

Pursuant to Article 38, paragraph (4), Article 45, paragraph (8) and Article 54, paragraph (4) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015, 102/2015, 15/2018, 70/2019, 47/2020 and 146/2020) and Article 43, paragraph (2), item (10) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013 and 47/2020), the Governor of the Croatian National Bank hereby issues the

## **Decision on amendments to 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**

#### **Article 1**

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 (Official Gazette 20/2021), in Article 3, paragraph (1), the comma between the words "parent undertaking" and "immediate family member" is deleted and the word "and" is inserted and the words "and "small and non-complex credit institution" are deleted.

In paragraph (2), in item (2), in the first indent, the words "HRK 3 million" are replaced by the words "EUR 400 000".

After item (12), item (13) is added which reads:

"13) "significant credit institution" means any credit institution designated as global systemically important institution (G-SII) or other systemically important institution (O-SII) and any credit institution whose four-year average assets reported in audited financial statements as at the last day of the preceding four business years on an individual basis exceed an amount equivalent to EUR 1 billion."

#### **Article 2**

In Article 5, paragraph (1), items (2) and (3) are amended to read:

"2) or against whom criminal proceedings have been initiated for any of the criminal offences referred to in Article 25, paragraph (2) of the Credit Institutions Act, or against whom criminal proceedings have been initiated for any of the criminal offences which by their definition correspond to criminal offences referred to in Article 25, paragraph (2) of the Credit Institutions Act, or who has been convicted by a judgement with final force and effect of, or against whom criminal proceedings have been initiated for, any of the criminal offences not listed in Article 25, paragraph (2) of the Credit Institutions Act, including any predicate offence related to money laundering as defined in the regulations governing the prevention of money laundering and terrorist financing, if that may give rise to doubt as to the good repute, honesty and integrity of the candidate;

3) a candidate who has been imposed a security or some other measure or an administrative or a misdemeanour sanction, who has been or is under investigation or subject to proceedings by competent supervisory authorities, other bodies governed by public law or courts for irregularities or non-compliance with any of the regulations governing banking, financial or insurance activities or governing capital markets, securities or payment instruments, regulations governing the provision of financial services, consumer protection or any other relevant regulations or if there are other adverse reports with relevant, credible and reliable information (e.g. as part of whistleblowing procedures) or whom the Croatian National Bank or another competent authority has notified of its intention to initiate sanctioning proceedings or who has been

negotiating with the Croatian National Bank or another competent authority the conditions of admitting guilt and the sanctions and measures to be imposed, if that may give rise to doubt as to the good repute, honesty and integrity of the candidate;".

In paragraph (9), the fourth indent is amended to read:

"– whether any civil, administrative, out-of-court or misdemeanour proceedings or proceedings for imposing administrative sanctions have been initiated against the candidate or whether investigations have been initiated in which the candidate is a party and whether measures have been imposed on the candidate by competent authorities, other bodies governed by public law or professional associations in all jurisdictions, which could threaten the candidate's ability to meet his/her financial obligations in the future;".

### **Article 3**

In Article 6, paragraph (2) is amended to read:

"(2) The relevant field referred to in paragraph (1) of this Article shall include:

- economics and other related fields (e.g. banking and finance, management, accounting, audit);
- law and related fields (e.g. administration, financial regulation); or
- mathematics, physics, computer science, electrical engineering and similar fields."

In paragraph (3), after the words "the candidate's ongoing professional training", the words "in the past five years" are inserted.

Paragraph (5) is amended to read:

"(5) When assessing the knowledge and the skills of a candidate for a chairperson or a member of the management board, the area of competence to which the candidate is being appointed and the responsibilities that such a position on the board implies shall be taken into account, for example, for a management board member responsible for the implementation of the regulations governing the prevention of money laundering, also analysed are the candidate's knowledge and skills related to the identification and assessment of money laundering and terrorist financing risks, and policies, controls and procedures for the prevention of money laundering and terrorist financing."

