an insured event occurs. As defined in DISA, this event can occur when the CNB issues the Decision on the Unavailability of Deposits or when the court of jurisdiction adopts the Decision on Opening Compulsory Winding-Up Proceedings against a credit institution (previously: bankruptcy proceedings).

The legally stipulated deadline for preparing compensation payouts is a maximum of 10 working days from the occurrence date of the insured event, i.e., the credit institution's failure. Starting from 1 January 2024, the deadline will be reduced to 7 working days. Importantly, the CDIA has been fulfilling the obligation in the shortest possible legally stipulated deadline over the last nine years.

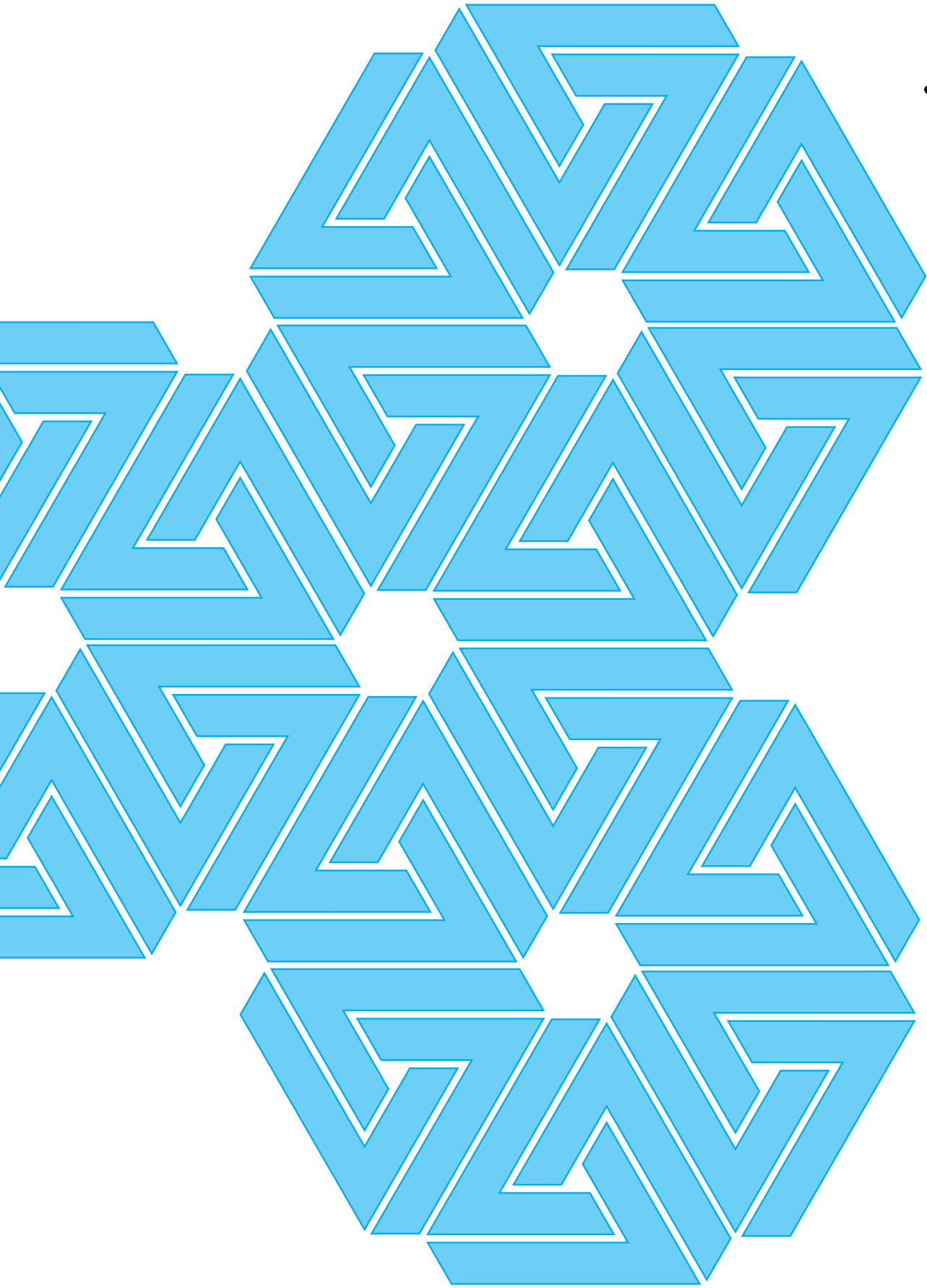
## THE PROCEDURE OF COMPENSATION PAYOUT



**Table 6. Overview of total payouts obligations for covered deposits**

No.	Credit institution	Year of initiating bankruptcy	Compensation in HRK	Number of depositors
1.	Vukovarska banka d.d. Vukovar	1998	26,628,202	13,101
2.	Građanska štedionica d.o.o. Zagreb	1998	30,224,221	946
3.	Ilirija banka d.d. Zagreb	1999	36,944,134	1,780
4.	Komercijalna banka d.d. Zagreb	1999	67,821,200	8,958
5.	Glumina banka d.d. Zagreb	1999	1,356,788,906	24,002
6.	Županijska banka d.d. Županja	1999	599,833,146	42,688
7.	Gradska banka d.d. Osijek	1999	961,216,280	35,875
8.	Neretvansko gospodarska banka d.d. Ploče	1999	27,711,987	5,635
9.	Invest štedionica d.o.o. Zagreb	1999	13,818,361	201
10.	Promdei banka d.d. Zagreb	1999	8,451,297	207
11.	Hrvatska gospodarska banka d.d. Zagreb	2000	226,148,878	25,255
12.	Agroobrtnička banka d.d. Zagreb	2000	128,570,637	14,613
13.	Trgovačko-turistička banka d.d. Split	2000	21,738,890	1,419
14.	Adria štedionica d.o.o. Zagreb	2000	1,865,769	31
15.	Dugi pogled štedionica d.o.o. Zagreb	2001	8,327,636	99
16.	Grošbanak štedionica d.o.o. Zagreb	2001	12,752,583	320
17.	Štedionica za razvoj i obnovu d.o.o. Zagreb	2001	87,806,595	4,624
18.	Razvojna banka Dalmacija d.o.o. Split	2001	3,301,761	97
19.	Gold štedionica d.o.o. Split	2001	12,275,736	343
20.	Mediteran štedionica d.o.o. Split	2001	20,449,916	421
21.	Alpe Jadran banka d.d. Split	2002	28,238,789	1,846
22.	Kaptol banka d.d. Zagreb	2002	15,072,976	411
23.	Slavonska štedionica d.d. Zagreb	2002	19,037,597	304
24.	Gospodarska štedionica d.d. Vrbovec	2003	10,077,645	166
25.	Međimurska štedionica d.d. Čakovec	2004	160,527,492	4,366
26.	Credo banka d.d. Split	2012	471,330,855	12,958
27.	Centar banka d.d. Zagreb	2013	525,190,379	7,126
28.	Nava banka d.d. Zagreb	2014	157,310,615	1,197
29.	Banka splitsko-dalmatinska d.d. Split	2016	379,497,567	8,212
30.	Tesla štedna banka d.d. Zagreb	2018	7,540	2
	<b>TOTAL</b>		<b>5,418,967,589</b>	<b>217,203</b>

Source: CDIA



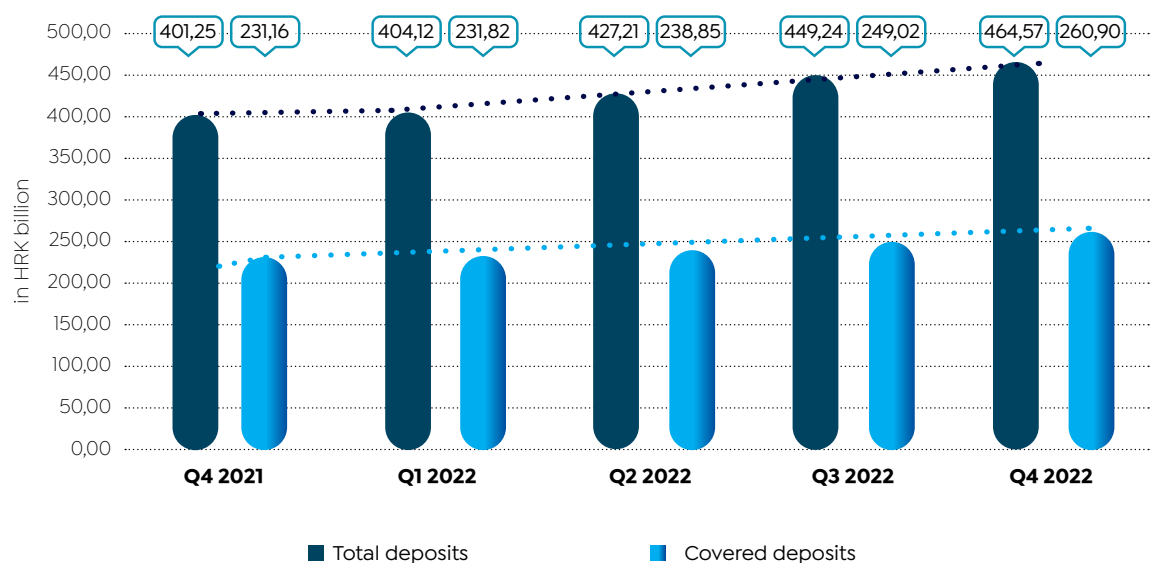
**3**

# DEPOSIT TRENDS IN CREDIT INSTITUTIONS

For the requirements of deposit insurance, the CDIA tracks trends in deposits held in credit institutions based on the Report on the Balance of Total Deposits and Covered Deposits for Calculating Deposit Insurance Premium. The report is stipulated by the Ordinance on the Obligations of Credit Institution in Relation to the Deposit Insurance System (OG, no. 75/2021), and all credit institutions are obliged to submit the Report to the CDIA on a monthly basis.

During 2022, deposits recorded a continuous positive trend throughout the observed period due to the stability of the banking sector and the financial system in the Republic of Croatia.

**Figure 4. Deposit trends for the period 31 December 2021 – 31 December 2022**



Source: CDIA

**Total deposits** in credit institutions increased significantly in 2022, reaching **HRK 464.6 billion** at the end of December 2022, which is an increase of **HRK 63.3 billion**, or as much as **15.8%**, compared to the end of last year.

**Table 7. Trends for total deposits (in HRK billion)**

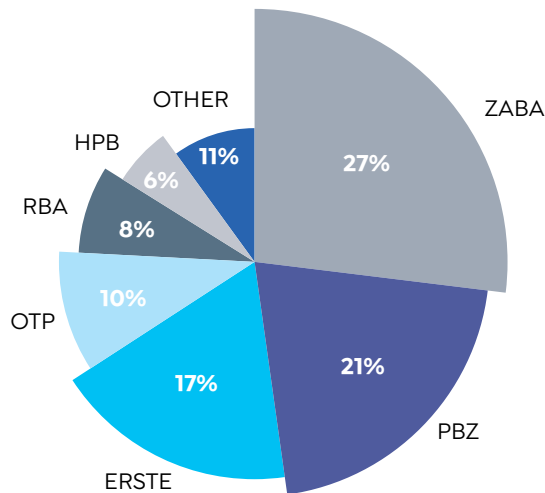
Amount of total deposits in all CIs	2022	2021	2022 vs 2021	
	Amount in HRK	Amount in HRK	Change	Change in %
	<b>464.57</b>	<b>401.25</b>	<b>63.32</b>	<b>15.8%</b>

Source: CDIA

Out of a total of 21 credit institutions, as much as 88.8% of total deposits, i.e. HRK 416.98 billion, were distributed among the 6 largest credit institutions by asset size, while the share of deposits in all other credit institutions amounted to only 11.2%. Compared to the end of last year, the total deposits of the above-mentioned 6 credit institutions recorded an increase of HRK 64.46 billion, i.e. as much as 18.3%.

Of the six largest credit institutions, Zagrebačka banka had the largest share of total deposits, with 26.9%, or HRK 124.81 billion, followed by Privredna banka Zagreb with 20.9%, or HRK 97.02 billion, Erste&Steiermärkische Bank with 17.4%, or HRK 80.67 billion, OTP Bank with 9.9%, or HRK 46.21 billion, Raiffeisenbank Austria with 8.3%, or HRK 38.74 billion, and Hrvatska poštanska banka with HRK 6.4%, or HRK 29.53 billion.

