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Decision on the approval to acquire a qualifying holding in a credit institution

**Unofficial consolidated version
(Official Gazette 25/2018, 139/2022 and 71/2024)**

Pursuant to Article 16, paragraph (4) and Article 28, paragraph (5) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020 and 146/2020) 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
on the approval to acquire a qualifying holding in a credit institution**

I GENERAL PROVISIONS

**Subject matter:
Article 1**

(1) This Decision prescribes in detail:

- the criteria against which the Croatian National Bank assesses the suitability and the financial soundness of the acquirer of a qualifying holding in a credit institution;
- the circumstances which indicate acting in concert;
- the circumstances against which it assesses the existence of significant influence;
- the manner of determining the size of the holding by an indirect acquirer;
- the documentation to be enclosed with the application for approval to acquire a qualifying holding;
- the manner of submitting applications for approval to acquire a qualifying holding.

(2) The provisions of this Decision are in compliance with Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector (JC/GL/2016/01) of 20 December 2016.

Before the word "This", a paragraph designation has been inserted which reads: "(1)" pursuant to the provision of Article 1 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 139/2022), which entered into force on the date of introduction of the euro as the official currency of the Republic of Croatia. After paragraph (1), the new paragraph (2) has been added.

**Definitions
Article 2**

(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 purpose 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.

(3) For the purpose of this Decision, 'management board' shall include executive directors in undertakings that have established a board of directors instead of a management board and a supervisory board.

(4) The provisions of this Decision referring to legal persons shall apply to associations, foundations, funds, institutions, bodies and other entities that are not legal persons and are acquiring shares of a credit institution on their own behalf.

Paragraphs (1) and (2) have been amended pursuant to the provision of Article 1 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

II CRITERIA AGAINST WHICH THE SUITABILITY AND THE FINANCIAL SOUNDNESS OF THE ACQUIRER OF A QUALIFYING HOLDING ARE APPRAISED

Acquirer of a qualifying holding Article 3

(1) The Croatian National Bank shall issue prior approval to acquire a qualifying holding in a credit institution to the acquirer it deems suitable and financially sound. A person meeting the criteria set out in Article 28 of the Credit Institutions Act shall be deemed suitable and financially sound.

(2) When deciding on the application for prior approval to acquire a qualifying holding in a credit institution, the Croatian National Bank and the European Central Bank shall carry out their tasks within the Single Supervisory Mechanism in accordance with Article 6 of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013).

Before the word "This", a paragraph designation has been inserted which reads: "(1)" pursuant to the provision of Article 2 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 139/2022), which entered into force on the date of introduction of the euro as the official currency of the Republic of Croatia. After paragraph (1), the new paragraph (2) has been added.

Good repute Article 4

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

(2) An acquirer shall be deemed to lack integrity where:



- 1) the acquirer has been convicted by a judgement with final force and effect of any of the criminal offences referred to in Article 25, paragraph (2) of the Credit Institutions Act or of 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;
- 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 conducted against the acquirer for any criminal offence 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;
- 4) where the acquirer manages or managed, at the time of committing the act, an undertaking convicted by a judgement with final force and effect of any criminal offence, or upon which measures or misdemeanour sanctions were imposed, or against which investigations and proceedings referred to in item (3) of this paragraph have been initiated in the last ten years, if that may cast doubt on the integrity of the acquirer; and
- 5) where, based on another credible source of information, the existence of other reasons was established that may cast doubt on the integrity of the acquirer.

(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.

(4) When determining the existence of the circumstances referred to in paragraph (2), items (3) and (4) of this Article on the basis of which the integrity of the acquirer is assessed, the Croatian National Bank shall take into consideration, to the extent they relate to persons or undertakings currently or formerly managed by the acquirer, any relevant supervision findings, reports, initiated or completed supervisory procedures and any resulting measures or misdemeanour sanctions currently or previously imposed by the Croatian National Bank or another competent authority due to irregularities or non-compliance with regulations governing banking, financial or insurance activities or other regulations, as well as other information, provided they originate from reliable and credible sources.

(5) When determining the existence of the circumstances referred to in paragraph (2), item (5) of this Article on the basis of which the integrity of the acquirer is assessed, the Croatian National Bank shall analyse any information indicating the unfair conduct of the proposed acquirer in past business dealings, such as evidence pointing to non-transparency and lack of cooperation in dealings with competent authorities and any refusal or revocation of authorisation to perform managing functions or carry out a

profession or an activity; where available, the Croatian National Bank shall also analyse reasons for any termination of employment contract, dismissal from a key function or similar function or any prohibition of directing the business of or representing a legal person imposed by a competent authority.

(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.

(7) The Croatian National Bank may, where it deems necessary, request the information based on which the integrity of the acquirer is assessed from other authorities in the Republic of Croatia and outside the Republic of Croatia.

(8) When assessing the integrity of the acquirer, the Croatian National Bank shall analyse collected information and assess whether a large number of minor deficiencies that would not otherwise impinge on the acquirer's integrity collectively have a material impact on the acquirer's integrity.

(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.

