



HNB

GUVERNER

Pursuant to Article 144.a, paragraph (1), item (6) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020 and 146/2020) and Article 4, paragraph (1), item (11), Article 43, paragraph (2), item (6) and Article 77.a 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 a temporary restriction of distributions

Subject matter of the Decision and entities to which the Decision applies Article 1

- (1) This Decision governs the temporary restriction of distributions with the aim of enhancing financial system resilience and maintaining financial stability in the Republic of Croatia.
- (2) This Decision is adopted in response to the negative impacts of the COVID-19 pandemic on economic activity in the Republic of Croatia and heightened uncertainty regarding the impact of the current emergency health and economic conditions on the business of credit institutions in the Republic of Croatia.
- (3) The provisions of this Decision shall apply on an individual basis to all credit institutions with head offices in the Republic of Croatia, authorised by the Croatian National Bank.
- (4) The terms "identified staff", "variable remuneration", "guaranteed variable remuneration" and "award of variable remuneration" shall have the meaning as determined by the subordinate legislation specifying the rules, procedures and the criteria for remuneration policies adopted pursuant to Article 100, paragraph (4) of the Credit Institutions Act.

Scope of distribution Article 2

- (1) Credit institutions shall temporarily, until 31 December 2021, not:
 - 1) make a dividend distribution or create an obligation to make a dividend distribution;
 - 2) redeem or purchase own shares or other capital instruments of the credit institution referred to in Article 26, paragraph (1), item (a) 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) as last amended by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending

Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (OJ L 204, 26. 6. 2020);

3) make a repayment of the amounts paid up in connection with capital instruments referred to in Article 26, paragraph (1), item (a) of Regulation (EU) No 575/2013;

4) make a distribution of items referred to in Article 26, paragraph (1), items (b) to (f) of Regulation (EU) No 575/2013;

5) award variable remuneration to identified staff.

Exemption from the application of the Decision

Article 3

The provisions of this Decision shall not apply to:

- 1) the redemption of own shares which the credit institution is obligated by law to redeem;
- 2) the payment of guaranteed variable remuneration.

Final provisions

Article 4

(1) The Croatian National Bank shall review, until 30 September 2021 at the latest, the existence of the grounds referred to in Article 1 of this Decision, which prompted the adoption of this Decision and it may, depending on that review, lift the temporary restriction before 31 December 2021.

(2) This Decision shall enter into force on the next day following the day of its publication in the Official Gazette.

No.: 12-091/01-21/BV
Zagreb, 14 January 2021

Governor
Croatian National Bank
Boris Vujčić