**Figure 5. Share of total deposits by CI, as at 31 December 2022**



Source: CDIA

**Covered deposits** as at 31 December 2022 amounted to **HRK 260.90 billion**, which compared to the end of 2021 is an increase of HRK 29.74, i.e. **12.9%**.

**Table 8. Increase of covered deposits (in HRK billion)**

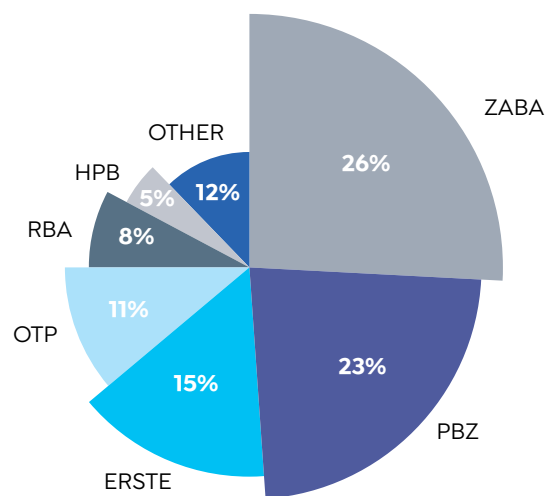
Amount of covered deposits in all CIs	2022	2021	2022 vs 2021	
	Amount in HRK	Amount in HRK	Change	Change in %
	<b>260.90</b>	<b>231.16</b>	<b>29.74</b>	<b>12.9%</b>

Source: CDIA

In terms of total amount of covered deposits, the deposits in the large banks (6 of them) accounted for as much as 88.3%, i.e. HRK 230.24 billion, and compared to the end of 2021, there was an increase of 15.7%, i.e. HRK 31.29 billion. The share of covered deposits in all other credit institutions amounted to only 11.7%, or HRK 30.66 billion.

Of the six large credit institutions, the largest share is attributed to Zagrebačka banka at 25.6%, or HRK 66.76 billion. Next is Privredna banka Zagreb with 23.1%, i.e. HRK 60.27 billion, Erste&Steiermärkische Bank at 15.2%, i.e. HRK 39.63 billion, OTP banka at 10.9%, i.e. HRK 28.58 billion, Raiffeisenbank Austria at 8.0%, or HRK 20.89 billion, and Hrvatska poštanska banka at 5.4%, or HRK 14.11 billion.

**Figure 6. Share of covered deposits by CI, as at 31 December 2022**

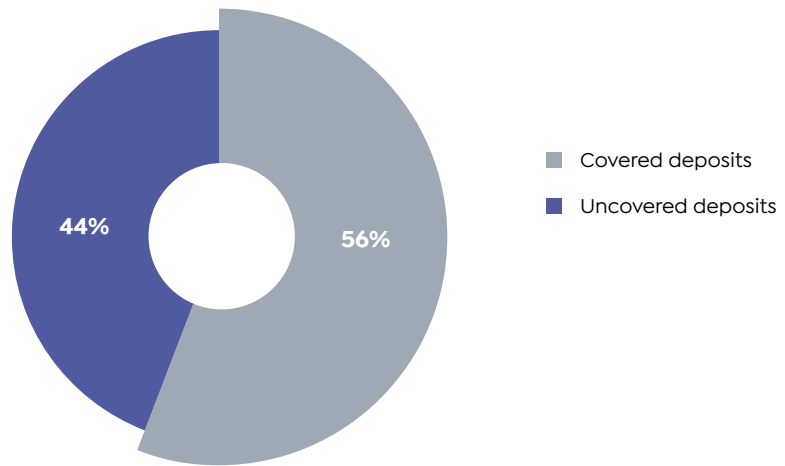


Source: CDIA

Uncovered deposits as at 31 December 2022 amounted to HRK 203.67 billion. The largest share in the structure of uncovered deposits relates to the deposits of legal persons who are subject to mandatory insurance, where the total amount per legal person exceeds EUR 100,000 and accounts to HRK 91.34 billion or 44.9%, next are deposits belonging to natural persons amounting to HRK 52.82 billion or 25.9%, deposits of financial institutions amounting to HRK 28.64 billion or 14.0%, deposits of state units amounting to HRK 26.87 billion or 13.2%, and deposits of non-profit organisations amounting to HRK 4.0 billion or 2%.

Figure 7 shows the ratio of covered and uncovered deposits in credit institutions. It shows that at the end of 2022, 56.2% of all deposits were covered deposits, i.e. deposits not exceeding EUR 100,000 in total per depositor, while uncovered deposits made up 43.8% of all deposits.

**Figure 7. Covered and uncovered deposits in CIs, as at 31 December 2022**



Source: CDIA

### 3.1. Deposits according to sector structure

#### 3.1.1. Total deposits by sector structure

**Table 9. Total deposits by sector structure (in HRK billion)**

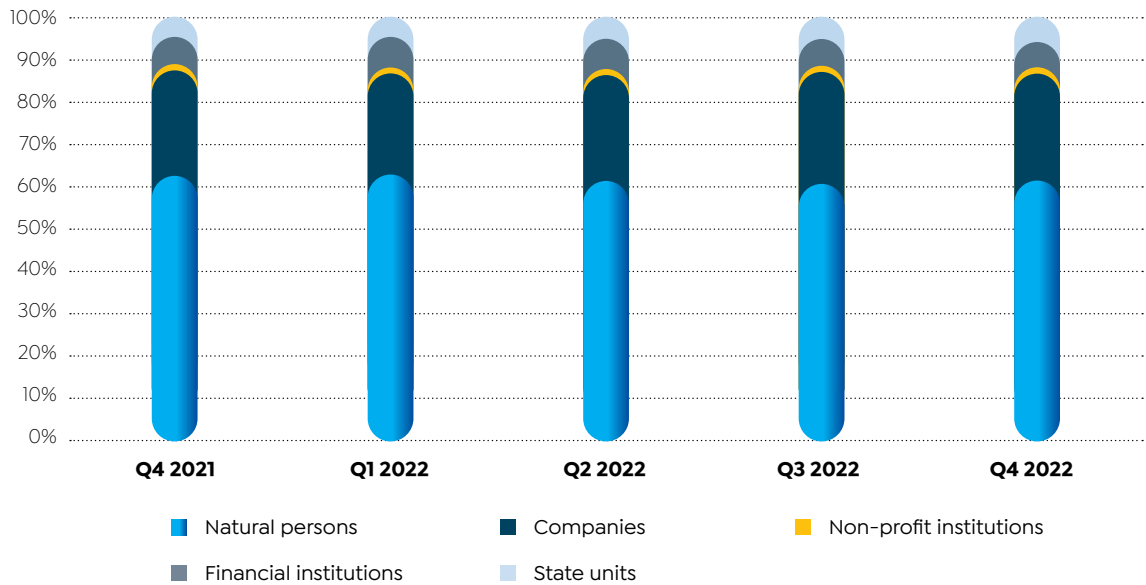
All CIs	Natural persons	Companies	Non-profit institutions	Financial institutions	State units
31 Dec 21	250.97	99.98	5.63	24.84	19.82
31 Mar 22	253.94	95.82	5.71	28.70	19.96
30 June 22	262.09	106.94	5.77	29.98	22.43
30 Sep 22	272.22	119.27	6.11	28.23	23.42
31 Dec 22	284.56	118.18	6.30	28.64	26.89

Source: CDIA

Figure 8 shows that deposits belonging to natural persons are dominant in the structure of all deposits. The natural persons sector comprises the most significant depositors of the Croatian banking system. As at 31 December 2022 the share of deposits deposited by the natural persons sector with respect to total deposits in credit institutions amounted to 61.3% or HRK 284.6 billion. The legal persons sector accounted for a total of HRK 118.2 billion of all deposits, or 25.4%. Financial institutions held 6.2% of total deposits, i.e. HRK 28.6 billion, the state units sector 5.8%, or HRK 26.9 billion, and the non-profit institutions sector accounted for 1.3% of total deposits, i.e. HRK 6.3 billion.



**Figure 8. Share of total deposits by sector structure, 31 December 2021 – 31 December 2022**



Source: CDIA

### 3.1.2. Eligible deposits by sector structure

**Table 10. Eligible deposits by sector structure (in HRK billion)**

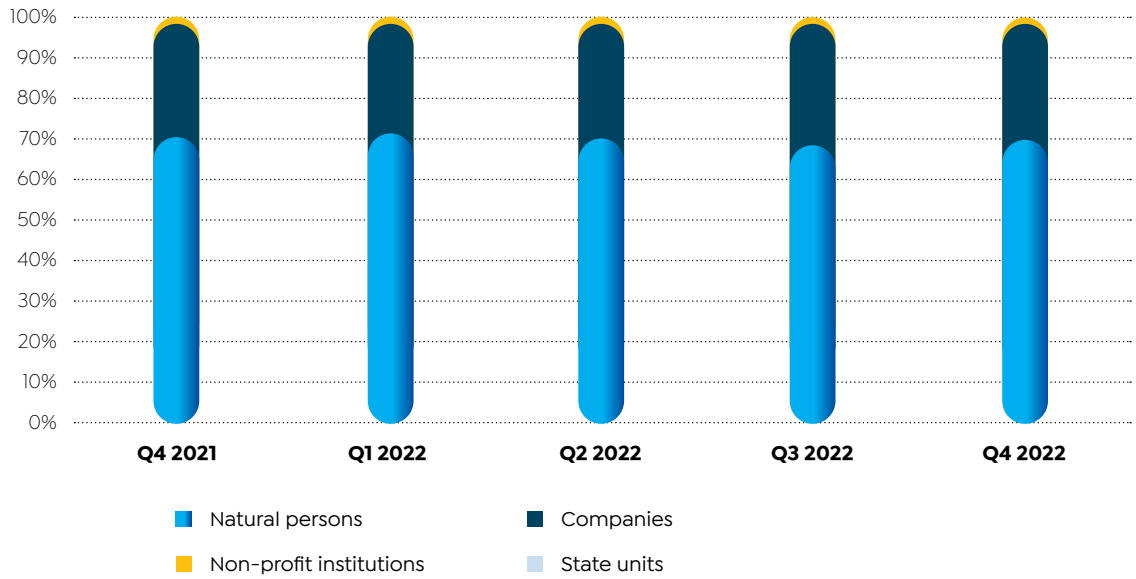
All CIs	Natural persons	Companies	Non-profit institutions	State units
31 Dec 21	250.58	99.82	5.63	0.05
31 Mar 22	253.57	95.53	5.71	0.06
30 June 22	261.70	106.74	5.77	0.06
30 Sep 22	271.81	119.09	6.11	0.07
31 Dec 22	284.16	117.83	6.30	0.06

Source: CDIA

The share of eligible deposits in total deposits as at 31 December 2022 amounted to 87.9% of total deposits.

Of the total amount of eligible deposits at the end of the observed period, 69.6%, i.e. HRK 284.2 billion, belonged to deposits of natural persons, 28.9%, i.e. HRK 117.8 billion, to deposits of non-profit institutions 1.5%, i.e. HRK 6.3 billion, and only HRK 0.1 billion went to state unit deposits.

