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Pursuant to Article 16, paragraph (4) and Article 28, paragraph (5) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015 and 15/2018) and Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), the Governor of the Croatian National Bank hereby issues the

Decision on the approval to acquire a qualifying holding in a credit institution

I GENERAL PROVISIONS

Subject matter

Article 1

This Decision prescribes in detail:

- the criteria against which the Croatian National Bank assesses the suitability and the financial soundness of the acquirer of a qualifying holding in a credit institution;
- the circumstances which indicate acting in concert;
- circumstances against which it assesses the existence of significant influence;
- the manner of determining the size of the holding by an indirect acquirer;
- the documentation to be enclosed with the application for approval to acquire a qualifying holding;
- the manner of submitting applications for approval to acquire a qualifying holding.

Definitions

Article 2

(1) The terms 'qualifying holding', 'credit institution', 'financial institution', 'parent undertaking', 'subsidiary', 'close links', 'control' and 'associate of the acquirer of a qualifying holding' shall have meanings as defined in the Credit Institutions Act.

(2) For the purposes of this Decision, the following definitions shall apply:

- 1) 'Connected persons' means persons having close links in accordance with Article 4, paragraph (1), item (38) of Regulation (EU) No 575/2013, marital and extramarital partners, persons linked by consanguinity in the direct line without restraint and in the collateral line up to the second degree and persons linked by affinity. For the purpose of this Decision, persons linked by affinity shall mean kinship created as a result of marriage, and not consanguinity, including:
 - parents, brothers and sisters of marital and extramarital partners;
 - children of marital and extramarital partners who are not the children of the person for whom connectedness is assessed; and

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- marital and extramarital partners of the children of the person for whom the assessment is made.
- 2) 'Acquirer' means any natural or legal person, including persons acting in concert, that intends to, individually or jointly, directly or indirectly, acquire or increase a qualifying holding in a credit institution.
- 3) 'Group' means:
 - 'group' as defined in Article 3, item (14) of the Credit Institutions Act; and
 - 'group of credit institutions' as defined in Article 17 of the Credit Institutions Act.
- 4) 'Politically exposed persons' means persons as defined in the regulation governing the prevention of money laundering and terrorist financing.

(3) For the purpose of this Decision, 'management board' shall include executive directors in undertakings that have established a board of directors instead of a management board and a supervisory board.

(4) The provisions of this Decision referring to legal persons shall apply to associations, foundations, funds, institutions, bodies and other entities that are not legal persons and are acquiring shares of a credit institution on their own behalf.

II CRITERIA AGAINST WHICH THE SUITABILITY AND THE FINANCIAL SOUNDNESS OF THE ACQUIRER OF A QUALIFYING HOLDING ARE APPRAISED

Acquirer of a qualifying holding Article 3

The Croatian National Bank shall issue prior approval to acquire a qualifying holding in a credit institution to the acquirer it deems suitable and financially sound. A person meeting the criteria set out in Article 28 of the Credit Institutions Act shall be deemed suitable and financially sound.

Good repute Article 4

(1) When assessing the good repute of an acquirer, the Croatian National Bank shall assess the acquirer's integrity and professional competence, including the integrity of direct or indirect shareholders, holders of holdings or members of the acquiring undertaking, members of the management and supervisory board of the acquirer, associates of the acquirer of a qualifying holding in a credit institution and persons connected with the acquirer or persons having business links to the acquirer.

- (2) An acquirer shall be deemed to lack integrity where:
- 1) the acquirer has been convicted by a judgement with final force and effect of any of the crimes referred to in Article 25, paragraph (2) of the Credit Institutions Act or of any criminal offence which, by its definition, corresponds to any of the crimes referred to in Article 25, paragraph (2) of the Credit Institutions Act;
 - 2) criminal proceedings have been instituted against the acquirer for any of the crimes referred to in Article 25, paragraph (2) of the Credit Institutions Act or any crime which, by its definition, corresponds to any of the crimes referred to in Article 25, paragraph (2) of the Credit Institutions Act, or where the acquirer was convicted by a judgement with final force and effect or where criminal proceedings were instituted against the acquirer for any crime not referred to in Article 25, paragraph (2) of the Credit Institutions Act, if that may cast doubt on the integrity of the acquirer;
 - 3) where the acquirer personally or the undertaking in which the acquirer holds a holding is the subject of an investigation, foreclosure proceedings or supervision findings reported by competent supervisory authorities resulting in imposed measures or minor offence sanctions due to irregularities or non-compliance with regulations governing activities in the banking, financial or insurance sector, regulations governing the capital market, securities and payment operations or regulations governing the provision of financial services, consumer protection or any other regulations referred to in Article 25, paragraph (2) of the Credit Institutions Act, if that may cast doubt on the integrity of the acquirer;
 - 4) where the acquirer manages or managed, at the time of committing the act, an undertaking convicted by a judgement with final force and effect of any crime, or upon which measures or minor offence sanctions were imposed or against which investigations and proceedings referred to in item (3) of this paragraph were initiated, if that may cast doubt on the integrity of the acquirer; and
 - 5) where, based on another credible source of information, the existence of other reasons was established that may cast doubt on the integrity of the acquirer.
- (3) When determining the existence of circumstances referred to in paragraph (2), items (2) through (4) of this Article to assess the integrity of the acquirer, the Croatian National Bank shall take into consideration all available information regarding the type of criminal sanctions, the phase of proceedings reached, any legal remedies filed, any penalties or other criminal sanctions imposed, the effects of any rehabilitation measures, any aggravating or mitigating circumstances of the case and the significance of the relevant crime or minor offence, the period which has elapsed since the act was committed and the person's conduct throughout that period. The Croatian National Bank shall also take into consideration any large number of minor incidents which may not impinge on the integrity of the acquirer considered individually, but may do so collectively.
- (4) When determining the circumstances referred to in paragraph (2), items (3) and (4) of this Article to assess the integrity of the acquirer, the Croatian National Bank shall take

into consideration, to the extent they relate to persons or undertakings currently or formerly managed by the acquirer, any relevant supervision findings, reports, initiated or completed supervisory procedures and any resulting measures or minor offence sanctions currently or previously imposed by the Croatian National Bank or another competent authority due to irregularities or non-compliance with regulations governing banking, financial or insurance activities or other regulations, as well as other information provided they originate from reliable and credible sources.

(5) When determining the circumstances referred to in paragraph (2), item (5) of this Article to assess the integrity of the acquirer, the Croatian National Bank shall analyse any information indicating the unfair conduct of the proposed acquirer in past business dealings, such as evidence pointing to non-transparency and lack of cooperation in dealings with supervisory authorities and any refusal or revocation of authorisation to perform managing functions or carry out a profession or an activity; where available, the Croatian National Bank shall also analyse reasons for any termination of employment contract, dismissal from a key function or similar function or any prohibition of directing the business of or representing a legal person imposed by a competent authority.

(6) Where the acquirer is a legal person, it shall be deemed to lack integrity where the Croatian National Bank, acting in accordance with the provisions of this Article, establishes that, depending on their influence on the acquirer, any direct or indirect shareholder, holder of holdings, member of the undertaking or member of the management or supervisory board lacks integrity.

(7) An acquirer shall be deemed to lack integrity where the Croatian National Bank, acting in accordance with the provisions of this Article, establishes that, depending on their influence on the acquirer, any of the persons connected with the acquirer, persons having business links to the acquirer or associates of the acquirer of a qualifying holding lacks integrity.

(8) The Croatian National Bank may, where it deems necessary, request the information based on which the integrity of the acquirer is assessed from other authorities in the Republic of Croatia and outside the Republic of Croatia.

(9) When assessing the integrity of the acquirer, the Croatian National Bank shall analyse collected information and assess whether a large number of minor deficiencies that would not otherwise impinge on the acquirer's integrity collectively have a material impact on the acquirer's integrity.

Professional competence

Article 5

(1) The professional competence of the acquirer shall be assessed with regard to competence in management (hereinafter referred to as 'management competence') and competence in the area of banking and financial services provided by the credit institution in which a qualifying holding is acquired (hereinafter referred to as 'financial competence'), including the professional competence of the person responsible for directing business where the acquirer is a legal person.

(2) When assessing the management competence of the acquirer, the Croatian National Bank shall take into consideration whether the acquirer demonstrated due skill, care, diligence and compliance with relevant regulations and professional standards as a shareholder, holder of a holding or member of an undertaking or member of a management or supervisory board or manager in an undertaking.

(3) When assessing the financial competence of the acquirer, the Croatian National Bank shall take into consideration whether the acquirer demonstrated due skill, care, diligence and compliance with relevant regulations and professional standards as a majority shareholder or holder of a holding or member of a management or supervisory board or a manager of a credit or financial institution.

(4) When assessing professional competence, the Croatian National Bank shall take into consideration financial and business results and any illegalities and irregularities established in the operation of the undertaking in which the acquirer is or was a majority shareholder or in which the acquirer holds or held majority holdings or in which the acquirer performed a function as a member of the management or supervisory board or a senior management function in the period before significant irregularities or a breach of regulations were established in the operation of the undertaking, before pre-bankruptcy settlement was carried out with respect to the undertaking, before bankruptcy proceedings were initiated against the undertaking, before a decision on compulsory winding-up proceedings was adopted or before its authorisation was revoked. In doing so, the Croatian National Bank shall assess whether the acquirer's conduct had any effect on the events referred to above.

(5) When assessing professional competence, the Croatian National Bank shall also analyse and take into consideration the following circumstances:

- 1) whether the acquirer's assets and income allow the settlement of the acquirer's future financial obligations;
- 2) whether the acquirer is listed as an unreliable debtor (e. g. in the Croatian Registry of Credit Obligations (HROK), the Ministry of Finance's tax defaulter list, the "black list", credit register, etc.)
- 3) whether the acquirer's assets are or were subject to consumer bankruptcy proceedings;

- 4) whether the acquirer is subject to any civil, minor offence or administrative proceedings that may threaten the settlement of the acquirer's future financial obligations;
- 5) any large investments, exposures or debt of the acquirer.

(6) The acquirer submitting an application for approval of a further direct or indirect increase of a qualifying holding equalling or exceeding 20%, 30% or 50% of the capital or voting rights in a credit institution shall, in addition to the application for approval, submit updated documentation evidencing professional competence in line with the increased influence and responsibility associated with the increased holding.

(7) When assessing the professional competence of the acquirer, the Croatian National Bank shall take the following into consideration:

- 1) assessments previously carried out by the Croatian National Bank and the assessments of other competent supervisory authorities in the Republic of Croatia and outside the Republic of Croatia regarding the adequacy of the acquirer's knowledge, skills and experience for a holder a qualifying holding in another credit or financial institution;
- 2) whether the acquirer is a natural person performing a managing function in the same or in another credit or financial institution supervised by the Croatian National Bank or another competent supervisory authority in the Republic of Croatia or outside the Republic of Croatia;
- 3) whether the acquirer is a legal person that is a credit or financial institution supervised by the Croatian National Bank or by another competent supervisory authority in the Republic of Croatia or outside the Republic of Croatia.

**Good repute and adequate knowledge, skills and experience of the management
and supervisory board and senior management**

Article 6

(1) Where the acquirer intends to appoint new members of the management or supervisory board, they shall provide evidence that the candidates are of good repute and that they possess adequate knowledge, skills and experience in accordance with Articles 38 and 45 of the Credit Institutions Act.

(2) Where the acquirer intends to appoint new members to executive functions within the credit institution responsible for the day-to-day operations of the credit institution, they shall provide evidence that the candidates possess adequate knowledge, skills and experience necessary for a member of the senior management of a credit institution.

(3) The provisions of the Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the

supervisory board and key function holders in a credit institution shall apply *mutatis mutandis* to the assessment of the fulfilment of conditions referred to in this Article.

Financial soundness

Article 7

(1) When assessing the financial soundness of the acquirer, the Croatian National Bank shall assess the acquirer's financial strength and financial stability.

(2) Financial soundness shall imply the ability of the acquirer to finance the acquisition of a qualifying holding and the ability and willingness of the acquirer to maintain the acquirer's own financial soundness and the financial stability of the credit institution. Financial soundness shall correspond to the description of the acquirer's objectives regarding the acquisition of a qualifying holding.

(3) Where the proposed acquisition would result in a qualifying holding equalling or exceeding 50% of share in the capital or voting rights of a credit institution or in the credit institution becoming a subsidiary of the acquirer, the acquirer's intention of an adequate increase of the credit institution's capital in order to maintain an adequate level of own funds following acquisition shall be clearly reflected in the business strategy and the business plan of the credit institution as well as in its forecast financial statements of the credit institution for at least the first three years following acquisition.

(4) When assessing financial soundness, the Croatian National Bank shall, having regard to the size of the acquirer's holding in the credit institution, assess whether the acquirer is sufficiently financially sound to ensure the sound and prudent management of the credit institution for at least the first three years following the proposed acquisition.

