



HNB

EUROSUSTAV

GOVERNOR

Pursuant to Article 16, paragraph (4) and Article 28, paragraph (6) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020 and 151/2020) 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 amendments to the Decision on the approval to acquire a qualifying holding in a credit institution

Article 1

In the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 25/2018 and 139/2022), Article 2, paragraphs (1) and (2) are amended to read:

“(1) The terms 'qualifying holding', 'credit institution', 'financial institution', 'parent undertaking', 'subsidiary', 'close links', 'control', 'immediate family member', 'associate of the acquirer of a qualifying holding in a credit institution', 'group' and 'group of credit institutions' shall have the meaning as defined in the Credit Institutions Act.

(2) The terms used in this Decision shall have the following meaning:

1) 'Connected persons' means persons having close links in accordance with Article 4, paragraph (1), item (38) of Regulation (EU) No 575/2013, immediate family members, other persons linked by consanguinity in the direct line without restraint and in the collateral line up to the second degree as well as persons linked by affinity up to the second degree. For the purposes of this Decision, persons linked by affinity shall mean kinship created as a result of marriage, and not consanguinity, including:

- parents, brothers and sisters of marital and extramarital partners;
- children of marital and extramarital partners who are not the children of the person for whom connectedness is assessed; and
- marital and extramarital partners of the children of the person for whom the assessment is made.

2) 'Acquirer' means any natural or legal person, including persons acting in concert, that intends to, individually or jointly, directly or indirectly, acquire or increase a qualifying holding in a credit institution.

3) 'Politically exposed persons' means persons as defined in the regulation governing the prevention of money laundering and terrorist financing.”

Article 2

In Article 4, paragraph (1) is amended to read:

“(1) When assessing the good repute of an acquirer, the Croatian National Bank shall assess the acquirer's integrity and professional competence.”

In paragraph (2), items (2) and (3) are amended to read:

“(2) criminal proceedings have been conducted in the last ten years or are conducted against the acquirer for any of the criminal offences referred to in Article 25, paragraph (2) of the Credit Institutions Act or for any criminal offence which, by its definition, corresponds to any of the criminal offences referred to in Article 25, paragraph (2) of the Credit Institutions Act, or where the acquirer has been convicted by a judgement with final force and effect or where criminal proceedings are being instituted against the acquirer for any criminal offences not referred to in Article 25, paragraph (2) of the Credit Institutions Act, if that may cast doubt on the integrity of the acquirer;

3) where the acquirer personally or the undertaking in which the acquirer has equity holdings has been in the last ten years or is the subject of any investigations, foreclosure proceedings or supervision findings reported by competent supervisory authorities resulting in imposed measures or misdemeanour sanctions due to irregularities or non-compliance with regulations governing activities in the banking, financial or insurance sectors, regulations governing the capital market, securities and payment operations or regulations governing the provision of financial services, consumer protection or any other of the regulations referred to in Article 25, paragraph (2) of the Credit Institutions Act, if that may cast doubt on the integrity of the acquirer;”.

In item (4), after the words “or against which investigations and proceedings referred to in item (3) of this paragraph were initiated”, the words “in the last ten years” are inserted.

Paragraph (3) is amended to read:

“(3) When determining the existence of the circumstances referred to in paragraph (2), items (2) to (5) of this Article on the basis of which the integrity of the acquirer is assessed, the Croatian National Bank shall take into consideration all available information regarding the type of criminal sanctions, the phase of the proceedings reached, legal remedies filed, penalties or other criminal sanctions imposed, the effects of rehabilitation measures, any aggravating or mitigating circumstances of the case, the significance of the relevant criminal offence or misdemeanour, the period which has elapsed since the offence was committed and the person's conduct throughout that period, especially in terms of the attitude towards the criminal offence, misdemeanour or any other violation or breach and its transparency. The Croatian National Bank shall also take into consideration any large number of minor acts which may not impinge on the integrity of the acquirer considered individually, but may do so collectively.”

Paragraph (6) is amended to read:

“(6) When assessing the integrity of the acquirer, the Croatian National Bank shall take into consideration the integrity of all shareholders or holders of holdings of the acquirer that is a legal person, a member of the management board of the acquirer that is a legal person, a legal person over which the acquirer has control, a legal person in which the acquirer that is a natural person is conducting business operations or has conducted business operations in the last ten years or over which it has control or has had control in the last ten years, the associates of the acquirer, the persons connected with the acquirer and the persons having business relationships with the acquirer.”

Paragraph (7) is deleted.

The former paragraphs (8) and (9) become paragraphs (7) and (8).

After paragraph (8), the new paragraphs (9) and (10) are added which read:

"(9) A person assessed by the Croatian National Bank as having integrity and professional competence referred to in Article (5) of this Decision shall be deemed to be of good repute.

