

Pursuant to Article 45, paragraph (5) of the Credit Institutions Act (Official Gazette 117/2008), Article 29 and Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008), the Governor of the Croatian National Bank hereby issues the

## **DECISION**

### **on the criteria and procedure for granting prior approval of the Croatian National Bank for the appointment of the chairperson or a member of the management board of a credit institution**

#### **I GENERAL PROVISIONS**

##### **Article 1**

(1) This Decision shall prescribe in detail the criteria for membership in the management board of a credit institution, the procedure for granting prior approval and the documentation to be enclosed with the application for granting prior approval for the appointment of the chairperson or a member of the management board of a credit institution.

(2) The provisions of this Decision shall also apply, as appropriate, to the appointment of the persons to be responsible for managing the operations of a branch of a third-country credit institution.

(3) The provisions of Article 3 of this Decision shall also apply, as appropriate, to the appointment of the members of the management board of a financial holding company having its registered office in the Republic of Croatia.

##### **Article 2**

The Council of the Croatian National Bank shall adopt a decision on granting prior approval for the appointment of the chairperson or a member of the management board of a credit institution based on the proposal from the Approval Commission.

## II CRITERIA FOR MEMBERSHIP IN THE MANAGEMENT BOARD OF A CREDIT INSTITUTION

### Article 3

(1) The chairperson or a member of the management board of a credit institution may only be a person who meets the criteria prescribed in Article 45 of the Credit Institutions Act and who obtains prior approval of the Croatian National Bank to perform the function of the chairperson or a member of the management board.

(2) A person shall be considered to have a good reputation within the meaning of Article 45, paragraph (1), item (6) of the Credit Institutions Act provided that:

- 1) he/she has by his/her professional work and personal integrity achieved good results and earned respect in the previous working environment;
- 2) he/she has not been convicted by a final judgment of one or more crimes referred to in Article 239, paragraph (2) of the Companies Act and Article 45, paragraph (1), item (7) of the Credit Institutions Act; or if he/she is a foreign national, that he/she has not been convicted by a final judgement of one or more crimes which by definition correspond to these crimes; and that
- 3) he/she is not subject to investigation or criminal proceedings for a crime prosecuted *ex officio*.

(3) The following shall be considered as experience in management positions in a credit institution within the meaning of Article 45, paragraph (2) of the Credit Institutions Act:

- 1) experience of serving on the management board of a credit institution;
- 2) experience in the management of the areas and other organisational units of a credit institution which are essential for performing its core activity;
- 3) experience in the management of a branch of a credit institution having a relatively high degree of autonomy;
- 4) experience of a procurator of a credit institution or advisor to the management board of a credit institution, provided that these positions in the organisational structure of such a credit institution are equal in rank to those of managers of its areas and other organisational units which are essential for performing its core activity.

Experience in the management of operations which are not specific to a credit institution and are also performed by other undertakings (e.g. the management of general services and human resources operations, etc.) may be considered as experience in the management positions in a credit institution provided that a candidate is appointed to the management board of a credit institution consisting of more than four members and that the Articles of Association or another general bylaw of the credit institution provide for the allocation of responsibilities among the management board members whereby the candidate is entrusted exclusively with such operations.

(4) Experience in the management of operations comparable to the activities of a credit institution or other similar operations within the meaning of Article 45, paragraph (2) of the Credit Institutions Act shall imply the management of operations primarily in financial institutions, legal persons or government administration bodies wherein financial operations are fundamental operations constituting their core activity which, according to the assessment

of the Approval Commission, might have provided the candidate with practical knowledge of the operations of a credit institution.

(5) By way of derogation from paragraph (4) of this Article, the Approval Commission may take into account experience in the management of financial operations in other institutions or legal persons, but only provided that a candidate has performed these operations at the management board level or level immediately below that and that judging by this institution's or legal person's significance for the economy and by the scope and character of its financial operations it may be reasonably assumed that the candidate gained a practical knowledge of the operation of a credit institution.

### **III PROCEDURE FOR GRANTING APPROVAL AND THE DOCUMENTATION ACCOMPANYING THE APPLICATION**

#### **Article 4**

(1) Prior to adopting a decision to appoint the chairperson or a member of the management board, the supervisory board of a credit institution shall obtain prior approval of the Croatian National Bank for the appointment of the chairperson or a member of the management board of a credit institution. The application shall be filed with the Approval Commission of the Croatian National Bank, no later than three (3) months before the expiry of the term of office of the chairperson or a member of the credit institution management board.