(5) When assessing financial soundness, the Croatian National Bank shall verify whether the origin of the funds used to finance the qualifying holding and the manner in which it was financed as well as the existing financial relationships between the acquirer and the credit institution could give rise to conflicts of interest that could negatively affect the stability of the credit institution.

(6) When assessing financial soundness, the Croatian National Bank shall take into consideration whether the indebtedness of the acquirer has a negative impact on the acquirer's financial strength and, consequently, on the ability and capability of the credit institution to comply with prudential requirements, including the potential obligations that the acquirer undertook to assume with regard to the credit institution's compliance with prudential requirements and other obligations, where applicable.

(7) The acquirer shall not be deemed financially sound by the Croatian National Bank where, based on available data, the Croatian National Bank may reasonably expect the acquirer to face financial difficulties during the acquisition process or in the foreseeable future following the acquisition.

(8) Where the acquirer is a credit institution or financial institution authorised in another Member State or where another supervisory authority is competent to exercise supervision over the acquirer, the Croatian National Bank shall, when assessing the acquirer's financial soundness, take into consideration the assessment of the acquirer's financial strength and financial stability made by the authority competent to exercise supervision over the acquirer, as well as other documents obtained from that authority.

Compliance with prudential requirements

Article 8

(1) When assessing the suitability of the acquirer, the Croatian National Bank shall take into consideration the possible effect of the acquisition on the credit institution's ability to comply with prudential requirements following the acquisition, including capital requirements, liquidity requirements, large exposure limitations and requirements related to governance arrangements, internal control, risk management and compliance.

(2) The Croatian National Bank shall take into consideration the intentions and objectives of the acquirer specified in the strategy and the business plan, particularly with regard to liquidity and capital support to the credit institution and corporate governance and development issues, as well as with regard to the acquirer's plans for potential further acquisition or sale of the holding in the credit institution.

(3) Prior to deciding on the application, the Croatian National Bank may request from the acquirer to assume obligations related to the compliance with prudential requirements, e. g. to provide financial support in case of liquidity, solvency or risk management issues and governance-related issues in general, as well as to adequately capitalise the credit institution by means of recapitalisation and other measures of increasing own funds. When deciding on the acquirer's application for approval, the Croatian National Bank shall take into consideration the acquirer's statement regarding the request referred to in this Article.

(4) If, following the acquisition, the credit institution will become a member of a group, the Croatian National Bank shall assess the adequacy of the group's organisational structure, the transparency and clarity of the group's corporate governance arrangements and the adequacy of its capital.

(5) If, following the acquisition, the credit institution will become a member of a group, the Croatian National Bank shall assess whether the credit institution's close links to other natural and legal persons prevent effective supervision, the effective exchange of information between competent authorities and the allocation of responsibilities among competent authorities. In doing so, the Croatian National Bank shall take into account whether the geographical location or business activities of group members or persons that are closely linked or will become closely linked to the credit institution following acquisition and third-country regulations applicable to the natural or legal person closely linked to the credit institution prevent or restrict the Croatian National Bank in its supervisory activity.

(6) Where the acquirer intends to acquire 50% or more of the share in the voting rights of a credit institution or where the credit institution will become a subsidiary of the acquirer following acquisition, compliance with prudential requirements shall be assessed at acquisition and for the first three business years following acquisition on a continuous basis.

Prevention of money laundering and terrorist financing

Article 9

(1) The Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition is associated with money laundering or terrorist financing operations or attempts in the following cases:

- 1) where the Croatian National Bank has become aware of facts that may serve as reasonable grounds to suspect that the acquirer is or was involved in money laundering operations or attempts, regardless of whether this was directly or indirectly linked to the proposed acquisition;
- 2) where the Croatian National Bank has become aware of facts that may serve as reasonable grounds to suspect that the acquirer is or was involved in terrorist activities or terrorist financing, in particular if the acquirer is subject to an international sanctions regime; or
- 3) where the proposed acquisition increases the risk of money laundering or terrorist financing.

(2) When performing the assessment referred to in paragraph (1) of this Article, the Croatian National Bank shall include associates of the acquirer of a qualifying holding, connected persons or persons having business links to the acquirer, including direct and indirect shareholders, holders of holdings or members of the acquiring legal person as well as natural persons who are ultimate shareholders, holders of holdings or members of the acquiring legal person.

(3) When assessing whether the proposed acquisition increases the risk of money laundering or terrorist financing, the Croatian National Bank shall take into consideration information, assessments, evaluations and reports obtained from international organisations and bodies competent for the prevention of money laundering and terrorist financing and predicate offences associated with money laundering and terrorist financing (e.g. Transparency International, OECD, World Bank), as well as publicly available information and information from the media.

(4) The Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition could increase the risk of money laundering and terrorist financing where, despite the fact that there are no criminal records relating to the acquirer or no reasonable grounds to suspect that money laundering or terrorist financing is being committed or attempted, the head office of the acquirer is in a country which the Financial Action Task Force (hereinafter referred to as 'FATF') or the European Commission identified as a country whose regulatory deficiencies pose a significant risk for the international financial system or in a third country which does not permit the application of anti-money laundering and counter-terrorist financing measures applied in the European Union, or where the acquirer has personal or business links to such a country.

(5) When assessing the origin of funds used to finance the acquisition of a qualifying holding in a credit institution, the Croatian National Bank shall assess the business activity which generated the funds and the means through which the transfer of the funds have been or are intended to be transferred so as to assess whether this may give rise to money laundering or terrorist financing risk. For that purpose, the Croatian National Bank shall verify:

- 1) whether the payment transactions used to transfer the funds for the financing of the proposed acquisition were performed through credit or financial institutions supervised by competent authorities whose scope of supervision encompasses the prevention of money laundering and terrorist financing in the European Union or in a third country which effectively applies anti-money laundering and counter-terrorist financing regulations consistent with the FATF Recommendations;
- 2) information on the business activities that generated the funds intended for the financing of the acquisition of a qualifying holding in a credit institution, including historical information on the acquirer's business activities and the credibility of the financing scheme as well as the adequacy of the purchase price of shares being acquired; and
- 3) evidence on the uninterrupted payment transaction trail of the funds intended for the financing of the acquisition of a qualifying holding leading back to their origin or other information that may remove any doubt as to the legality of their origin.

(6) Where the Croatian National Bank is unable to verify the origin of the funds in the manner referred to in paragraph (5) of this Article, it shall assess whether the explanation

provided by the acquirer is reasonable, justified and credible, having regard to the results of the assessment of the acquirer's good repute.

(7) Where the documentation on the origin of funds is incomplete, insufficient or where it contains information which give rise to suspicion regarding the legality of the origin of funds (for instance, capital movements not accounted for, cross-border relocations of head office, reshuffles in the management board or of shareholders, holders of holdings or members of the undertaking of the acquirer that is a legal person, earlier associations of shareholders or holders of holdings or members of the management board of the undertaking with persons convicted of crimes), the Croatian National Bank shall request additional information. Should such additional information fail to remove the suspicion that the funds intended to finance the acquisition of a qualifying holding were obtained and transferred illegally, the Croatian National Bank shall be deemed to have reasonable grounds to suspect that the proposed acquisition is associated with money laundering or terrorist financing activities or attempts.

III PERSONS ACTING IN CONCERT

Circumstances in which persons are deemed to act in concert

Article 10

(1) The following circumstances shall be deemed to involve persons acting in concert within the meaning of Article 16, paragraphs (2) and (3) of the Credit Institutions Act:

- 1) existence of personal or economic links between a group of shareholders and the proposed member of the supervisory board;
- 2) where shareholders jointly propose the appointment of one or several members of the supervisory board;
- 3) where shareholders cooperated earlier in proposing the appointment of one or several members of the supervisory board;
- 4) the number of supervisory board members proposed jointly by two or more shareholders;
- 5) where the appointment of a proposed member of the supervisory board allows significant influence to be exerted on the supervisory board;
- 6) existence of other circumstances similar to circumstances referred to in items (1) to (5) of this paragraph or the existence of other circumstances similar to circumstances referred to in Article 16, paragraph (2) of the Credit Institutions Act.

(2) The following forms of normal cooperation between shareholders shall not be deemed acting in concert within the meaning of Article 16, paragraphs (2) and (3) of the Credit Institutions Act:

- 1) requests to include an item in the agenda of the general meeting and proposals of decisions to be taken at the general meeting, with the exception of decisions on the appointment of the members of the supervisory board referred to in paragraph (1) of this Article;
- 2) requests to convene the general meeting;
- 3) casting identical votes regarding proposals of decisions included in the agenda of the general meeting such as: the decision on the increase or decrease of the initial capital, the decision on the allocation of profit, the decision on the financial statements of the undertaking, the decision on the appointment of certified auditors and other decisions taken at the general meeting in accordance with the powers vested in the general meeting by the Companies Act, with the exception of the appointment of members of the supervisory board referred to in paragraph (1) of this Article.

(3) By way of derogation from paragraph (2) of this Article, the Croatian National Bank may adopt a decision determining the existence of persons acting in concert where it establishes that their mutual relationships, objectives, actions and effects of such actions point to the existence of greater strategic cooperation exceeding normal forms of cooperation between shareholders referred to in paragraph (2) of this Article.

(4) Persons deemed to be acting in concert shall submit an application for approval to acquire a qualifying holding to the Croatian National Bank within 30 days of the receipt of the decision referred to in paragraph (3) of this Article.

(5) Where the persons deemed to be acting in concert fail to submit the application referred to in paragraph (4) of this Article within 30 days of the receipt of the relevant decision, the Croatian National Bank shall act in accordance with Article 30 of the Credit Institutions Act.

IV SIGNIFICANT INFLUENCE

Circumstances based on which significant influence is determined

Article 11

(1) Pursuant to Article 3, item (29) of the Credit Institutions Act, any direct or indirect acquisition of shares of a credit institution constituting less than 10% of the share in the capital or the voting rights of a credit institution shall be considered a qualifying holding provided that such a holding makes possible the exercising of significant influence over the management of that credit institution.

(2) The Croatian National Bank shall determine the existence of significant influence, i.e. whether the proposed acquisition would enable the acquirer to exercise significant

influence over the management of the credit institution by taking into account the following circumstances:

- 1) material and regular transactions between the acquirer and the credit institution in which a qualifying holding is acquired;
- 2) the relationship between the acquirer and the credit institution in which a qualifying holding is acquired;
- 3) whether the acquirer enjoys additional rights or benefits withheld from other shareholders under equal conditions, by virtue of a provision contained in the articles of association of the credit institution in which a qualifying holding is acquired or a contract entered into;
- 4) whether the acquirer is a member of the management or supervisory board of a credit institution in which a qualifying holding is acquired or whether a member of a supervisory board was appointed at the acquirer's proposal or whether the acquirer is entitled to appoint members of the supervisory board;
- 5) the overall shareholder structure of the credit institution in which a qualifying holding is acquired or of its parent undertaking, particularly where shares are distributed across a large number of small shareholders;
- 6) personal, professional or other business relationships between the acquirer and the shareholders of the credit institution in which a qualifying holding is acquired or the existence of a shareholders' agreement enabling the acquirer to exercise significant influence over the credit institution in which a qualifying holding is acquired;
- 7) the acquirer's position within the group of which the credit institution in which a qualifying holding is acquired is a member;
- 8) the acquirer's ability to participate in the operating and financial strategy decisions of the credit institution in which a qualifying holding is acquired;
- 9) the acquirer's level of inclusion in the management of the credit institution in which a qualifying holding is acquired to the present date;
- 10) other circumstances pointing to significant influence or the possibility of exercising significant influence over the management of a credit institution in which a qualifying holding is acquired.

(3) Should the Croatian National Bank establish any of the circumstances referred to in paragraph (2) of this Article, it may adopt a decision on the existence of a significant influence over the management of the credit institution in which a qualifying holding is acquired and order the shareholder to submit an application for approval to acquire a qualifying holding within 30 days of the receipt of the decision. When assessing significant influence, it is sufficient to determine that the holding enables the acquirer to exercise significant influence, regardless of whether such influence is actually exercised or not.

(4) Should the shareholder fail to submit the application referred to in paragraph (3) of this Article within 30 days of the receipt of the decision, the Croatian National Bank shall act in accordance with article 30 of the Credit Institutions Act.

V THE MANNER OF DETERMINING THE SIZE OF THE HOLDING OF AN INDIRECT ACQUIRER OF A QUALIFYING HOLDING IN A CREDIT INSTITUTION

Indirect acquisition Article 12

(1) A qualifying holding is acquired indirectly where:

- 1) a natural or legal person acquires or increases a direct or indirect holding in an existing holder of a qualifying holding in a credit institution;
- 2) a natural or legal person has a direct or indirect holding in a person acquiring or increasing a direct holding in a credit institution.

