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**DECISION ON THE STRUCTURE AND CONTENT OF ANNUAL FINANCIAL STATEMENTS OF CREDIT
INSTITUTIONS**

Zagreb, May 2018

Pursuant to Article 19, paragraph (6) of the Accounting Act (Official Gazette 78/2015, 134/2015 and 120/2016) and Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), the Governor of the Croatian National Bank hereby issues the

Decision on the structure and content of annual financial statements of credit institutions

Subject matter

Article 1

- (1) This Decision prescribes the structure and content of annual financial statements of credit institutions.
- (2) The structure and content of annual financial statements and the instructions for preparing them shall be prescribed in the Instructions for the implementation of the Decision on the structure and content of annual financial statements of credit institutions which shall constitute an integral part of this Decision.

Entities subject to the Decision

Article 2

The provisions of this Decision shall apply to credit institutions with registered offices in the Republic of Croatia which have been authorised by the Croatian National Bank.

Structure and content of annual financial statements

Article 3

- (1) Credit institutions shall prepare the annual financial statements referred to in Article 19 of the Accounting Act (Official Gazette 78/2015, 134/2015 and 120/2016) in accordance with the structure and content prescribed in the Instructions for the implementation of the Decision on the structure and content of annual financial statements of credit institutions and in accordance with the provisions of International Financial Reporting Standards.
- (2) Data in the statement of financial position (balance sheet), income statement, statement of other comprehensive income, statement of cash flows and statement of changes in equity shall be presented in kuna for the current and the previous year.
- (3) The provisions of this Decision shall apply *mutatis mutandis* to consolidated annual financial statements if a credit institution is obligated to prepare them in accordance with accounting regulations.

Cessation of effect

Article 4

- (1) The Decision on the structure and content of annual financial statements of credit institutions (Official Gazette 30/2017 and 44/2017) shall cease to have effect by virtue of the entry into force of this Decision.
- (2) Credit institutions shall prepare and submit the last statements in accordance with the Decision on the structure and content of annual financial statements of credit institutions (Official Gazette 30/2017 and 44/2017) for the reporting period ending 31 December 2017.

Entry into force

Article 5

- (1) Credit institutions shall prepare and submit the first statements in accordance with the provisions of this Decision for the reporting period beginning on 1 January 2018.

(2) This Decision shall enter into force on the eight day after the day of its publication in the Official Gazette.

No.: 136-020/04-18/BV
Zagreb, 26 April 2018

Boris Vujčić

Governor

INSTRUCTIONS FOR THE IMPLEMENTATION OF THE DECISION ON THE STRUCTURE AND CONTENT OF ANNUAL FINANCIAL STATEMENTS OF CREDIT INSTITUTIONS

1. GENERAL PROVISIONS

1. These Instructions constitute an integral part of the Decision on the structure and content of annual financial statements of credit institutions.
2. These Instructions define the structure and content of annual financial statements to be prepared by credit institutions in accordance with the Accounting Act.
3. Items that shall be reported in negative are entered in brackets.
4. At the beginning of each individual report, the word "consolidated" shall be entered in the field "Report code" in case of consolidated financial statements and the word "unconsolidated" shall be entered in case of unconsolidated financial statements.

2. STRUCTURE AND CONTENT OF ANNUAL FINANCIAL STATEMENTS

2.1. Statement of financial position (Balance sheet statement)

5. The structure of the Statement of financial position (Balance sheet statement) shall be as follows:

Name of entity:		MB:
Report code:		OIB:
Position	Name of position	
	Assets	
1	Cash, cash balances at central banks and other demand deposits (from 2 to 4)	
2	<i>Cash on hand</i>	
3	<i>Cash balances at central banks</i>	
4	<i>Other demand deposits</i>	
5	Financial assets held for trading (from 6 to 9)	
6	<i>Derivatives</i>	
7	<i>Equity instruments</i>	
8	<i>Debt securities</i>	
9	<i>Loans and advances</i>	
10	Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	
11	<i>Equity instruments</i>	
12	<i>Debt securities</i>	
13	<i>Loans and advances</i>	
14	Financial assets designated at fair value through profit or loss (15 + 16)	
15	<i>Debt securities</i>	
16	<i>Loans and advances</i>	
17	Financial assets at fair value through other comprehensive income (from 18 to 20)	
18	<i>Equity instruments</i>	
19	<i>Debt securities</i>	
20	<i>Loans and advances</i>	
21	Financial assets at amortised cost (22 + 23)	
22	<i>Debt securities</i>	