(10) When assessing the integrity of the acquirer, the Croatian National Bank may require the persons referred to in paragraph (6) of this Article to provide comments on the facts and circumstances that may affect their integrity."

Article 3

In Article 5, paragraph (5), items (2) and (4) are amended to read:

"2) whether the acquirer is listed as an unreliable debtor or in a credit register containing similar data (e.g. the Basic Register System (OSR), Ministry of Finance's tax defaulter list, country list of defaulting debtors, credit registers, etc.);

4) whether the acquirer is the subject of any civil, administrative or misdemeanour proceedings or administrative sanctions proceedings that may threaten the settlement of the acquirer's future financial obligations; and"

Article 4

In Article 9, paragraph (1), item (2), the word "international" is deleted.

Article 5

In Article 12, paragraph (9), the number "4" is deleted.

Article 6

Article 13 is amended to read:

"The application for approval to acquire a qualifying holding in a credit institution shall contain at least the following documents and information on the acquisition for which approval is sought:

- 1) firm name and head office of the credit institution in which the qualifying holding is acquired;
- 2) a brief description of the proposed acquisition and its main characteristics (a contract or draft contract based on which the qualifying holding is acquired or increased is to be provided);
- 3) contact data of the person designated by the acquirer as the contact person in the decision-making procedure regarding the application, this person's name and surname, address, telephone number and e-mail address as well as, for legal persons, the firm name, legal form, business entity registration number and a document showing the legal basis for the representation of the acquirer, e.g. the power of attorney;
- 4) information on whether the acquirer intends to appoint new members of the management and supervisory boards of the credit institution after the acquisition of the qualifying holding, information on whether the persons intended to be appointed as the new members of the management and supervisory boards after the acquisition of the qualifying holding have been

- designated and, where this is the case, the name, surname and gender of each candidate, the name of the function in the Croatian language, the name of the function in the English language, the type of the function (the chairperson of the management board, a member of the management board, a member of the supervisory board), the planned start of the term of office and the application for prior approval to perform the function of the chairperson of the management board, a member of the management board or a member of the supervisory board, which is submitted by a special form through the information system of the European Central Bank, in electronic form or in writing;
- 5) the organisational scheme showing the shareholding structure of the credit institution before and after the proposed acquisition and the percentage share in the capital and voting rights;
 - 6) information on whether the acquisition can be considered as internal reorganisation;
 - 7) information on the planned period for the completion of the acquisition of the qualifying holding and the accompanying documentation, where available;
 - 8) information on whether the acquisition is subject to the regulations of the European Union or national regulations on market competition and, where this is the case, the relevant details, including deadlines for the decision-making of the European Commission (EU) and national competent authorities as well as the accompanying documentation, where available;
 - 9) a detailed description of the procedures and legal framework of the system for the prevention of money laundering applicable to the acquirer or, where the acquirer is an entity not subject to regulations governing the prevention of money laundering and terrorist financing, a description of the measures the acquirer has taken in connection with the prevention of money laundering and terrorist financing as well as the accompanying documentation, where available;
 - 10) a description of the changes planned with regard to the acquisition and details on the strategy regarding the acquisition, the planned period during which the acquirer intends to hold the shares, intentions to increase, reduce or maintain the level of the share in the capital of the credit institution in the near future following the acquisition of the qualifying holding and the intentions of the acquirer with regard to the credit institution as well as, where applicable, whether the acquirer intends to act as an active minority shareholder and, where this is the case, the rationale for such a role and the accompanying documentation, where available;
 - 11) the following information on the shares being acquired:
 - a) the type of shares being acquired;
 - b) the number of shares before and after the acquisition;
 - c) the currency in which the shares are denominated;
 - d) the nominal value of the shares before and after the acquisition and purchase price;
 - e) the share or the proposed share in the capital of the credit institution before and after the acquisition;
 - f) the share in the voting rights of the credit institution before and after the acquisition; and
 - g) the market value of the share in the capital of the credit institution before and after the acquisition expressed in euro;
 - 12) the description of the significant impacts of the proposed acquisition on the credit institution, including information on the changes planned with regard to the firm name, head office, day-to-day activities, financial services that are intended to be provided and are not covered by the authorisation, the outsourcing agreement, the technologies used for these purposes and other changes that can have a significant impact as well as the accompanying documentation, where available;