(2) Indirect acquisition of a qualifying holding is determined based on the control criterion and the multiplication criterion for each indirect acquirer, with the control criterion applied first and the multiplication criterion subsequently applied where it is established that the person indirectly acquiring a qualifying holding in a credit institution does not acquire, directly or indirectly, control over an existing holder or acquirer of a qualifying holding.

(3) The following persons shall be deemed indirect acquirers of a qualifying holding in a credit institution under the application of the control criterion:

- 1) any natural or legal person who, directly or indirectly, acquires control over an existing direct or indirect holder of a qualifying holding in a credit institution;
- 2) any natural or legal person who directly or indirectly controls a direct acquirer of a qualifying holding in a credit institution.

(4) In paragraph (3) of this Article, items (1) and (2) include a natural person or an entity that is the ultimate acquirer.

(5) The size of the indirect holding of each indirect acquirer determined under the application of the control criterion shall be considered equal to the size of the holding of an existing holder of a qualifying holding over which the indirect holder gained control or the size of the holding of an acquirer over which the indirect acquirer has control.

(6) The multiplication criterion shall be applied where no relationship of control was established as described in paragraph (3) of this Article, with the holding of each indirect

acquirer calculated depending on the size of the indirect acquirer's holding in the direct or indirect acquirer or holder of a qualifying holding in a credit institution.

(7) The indirect holding in a credit institution shall be calculated under the application of the multiplication criterion by multiplying the holdings in undertakings across the corporate chain, starting from the direct holding in the credit institution, which is then multiplied by the holding in the undertaking immediately above the direct acquirer or holder of a holding in the credit institution and continuing up to the ultimate acquirer until the result of the multiplication equals 10% or more.

(8) The following persons shall be deemed to have indirectly acquired a qualifying holding in a credit institution under the multiplication criterion:

- 1) each person whose indirect holding in a credit institution calculated in accordance with paragraph (7) of this Article equals 10% or more; and
- 2) any person exercising direct or indirect control over the person or persons referred to in indent (1) of this paragraph.

(9) Examples of the manner of calculation of an indirect holding in a credit institution are provided in Appendix 4 to this Decision.

VI APPLICATION FOR APPROVAL TO ACQUIRE A QUALIFYING HOLDING

Documentation and information on the acquisition

Article 13

The following documents and information on the proposed acquisition shall be enclosed with the application for approval to acquire a qualifying holding:

- 1) firm name and head office of the credit institution in which a qualifying holding is acquired;
- 2) number and type of shares being acquired, their nominal value and purchase price, share in the initial capital, number of voting rights attached to shares (where different from the share in the capital), any rights of lien over shares being acquired including the information on the secured party and, where applicable, information on the premium paid or to be paid;
- 3) overview of the shareholder structure of the credit institution before and after the proposed acquisition with regard to the share in the initial capital and the voting rights (where different) and indication of the nominal and market value of shares;
- 4) information on the criteria based on which the purchase price was determined and on the results of the due diligence performed on the credit institution in which a qualifying holding is acquired; where the market price differs from the purchase price, an explanation is to be provided;

- 5) a certified copy of the contract or the preliminary contract on the purchase of shares based on which a qualifying holding is directly or indirectly acquired in a credit institution;
- 6) statement on whether the acquirer acts in concert with other shareholders/acquirers including a list of such shareholders/acquirers;
- 7) where the acquirer acts in concert with other acquirers/shareholders, their share in the funding of the proposed acquisition is to be specified and a certified copy or translation of the agreement governing the mutual relationship of the shareholders acting in concert is to be provided where a written agreement exists;
- 8) statement of the acquirer on the reasons for the acquisition (whether it is a strategic investment, portfolio investment or some other reason), the strategy regarding the acquisition, the period for which the acquirer intends to hold the shares, any intentions to increase or reduce the holding in the credit institution over the next five years following the acquisition and the influence the acquirer intends to exercise over the credit institution, including the credit institution's dividend policy, strategic development and allocation of resources;
- 9) a detailed explanation on the sources of funds used for the proposed acquisition including the following information:
 - a) the origin and availability of own funds for the acquisition, including an explanation of the manner in which the funds were acquired and, where applicable, information on the acquirer's assets to be sold in order to finance the proposed acquisition and information on the conditions of sale, purchase price, appraisal and details on when and how the assets were acquired;
 - b) means of payment for the purchase price of the shares (information on the transfer of funds including information on the institution(s) participating in the transfer);
 - c) details on access to capital sources and financial markets including, where applicable, details on financial instruments to be issued;
 - d) where funds are borrowed, loan agreements are to be provided including the information on the lender, lending terms, maturity, collateral and the source of revenue to be used to repay such borrowings;
 - e) in the case referred to in sub-item (d), where funds are borrowed from a lender that is not a supervised credit or financial institution, evidence on the origin of borrowed funds is to be provided;
 - f) information on any financial arrangement with other shareholders of the credit institution in which a holding is acquired;
 - g) where shares are acquired to increase the initial capital of the credit institution, evidence is to be provided to support that the funds for the acquisition have been allocated to a special-purpose account with a credit institution having its head office in the Republic of Croatia

- 10) indication of the acquirer's willingness to support the credit institution with additional own funds after acquisition if needed for the development of its activities or in case of financial difficulties;
- 11) analysis of whether the acquirer's close links to the credit institution following acquisition will have any impact on the credit institution's ability to provide timely and accurate information and reports to the Croatian National Bank;
- 12) a list of natural and legal persons connected with the acquirer of a qualifying holding indicating the manner in which they are connected and a chart showing the group of persons connected with the acquirer with regard to the share in the capital and voting rights of shareholders having significant influence over individual group members and a list of registered activities of all group members; and
- 13) a description of the acquirer's activities in relation to the acquisition preceding the application.

Documentation submitted by natural persons
Article 14

(1) In addition to the documentation prescribed in Article 13 of this Decision, natural persons directly or indirectly acquiring a qualifying holding in a credit institution shall enclose the following documents and information with the application for approval to acquire a qualifying holding:

- 1) name and surname, date and place of birth, address or domicile, citizenship, personal identification number (OIB), certified copy of a personal identification document (identity card or passport), e-mail address;
- 2) detailed curriculum vitae including education, work experience, a list of all legal persons in which the acquirer is or was employed or in which the acquirer performs or performed the function of a member of the management or supervisory board and a list of legal persons in which the acquirer is or was a holder of a holding, including a description of their activities and the addresses of their head offices as well as information on the periods during which the acquirer performed the respective function or during which the acquirer was a holder of a holding;
- 3) for acquirers who are citizens of the Republic of Croatia and legal persons having their head office in the Republic of Croatia in which acquirers hold holdings or over which acquirers have control, a municipal court certificate not older than three months indicating whether criminal proceedings are pending against the acquirer;
- 4) for acquirers who are not citizens of the Republic of Croatia and legal persons in which such acquirers hold holdings or over which such acquirers have control, information from criminal records indicating whether the acquirer was convicted of any crime which, by definition, corresponds to crimes referred to in Article 25,

- paragraph (2) of the Credit Institutions Act and information from minor offence records evidencing that the acquirer has not been convicted of a minor offence, not older than three months; where unavailable, the acquirer's statement thereon;
- 5) evidence that no bankruptcy proceedings have been initiated or opened against the acquirer's property and the legal persons in which the acquirer has or had control or in which the acquirer performs or performed a function in the management or supervisory board over the past ten years;
 - 6) statement of the acquirer on any refusal of approval, authorisation, permission, etc. to perform an activity or a function or any revocation or annulment of approval, authorisation, permission, etc. to perform an activity or approval to perform a function in the management or supervisory board of a legal person by a competent supervisory authority or any expulsion from a professional or vocational association or any dismissal from function, termination of employment contract or revocation of power of representation by the employer in a legal person in which the acquirer performed a managing function or another similar function;
 - 7) information on whether any criminal or minor offence proceedings were initiated against or whether a penalty or another measure sanctioning crimes or minor offences or deficiencies in the management of policies and procedures put in place to prevent such incidents was imposed on a legal person in which the acquirer performed the function of a member of the management or supervisory board or another managing function or a legal person over which the acquirer had control, including the details of the case and a description of the acquirer's role in the case;
 - 8) statement of the acquirer on whether the acquirer or a legal person over which the acquirer has or had control or in which the acquirer performs or performed a managing function has been subject to any civil, administrative, foreclosure or other court or arbitration proceedings or investigations and whether the acquirer or the undertaking referred to above has been imposed a measure or the execution of any decision which could be deemed relevant in the decision-making procedure regarding the application or which could affect the stable and prudent management of the credit institution;
 - 9) information on whether another authority competent for the supervision of banking and/or financial services or another supervisory authority or agency from the Republic of Croatia has ever assessed the person's good repute, including the identity of the authority and the results of the assessment;
 - 10) a description of business activities of the acquirer and the legal person in which the acquirer performs a function in the management or supervisory board or another managing function or over which the acquirer has control;
 - 11) a description of the acquirer's financial position, including details regarding the level and sources of income, assets and liabilities and loans, guarantees and security interests granted or received, as well as information on the operation of legal persons in which the acquirer performs or performed a managing function and legal persons in which the acquirer has or had control, including audited

financial statements for the past two years and, where available, their credit rating;

12) a description of financial and non-financial interests (including loans, guarantees and security interests, whether granted or received) between the acquirer and any persons connected with the acquirer and any of the following persons:

a) other direct or indirect shareholders or holders of a holding in a credit institution;

b) members of the management and supervisory board or the senior management of a credit institution in which a qualifying holding is acquired or a member of a group of which the credit institution is a member;

c) politically exposed persons;

d) persons authorised to vote, on their own behalf or on the behalf of other persons, at the general meeting of the credit institution under the following conditions:

1) where the right to vote pertains to third parties with whom the person entered into an agreement binding them to adopt, by acting in concert, a lasting common policy towards the management of the credit institution in which a qualifying holding is acquired;

2) where the right to vote pertains to third parties under an agreement concluded with the acquirer providing for the temporary transfer of voting rights to third parties;

3) where the voting rights are attached to shares lodged as collateral by the acquirer, provided that the person controls the voting rights and intends to exercise them;

4) where the voting rights are attached to shares in which that person has life interest;

5) where the voting rights are held or may be exercised by an undertaking controlled by that person in cases referred to in paragraph (1), item (12), indents (a), (b), (c) and (d) of this Article;

6) where the voting rights are attached to shares deposited with that person, which the person may exercise at its discretion in the absence of specific instructions from the shareholders;

7) where the voting rights are held by a third party in its own name, on behalf of that person;

8) where the voting rights are exercised by that person as a proxy, provided that the person may exercise the voting rights at its discretion in the absence of specific instructions by the shareholders.

13) proposed methods of resolving any possible conflict of interest which may arise from relationships referred to in item (12) of this paragraph.

(2) Natural persons acquiring a qualifying holding in a credit institution shall submit the information referred to in paragraph (1) of this Article on the form *Questionnaire for natural persons acquiring a qualifying holding in a credit institution or connected with an*

acquirer of a qualifying holding in a credit institution (Appendix 2 of this Decision) and in annexes to the Questionnaire.

(3) Natural person acquiring a qualifying holding in a credit institution shall deliver the documents and information referred to in items (1), (3), (4), (6), (7), (8), (9) and (13) of paragraph (1) of this Article for connected persons, persons having business links to the acquirer and associates of the acquirer of a qualifying holding.