Paragraph (1) has been amended, in paragraph (2), items (2) and (3) have been amended, in the same paragraph, item (4), behind the words “against which investigations and proceedings referred to in item (3) of this paragraph have been initiated”, the words “in the last ten years” have been inserted, paragraphs (3) and (6) have been amended, paragraph (7) has been deleted, the former paragraphs (8) and (9) have become paragraphs (7) and (8), behind paragraph (8), the new paragraphs (9) and (10) have been added pursuant to the provision of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Professional competence

Article 5

(1) The professional competence of the acquirer shall be assessed with regard to competence in management (hereinafter referred to as 'management competence') and competence in the area of banking and financial services provided by the credit institution in which a qualifying holding is acquired (hereinafter referred to as 'financial competence'), including the professional competence of the person responsible for directing business where the acquirer is a legal person.

(2) When assessing the management competence of the acquirer, the Croatian National Bank shall take into consideration whether the acquirer demonstrated due skill, care, diligence and compliance with relevant regulations and professional standards as a shareholder, holder of a holding or member of an undertaking or member of a management or supervisory board or manager in an undertaking.

(3) When assessing the financial competence of the acquirer, the Croatian National Bank shall take into consideration whether the acquirer demonstrated due skill, care, diligence and compliance with relevant



regulations and professional standards as a majority shareholder or holder of a holding or member of a management or supervisory board or a manager of a credit or financial institution.

(4) When assessing professional competence, the Croatian National Bank shall take into consideration financial and business results and any illegalities and irregularities established in the operation of the undertaking in which the acquirer is or was a majority shareholder or in which the acquirer holds or held majority holdings or in which the acquirer performed a function as a member of the management or supervisory board or a senior management function in the period before significant irregularities or a breach of regulations were established in the operation of the undertaking, before pre-bankruptcy settlement was carried out with respect to the undertaking, before bankruptcy proceedings were initiated against the undertaking, before a decision on compulsory winding-up proceedings was adopted or before its authorisation was revoked. In doing so, the Croatian National Bank shall assess whether the acquirer's conduct had any effect on the events referred to above.

(5) When assessing professional competence of the acquirer, the Croatian National Bank shall also analyse and take into consideration the following circumstances:

- 1) whether the acquirer's assets and income allow the settlement of the acquirer's future financial obligations;
- 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.);
- 3) whether the acquirer's assets are or were subject to consumer bankruptcy proceedings;
- 4) whether the acquirer is the subject of any civil, administrative or misdemeanour proceedings or administrative sanctions procedures that may threaten the settlement of the acquirer's future financial obligations; and
- 5) any large investments, exposures or debt of the acquirer.

(6) The acquirer submitting an application for approval of a further direct or indirect increase of a qualifying holding equalling or exceeding 20%, 30% or 50% of the capital or voting rights in a credit institution shall, in addition to the application for approval, submit updated documentation evidencing professional competence in line with the increased influence and responsibility associated with the increased holding.

(7) When assessing the professional competence of the acquirer, the Croatian National Bank shall take the following into consideration:

- 1) assessments previously carried out by the Croatian National Bank and the assessments of other competent supervisory authorities in the Republic of Croatia and outside the Republic of Croatia regarding the adequacy of the acquirer's knowledge, skills and experience for a holder a qualifying holding in another credit or financial institution;
- 2) whether the acquirer is a natural person performing a managing function in the same or in another credit or financial institution supervised by the Croatian National Bank or another competent supervisory authority in the Republic of Croatia or outside the Republic of Croatia;
- 3) whether the acquirer is a legal person that is a credit or financial institution supervised by the Croatian National Bank or by another competent supervisory authority in the Republic of Croatia or outside the Republic of Croatia.

In paragraph (5), items (2) and (4) have been amended pursuant to the provision of Article 3 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

**Good repute and adequate knowledge, skills and experience
of the management and supervisory board and senior management**

Article 6

(1) Where the acquirer intends to appoint new members of the management or supervisory board, they shall provide evidence that the candidates are of good repute and that they possess adequate knowledge, skills and experience in accordance with Articles 38 and 45 of the Credit Institutions Act.

(2) Where the acquirer intends to appoint new members to executive functions within the credit institution responsible for the day-to-day operations of the credit institution, they shall provide evidence that the candidates possess adequate knowledge, skills and experience necessary for a member of the senior management of a credit institution.

(3) The provisions of the Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution shall apply *mutatis mutandis* to the assessment of the fulfilment of conditions referred to in this Article.

Financial soundness

Article 7

(1) When assessing the financial soundness of the acquirer, the Croatian National Bank shall assess the acquirer's financial strength and financial stability.

(2) Financial soundness shall imply the ability of the acquirer to finance the acquisition of a qualifying holding and the ability and willingness of the acquirer to maintain the acquirer's own financial soundness and the financial stability of the credit institution. Financial soundness shall correspond to the description of the acquirer's objectives regarding the acquisition of a qualifying holding.

