

Reg. No: 777-093/22-1
Zagreb, 26 September 2022

**TO LESS SIGNIFICANT
SUPERVISED ENTITIES**
Attention of: Management Board

Subject: *Application of the EBA Guidelines on recovery plan indicators*

Dear Sir/Madam,

The European Banking Authority (hereinafter: the EBA) on 9 November 2021 issued the Guidelines on recovery plan indicators (EBA/GL/2021/11, hereinafter: the Guidelines). All essential elements of the Guidelines have been transposed into the Decision on recovery plans of credit institutions (Official Gazette 110/2022, hereinafter: the Decision).

In addition to the Guidelines, the Decision transposes into the Croatian legal system the Guidelines on the range of scenarios to be used in recovery plans (EBA/GL/2014/06).

In accordance with Article 4, paragraph (1), item (3) of the Credit Institutions Act, the Croatian National Bank shall 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 (OJ L 24.11.2010). To this end, on 10 February 2022, the Croatian National Bank submitted to the EBA a notification expressing its intention to fully comply with the Guidelines. In this regard, credit institutions are expected to apply the Guidelines.

Credit institutions eligible for simplified obligations shall:

- update and submit to the Croatian National Bank a recovery plan every two years; the first plan is to be submitted by 31 December 2023 at the latest
- annually update of the recovery plan indicators referred to in Article 13 of the Decision and submit them for the first time to the Croatian National Bank by 31 December 2022 at the latest.

Other credit institutions shall draw up a recovery plan in accordance with the provisions of the Decision, update it annually and submit it to the Croatian National Bank by 31 December of the current year at the latest; they are required to submit a complete recovery plan updated in accordance with the Decision by 31 December 2022.

For the purpose of meeting the above requirements laid down in the Decision, in addition to recovery plans, credit institutions are expected to prepare and submit to the Croatian National Bank a Standardised report on recovery plans of credit institutions with key recovery plan elements.

By way of derogation from the above, for the purpose of submitting updated thresholds of recovery plan indicators referred to in Article 13 of the Decision, credit institutions eligible for simplified obligations shall submit only a part of the Standardised report (worksheets 1A Indicators and 1B Indicators) for the years when they are not required to submit a complete recovery plan.

These worksheets shall also be submitted by all credit institutions in situations where a more frequent update of indicator threshold referred to in Article 13, paragraph (4) of the Decision has been carried out.

The Standardised report shall be completed in accordance with the detailed instructions given in the instructions for the completion of the standardised report on recovery plans of credit institutions, which are, together with the Standardised report, available on the Croatian National Bank website.

The relevant EBA Guidelines are available on the EBA website at the following links:

- 1) EBA Guidelines on recovery plan indicators (EBA/GL/2021/11)

https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2021/EBA-GL-2021-11%20Guidelines%20on%20recovery%20plan%20indicators%20/1023794/Final%20Report%20on%20Guidelines%20on%20recovery%20plan%20indicators.pdf

- 2) EBA Guidelines on the range of scenarios to be used in recovery plans (EBA/GL/2014/06)

<https://www.eba.europa.eu/sites/default/documents/files/documents/10180/760136/05cc62a3-661c-4eee-ad07-d051f3eeda07/EBA-GL-2014-06%20Guidelines%20on%20Recovery%20Plan%20Scenarios.pdf?retry=1>

Kind regards,

Tomislav Ćorić

Vicegovernor