**Figure 9. Share of eligible deposits by sector structure, 31 December 2021 – 31 December 2022**



Source: CDIA

### 3.1.3. Covered deposits by sector structure

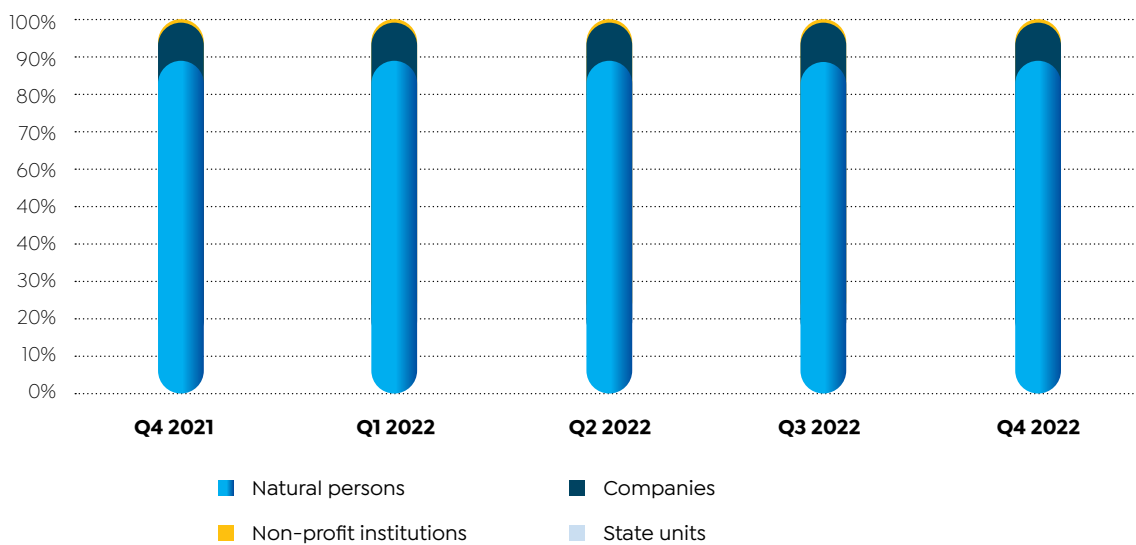
**Table 11. Covered deposits by sector structure (in HRK billion)**

All CIs	Natural persons	Companies	Non-profit institutions	State units
31 Dec 21	205.32	23.65	2.16	0.03
31 Mar 22	206.26	23.32	2.20	0.03
30 June 22	212.23	24.39	2.21	0.02
30 Sep 22	220.37	26.35	2.27	0.03
31 Dec 22	231.74	26.84	2.30	0.02

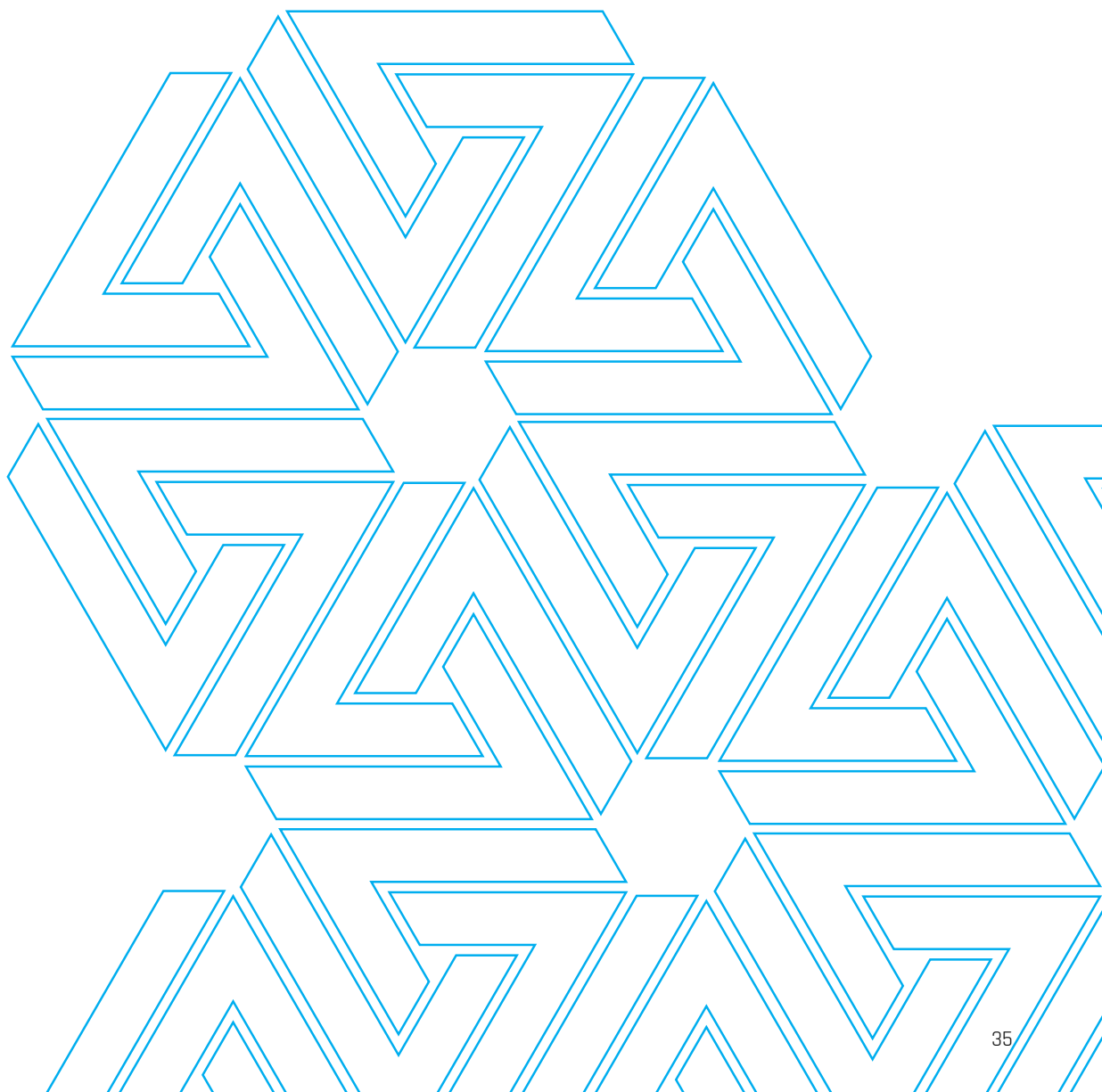
Source: CDIA

The sectorial structure of covered deposits at the end of 2022 was dominated by the deposits of natural persons with a share of 88.8% or HRK 231.7 billion. Next, deposits belonging to companies account for 10.3%, or HRK 26.8 billion, deposits belonging to non-profit institutions had a share of only 0.9%, or HRK 2.3 billion.

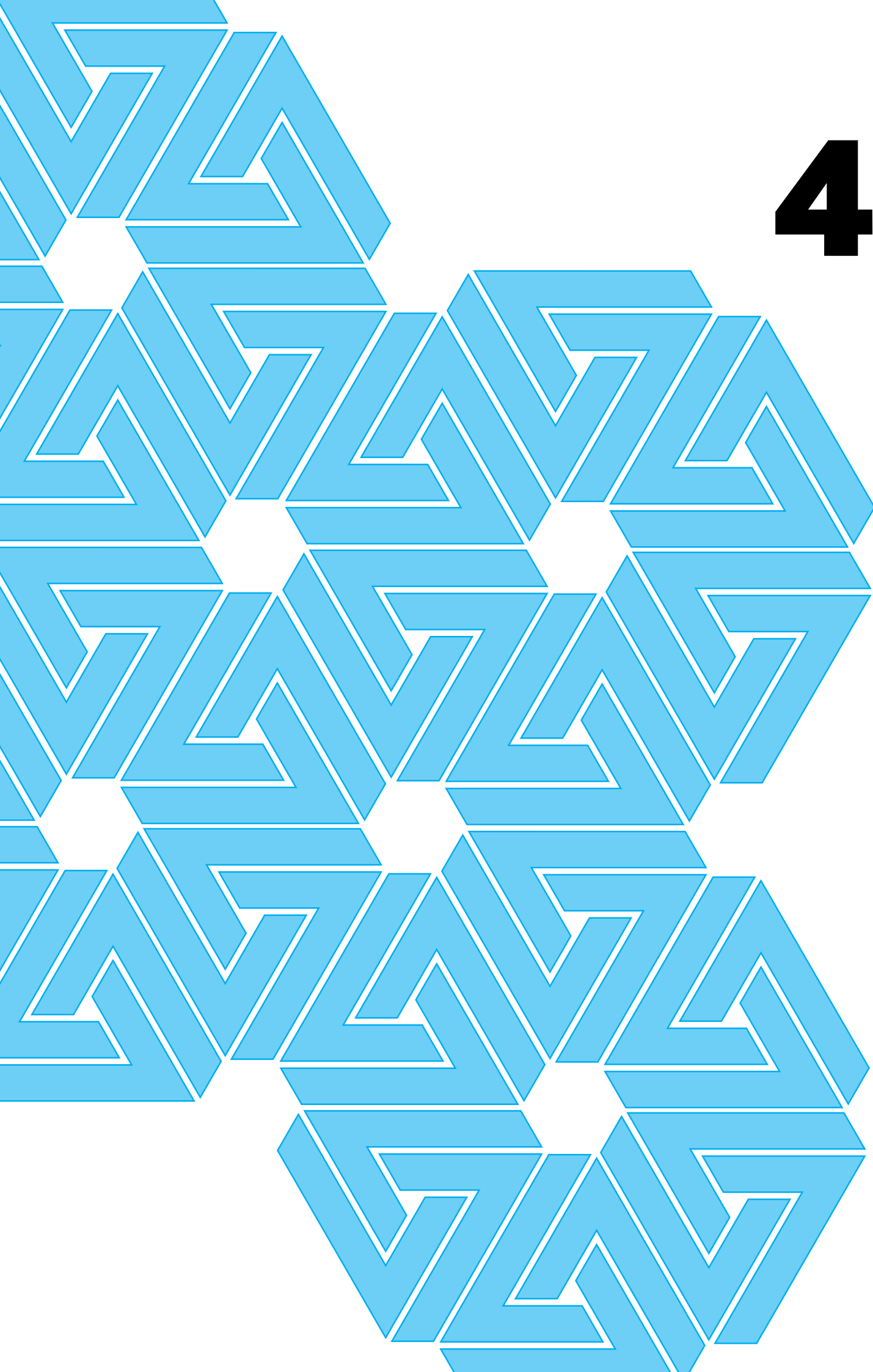
Figure 10. Share of covered deposits by sector structure, 31 December 2021 – 31 December 2022



Source: CDIA



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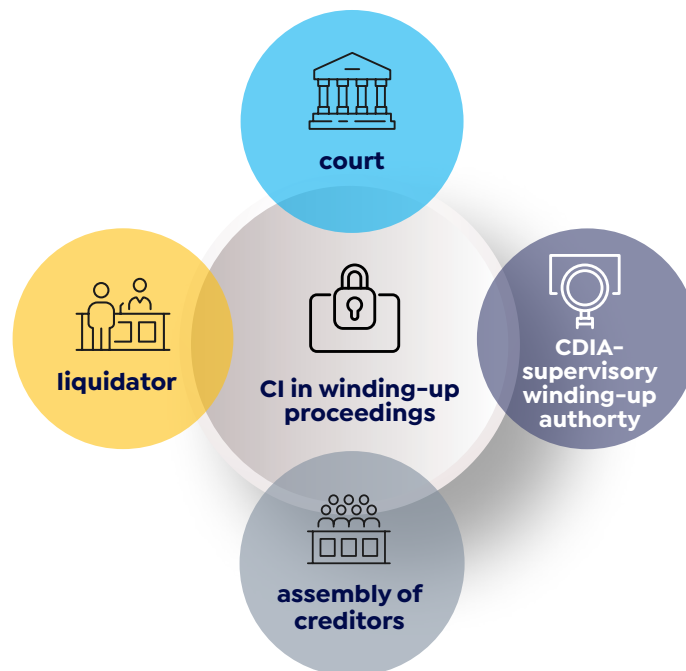


# COMPULSORY WINDING-UP OF CREDIT INSTITUTIONS

The legislative framework governing compulsory winding-up was adopted in 2021 with the entry into force of the Act on Compulsory Winding-Up of Credit Institutions (Official Gazette, no. 146/20), and it was applied for the first time in practice in 2022 with the opening of compulsory winding-up proceedings against INTERNET MOBILE BANK d.d. in liquidation at the proposal of the Croatian National Bank.

Pursuant to the proposal of the CNB dated 26 January 2022, the Commercial Court in Zagreb, Permanent Service in Karlovac issued a decision under reg. no. St-293/2022 dated 15 February 2022, which opened the compulsory winding-up proceedings against INTERNET MOBILE BANK d.d. in liquidation (hereinafter: the Bank).

**Figure 11. Overview of the entities in the compulsory winding-up proceedings**



The proceedings in question were initiated in accordance with the provisions of the aforementioned Act. This Act regulates the controlled exit of a credit institution from the market with the aim of reducing the risk and spillover of the negative effects of the credit institution's failure on the rest of the financial market and preserving financial stability in the Republic of Croatia. The aim is to quickly and effectively settle the creditors' claims and preserve the value of the credit institution's financial assets, cashing in the institution's assets and distributing the collected funds to the creditors.

The compulsory winding-up proceedings against the Bank are specific. Considering the fact that it is a credit institution that, prior to the opening of the compulsory winding-up proceedings, was in voluntary winding-up proceedings for 17 years (the winding-up proceedings were entered in the court register of the Commercial Court in Bjelovar on 5 January 2005), its practices and operations were under the competence of the CNB in accordance with the provisions of the regulations regulating the operations of credit institutions.