(3) Where the proposed acquisition would result in a qualifying holding equalling or exceeding 50% of the share in the capital or voting rights of a credit institution or in the credit institution becoming a subsidiary of the acquirer, the acquirer's intention of an adequate increase of the credit institution's capital in order to maintain an adequate level of own funds following the acquisition shall be clearly reflected in the business strategy and the business plan of the credit institution as well as in its estimated financial statements for at least the first three years following the acquisition.

(4) When assessing financial soundness, the Croatian National Bank shall, having regard to the size of the acquirer's holding in the credit institution, assess whether the acquirer is sufficiently financially sound to ensure the sound and prudent management of the credit institution for at least the first three years following the acquisition of a qualifying holding.

(5) When assessing financial soundness, the Croatian National Bank shall verify whether the origin of the funds used to finance the qualifying holding and the manner in which it was financed as well as the existing financial relationships between the acquirer and the credit institution could give rise to conflicts of interest that could negatively affect the stability of the credit institution.

(6) When assessing financial soundness, the Croatian National Bank shall take into consideration whether the indebtedness of the acquirer has a negative impact on the acquirer's financial strength and, consequently, on the ability and capability of the credit institution to comply with prudential requirements, including the potential obligations that the acquirer undertook to assume with regard to the credit institution's compliance with prudential requirements and other obligations, where applicable.

(7) The acquirer shall not be deemed financially sound by the Croatian National Bank where, based on available data, the Croatian National Bank may reasonably expect the acquirer to face financial difficulties

during the acquisition process or in the foreseeable future following the acquisition.

(8) Where the acquirer is a credit institution or financial institution authorised in another Member State or where another supervisory authority is competent to exercise supervision over the acquirer, the Croatian National Bank shall, when assessing the acquirer's financial soundness, take into consideration the assessment of the acquirer's financial strength and financial stability made by the authority competent to exercise supervision over the acquirer, as well as other documents obtained from that authority.

Compliance with prudential requirements

Article 8

(1) When assessing the suitability of the acquirer, the Croatian National Bank shall take into consideration the possible effect of the acquisition on the credit institution's ability to comply with prudential requirements following the acquisition, including capital requirements, liquidity requirements, large exposure limitations and requirements related to governance arrangements, internal control, risk management and compliance.

(2) The Croatian National Bank shall take into consideration the intentions and objectives of the acquirer specified in the strategy and the business plan, particularly with regard to liquidity and capital support to the credit institution and corporate governance and development issues, as well as with regard to the acquirer's plans for potential further acquisition or sale of the holding in the credit institution.

(3) Prior to deciding on the application, the Croatian National Bank may request from the acquirer to assume obligations related to the compliance with prudential requirements, e. g. to provide financial support in case of liquidity, solvency or risk management issues and governance-related issues in general, as well as to adequately capitalise the credit institution by means of recapitalisation and other measures of increasing own funds. When deciding on the acquirer's application for approval, the Croatian National Bank shall take into consideration the acquirer's statement regarding the request referred to in this paragraph.

(4) If, following the acquisition, the credit institution will become a member of a group, the Croatian National Bank shall assess the adequacy of the group's organisational structure, the transparency and clarity of the group's corporate governance arrangements and the adequacy of its capital.

(5) If, following the acquisition, the credit institution will become a member of a group, the Croatian National Bank shall assess whether the credit institution's close links to other natural and legal persons prevent effective supervision, the effective exchange of information between competent authorities and the allocation of responsibilities among competent authorities. In doing so, the Croatian National Bank shall take into account whether the geographical location or business activities of group members or persons that are closely linked or will become closely linked to the credit institution following the acquisition and third-country regulations applicable to the natural or legal person closely linked to the credit institution prevent or restrict the Croatian National Bank in its supervisory activity.

(6) Where the acquirer intends to acquire 50% or more of the share in the capital or voting rights of a credit institution or where the credit institution will become a subsidiary of the acquirer following the acquisition, compliance with prudential requirements shall be assessed at the acquisition and for the first three business years following the acquisition on a continuous basis.

In paragraph (6), after the words "Where the acquirer intends to acquire 50% or more of the share", the words "in the capital" have been inserted pursuant to the provision of Article 3 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 139/2022), which entered into force on the date of introduction of the euro as the official currency of the Republic of Croatia.

Prevention of money laundering and terrorist financing

Article 9

(1) The Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition is associated with money laundering or terrorist financing operations or attempts in the following cases:

- 1) where the Croatian National Bank has become aware of facts that may serve as reasonable grounds to suspect that the acquirer is or was involved in money laundering operations or attempts, regardless of whether this was directly or indirectly linked to the proposed acquisition;
- 2) where the Croatian National Bank has become aware of facts that may serve as reasonable grounds to suspect that the acquirer is or was involved in terrorist activities or terrorist financing, in particular if the acquirer is subject to a sanctions regime; or
- 3) where the proposed acquisition increases the risk of money laundering or terrorist financing.

(2) When performing the assessment referred to in paragraph (1) of this Article, the Croatian National Bank shall include the associates of the acquirer of a qualifying holding, connected persons or persons having business links to the acquirer, including direct and indirect shareholders, holders of holdings or members of the acquiring legal person as well as natural persons who are ultimate shareholders, holders of holdings or members of the acquiring legal person.