- 13) the description of the impacts of the proposed acquisition on the ability of the credit institution to comply with all prudential requirements, including capital and liquidity requirements, limits to large exposures, requirements related to governance arrangements, the internal control system, risk management and operational compliance as well as the accompanying documentation, where available;
- 14) the description of the significant impacts of the proposed acquisition on the segmentation of clients, products, services and distribution channels, including the technology used for these purposes;
- 15) information on the criteria based on which the purchase price was determined and, where the market price differs from the purchase price, an explanation thereof;
- 16) information on whether the acquirer acts in concert with other shareholders/acquirers and, where this is the case, their share in the funding of the acquisition, the manner of participation and inclusion in financial agreements and future organisational structures as well as details from the shareholder agreement;
- 17) information on whether the proposed acquirer is a person that can exercise a significant influence over the management of the credit institution while having less than 10% of the share in the capital or the voting rights of the credit institution and, where this is the case, the relevant details and accompanying documentation, where available;
- 18) information on whether the credit institution in which the qualifying holding is acquired will become a member of a group following the acquisition;
- 19) a detailed explanation on the sources of funds used for the proposed acquisition including the following information:
 - a) the origin (economic and geographical) and availability of the own funds for the acquisition, with an explanation of the manner in which the funds have been obtained, including evidence that these funds have not been obtained by money laundering or that the acquisition is not to be exploited for money laundering as well as, where applicable, information on the assets of the acquirer that are to be sold in order to finance the proposed acquisition and data on the conditions of the sale, purchase price and appraisal as well as details on when and how the assets have been acquired;
 - b) the method of payment for the purchase price of the shares (information on the transfer of funds including information on the institution(s) participating in the transfer);
 - c) details on collecting funds for the acquisition on capital and financial markets including, where applicable, details on financial instruments to be issued;
 - d) whether the sources of funds are borrowed, the percentage of such borrowings relative to the total purchase price and, where this is the case, details on the reasons for the use of the borrowed funds and on why these funds are used for the funding of the acquisition instead of capital financing, the source of the borrowed funds, including the repayment method, data on the creditors and the borrowed funds, including maturities, lending terms, pledges, guarantees and other collateral instruments as well as information on the source of income to be used for the repayment of these funds and on the source of the borrowed funds where the creditor is not a supervised financial institution;
 - e) in the case referred to in sub-item (d), where funds are borrowed from a creditor that is not a supervised credit or financial institution, evidence on the source of the borrowed funds is to be provided;
 - f) information on any financial arrangements with other shareholders of the credit institution in which the qualified holding is acquired; and

- g) where shares are acquired to increase the initial capital of the credit institution, evidence that the funds for the acquisition have been allocated to a special-purpose account with the credit institution;
- 20) a statement on the intention of the acquirer to invest additional funds in the capital of the credit institution after the acquisition if this is needed for the development of the credit institution's operations or in case of financial difficulties, including a description of the financial capacity of the acquirer to ensure a sound and prudent management of the financial institution in which the holding is acquired in the three-year period following the acquisition and details on any assumption of obligations (in the case that the acquirer assumes any obligations, a signed copy of the statement on the assumption of obligations is to be provided) and the accompanying documentation, where available;
- 21) an analysis of whether the acquirer's close links with the credit institution following the acquisition will have any impact on the credit institution's ability to provide timely and accurate information and reports to the Croatian National Bank;
- 22) information on whether the acquirer will become a financial holding company as a result of the proposed acquisition, that is, whether this procedure is related to the authorisation of a financial holding company or mixed financial holding company;
- 23) information on whether the proposed acquisition will result in the exemption from the application of prudential requirements with regard to the credit institution in which the qualifying holding is being acquired;
- 24) a list of natural and legal persons connected with the acquirer of the qualifying holding, a description of the manner in which they are connected and a chart showing the group of persons connected with the acquirer with regard to the share in the capital and voting rights of the shareholders exercising a significant influence over individual group members, and a list of registered activities of all group members.”

Article 7

Article 14 is amended to read:

“(1) In addition to the documentation and information prescribed in Article 13 of this Decision, the application for approval to acquire a qualifying holding submitted by natural persons directly or indirectly acquiring a qualifying holding in a credit institution shall contain the following documents and information:

- 1) name and surname, date and place of birth, address or domicile, citizenship, personal identification number (OIB), a copy of the personal identification document or passport and the e-mail address;
- 2) a detailed curriculum vitae or equivalent document that includes education and professional training, previous work experience, professional activities or other relevant functions performed by the person;
- 3) information on whether the acquirer or a legal person in which the acquirer has performed a managing function or over which the acquirer has or has had control, is or has been in the last ten years the subject of any criminal, civil or administrative proceedings or investigations or whether any disciplinary or similar measures, including dismissal from a management function or similar function, have been imposed, whether the power of attorney has been withdrawn and whether any bankruptcy proceedings or consumer bankruptcy proceedings have been initiated as well as, where this is the case, the relevant details;