Documentation submitted by legal persons

Article 15

(1) In addition to the documents referred to in Article 13, legal persons directly or indirectly acquiring a qualifying holding in a credit institution shall enclose the following documents and information with the application for approval to acquire a qualifying holding:

- 1) where the head office of the legal person is in the Republic of Croatia, firm name and head office of the legal person, business entity registration number and personal identification number;
- 2) where the head office of the legal person is outside the Republic of Croatia, excerpt from the court register or another relevant registered submitted as an original or a certified copy, not older than three months, including information on the national identification number, registered activity, head office, persons authorised for representation and the initial capital amount;
- 3) a certified copy of articles or memorandum of association; for acquirers having their head office outside the Republic of Croatia, a summary explanation of the legal form of the undertaking;
- 4) information on whether the acquirer was or is subject to the supervision of an authority competent for the supervision of financial services or another supervisory authority or agency in the Republic of Croatia or outside the Republic of Croatia;
- 5) description of the activity of the acquiring legal person and any legal person under the control of the acquiring legal person;
- 6) information on whether any other supervisory authority authorised for the supervision of financial services or any other supervisory authority or agency in the Republic of Croatia or outside the Republic of Croatia has ever assessed the good repute of the acquirer, members of the acquirer's management board and ultimate shareholders, direct and indirect holders of holdings in the acquirer and any legal persons controlled by the acquirer, including the identity of the authority and the results of the assessment;
- 7) a list of members of the acquirer's management board (name and surname, date and place of birth, address, e-mail address, personal identification number, detailed curriculum vitae including education, work experience, list of all legal persons in which the person is or was employed or in which the person performs

or performed the function of a member of the management or supervisory board and in which the person is or was a holder of a qualifying holding with a list of activities and the addresses of their head offices as well as the periods during which the person performed the function or was a holder of a qualifying holding), including the documentation referred to in Article 14, paragraph (1), items (3) to (11) of this Decision;

- 8) certificate from the register of shareholders (book of shares) or book of holdings of the acquirer, submitted in the form of an original or a certified copy, including the information on the share in the capital and voting rights and any shareholder agreements and a list of all shareholders exerting significant influence on the acquirer;
- 9) a list of natural persons who are ultimate shareholders or direct and indirect holders of holdings or members of the acquiring legal person with reference to the total nominal value of shares and the percentage share in the initial capital of the acquirer, including documentation prescribed in Article 14, paragraph (1) of this Decision;
- 10) where the acquirer is a member of a group as a parent undertaking or a subsidiary, a detailed chart of the group's organisational structure and information on the share in the capital and voting rights of shareholders exerting significant influence on group members and the business activities of group members, including a chart showing the group's organisation before and after the proposed acquisition;
- 11) where the acquirer is a member of the group, information on the relationships between any group members providing banking and financial services and other group members and the identity of authorities competent for the supervision of their operation;
- 12) where the acquirer is a member of the group, a list of all credit institutions, insurance undertakings and investment firms within the group and relevant competent supervisory authorities and an analysis of the scope of the prudential consolidation of the credit institution and the group, including information on which group members would be included in the scope of consolidated supervision and whether the requirements would apply on a consolidated or a sub-consolidated basis;
- 13) description of all financial and non-financial interests or relationships (including loans, guarantees and security interests, whether granted or received) between the acquirer, the group of which the acquirer is a member and the members of the acquirer's management board and any of the following persons:
 - a) the credit institution in which the qualifying holding is acquired;
 - b) other direct or indirect shareholders of the credit institution;
 - c) members of the management and supervisory board or the senior management of the credit institution in which a qualifying holding is acquired or a member of the group of which the credit institution is a member;

- d) politically exposed persons; and
- e) persons authorised to vote on their own behalf or on the behalf of other persons at the general meeting of the credit institution under the following conditions:
 - 1) where the right to vote pertains to third parties with whom the person entered into an agreement binding them to adopt, by acting in concert, a lasting common policy towards the management of the credit institution in which a qualifying holding is acquired;
 - 2) where the right to vote pertains to third parties under an agreement concluded with the acquirer providing for the temporary transfer of voting rights to third parties;
 - 3) where the voting rights are attached to shares lodged as collateral by the acquirer, provided that the person controls the voting rights and intends to exercise them;
 - 4) where the voting rights are attached to shares in which that person has life interest;
 - 5) where the voting rights are held or may be exercised by an undertaking controlled by that person in cases referred to in item (13), indents (a), (b), (c) and (d) of this Article;
 - 6) where the voting rights are attached to shares deposited with that person, which the person may exercise at its discretion in the absence of specific instructions from the shareholders;
 - 7) where the voting rights are held by a third party in its own name, on behalf of that person;
 - 8) where the voting rights are exercised by that person as a proxy, provided that the person may exercise the voting rights at its discretion in the absence of specific instructions by the shareholders.
- 14) proposed methods for resolving potential conflicts of interest that may arise from relationships described in item (13) of this paragraph;
- 15) a statement and, where available, a certificate on whether any criminal, minor offence, civil or administrative proceedings or disputes have been initiated against the acquirer and any legal person controlled by the acquirer over the last ten years and against any shareholder that exerts or exerted significant influence over the acquirer over the last ten years and whether the aforementioned persons were convicted by a judgement with final force and effect of a crime or minor offence, not older than three months;
- 16) audited financial statements of the acquirer for the past three years, including the balance sheet, income statement and annual reports and other related documents filed with the competent register or authority; where the acquirer is a legal person within a group, audited financial statements on a consolidated and sub-consolidated basis;
- 17) where the acquirer is a newly-established undertaking, instead of audited financial statements, the acquirer shall submit forecast balance sheets and income

statements for the first three business years, including planning assumptions used;

- 18) information on the credit rating of the acquirer and the group of which the acquirer is a member, where available;
- 19) analysis of the impact of the proposed acquisition on the timely and accurate reporting of the credit institution to the Croatian National Bank and other competent authorities from a Member State or a third country following the proposed acquisition;
- 20) opinion or approval of the authority competent for the supervision of banking and/or financial services provided by the acquirer or another competent authority from a Member State or a third country provided in respect of the proposed acquisition.

(2) Where the acquirer is a legal person having its head office in a third country, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) certificate issued by the competent supervisory authority authorised for the supervision of financial services or another supervisory authority or agency from the country in which the acquirer has its head office certifying that the acquirer was established in line with national regulations, that it has obtained all authorisations and approvals required for operation and that it has settled its liabilities towards the government based on tax and para-fiscal charges (certificate of good standing);
- 2) where applicable, certificate of orderly operation issued by the authority competent for the supervision of financial services;
- 3) a statement by the competent authority from the country in which the acquirer has its head office stating that there are no obstacles or restrictions for the provision of information necessary for the Croatian National Bank to exercise supervision over the credit institution in which a qualifying holding is acquired;
- 4) general information on the national legislation of the country in which the acquirer has its head office, particularly information on the extent to which the country's anti-money laundering and counter-terrorist financing regulations are consistent with the FATF Recommendations;
- 5) legal opinion of an expert for the regulations of the third country in which the acquirer has its head office regarding any legal obstacles for obtaining information from the country's supervisory authorities and from the acquirer.

(3) Where the acquirer is a sovereign wealth fund, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) name of ministry or another government body in charge of defining the investment policy of the fund;

- 2) details of the investment policy of the fund and any restrictions on investment;
- 3) names and functions of persons responsible for making investment decisions;
- 4) detailed information on any influence that the competent ministry or government body responsible for defining the investment policy of the fund exerts on the day-to-day operations of the fund and the credit institution in which a qualifying holding is acquired.

(4) Where the acquirer is a private equity fund or a hedge fund, the following documents and information shall be submitted by the acquirer in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) detailed description on the performance of former acquisitions by the acquirer of qualifying holdings in financial and credit institutions;
- 2) details on the acquirer's investment policy and any investment restrictions, including details on investment monitoring, information based on which the acquirer took the decision to invest in the credit institution in which a qualifying holding is acquired and any facts that may trigger changes to the acquirer's exit strategy;
- 3) the acquirer's decision-making framework for investment decisions, such as internal policies, including the names and functions of persons responsible for making such decisions
- 4) detailed description of the acquirer's internal anti-money laundering and counter-terrorist financing policies and of the regulatory framework applicable to the prevention of money laundering and terrorist financing.

(5) Where the acquirer is a collective investment undertaking, the following documents and information shall be enclosed with the application in addition to the documentation prescribed in Article 13 of this Decision and paragraph (1) of this Article:

- 1) the identity of holders of holdings in the undertaking controlling the collective investment undertaking or having veto powers;
- 2) details on the investment policy and any restrictions on investment;
- 3) names and functions of persons responsible for defining and making investment decisions and a copy of any management mandate or terms of reference of the collective body;
- 4) detailed description of the legal framework and internal procedures for the prevention of money laundering and terrorist financing; and
- 5) detailed description of investments in other credit institutions, insurance or re-insurance undertakings or investment firms, indicating whether such investments were approved by a competent authority and if so, the identity of the authority.

(6) Legal persons acquiring a qualifying holding in a credit institution shall submit the information referred to in paragraphs (1) to (5) of this Article on the form *Questionnaire for legal persons acquiring a qualifying holding in a credit institution* (Appendix 3 of this

Decision) and in related annexes, while information on natural persons connected with the acquirer shall be submitted on the form *Questionnaire for natural persons acquiring a qualifying holding in a credit institution or connected with an acquirer of a qualifying holding in a credit institution* (Appendix 2 of this Decision) and in related annexes.

Information on the acquirer's strategy

Article 16

(1) Where the acquirer intends to acquire more than 10% and up to 20% of the share in the capital and voting rights of a credit institution, the following information on the strategy shall be enclosed with the application for approval:

- 1) the strategy of the acquirer regarding the acquisition, including a statement on how long the acquirer intends to hold its holding in the credit institution and whether the acquirer intends to increase, reduce or maintain the level of its holding in the five years following the acquisition;
- 2) an indication of the acquirer's intention to act as an active minority shareholder and the rationale for such a role in the management of the credit institution;
- 3) information on the financial position of the acquirer and the acquirer's willingness to support the credit institution with additional own funds if needed for the development of its activities or in case of financial difficulties.

(2) Where the acquirer intends to acquire more than 20% and up to 50% of the share in the capital or voting rights of the credit institution, or where the acquirer holds a holding of less than 20%, but will gain influence equivalent to that of a shareholder holding more than 20% and up to 50% of the share in the capital and voting rights of the credit institution due to the shareholder structure of the credit institution, the following information on the strategy towards the credit institution shall be enclosed with the application for approval in addition to the information referred to in paragraph (1) of this Article:

- 1) details on the influence that the proposed acquirer intends to exercise on the financial position of the credit institution, including the dividend policy, strategic development, and the allocation of resources of the credit institution;
- 2) a description of the acquirer's intentions and expectations with regard to the credit institution in the next five years covering all elements referred to in paragraph (4) of this Article.

(3) Where the acquirer intends to acquire at least 50% of the share in the capital or voting rights of the credit institution or if the proposed acquisition will result in the credit institution becoming a subsidiary of the acquirer, a business plan comprising a strategic development plan, estimated financial statements and a description of the impact of the acquisition on the corporate governance and the organisational structure of the credit institution in which a qualifying holding is acquired shall be enclosed with the application

for approval in addition to information referred to in paragraphs (1) and (2) of this Article, with the exception of information referred to in item (2), paragraph (1) of this Article.

(4) The strategic development plan of the credit institution referred to in paragraph (3) of this Article shall contain the main goals of the proposed acquisition and the main ways of achieving them, including:

- 1) the overall aim of the proposed acquisition;
- 2) financial goals for the first three financial years following the acquisition stated in terms of expected return on equity, cost-benefit ratio, earnings per share;
- 3) the impact of the proposed acquisition on a possible redirection of activities, products, targeted customers and reallocation of funds of the credit institution; and
- 4) activities and procedures of including the credit institution in which a qualifying holding is acquired in the group, including a description of future relations with other group members and policies governing intra-group relations. For institutions authorised and supervised by competent authorities in the European Union, information about particular parts within the group directly affected by the proposed acquisition shall suffice.

(5) Estimated financial statements referred to in paragraph (3) of this Article shall be submitted on an individual and consolidated basis for a period of three years and include the following:

- 1) a forecast balance sheet and income statement submitted on the forms on which supervisory reports are submitted to the Croatian National Bank;
- 2) forecast capital requirements and capital adequacy ratio;
- 3) information on risk exposure, including credit, market and operational risk as well as other relevant risks;
- 4) forecast intra-group transactions.

(6) A description of the impact of the acquisition on the corporate governance and organisational structure of the credit institution referred to in paragraph (3) of this Article shall include the impact on:

- 1) the composition and duties of the management board, supervisory board, credit committee, risk committee, remuneration committee, appointment committee, audit committee and other committees, including information concerning persons appointed to direct the business;
- 2) administrative and accounting procedures and internal controls, including changes in procedures relating to accounting, internal audit, compliance, prevention of money laundering and terrorist financing, risk management and the appointment of persons responsible for internal audit, compliance and risk control functions;

- 3) the overall IT architecture including any changes concerning the outsourcing policy, the data flowchart, the software used and the essential information system security procedures and tools including back-up, continuity plans and audit trails;
- 4) the policies governing outsourcing, including information on the areas concerned, on the selection of service providers, and on the respective rights and obligations of the principal parties as set out in contracts such as audit arrangements and the quality of service expected from the provider; and
- 5) any other relevant information which may affect the corporate governance and organisational structure of the credit institution in which a qualifying holding is acquired, including any modification regarding the voting rights of the shareholders.

(7) Where a qualifying holding is acquired based on an intra-group transaction, whereby the ultimate indirect acquirer remains the same, the acquirer shall not be obligated to submit documents related to the strategy, business plan and the internal organisation of the credit institution where the proposed acquisition will not result in changes to the documents referred to above.

Information on the management of the credit institution following acquisition

Article 17

Where the acquirer intends to appoint new members of the management and supervisory board of the credit institution following the acquisition of a qualifying holding, documentation to be enclosed with the application for granting prior approval for the appointment of the chairperson or a member of the management board and a member of the supervisory board of a credit institution in accordance with the Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution (Official Gazette 14/2014 and 96/2016) shall be enclosed with the application for approval to acquire a qualifying holding.