(3) When assessing whether the proposed acquisition increases the risk of money laundering or terrorist financing, the Croatian National Bank shall take into consideration information, assessments, evaluations and reports obtained from international organisations and bodies competent for the prevention of money laundering and terrorist financing and predicate offences associated with money laundering and terrorist financing (e.g. Transparency International, OECD, World Bank), as well as publicly available information and information from the media.

(4) The Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition could increase the risk of money laundering and terrorist financing where, despite the fact that there are no criminal records relating to the acquirer or no reasonable grounds to suspect that money laundering or terrorist financing is being committed or attempted, the head office of the acquirer is in a country which the Financial Action Task Force (hereinafter referred to as 'FATF') or the European Commission identified as a country whose regulatory deficiencies pose a significant risk for the international financial system or in a third country which does not permit the application of anti-money laundering and counter-terrorist financing measures applied in the European Union, or where the acquirer has personal or business links to such a country.

(5) When assessing the origin of funds used to finance the acquisition of a qualifying holding in a credit institution, the Croatian National Bank shall assess the business activity which generated the funds and the means through which the transfer of the funds have been or is intended to be made so as to assess whether this may give rise to money laundering or terrorist financing risk. For that purpose, the Croatian National Bank shall verify:

- 1) whether the payment transactions used to transfer the funds for the financing of the acquisition of a qualifying holding in a credit institution were performed through credit or financial institutions supervised by competent authorities whose scope of supervision encompasses the prevention of money laundering and terrorist financing in the European Union or in a third country which effectively applies anti-money laundering and terrorist financing regulations consistent with the FATF Recommendations;
- 2) information on the business activities that generated the funds intended for the financing of the acquisition of a qualifying holding in a credit institution, including historical information on the

acquirer's business activities and the credibility of the financing scheme as well as the adequacy of the purchase price of shares being acquired; and

3) evidence on the uninterrupted payment transaction trail of the funds intended for the financing of the acquisition of a qualifying holding leading back to their origin or other information that may remove any doubt as to the legality of their origin.

(6) Where the Croatian National Bank is unable to verify the origin of the funds in the manner referred to in paragraph (5) of this Article, it shall assess whether the explanation provided by the acquirer is reasonable, justified and credible, having regard to the results of the assessment of the acquirer's good repute.

(7) Where the documentation on the origin of funds is incomplete or insufficient or where it contains information which gives rise to suspicion regarding the legality of the origin of funds (for instance, capital movements not accounted for, cross-border relocations of the head office, reshuffles in the management board or of shareholders, holders of holdings or members of the undertaking of the acquirer that is a legal person, earlier associations of shareholders or holders of holdings or members of the management board of the undertaking with persons convicted of criminal offences), the Croatian National Bank shall request additional information. Should such additional information fail to remove the suspicion that the funds intended to finance the acquisition of a qualifying holding were obtained and transferred illegally, the Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition is associated with money laundering or terrorist financing activities or attempts.

In paragraph (1), item (2), the word "international" has been deleted pursuant to the provision of Article 4 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

III PERSONS ACTING IN CONCERT

Circumstances in which persons are deemed to act in concert

Article 10

(1) The following circumstances shall be deemed to involve persons acting in concert within the meaning of Article 16, paragraphs (2) and (3) of the Credit Institutions Act:

- 1) the existence of personal or economic links between a group of shareholders and the proposed member of the supervisory board;
- 2) where shareholders jointly propose the appointment of one or several members of the supervisory board;
- 3) where shareholders cooperated earlier in proposing the appointment of one or several members of the supervisory board;
- 4) the number of supervisory board members proposed jointly by two or more shareholders;
- 5) where the appointment of a proposed member of the supervisory board allows significant influence to be exerted on the supervisory board;
- 6) the existence of other circumstances similar to circumstances referred to in items (1) to (5) of this paragraph or the existence of other circumstances similar to circumstances referred to in Article 16, paragraph (2) of the Credit Institutions Act.

(2) The following forms of normal cooperation between shareholders shall not be deemed to be acting in concert within the meaning of Article 16, paragraphs (2) and (3) of the Credit Institutions Act:



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- 1) requests to include an item in the agenda of the general meeting and proposals of decisions to be taken at the general meeting, with the exception of decisions on the appointment of the members of the supervisory board referred to in paragraph (1) of this Article;
- 2) requests to convene the general meeting;
- 3) casting identical votes regarding proposals of decisions included in the agenda of the general meeting such as: the decision on the increase or decrease of the initial capital, the decision on the allocation of profit, the decision on the financial statements of the undertaking, the decision on the appointment of certified auditors and other decisions taken at the general meeting in accordance with the powers vested in the general meeting by the Companies Act, with the exception of the appointment of members of the supervisory board referred to in paragraph (1) of this Article.

(3) By way of derogation from paragraph (2) of this Article, the Croatian National Bank may adopt a decision determining the existence of persons acting in concert where it establishes that their mutual relationships, objectives, actions and effects of such actions point to the existence of greater strategic cooperation exceeding normal forms of cooperation between shareholders referred to in paragraph (2) of this Article.

