

**Decision implementing the part of Regulation (EU) No 575/2013  
pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds  
and capital requirements**

**(Official Gazette 107/2023 and 150/2024 – unofficial consolidated version)**

**Decision implementing the part of Regulation (EU) No 575/2013  
pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds  
and capital requirements**

**I GENERAL PROVISIONS**

***Subject matter***

***Article 1***

This Decision ensures the implementation of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, hereinafter: Regulation (EU) No 575/2013), in the part specifying the following:

- 1) the manner of the valuation of assets and off-balance sheet items and calculation of own funds in accordance with Article 24, paragraph (2) of Regulation (EU) No 575/2013;
- 2) Deleted.
- 3) the treatment of exposures to regional governments or local authorities for the purposes of Article 115, paragraph (2) of Regulation (EU) No 575/2013;
- 4) the treatment of exposures to public sector entities in the Republic of Croatia for the purposes of Article 116, paragraph (4) of Regulation (EU) No 575/2013;
- 5) stricter criteria for exposures secured by mortgages on residential property located in the territory of the Republic of Croatia for the purposes of the treatment referred to in Article 124, paragraph (2) of Regulation (EU) No 575/2013, in accordance with the provisions of Article 124, paragraph (9) of Regulation (EU) No 575/2013;
- 6) Deleted.
- 7) the maximum permitted time period available for gradual implementation of the IRB Approach for the purposes of Article 148, paragraph (2) of Regulation (EU) No 575/2013; and
- 8) the materiality threshold of a credit obligation past due for the purposes of Article 178, paragraph (2), item (d) of Regulation (EU) No 575/2013.
- 9) Deleted.

*Under Article 1 of the Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements, Official Gazette 150/2024, which entered into force on 1 January 2025, in Article 1, items (2), (6) and (9) have been deleted and item (5) has been amended.*

***Terms and national measures***

***Article 2***

(1) The terms used in this Decision: "exposure", "default", "financial institution", "unfunded credit protection", "authorisation", "group of connected clients", "risk of excessive leverage", "own funds", "risk profile", "Internal Ratings Based Approach" or "IRB Approach", "loss given default" or "LGD", and "public sector entity" shall have the meaning as defined in Regulation (EU) No 575/2013.

(2) For the purposes of this Decision, the individual terms used in this Decision have the following meaning:

- 1) "regional governments and local authorities in the Republic of Croatia" are counties, including the City of Zagreb, cities and municipalities, representative bodies of counties, cities and municipalities and their executive bodies;
- 2) "central government in the Republic of Croatia" means state authority bodies financed from the budget of the Republic of Croatia, in particular:

– legislative authorities: the Office of the President of the Republic of Croatia and the Croatian Parliament;

– executive authorities: the Government of the Republic of Croatia, ministries of the Republic of Croatia, central state offices, state administration organisations and state administration offices in counties;

– judicial and justice authorities: High Misdemeanour Court of the Republic of Croatia, administrative courts, High Administrative Court of the Republic of Croatia, commercial courts, High Commercial Court of the Republic of Croatia, municipal courts, county courts, High Criminal Court of the Republic of Croatia, Supreme Court of the Republic of Croatia, Constitutional Court of the Republic of Croatia, municipal state attorney's offices, county state attorney's offices, State Attorney's Office of the Republic of Croatia, State Attorney's Office – Office for the Prevention of Corruption and Organized Crime, Ombudsman for Children, Disability Ombudsman, Gender Equality Ombudsperson, Ombudsman, State Judicial Council, State's Attorney Council, Office for General Affairs of the Croatian Parliament and of the Government of the Republic of Croatia.