### **Article 4**

In Article 7, paragraph (2) is amended to read:

"(2) When assessing the experience referred to in paragraph (1) of this Article, the Croatian National Bank shall analyse in particular the candidate's work experience in:

- banking and financial markets;
- accounting and audit;
- regulatory framework and requirements;
- strategic planning and the knowledge of the business strategy, business planning and the achievement of business plans;
- risk management (identifying, assessing, monitoring, controlling and managing the main types of risks in a credit institution);
- climate and other environmental risks;
- prevention of money laundering and terrorist financing;
- the assessment of the effectiveness of a credit institution's procedures and measures through effective governance, oversight and control arrangements; and
- the interpretation of a credit institution's financial information, identification of key issues based on this information and appropriate controls and measures."

Paragraph (4) is amended to read:

"(4) When assessing experience, the area of competence to which the candidate is being proposed and the responsibilities that such a position on the management board implies shall also be taken into account, for example, for a management board member responsible for the implementation of the regulations governing the prevention of money laundering, also analysed is the candidate's experience related to the identification and assessment of money laundering and terrorist financing risks, and policies, controls and procedures for the prevention of money laundering and terrorist financing."

Paragraph (6) is amended to read:

"(6) In addition to the criteria referred to in paragraphs (1) to (3) of this Article, the Croatian National Bank shall, with respect to the function and the credit institution to which a candidate is appointed, additionally assess the candidate's experience according to the following criteria:

- 1) the type of function and its position in the hierarchy;
- 2) the knowledge the candidate has acquired in that function;
- 3) the nature and complexity of operations carried out by the candidate, including the organisational structure of the entity (employer) at the time of holding the position;
- 4) the scope of competences, decision-making powers and responsibilities;
- 5) the name and type of the entity (employer) in which the candidate performed the function;
- 6) the number of subordinates; and
- 7) the periods during which the function was performed."

#### **Article 5**

In Article 8, paragraph (6) is amended to read:

"(6) When assessing the existence of a conflict of interest, at least the following shall be considered:

- 1) economic interests deriving from shareholding and other ownership rights or similar economic interests such as intellectual property rights in the credit institution, its parent institution or subsidiary and undertakings or entities which have been customers or suppliers of the credit institution, loans, credits or similar arrangements granted by the credit institution to the candidate or persons connected to the candidate as well as financial obligations towards holders of qualifying holdings in the credit institution;
- 2) personal, business or professional relationships of candidates with holders of qualifying holdings in the credit institution or its parent undertaking or subsidiary, whether the candidate represents any of the shareholders of the credit institution, its parent undertaking or subsidiary and whether the candidate for the function of the member of the supervisory board was proposed by a significant shareholder;
- 3) personal, business or professional relationships of candidates with the staff, including members of the management board and supervisory board, of the credit institution or entities included within the scope of accounting or prudential consolidation;
- 4) candidate's previous employments in the last five years;
- 5) personal, business or professional relationships of candidates with relevant suppliers, consultancies and other similar service providers of the credit institution, its parent institution or subsidiary;
- 6) candidate's shares or ownership rights in an undertaking or entity with conflicting interests in relation to the credit institution (e.g. the credit institution's competitors);
- 7) political influence or relationships of candidates with politically exposed persons in the past two years;
- 8) whether a cooling-off period has been set during which the candidate may not assume or start to perform the function he/she is being appointed to due to the potential conflict of interest; and
- 9) whether the candidate is directly or indirectly involved in any court proceedings or out-of-court proceedings, including conciliation, arbitration or similar proceedings against the credit institution, its parent institution or subsidiary or holders of qualifying holdings."