(4) Persons deemed to be acting in concert shall submit an application for approval to acquire a qualifying holding to the Croatian National Bank within 30 days of the receipt of the decision referred to in paragraph (3) of this Article.

(5) Where the persons deemed to be acting in concert fail to submit the application referred to in paragraph (4) of this Article within 30 days of the receipt of the relevant decision, the Croatian National Bank shall act in accordance with Article 30 of the Credit Institutions Act.

IV SIGNIFICANT INFLUENCE

Circumstances based on which significant influence is determined

Article 11

(1) Pursuant to Article 3, item (29) of the Credit Institutions Act, any direct or indirect acquisition of shares of a credit institution constituting less than 10% of the share in the capital or voting rights of the credit institution shall be considered a qualifying holding provided that such a holding makes possible the exercising of significant influence over the management of that credit institution.

(2) The Croatian National Bank shall determine the existence of significant influence, i.e. whether the proposed acquisition would enable the acquirer to exercise significant influence over the management of the credit institution by taking into account the following circumstances:

- 1) material and regular transactions between the acquirer and the credit institution in which a qualifying holding is acquired;
- 2) the relationship between the acquirer and the credit institution in which a qualifying holding is acquired;
- 3) whether the acquirer enjoys additional rights or benefits withheld from other shareholders under equal conditions, by virtue of a provision contained in the Articles of Association of the credit institution in which a qualifying holding is acquired or a contract entered into;
- 4) whether the acquirer is a member of the management or supervisory board of a credit institution in which a qualifying holding is acquired or whether a member of a supervisory board was appointed at the acquirer's proposal or whether the acquirer is entitled to appoint members of the supervisory board;



- 5) the overall shareholder structure of the credit institution in which a qualifying holding is acquired or of its parent undertaking, particularly where shares are distributed across a large number of small shareholders;
- 6) personal, professional or other business relationships between the acquirer and the shareholders of the credit institution in which a qualifying holding is acquired or the existence of a shareholder agreement enabling the acquirer to exercise significant influence over the credit institution in which a qualifying holding is acquired;
- 7) the acquirer's position within the group of which the credit institution in which a qualifying holding is acquired is a member;
- 8) the acquirer's ability to participate in the operating and financial strategy decisions of the credit institution in which a qualifying holding is acquired;
- 9) the acquirer's level of inclusion in the management of the credit institution in which a qualifying holding is acquired to the present date;
- 10) other circumstances pointing to significant influence or the possibility of exercising significant influence over the management of a credit institution in which a qualifying holding is acquired.

(3) Should the Croatian National Bank establish any of the circumstances referred to in paragraph (2) of this Article, it may adopt a decision on the existence of significant influence over the management of the credit institution in which a qualifying holding is acquired and order the shareholder to submit an application for approval to acquire a qualifying holding within 30 days of the receipt of the decision. When assessing significant influence, it is sufficient to determine that the holding enables the acquirer to exercise significant influence, regardless of whether such influence is actually exercised or not.

(4) Should the shareholder fail to submit the application referred to in paragraph (3) of this Article within 30 days of the receipt of the decision, the Croatian National Bank shall act in accordance with article 30 of the Credit Institutions Act.

V THE MANNER OF DETERMINING THE SIZE OF THE HOLDING OF AN INDIRECT ACQUIRER OF A QUALIFYING HOLDING IN A CREDIT INSTITUTION

Indirect acquisition Article 12

- (1) A qualifying holding is acquired indirectly where:
 - 1) a natural or legal person acquires or increases a direct or indirect holding in an existing holder of a qualifying holding in a credit institution;
 - 2) a natural or legal person has a direct or indirect holding in a person acquiring or increasing a direct holding in a credit institution.
- (2) The indirect acquisition of a qualifying holding is determined based on the control criterion and the multiplication criterion for each indirect acquirer, with the control criterion applied first and the multiplication criterion applied subsequently where it is established that the person indirectly acquiring a qualifying holding in a credit institution does not acquire, directly or indirectly, control over an existing holder or acquirer of a qualifying holding.
- (3) The following persons shall be deemed indirect acquirers of a qualifying holding in a credit institution under the application of the control criterion:
 - 1) any natural or legal person who, directly or indirectly, acquires control over an existing direct or indirect holder of a qualifying holding in a credit institution;

2) any natural or legal person who directly or indirectly controls a direct acquirer of a qualifying holding in a credit institution.

(4) In paragraph (3) of this Article, items (1) and (2) include a natural person or an entity that is the ultimate acquirer.

(5) The size of the indirect holding of each indirect acquirer determined under the application of the control criterion shall be considered equal to the size of the holding of an existing holder of a qualifying holding over which the indirect holder gained control or the size of the holding of an acquirer over which the indirect acquirer has control.

(6) The multiplication criterion shall be applied where no relationship of control was established as described in paragraph (3) of this Article, with the holding of each indirect acquirer calculated depending on the size of the indirect acquirer's holding in the direct or indirect acquirer or holder of a qualifying holding in a credit institution.