23	<i>Loans and advances</i>
24	Derivatives – hedge accounting
25	Fair value changes of the hedged items in portfolio hedge of interest rate risk
26	Investments in subsidiaries, joint ventures and associates
27	Tangible assets
28	Intangible assets
29	Tax assets
30	Other assets
31	Non-current assets and disposal groups classified as held for sale
32	Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)
	Liabilities
33	Financial liabilities held for trading (from 34 to 38)
34	<i>Derivatives</i>
35	<i>Short positions</i>
36	<i>Deposits</i>
37	<i>Debt securities issued</i>
38	<i>Other financial liabilities</i>
39	Financial liabilities designated at fair value through profit or loss (from 40 to 42)
40	<i>Deposits</i>
41	<i>Debt securities issued</i>
42	<i>Other financial liabilities</i>
43	Financial liabilities measured at amortised cost (from 44 to 46)
44	<i>Deposits</i>
45	<i>Debt securities issued</i>
46	<i>Other financial liabilities</i>
47	Derivatives – hedge accounting
48	Fair value changes of the hedged items in portfolio hedge of interest rate risk
49	Provisions
50	Tax liabilities
51	Share capital repayable on demand
52	Other liabilities
53	Liabilities included in disposal groups classified as held for sale
54	Total liabilities (33 + 39 + 43 + from 47 to 53)
	Equity
55	Capital
56	Share premium
57	Equity instruments issued other than capital
58	Other equity
59	Accumulated other comprehensive income
60	Retained earnings

61	Revaluation reserves
62	Other reserves
63	(-) Treasury shares
64	Profit or loss attributable to owners of the parent
65	(-) Interim dividends
66	Minority interests [Non-controlling interests]
67	Total equity (from 55 to 66)
68	Total liabilities and equity (54 + 67)

6. The Statement of financial position (Balance sheet statement) shall be completed in accordance with the instructions in Annex V of Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (hereinafter referred to as 'Commission Implementing Regulation (EU) No 680/2014').
7. Item 66 of the Statement of financial position (Balance sheet statement) shall be filled in only by credit institutions that prepare consolidated annual statements.

2.2. Statement of profit or loss

8. The structure of the Statement of profit or loss shall be as follows:

Name of entity:		MB:
Report code:		OIB:
Position	Name of position	
1	Interest income	
2	(Interest expenses)	
3	(Expenses on share capital repayable on demand)	
4	Dividend income	
5	Fee and commission income	
6	(Fee and commission expenses)	
7	Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	
8	Gains or (-) losses on financial assets and liabilities held for trading, net	
9	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	
10	Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	
11	Gains or (-) losses from hedge accounting, net	
12	Exchange differences [gain or (-) loss], net	
13	Gains or (-) losses on derecognition of non-financial assets, net	
14	Other operating income	
15	(Other operating expenses)	
16	Total operating income, net (1 - 2 - 3 + 4 + 5 - 6 + from 7 to 14 - 15)	
17	(Administrative expenses)	

18	(Depreciation)
19	Modification gains or (-) losses, net
20	(Provisions or (-) reversal of provisions)
21	(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)
22	(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)
23	(Impairment or (-) reversal of impairment on non-financial assets)
24	Negative goodwill recognised in profit or loss
25	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
26	Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
27	Profit or (-) loss before tax from continuing operations (16 - 17 - 18 + 19 - from 20 to 23 + from 24 to 26)
28	(Tax expense or (-) income related to profit or loss from continuing operations)
29	Profit or loss after tax from continuing operations (27 - 28)
30	Profit or (-) loss after tax from discontinued operations (31 - 32)
31	Profit or (-) loss before tax from discontinued operations
32	(Tax expense or (-) income related to discontinued operations)
33	Profit or (-) loss for the year (29 + 30; 34 + 35)
34	Attributable to minority interest [non-controlling interests]
35	Attributable to owners of the parent