(2) The application referred to in paragraph (1) of this Article shall include an explanation of the main reasons for its submission and the objectives to be achieved by appointing a candidate to the management board of a credit institution. The following documents shall be submitted with the application:

- 1) a certified copy of the citizenship certificate (for foreign nationals, a certified copy of the passport);
- 2) a certified copy of the diploma (or a Croatian translation of a foreign university diploma certified by a sworn and certified court interpreter);
- 3) candidates appointed for the first time to the management board of a credit institution in the Republic of Croatia shall also submit proof of a minimum of three years of experience in management positions in a credit institution or of five years of experience in managing operations comparable to the activities of a credit institution or similar to them;
- 4) a no criminal record certificate relating to the crimes which by definition correspond to the crimes referred to in Article 45, paragraph (1), item (7) of the Credit Institutions Act and Article 239, paragraph (2) of the Companies Act, not older than three months (only for foreign nationals);
- 5) a completed copy of the Questionnaire (Appendix 1 to this Decision); and
- 6) a work programme with financial statement projections for the period for which a candidate is appointed as chairperson or member of the management board of a credit institution.

(3) The mandatory framework of the work programme of a candidate for the chairperson of the management board of a credit institution referred to in paragraph (2), item (6) of this Article shall include the following:

- 1) a brief description of the condition in the credit institution wherein he/she is proposed to be appointed as chairperson of the management board;
- 2) a description of the business environment of a credit institution and its position in relation to the specific segment of the credit institution sector comprising the credit institution in question, and in relation to the competition (preferably stating the advantages and also some disadvantages in relation to peer groups);
- 3) a description of the assumptions used in planning;
- 4) a detailed description of the activities planned for the period of the term of office (including the implementation dynamics), with an emphasis put on major changes to the current condition;
- 5) balance sheet and income statement projections for the period of the term of office;
- 6) a detailed description of activities supporting core activities and infrastructural adjustments (the information technology system, internal policies and procedures, internal control system, etc.);
- 7) depending on the activities planned, an assessment of organisational adjustments required and a detailed breakdown of the new scheme indicating new appointments to key positions in the credit institution;
- 8) the allocation of powers among the management board members, including the chairperson of the management board (with an explanation and stating the changes to the current condition and the changes, if any, to the management board);
- 9) a detailed description of the human resources policy planned;
- 10) a conclusion (summarising the contents of the previous items).

(4) In compiling the work programme referred to in paragraph (2), item (6) of this Article, a candidate for a member of the management board of a credit institution shall take into consideration the credit institution's strategic business plan presented by the chairperson of the management board and approved by the supervisory board of the credit institution. On this basis, a candidate for a member of the management board shall elaborate in detail the elements contained in the mandatory framework of the work programme of a candidate for the chairperson of the management board which are relevant for the realisation and effects of the activities planned within the scope of his/her future work and responsibilities.

(5) Where a person is reappointed to the management board of a credit institution, the application of the supervisory board for granting prior approval shall be accompanied only by a completed copy of the Questionnaire and the candidate's work programme.

(6) Where a person proposed as a candidate by the supervisory board gained the experience prescribed in Article 45, paragraph (2) of the Credit Institutions Act and Article 3, paragraphs (3) and (4) of this Decision outside the Republic of Croatia, he/she shall, in addition to the documents prescribed in paragraph (2) of this Article, submit with the application for granting prior approval a certificate of experience issued by the legal person in which the candidate gained the relevant experience.

(7) In addition to the documents referred to in paragraph (2) of this Article, the supervisory board may also submit other documents testifying to the abilities, experience and personal

integrity of a candidate for the chairperson or a member of the management board of a credit institution.

(8) The Approval Commission 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 to submit other documents as proof that the candidate meets the criteria for the chairperson or a member of the management board prescribed by the Credit Institutions Act and this Decision.

## **Article 5**

(1) A candidate shall give true and complete answers to the questions in the Questionnaire and provide a detailed account of his/her relationship with the credit institution to whose management board he/she is proposed to be appointed and with other credit institutions and undertakings, as well as of financial, management or any other relationships with the persons he/she is considered to be connected with within the meaning of Article 24 of the Credit Institution Act.