- 4) information on whether the acquirer or a legal person in which the acquirer has performed a managing function or over which the acquirer has or has had control, has in the last ten years been the subject of any administrative sanctions proceedings or foreclosure proceedings, investigative procedures or similar procedures or whether an enforceable decision or an administrative sanction decision has been adopted;
- 5) a certificate from the criminal history records and misdemeanour records or an equivalent document on judgements with final force and effect of criminal offences, certificates or similar documents or signed statements on whether the acquirer is the subject of any criminal or misdemeanour proceedings or administrative sanctions proceedings, civil or administrative proceedings, that is, where no certificates from the criminal history records or misdemeanour records or equivalent documents are available, an explanation of the reasons why they are unavailable (all the stated documents may not be older than six months);
- 6) information on whether the acquirer has in the last ten years been refused approval, authorisation or permission to perform an activity, trade activity or professional activity or revoked or annulled authorisation, approval or permission to perform an activity or approval to perform a function in the management or supervisory boards of a legal person by a competent supervisory authority or other supervisory authority or public law body or expelled from a professional or vocational association or similar body and, where this has been the case, the relevant details;
- 7) information on whether the acquirer's employment contract has been terminated or the power of attorney withdrawn in the last ten years and, where this has been the case, the relevant details;
- 8) information on whether another authority competent for the supervision of banking and/or financial services or another supervisory authority or agency from the Republic of Croatia or outside the Republic of Croatia has ever assessed the acquirer's good repute, including the identity of the authority and the result of the assessment as well as the accompanying documentation;
- 9) a description of the acquirer's business activities and information on whether the acquirer has control over or manages a legal person and, where this is the case, a list of these legal persons as well as the accompanying documentation, where available;
- 10) a description of the acquirer's financial position, including details regarding the level and sources of income, assets and liabilities, loans, guarantees and collateral instruments granted or received as well as information on the operation of the legal person in which the acquirer performs or has performed a managing function and the legal persons over which the acquirer has or has had control, including audited financial statements and, where available, the credit rating and accompanying documentation;
- 11) whether the acquirer is listed as an unreliable debtor or in a credit register containing similar data (e.g. the Basic Register System (OSR), Ministry of Finance's tax defaulter list, country list of defaulting debtors, credit registers, etc.);
- 12) a report on the financial position of the acquirer (pro forma balance sheet) with data on the assets (cash and cash equivalents, custody accounts, pension account, immovable and movable property owned, other and total assets), liabilities (credits and loans longer than one year, liabilities shorter than one year, other and total liabilities) and net values;
- 13) information on whether the acquirer has any financial or non-financial interests or relationships with the following persons:
 - a) other present or future direct or indirect shareholders of the credit institution;
 - b) members of the management and supervisory boards or the senior management of the credit institution in which the qualifying holding is acquired;

- c) the credit institution in which the qualifying holding is acquired or the group of which the credit institution is a member;
 - d) politically exposed persons;
 - e) persons authorised to vote, on their own behalf or on behalf of other persons, at the general meeting of the credit institution, under the following conditions:
 - where the right to vote pertains to third parties with which the acquirer has entered into an agreement binding them to adopt, acting in concert, a lasting common policy on the management of the credit institution in which the qualifying holding is acquired or where the right to vote pertains to third parties under an agreement concluded with the acquirer providing for a temporary transfer of voting rights to third parties;
 - where the voting rights are attached to the shares lodged as collateral by the acquirer, provided that that person controls voting rights and intends to exercise them or where the voting rights are attached to the shares in which that person has life interest;
 - where the voting rights are held or may be exercised by an undertaking controlled by that person in the cases referred to in paragraph (1), item (13), sub-item (e), indents (1) and (2) of this Article;
 - where the voting rights are attached to the shares deposited with that person and that person may exercise them at discretion in the absence of specific instructions from the shareholders;
 - where the voting rights are held by a third party in the party's own name and for the account of the acquirer; and
 - where the voting rights are exercised by that person as a proxy, provided that that person may exercise the voting rights at discretion in the absence of specific instructions by the shareholders and, where this is the case, the relevant details and the accompanying documentation are to be provided;
- 14) information on whether the acquirer has any interests or performs any activities that may be in conflict with the interests of the credit institution in which the qualifying holding is acquired and, where this is the case, the proposed methods of resolving any potential conflict of interest that may arise from these interests and activities as well as from the relationships referred to in item (13) of this paragraph.

(2) The acquirer that is a natural person shall submit the documents and information referred to in paragraph (1), items (3), (4), (6) and (7) of this Article for the legal persons in which the acquirer directs or has in the last ten years directed the business, for the legal persons over which the acquirer has or has in the last ten years had control and for the connected persons and persons having business links with the acquirer as well as the documents and information referred to in item (5) in the part related to certificates from the criminal history records or equivalent documents on judgements with final force and effect of criminal offences for the associates of the acquirer of the qualifying holding.”