9. The Statement of profit or loss shall be completed in accordance with the instructions in Annex V of Commission Implementing Regulation (EU) No 680/2014.
10. The use of brackets in the label of an item in the Statement of profit or loss means that this item is to be subtracted to obtain a total, but it does not mean that it shall be reported as negative.
11. Items 34 and 35 of the Statement of profit or loss shall be filled in only by credit institutions that prepare consolidated annual statements.

2.3. Statement of other comprehensive income

12. The structure of the Statement of other comprehensive income shall be as follows:

Name of entity:		MB:
Report code:		OIB:
Position	Name of position	
1	Profit or (-) loss for the year	
2	Other comprehensive income (3 + 15)	
3	Items that will not be reclassified to profit or loss (from 4 to 10 + 13 + 14)	
4	Tangible assets	
5	Intangible assets	
6	Actuarial gains or (-) losses on defined benefit pension plans	

7	Non-current assets and disposal groups held for sale
8	Share of other recognised income and expense of entities accounted for using the equity method
9	Fair value changes of equity instruments measured at fair value through other comprehensive income
10	Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net
11	<i>Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]</i>
12	<i>Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]</i>
13	Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk
14	Income tax relating to items that will not be reclassified
15	Items that may be reclassified to profit or loss (from 16 to 23)
16	Hedge of net investments in foreign operations [effective portion]
17	Foreign currency translation
18	Cash flow hedges [effective portion]
19	Hedging instruments [not designated elements]
20	Debt instruments at fair value through other comprehensive income
21	Non-current assets and disposal groups held for sale
22	Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates
23	Income tax relating to items that may be reclassified to profit or (-) loss
24	Total comprehensive income for the year (1 + 2; 25 + 26)
25	Attributable to minority interest [Non-controlling interest]
26	Attributable to owners of the parent

13. The Statement of other comprehensive income shall be completed in accordance with the instructions in Annex V of Commission Implementing Regulation (EU) No 680/2014.
14. Items 25 and 26 of the Statement of other comprehensive income shall be filled in only by credit institutions that prepare consolidated annual statements.

2.4. Statement of cash flows

15. Credit institutions may prepare a Statement of cash flows by using either a direct or an indirect method.
16. The structure of the Statement of cash flows shall be as follows:

Name of entity:		MB:
Report code:		OIB:
Position	Name of position	
	Operating activities under the direct method	
1	Interest received and similar receipts	
2	Fees and commissions received	

3	(Interest paid and similar expenses)
4	(Fees and commissions paid)
5	(Operating expenses paid)
6	Net gains/(losses) from financial instruments at fair value through profit or loss
7	Other receipts
8	(Other expenditures)
	Operating activities under the indirect method
9	Profit/(loss) before tax
	<i>Adjustments:</i>
10	Impairment and provisions
11	Depreciation
12	Net unrealised (gains)/loses on financial assets and liabilities at fair value through profit or loss
13	(Profit)/loss from the sale of tangible assets
14	Other non-cash items
	Changes in assets and liabilities from operating activities
15	Deposits with the Croatian National Bank
16	Deposits with financial institutions and loans to financial institutions
17	Loans and advances to other clients
18	Securities and other financial instruments at fair value through other comprehensive income
19	Securities and other financial instruments held for trading
20	Non-trading securities and other financial instruments at fair value through profit or loss
21	Securities and other financial instruments mandatorily at fair value through profit or loss
22	Securities and other financial instruments at amortised cost
23	Other assets from operating activities
24	Deposits from financial institutions
25	Transaction accounts of other clients
26	Savings deposits of other clients
27	Time deposits of other clients
28	Derivative financial liabilities and other liabilities held for trading
29	Other liabilities from operating activities
30	Interest received from operating activities [indirect method]
31	Dividends received from operating activities [indirect method]
32	Interest paid from operating activities [indirect method]
33	(Income tax paid)
34	Net cash flows from operating activities (from 1 to 33)
	Investing activities
35	Cash receipts from the sale/(payments for the purchase) of tangible and intangible assets