## **Article 6**

In Article 9, paragraph (1), item (1) is amended to read:

"1) experience of serving at management board level, level immediately below or at most two levels below management or supervisory board level or equivalent levels in undertakings with board of directors, which might have provided the candidate with broad practical or theoretical knowledge in the segment of banking and financial services;"

## **Article 7**

In Article 12, paragraph (2), after item (9), new items (10) and (11) are inserted which read:

"10) prevention of money laundering and terrorist financing and risks that money laundering and terrorist financing may pose on the operation of the credit institution;

11) climate and other environmental risks;"

The former items (10) and (11) become items (12) and (13).

## **Article 8**

Article 13 is amended to read:

"(1) A credit institution may appoint or select as the chairperson or a member of the management board or supervisory board a person for whom it obtained prior approval from the Croatian National Bank.

(2) The application for granting prior approval shall be submitted to the Croatian National Bank no later than four months before the expiry of the term of office of the chairperson or a member of the management board or supervisory board of a credit institution. In case of removal, resignation or death of a member of the supervisory board, due to which the supervisory board does not have the minimum number of members required by law or the Articles of Association for taking valid business decisions, the credit institution shall submit an application for granting prior approval to the Croatian National Bank no later than two months after the occurrence of such events.

(3) By way of derogation from paragraphs (1) and (2) of this Article, a credit institution shall not be required to obtain prior approval from the Croatian National Bank for persons appointed by court in accordance with Article 39, paragraph (3) and Article 46, paragraph (3) of the Credit Institutions Act, or the supervisory board in accordance with Article 39, paragraph (13) of the Credit Institutions Act.

(4) The application for granting prior approval for the appointment of the chairperson or a member of the management board or supervisory board shall include at least the following information and data:

- 1) information on the credit institution, including its name, personal identification number (OIB), legal identifier code (LEI), business entity registration number (MBS), head office, the grounds for the decision on candidate selection, name and surname of the contact person of the credit institution (e-mail address, telephone number);
- 2) personal information on the appointee or person selected, including his/her name, gender, whether the person changed his/her name and/or surname or gender and details thereof, including the date of the change, place and date of birth, current address (domicile), including the country and postal code, whether the person has lived in a country other than the country of domicile in the last five years and details thereof, citizenship, identity card or passport number, country of issue, personal identification number (OIB) or equivalent thereof and other personal information, such as the telephone number and e-mail address, information on compliance with the criteria for membership

in the management board or supervisory board in accordance with the provisions of the act governing the operation of undertakings and information about the Croatian language proficiency level (only for foreign nationals);

- 3) information on whether any previous suitability assessment of the candidate has been carried out by another competent authority in the financial sector (including the identity of that authority or institution, the nature and duration of the functions performed and the date of assessment), provide an explanation if the assessment has resulted in a negative decision, revocation of approval to perform the function in question or if the decision has been adopted with conditions, obligations (order) or recommendations;
- 4) information on the function the candidate is appointed to or selected for (chairperson or member of the management or supervisory board or a person responsible for directing the business of a branch of a third-country credit institution), planned beginning and duration of the term of office, a detailed description of the tasks and responsibilities of the candidate and business areas for which he/she will be responsible, reporting lines of the function the candidate is being appointed to, whether the candidate performs any other function in the institution he/she is being appointed to, whether the candidate is appointed to the function of an independent member of the supervisory board in accordance with Article 45, paragraphs (3) and (4) of the Credit Institutions Act, the name and surname of the person the candidate will replace (where the candidate is replacing a member of the management board or supervisory board), whether the candidate is reappointed to the management board or supervisory board, what are the candidate's functions in supervisory board committees (where applicable) and, where the application is not submitted within the prescribed time limit, an explanation of the reasons why it has not been submitted within that time limit;
- 5) information on the candidate's educational background, including the level of the diploma or certificate, level of educational qualification obtained, field of study, type of educational organisation (e.g. university, etc.);
- 6) information on the candidate's work experience, for the positions held or functions performed by the candidate in the last ten years, the following shall be specified:
  - a) the type of function and its position in the hierarchy;
  - b) the knowledge the candidate has acquired in that function;
  - c) the organisational structure of the employer at the time of performing the function or holding the position;
  - d) the scope of competences, decision-making powers and responsibilities;
  - e) the name and type of the entity in which the candidate performed the function;
  - f) the number of subordinates; and
  - g) the periods during which the function was performed;
- 7) information on potential complementary or compensatory factors (e.g. specialised knowledge and acquired experience required by the credit institution, an exceptionally successful professional career or specific required experience suited for the special role to be fulfilled or areas of competence to be covered by the candidate, etc.), based on which it may be considered that the candidate has adequate work experience although he/she does not have the required length of work experience (applicable where the candidate does not have the required length of work experience);
- 8) information on the assessed level of banking experience by individual business areas;
- 9) information on the candidate's professional training in the last five years, including details such as the fields, duration and completion years of training;
- 10) information on induction training, such as the fields, providers and duration (number of hours) of training, with an indication of whether induction training will be held before the beginning of the candidate's term of office or within the first year of assuming the function and with a separate indication of the planned beginning and completion of the training if it begins more than six months after assuming the function;
- 11) information on whether any proceedings have been initiated against the candidate, or whether the candidate has been convicted by a judgement with final force and effect of one or more criminal