Article 8

Article 15 is amended to read:

“(1) In addition to the documentation prescribed in Article 13 of this Decision, the application for approval to acquire a qualifying holding submitted by legal persons directly or indirectly acquiring a qualifying holding in a credit institution shall contain the following documents and information:

- 1) information on the type of acquirer, whether the acquirer is a supervised credit institution and subject to European banking supervision;
- 2) information on the firm name and head office of the legal person, including the address and postal code, Legal Identifier Code (LEI), business entity registration number, personal identification number (OIB) or, where applicable, another national identifier, e-mail address and telephone number as well as the accompanying documentation confirming the stated information and documents specifying the firm name and the registered address of the acquirer's head office or the registered address where it is different from the head office address as well as contact information;
- 3) the legal form of the acquirer and the registration in accordance with the national law of the country in which the acquirer has its head office, with the accompanying documentation (e.g. a copy of the Articles of Association or the memorandum of association);
- 4) information on whether the acquirer has been or is subject to supervision by an authority competent for the supervision of financial services or another supervisory authority or agency in the Republic of Croatia or outside the Republic of Croatia;
- 5) an updated list of activities of the acquirer that is a legal person indicating whether any of the activities are subject to regulations governing the financial sector and, where applicable, the accompanying documentation;
- 6) information on whether another authority competent for the supervision of financial services or another supervisory authority or agency from the Republic of Croatia or outside the Republic of Croatia has ever assessed the good repute of the acquirer and the members of the management board of the acquirer, including information on the identity of the authority and the result of the assessment;
- 7) a list of the members of the acquirer's management board (name and surname, date and place of birth, address, e-mail address, personal identification number or another national identifier, citizenship, copy of the personal identification document or passport), their detailed curricula vitae or equivalent documents specifying education and professional training, previous work experience, professions or other relevant functions currently performed);
- 8) a representation of the shareholding structure or the structure of the holders of holdings in the acquirer, their names or names and surnames, including a list of all shareholders exercising a significant influence over the acquirer, information on the share in the capital and voting rights and any shareholder agreements;
- 9) a list of natural persons who can be considered as ultimate shareholders or direct and indirect holders of holdings or members of the acquirer that is a legal person or a trust (name and surname, date and place of birth, address, personal identification number or other national identifier and citizenship as well as the total nominal amount of shares and the percentage share in the initial capital of the acquirer);
- 10) where the acquirer is a member of a group, a detailed organisational scheme of the group with a reference to each member of the group and information on the share in the capital and voting rights of their shareholders (including the shareholders that are not the members of the group) and the shareholders exercising a significant influence over group members and the business activities of group members, specifying whether a credit institution, insurance or reinsurance undertaking or investment firm is a member of the group and providing the names of the authorities competent for their supervision;
- 11) where the credit institution becomes a member of a group following the acquisition, details on the impact of the acquisition on the scope of prudential consolidation, including a list of all credit institutions, insurance undertakings and investment firms within the group with reference to competent supervisory authorities as well as an analysis of the scope of prudential consolidation of

the credit institution and the group, including information on which group members will be included in the scope of consolidated supervision and whether the requirements will apply on a consolidated or sub-consolidated basis;

- 12) information on whether the proposed acquirer or the person directing the business of the proposed acquirer or the group of which the acquirer is a member has any financial or non-financial interests with the persons authorised to vote on their own behalf or on behalf of other persons at the general meeting of the credit institution in which the qualifying holding is acquired, under the following conditions:
 - a) where the right to vote pertains to third parties with which the acquirer has entered into an agreement binding them to adopt, acting in concert, a lasting common policy on the management of the credit institution in which the qualifying holding is acquired or where the right to vote pertains to third parties under an agreement concluded with the acquirer providing for a temporary transfer of voting rights to third parties;
 - b) where the voting rights are attached to the shares lodged as collateral by the acquirer, provided that that person controls voting rights and intends to exercise them or where the voting rights are attached to the shares in which that person has life interest;
 - c) where the voting rights are held or may be exercised by an undertaking controlled by that person in the cases referred to in indents (a) and (b) of this item of this paragraph;
 - d) where the voting rights are attached to the shares deposited with that person and that person may exercise them at discretion in the absence of specific instructions from the shareholders;
 - e) where the voting rights are held by a third party in the party's own name and for the account of the acquirer; and
 - f) where the voting rights are exercised by that person as a proxy, provided that that person may exercise the voting rights at discretion in the absence of specific instructions by the shareholders;
- 13) a description of financial and non-financial interests or relationships between the acquirer, the group of which the acquirer is a member and the members of the management board or the persons directing the business of the acquirer with the following persons:
 - a) the credit institution in which the qualifying holding is acquired;
 - b) other direct or indirect shareholders of the credit institution;
 - c) the members of the management and supervisory boards or the senior management of the credit institution in which the qualifying holding is acquired or a member of the group of which the credit institution is a member; and
 - d) politically exposed persons;
- 14) information on whether the acquirer or the person directing the business of the acquirer or of the group of which the acquirer is a member has any interests or performs any activities that may be in conflict with the interests and activities of the credit institution in which the qualifying holding is acquired and the proposed methods of resolving any potential conflict of interest that may arise from the relationships referred to in items (12) and (13) of this paragraph;
- 15) information on whether the acquirer, the legal person controlled by the acquirer and the shareholder exercising a significant influence on the acquirer are the subjects of any criminal offence, misdemeanour, civil or administrative proceedings or lawsuits or whether they have been convicted by judgements with final force and effect of any criminal offences or misdemeanours, whether any disciplinary or similar measures, including dismissal from a management function or similar function, have been imposed, whether the power of attorney has been withdrawn, whether the