(7) The indirect holding in a credit institution shall be calculated under the application of the multiplication criterion by multiplying the holdings in undertakings across the corporate chain, starting from the direct holding in the credit institution, which is then multiplied by the holding in the undertaking immediately above the direct acquirer or holder of a holding in the credit institution and continuing up to the ultimate acquirer until the result of the multiplication equals 10% or more.

(8) The following persons shall be deemed to have indirectly acquired a qualifying holding in a credit institution under the multiplication criterion:

- 1) each person whose indirect holding in a credit institution calculated in accordance with paragraph (7) of this Article equals 10% or more; and
- 2) any person exercising direct or indirect control over the person or persons referred to in indent (1) of this paragraph.

(9) The examples of the manner of calculation of an indirect holding in a credit institution are provided in the Appendix to this Decision.

In paragraph (9), the number "4" has been deleted pursuant to the provision of Article 5 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/24), which enters into force on 1 October 2024.

VI APPLICATION FOR APPROVAL TO ACQUIRE A QUALIFYING HOLDING

Documentation and information on the acquisition

Article 13

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) the 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 submitted);
- 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 to represent the acquirer;

4) information on whether the acquirer intends to appoint any 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 significant influence over the management of the credit institution while having less than 10% of the share in the capital or voting rights of the credit institution and, where this is the case, the relevant details and the 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 and 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 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 significant influence over individual group members, and a list of registered activities of all group members.

Article 13 has been amended pursuant to the provision of Article 6 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Documentation submitted by natural persons

Article 14

(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 procedures or foreclosure proceedings, investigative procedures or similar procedures or whether an enforceable decision or an administrative sanctions 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 offence or misdemeanour proceedings or administrative sanctions procedures, 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 a public law body, professional or vocational association or similar 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 representation 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 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 in 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), the first and the second indent 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; and

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 14 has been amended pursuant to the provision of Article 7 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Documentation submitted by legal persons

Article 15

(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 the 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 the supervision of 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 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 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 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 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 that person is the subject of any criminal offence or misdemeanour proceedings or administrative sanctions procedures, 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 for 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 shall be submitted, 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; and

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, and 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 in paragraph (1) of this Article:

1) the name of the fund;

2) the 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 in paragraph (1) of this Article:

1) the 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 in paragraph (1) of this Article:

1) the 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) the names and surnames and functions of persons responsible for defining and making investment decisions and a copy of any management mandate or terms of reference of the collective body;



4) detailed description of the acquirer's regulatory framework and internal policies for the prevention of money laundering and terrorist financing; and

5) 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, if so, 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 ultimate shareholders and shareholders exercising 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 15 has been amended pursuant to the provision of Article 8 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Information on the acquirer's strategy

Article 16

(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 procedures 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 are chosen;

7) capital movements and, where applicable, off-balance sheet exposure and a detailed description of the financing structure;

8) where the credit institution in which a 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 shall 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 16 has been amended pursuant to the provision of Article 9 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Information on the management of the credit institution following the acquisition

Article 17

Where the acquirer intends to appoint new members of the management and supervisory board of the credit institution following the acquisition of a qualifying holding, documentation to be enclosed with the application for prior approval for the appointment of the chairperson or a member of the management board and a member of the supervisory board of a credit institution in accordance with the subordinate legislation specifying the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution shall be enclosed with the application for approval to acquire a qualifying holding.

The words "in accordance with the Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution" (Official Gazette 14/2014 and 96/2016) have been replaced by the words "in accordance with subordinate legislation specifying the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution" pursuant to the provision of Article 4 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 139/2022),

which entered into force on the date of introduction of the euro as the official currency of the Republic of Croatia.

VII MANNER OF SUBMITTING THE APPLICATION FOR APPROVAL TO ACQUIRE A QUALIFYING HOLDING

Application for approval Article 18

- (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 18 has been amended pursuant to the provision of Article 10 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution (Official Gazette 71/2024), which enters into force on 1 October 2024.

Appendices 1, 2 and 3 have been deleted and the former Appendix 4 have become Appendix to the Decision constituting its integral part pursuant to the provision of Article 11 of the Decision on amendments to the Decision on the approval to acquire a qualifying holding in a credit institution Official Gazette 71/2024), which enters into force on 1 October 2024.

VIII TRANSITIONAL AND FINAL PROVISIONS

Entry into force and application Article 19

- (1) 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.
- (2) This Decision shall enter into force on the eighth day following its publication in the Official Gazette.

**Decision on amendments to the
Decision on the approval to acquire a qualifying holding in a credit institution
(Official Gazette 139/2022)**

Article 6

This Decision shall be published in the Official Gazette and shall enter into force on the day of introduction of the euro as the official currency in the Republic of Croatia

**Decision on amendments to the
Decision on the approval to acquire a qualifying holding in a credit institution
(Official Gazette 71/2024)**

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.