After the opening of the compulsory winding-up proceedings for the Bank, the CDIA, as the supervisory winding-up authority, submitted to the competent court a proposal for the appointment of a liquidator. After the appointment of the liquidator, he assumed the duties prescribed by the provisions of the Act on Compulsory Winding-Up of Credit Institutions. However, his actions were related to a number of problems due to the previous long-term voluntary winding-up proceedings.

The state of the Bank's assets and liabilities on the day of the opening of the compulsory winding-up was based on the data provided by the liquidator in the voluntary winding-up proceedings. However, due to the lack of financial data, associated accounting documents, the non-updated state of the business books and the absence of analytical records, the appointed liquidator in the compulsory winding-up proceedings was unable to verify the accuracy of the assumed balance nor obtain confirmations of the balance from a third party, i.e. from the Bank's debtors and creditors.

The aforementioned state of the Bank's financial and business books made it much more difficult to take the prescribed actions in the compulsory winding-up proceedings and to conduct the proceedings regularly.

The unique circumstances that preceded the opening of the compulsory winding-up proceedings resulted in the need to engage "external resources" to prepare financial reports and for prompt and efficient conducting of the compulsory winding-up proceedings.

To point out, during the voluntary winding-up the Bank gave a loan to the sole shareholder, who was also the liquidator in the voluntary winding-up proceedings, in the total amount of HRK 47.9 million, while neither the creditor's obligations nor the debts were settled nor the amounts necessary for coverage of still outstanding or disputed obligations were withheld.

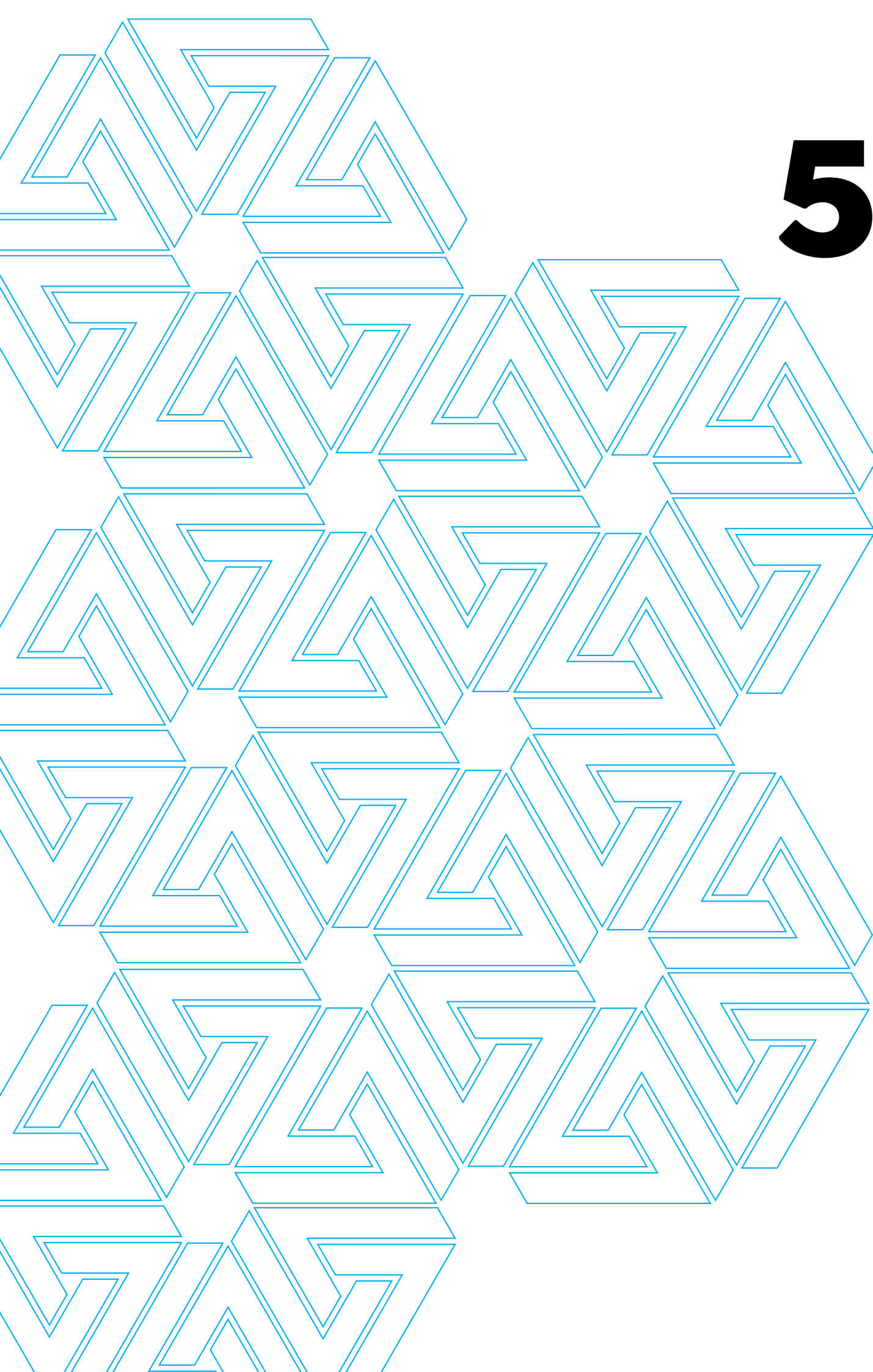
As a result of the above, despite all the efforts of the liquidator and the supervisory winding-up authority, by the end of 2022, the conditions for ending the subject compulsory winding-up proceedings could not be met.

In this specific case, the authorities of the proceedings are faced with certain weaknesses of the mechanism of removing the credit institution from the market in the circumstances of the previous proceedings of voluntary winding-up of that institution. Namely, the absence of adequate supervision over the voluntary winding-up proceedings against credit institution which preceded the opening of the compulsory winding-up proceedings and lasted 17-years, led to the absence of Bank's business documentation for a period of 6 years and anomalies that created obstacles to the achievement of the goal of the compulsory winding-up proceedings.

Therefore, the stated situation represents a strong incentive to consider the introduction of a legal solution that would overcome obstacles in such cases as well.

The recommendation of the supervisory winding-up authority would be to amend the regulations to include a solution whereby the burden of responsibility for actions taken during the voluntary winding-up proceedings would not fall on the entities in the compulsory winding-up proceedings and, ultimately, the creditors of the failed credit institution but on the persons or entities responsible for the operations and actions of the credit institution during its regular operations.





**5**



# ACTIVITIES IN THE SINGLE RESOLUTION MECHANISM



The Single Resolution Mechanism (SRM) is one of the three pillars of the Banking Union and comprises the Single Resolution Board (SRB) as the central resolution authority in the Banking Union and the national resolution authorities of a participating Member States.

## First resolution proceedings in the Republic of Croatia since joining the SRM

Within the framework of the resolution mechanism, the year 2022 was marked by the first case of the resolution proceedings against a credit institution on the territory of the Republic of Croatia since entering the Single Resolution Mechanism. After the announcement of the decision of the European Central Bank that Sberbank d.d. is “failing or is likely to fail”, the SRB, in cooperation with Croatian institutions, initiated the resolution proceedings of Sberbank d.d. Namely, the role of the SRB is to ensure the proper resolution of failed banks, with minimal impact on the real economy and public finances of the EU countries involved and other countries. Its partners are the European Parliament, the European Commission, the European Central Bank (ECB), the national resolution authorities and the European Banking Authority (EBA). The resolution instrument was activated through the sale of the mentioned bank, and the new owner of Sberbank d.d. became Hrvatska poštanska banka d.d. From April 2022, Sberbank d.d. continued to operate under the new name Nova hrvatska banka d.d.

The aforementioned event confirmed the importance of two protection mechanisms - the Deposit Insurance System and the Single Resolution Mechanism, which ensures that all financial market participants are optimally protected in the event of difficulties.

**Figure 12. Two deposit protection mechanisms in event of difficulties in CI operations**



## Single Resolution Fund

In 2022, amendments to the Act on Resolution of Credit Institutions and Investment Firms (Official Gazette No. 146/20, 21/22) entered into force, with the aim of harmonizing the target level of the resolution fund (national resolution fund and Single Resolution Fund). With the above-mentioned changes, the determination of the total target level for subjects to which Regulation (EU) No 806/2014 applies was placed in the domain of the SRB.

In accordance with Regulation (EU) No 806/2014<sup>2</sup> (hereinafter: Regulation), the Single Resolution Fund (SRF) was established, and it consists of the contributions of credit institutions and certain investment firms from participating Member States. The SRB manages the SRF in line with the purpose and conditions stipulated by the Regulation. Participating Member States retain their responsibility to collect and pay ex-ante contributions to the SRF from entities located in their national territory in accordance with Directive 2014/59/EU<sup>3</sup> and the Regulation. During the initial period (2016 - 2023), the contributions are allocated to the national compartments of the participating Member States, which are subject to progressive merger in such a way that they will cease to exist at the end of the initial period. Up until then, the SRF should reach a target level of at least 1% of covered deposits of all the above mentioned entities authorised in the participating Member States. In line with the Regulation and Commission Delegated Regulation (EU) No 2015/63<sup>4</sup> and the Council Implementing Regulation (EU) No 2015/81<sup>5</sup> the SRB calculates ex-ante contributions, finances, and conducts resolution for all entities to which the Regulation applies.

From 1 January 2021, in accordance with the Act on the Resolution of Credit Institutions and Investment Firms (Official Gazette, no. 146/20, 21/22) the CDIA is responsible for managing the National Resolution Fund and cooperation with the SRB on matters related to the SRF.

Based on the above-mentioned, the CDIA in 2022 collected data from institutions falling under the Regulation for the purpose of calculating ex-ante contributions for 2022 and based upon which the SRB calculated the individual ex-ante contributions for institutions on the territory of the Republic of Croatia for the mentioned period. The CDIA issued the respective institutions an invoice and collected the ex-ante contributions for the year 2022 and completed the transfer of the amount to the SRF, all in line with the Act on Ratification of the Agreement on the Transfer and Mutualisation of Contributions into a Single Resolution Fund<sup>6</sup>.

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<sup>2</sup> REGULATION (EU) No 806/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.07.2014.)

<sup>3</sup> DIRECTIVE 2014/59/ EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council

<sup>4</sup> Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements

<sup>5</sup> COUNCIL IMPLEMENTING REGULATION (EU) 2015/81 of 19 December 2014 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to ex ante contributions to the Single Resolution Fund

<sup>6</sup> Act on Ratification of the Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund (OG 1/2020)



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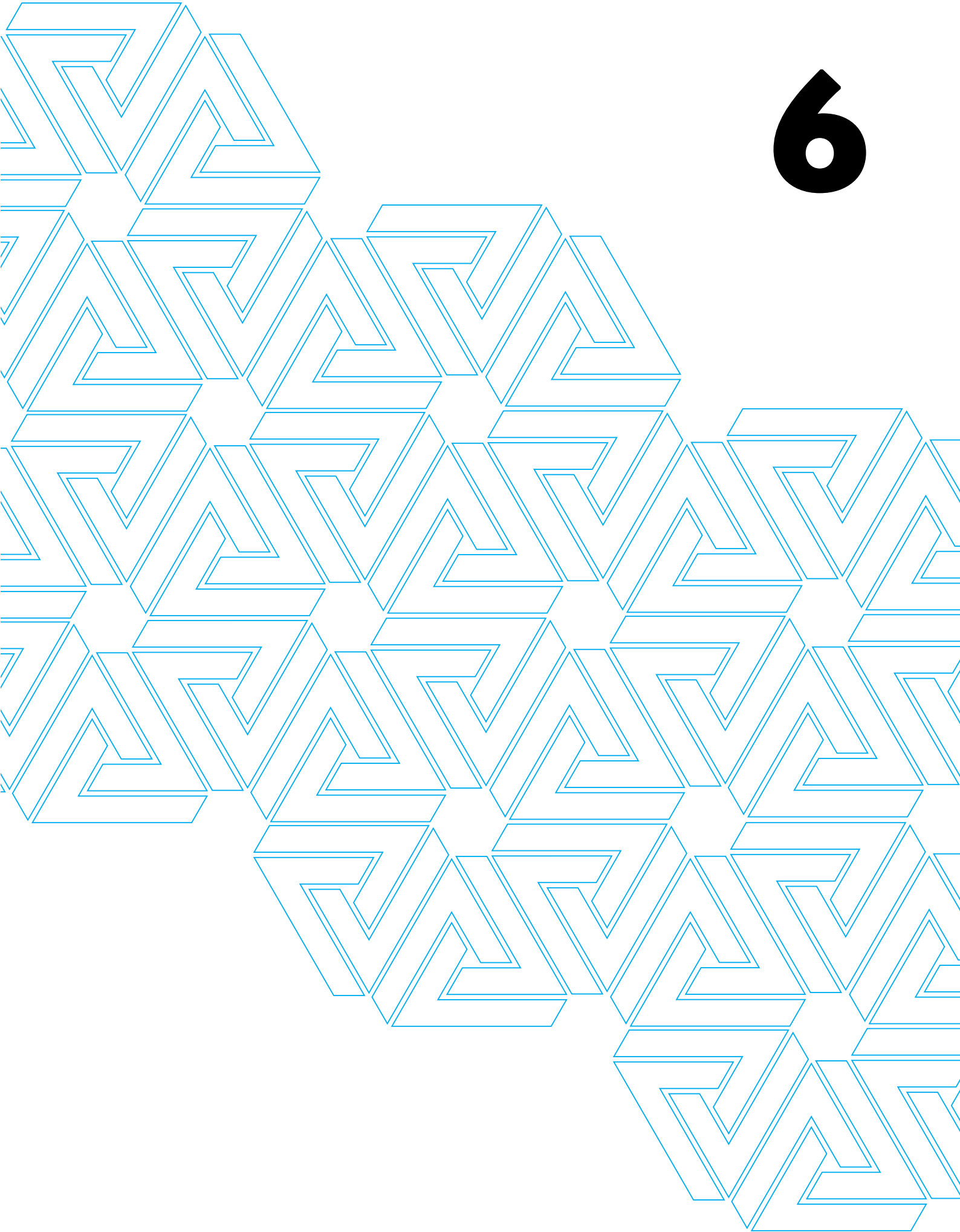
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# INTERNATIONAL COLLABORATION