bankruptcy proceedings or consumer bankruptcy proceedings have been initiated and, where this is the case, the relevant details;

- 16) for the acquirer and the natural persons that direct the business or are the members of the management board of the acquirer, a certificate from the criminal history records and misdemeanour records or an equivalent document on judgements with final force and effect of criminal offences, certificates or similar documents or signed statements on whether the person concerned is the subject of any criminal offence or misdemeanour proceedings or administrative sanctions proceedings, civil or administrative proceedings or foreclosure proceedings or, where no such documents are available, an explanation of the reasons why they are unavailable (all these documents may not be older than six months);
 - 17) the reports of the acquirer for the past three years, containing the balance sheet, income statement, capital movements and annual reports as well as other related documents filed with the competent register or authority;
 - a) where the acquirer is a legal person within a group, audited financial statements on a consolidated and a sub-consolidated basis for the last three years; an auditor's opinion on audited financial statements and the accompanying documentation, where available, as well as forecast balance sheets and income statements for the first three business years following the acquisition, including planning assumptions used;
 - b) where the acquirer is a trust, audited financial statements for the last three years related to the assets managed by the trust as well as forecast balance sheets and income statements for the first three business years following the acquisition, including planning assumptions used;
 - c) where the acquirer is a newly-established undertaking (established within the last year), instead of audited financial statements, forecast balance sheets and income statements for the first three business years, including planning assumptions used;
 - 18) information on the credit rating of the acquirer and the group of which the acquirer is a member, where available, including information on financial ratios and the explanation of their adequacy and robustness, and an external rating with the evaluation report, where available;
 - 19) data entered in table form regarding total assets, short-term assets, total liabilities, short-term liabilities, capital, total revenues and net profit;
 - 20) an analysis of the impact of the proposed acquisition on the timely and accurate reporting of the credit institution to the Croatian National Bank and other competent authorities from a Member State or a third country following the proposed acquisition;
 - 21) an opinion or approval of the authority competent for the supervision of banking and/or financial services provided by the acquirer or another competent authority from a Member State or a third country in respect of the proposed acquisition;
 - 22) where the acquirer is a trust, the share in the distribution of income of all trustees, where applicable, information on whether a trustee, as the owner of the shares or holdings managed by the trust, exceeds the qualifying holding in the credit institution as well as the Articles of Association of the trust regulating its activities.
- (2) Where the acquirer is a legal person having a head office in a third country, which has been subject to an assessment or issued approval by the authority competent for the financial sector in that country, the following documentation and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article.
- 1) a certificate of good standing or an equivalent document on the orderly operation of the acquirer issued by an authority competent for the supervision of financial services;

- 2) a statement by an authority competent for the supervision of financial services from the country in which the acquirer has its head office stating that there are no obstacles or restrictions for the provision of information necessary for the Croatian National Bank to exercise supervision over the credit institution in which the qualifying holding is acquired;
- 3) general information on the national legislation of the country in which the acquirer has its head office, in particular information on the extent to which the country's anti-money laundering and counter-terrorist financing regulations are consistent with the FATF Recommendations; and
- 4) an opinion of the legal experts of the third country in which the acquirer has its head office regarding any legal obstacles for obtaining information from the country's competent authorities or from the acquirer.