VII MANNER OF SUBMITTING THE APPLICATION FOR APPROVAL TO ACQUIRE A QUALIFYING HOLDING

Application for approval

Article 18

(1) The application for approval to acquire a qualifying holding shall be submitted on the form of the Application (Appendix 1 to this Decision) accompanied by annexes necessary for the decision-making procedure, in paper and electronic form.

(2) Natural persons acquiring a qualifying holding and members of the management and supervisory board as well as natural persons that are ultimate shareholders, holders of holdings or members of the acquiring legal person shall enclose the *Questionnaire for natural persons acquiring a qualifying holding in a credit institution or connected with an acquirer of a qualifying holding in a credit institution* (Appendix 2 to this Decision) and related annexes to the application for approval.

(3) Legal persons acquiring a qualifying holding shall enclose the *Questionnaire for legal persons acquiring a qualifying holding in a credit institution* (Appendix 3 to this Decision) and related annexes to the application for approval.

VIII TRANSITIONAL AND FINAL PROVISIONS

Entry into force and application

Article 19

(1) The procedures initiated prior to the entering into force of this Decision shall be completed in accordance with the provisions of the regulations which were in effect before the entering into force of this Decision.

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

No.: 68-020/03-18/BV
Zagreb, 5 March 2018

Croatian National Bank
Governor
Boris Vujčić

APPENDIX 1
**APPLICATION FOR APPROVAL TO ACQUIRE A QUALIFYING HOLDING IN
A CREDIT INSTITUTION**

1. NAME AND SURNAME/FIRM NAME AND ADDRESS/HEAD OFFICE OF THE APPLICANT	
2. FIRM NAME AND HEAD OFFICE OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED	
3. NAME AND SURNAME OF THE PERSON AUTHORISED TO REPRESENT THE APPLICANT (ANNEX UNDER WHICH THE POWER OF ATTORNEY IS PROVIDED)	
4. CONTACT PERSON NAME AND SURNAME	
5. CONTACT PERSON TELEPHONE NUMBER	
6. CONTACT PERSON E-MAIL ADDRESS	
7. CONTACT-PERSON FAX NUMEBR	
8. NUMBER AND TYPE OF SHARES ACQUIRED	
9. NOMINAL VALUE OF SHARES ACQUIRED	
10. PREMIUM PAID OR TO BE PAID WITH RESPECT TO SHARES BEING ACQUIRED, IF ANY	
11. PURCHASE PRICE OF SHARES BEING ACQUIRED (ANNEX UNDER WHICH A CERTIFIED COPY OF THE CONTRACT OR THE PRELIMINARY CONTRACT ON THE PURCHASE OF SHARES IS PROVIDED BASED ON WHICH A QUALIFYING HOLDING IN A CREDIT INSTITUTION IS DIRECTLY OR INDIRECTLY ACQUIRED)	

<p>12. CRITERIA BASED ON WHICH THE PURCHASE PRICE WAS DETERMINED (WHERE THE MARKET PRICE DIFFERS FROM THE PURCHASE PRICE, AN EXPLANATION IS TO BE PROVIDED)</p>	
<p>13. PERCENTAGE SHARE IN THE INITIAL CAPITAL OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED</p>	
<p>14. NUMBER OF VOTING RIGHTS ATTACHED TO SHARES BEING ACQUIRED</p>	
<p>15. ANY RIGHTS OF LIEN OVER SHARES BEING ACQUIRED, INFORMATION ON THE NUMBER OF PLEDGED SHARES, THE LIEN CONTRACT OR OTHER BASIS FOR LIEN AND THE IDENTITY OF SECURED PARTIES (name and surname or firm name, address, personal identification number (OIB))</p>	
<p>16. WHERE DUE DILIGENCE WAS PERFORMED ON THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED, ANNEX UNDER WHICH THE DUE DILIGENCE REPORT IS PROVIDED</p>	
<p>17. INFORMATION ON WHETHER THE ACQUIRER IS ALREADY A HOLDER OF SHARES OF THE CREDIT INSTITUTION BEING ACQUIRED (NUMBER AND TYPE OF SHARES, THEIR NOMINAL VALUE AND SHARE IN THE INITIAL CAPITAL)</p>	

<p>18. ANNEX UNDER WHICH A CHART SETTING OUT THE CREDIT INSTITUTION'S SHAREHOLDER STRUCTURE BEFORE AND AFTER THE PROPOSED ACQUISITION IS PROVIDED, WITH REGARD TO THE SHARE IN THE INITIAL CAPITAL AND THE VOTING RIGHTS AND THE NOMINAL AND MARKET VALUE OF SHARES</p>	
<p>19. INFORMATION ON WHETHER THE ACQUIRER ACTS OR INTENDS TO ACT IN CONCERT WITH OTHER SHAREHOLDERS AND OTHER ACQUIRERS (WITH A LIST OF ANY SUCH PERSONS, SPECIFICATION OF THEIR SHARE IN THE FUNDING FOR THE PROPOSED ACQUISITION OR THE CAPITAL OF THE CREDIT INSTITUTION AND A CERTIFIED COPY OR A CERTIFIED TRANSLATION OF THE AGREEMENT GOVERNING THE MUTUAL RELATIONSHIP OF THE ACQUIRERS OR SHAREHOLDERS ACTING IN CONCERT)</p>	
<p>20. ANNEX UNDER WHICH AN OUTLINE OF THE BUSINESS REASONS FOR ACQUIRING A QUALIFYING HOLDING IN A CREDIT INSTITUTION IS PROVIDED, ALONG WITH THE STRATEGY OF THE ACQUIRER WITH REGARD TO THE PROPOSED ACQUISITION, INCLUDING THE PERIOD FOR WHICH THE ACQUIRER INTENDS TO HOLD ITS HOLDING IN THE CREDIT INSTITUTION AND ANY INTENTION TO INCREASE, REDUCE OR MAINTAIN THE LEVEL OF ITS HOLDING IN THE NEXT FIVE YEARS</p>	

<p>21. INDICATION OF THE ACQUIRER'S INTENTION TO ACT AS AN ACTIVE MINORITY SHAREHOLDER (ONLY FOR ACQUIRERS ACQUIRING HOLDINGS IN A CREDIT INSTITUTION OF LESS THAN 50%)</p>	
<p>22. ANNEX OUTLINING THE ACQUIRER'S INTENTIONS TOWARDS THE CREDIT INSTITUTION FOLLOWING THE ACQUISITION OF A QUALIFYING HOLDING AND THE INFLUENCE THE ACQUIRER INTENDS TO EXERCISE ON THE CREDIT INSTITUTION'S FINANCIAL POSITION, INCLUDING ITS DIVIDEND POLICY, STRATEGIC DEVELOPMENT AND THE ALLOCATION OF ITS RESOURCES (FOR ACQUIRERS OF HOLDINGS OF 20% AND UP TO 50% OF THE CREDIT INSTITUTION'S CAPITAL)</p>	
<p>23. INDICATION OF THE ACQUIRER'S WILLINGNESS TO SUPPORT THE CREDIT INSTITUTION WITH ADDITIONAL OWN FUNDS AFTER ACQUISITION IF NEEDED FOR THE DEVELOPMENT OF ITS ACTIVITIES OR IN CASE OF FINANCIAL DIFFICULTIES</p>	
<p>24. ANALYSIS OF WHETHER THE ACQUIRER'S CLOSE LINKS TO THE CREDIT INSTITUTION FOLLOWING ACQUISITION WILL HAVE ANY IMPACT ON THE CREDIT INSTITUTION'S ABILITY TO PROVIDE TIMELY AND ACCURATE INFORMATION AND REPORTS TO THE CROATIAN NATIONAL BANK</p>	
<p>25. WHERE THE ACQUIRER INTENDS TO ACQUIRE A HOLDING OF 50% OR MORE OR WHERE THE CREDIT INSTITUTION WILL BECOME A SUBSIDIARY FOLLOWING ACQUISITION, ANNEX UNDER WHICH</p>	

<p>THE BUSINESS PLAN OF THE CREDIT INSTITUTION FOR THE FOLLOWING THREE YEARS IS PROVIDED IN ACCORDANCE WITH ARTICLE 16, PARAGRAPHS (3) TO (7) OF THE DECISION</p>	
<p>26. WHERE THE ACQUIRER INTENDS TO APPOINT NEW MEMBERS OF THE MANAGEMENT OR SUPERVISORY BOARD, DOCUMENTS PRESCRIBED IN THE DECISION ON THE ASSESSMENT OF THE SUITABILITY OF THE CHAIRPERSON OF THE MANAGEMENT BOARD, MEMBERS OF THE MANAGEMENT BOARD, MEMBERS OF THE SUPERVISORY BOARD AND KEY FUNCTION HOLDERS IN A CREDIT INSTITUTION ARE TO BE ENCLOSED WITH THE APPLICATION</p>	
<p>27. ANNEX UNDER WHICH A LIST OF PERSONS CONNECTED WITH THE ACQUIRER IS PROVIDED, ALONG WITH THE DESCRIPTION OF THE MANNER IN WHICH THEY ARE CONNECTED AND A CHART SETTING OUT THE GROUP OF PERSONS CONNECTED WITH THE ACQUIRER</p>	
<p>28. DO YOU HAVE ANY LINKS TO POLITICALLY EXPOSED PERSONS? IF YES, PLEASE SPECIFY THEIR IDENTITY, THEIR CURRENT OR PAST FUNCTION AND THE MANNER IN WHICH THEY ARE CONNECTED WITH YOU</p>	
<p>29. DESCRIPTION OF THE ACQUIRER'S ACTIVITIES IN RELATION TO THE ACQUISITION PRECEDING THE APPLICATION</p>	

30. ANNEX UNDER WHICH A DETAILED DESCRIPTION OF THE SOURCES OF FUNDING FOR THE PROPOSED ACQUISITION MAY BE FOUND ALONG WITH THE FOLLOWING INFORMATION:

1. the origin and availability of own funds for the acquisition, including an explanation of the manner in which the funds were acquired and, where applicable, information on the acquirer's assets to be sold in order to finance the proposed acquisition and information on the conditions of sale, purchase price, value assessment and details on when and how the assets were acquired;
2. means of payment (information on the transfer of funds including information on the institution(s) participating in the transfer);
3. details on access to capital sources and financial markets including details on financial instruments to be issued;
4. where funds are borrowed, annex under which loan agreements are provided including the information on the lender, lending terms, maturity, collateral and the source of revenue to be used to repay such borrowings;
5. where funds are borrowed from a lender that is not a supervised credit or financial institution, annex under which evidence on the origin of borrowed funds used to acquire a holding in the credit institution is provided;
6. information on any financial arrangement with other shareholders of the credit institution in which a holding is acquired;
7. where the head office of the payment institution through which the funds will be transferred is located in a third

<p>country, evidence is to be provided to support that the funds will be transferred through a payment institution which adheres to anti-money laundering and counter-terrorist financing regulations consistent with the rules set out in Directive (EU) 2015/849 and whose operation is subject to supervision with regard to compliance with the aforementioned Directive;</p> <p>8. where shares are acquired to increase the initial capital of the credit institution, evidence is to be provided to support that the funds for the acquisition have been allocated to a special-purpose account with a credit institution having its head office in the Republic of Croatia.</p>	
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I hereby declare that all the answers are true and complete to the best of my knowledge and that I did not withhold any information that may affect the decision of the Croatian National Bank regarding the application for prior approval to perform the proposed function.

I undertake to notify the Croatian National Bank of any changes that may have a significant effect on granting approval for the performance of the proposed function.