- offences referred to in Article 25, paragraph (2) of the Credit Institutions Act or of any other criminal offence, including any predicate offence related to money laundering as defined in the regulations governing the prevention of money laundering and terrorist financing;
- 12) information on whether the candidate has been convicted by a judgement with final force and effect of any misdemeanour or whether the candidate has been imposed a security or some other measure or an administrative sanction, whether criminal proceedings or investigations have been initiated against the candidate or whether the candidate has been or is under investigation or subject to proceedings by competent supervisory authorities, other bodies governed by public law or courts for irregularities or non-compliance with any of the regulations governing banking, financial or insurance activities or governing capital markets, securities or payment instruments, or regulations governing the provision of financial services or any other relevant regulations or if there are other adverse reports with relevant, credible and reliable information (e.g. as part of whistleblowing procedures) or whether the Croatian National Bank or another competent authority has notified the candidate of its intention to initiate sanctioning proceedings or whether the candidate has been negotiating with the Croatian National Bank or another competent authority the conditions of admitting guilt and the sanctions and measures to be imposed, and that may give rise to doubt as to the good repute, honesty and integrity of the candidate;
  - 13) information on whether any proceedings have been initiated against the candidate, or whether the candidate has been convicted by a judgement with final force and effect of any misdemeanour or administrative sanction not listed in item (12), which might adversely affect the candidate's financial stability, and his/her good repute, honesty and integrity;
  - 14) information on whether the candidate is or has been a party to any civil, administrative or out-of-court proceedings (in all stages of the proceedings), whether the candidate has been or is subject to investigation or sanctioning proceedings or whether measures have been imposed on the candidate (including warnings, etc.) by competent authorities or other bodies governed by public law in all jurisdictions;
  - 15) if the answer to any of the questions referred to in items (11) to (14) is affirmative, detailed information on the proceedings or judgement or sanction;
  - 16) information on whether bankruptcy or similar proceedings have been initiated against the candidate or the undertaking he/she has managed and, if the answer is affirmative, a detailed explanation thereof;
  - 17) information on whether the candidate has ever been refused an application for registration (entry in the register), approval, membership or license to carry out a trade, business or profession or whether the candidate's registration, approval, membership or license has been revoked, withdrawn, suspended or expired, whether the candidate has ever been dismissed from work or removed from a management or similar position or had his/her powers of representation withdrawn or has the candidate ever been subject to disciplinary or similar measures;
  - 18) information on the candidate's financial position, including the information on whether the candidate's property and income threaten his/her ability to meet his/her financial obligations in the future, whether the candidate's name is included in any list of unreliable debtors and whether foreclosure or bankruptcy proceedings or personal bankruptcy proceedings have been initiated over the candidate's property;
  - 19) information on the financial and business results of undertakings in which the candidate is or has been a significant shareholder, or in which the candidate has or has had significant holdings, or in which he/she has performed the function of a member of the management board or other managerial function, including the information on whether pre-bankruptcy settlement proceedings have been carried out or bankruptcy proceedings initiated against the undertaking, whether extraordinary administration proceedings have been initiated, a decision on the compulsory winding-up has been rendered or the undertaking's authorisation has been revoked and whether it has received extraordinary public financial support, or whether it has been subject to reconstruction, recovery or resolution;

