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**Decision on the application of provisions of the Credit Institutions Act to credit institutions
undergoing winding-up proceedings**

(Official Gazette 24/2018 and 139/2022 –unofficial consolidated version)

Zagreb, March 2023

Decision on the application of provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings

I GENERAL PROVISIONS

Introductory provision Article 1

This Decision regulates the following for credit institutions undergoing voluntary winding-up proceedings:

- (1) the content of the winding-up plan;
- (2) the content of and time limits for the delivery of reports on the progress of voluntary winding-up proceedings;
- (3) the manner of application of the provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings;
- (4) the obligations of credit institutions undergoing winding-up proceedings; and
- (5) reporting to the Croatian National Bank.

Under Article 1 of the Decision on amendments to the Decision on the application of provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings (Official Gazette 139/2022), which entered into force on 8 December 2022, the words "and credit institutions undergoing compulsory winding-up proceedings" have been deleted in the introductory sentence.

II CREDIT INSTITUTION UNDERGOING VOLUNTARY WINDING-UP PROCEEDINGS

Winding-up plan Article 2

The winding-up plan delivered to the Croatian National Bank by a credit institution which intends to adopt a decision on company dissolution shall include:

- (1) the planned date of convening the general meeting and the planned date of initiating voluntary winding-up proceedings with data on the liquidators;
- (2) explanation of grounds for company dissolution or the intent to initiate voluntary winding-up proceedings;
- (3) other options considered with regard to cessation of operation (contact with potential acquirers, acquisition or merger with another credit institution);

- (4) the assessment of the credit institution's level of solvency according to gone concern criteria with evidence proving that winding-up proceedings can be fully and completely implemented;
- (5) the plan of communication with creditors with special reference to depositors and the payment of insured and uninsured deposits;
- (6) the plan of communication with clients for whom the credit institution keeps transaction accounts and provides payment services, particularly with clients with whom the credit institution concluded agreements on the provision of particular payment transactions (payment of pensions and salaries, standing orders, direct debits, etc.);
- (7) the plan of communication with correspondent credit institutions and credit institutions with which the credit institution maintains correspondent account relationships in the country and abroad, other credit institutions and financial institutions in the country with which it does business and payment system operators, card network operators and the operators of other infrastructures in which the credit institution participates;
- (8) the assessment of realisation of assets under gone concern criteria, collection of claims and realisation of material assets;
- (9) the amount and maturity structure of insured deposits according to remaining maturities and the total amount of insured deposits;
- (10) the report on the maturity structure of assets and liabilities according to remaining maturities;
- (11) the plan for the settlement of off-balance sheet liabilities;
- (12) the plan for the procedure regarding existing promissory notes, bills of exchange and other collateral issued by the credit institution;
- (13) the plan for the settlement of liabilities to creditors;
- (14) the policy of early collection of monetary claims or settlement procedures;
- (15) the plan for the cancellation of contracts and other business arrangements that are not necessary for the operation of a credit institution undergoing winding-up proceedings;
- (16) the assessment of the finalisation of existing and potential future court proceedings, including the potential costs for the credit institution;
- (17) the manner of organisation of the credit institution's operation and the employment status of employees, including the costs of the termination of employment contracts and other business arrangements (outsourced services, advisory services, etc.);
- (18) the time frame for the duration of voluntary winding-up proceedings;

- (19) the plan for the communication with the public; and
- (20) the date and the signature of an authorised representative.

Opinion on the winding-up plan

Article 3

- (1) The Croatian National Bank shall evaluate the winding-up plan, particularly:
 - 1) the effect of voluntary winding-up proceedings on the rights of the credit institution's creditors;
 - 2) the effect of voluntary winding-up proceedings on the stability of the financial system of the Republic of Croatia; and
 - 3) the existence of reasons which could jeopardise the implementation of voluntary winding-up proceedings or the realisation of the winding-up plan.
- (2) In evaluating the winding-up plan, the Croatian National Bank may request additional information of the credit institution. The period referred to in article 250, paragraph (2) of the Credit Institutions Act shall begin on the day the additional information referred to in this paragraph are delivered.
- (3) Based on the evaluation of the winding-up plan within a period of no longer than three months from the date of its delivery, the Croatian National Bank shall issue a positive opinion on the winding-up plan or adopt a decision on the rejection of the winding-up plan.