36	Cash receipts from the sale/(payments for the purchase) of investments in subsidiaries, associates and joint ventures
37	Cash receipts from the sale/(payments for the purchase) of securities and other financial instruments held to maturity
38	Dividends received from investing activities
39	Other receipts from (payments for) investing activities
40	Net cash flows from investing activities (from 35 to 39)
	Financing activities
41	Net increase/(decrease) in loans received from financing activities
42	Net increase/(decrease) in debt securities issued
43	Net increase/(decrease) in tier 2 capital instruments
44	Increase in share capital
45	(Dividends paid)
46	Other receipts/(payments) from financing activities
47	Net cash flows from financing activities (from 41 to 46)
48	Net increase/(decrease) in cash and cash equivalents (34 + 40 + 47)
49	Cash and cash equivalents at the beginning of the year
50	Effect of exchange rate changes on cash and cash equivalents
51	Cash and cash equivalents at the end of the year (48 + 49 + 50)

17. In the Statement of cash flows, credit institutions shall allocate items into operating, investing and financing activities in accordance with the International Accounting Standard 7 – Cash Flow Statements.
18. Depending on the method used, a credit institution shall fill in rows from 1 to 8 or rows from 9 to 14. Rows referring to the method not used by the credit institution shall be left empty.
19. Rows 30, 31 and 32 shall be filled in only where a credit institution uses the indirect method.
20. Factoring and forfaiting shall be reported in the category in which they are presented in the chart of accounts in accordance with the Decision on the chart of accounts for credit institutions (Official Gazette, 104/2017).

2.5. Statement of changes in equity

21. The structure of the Statement of changes in equity shall be as follows:

Name of entity:														MB:		
Report code:														OIB:		
Position	Name of position	Capital	Share premium	Equity instruments issued other than capital	Other equity	Accumulated other comprehensive income	Retained	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Minority interests		Total	
													Accumulated other comprehensive income	Other items		
1	Opening balance [before restatement]															
2	Effects of corrections of errors															
3	Effects of changes in accounting policies															
4	Opening balance [current period] (1 + 2 + 3)															
5	Issuance of ordinary shares															
6	Issuance of preference shares															
7	Issuance of other equity instruments															

8	Exercise or expiration of other equity instruments issued																			
9	Conversion of debt to equity																			
10	Capital reduction																			
11	Dividends																			
12	Purchase of treasury shares																			
13	Sale or cancellation of treasury shares																			
14	Reclassification of financial instruments from equity to liability																			
15	Reclassification of financial instruments from liability to equity																			
16	Transfers among components of equity																			
17	Equity increase or (-) decrease resulting from business combinations																			
18	Share based payments																			
19	Other increase or (-) decrease in equity																			
20	Total comprehensive income for the year																			
21	Closing balance [current period] (from 4 to 20)																			

22. The Statement of changes in equity shall be completed in accordance with the instructions in Annex V of Commission Implementing Regulation (EU) No 680/2014.

2.6. Notes to the financial statements

23. Notes to the financial statements provide additional and complementary information in accordance with the provisions of the International Financial Reporting Standards that are not presented in the Statement of financial position, the Statement of profit or loss, the Statement of other comprehensive income, the Statement of cash flows and the Statement of changes in equity.
24. In addition, credit institutions shall state in the notes:
 - 1) the total amount of fees charged for a given financial year by an independent auditor or audit firm for the statutory audit of annual financial statements;
 - 2) the total amount of fees for other services that an audit firm may provide in accordance with the law governing the operation of credit institutions; and
 - 3) the total amount of expenditure on research and development that serves as a basis for granting state aid.
25. In the notes to the financial statements credit institutions shall also present the following off-balance sheet items:
 1. guarantees;
 2. letters of credit;
 3. bills of exchange;
 4. credit lines and commitments;
 5. other standard off-balance sheet risky items;
 6. futures;
 7. options;
 8. swaps;
 9. forwards,
 10. other derivatives.