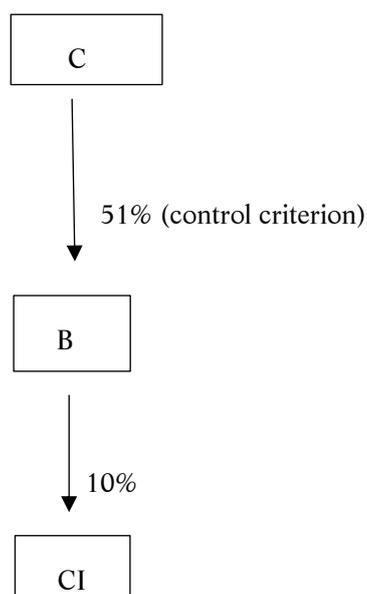


EXAMPLES OF THE CALCULATION OF INDIRECT HOLDINGS IN A CREDIT INSTITUTION

For the purpose of providing examples of the calculation of indirect holdings in a credit institution, it is assumed that control is only gained if the size of the holding being acquired is in excess of 50% (although control could also be acquired with a smaller participation) and that no significant influence is acquired.

'CI' indicates the credit institution in which a holding is acquired, while 'B', 'C' and 'D' are acquirers.

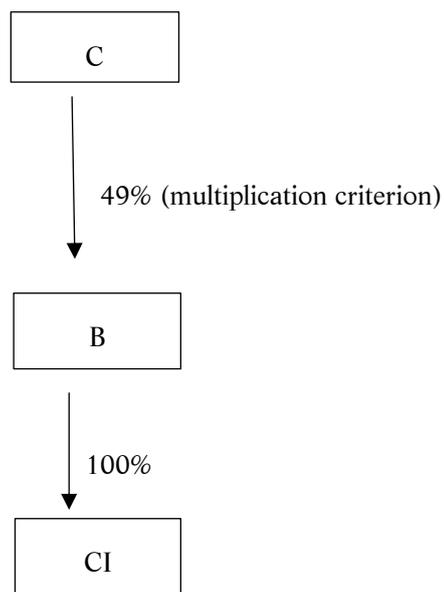
Example 1



Following C's acquisition of control over B, C would, in accordance with the control criterion referred to in article 12, paragraph (3) of this Decision, be deemed to have indirectly acquired a qualifying holding in a credit institution, given that B holds a qualifying holding in the credit institution equal to 10%. All other persons holding, directly or indirectly, control over C would also be deemed to have indirectly acquired a qualifying holding in the credit institution equal to 10% under the control criterion referred to in Article 12, paragraph (3).

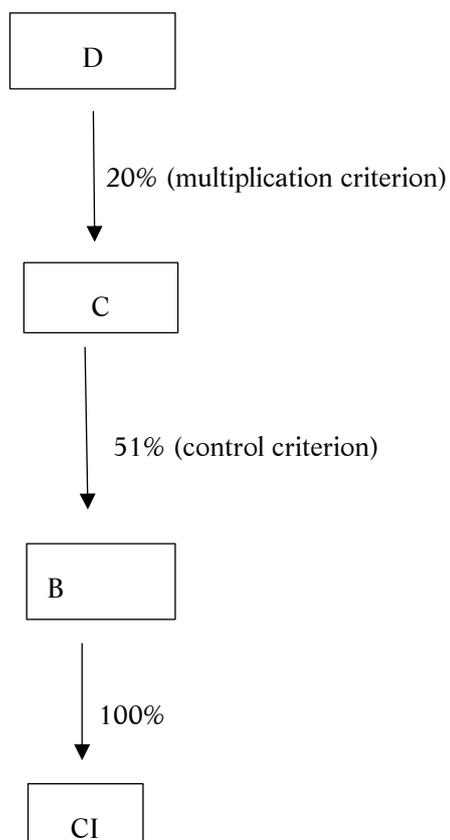
Due to the relationship of control there is no need to apply the multiplication criterion.