Implementation of the winding-up plan

Article 4

- (1) During voluntary winding-up proceedings, a credit institution shall monitor the implementation of the winding-up plan and inform the Croatian National Bank of the progress for every six-month period.
- (2) If, during the monitoring of the implementation of the winding-up plan, deviations from the planned amounts or the scheduled implementation of particular activities occur, the credit institutions shall inform the Croatian National Bank thereof without delay.
- (3) The Croatian National Bank shall supervise the implementation of the winding-up plan and this Decision in the manner provided for in Article 177 of the Credit Institutions Act.

Application of the provisions of the Credit Institutions Act

Article 5

- (1) Only the following provisions of the Credit Institutions Act shall apply mutatis mutandis to a credit institution undergoing voluntary winding-up proceedings until the closure of voluntary winding-up proceedings:
 - 1) Title I General provisions;
 - 2) In Title II Status provisions:

- a. Chapter II.1 Application of the provisions of the Companies Act,
 - b. Chapter II.2 Initial capital and shares of a credit institution, with the exception of Article 19,
 - c. Articles 38 and 43 of Chapter II.4 Management board and supervisory board;
- 3) Article 153 of Title X Reporting to the Croatian National Bank;
 - 4) Title XII Banking secrecy;
 - 5) Title XV Relationship between the Croatian National Bank and external auditors;
 - 6) Articles 236, 242 and 243 of Chapter XIX.2 Appointment of a special administration;
 - 7) Chapter XX.1 Voluntary winding-up of credit institutions;
 - 8) Articles 300, 303, 305 and 306 through 312 of Title XXIII Consumer protection;
 - 9) Title XXIV Savings banks;
 - 10) Title XXV Housing savings banks;
 - 11) Title XXVII Decision-making methods and procedures of the Croatian National Bank;
 - 12) Title XXVIII Reorganisation measures, winding-up and bankruptcy proceedings with international implications;
 - 13) Title XXX Penalty provisions and breaches of regulations; and
 - 14) Article 154, paragraph (3) of the Transitional and final provisions of the Act on the Amendments to the Credit Institutions Act (Official Gazette 15/2018).

(2) A credit institution undergoing voluntary winding-up proceedings shall not be authorised to take deposits or other repayable funds from the public or to grant credits and in accordance with Regulation (EU) 575/2013, the aforementioned Regulation and delegated or implementing regulations adopted pursuant to the aforementioned Regulation shall not apply to credit institutions undergoing voluntary winding-up proceedings.

(3) The provisions of the Credit Institutions Act concerning supervision shall apply mutatis mutandis to the oversight of a credit institution undergoing voluntary winding-up proceedings unless otherwise provided for in another law.

Under Article 2 of the Decision on amendments to the Decision on the application of provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings (Official Gazette 139/2022), which entered into force on 8 December 2022, in paragraph (1), item (8) has been deleted, former items (9) to (12) have become items (8) to (11), item (13) has been deleted, item (14) has become item (12), in former item (15) which has become item (13), after the word "provisions", the words "and breaches of regulations" have been added and former item (16) has become item (14).

Obligations of a credit institution undergoing voluntary winding-up proceedings

Article 6

A credit institution undergoing voluntary winding-up proceedings shall, immediately after the general meeting adopts the decision on the dissolution of the credit institution:

- (1) put up a conspicuous notice about the opening of voluntary winding-up proceedings and the discontinuance of banking and financial services at the entrance to its head office and other business premises of the credit institution undergoing voluntary winding-up proceedings such as sub-branches, counters, etc., as well as on its website, and notify any persons through which it provides banking and/or financial services to clients;
- (2) notify the Croatian National Bank, its correspondent credit institutions and credit institutions with which it maintains correspondent account relationships in the country and abroad, other credit institutions and financial institutions with which it does business, payment system operators, card network operators and the operators of other financial infrastructures in which it participates; and
- (3) notify its clients by means of written statements of account and any other written forms of communication with clients that, by the entering into force of the decision to initiate voluntary winding-up proceedings and the withdrawal of the credit institution's authorisation, it is no longer authorised to keep transaction accounts for clients, accept payments to such accounts and make payments from such accounts or to provide any other payment services.