Place and date

Signature of the acquirer

APPENDIX 2
QUESTIONNAIRE FOR NATURAL PERSONS ACQUIRING A QUALIFYING HOLDING IN A CREDIT INSTITUTION OR CONNECTED WITH AN ACQUIRER OF A QUALIFYING HOLDING IN A CREDIT INSTITUTION

1. NAME AND SURNAME AT APPLICATION AND AT BIRTH (WHERE DIFFERENT)	
2. DATE AND PLACE OF BIRTH	
3. ADDRESS (DOMICILE)	
4. TELEPHONE/MOBILE PHONE NUMBER	
5. FAX NUMBER	
6. E-MAIL ADDRESS	
7. CITIZENSHIP	
8. PERSONAL IDENTIFICATION NUMBER	
9. ANNEX UNDER WHICH A CERTIFIED COPY OF THE IDENTIFICATION DOCUMENT (IDENTITY CARD OR PASSPORT) IS PROVIDED	
10. EDUCATION:	
a. Year the qualification was obtained	
b. Duration of education	
c. Name of educational institution and educational programme (field of study)	
d. Acquired title	
11. PROFESSIONAL TRAINING:	
a. Year of professional training	
b. Name of organiser	
c. Professional training topic	
d. Any examination passed or certificate, licence, etc. awarded upon the completion of professional training	
12. WORK EXPERIENCE, INCLUDING MEMBERSHIP IN SUPERVISORY BOARDS:	
a. Period of service	

b. Firm name and head office of employer	
c. Activity of employer	
d. Function name and the description of its position in the employer's organisational hierarchy	
13. LIST OF FUNCTIONS CURRENTLY PERFORMED (membership in supervisory boards, committees, government bodies, association bodies, etc.)	
<p>14. LIST OF ALL UNDERTAKINGS IN WHICH YOU HELD OR HOLD A HOLDING, INCLUDING THE FOLLOWING INFORMATION:</p> <ul style="list-style-type: none"> a. Firm name and head office b. Activity of the undertaking c. Share of holding in the capital d. Period during which you held or the date since which you have held the holding 	
<p>15. HAS ANY COMPETENT AUTHORITY REFUSED TO ISSUE YOU APPROVAL, AUTHORISATION, PERMISSION, ETC. TO PERFORM A BUSINESS ACTIVITY OR A FUNCTION OR REVOKED OR ANNULLED APPROVAL, AUTHORISATION, PERMISSION, ETC. FOR YOU TO PERFORM A BUSINESS ACTIVITY OR A FUNCTION IN THE MANAGEMENT OR SUPERVISORY BOARD OF A LEGAL PERSON OVER THE PAST TEN YEARS? HAVE YOU BEEN EXPELLED BY ANY PROFESSIONAL OR VOCATIONAL ASSOCIATION? If yes, explain the circumstances and reasons underlying the case and enclose the relevant documentation.</p>	

<p>16. HAVE YOU OR THE LEGAL PERSON IN WHICH YOU PERFORMED A FUNCTION IN THE MANAGEMENT OR SUPERVISORY BOARD OR ANOTHER MANAGING FUNCTION OR IN WHICH YOU HAD A RELATIONSHIP OF CONTROL BEEN SUBJECT TO CRIMINAL OR MINOR OFFENCE PROCEEDINGS OR BEEN IMPOSED A PENALTY OR ANOTHER MEASURE FOR CRIMES OR MINOR OFFENCES, OR HAVE YOU BEEN LIABLE FOR ANY DEFICIENCIES IN THE MANAGEMENT OF POLICIES AND PROCEDURES PUT IN PLACE TO PREVENT CRIMES OR MINOR OFFENCES OVER THE PAST TEN YEARS? If yes, explain your personal liability and role in the case and enclose the relevant documentation.</p>	
<p>17. ANNEX UNDER WHICH A MUNICIPAL COURT CERTIFICATE IS PROVIDED INDICATING WHETHER CRIMINAL PROCEEDINGS ARE PENDING AGAINST YOU (not older than three months)</p>	
<p>18. ANNEX UNDER WHICH EVIDENCE FROM CRIMINAL AND MINOR OFFENCE RECORDS IS PROVIDED INDICATING WHETHER YOU HAVE BEEN CONVICTED OF MINOR OFFENCES OR CRIMES WHICH, BY THEIR DEFINITION, CORRESPOND TO CRIMES REFERRED TO IN ARTICLE 25, PARAGRAPH (2) OF THE CREDIT INSTITUTIONS ACT, not older than three months (<i>for foreign citizens only</i>) OR A STATEMENT THEREON (where such evidence is unavailable)</p>	



<p>19. HAVE ANY BANKRUPTCY PROCEEDINGS BEEN INITIATED OR OPENED AGAINST YOUR PROPERTY OR AGAINST ANY LEGAL PERSON IN WHICH YOU PERFORMED A FUNCTION IN THE MANAGEMENT OR SUPERVISORY BOARD OR HAD A RELATIONSHIP OF CONTROL OVER THE PAST TEN YEARS? Annex under which evidence thereon is provided</p>	
<p>20. HAVE YOU OR THE UNDERTAKING OVER WHICH YOU HAD OR HAVE CONTROL OR IN WHICH YOU PERFORMED OR PERFORM A MANAGING FUNCTION BEEN SUBJECT TO ANY CIVIL, ADMINISTRATIVE, FORECLOSURE OR OTHER COURT OR ARBITRATION PROCEEDINGS OR INVESTIGATIONS OR BEEN IMPOSED A MEASURE OR THE EXECUTION OF ANY DECISION WHICH COULD BE DEEMED RELEVANT IN THE DECISION-MAKING PROCEDURE REGARDING YOUR APPLICATION OR WHICH COULD AFFECT THE STABLE AND PRUDENT MANAGEMENT OF THE CREDIT INSTITUTION? If yes, provide details on the circumstances and the status of the case and enclose the relevant documentation.</p>	

<p>21. HAS THE EMPLOYER FOR WHOM YOU PERFORMED A MANAGING FUNCTION OR ANOTHER SIMILAR FUNCTION TERMINATED YOUR EMPLOYMENT CONTRACT, REMOVED YOU FROM FUNCTION OR REVOKED YOUR POWER OF REPRESENTATION OVER THE PAST TEN YEARS? If yes, provide details on the circumstances of the case and enclose the relevant documentation.</p>	
<p>22. HAS ANY OTHER AUTHORITY COMPETENT FOR THE SUPERVISION OF BANKING AND/OR FINANCIAL SERVICES OR ANY OTHER SUPERVISORY AUTHORITY OR AGENCY FROM THE REPUBLIC OF CROATIA OR OUTSIDE OF THE REPUBLIC OF CROATIA EVER ASSESSED YOUR GOOD REPUTE? If yes, specify the identity of the competent authority and the result of the assessment and provide a copy of the assessment, where available.</p>	
<p>23. DESCRIBE YOUR BUSINESS ACTIVITIES AND THE BUSINESS ACTIVITIES OF THE UNDERTAKING IN WHICH YOU PERFORM A FUNCTION IN THE MANAGEMENT OR SUPERVISORY BOARD OR WHICH YOU CONTROL.</p>	
<p>24. DESCRIBE YOUR FINANCIAL POSITION:</p>	
<p>a. SPECIFY YOUR SOURCES OF INCOME AND YOUR NET INCOME IN THE PAST YEAR.</p>	
<p>b. SPECIFY YOUR RELEVANT DEBT (TOTAL AMOUNT OF DEBT, THE IDENTITY OF THE LENDER AND THE BASIS FOR BORROWING).</p>	

<p>c. DO YOU OWN REAL ESTATE ? SPECIFY THE REAL ESTATE YOU OWN AND ITS VALUE.</p>	
<p>d. DO YOU OWN MOVABLE PROPERTY THE INDIVIDUAL VALUE OF WHICH EXCEEDS HRK 30,000? SPECIFY THE MOVABLE PROPERTY YOU OWN AND ITS VALUE.</p>	
<p>e. DO YOU OWN HOLDINGS, SHARES OR SECURITIES IN LEGAL PERSONS OR BUSINESS ENTITIES? SPECIFY THE UNDERTAKINGS OR BUSINESS ENTITIES IN WHICH YOU OWN HOLDINGS, SHARES OR SECURITIES AND THEIR NOMINAL AND MARKET VALUE.</p>	
<p>f. DO YOU OWN ANY SAVINGS? SPECIFY THE AMOUNT OF YOUR SAVINGS.</p>	
<p>25. DESCRIBE ANY FINANCIAL AND NON-FINANCIAL INTERESTS (including loans, guarantees and security interests, whether granted or received) BETWEEN YOU OR PERSONS CONNECTED WITH YOU AND ANY OF THE FOLLOWING PERSONS:</p>	
<p>a. OTHER DIRECT OR INDIRECT HOLDERS OF HOLDINGS OR SHAREHOLDERS OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED</p>	
<p>b. PERSONS AUTHORISED TO VOTE ON THEIR OWN BEHALF OR ON THE BEHALF OF OTHER PERSONS AT THE GENERAL MEETING OF THE CREDIT INSTITUTION WHOSE SHARES ARE BEING ACQUIRED, AS REFERRED TO IN ARTICLE 14, PARAGRAPH (1), ITEM (12)(D), INDENTS (1) TO (8)</p>	

<p>c. MEMBERS OF THE MANAGEMENT BOARD, SUPERVISORY BOARD OR SENIOR MANAGEMENT OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED</p>	
<p>d. MEMBER OF A GROUP OF WHICH THE CREDIT INSTITUTION IS A MEMBER</p>	
<p>e. POLITICALLY EXPOSED PERSONS</p>	
<p>26. WHERE THERE ARE FINANCIAL AND NON-FINANCIAL INTERESTS REFERRED TO IN ITEM (25), DESCRIBE THE PROPOSED METHODS OF RESOLVING ANY POSSIBLE CONFLICTS OF INTEREST WHICH MAY ARISE FROM SUCH RELATIONSHIPS.</p>	
<p>27 ANNEX UNDER WHICH AUDITED REPORTS ON THE OPERATION OF UNDERTAKINGS IN WHICH YOU PERFORM OR PERFORMED A FUNCTION IN THE MANAGEMENT OR SUPERVISORY BOARD OR OF UNDERTAKINGS IN WHICH YOU HAVE OR HAD CONTROL ARE PROVIDED FOR THE LAST TWO YEARS, INCLUDING THE CREDIT RATING OF THE UNDERTAKINGS (where available)</p>	

I hereby declare that all the answers are true and complete to the best of my knowledge and that I did not withhold any information that may affect the decision of the Croatian National Bank regarding the application for prior approval to perform the proposed function.

I undertake to notify the Croatian National Bank of any changes that may have a significant effect on granting approval for the performance of the proposed function.

Place and date

Signature of the acquirer

APPENDIX 3
**QUESTIONNAIRE FOR LEGAL PERSONS ACQUIRING A QUALIFYING
HOLDING IN A CREDIT INSTITUTION**

1. FIRM NAME OF LEGAL PERSON, BUSINESS ENTITY REGISTRATION NUMBER AND PERSONAL IDENTIFICATION NUMBER (<i>only for legal persons having their head office in the Republic of Croatia</i>)	
2. NAME OF REGISTER IN WHICH THE LEGAL PERSON IS ENTERED AND ANNEX UNDER WHICH THE EXCERPT FROM THE REGISTER IS PROVIDED IN THE FORM OF AN ORIGINAL OR A CERTIFIED COPY, INCLUDING INFORMATION ON THE NATIONAL IDENTIFICATION NUMBER, REGISTERED ACTIVITY, AUTHORISED REPRESENTATIVES AND INITIAL CAPITAL AMOUNT (not older than three months) <i>only for legal persons having their head office outside the Republic of Croatia</i>	
3. ADDRESS OF THE LEGAL PERSON'S HEAD OFFICE	
4. ADDRESS OF PLACE OF BUSINESS (WHERE DIFFERENT FROM THE HEAD OFFICE)	
5. ANNEX UNDER WHICH A CERTIFIED COPY OR A CERTIFIED TRANSLATION OF THE ARTICLES OR MEMORANDUM OF ASSOCIATION IS PROVIDED; FOR ACQUIRERS HAVING THEIR HEAD OFFICE OUTSIDE THE REPUBLIC OF CROATIA, ANNEX UNDER WHICH A SUMMARY EXPLANATION OF THE MAIN FEATURES OF THE LEGAL FORM OF THE UNDERTAKING IS PROVIDED	

<p>6. WHERE APPLICABLE, THE IDENTITY OF THE AUTHORITY COMPETENT FOR THE SUPERVISION OF FINANCIAL SERVICES OR OF ANOTHER SUPERVISORY AUTHORITY OR AGENCY IN THE REPUBLIC OF CROATIA OR OUTSIDE THE REPUBLIC OF CROATIA OR ANOTHER NATIONAL SUPERVISORY AUTHORITY BY WHICH THE ACQUIRER HAS EVER BEEN OR IS SUPERVISED</p>	
<p>7. DESCRIPTION OF THE ACQUIRER'S ACTIVITY AND THE ACTIVITY OF ANY LEGAL PERSON UNDER THE ACQUIRER'S CONTROL</p>	
<p>8. HAS ANY OTHER SUPERVISORY AUTHORITY AUTHORISED FOR THE SUPERVISION OF FINANCIAL SERVICES OR ANOTHER SUPERVISORY AUTHORITY OR AGENCY IN THE REPUBLIC OF CROATIA OR OUTSIDE THE REPUBLIC OF CROATIA EVER ASSESSED YOUR GOOD REPUTE OR THE GOOD REPUTE OF PERSONS MANAGING THE ACQUIRER AND OF ULTIMATE SHAREHOLDERS, DIRECT AND INDIRECT HOLDERS OF HOLDINGS OF THE ACQUIRER OR LEGAL PERSONS CONTROLLED BY THE ACQUIRER? – Specify the supervisory authority and the result of the assessment.</p>	