(3) Where the acquirer is a sovereign wealth fund, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 and paragraph (1) of this Article:

- 1) name of the fund;
- 2) name of the ministry or another government body in charge of defining the investment policy of the fund;
- 3) details of the investment policy of the fund and any restrictions on investment as well as the accompanying documentation, where available;
- 4) names and surnames and functions of the persons responsible for making the investment decisions of the fund;
- 5) detailed information on any influence that the competent ministry or government body responsible for defining the investment policy of the fund exerts on the day-to-day operations of the fund and the credit institution in which the qualifying holding is acquired as well as the accompanying documentation, where available;

(4) Where the acquirer is a private equity fund or a hedge fund, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) name of the fund;
- 2) a detailed description of the performance of former acquisitions by the acquirer of qualifying holdings in financial and credit institutions and the accompanying documentation, where available;
- 3) details on the acquirer's investment policy and any investment restrictions, including details on investment monitoring, information based on which the acquirer took the decision to invest in the credit institution in which the qualifying holding is acquired and any facts that may trigger changes to the acquirer's exit strategy as well as the accompanying documentation, where available;
- 4) the acquirer's decision-making framework for investment decisions and the accompanying documentation, where available;
- 5) a detailed description of the acquirer's regulatory framework and internal policies for the prevention of money laundering and terrorist financing as well as the accompanying documentation, where available;

(5) Where the acquirer is a collective investment undertaking, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) identity of the holders of holdings in the undertaking controlling the collective investment undertaking or having veto powers;
 - 2) details on the investment policy and any restrictions on investment;
 - 3) names and surnames and functions of persons responsible for defining and making investment decisions and a copy of the authorisation or conditions of engagement of collective body;
 - 4) a detailed description of the acquirer's regulatory framework and internal policies for the prevention of money laundering and terrorist financing; and
 - 5) a detailed description of investments in other credit institutions, insurance or re-insurance undertakings or investment firms, indicating whether such investments were approved by a competent authority and, where this is the case, the identity of the authority.
- (6) The acquirer that is a legal persons shall submit documents and information referred to in paragraph (1), items (6), (7), (12), (13), (15) and (16) of this Article for a member of the management board, documents and information referred to in items (8), (9) and (15) for the ultimate shareholders and shareholders exercising a significant influence on the acquirer, documents and information referred to in item (15) for a legal person controlled by the acquirer and documents and information referred to in item (16), in the part related to certificates from the criminal history records or an equivalent document on judgements with final force and effect of criminal offences for an associate of the acquirer of a qualifying holding in a credit institution.”

Article 9

Article 16 is amended to read:

(1) Where the acquirer intends to acquire more than 10% and up to 20% of the share in the capital or voting rights of a credit institution, the application for approval shall contain information on whether the acquirer intends to change the business model of the credit institution in which the qualifying holding is acquired and, where this is the case, the relevant details.

(2) Where the acquirer intends to acquire more than 20% and up to 50% of the share in the capital or voting rights of the credit institution or where the acquirer holds a holding of less than 20%, but will gain influence equivalent to that of a shareholder holding more than 20% and up to 50% of the share in the capital or voting rights of the credit institution due to the shareholder structure of the credit institution, the application for approval shall contain the following information and documents related to the strategy towards the credit institution in addition to the information referred to in paragraph (1) of this Article:

- 1) details on the influence that the acquirer intends to exercise on the financial position of the credit institution, including the dividend policy, strategic development and the allocation of resources of the credit institution; and
- 2) a strategic document with a description of the acquirer's intentions and expectations with regard to the credit institution in the next three years covering all elements referred to in paragraph (4) of this Article.

(3) Where the acquirer intends to acquire at least 50% of the share in the capital or voting rights of the credit institution or if the acquisition will result in the credit institution becoming a subsidiary of the acquirer, the application for approval shall contain a business plan comprising a strategic development plan, estimated financial statements and a description of the impact of the acquisition on the corporate governance and the organisational structure of the credit institution in which the qualifying holding is

acquired in addition to information referred to in paragraphs (1) and (2) of this Article, with the exception of information referred to in paragraph (1), item (2) of this Article.

(4) The strategic development plan of the credit institution referred to in paragraph (3) of this Article shall contain the main goals of the proposed acquisition and the ways of achieving them, including:

- 1) the overall aim of the proposed acquisition;
- 2) financial goals for the first three financial years following the acquisition stated in terms of the expected return on equity, cost-benefit ratio and earnings per share;
- 3) the impact of the proposed acquisition on a possible redirection of activities, products, targeted customer groups and the reallocation of funds of the credit institution; and
- 4) the activities and procedure of including the credit institution in which the qualifying holding is acquired in the group, including a description of future relations with other group members and policies governing intra-group relations. For institutions authorised and supervised by competent authorities in the European Union, information about particular parts within the group directly affected by the proposed acquisition shall suffice.