Obligations of liquidators of a credit institution undergoing voluntary winding-up proceedings
Article 7

- (1) Liquidators of a credit institution undergoing voluntary winding-up proceedings shall deliver the following documents compiled pursuant to regulations governing the operation of companies to the Croatian National Bank:
 - 1) the decision of the general meeting on the dissolution of the company with the data on the appointed liquidators;
 - 2) the notification of the invitation to creditors;
 - 3) report on company status;
 - 4) decision of the general meeting on the adoption of the audited initial liquidation report;
 - 5) report on performed voluntary winding-up proceedings; and
 - 6) the decision of the general meeting on the adoption of the final liquidation financial report.
- (2) Liquidators of a credit institution undergoing voluntary winding-up proceedings shall compile six-month reports on the progress of winding-up proceedings and deliver them to the Croatian National Bank within thirty days after the expiry of the reporting period.
- (3) The first reporting period referred to in paragraph (2) of this Article shall commence on the first day following the day the winding-up proceedings are initiated and shall last until 30 June or 31 December.
- (4) Liquidators of a credit institution undergoing voluntary winding-up proceedings shall, at the request of the Croatian National Bank, compile the report referred to in paragraph (2) of this Article for other periods as well, in accordance with the request of the Croatian National Bank, and deliver it to the Croatian National Bank within the time limit specified in the request.

(5) The report on the progress of the winding-up proceedings shall contain the following attachments:

- 1) statement of financial position (balance sheet) and income statement from the financial statements governed by the regulation on the structure and content of annual financial statements adopted by the Croatian National Bank based on regulations governing accounting;
- 2) report on credit risk exposure by risk categories;
- 3) report on exposures to 50 largest debtors;
- 4) maturity structure of assets and liabilities according to remaining maturities; and
- 5) balance of money deposits and other liabilities.

(6) Reports referred to in items (2) to (5) of paragraph (5) of this Article shall be submitted in forms provided in Annex I to this Decision.

Annual financial statements

Article 8

(1) Liquidators of a credit institution undergoing voluntary winding-up proceedings shall deliver the report on the audit of annual financial statements along with the annual financial statements to the Croatian National Bank within 15 days of the receipt of the audit report and at the latest within four months following the end of the business year to which the annual financial statements relate.

(2) A credit institution undergoing voluntary winding-up proceedings shall publish its audited annual financial statements together with its annual report on its website and make them available at the latest within five months following the end of the business year to which the statements relate.

(3) A credit institution undergoing voluntary winding-up proceedings shall value assets and determine losses in accordance with subordinate legislation adopted by the Croatian National Bank under Article 101, paragraph (2), item (2) of the Credit Institutions Act.

Article 9

Deleted.

Under Article 3 of the Decision on amendments to the Decision on the application of provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings (Official Gazette 139/2022), which entered into force on 8 December 2022, Title III Credit institutions undergoing compulsory winding-up proceedings and Article 9 have been deleted.

IV TRANSITIONAL AND FINAL PROVISIONS

Article 10

- (1) Credit institutions undergoing voluntary winding-up proceedings shall compile the first reports referred to in Article 7, paragraph (2) of this Decision with balance as at 30 June 2018.
- (2) The Decision on the application of the provisions of laws and regulations coming within the competence of the Croatian National Bank to credit institutions undergoing winding-up proceedings (Official Gazette 75/2009) shall cease to have effect on the date of the entry into force of this Decision.
- (3) This Decision shall be published in the Official Gazette and shall enter into force on the eighth day after the day of its publication.

Decision on amendments to the Decision on the application of provisions of the Credit Institutions Act to credit institutions undergoing winding-up proceedings (Official Gazette 139/2022)

Article 5

This Decision shall be published in the Official Gazette and shall enter into force on the eighth day after the day of its publication.