- 20) information on the candidate's personal relationships with members of the management board or supervisory board or key function holders in the credit institution, its parent undertaking or subsidiary, holders of qualifying holdings in the credit institution, suppliers, consultancies, other service providers or competitors of the credit institution, its parent undertaking or subsidiary;
- 21) information on whether the candidate is directly or indirectly involved in any court proceedings or out-of-court proceedings (including conciliation, arbitration, etc.) against the credit institution, its parent undertaking or subsidiary or holders of qualifying holdings in the credit institution;
- 22) information on whether the candidate has or has had a business, or commercial relationship with the credit institution, its parent undertaking or subsidiary, a holder of a qualifying holding in the credit institution, clients, suppliers, consultancies, other service providers or competitors of the credit institution, its parent undertaking or subsidiary and if yes, details thereof;
- 23) information on whether a cooling-off period has been set during which the candidate may not assume or start to perform the function he/she is being appointed to due to the potential conflict of interest;
- 24) information on whether the candidate has financial obligations towards the credit institution, its parent undertaking and subsidiaries or holders of qualifying holdings and, if the answer is affirmative, details thereof;
- 25) information on whether the candidate has any financial interests, such as ownership rights or investments in the credit institution, parent institution or subsidiary and in clients, suppliers or competitors of the credit institution, its parent undertaking or subsidiary and, if the answer is affirmative, details thereof;
- 26) information on whether the candidate represents a shareholder of the credit institution, its parent undertaking or subsidiary, and whether the candidate has been proposed for the function of the member of the supervisory board by a significant shareholder and, if the answer is affirmative, details thereof;
- 27) information on whether the candidate currently has or has had in the past two years any position of high political influence (internationally, nationally or locally) and whether the candidate has a relationship with politically exposed persons and, if the answer is affirmative, details thereof;
- 28) information on whether the candidate has any other relationships, positions or involvement that are not covered in the questions above and could affect the interests of the credit institution and, if the answer is affirmative, details thereof;
- 29) if the answer to any questions related to the conflict of interest is affirmative, information should be provided on the assessment of whether that conflict of interest is material (if it is not considered material, justify this finding) and indicate how the potential conflict of interest is proposed to be mitigated or managed;
- 30) assessment by the credit institution regarding the time needed to commit to the functions to which the candidate is being appointed to;
- 31) assessment by the candidate regarding his/her time commitment for the function he/she is being appointed to (specify the expected total days per year), information on whether the candidate has sufficient time available to perform the function he/she is being appointed to and responsibilities it covers, whether the candidate is employed full time;
- 32) function-related information that are taken into account when assessing whether the candidate can fulfil the criteria of sufficient time commitment as well as details about these functions, including the number of functions that are taken into account when determining the restrictions on the number of functions that the candidate may perform simultaneously in accordance with Article 11 of the Decision;
- 33) information on whether this appointment is compliant with the credit institution's internal target or rules for gender diversity in the composition of the management board and supervisory board, whether this appointment is compliant with the credit institution's internal policies/rules for other aspects of diversity (such as education, professional experience, age and geographical provenance);
- 34) information on results of collective suitability assessment of the management/supervisory board carried out by the credit institution also including the assessment results by individual assessment

segment and a description of the extent to which the candidate contributes to the collective suitability of the management board and supervisory board and an explanation of the shortcomings that have been identified in the collective composition of the management board and supervisory board and to what extent the candidate can remedy the identified shortcomings and whether the candidate may remedy some or all of these shortcomings.

