



HNB

**GVERNER**

Pursuant to Article 4, paragraph (1), item (40) and Article 89, paragraph (3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013), as amended by Regulation (EU) 2017/2395 (OJ L 345, 27.12.2017), Article 11, paragraph (1) and Article 101, paragraph (2), item (6) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015 and 15/2018) 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 implementing the part of Regulation (EU) No 575/2013 pertaining to credit institutions' qualifying holdings outside the financial sector and limits on credit institutions' holdings of tangible assets

## I GENERAL PROVISIONS

Subject matter

Article 1

For the purpose of implementing Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013), as amended by Regulation (EU) 2017/2395 (OJ L 345, 27.12.2017, hereinafter referred to as 'Regulation (EU) No 575/2013'), this Decision governs in detail:

- 1) the procedures to be followed by credit institutions in case of exceeding the limits on qualifying holdings outside the financial sector referred to in Article 89, paragraphs (1) and (2) of Regulation (EU) No 575/2013; and
- 2) the method of assessing and including individual holdings in the calculation of limits on holdings of tangible assets, and the method of calculating limits on holdings.

Legal persons subject to the application of the Decision

Article 2

This Decision shall apply to credit institutions authorised by the Croatian National Bank and to branches of third-country credit institutions authorised by the Croatian National Bank to establish a branch of a third-country credit institution.

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## II HOLDING OF QUALIFYING HOLDINGS OUTSIDE THE FINANCIAL SECTOR

### Holding of qualifying holdings outside the financial sector

#### Article 3

To a qualifying holding in an undertaking which is not one of the undertakings referred to in Article 89, paragraph (1), items (a) and (b) of Regulation (EU) No 575/2013, where the amount of such qualifying holding exceeds the limits prescribed in Article 89, paragraphs (1) and (2) of Regulation (EU) No 575/2013, a credit institution shall apply the provision of Article 89, paragraph (3), item (a) of that Regulation.

## III CREDIT INSTITUTIONS' HOLDINGS OF TANGIBLE ASSETS

### Holdings of tangible assets

#### Article 4

(1) For the purposes of calculating the limits on credit institutions' holdings of tangible assets referred to in Article 148, paragraph (1) of the Credit Institutions Act, a credit institution's tangible assets shall include the following tangible assets or the right to use tangible assets with useful life of more than one year:

- 1) tangible assets within the scope of International Accounting Standard 16 *Property, Plant and Equipment*;
- 2) tangible assets within the scope of International Financial Reporting Standard 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- 3) tangible assets or the right to use tangible assets within the scope of International Financial Reporting Standard 16 *Leases* (hereinafter referred to as 'IFRS 16');
- 4) tangible assets used by a credit institution on the basis of agreements on the right of use, rental agreements or lease contracts, outside the scope of IFRS 16;
- 5) tangible assets within the scope of International Accounting Standard 40 *Investment Property*;
- 6) other tangible assets recognised and measured outside the scope of the international accounting standards referred to in items (1), (2), (3) and (5) of this paragraph; and
- 7) subsequent costs of reconstruction, remodelling and restoration of the tangible assets referred to in this paragraph, thus extending the useful life and increasing capacity or quality of tangible assets, if such subsequent costs are recorded as tangible assets.

(2) Holdings for the purpose of acquiring the right to use the tangible assets referred to in paragraph (1), item (4) of this Article shall imply any prepayments, rents or lease payments under agreements on the right of use, rental agreements or lease contracts.

(3) The tangible assets referred to in this Article shall be included in the calculation of the limits on credit institutions' holdings of tangible assets referred to in Article 148, paragraph (1) of the Credit Institutions Act in the amount recognised and accounted for in bookkeeping records of credit institutions in accordance with the provisions of international accounting standards adopted under Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008).

#### IV TRANSITIONAL AND FINAL PROVISIONS

##### Article 5

On the date of the entry into force of this Decision, the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to credit institutions' qualifying holdings outside the financial sector and limits on credit institutions' holdings of tangible assets (Official Gazette 41A/2014 and 51/2015) shall cease to have effect.

##### Entry into force

##### Article 6

This Decision shall enter into force on 30 June 2019.

No.: 39-020/02-19/BV

Zagreb, 15 February 2019

Croatian National Bank

Governor

**Boris Vujčić**, m.p.