(3) The national measures in the Republic of Croatia for the implementation of the transitional provisions referred to in Articles 465 to 491 of Regulation (EU) No 575/2013 are:

1) the Credit Institutions Act (Official Gazette 117/2008, 74/2009, 153/2009, 108/2012 and 54/2013) and the Decision on own funds of credit institutions (Official Gazette 1/2009, 41/2009, 75/2009, 2/2010 and 118/2011), enacted on the basis of that Act, transposing Directive 2006/48/EC;

2) Article 5 of the Decision on own funds of credit institutions transposing Article 57, items (a) to (ca) of Directive 2006/48/EC;

3) Article 5, item (1) of the Decision on own funds of credit institutions transposing Article 57, item (a) of Directive 2006/48/EC;

4) Article 8 of the Decision on the supervision of a group of credit institutions on a consolidated basis (Official Gazette 1/2009, 75/2009, 2/2010 and 67/2013) transposing Article 65 of Directive 2006/48/EC;

5) Article 15, items (1) to (3) of the Decision on own funds of credit institutions transposing Article 57, items (f), (g) and (h) of Directive 2006/48/EC;

6) Article 19, paragraph (8) of the Decision on own funds of credit institutions transposing Article 64, paragraph (3), item (c) of Directive 2006/48/EC;

7) Article 25, paragraph (3) of the Decision on own funds of credit institutions transposing Article 66, paragraph (1), item (a) of Directive 2006/48/EC; and

8) Article 25, paragraph (4) of the Decision on own funds of credit institutions transposing Article 66, paragraph (1), item (b) of Directive 2006/48/EC.

(4) Article 57, item (ca) and Article 66, paragraph (1a) of Directive 2006/48/EC have not been transposed into legislation of the Republic of Croatia.

## **II VALUATION OF ASSETS AND OFF-BALANCE SHEET ITEMS**

### ***Valuation***

#### **Article 3**

Pursuant to the provisions of Article 24, paragraph (2) of Regulation (EU) No 575/2013, a credit institution shall effect the valuation of assets and off-balance sheet items and the determination of own funds in accordance with the International Accounting Standards applied pursuant to Regulation (EC) No 1606/2002.

#### **Article 4**

Deleted.

*Under Article 2 of the Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements, Official Gazette 150/2024, which entered into force on 1 January 2025, Chapter III, Article 4 and the title above Article 4 have been deleted.*

**IV USE OF THE STANDARDISED APPROACH FOR THE CALCULATION OF THE  
RISK-WEIGHTED EXPOSURE AMOUNT**

***Regional governments or local authorities***

**Article 5**

A credit institution shall apply Article 115 of Regulation (EU) No 575/2013 in a way which ensures exposures to units of regional governments or local authorities in the Republic of Croatia are not risk-weighted as exposures to central government.

***Public sector entities treated as the central government***

**Article 6**

A credit institution shall apply Article 116 of Regulation (EU) No 575/2013 in such a way as to treat the exposures to below listed public sector entities in the Republic of Croatia as exposures to the central government:

1. Agency for Transactions and Mediation in Immovable Properties,
2. Croatian Competition Agency,
3. Restructuring and Sale Centre,
4. State Audit Office,
5. Energy Institute Hrvoje Požar,
6. Fund for Financing the Decommissioning of the Krško Nuclear Power Plant and the Disposal of KNPP Radioactive Waste and Spent Nuclear Fuel,
7. Environmental Protection and Energy Efficiency Fund,
8. Croatian Agency for SMEs, Innovations and Investments,
9. Croatian Financial Services Supervisory Agency,
10. Croatian Academic and Research Network – CARNet,
11. Croatian Bank for Reconstruction and Development,
12. Croatian News Agency,
13. Croatian Radiotelevision,
14. Croatian Waters,
15. Croatian Geological Survey,
16. Croatian Pension Insurance Administration,
17. Croatian Institute for Transfusion Medicine,
18. Croatian Employment Service,
19. Croatian Institute for Health Insurance,
20. University Hospital Dubrava,
21. University Hospital Centre Osijek,
22. University Hospital Centre Rijeka,
23. University Hospital Centre "Sestre Milosrdnice",
24. University Hospital Centre Split,
25. University Hospital Centre Zagreb,
26. Ploče Port Authority,
27. Rijeka Port Authority,
28. Zadar Port Authority,
29. Split Port Authority,
30. Dubrovnik Port Authority,
31. Šibenik Port Authority,
32. Osijek Port Authority,
33. Vukovar Port Authority,
34. Slavonski Brod Port Authority,
35. Sisak Port Authority,
36. Agricultural Institute Osijek,
37. Central Registry of Insured Persons,
38. Josip Juraj Strossmayer University of Osijek,
39. University North,
40. University of Dubrovnik,