(5) The application for granting prior approval to the chairperson or a member of the management board or supervisory board shall be submitted to the Croatian National Bank by means of the relevant IT system, electronically or in writing.

(6) The application referred to in paragraph (4) of this Article shall be accompanied by the following documents:

- 1) a decision on the appointment of the chairperson or a member of the management board or supervisory board conditioned by prior approval of the Croatian National Bank, or, if the Articles of Association provide that an individual shareholder appoints a certain number of members of supervisory board, the decision of that shareholder on the appointment of the member of the supervisory board, conditioned by prior approval of the Croatian National Bank;
- 2) the minutes of the supervisory board meeting at which the decision on the appointment of the chairperson or a member of the management board has been adopted, the minutes of the general meeting at which the decision on the appointment of a supervisory board member has been adopted or draft minutes, if the final version of the minutes is not available, and proposal of supervisory board members on the appointment of the candidate as the chairperson of the supervisory board, where applicable;
- 3) a copy of the identity card or the passport (for foreign nationals, together with a certified translation into Croatian);
- 4) an original or a copy of the diploma or equivalent document certified by a foreign educational institution that issued the diploma or a certified translation of the copy of the diploma or equivalent document certified by the foreign educational institution that issued the diploma;
- 5) a certificate issued by the legal person or entity (employer) in which the candidate has acquired the experience referred to in Articles 7 and 9 of this Decision, specifying the type of function and its position in the hierarchy, the knowledge that the candidate has acquired in that function, a description of the nature and complexity of the candidate's activities in that function, including the organisational structure of the employer at which these activities or functions were performed, a description of the scope of his/her competences, decision-making powers and responsibilities, the name and type of the entity (employer), the number of subordinates and the periods during which the function was performed (applicable for candidates who, at the time of application, do not perform the function of the chairperson, a member of the management or supervisory board of a credit institution in the Republic of Croatia);
- 6) a statement by the candidate set out in the Appendix to this Decision;
- 7) a statement by the credit institution on the measures planned or taken to mitigate or eliminate the conflict of interest referred to in Article 8, paragraph (11) of this Decision, in case of conflicts of interest that can be managed;
- 8) the work programme referred to in Article 14 of this Decision, signed by the candidate and stipulating the date of its creation, with the decision of the supervisory board providing approval to the candidate's work programme in accordance with Article 48 of the Credit Institutions Act (applicable for a candidate appointed as chairperson or a member of the management board);
- 9) an excerpt from criminal history records and misdemeanour records for:
  - a) the nationals of the Republic of Croatia, the statement issued by a municipal court on whether criminal proceedings have been initiated against the candidate, not older than one month from the date when the application for granting prior approval was submitted;
  - b) for foreign nationals and the nationals of the Republic of Croatia who have lived outside the Republic of Croatia during the past five years, information showing that the candidate has not been convicted of a misdemeanour or has not been subject to administrative sanctions, whether criminal offence or misdemeanour proceedings or proceedings for imposing

administrative sanctions have been initiated against the candidate and whether the candidate has been convicted by a judgement with final force and effect of a criminal offence, not older than one month from the date when the application for granting prior approval was submitted (information should cover all jurisdictions in which the candidate has lived during the past five years); and

- 10) a list of short-listed candidates or an explanation why it has not been submitted;
- 11) a curriculum vitae of the candidate.

(7) Where an application is submitted in case a person is reappointed to the credit institution's management board or supervisory board, the documents referred to in items (4), (5) and (10) of paragraph (6) of this Article shall not be required to be attached to the application for granting prior approval.

(8) In the case referred to in paragraph (7) of this Article, where the areas of competence of the person being reappointed to the management board of the credit institution have changed, the Croatian National Bank shall, in addition to other suitability criteria, assess its experience, knowledge and skills.

