

Pursuant to Article 29 and Article 38 (3) (l) of the Croatian National Bank Act (Official Gazette *Narodne novine* No. 36/2001), Article 32 (4) of the Foreign Exchange Act (Official Gazette *Narodne novine* No. 96/2003) and Article 44 (1) (2) of the National Payment System Act (Official Gazette No. 117/2001), the Council of the Croatian National Bank issued at its session held on 17 November 2004 a

DECISION

on the Generation and Use of 'H Y' International Bank Account Number (IBAN)

General Provisions

I

This Decision prescribes the composition of the Croatian IBAN, an International Bank Account Number, for cross-border payments and transfers and the conditions to be met by banks authorised under the Banking Act for external payment transactions as regards the generation of IBAN, its validation and use as well as the manner in which such banks shall notify participants in the payment system of their IBAN.

II

(1) The Croatian IBAN is a unique customer account identifier at a bank managing kuna and/or foreign currency accounts of participants in the payment system. The Croatian IBAN shall be generated in accordance with ISO 13616:1997, an international standard approved by the European Committee for Banking Standards.

(2) BIC – Bank Identifier Code is a unique international bank identifier generated in accordance with ISO 9362, an international standard.

Composition of the Croatian IBAN

III

The Croatian IBAN shall be composed of 21 alphanumeric characters:

- a) the first two characters (2a) shall represent a two-letter code for the Republic of Croatia (HR),
- b) the next two characters (2n) shall represent two check digits calculated in accordance with Annex 1, which constitutes an integral part of this Decision,

c) the next seven characters (7n) shall represent bank account number, allocated to banks by the Croatian National Bank,

d) the last ten characters (10n) shall represent bank account number of the participant in the payment system, generated in accordance with the applicable regulation.

IV

(1) The Croatian IBAN shall consist exclusively of capital Latin script and Arabic numbers.

(2) The Croatian IBAN used in electronically submitted payment documents shall not be broken up by spaces or any characters.

(3) When entering the Croatian IBAN into payment orders in a paper form, the IBAN is to be expressed in groups of four characters, separated by an empty space.

The Rules for the Use of the Croatian IBAN, the Procedures for its Validation and Notification of Participants in the Payment System

V

(1) Banks shall issue an IBAN to each of their participants in the payment system.

(2) Banks shall indicate the Croatian IBAN and the BIC and on each bank statement issued to their participants in the payment system.

VI

(1) Banks shall validate the Croatian IBAN check digits for composition and accuracy upon each receipt of payment orders or transfer orders from abroad, pursuant to Annex 2 of this Decision.

(2) Where it is established that the composition of the Croatian IBAN indicated on a payment or a transfer order or check digits are invalid, the bank shall make an investigation in accordance with its internal procedures.

Transitional and Final Provisions

VII

(1) Banks shall be obliged to apply the provisions of items III, V, and VI of this Decision until 1 October 2007 at the latest.

(2) Exceptionally, until expiry of the time limit referred to in paragraph 1 of this item, where IBAN is generated on the basis of a foreign currency account of the participant in the payment system, the bank shall generate the Croatian IBAN in the following manner:

- a) the first two characters (2a) shall represent a two-letter code for the Republic of Croatia (HR),
- b) the next two characters (2n) shall represent two check digits calculated in accordance with Annex 1, which constitutes an integral part of this Decision,
- c) the next seven characters (7n) shall represent bank account number, allocated to the bank by the Croatian National Bank,
- d) the next nine characters of the account number (n1, n2, n3, n4, n5, n6, n7, n8, n9) of the participant in the payment system at the bank shall be allocated at the bank's discretion,
- e) the last digit of the account number of the participant in the payment system at the bank (n10) shall be a check digit applied in accordance with the international standard ISO 7064, Modulus 11,10.

(3) As of the date of application of the provisions of items III, V and VI of this Decision, the IBAN format generated in accordance with paragraph 2 of this Item shall not be used as such anymore, but shall be fully harmonised and generated in accordance with the provisions of item III of this Decision.

VIII

This Decision shall take effect on the eight day following its publication in the official gazette *Narodne novine*.

Decision No. 650/2004

Zagreb, 17 November 2004

CROATIAN NATIONAL BANK
COUNCIL CHAIRMAN

GOVERNOR
Dr Željko Rohatinski

Calculation of the Croatian IBAN Check Digits

To calculate IBAN check digits, international standard ISO 7064, MOD 97-10 shall be applied in the following way:

1. Bank account number and customer account number shall be entered in such a way as to form the following sequence:

AAAAAAABBBBBBBBBB

where letters A represent bank account number (7n), and letters B represent customer account number (10n);

2. A two-letter code for Croatia (HR) and two zeros (00) shall be attached to the right of the sequence referred to in item 1:

AAAAAAABBBBBBBBBBHR00;

3. The letters HR of the obtained sequence shall be converted into numerics in accordance with the international standard ISO 13616 where **H = 17**, **R = 27**, giving a sequence of 23 characters:

AAAAAAABBBBBBBBBB172700;

4. The obtained 23 character sequence shall be divided by 97, leaving a remainder (NN);

5. The remainder (NN) of the division should be subtracted from (97 + 1), to arrive at the check digit (CC):

$$CC = (97 + 1) - NN;$$

If the obtained number is below 10, it shall be preceded by a 0.

Check Digits Validation

1. Delete all non-alphanumeric characters and any spaces between characters and move the first four characters of the IBAN, representing the country code (e.g. HR) and the check digits (CC) to the right of the sequence, to form the following sequence:

Example: AAAAAAABBBBBBBBBBBHRCC.

2. Convert the letters into numerics in accordance with the below table and ISO 13616:

<i>A=10 F=15 K=20 P=25 U=30</i>
<i>B=11 G=16 L=21 Q=26 V=31</i>
<i>C=12 H=17 M=22 R=27 W=32</i>
<i>D=13 I=18 N=23 S=28 X=33</i>
<i>E=14 J= 19 O=24 T=29 Y=34 Z=35</i>

Example: AAAAAAABBBBBBBBBBB1727CC.

3. Apply ISO 7064, MOD 97-10, to arrive at a 23 digit number to be divided by 97, and a remainder of the division (NN).

4. Where the remainder after the division (NN) = 1, the IBAN is correct.