<p>9. ANNEX UNDER WHICH A LIST OF THE MEMBERS OF THE MANAGEMENT BOARD OF THE ACQUIRER IS PROVIDED, ALONG WITH A COMPLETED QUESTIONNAIRE FOR NATURAL PERSONS ACQUIRING A QUALIFYING HOLDING IN A CREDIT INSTITUTION OR CONNECTED WITH AN ACQUIRER OF A QUALIFYING HOLDING IN A CREDIT INSTITUTION FOR EACH SUCH PERSON</p>	
<p>10. ANNEX UNDER WHICH A CERTIFICATE FROM THE REGISTER OF SHAREHOLDERS (BOOK OF SHARES) OR BOOK OF HOLDINGS OF THE LEGAL PERSON ACQUIRING A QUALIFYING HOLDING IS PROVIDED IN THE FORM OF AN ORIGINAL OR A CERTIFIED COPY, INCLUDING THE SPECIFICATION OF THE TOTAL NOMINAL VALUE OF SHARES AND THE PERCENTAGE SHARE IN THE INITIAL CAPITAL OF THE ACQUIRER FOR EACH SHAREHOLDER OR HOLDER OF A HOLDING, AND INFORMATION ON SHAREHOLDERS EXERTING SIGNIFICANT INFLUENCE ON THE ACQUIRER</p>	

<p>11. ANNEX UNDER WHICH A LIST OF NATURAL PERSONS WHO ARE THE ULTIMATE SHAREHOLDERS OR HOLDERS OF HOLDINGS IN THE ACQUIRER OR MEMBERS OF THE ACQUIRING UNDERTAKING IS PROVIDED, ALONG WITH A COMPLETED QUESTIONNAIRE FOR NATURAL PERSONS ACQUIRING A QUALIFYING HOLDING IN A CREDIT INSTITUTION OR CONNECTED WITH AN ACQUIRER OF A QUALIFYING HOLDING IN A CREDIT INSTITUTION FOR EACH SUCH PERSON</p>	
<p>12. IF THE LEGAL PERSON IS A MEMBER OF A GROUP, ANNEX UNDER WHICH THE ORGANISATIONAL CHART OF THE GROUP BEFORE AND AFTER THE PROPOSED ACQUISITION OF A HOLDING IN THE CREDIT INSTITUTION IS PROVIDED, ALONG WITH THE INFORMATION ON THE SHARE IN THE CAPITAL AND VOTING RIGHTS OF EACH HOLDER OF A HOLDING EXERTING SIGNIFICANT INFLUENCE OVER MEMBERS OF THE GROUP AND ON THE ACTIVITIES PERFORMED BY EACH MEMBER OF THE GROUP</p>	

<p>13. IF THE ACQUIRER IS A MEMBER OF A GROUP, ANNEX UNDER WHICH INFORMATION ON THE RELATIONSHIPS BETWEEN ANY CREDIT INSTITUTION, INSURANCE OR RE-INSURANCE UNDERTAKING OR INVESTMENT FIRM WITHIN THE GROUP AND OTHER MEMBERS OF THE GROUP IS PROVIDED, ALONG WITH THE INFORMATION ON THE COMPETENT SUPERVISORY AUTHORITY FOR EACH MEMBER OF THE GROUP</p>	
<p>14. IF THE ACQUIRER IS A MEMBER OF A GROUP, ANNEX UNDER WHICH INFORMATION ON ANY CREDIT INSTITUTION, INSURANCE OR RE-INSURANCE UNDERTAKING OR INVESTMENT FIRM WITHIN THE GROUP IS PROVIDED, ALONG WITH AN ANALYSIS OF THE SCOPE OF PRUDENTIAL CONSOLIDATION OF THE CREDIT INSTITUTION AND THE GROUP, INCLUDING INFORMATION ABOUT WHICH MEMBERS OF THE GROUP WOULD BE INCLUDED IN THE SCOPE OF CONSOLIDATED SUPERVISION AND AT WHICH LEVELS WITHIN THE GROUP THESE REQUIREMENTS WOULD APPLY (on a consolidated or a sub-consolidated basis)</p>	
<p>15. DESCRIBE ALL FINANCIAL AND NON-FINANCIAL INTERESTS OR RELATIONSHIPS BETWEEN THE ACQUIRER OR THE MEMBERS OF THE MANAGEMENT BOARD OF THE ACQUIRER AND INTERESTS BETWEEN THE GROUP OF WHICH THE ACQUIRER IS A MEMBER (including loans, guarantees and security</p>	

interests, whether granted or received) AND THE FOLLOWING PERSONS:	
a. THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED AND ANY OTHER MEMBER OF THE GROUP OF WHICH THE CREDIT INSTITUTION IS A MEMBER	
b. OTHER DIRECT OR INDIRECT SHAREHOLDERS OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED	
c. PERSONS AUTHORISED TO VOTE ON THEIR OWN BEHALF OR ON THE BEHALF OF OTHER PERSONS AT THE GENERAL MEETING OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED, AS REFERRED TO IN ARTICLE 15, PARAGRAPH (1), ITEM (13), SUBITEM (E), INDENTS (1) TO (8) OF THE DECISION	
d. MEMBERS OF THE MANAGEMENT BOARD, SUPERVISORY BOARD OR SENIOR MANAGEMENT OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED OR OF A MEMBER OF THE GROUP OF WHICH THE CREDIT INSTITUTION IS A MEMBER	
e. POLITICALLY EXPOSED PERSONS	
16. IN CASE OF FINANCIAL AND NON-FINANCIAL INTERESTS REFERRED TO IN ITEM (15), DESCRIBE THE METHODS PROPOSED FOR THE RESOLUTION OF ANY POTENTIAL CONFLICTS OF INTEREST WHICH MAY ARISE FROM SUCH RELATIONSHIPS	

<p>17. ANNEX UNDER WHICH A CERTIFICATE (where available, not older than three months) AND A STATEMENT ARE PROVIDED ON WHETHER CRIMINAL, MINOR OFFENCE, CIVIL OR ADMINISTRATIVE PROCEEDINGS OR DISPUTES HAVE BEEN INSTITUTED AGAINST THE ACQUIRER AND ANY LEGAL PERSON CONTROLLED BY THE ACQUIRER OVER THE LAST TEN YEARS AND AGAINST ANY SHAREHOLDER THAT EXERTS OR EXERTED SIGNIFICANT INFLUENCE OVER THE ACQUIRER IN THE LAST TEN YEARS AND WHETHER THE AFOREMENTIONED PERSONS WERE CONVICTED BY A JUDGEMENT WITH FINAL FORCE AND EFFECT FOR A CRIMINAL OR MINOR OFFENCE</p>	
<p>18. INFORMATION ON THE CREDIT RATING OF THE ACQUIRER AND ANY GROUP OF WHICH THE ACQUIRER IS A MEMBER (where available)</p>	
<p>19. ANALYSIS OF THE IMPACT OF THE PROPOSED ACQUISITION ON THE CREDIT INSTITUTION'S TIMELY AND ACCURATE REPORTING TO THE CROATIAN NATIONAL BANK AND OTHER COMPETENT AUTHORITIES IN A MEMBER STATE OR A THIRD COUNTRY FOLLOWING THE PROPOSED ACQUISITION</p>	

<p>20. ANNEX UNDER WHICH AUDITED ANNUAL FINANCIAL STATEMENTS ARE PROVIDED FOR THE ACQUIRER AND ANY SUBSIDIARIES AND GROUP MEMBERS ON AN INDIVIDUAL AND A CONSOLIDATED AND SUB-CONSOLIDATED BASIS FOR AT LEAST THE LAST THREE BUSINESS YEARS, INCLUDING:</p> <ul style="list-style-type: none"> a. THE BALANCE SHEET, b. THE INCOME STATEMENT; c. THE ANNUAL REPORTS AND FINANCIAL ANNEXES AND ANY OTHER DOCUMENTS FILED WITH THE COMPETENT REGISTER OR AUTHORITY 	
<p>21. WHERE THE ACQUIRER IS A LEGAL PERSON HAVING ITS HEAD OFFICE IN A THIRD COUNTRY:</p>	
<p>a. ANNEX UNDER WHICH A CERTIFICATE ISSUED BY THE COMPETENT SUPERVISORY AUTHORITY IN THE COUNTRY WHERE THE ACQUIRER HAS ITS HEAD OFFICE IS PROVIDED, CERTIFYING THAT THE ACQUIRER WAS ESTABLISHED IN LINE WITH NATIONAL REGULATIONS, THAT IT HAS OBTAINED ALL AUTHORISATIONS AND APPROVALS REQUIRED FOR OPERATION AND THAT IT HAS SETTLED ITS LIABILITIES TOWARDS THE GOVERNMENT BASED ON TAX AND PARA-FISCAL CHARGES</p>	
<p>b. ANNEX UNDER WHICH A CERTIFICATE OF ORDERLY OPERATION OF THE ACQUIRER ISSUED BY THE AUTHORITY COMPETENT FOR THE SUPERVISION OF FINANCIAL SERVICES IS PROVIDED</p>	

<p>c. ANNEX UNDER WHICH A STATEMENT BY THE COMPETENT SUPERVISORY AUTHORITY IS PROVIDED CONFIRMING THAT THERE ARE NO OBSTACLES OR RESTRICTIONS FOR THE PROVISION OF INFORMATION NECESSARY FOR THE SUPERVISION OF THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED</p>	
<p>d. ANNEX UNDER WHICH INFORMATION ON THE NATIONAL LEGISLATION APPLICABLE TO THE ACQUIRER IS PROVIDED, INCLUDING INFORMATION ON THE EXTENT TO WHICH THE COUNTRY'S ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING REGIME IS CONSISTENT WITH THE FINANCIAL ACTION TASK FORCE RECOMMENDATIONS</p>	
<p>e. LEGAL OPINION OF AN EXPERT FOR THE REGULATIONS OF THE THIRD COUNTRY IN WHICH THE ACQUIRER HAS ITS HEAD OFFICE REGARDING ANY LEGAL OBSTACLES FOR OBTAINING INFORMATION FROM THE COUNTRY'S SUPERVISORY AUTHORITIES AND FROM THE ACQUIRER</p>	
<p>22. WHERE THE ACQUIRER IS A SOVEREIGN WEALTH FUND, THE FOLLOWING INFORMATION IS TO BE ENCLOSED WITH THE APPLICATION:</p>	
<p>a. NAME OF MINISTRY OR ANOTHER GOVERNMENT BODY IN CHARGE OF DEFINING THE INVESTMENT POLICY OF THE FUND</p>	
<p>b. DETAILS OF THE INVESTMENT POLICY AND ANY RESTRICTIONS ON INVESTMENT</p>	

<p>c. NAMES AND FUNCTIONS OF PERSONS RESPONSIBLE FOR MAKING INVESTMENT DECISIONS</p>	
<p>d. INFORMATION ON ANY INFLUENCE THAT THE COMPETENT MINISTRY OR GOVERNMENT BODY RESPONSIBLE FOR DEFINING THE INVESTMENT POLICY OF THE FUND EXERTS ON THE DAY-TO-DAY OPERATIONS OF THE FUND AND THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED</p>	
<p>23. WHERE THE ACQUIRER IS A PRIVATE EQUITY FUND OR A HEDGE FUND, THE FOLLOWING INFORMATION IS TO BE ENCLOSED WITH THE APPLICATION:</p>	
<p>a. DETAILED DESCRIPTION ON THE PERFORMANCE OF FORMER ACQUISITIONS BY THE ACQUIRER OF QUALIFYING HOLDINGS IN FINANCIAL AND CREDIT INSTITUTIONS</p>	
<p>b. DETAILS ON THE ACQUIRER'S INVESTMENT POLICY AND ANY INVESTMENT RESTRICTIONS, INCLUDING DETAILS ON INVESTMENT MONITORING, INFORMATION BASED ON WHICH THE ACQUIRER TOOK THE DECISION TO INVEST IN THE CREDIT INSTITUTION IN WHICH A QUALIFYING HOLDING IS ACQUIRED AND ANY FACTS THAT MAY TRIGGER CHANGES TO THE ACQUIRER'S EXIT STRATEGY</p>	
<p>c. THE ACQUIRER'S DECISION-MAKING FRAMEWORK FOR INVESTMENT DECISIONS (INTERNAL POLICIES AND PROCEDURES) INCLUDING NAMES AND FUNCTIONS OF PERSONS RESPONSIBLE FOR MAKING SUCH DECISIONS</p>	

<p>d. DETAILED DESCRIPTION OF THE ACQUIRER'S INTERNAL ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING POLICIES AND OF THE REGULATORY FRAMEWORK APPLICABLE TO THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING</p>	
<p>24. WHERE THE ACQUIRER IS A COLLECTIVE INVESTMENT UNDERTAKING, THE FOLLOWING INFORMATION IS TO BE ENCLOSED WITH THE APPLICATION:</p>	
<p>a. IDENTITY OF HOLDERS OF HOLDINGS IN THE UNDERTAKING CONTROLLING THE COLLECTIVE INVESTMENT UNDERTAKING OR HAVING VETO POWERS</p>	
<p>b. DETAILS ON THE INVESTMENT POLICY AND ANY RESTRICTIONS ON INVESTMENT</p>	
<p>c. NAMES AND FUNCTIONS OF PERSONS RESPONSIBLE FOR DEFINING AND MAKING INVESTMENT DECISIONS AND A COPY OF ANY MANAGEMENT MANDATE OR TERMS OF REFERENCE OF THE COLLECTIVE BODY</p>	
<p>d. DETAILED DESCRIPTION OF THE LEGAL FRAMEWORK AND INTERNAL PROCEDURES FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING</p>	
<p>e. DETAILED DESCRIPTION OF INVESTMENTS IN OTHER CREDIT INSTITUTIONS, INSURANCE OR RE-INSURANCE UNDERTAKINGS OR INVESTMENT FIRMS, INDICATING WHETHER SUCH INVESTMENTS WERE APPROVED BY A COMPETENT AUTHORITY AND IF SO, THE IDENTITY OF THE AUTHORITY</p>	

25. ANNEX UNDER WHICH THE OPINION OR THE APPROVAL OF THE AUTHORITY COMPETENT FOR THE SUPERVISION OF BANKING AND/OR FINANCIAL SERVICES PROVIDED BY THE ACQUIRER OR OF ANOTHER COMPETENT AUTHORITY FROM A MEMBER STATE OR A THIRD COUNTRY IS PROVIDED IN RESPECT OF THE PROPOSED ACQUISITION	
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I hereby declare that all the answers are true and complete to the best of my knowledge and that I did not withhold any information that may affect the decision of the Croatian National Bank regarding the application for prior approval to perform the proposed function.

