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Reg. No: 57-093/093/21-17
Zagreb, 24 November 2022

TO ALL CREDIT INSTITUTIONS
Attention of: Management Board

Subject: Repeal of three EBA guidelines on disclosures and amendments to the EBA Guidelines on disclosure of non-performing and forborne exposures

Dear Sir/Madam,

Since last year, most disclosure requirements of credit institutions have been governed by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (hereinafter referred to as 'ITS 2021/637').

As disclosure requirements have thus been consolidated and became directly applicable to all credit institutions in the EU, the European Banking Authority (hereinafter referred to as 'EBA') repealed three previously applicable guidelines on disclosures. This specifically refers to the following:

- Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11)
- Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01) and
- Guidelines on disclosure of encumbered and unencumbered assets (EBA/GL/2014/03).

Expectations of the Croatian National Bank (hereinafter referred to as the 'CNB') related to the application of the aforementioned guidelines hereby cease to exist.

In addition, it was necessary to amend the scope of the Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10). Specifically, requirements for the disclosure of non-performing and forborne exposures specified in the Capital Requirements Regulation (CRR) and ITS 2021/637 refer only to large and other listed institutions.

As a result, the applicable regulatory framework does not specify requirements for the disclosure of non-performing and forborne exposures relating to small and non-complex institutions and other institutions not included in the scope of the CRR. The CNB agrees with the EBA's

assessment according to which it is necessary for such banks to maintain an adequate level of transparency in the segment of non-performing and forborne exposures, as precisely this category of banks frequently exhibits above-average NPL ratios. In addition, the current CRR development status (CRR 3) suggests that the aforementioned disclosure requirements will apply to all institutions except for non-listed small and non-complex institutions.

For reasons stated above, on 12 October 2022, the EBA issued Guidelines amending Guidelines EBA/GL/2018/10 on disclosure of non-performing and forborne exposures (EBA/GL/2022/13). The amendments amended the scope of the original Guidelines to include only:

- listed small and non-complex institutions and
- other institutions (institutions that are neither large nor small and non-complex) that are non-listed.

In accordance with Article 4, paragraph (1), item (3) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020 and 146/2020), the CNB is obliged, among other things, to make every effort to comply with the guidelines and recommendations issued by the EBA in accordance with Article 16 of Regulation (EU) No 1093/2010. The Guidelines specified in this circular therefore represent the expectations which the CNB will take into account in the exercise of supervision and oversight.

The CNB expects full application of the amended EBA/GL/2018/10 Guidelines from:

- listed small and non-complex institutions and
- other institutions (institutions that are neither large nor small and non-complex) that are non-listed.

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.

CNB expectations related to the application of Guidelines EBA/GL/2018/10 are hereby revoked for:

- non-listed small and non-complex institutions (exempt from requirements on a proportionality basis)
- institutions subject to the application of ITS 2021/637.

Considering the complexity of the provisions and in order to clarify CNB expectations, the following table shows categories of institutions from which the CNB expects to apply the Guidelines:

	Institution category		
	Large	Small	Other
Listed	CRR/ITS	Guidelines	CRR/ITS
Non-listed	CRR/ITS	Exempt	Guidelines

Amended Guidelines, along with related forms and the consolidated text of the Guidelines, are available on the EBA website:

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

Kind regards,

Tomislav Ćorić
Vicegovernor