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**Decision on the documentation to be enclosed with the application for
the authorisation of a credit institution and the application for the
authorisation to provide financial services
(Official Gazette 135/2023 and 107/2024 –
unofficial consolidated version)**

September 2024

Pursuant to Article 65, paragraph (7) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020 and 151/2022) and Article 43, paragraph (2), item (10) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020), the Governor of the Croatian National Bank hereby issues the

Decision

on the documentation to be enclosed with the application for the authorisation of a credit institution and the application for the authorisation to provide financial services

I GENERAL PROVISIONS

Subject matter

Article 1

This Decision specifies the documentation to be enclosed with the application for the authorisation of a credit institution and the application for the authorisation of a credit institution to provide financial services.

Compliance with the regulations of the European Union

Article 2

This Decision transposes into the Croatian legislation Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Text with EEA relevance) (OJ L 176, 27.6.2013), as last amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (Text with EEA relevance) (OJ L 150, 7.6.2019).

Definitions

Article 3

The terms 'credit institution', 'banking services', 'financial services', 'qualifying holding', 'group', 'group of credit institutions', 'group of credit institutions in the EU', 'group of credit institutions in the RC', 'parent undertaking', 'financial holding company' and 'mixed financial holding company' shall have the meaning as determined by the Credit Institutions Act.

II INFORMATION AND DOCUMENTS TO BE ENCLOSED WITH THE APPLICATION FOR THE AUTHORISATION OF A CREDIT INSTITUTION

Application for authorisation

Article 4

The application for authorisation shall include information and documents prescribed by Commission Delegated Regulation (EU) 2022/2580 of 17 June 2022 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the information to be provided in the application for the authorisation as a credit institution, and specifying the obstacles which may prevent the effective exercise of supervisory functions of competent authorities and Commission Implementing Regulation (EU) 2022/2581 of 20 June 2022 laying down implementing technical standards for the application of Directive 2013/36/EU of the European Parliament and of the Council with regard to provision of information in applications for authorisation of a credit institution and the information and documents prescribed by this Decision.

Work programme and information on founders of credit institutions

Article 5

(1) The application for authorisation shall include a work programme listing banking and financial services that the credit institution intends to provide, and indicating the organisational structure of the credit institution, parent companies, financial holding companies and mixed financial holding companies within the group and governance arrangements referred to in Article 101 of the Credit Institutions Act.

(2) The application for authorisation shall contain information on the identity of all natural and legal persons who will hold, in case of obtaining authorisation, directly or indirectly, a qualifying holding in a credit institution, indicating the amount of these holdings in the capital of the credit institution. Where no legal or natural person acquires, directly or indirectly, a qualifying holding in the credit institution, the application shall include a list of twenty largest shareholders of the credit institution, indicating the amount of their holdings in the capital of the credit institution.

(3) The application for authorisation not including the information referred to in paragraph (2) of this Article shall be refused.

III INFORMATION AND DOCUMENTS TO BE ENCLOSED WITH THE APPLICATION FOR THE AUTHORISATION TO PROVIDE FINANCIAL SERVICES

Article 6

(1) The application for the authorisation to provide financial services submitted by an authorised credit institution shall, at a minimum, include the following documentation and information:

- 1) information on the credit institution, including its name, personal identification number (OIB), Legal Identifier Code (LEI), business entity registration number (MBS), head office, name and surname of the contact person in the credit institution, their e-mail address and telephone number;
- 2) a list of financial services for which authorisation is sought, indicating the relevant provisions of the Credit Institutions Act;
- 3) the name of the regulation and of the financial service governed by that regulation, indicating the relevant provision of that regulation, where authorisation to provide financial services governed by special regulation is sought;
- 4) approval, opinion or other relevant document by the Croatian Financial Services Supervisory Agency or other authority competent for supervising the provision of individual financial services where so required by the regulations governing the provision of individual financial services;
- 5) draft Articles of Association with visible amendments;

6) a description of actions taken by the credit institution in connection with the introduction of financial services for which authorisation is sought;

7) the rationale for the introduction of financial services for which authorisation is sought, including information on whether the financial service for which authorisation is sought is a part of the business model of the group within which the credit institution operates, where applicable, as well as a description of risks identified by the credit institution as risks to which the credit institution will and/or might be exposed to due to and in the course of providing the financial service for which authorisation is sought, including risk grading (high, medium, low) and mitigating factors planned to be introduced by the credit institution to limit or control identified risks;

8) information on whether changes to the credit institution's business model are planned as a result of the introduction of the financial service for which authorisation is sought, and, if so, an indication of details and underlying documentation, if any;