Example 2



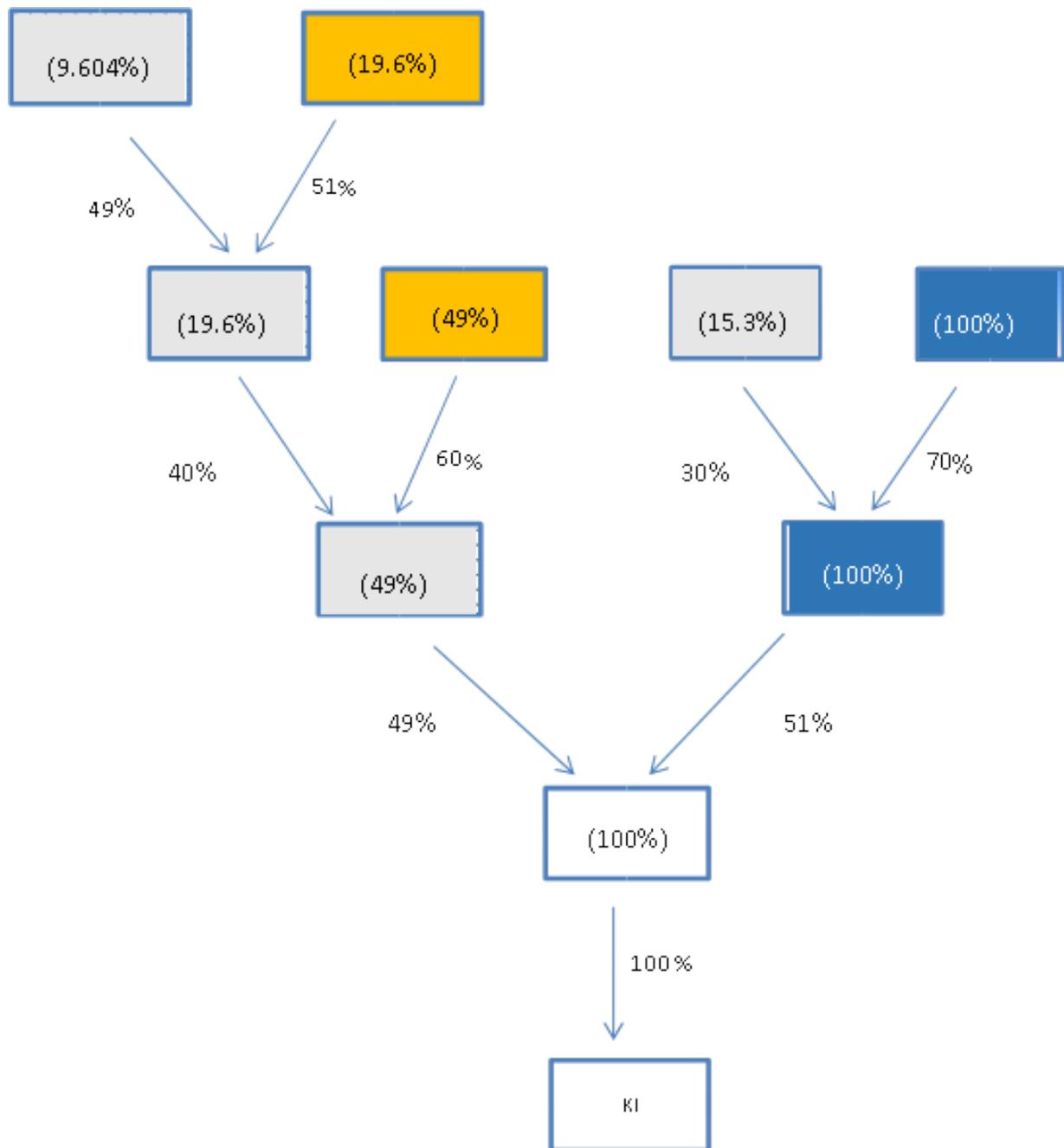
In Example 2, C does not acquire control over B and, therefore, no qualifying holding is deemed to have been acquired under the application of the control criterion referred to in Article 12, paragraph (3) of this Decision. In order to assess if any qualifying holding is acquired indirectly, the multiplication criterion has to be applied; this requires the percentage of the holding acquired by C in B to be multiplied with the percentage of B's holding in the credit institution ($49\% \times 100\%$). Since the result is 49%, a qualifying holding will be deemed to have been acquired indirectly by C. Any persons holding, directly or indirectly, control over C shall also be considered indirect acquirers of a qualifying holding in a credit institution equalling 49%. The multiplication criterion is applied to holders of holdings in C who do not hold control over C, starting from the bottom of the group hierarchy, i.e. the direct holding in the credit institution.

Example 3



In Example 3, D does not acquire control over C; therefore, no qualifying holding is deemed to have been acquired under the control criterion referred to in Article 12, paragraph (3) of this Decision. In order to assess whether D is an indirect acquirer of a qualifying holding, the multiplication criterion is applied by multiplying the percentages of the holdings across the corporate chain. Since the resulting percentage is 10.2%, D is deemed to have indirectly acquired a qualifying holding in a credit institution. Any persons holding, directly or indirectly, control over C shall also be considered indirect acquirers of a qualifying holding in a credit institution equalling 10.2%.

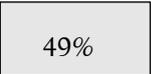
Example 4

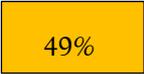


Legend:

Percentages shown next to arrows indicate the holding in the undertaking immediately below in the corporate chain

-  Indirect holder of a holding of 100% under the application of the control criterion

-  Indirect holder of a holding of 49% under the application of the multiplication criterion

-  Indirect holder of a holding in a credit institution of 49% holding control over another indirect holder of a holding in a credit institution of 49%, with the size of the holding of the latter holder determined under the application of the multiplication criterion

Example 4 sets out the structure of a group, showing the size of the indirect holding in the credit institution for each indirect holder of a holding. The size of the holding of each shareholder in the undertaking immediately below in the corporate chain is shown next to the arrow. The size of the direct or indirect holding in the credit institution is shown between brackets in the box depicting each direct or indirect shareholder.

The chart shows the shareholder structure following the completion of the acquisition. Where the size of the direct or indirect holding in the credit institution of the acquirer having carried out the actual acquisition is at least 10%, that acquirer is deemed to have acquired a qualifying holding. A qualifying holding is also considered to have been acquired by direct or indirect acquirers considered, under the application of the multiplication criterion, to have acquired an indirect holding in the credit institution of at least 10%.