

Reg. No: 732-01-020/19-09-19/MD
Zagreb, 19 September 2019

TO ALL CREDIT INSTITUTIONS

Subject: Application of the EBA Guidelines on disclosure of non-performing and forborne exposures

Dear Sir/Madam,

We hereby draw your attention to the fact that the European Banking Authority (hereinafter: the EBA) issued the Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10; hereinafter: the Guidelines), which apply from 31 December 2019.

More specifically, in accordance with Article 4, paragraph (1), item (3) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018 and 70/2019), the Croatian National Bank (hereinafter: the CNB) shall, among other things, make every effort to comply with those guidelines and recommendations issued by the EBA in accordance with Article 16 of Regulation (EU) No 1093/2010.

The objective of the Guidelines is to enhance disclosure requirements and specify uniform disclosure formats for all credit institutions for disclosures related to non-performing exposures, forborne exposures and foreclosed assets. Proportionality is embedded in the Guidelines based on the significance of the credit institution and its level of non-performing exposures. Accordingly, the Guidelines define a set of templates applicable to all credit institutions and an additional set of templates applicable only to significant credit institutions with a non-performing loan ratio of 5% or above.

The application of the Guidelines will improve the transparency of the banking system as regards information on the quality of exposures. An additional impact will be made on significant credit institutions with a non-performing loan ratio of 5% or above as the public will gain a better insight into the distribution and features of the problematic assets and the quality and value of the collateral obtained.

The Guidelines specified in this circular also represent the expectations that the CNB will take into account in the exercise of supervision and oversight. The CNB expects credit institutions to fully comply with the Guidelines in the part applicable to them – in addition to the requirements applicable to all credit institutions, O-SIIs with a non-performing loan ratio of 5% or above are expected to disclose additional templates. If a credit institution fails to comply with the applicable

provisions of the Guidelines, the CNB will consider the need to impose supervisory measures to ensure compliance with the Guidelines.

The Guidelines, together with the associated templates in MS Excel format are available on the EBA website:

<https://eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/guidelines-on-disclosure-of-non-performing-and-forborne-exposures>

Kind regards,

Martina Drvar
Vicegovernor