(9) In addition to the documents referred to in paragraph (6) of this Article, the application may be accompanied by other documents testifying to the candidate's good repute, honesty, integrity, independence of mind, knowledge, skills and experience.

(10) The Croatian National Bank may require from a credit institution which has filed an application for granting prior approval for the appointment of the chairperson or a member of the management board or supervisory board to submit other documents, data and information proving that the candidate meets the criteria for the chairperson or a member of the management board or supervisory board.

(11) The application referred to in paragraph (2) of this Article shall be deemed complete only after a credit institution submits all information and documents referred to in paragraphs (4), (6) and (10) of this Article and, where applicable, after conducting an interview with the candidate referred to in Article 15 of this Decision.

(12) When deciding on the application referred to in paragraph (2) of this Article, the Croatian National Bank and the European Central Bank shall carry out their tasks within the Single Supervisory Mechanism in accordance with Article 6 of Regulation (EU) No 1024/2013."

#### **Article 9**

In Article 14, paragraph (1), after the words "work programme", the words "referred to in Article 13, paragraph (5), item (10) of this Decision" are deleted.

#### **Article 10**

In Article 15, paragraph (1), before the words "the Croatian National Bank may, pursuant to Article 39, paragraph (8) and Article 46, paragraph (8) of the Credit Institutions Act", the words "In the process of deciding on granting the prior approval" are deleted.

#### **Article 11**

In Article 16, paragraph (1) is amended to read:

"(1) A credit institution shall, at least once a year, not later than 30 June of the current year for the previous year, submit to the Croatian National Bank the updated information referred to in Article 13, paragraph (4) of this Decision for the chairperson and members of the management board and supervisory board, accompanied by a reasoned result of the regular suitability assessment carried out by the credit institution."

In paragraph (2), the words "provided in the questionnaire" are replaced by the words "referred to in Article 13, paragraph (4) of this Decision".

#### **Article 12**

In Article 20, after paragraph (5), a new paragraph (6) is inserted which reads:

"(6) Where there are reasonable grounds to suspect that money laundering or terrorist financing has been or is being committed or attempted or there is an increased risk thereof, a credit institution shall carry out without delay an extraordinary suitability assessment of the chairperson, a member of the management board and supervisory board or a key function holder, in particular in the following situations:

- 1) the credit institution has not implemented appropriate internal controls or systems to manage, monitor and mitigate money laundering and terrorist financing risks (e.g. identified by supervisory findings from on-site or off-site examinations, other supervisory activities or in the course of proceedings for imposing administrative sanctions);
- 2) the credit institution has breached its obligations related to the prevention of money laundering and terrorist financing in the Republic of Croatia or in a host Member State in which it provides services directly or through a branch or in a third country in which it operates through a branch; or
- 3) the credit institution has materially changed its business activity or business model in a manner that suggests that its exposure to money laundering and terrorist financing risks has significantly increased."

The former paragraphs (6) to (9) become paragraphs (7) to (10).

In paragraph (7), which becomes paragraph (8), the words "paragraph (5)" are replaced by the words "paragraphs (5) and (6)".

In paragraph (9), which becomes paragraph (10), the words "paragraph (8)" are replaced by the words "paragraph (9)".

#### **Article 13**

In Article 24, after item (5), the word "and" is deleted and a new item (6) is inserted which reads:

"(6) where there are reasonable grounds to suspect that money laundering or terrorist financing has been or is being committed or attempted or there is an increased risk thereof, in particular in the situations described in Article 20, paragraph (6) of this Decision; and".

The former item (6) becomes item (7).

#### **Article 14**

In Article (25), paragraphs (3) and (4) are amended to read:

"(3) A credit institution's diversity policy shall take into account the following diversity aspects:

- 1) education;
- 2) professional experience;
- 3) gender;
- 4) age; and
- 5) geographical provenance, where applicable.