9) a plan including at least three business years on an individual basis and, where applicable, on a consolidated and sub-consolidated basis, including a baseline scenario and a stress scenario and assumptions based on which projections are made, comprising the following:

a) an overview of the geographic distribution of services that the applicant intends to provide in the Republic of Croatia, another Member State or a third country via a subsidiary, branch or by direct provision of services and potential future plans of expansion;

b) balance sheet projections, including assets (total assets, loans and receivables from clients), liabilities and equity (total liabilities, client deposits and total equity);

c) profit and loss account projections that are required to include interest income, interest expense, net interest income, fees income, fees expense, net fees income, trading income, operating costs, total net operating income, impairments and provisions, profit before tax and net profit after tax as well as details on fixed and variable expenses and an indication of operating sensitivity to main indicators, including volume, price, geographic distribution and exposure and an explanation of measures taken to reduce exposure to said risks;

d) cash flow statement projections, where applicable;

e) projections of indicators of prudential requirements, including, at a minimum, the projections of the following indicators: CET1 ratio, Tier 1 ratio, total capital ratio, total risk exposure amount without the application of the lower limit as defined in points (a) to (g) of paragraph (4) of Article 92 of Regulation 575/2013, leverage ratio, liquidity coverage ratio (LCR), net stable funding ratio (NSFR);

f) projections of other indicators, including at least the projections of the following indicators: non-performing loan ratio (NPL ratio), cost-to-income ratio, full-time equivalent (FTE);

g) indication of percentage relating to the credit institution in case of consolidation or sub-consolidation;

10) updated relevant policies and internal bylaws governing the methods, organisation of operations, internal governance including the internal controls system, authorisations and accountability for the financial service for which authorisation is sought and information on the manner in which the introduction of the new service affects the organisation itself and the personnel policy;

11) amendments to the business plan as prescribed in Article 5, paragraph (1), point (a) of Commission Delegated Regulation (EU) 2022/2580 of 17 June 2022;

12) where, in relation to the provision of the financial service for which authorisation is sought, the credit institution intends to engage in outsourcing, it is necessary to specify the information prescribed in Article 5, paragraph (1), point (f) of Commission Delegated Regulation (EU) 2022/2580 of 17 June 2022, comply with subordinate legislation governing outsourcing in more detail, particularly with regard to assessing the fulfilment of supervisory requirements for outsourcing and undertaking due diligence on the prospective service provider, provide evidence thereof and submit the outsourcing agreement or draft outsourcing agreement;

13) evidence that the financial service for which authorisation is sought is included in the operational continuity plan and the impact of the provision of the aforementioned service on the recovery plan, resolution strategy and minimum requirements for own funds and eligible liabilities (MREL);

14) cost benefit analysis for the introduction of financial services for which authorisation is sought;

15) description of changes in job organisation and job classification, including any changes of members of the management board or the supervisory board and key function holders or their responsibilities, where changes are necessary for the introduction of financial services for which authorisation is sought, including the information on the manner in which the provision of the aforementioned service will be included in the allocation of variable remuneration, where applicable;

16) information on any changes to tangible/intangible assets of the credit institution linked to the introduction of financial services for which authorisation is sought;

17) information on any changes in the information technology of the credit institution, particularly in terms of new IT investments (e.g., hardware and software) necessary for the introduction of financial services for which authorisation is sought; and

18) a statement that the information and documentation referred to in this paragraph are true, accurate, up-to-date and complete, and that in the event of changes to the information and documentation provided in the application, the Croatian National Bank shall be notified immediately in writing of such changes in writing, signed by the person authorised to represent the credit institution.

(2) The Croatian National Bank may request other information and documentation in addition to those referred to in paragraph (1) of this Article, as well as additional explanations should it deem that necessary for the purpose of adopting a decision on the application for the authorisation to provide financial services.

Paragraph (1) has been amended pursuant to the provision of Article 1 of the Decision on amendments to the Decision on the documentation to be enclosed with the application for the authorisation of a credit institution and the application for the authorisation to provide financial services (Official Gazette 107/2024), which entered into force on 31 October 2024.

IV TRANSITIONAL AND FINAL PROVISIONS

Entry into force and application

Article 7

(1) As of the date of entry into force of this Decision, the Decision on the documentation to be enclosed with the application for the authorisation of a credit institution and the application for the authorisation to provide financial services (Official Gazette 25/2018 and 139/2022) shall cease to have effect.

(2) The procedures for the authorisation of a credit institution and the procedures for the authorisation of a credit institution to provide financial services initiated prior to the entry into force of this Decision shall be completed in accordance with the provisions of the regulations in force until the entry into force of this Decision.

(3) This Act shall enter into force on the eighth day following its publication in the Official Gazette.

Decision on amendments to the Decision on the documentation to be enclosed with the application for the authorisation of a credit institution and the application for the authorisation to provide financial services

(Official Gazette 107/2024)

Entry into force and application

Article 2

(1) Procedures initiated prior to the entry into force of this Decision shall be completed in accordance with the provisions of regulations in force until the entry into force of this Decision.

(2) This Decision shall be published in the Official Gazette, and shall enter into force on 31 October 2024.