I undertake to notify the Croatian National Bank of any changes that may have a significant effect on granting approval for the performance of the proposed function.

Place and date

Signature of the acquirer

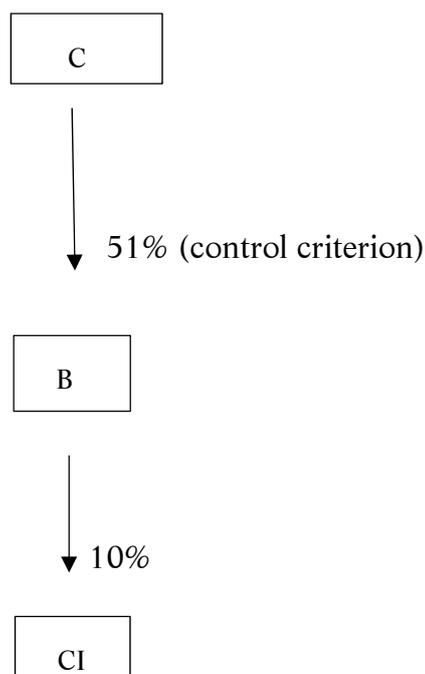
APPENDIX 4

EXAMPLES OF THE CALCULATION OF INDIRECT HOLDINGS IN A CREDIT INSTITUTION

For the purpose of providing examples of the calculation of indirect holdings in a credit institution, it is assumed that control is only gained if the size of the holding being acquired is in excess of 50% (although control could also be acquired with a smaller participation) and that no significant influence is acquired.

'CI' indicates the credit institution in which a holding is acquired, while 'B', 'C' and 'D' are acquirers.

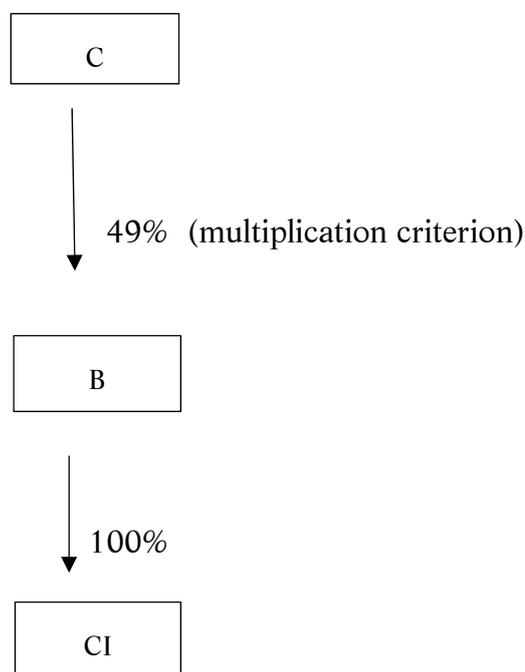
Example 1



Following C's acquisition of control over B, C would, in accordance with the control criterion referred to in article 12, paragraph (3) of this Decision, be deemed to have indirectly acquired a qualifying holding in a credit institution, given that B holds a qualifying holding in the credit institution equal to 10%. All other persons holding, directly or indirectly, control over C would also be deemed to have indirectly acquired a qualifying holding of in the credit institution equal to 10% under the control criterion referred to in Article 12, paragraph (3).

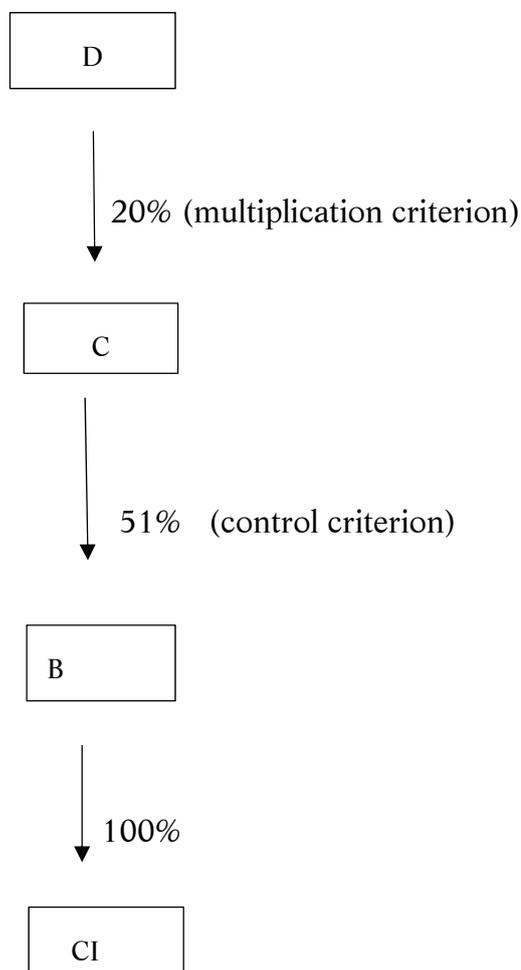
Due to the relationship of control there is no need to apply the multiplication criterion.

Example 2



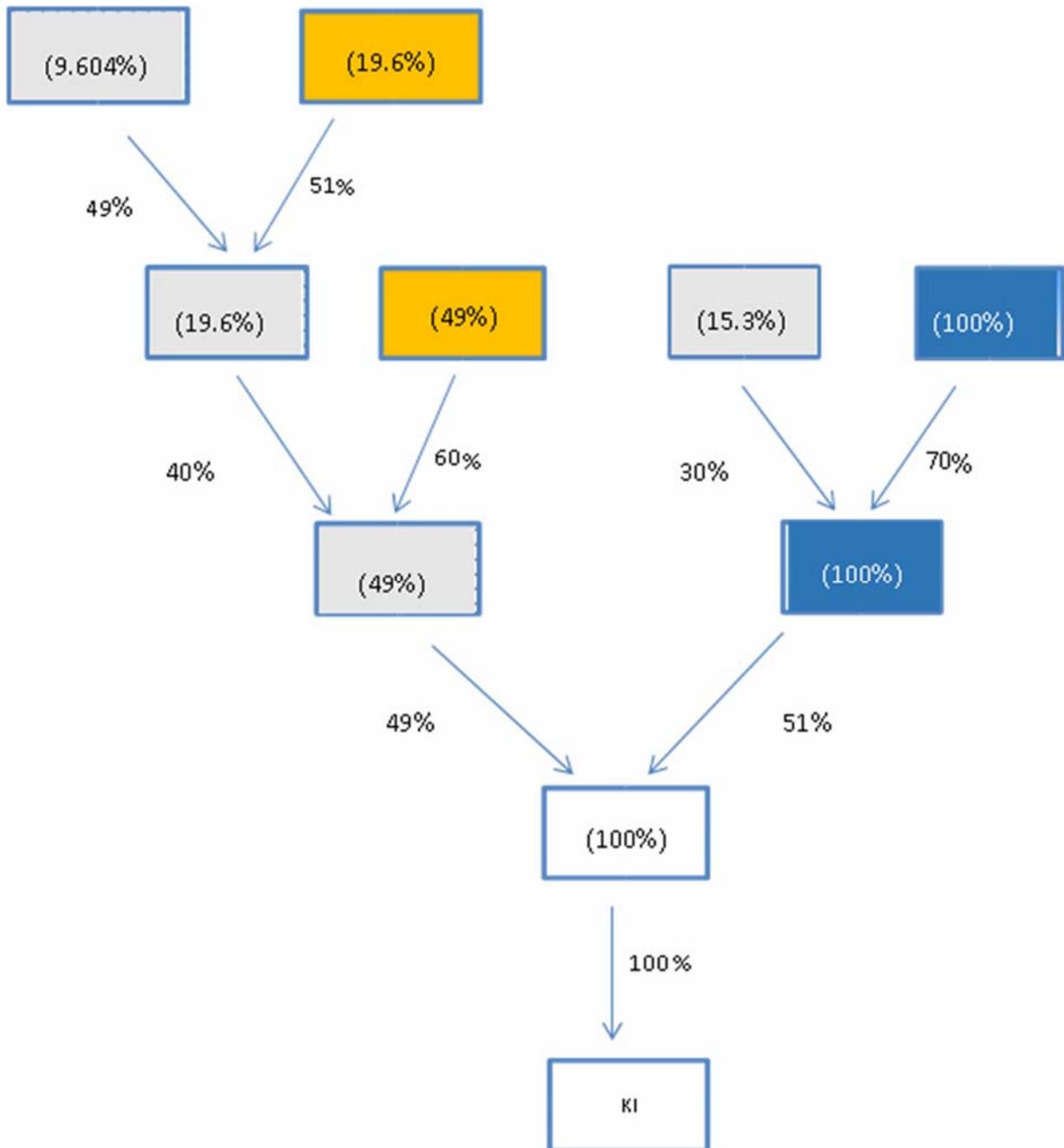
In Example 2, C does not acquire control over B and, therefore, no qualifying holding is deemed to have been acquired under the application of the control criterion referred to in Article 12, paragraph (3) of this Decision. In order to assess if any qualifying holding is acquired indirectly, the multiplication criterion has to be applied; this requires the percentage of the holding acquired by C in B to be multiplied with the percentage of B's holding in the credit institution ($49\% \times 100\%$). Since the result is 49%, a qualifying holding will be deemed to have been acquired indirectly by C. Any persons holding, directly or indirectly, control over C shall also be considered indirect acquirers of a qualifying holding in a credit institution equalling 49%. The multiplication criterion is applied to holders of holdings in C who do not hold control over C, starting from the bottom of the group hierarchy, i.e. the direct holding in the credit institution.

Example 3



In Example 3, D does not acquire control over C; therefore, no qualifying holding is deemed to have been acquired under the control criterion referred to in Article 12, paragraph (3) of this Decision. In order to assess whether D is an indirect acquirer of a qualifying holding, the multiplication criterion is applied by multiplying the percentages of the holdings across the corporate chain. Since the resulting percentage is 10.2%, D is deemed to have indirectly acquired a qualifying holding in a credit institution. Any persons holding, directly or indirectly, control over C shall also be considered indirect acquirers of a qualifying holding in a credit institution equalling 10.2%.

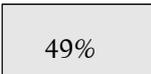
Example 4

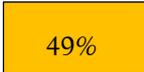


Legend:

Percentages shown next to arrows indicate the holding in the undertaking immediately below in the corporate chain

 Indirect holder of a holding of 100% under the application of the control criterion

 Indirect holder of a holding of 49% under the application of the multiplication criterion

 Indirect holder of a holding in a credit institution of 49% holding control over another indirect holder of a holding in a credit institution of 49%, with the size of the holding of the latter holder determined under the application of the multiplication criterion

Example 4 sets out the structure of a group, showing the size of the indirect holding in the credit institution for each indirect holder of a holding. The size of the holding of each shareholder in the undertaking immediately below in the corporate chain is shown next to the arrow. The size of the direct or indirect holding in the credit institution is shown between brackets in the box depicting each direct or indirect shareholder.

The chart shows the shareholder structure following the completion of the acquisition. Where the size of the direct or indirect holding in the credit institution of the acquirer having carried out the actual acquisition is at least 10%, that acquirer is deemed to have acquired a qualifying holding. A qualifying holding is also considered to have been acquired by direct or indirect acquirers considered, under the application of the multiplication criterion, to have acquired an indirect holding in the credit institution of at least 10%.