(5) Estimated financial statements referred to in paragraph (3) of this Article shall be submitted on an individual and consolidated basis for a period of three years and include the following:

- 1) forecast balance sheet and income statement submitted on the forms on which supervisory reports are submitted to the Croatian National Bank;
- 2) forecast capital requirements and capital adequacy ratios (CET1, T1, TC, LR);
- 3) liquidity indicators (LCR, NSFR);
- 4) information on risk exposure (RWA), including credit, market and operational risk, CVA as well as other relevant risks;
- 5) forecasts of applicable limits to large exposures and transitional exemptions from limits to intra-group exposures;
- 6) the main drivers of revenues and profitability as well as the main drivers of the coverage of non-performing placements by value adjustments and an explanation why they have been chosen;
- 7) capital movements and, where applicable, off-balance sheet exposures and a detailed description of the financing structure;
- 8) where the credit institution in which the qualifying holding is acquired is a member of a group, a description of the model of potential profit centres and of the distribution of income and the model of transfer prices, including their impact on the financial statements of the credit institution in which the holding is acquired; and
- 9) information on the internal income statement of the management body as well as profitability measurement and management;

(6) Estimated financial statements referred to in paragraph (3) of this Article must show that the credit institution will be capable of complying with prudential requirements at the time of the acquisition and in the following three years. Where any recapitalisations are planned within the next three years the estimates shall be substantiated and the estimates of compliance with prudential requirements without the recapitalisations planned shall also be presented. The estimates shall contain both the baseline and stress scenarios.

(7) Estimated financial figures contained in the business plan shall refer to the following:

- 1) assets expressed in thousands of euro (total assets as well as loans and claims, excluding exposures to credit institutions and central banks);
 - 2) liabilities/capital expressed in thousands of euro (total liabilities, excluding deposits from credit institutions and central banks and total capital);
 - 3) income statement expressed in thousands of euro (interest income, interest expense, net interest income, fees income, fees expense, net fees income, trading income, operating expenses, total net operating income, value adjustments and provisions, profit before tax, net profit (after tax));
 - 4) prudential ratios (CET1 capital ratio, Tier 1 capital ratio, total capital ratio, risk weighted assets, credit risk weighted assets, market risk weighted assets, operational risk weighted assets, leverage ratio, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)); and
 - 5) other (NPL ratio, cost to income ratio, FTE, expected synergy costs – total amount after three years, expected future synergy revenues – total amount after three years);
- (8) A description of the impact of the acquisition on the corporate governance and organisational structure of the credit institution referred to in paragraph (3) of this Article shall include a description of the impact on:

- 1) the composition and duties of the management board, supervisory board, credit committee, risk committee, remuneration committee, appointment committee, audit committee and other committees, including information concerning persons appointed to direct the business;
- 2) administrative and accounting procedures and internal controls, including changes in procedures in the area of accounting, internal audit, compliance, prevention of money laundering and terrorist financing and risk management as well as the appointment of persons responsible for internal audit, compliance and risk control functions;
- 3) the overall IT architecture, including any changes concerning the outsourcing policy, the data flowchart, the internal and external software used and the essential information system security procedures and tools, including back-up, continuity plans and audit trails;
- 4) the policies governing outsourcing, including information on the areas concerned, on the selection of service providers, and on the respective rights and obligations of the principal parties as set out in outsourcing agreements, such as audit arrangements and the quality of service expected from the provider; and
- 5) any other relevant information which may affect the corporate governance and organisational structure of the credit institution in which the qualifying holding is acquired, including any modification regarding the voting rights of the shareholders.

(9) Where the qualifying holding is acquired based on an intra-group transaction, whereby the ultimate indirect acquirer remains the same, the acquirer shall not be obligated to submit documents related to the strategy, business plan and the internal organisation of the credit institution where the proposed acquisition will not result in changes to the documents referred to above.”

Article 10

Article 18 is amended to read:

"(1) The application for approval to acquire a qualifying holding in a credit institution shall be submitted through a dedicated information system, in electronic form or in writing to the Croatian National Bank.

(2) The application referred to in paragraph (1) of this Article, when submitted through a dedicated information system or in electronic form, shall contain a qualified electronic signature.

(3) Where the application referred to in paragraph (1) of this Article is submitted through a dedicated information system, in electronic form or in writing, all information and documentation submitted shall constitute the integral part of the application concerned.

(4) The Croatian National Bank shall provide information on its website about the manner of submitting the application referred to in paragraph (1) through a dedicated information system and in electronic form.”

Article 11

Appendices 1, 2 and 3 to this Decision are deleted.

The former Appendix 4 becomes Appendix to the Decision constituting its integral part.

IV TRANSITIONAL AND FINAL PROVISIONS

Entry into force and application

Article 12

(1) This Decision shall be published in the Official Gazette and shall enter into force on 1 October 2024.

(2) The procedures initiated prior to the entering into force of this Decision shall be completed in accordance with the provisions of the regulations which were in effect before the entering into force of this Decision.

No.: 221-091/06-24/BV

Zagreb, 7 June 2024

Croatian National Bank

Governor

Boris Vujčić