41. University of Rijeka,
42. University of Split,
43. University of Zadar,
44. University of Zagreb,
45. Institute for Expertise, Professional Rehabilitation and Employment of Persons with Disabilities,
46. Paying Agency for Agriculture, Fisheries and Rural Development,
47. Croatian Regulatory Authority for Network Industries,
48. Juraj Dobrila University of Pula,
49. University of Slavonski Brod,
50. Archaeological Museum of Istria,
51. Public institution Brijuni National Park,
52. Public institution Kornati National,
53. Public institution Krka National Park,
54. Mljet National Park Public Institution,
55. Public institution Paklenica National Park,
56. Public institution Plitvice Lakes National Park,
57. Public institution Nacionalni park Risnjak, and
58. Public institution National Park Northern Velebit.

### ***Criteria for exposures secured by mortgages on residential property***

#### **Article 7**

A credit institution may consider an exposure secured by mortgages on residential property located in the territory of the Republic of Croatia to be eligible for the treatment referred to in Article 124, paragraph (2) of Regulation (EU) No 575/2013 only where, in addition to the conditions referred to in Article 124, paragraph (3) of Regulation (EU) No 575/2013, the exposure meets all of the following criteria:

1. the owner of the residential property located in the territory of the Republic of Croatia and securing the exposure is the owner of not more than two residential properties;
2. the residential property located in the territory of the Republic of Croatia and securing the exposure is not a holiday home.

*Under Article 3 of the Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements, Official Gazette 150/2024, which entered into force on 1 January 2025, Article 7 has been amended.*

#### **Article 8**

Deleted.

*Under Article 4 of the Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements, Official Gazette 150/2024, which entered into force on 1 January 2025, Article 8 and the title above Article 8 have been deleted.*

## **V USE OF THE IRB APPROACH FOR THE CALCULATION OF THE RISK-WEIGHTED**

### **EXPOSURE AMOUNT**

#### ***Materiality of a credit obligation past due***

#### **Article 9**

(1) Credit institutions shall apply to retail exposures the materiality threshold referred to in Article 1, paragraphs (2) and (3) of Commission Delegated Regulation (EU) 2018/171 of 19 October 2017 on supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the materiality threshold for credit obligations past due (Text with

EEA relevance) (OJ L 32, 6.2.2018, hereinafter referred to as 'Commission Delegated Regulation (EU) 2018/171') in such a way that the absolute component referred to in paragraph (2), sub-item (2) is set at EUR 100 and the relative component referred to in paragraph (2), sub-item (3) is set at 1%.

(2) Credit institutions shall apply to exposures other than retail exposures the materiality threshold referred to in Article (2), paragraph (2) of Commission Delegated Regulation (EU) 2018/171 in such a way that the absolute component is set at EUR 500, and the relative component is set at 1%.

### ***Maximum permitted time period available for the sequential implementation of the IRB approach***

#### **Article 10**

For the purposes of Article 148, paragraph (2) of Regulation (EU) No 575/2013 the maximum permitted time period available for the sequential implementation of the IRB approach may not exceed five years.

#### **Article 11**

Deleted.

*Under Article 5 of the Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements, Official Gazette 150/2024, which entered into force on 1 January 2025, Chapter VI, Article 11 and the title above Article 11 have been deleted.*

## **VII TRANSITIONAL AND FINAL PROVISIONS**

### ***Cessation of the effect of the Decision***

#### **Article 12**

(1) The Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements (Official Gazette 160/2013, 140/2015, 113/2016, 87/2018, 53/2021 and 139/2022) shall cease to have effect on the day of entry into force of this Decision.

(2) Credit institutions shall comply with the requirements referred to in Article 10 of this Decision no later than within six months of the day of entry into force of this Decision.

### ***Entry into force***

#### **Article 13**

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

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### **Decision on amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements (Official Gazette 150/2024)**

#### **Article 6**

This Decision shall be published in the Official Gazette and shall enter into force on 1 January 2025.