

Pursuant to Article 124, paragraph (2) of Regulation (EU) No 575/2013 (OJ L 176, 27.6.2013 and L 208, 2.8.2013), Article 11, paragraph (1) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015 and 102/2015) 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 amendments to the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements

Article 1

In the Decision implementing the part of Regulation (EU) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements (Official Gazette 160/2013), in Article 1, after item (5), a new item (6) is inserted which reads:

"6) a risk weight higher than 50% for exposures fully and completely secured by mortgages on commercial immovable property in the Republic of Croatia for the purposes of Article 126 of Regulation (EU) No 575/2013;"

The former items (6), (7) and (8) become items (7), (8) and (9).

Article 2

After Article 14, Article 14a and its title are inserted which read:

"Risk weights for exposures secured by mortgages on commercial immovable property"

Article 14a

The risk weight referred to in Article 126, paragraph (1) of Regulation (EU) No 575/2013 shall be changed to 100% in such a way that exposures of the credit institution fully and completely secured by mortgages on commercial immovable property in the Republic of Croatia are as follows:

- (a) exposures or any part of an exposure fully and completely secured by mortgages on offices or other commercial premises shall be assigned a risk weight of 100%;
- (b) exposures related to property leasing transactions concerning offices or other commercial premises under which the institution is the lessor and the tenant has an

option to purchase shall be assigned a risk weight of 100% provided that the exposure of the institution is fully and completely secured by its ownership of the property."

Transitional period

Article 3

A credit institution that on 30 September 2015 did not apply a risk weight of 50% to exposures secured by mortgages on commercial immovable property in the Republic of Croatia in accordance with Article 126 of Regulation (EU) No 575/2013 may not begin to apply that weight and a credit institution that applies that weight shall adjust its operation to the provisions of this Decision within six months of the entry into force of this Decision.

Entry into force

Article 4

This Decision shall be published in the Official Gazette and shall enter into force on 1 January 2016.