(4) A significant credit institution shall in a meaningful way quantify the targeted participation of the underrepresented gender in the management board and supervisory board and determine the strategy and timeframe within which the target should be met. In the context of regular suitability assessment of the

management board and supervisory board, a significant credit institution shall assess its compliance against the target relating to the number of the underrepresented gender and if the target has not been met, it shall provide an explanation of the reasons for not meeting the target, the measures it will take and the timeframe within which the target will be met."

#### **Article 15**

In Article 26, paragraph (1), after the words "and their role in the credit institution", the words "as well as to remedy any shortcomings identified when assessing the candidate's suitability" are added.

#### **Article 16**

(1) In Article 1 of this Decision amending Article 3 of the Decision in the part adding item (13) in paragraph (2), the words "an amount equivalent to" are deleted on the date of introduction of the euro as the official currency of the Republic of Croatia.

(2) Applications received before the entry into force of this Decision shall be completed in accordance with the provisions of the regulations in force up to the entry into force of this Decision.

(3) This Decision shall be published in the Official Gazette and shall enter into force on 31 December 2022, with the exception of the provision of Article 1 of this Decision amending Article 3, paragraph (2) of the Decision and Article 8 of this Decision amending Article 13, paragraph (2) of the Decision, which shall enter into force on the date of introduction of the euro as the official currency of the Republic of Croatia.

#### **Article 17**

Appendices 1, 2 and 4 of the Decision are deleted.

The former Appendix 3 of the Decision becomes Appendix to the Decision and is amended as set out in the Appendix to this Decision. The Appendix to this Decision is an integral part of this Decision.

No.: 302-091/08-22/BV  
Zagreb, 31 August 2022

**Boris Vujčić**

Governor

## APPENDIX

### **A STATEMENT THAT THE CANDIDATE FOR THE CHAIRPERSON OR A MEMBER OF THE MANAGEMENT BOARD OR A MEMBER OF THE SUPERVISORY BOARD OF A CREDIT INSTITUTION HAS NOT COMMITTED A CRIMINAL OFFENCE OR MISDEMEANOUR, HAS NOT BEEN SUBJECT TO ADMINISTRATIVE SANCTIONS AND THAT NO CRIMINAL OFFENCE, MISDEMEANOUR OR SIMILAR PROCEEDINGS HAVE BEEN INITIATED AGAINST HIM/HER**

(Information provided in this Statement shall be considered to be a business secret of the Croatian National Bank.)

Name and surname: \_\_\_\_\_

1. Have you been convicted by a judgement with final force and effect of one or more criminal offences referred to in Article 25, paragraph (2), item (1), sub-item (i) of the Credit Institutions Act?

YES/NO

2. Have you been convicted by a judgement with final force and effect of any other criminal offence, including any predicate offence related to money laundering as defined in the regulations governing the prevention of money laundering and terrorist financing?

YES/NO

3. Have you been convicted by a judgement with final force and effect of any misdemeanour or to administrative sanctions?

YES/NO

4. Are you or have you been subject to any criminal proceedings, including all stages of the proceedings?

YES/NO

5. Are you or have you been subject to any misdemeanour or administrative sanction proceedings?

YES/NO

6. Has an investigation been initiated against you?

YES/NO

7. Have you been imposed a security or some other measure and have the competent supervisory authorities or courts initiated proceedings against you for irregularities or non-compliance with any of the regulations governing banking, financial or insurance activities or governing capital markets, securities or payment instruments, regulations governing the provision of financial services, consumer protection or any other relevant regulations?

YES/NO

8. Have you been notified by the Croatian National Bank or any other competent authority of its intention to initiate sanctioning proceedings or have you been negotiating with the Croatian National Bank or another competent authority the conditions of admitting guilt or the sanctions and measures to be imposed?

YES/NO

The questions cover all jurisdictions where you have lived.

If the answer to any of the above questions is affirmative, please elaborate and explain:

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Place and date

Candidate's signature