The constant desire to improve the deposit insurance system and the existing knowledge and professional competencies in the past period also resulted in the continuation of high-quality cooperation with numerous European and world countries. Through membership in international organisations of deposit insurers, the International Association of Deposit Insurers - IADI and the European Forum of Deposit Insurers (EFDI), additional AREAS were opened and set goals were achieved: contribution to the stability of the financial system by strengthening the role and promoting European and international cooperation in deposit insurance and the exchange of positive experiences in the field of deposit insurance, which is fully in accordance with the activities of the CDIA.

The importance of the abovementioned is even greater due to the direct or indirect connection of the financial systems of all countries of the world, within which disturbances created in one country can have a significant impact in another country as well. The ways in which an individual country solves the challenges arising in this area can therefore be a good example for another country and thus help solve it faster and more efficiently. Being a member of such organisations in this area is actually imperative for the quality of the deposit insurance system of each of the member countries, so the CDIA, proud of its active participation, continuously contributes to the work of international organisations and is connected with representatives of institutions from other countries that have a similar or the same role.



IADI members undertake research and prepare guidelines for countries that intend to either establish or improve deposit insurance systems. Accordingly, IADI has prepared an official document titled IADI Core Principles that has been adopted by the Basel Committee on Banking Supervision and the FSB (Financial Stability Board). The document has also been included in the "Summary of Key International Standards for Financial Stability". Marija Hrebac, CDIA CEO, was elected to the Executive Council management board of IADI.



EFDI is an umbrella organisation gathering institutions implementing deposit insurance in European countries. Through its activities, it provides support to members in fulfilling the demanding task of protecting depositors in the banking crisis, improving their deposit insurance systems through the association's shared knowledge and competencies. EFDI enhances interaction with EU bodies and institutions responsible for maintaining a safe and sound financial system throughout Europe.

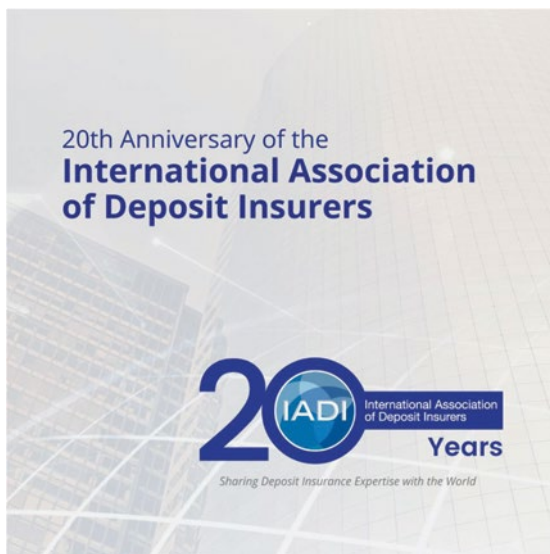
Marija Hrebac, CDIA CEO, was elected to the management board of EFDI in 2015 as the vice-president of EFDI, and she also held the position in 2022. In addition, she was appointed as a member of the Executive Council of IADI. These roles allow her to be actively involved in the work of the European and global market of deposit insurance companies, which brings additional advantages to the Croatian deposit insurance system and key knowledge in overcoming everyday challenges and finding the best solutions.

## Key moments in the area of international collaboration in 2022



### **Bilateral Agreement**

Alfredo Pallini, general director of FITD – Fondo Interbancario di Tutela dei Depositi and Marija Hrebac, CDIA CEO, signed the Memorandum of Understanding on 26 September 2022 in Rome. The aforementioned Memorandum aims to improve cooperation between Croatia and Italy in the field of deposit insurance and coordination of activities, as well as to open new areas in the development of the deposit insurance system. The exchange of the best knowledge and professional experience in the coming period will ensure even better work of both institutions and contribute to the entire deposit insurance industry as well as the positioning of both countries on the deposit insurance market.



### **20 years of the International Association of Deposit Insurers (IADI)**

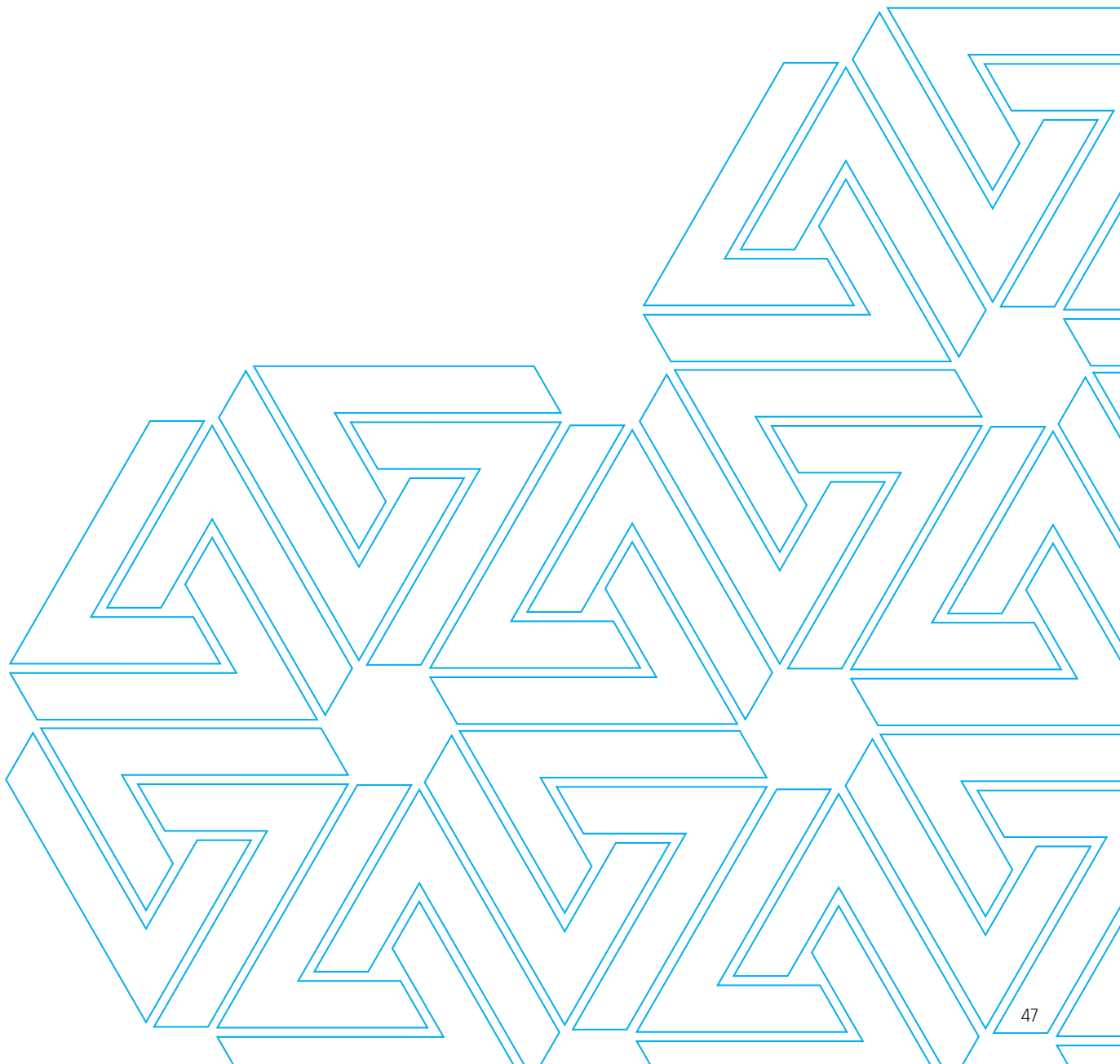
6. May 2022 marked the 20th anniversary of the International Association of Deposit Insurers (IADI), founded in 2002 in Basel, Switzerland, whose management board includes the CDIA CEO, Marija Hrebac.

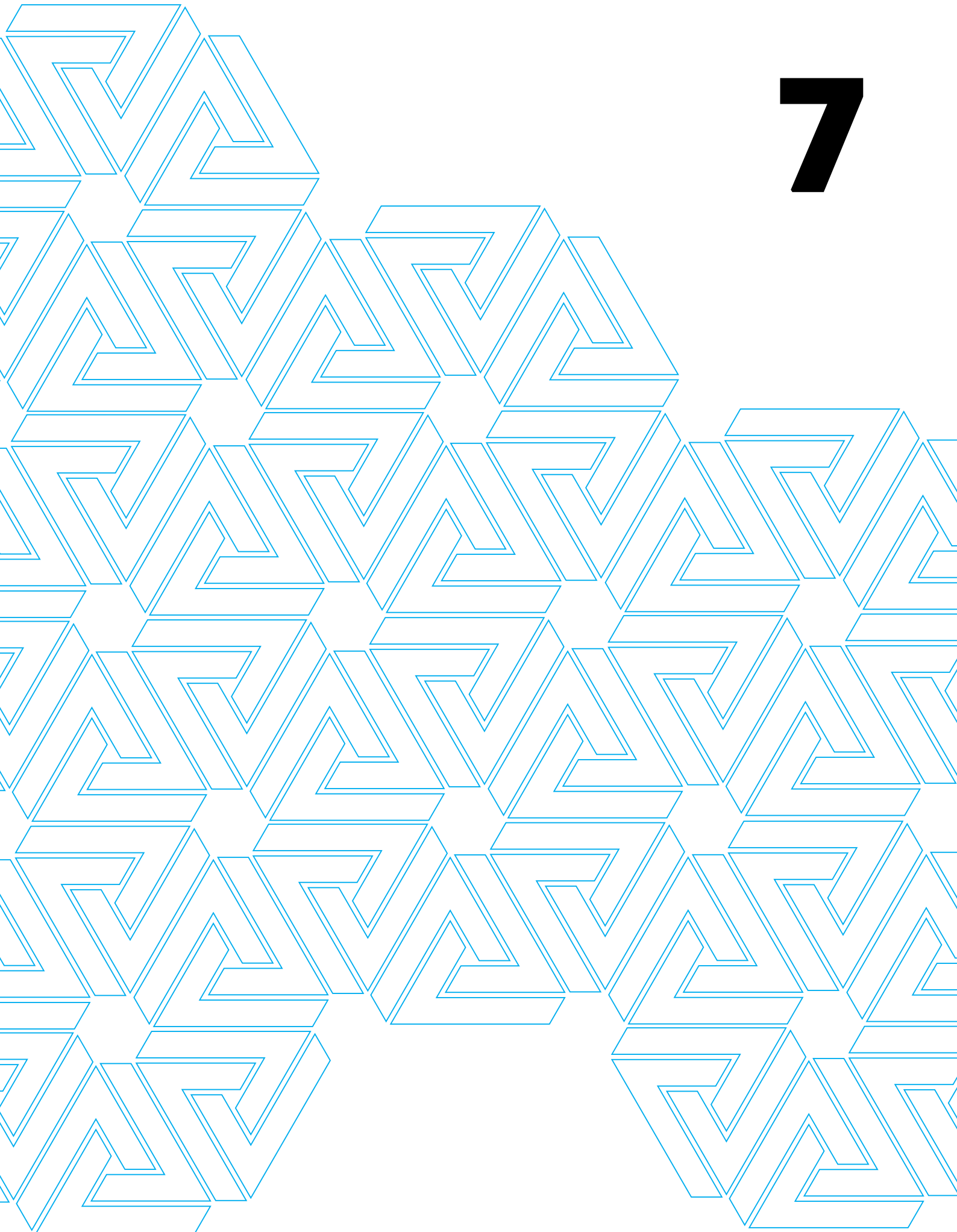
By actively participating in the work of this international association, CDIA participates daily in the realisation of the mission of sharing expertise in the field of deposit insurance around the world. The CDIA also hereby congratulates IADI on its excellent work, as well as all members who have participated in the achievement of key goals over the past years: contributing to the stability of financial systems by promoting international cooperation in the field of deposit insurance and encouraging wider international contacts of deposit insurers and other interested parties side, which set high standards of international financial systems with a focus on depositors and protection of citizens, and on which the CDIA (seven years older) always persistently insists on.

