



HNB

EUROSUSTAV

GOVERNOR

Pursuant to Article 101, paragraph (2), item (3) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020, 146/2020 and 151/2022), Article 395, paragraph (1) and Article 500a, paragraph (2) of Regulation (EU) No 575/2013 (OJ L 176, 27.6.2013), as last amended by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (OJ L 2024/1623, 19.6.2024) 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 large exposures of credit institutions

Article 1

In the Decision on large exposures of credit institutions (Official Gazette 111/2018, 120/2018, 92/2020 and 139/2022), paragraph (1) of Article 1 is amended to read:

"(1) This Decision prescribes:

- 1) a lower limit for the purposes of Article 395, paragraph (1) 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 last amended by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Text with EEA relevance) (OJ L 2024/1623, 19.6.2024, hereinafter referred to as 'Regulation (EU) No 575/2013'),
- 2) provisions for managing the internal process of identifying a group of connected clients referred to in Article 3, item (18) of the Credit Institutions Act and provisions for the determination of the connection criteria for exposures to the central government, and
- 3) the application of Article 500a, paragraph (2) of Regulation (EU) No 575/2013."

Paragraph (3) is deleted, and former paragraph (4) becomes paragraph (3).

Article 2

Article 3 is deleted, and the title above Article 3 becomes the title above Article 3a.

Article 3

Article 4 and the title above Article 4 are deleted.

Article 4

In Article 5, the title above Article 5 and paragraph (1) are amended to read:

"Provisions for managing the internal process of identifying a group of connected clients

Article 5

(1) Credit institutions shall investigate and appropriately document the identified connections among their clients for the purpose of grouping clients into a group of connected clients as specified in Article 4, paragraph (1), item (39) of Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) No 2024/1728 of 6 December 2023 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying in which circumstances the conditions for identifying groups of connected clients are met. In doing so, credit institutions shall take all reasonable steps and take into account all available information, including the data that another institution formed a group of connected clients for certain clients as well as data on connected clients that a client is required to publish in accordance with relevant standards of financial reporting. Identification of possible connections should be an integral part of the credit institution's exposure granting and monitoring process."

In paragraphs (3) and (5) the words "and financial interconnectedness" are replaced by the word "dependency".

In paragraph (4), the word "interconnectedness" is replaced by the words "economic dependency".

Article 5

In Article 6, paragraph (1) is amended to read:

"(1) The management board of a credit institution shall adopt and implement the policy for the identification of connections among clients for the purpose of grouping clients into a group of connected clients as specified in Article 4, paragraph (1), item (39) of Regulation (EU) No 575/2013, Commission Delegated Regulation (EU) No 2024/1728 of 6 December 2023 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying in which circumstances the conditions for identifying groups of connected clients are met and this Decision."

Article 6

Articles 7, 8 and 9 and the titles of Articles 7, 8 and 9 are deleted.

Article 7

Article 10 and the title above Article 10 are amended to read:

"Application of the alternative approach in identifying groups of connected clients for exposures to the central government"

Article 10

(1) In line with the definition of a group of connected clients, and particularly pursuant to the provisions of the second subparagraph of Article 4, paragraph (1), item (39) of Regulation (EU) No 575/2013, credit institutions may assess the existence of a group of connected clients:

- 1) separately for each of the persons directly controlled by or directly economically interconnected with the central government ("Alternative approach – application to all directly dependent persons" or
- 2) separately only for a particular person directly controlled by or directly economically interconnected with the central government ("Alternative approach – partial application").

(2) In cases referred to in paragraph (1) of this Article a credit institution shall:

- 1) include the exposure to the central government in each of the groups of connected clients identified separately for each natural or legal person directly controlled by or directly economically interconnected with the central government and
- 2) include persons controlled by or economically interconnected with the person directly controlled by or directly economically interconnected with the central government into each group of connected clients.

(3) In cases referred to in paragraph (1) of this Article, where persons directly controlled by or directly interconnected with the central government are economically dependent on each other, a credit institution shall form a separate group of connected clients for these persons, excluding the exposure to the central government."

Article 8

Article 11 and the title above Article 11 are deleted.

Article 9

The annex *The examples of connecting persons in a group of connected clients* is deleted.

Article 10

This Decision shall enter into force on the eighth day following its publication in the Official Gazette.

No.: 323-091/09-24/BV

Zagreb, 5 September 2024

Croatian National Bank

Governor
Boris Vujčić