## **EFDI Annual General Assembly and International Conference**

From 25 to 27 May 2022, the European Forum of Deposit Insurers (EFDI) and the Hellenic Deposit and Investment Guarantee Fund (TEKE) hosted the Annual General Assembly of EFDI and an international conference which, after two years of virtual meetings and corona crisis, held in Greece.

New technologies have proven to be a quality choice in the field of deposit insurance and facilitated communication during the past period, but the EFDI AGM & International Conference 2022 was once again held in a real environment and gathered numerous famous faces from the deposit insurance industry. The main topic of the conference was “New Challenges and Disruptions in the financial safety-net”. Marija Hrebac, the CDIA CEO, pointed out that the experiences of member countries are always a valuable guide for future activities, while the knowledge and examples of the Croatian deposit insurance market this year also stimulated the interest of many members and contributed to the improvement of this industry.





**7**



# FINANCIAL INDICATORS

As a non-profit organisation, the CDIA manages its accounting in accordance with the laws adopted pursuant to the Act on the Financial Operations and Accounting of Non-Profit Organisations (OG. 121/14) and prepares fundamental financial statements: income and expenditure statement, balance sheet and notes to the financial statements.

In accordance with the Deposit Insurance System Act, the Act on Resolution of Credit Institutions and Investment Firms and the Act on Compulsory Winding-Up of Credit Institutions, the core business of the CDIA is as follows:

- Managing the Deposit Insurance System in the Republic of Croatia,
- Managing the Deposit Insurance Fund and the Resolution Fund,
- Executing its powers in proceedings for the compulsory winding-up of credit institutions in line with the laws regulating compulsory winding-up of credit institutions.

**Table 12. Overview of profit and loss statement comparison 2022/2021**

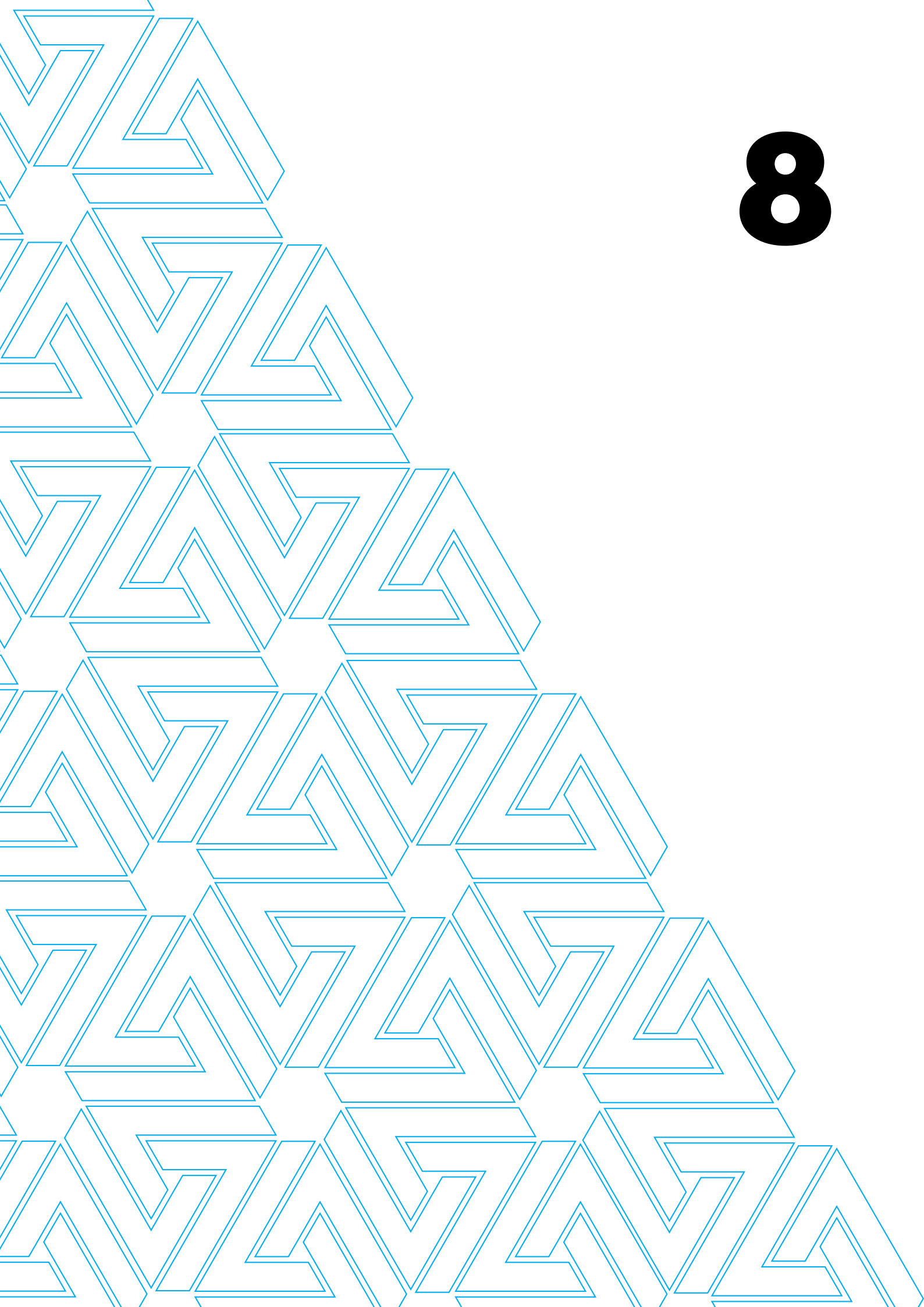
		HRK '000				
	DESCRIPTION	EXECUTION 2021	PLAN 2022	EXECUTION 2022	EXECUTION INDEX	PLAN INDEX
	1	2	3	4	5=4/2*100	6=4/3*100
1	TOTAL INCOME	247,006	341,023	546,336	221.2	160.2
2	TOTAL EXPENSES	1,467,147	10,484	8,167	0.6	77.9
	DIFFERENCE	-1,220,141	330,539	538,169	-	162.82

Source: CDIA

**Table 13. Overview of the balance sheet comparison 2022 / 2021**

		HRK '000		
	DESCRIPTION	2021	2022	INDEX
	1	2	3	4=3/2*100
1	NONFINANCIAL ASSETS	3,471	3,854	111.0
2	FINANCIAL ASSETS	7,624,092	8,101,694	106.3
	TOTAL ASSETS	7,627,563	8,105,548	106.3
3	LIABILITIES	26,875	14,351	53.4
4	OWN SOURCES	7,600,688	8,091,197	106.5
	TOTAL LIABILITIES	7,627,563	8,105,548	106.3

Source: CDIA



8

# CDIA ACTIVITY REPORT

## 8.1. Activity Report – Deposit Insurance

2022. was marked by the preservation of the stability of the national financial system.

The most significant activity was related to the timely reaction in the case of Sberbank, which preserved the stability of the banking system and protected the interests of depositors. Public trust in our institutions and regulatory framework was additionally strengthened.

During the implementation of the national plan to replace the Croatian kuna with the euro, the Deposit Insurance Department, in cooperation with the Operations Support Department, harmonised internal acts, procedures, and accompanying forms.

The increase in the amount of deposits in the last quarter of 2022 was expected since there was a significant increase in funds in the accounts of depositors in credit institutions as a result of the replacement of the Croatian kuna with the euro.

In the first and last quarter of 2022, the deposit insurance fund did not reach the legally prescribed target level, which is why the system for calculating and collecting the deposit insurance premium was launched.

An application solution for receiving monthly reports on the state of total and covered deposits of credit institutions was developed, which ensured a secure channel for the delivery of confidential data. Furthermore, the application solution for the calculation of compensation related to the conversion from the Croatian kuna to the euro was adapted. Further planned activities to improve application support for other business process segments of the Deposit Insurance Department will be realised during the next business year.

By amending the DISA, the Deposit Insurance Department harmonised its operational instructions and procedures based on which it performs its business activities.

The Methodology for Calculating the Risk Weighted Insurance Premium has been updated in accordance with the obligations arising from the regulatory reporting of credit institutions by the CNB. The Methodology was harmonised with the Croatian National Bank, and it came into force during the reporting year and is applied to the insurance premium collection system for credit institutions. During 2022, the procedure for calculating the coefficient of the degree of risk was updated based on the updated Methodology.

Also, in accordance with the Guidelines for Delineation of Available Financial Means of the Deposit Insurance System (EBA/GL/2021/7), the Policy on Disclosure of Available Financial Means of the DIF was drawn up.

The Deposit Insurance Department is obliged to conduct regular stress tests of the deposit insurance system and to inform the European Banking Authority on the results by 16 June 2024, all based on Article 26 of the DISA (146/20, 119/22) and Guidelines on stress tests of deposit guarantee schemes EBA/GL/2021/10.

During the last quarter, the implementation of the 1st DIS stress test began. The intervention scenario was the payment of compensation to depositors, and implementation began in the 2nd cycle according to the Stress Test Cycle Program for the three-year period 2022-2024.

In the implementation of the so-called cross border activities of EU member states in the reporting year, the DIS of the Republic of Croatia was an active participant in the implementation of the stress test of the Lithuanian DIS.

As part of regular tasks, the following activities were performed: collection and analysis of received monthly reports from credit institutions, calculation of premiums for covered deposits, preparation of regular reports for the needs of the CDIA, as well as for credit institutions. Also, regular reporting to the EBA on the state of DIF's available funds as well as the amount of covered deposits.

The Deposit Insurance Department prepares data for the purposes of reporting to the SRB on covered deposits, and for the purpose of determining the annual target level of the SRF.

Employees of the Department regularly harmonise data on the state of covered deposits with the CNB on a monthly basis with the aim of ensuring the accuracy of the data that the CNB directly submits to the EBA.

The department actively participates in EFDI and IADI activities.

Communication and responses to inquiries from the public and other interested parties in the area of the deposit insurance system are also one of the regular activities of the employees of the Deposit Insurance Department.

## **8.2. Activity Report – Compulsory Winding-Up and Resolution Fund**

### **Compulsory Winding-Up**

Since the introduction of the “new bankruptcy proceedings for credit institutions” based on the Act on Compulsory Winding-Up of Credit Institutions, the first such proceedings were opened in 2022. The Commercial Court in Zagreb issued a Decision on the opening of compulsory winding-up proceedings against INTERNET MOBILE BANK d.d. in liquidation at the proposal of the CNB, and the proceedings were opened on 15 February 2022. CDIA, as the supervisory winding-up authority, appointed the liquidator, and the employees were engaged in exercising the powers of the supervisory winding-up authority, attending the hearing of creditors and the creditors assembly, issuing the prescribed consents to the liquidator, and maintaining and updating the list of liquidators. During 2022, the CDIA as a supervisory winding-up authority actively participated in the proceedings, and in the direction of achieving the conditions for completion in the following year, considering that due to the specifics described earlier in this report, they could not be fulfilled earlier.

### **Resolution Fund**

Since entering the Single Resolution Mechanism, the CDIA cooperates with the SRB by performing administrative tasks related to the Single Resolution Fund according to the instructions of the SRB (Single Resolution Board).

During 2022, employees of the Department for compulsory winding-up and administration of the resolution fund participated in the sessions and working groups of the SRB with special emphasis on topics related to the Single Resolution Fund, as well as participation in resolution colleges for individual credit institutions where annual resolution plans are adopted and updated.

The primary activities related to the resolution fund are focused on the collection of data and information in accordance with the Delegated Regulation (EU) 2015/63 and on the exchange of these data and information with the SRB, as well as on the calculation of the degree of risk of each individual credit institution and investment firm that is a member of the system. In view of the novelty regarding the delivery of data to the SRB, that is, the obligation that the data collected by the CDIA from

credit institutions must be submitted exclusively in XBRL format, the CDIA initiated and supported the development of an application solution for the conversion of data received from credit institutions from the previous Excel format to XBRL format. That enabled the CDIA to submit data to the SRB in the required format. Based on the aforementioned, the SRB provided individual calculations for credit institutions for the 2022 ex ante contributions cycle, and ex-ante contributions were collected.

The latest amendments to the Act on Resolution of Credit Institutions and Investment Firms (Official Gazette No. 146/20, 21/22), aim to harmonise the target level of the resolution fund (national resolution fund and Single Resolution Fund), determining the total target level for institutions to which Regulation (EU) no. 806/2014 applies, was placed in the domain of the SRB. These amendments made it possible to allocate more collected resolution funds from 2021 into ex-ante contributions for the year 2022 (considering that in 2021 ex-ante contributions were collected in accordance with the prescribed national target level of the Resolution Fund, which is a slightly higher amount than the obligation determined by the SRB).

The collected ex-ante contributions in accordance with the SRB's individual calculations were transferred to the SRF.

### **8.3. Activity Report – general tasks in Operations Support (including mandated activities)**

In 2022, with the change of internal regulations, there was an organisational change within the Operations Support Department in such a way that the volume of work of that department was changed, and before the change it combined CDIA's tasks related to accounting and finance, legal affairs and mandated activities conducted by the CDIA for the Ministry of Finance and the Ministry of Physical Planning, Construction and State Assets. After the organisational change, accounting and finance jobs are separated into a new organisational unit – the Accounting and Finance Department, and within the competence of the Operations Support Department remained legal affairs, public procurement, compliance affairs, which also include occupational health and safety affairs with the right to access to information affairs.

Regarding the scope of accounting and finance, they refer to the drafting of the annual financial plan and the plan for a three-year period and, if necessary, the preparation of amendments to the financial plan, monitoring the execution of the financial plan and the delivery of monthly, semi-annual and annual reports on the execution of the CDIA financial plan to the Ministry of Finance, as well as the preparation of monthly, quarterly and annual financial reports, i.e. all statutory reports that the CDIA, as a non-profit specialised financial institution, must submit, regular reporting to the Tax Administration and other public authorities in accordance with legal regulations, including other necessary accounting tasks .

Also, they include mandated activities for the Ministry of Physical Planning, Construction and State Assets, in particular the regular monthly collection and processing of property-related data (claims and court cases) which has been transferred to the Ministry of Physical Planning, Construction and State Assets, preparation of monthly, quarterly and annual reports on the collection of receivables and the provision of funds for ongoing litigation.

In terms of the mandated activities for the Ministry of Finance, the CDIA manages data collection and processing related to the FDE (Fund for Development and Employment) for the Ministry of Finance, performs regular monthly reporting and preparation of analytical data for the needs of the Ministry of Finance's accounting records and transfer of funds to the state budget in accordance with annual calculation.

In 2022, the CDIA collected HRK 2.45 million for Ministry of Physical Planning, Construction and State Assets (hereinafter: MPPCSA), and transferred the collected funds minus costs and provisions for court cases into the state budget on 27 January 2023.

The Operations Support Department is particularly related to the performance of legal work, so in this respect, the CDIA's employees are engaged in various aspects, starting with the active management of court proceedings and undertaking actions for the collection of claims.

Court cases in which the CDIA participates in both procedural positions, i.e. both as a plaintiff and as a defendant, are from various legal areas, with the fact that the representation refers to the greatest extent to bankruptcy, litigation and enforcement cases. CDIA is mostly an active party in the proceedings. The number of court proceedings has been significantly reduced, and activities aimed at ending the remaining disputes are continuing.

Special mention should be made of the group of cases handled by the CDIA on a mandated basis in accordance with the concluded "Agreement on Transfer and Assignment of Assets" dated 30 June 2017 between the CDIA (before: State Agency for Deposit Insurance and Bank Resolution) and the Republic of Croatia - the then Ministry of State Property, which transferred to the Republic of Croatia all assets and all claims acquired by the CDIA through resolution proceedings at the expense of the state budget. The number of court proceedings is still significant, and they arose from the claims that the CDIA acquired as a result of the resolution of banks. Thus, CDIA still conducts the collection of claims and related court proceedings under its mandate, and forwards to MPPCSA all funds earned on the basis of transferred claims, minus the costs of related court proceedings.

Employees actively participate in bankruptcy proceedings opened against credit institutions through the work of the creditors' committee and the creditors' assembly and monitor the collection of CDIA's claims in said bankruptcy proceedings.

**Table 14. Overview of settlement success in active bankruptcy proceedings as at 31 December 2022.**

Credit institutions	Date of initiation of bankruptcy proceedings	% percentage of settlement
Tesla štedna banka d.d., Zagreb	30 March 2018	0 %
Banka splitsko-dalmatinska d.d., Split	1 July 2016	98,14 %
Nava banka d.d., Zagreb	1 December 2014	73 %
Centar banka d.d., Zagreb	30 September 2013	46 %
Credo banka d.d., Split	16 January 2012	99,31 %
Alpe Jadran banka d.d., Split	15 May 2002	12 %
Trgovačko - turistička banka d.d., Split	8 September 2000	0 %
Glumina banka d.d., Zagreb	30 April 1999	37 %

Particular attention is drawn to the long-term bankruptcy proceedings against "Glumina banka d.d. in bankruptcy", in which the CDIA had to determine the position of the creditor through the courts due to an unfounded dispute of its claim. After the change of the bankruptcy trustee based on the CDIA's proposal, the subject bankruptcy proceeding is coming to an end, and it is expected to be concluded in 2023.

Legal affairs also include the drafting of regulations from the scope of the CDIA's work, which are adopted by the Ministry of Finance, i.e. the Supervisory Board of the CDIA, external and internal ordinances, as well as conducting consultations with the public, harmonizing bylaws, general and internal acts with positive regulations, and drafting opinions on draft regulations and by-laws under the

jurisdiction of the Ministry of Finance. In relation to drafting opinions on draft regulations and by-laws under the jurisdiction of the Ministry of Finance, opinions were drawn up on the draft proposal for the Act on the introduction of the euro as the official currency, the proposal for the Act on Amendments to the Deposit Insurance System Act (in the adoption of which we participated as part of the working group for the drafting of the subject Act), proposal of the Act on Issuance of Covered Bonds and Public Supervision of Covered Bonds.

In the scope of support operations, activities are also performed in accordance with the regulations governing public procurement, for example, the preparation of documents such as reports on the control of the execution of public procurement, participation in and supervision of simple procurement and public procurement procedures, preparation of plans, work related to the publication of the procurement plan, contract register and statistical reports.

Following the rulings of the European Court of Human Rights on lawsuits filed by former shareholders of Croatia banka d.d. related to the withdrawal of shares in the resolution process of that bank, co-operation was achieved with the Office of the Representative of the Republic of Croatia before the European Court of Human Rights.

The employees who perform legal work are also engaged in the daily provision of legal support to other departments of the CDIA regarding issues from their scope of work.

The end of 2022 represented the completion of activities related to the introduction of the euro as the official currency of the Republic of Croatia, and in which CDIA was involved throughout the year, both for the purpose of harmonizing general acts in the domain of the CDIA, and for drafting proposals for amendments to acts which will harmonize positive legal regulations with the introduction of the euro. Also, at the end of 2022, CDIA was engaged in contributing to the completion of the OECD questionnaire in relation to the Codes on liberalisation in the area of financial services, together with the CNB, CFSSA, the Ministry of Finance, etc.

In 2022, in order to facilitate the completion of the winding-up proceedings over Obrtnička štedna banka (OŠB d.d.), the CDIA assumed the obligation to pay the unpaid deposits to depositors. On 22 December 2010, the Croatian National Bank withdraw the authorisation for the aforementioned credit institution, as a result of which the proceedings for compulsory winding-up were initiated in accordance with the then valid Act on Credit Institutions. These proceedings were supervised by the CDIA in accordance with the applicable legal framework in such a way that it appointed liquidators and exercised the powers of the supervisory board of the credit institution and the general assembly of shareholders. By assuming the obligation to pay the unpaid deposits to the depositors of OŠB d.d., it was possible to end the compulsory winding-up proceedings, and the depositors can exercise the right to payment of deposits within a period of five years from the deletion of OŠB dd in forced liquidation from the court register. After the deadline, the CDIA will distribute the unpaid deposit amounts to the shareholders of OŠB d.d. in compulsory winding-up according to the List of Shareholders from the Register of Shares maintained by the CDCC. The Commercial Court in Zagreb deleted the mentioned entity on 1 February 2022.

## 8.4. Public Procurement Report

CDIA is obliged to adhere to the Public Procurement Act and all procurement activities are conducted in line with the mentioned Act and by-laws, Ordinance on Implementing Conducting Simple Procurement Procedures and other related procedures.

During the reporting year, simple public procurement procedures were conducted in line with internal regulation in accordance with the Public Procurement Act, all public procurement procedures were subject to the selection criterion, which was the most advantageous tender.

The CDIA performed stipulated control, in accordance with Article 313, paragraph 2 of the Public Procurement Act, which stipulates that the contracting authority is obliged to check whether the public procurement contract is implemented in accordance with the conditions specified in the procurement documentation and the selected offer.

New suppliers properly fulfilled the respective procurements in 2022, and of the total realised value of the procurement plan in 2022, 100% refers to suppliers with their registered seat in the Republic of Croatia.

By cooperating with domestic suppliers from Croatian counties, CDIA indirectly influences the economic development of these local communities.

**Table 15. Comparison of costs for public procurement for 2022**

No.	Name	Description	# Rend./ goods	Category	BB	Amount (incl. VAT)	Statistical report for public procurement (excl. VAT)	In report on Pub. Proc. yes/no
0	Fixed assets	procurement of fixed assets which are not current costs	1	assets	461,250.00	461,250.00	369,000.00	Yes
1	Intellectual services	auditing, bookkeeping, consulting, education, and similar	16	goods services	432,641.48	432,641.48	346,311.41	Yes
2	IT	cloud services, IT maintenance, software maintenance, telecom, and similar	7	goods services	374,770.96	374,770.96	299,816.77	Yes
3	Other	office material, security services, archiving, and similar	10	goods services	26,127.39 259,294.60	26,127.39 46,328.06	21,126.91 37,062.45	Yes Yes/no
4	Overheads	electricity, water, gas, utility fees	4 6	goods services	40,044.49 163,928.98	40,044.49 61,536.12	32,035.59 60,807.74	Yes Yes/no
5	Lawyer fees	lawyer services	4	goods	436,630.29	436,005.29		No
6	Other	cost besides procurement and contracts, e.g., depreciation, lost court costs, banking and other financial services	6 6	goods services	34,050.93 6,399,763.29	34,050.93 103,748.54	27,240.74 82,998.83	Yes Yes/no
Total costs through procurement					1,092,834.43	879,867.89	704,317.54	
Total costs through contract					640,603.76	537,585.90	92,843.33	
Total other costs					6,433,814.22	137,799.47	110,239.58	
Total Agency costs					8,167,252.41	1,555,253.26	907,400.44	
Fixed assets					461,250.00	461,250.00	369,000.00	

Statistics			
Total	Goods	Services	Works
Amount incl. VAT	561,472.81	1,019,025.16	0.00
Amount excl. VAT	449,403.24	826,997.20	0.00

## 8.5. Activity report of the information officer

The Act on the Right of Access to Information (OG no. 25/13, 85/15, 69/22), regulates the right of access to information and the reuse of information held by public authorities and stipulates the principles, restrictions, procedure and method of gaining and facilitating access and reuse of information. The Act on the Right of Access to Information (hereinafter: ARAI) stipulates that public authorities shall enable users to exercise the right to access and repeatedly use the information and fulfil other regulatory requirements.

CDIA, as a public authority in the context of fulfilling obligations prescribed by law in order to ensure the right to access to information, is obliged to appoint a special officer responsible for resolving the realisation of the right to access to information - an information officer.

The contact details of the information officer and his or her replacement are published on the CDIA's website <https://www.haod.hr/o-nama/pravo-na-pristup-informacijama>, on which reports and other documents are also published in the 'Documents' tab in accordance with the obligation regulated by Art. 10. par. 1 of ARAI (Annex 1). The regular duties of the information officer and his or her repla-



cement also include updating published data based on relevant changes or upon the end of the business year. Furthermore, as part of their regular duties, they also handle all received requests for access to information submitted verbally or in writing. The written requests are submitted by filling out the relevant request form for access to information where the form can be found on the official website, whereas verbal requests are received by telephone.

In the procedure regarding access to information, the fee is not charged. The CDIA retains the right to seek a fee for real material costs that are incurred by providing the information, as well as reimbursement of costs for delivering the information.

In 2022, CDIA received a total of 5 requests for access to information, of which 1 request was approved, for 2 requests notices were issued in accordance with Art. 23 par. 2. of the ARAI, and 2 requests were rejected, in accordance with the provisions of Art. 15. par. 3 item 1. of the ARAI.

## **8.6. Activity report by the occupational health and safety officer**

The Occupational Health and Safety Act (OG no. 71/14, 118/14, 154/14, 94/18, 96/18) regulates the occupational health and safety system in the Republic of Croatia, in particular the national policy and activities, general principles of prevention and occupational health and safety rules, employer obligations, the rights and obligations of employees and the occupational health and safety commissioner, activities related to occupational health and safety, as well supervision and liability for administrative offences.. In accordance with Art. 71. of the Occupational Health and Safety Act and with the aim of ensuring systematic improvements to the safety and health of workers and persons at work, preventing injury at work, professional illnesses and work-related illnesses, the CDIA appointed an occupational health and safety commissioner based on the proposal from a majority of the workers.

The occupational health and safety commissioner is obliged to protect the interests of the workers in terms of occupational health and safety and supervise the implementation of the respective rules, measures, procedures and activities.

With the aim of fulfilling legal obligations in the area of performing occupational health and safety professional tasks in accordance with Art. 20. and 21 of the OHS and fire protection in accordance with Art. 20. of the Fire Protection Act (OG no. 92/10, 114/22) an Agreement for the Provision of Occupational health and Safety and also Fire Protection Services no. 034-05-2016 was signed on 1 May 2016 with the company Alfa sigurnost d.o.o., Zagreb as an authorised person to perform occupational health and safety work.

In 2022, the occupational health and safety commissioner, together with representatives of the company Alfa sigurnosti d.o.o., performed activities to ensure adequate work conditions. Prior to drafting this Report, the occupational health and safety commissioner had received no complaints.

## **8.7. Activity report by the data protection officer**

The Act on the Implementation of the General Regulation on Data Protection (OG, no. 42/18) ensures the implementation of Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

The General Data Protection Regulation (hereinafter: GDPR) came into force on 25 May 2018, replacing the former Data Protection Directive from 1995 (hereinafter: Directive). It was adopted as a reaction to the massive increase in the processing of personal data after the introduction of the aforementioned Directive in 1995, and in response to the development of increasingly invasive tech-

nologies. The GDPR is based on the mentioned Directive, as well as the court practice of the Court of Justice of the European Union developed on the basis of the Directive, but it has a much broader scope than the Directive and therefore significantly strengthens the European data protection system. It brought many changes such as improved harmonisation, stronger rights for data subjects, and closer cross-border collaboration between national data protection authorities (DPAs), etc. One of the more important changes is the introduction of a new principle of “responsibility [reliability]” and the data protection officer (DPO), appointed by the data controller at the CDIA.

In line with the mentioned regulations, the CDIA adopted the Data Protection Policy (hereinafter: the Policy) on 25 May 2018. The Policy regulates the basic rules and principles of personal data protection in accordance with the operational and safety requirements of the CDIA, including the relevant laws, best practices and internationally accepted standards.

In line with the mentioned regulations, on 8 May 2018, the CDIA appointed its data protection officer. During 2022, the data protection officer at the CDIA performed the following regular activities:

- informing and advising the data controller/processor concerning obligations from the Regulation and other provisions related to personal data protection in the EU and Member States
- Supervising compliance with the valid regulation of CDIA regarding the handling of personal data
- raising awareness about the importance of personal data protection by providing proper training to the employees involved in processing personal data,
- providing advice, where required, in assessing the outcome of risks in personal data protection,
- supervising the implementation of the Policy and managing personal data collections.

In 2022, there were no supervisions initiated by the data protection supervisory authority (Croatian Personal Data Protection Agency).

## **8.8. Activity report by the dignity protection officer**

The Anti-Discrimination Act (OG No. 85/08, 112/12), regulates, among other things, protection against all forms of discrimination and against placing any person into an unfavourable position, as well as placing certain persons in an unfavourable position based on erroneous presumptions as to the existence of any basis for discrimination.

In accordance with the Anti-Discrimination Act, a procedure for protecting worker dignity and prohibiting discrimination has also been established, as well as other matters relating to labour in the Ordinance on Labour (hereinafter: Ordinance) and the CDIA's Code of Ethics. The Ordinance in Chapter VII Protecting the Dignity of Workers and Protection against Discrimination regulate employers' obligations in protecting workers against direct and indirect discrimination in all areas of work and work conditions.

In accordance with the Ordinance, dignity protection officer was appointed at the CDIA and is authorised to receive and resolve worker complaints relating to the protection of worker dignity and protection against general and sexual harassment. The stipulated deadline by which the CDIA dignity protection officer is obliged to resolve complaints is 8 days upon receiving the complaint. In that period, allegations are investigated after which all appropriate measures are undertaken to prevent ongoing harassment or sexual harassment if ascertaining that it indeed exists. Sanctions for identified discriminatory behaviour in line with the Ordinance may result in termination of employment because of a serious breach.

During 2022, the dignity protection officer did not receive any complaints from workers.

# APPENDIX

Table according to Article 10 of the Act on the Right of Access to Information

Article 10 of the Act on the Right of Access to Information	Website containing the published information
General acts and decisions that are passed and that affect the interests of users	<a href="https://www.haod.hr/o-nama/zakonska-regulativa">https://www.haod.hr/o-nama/zakonska-regulativa</a>
Drafts of acts, other regulations and general acts that are passed, in accordance with Article 11 of this Act	<a href="https://mfin.gov.hr/pristup-informacijama/e-savjetovanja-ministarstva-financija/3347">https://mfin.gov.hr/pristup-informacijama/e-savjetovanja-ministarstva-financija/3347</a>
Annual plans, programs, strategies, instructions, activity reports, financial statements and relevant documents referring to the scope of work of public authorities	<a href="https://mfin.gov.hr/istaknute-teme/koncesije-i-drzavne-potpore/financijska-transparentnost/452">https://mfin.gov.hr/istaknute-teme/koncesije-i-drzavne-potpore/financijska-transparentnost/452</a> <a href="https://mfin.gov.hr/istaknute-teme/neprofitne-organizacije/registar-neprofitnih-organizacija/118">https://mfin.gov.hr/istaknute-teme/neprofitne-organizacije/registar-neprofitnih-organizacija/118</a>
Data on the source of financing, budgets and budget execution.	<a href="https://mfin.gov.hr/proracun-86/86">https://mfin.gov.hr/proracun-86/86</a>
Information on assistance, grants and donations, including the list of beneficiaries and relevant amounts	<a href="https://www.haod.hr/novosti/donacija-udruzi-savao-matije-gupca-6-velika-gorica">https://www.haod.hr/novosti/donacija-udruzi-savao-matije-gupca-6-velika-gorica</a>
Information on the internal organisation, along with the names of the heads of bodies and structural units and their contact information	<a href="https://www.haod.hr/o-nama/organizacijska-struktura">https://www.haod.hr/o-nama/organizacijska-struktura</a>
Minutes and conclusions of public authority meetings and official documents adopted at the sessions, as well as information on the work of formal operating bodies covering their area of competence	<a href="https://www.haod.hr/o-nama">https://www.haod.hr/o-nama</a>
Information on public procurement procedures, documentation required for bidding and information on the execution	<a href="https://eojn.nn.hr/Oglasnik/">https://eojn.nn.hr/Oglasnik/</a> <a href="https://www.haod.hr/o-nama/javna-nabava/izvršenja">https://www.haod.hr/o-nama/javna-nabava/izvršenja</a>
Notice of announced public tenders and tender documentation	<a href="https://eojn.nn.hr/Oglasnik/">https://eojn.nn.hr/Oglasnik/</a>
Registers and databases or information on registers and databases in the area of their competence as well as on the method of access;	<p>In accordance with Article 25, para. 3 of the Deposit Insurance System Act, the CDIA is obliged to keep information on the status of individual deposits covered by insurance pursuant to the Deposit Insurance Act, as well as any other data, facts and circumstances brought to its attention during the course of its duties and obligations pursuant to the mentioned Act.</p> <p>In accordance with the provisions of Article 115 of the Act on the Resolution of Credit Institutions and Investment Firms, as well as Article 77 of the Act on Compulsory Winding-Up of Credit Institutions, the CDIA is obliged to maintain the confidentiality of all information brought to its attention during the course of duties within the scope of the Act.</p>
Notifications regarding the method of exercising the right of access to information and repeated use of the information along with contact data on the information officer	<a href="http://www.haod.hr/o-nama/pravo-na-pristup-informacijama">http://www.haod.hr/o-nama/pravo-na-pristup-informacijama</a>
Fee for accessing information and repeated use of the information in line with criteria referred to in Article 19, para. 3 of the Act	<a href="http://www.haod.hr/o-nama/pravo-na-pristup-informacijama">http://www.haod.hr/o-nama/pravo-na-pristup-informacijama</a>
The most frequently sought information	<a href="https://www.haod.hr/sustav-osiguranja-depozita/najcesce-postavljena-pitanja-i-odgovori">https://www.haod.hr/sustav-osiguranja-depozita/najcesce-postavljena-pitanja-i-odgovori</a>
Other information (news, press releases, information on other activities)	<a href="http://www.haod.hr/novosti">http://www.haod.hr/novosti</a> <a href="https://www.haod.hr/en/news">https://www.haod.hr/en/news</a>

# LIST OF TABLES

Table 1. Overview of the legal framework of the EU and Croatia .....	14
Table 2. List of Deposit Insurance System members, as at 31 December 2022.....	22
Table 3. Share of the CI in total assets.....	23
Table 4. The number and share of CI assets in the assets of all CIs by ownership structure .....	
at the end of the period.....	24
Table 5. Coverage level of covered deposits by DIF funds as at 31 December 2022 .....	25
Table 6. Overview of total payouts obligations for covered deposits.....	27
Table 7. Trends for total deposits (in HRK billion) .....	30
Table 8. Increase of covered deposits (in HRK billion) .....	30
Table 9. Total deposits by sector structure (in HRK billion) .....	32
Table 10. Eligible deposits by sector structure (in HRK billion).....	33
Table 11. Covered deposits by sector structure (in HRK billion) .....	34
Table 12. Overview of profit and loss statement comparison 2022/2021.....	49
Table 13. Overview of the balance sheet comparison 2022 / 2021 .....	49
Table 14. Overview of settlement success in active bankruptcy proceedings as at 31 December .....	
2022.....	54
Table 15. Comparison of costs for public procurement for 2022.....	56

# LIST OF FIGURES

Figure 1. Organisational structure.....	12
Figure 2. Number of credit institutions by years 2012 – 2022 .....	21
Figure 3. CI ownership structure as at 31 December 2022 .....	24
Figure 4. Deposit trends for the period 31 December 2021 – 31 December 2022 .....	29
Figure 5. Share of total deposits by CI, as at 31 December 2022.....	30
Figure 6. Share of covered deposits by CI, as at 31 December 2022 .....	31
Figure 7. Covered and uncovered deposits in CIs, as at 31 December 2022.....	32
Figure 8. Share of total deposits by sector structure, 31 December 2021 – 31 December 2022 .....	33
Figure 9. Share of eligible deposits by sector structure, 31 December 2021 – 31 December 2022 .....	34
Figure 10. Share of covered deposits by sector structure, 31 December 2021 – 31 December 2022 ...	35
Figure 11. Overview of the entities in the compulsory winding-up proceedings.....	37
Figure 12. Two deposit protection mechanisms in event of difficulties in CI operations.....	41