(2) A candidate appointed for the first time as chairperson or member of the management board of a credit institution in the Republic of Croatia shall state in the Questionnaire the names of at least two persons from the fields of banking and finance who have by their successful work performance built a professional and personal reputation and who can give opinion on the candidate's professional competence and integrity and give recommendation for his/her appointment, provided that these persons do not perform any functions on the supervisory or management board of a credit institution to whose management board the candidate is appointed or of a credit institution which is a member of the same group as the credit institution to whose management board the candidate is appointed. Prior to holding a discussion on the application for granting prior approval for the appointment of the chairman or a member of the management board of a credit institution, the Approval Commission shall obtain the recommendations from the persons whose names the candidate stated in the Questionnaire.

(3) The persons who have by their successful work performance built a professional and personal reputation within the meaning of paragraph (2) of this Article shall be considered to be those persons who perform or have performed the function of the chairperson/a member of the management board of a credit institution or another financial institution, scientists, university professors and persons who manage or have managed government bodies responsible for the supervision of credit institutions and other financial institutions, and who have become acquainted with the candidates and their professional competence, abilities and moral qualities through personal or professional contacts.

## **Article 6**

(1) In the event that a candidate has performed a function on the management board of a credit institution or another legal person outside the Republic of Croatia, the Approval Commission may seek information from the responsible supervisory authority of the country in which the candidate has performed that function on whether any remedial measures or measures to ensure compliance of operations with laws and other regulations were imposed

against that credit institution or legal person in the period when the candidate performed that function, i.e. whether the supervisory authority has any knowledge as to whether the candidate was personally responsible for any illegalities or irregularities in the operation of that credit institution or legal person.

#### **Article 7**

(1) The Approval Commission shall require from the supervisory board which has submitted incomplete documentation to complete it within a period not shorter than eight (8) days.

(2) Where the supervisory board of a credit institution fails to complete the documentation within the stated period or provide justification for late submission, the Approval Commission shall propose that the Council of the Croatian National Bank adopt its decision based on the available documents.

#### **Article 8**

Prior to adopting a decision on an application for granting prior approval, the Approval Commission may invite a candidate to present his/her programme of work and management of a credit institution's operations for the following term of office period.

#### **Article 9**

(1) On the basis of the available documentation, data and information, the Approval Commission shall decide to propose to the Council of the Croatian National Bank that it adopt a decision on the application for granting prior approval for the appointment of the chairperson or a member of the management board of a credit institution.

(2) When deciding on such a proposal, the Commission shall take into account the candidate's professional qualifications, abilities and experience, his/her success in the management of operations in a credit institution or another legal person and his/her relationships with any credit institution or another legal person which may affect his/her future management of the credit institution.

(3) Where it establishes that a candidate fails to meet the criteria prescribed by the Credit Institutions Act or where it assesses that the activities and operations performed or actions previously taken by the candidate might jeopardise the credit institution operation under risk management rules, the Approval Commission shall propose to the Council of the Croatian National Bank that it refuse the application for granting prior approval for the appointment of the chairperson or a member of the management board of a credit institution.

#### **Article 10**

(1) A credit institution shall be notifying the Croatian National Bank of the status of the information submitted with the application based on which the Croatian National Bank has granted prior approval for the appointment of the chairperson and members of the management board of a credit institution.

(2) A credit institution shall submit a notification on the information status referred to in paragraph (1) of this Article on an annual basis at a minimum and at the latest by 31 January of the current year for the previous year.

(3) By way of derogation from paragraph (2) of this Article, a credit institution shall immediately notify the Croatian National Bank of any substantial change in the information referred to in paragraph (1) of this Article, at the latest within eight days after such a change is observed.

#### **IV TRANSITIONAL AND FINAL PROVISIONS**

##### **Article 11**

(1) As of the day of its entering into force, this Decision shall supersede the Decision on the procedure for granting prior approval of the Croatian National Bank for the appointment of a bank management board member (Official Gazette 95/2003 and 59/2005).

(2) 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.

##### **Article 12**

This Decision shall enter into force on the eight day after its publication in the Official Gazette.

No.: 14-020/01-09/ŽR  
Zagreb, 2 January 2009

**Croatian National Bank**  
**Council Chairman**  
**Governor**  
**Željko Rohatinski, m.p.**

**QUESTIONNAIRE****TO THE CANDIDATE FOR THE CHAIRPERSON OR A MEMBER OF A CREDIT INSTITUTION MANAGEMENT BOARD**

(Information provided in this Questionnaire is considered as business secret of the Croatian National Bank.)

1 FIRM NAME AND REGISTERED OFFICE OF THE CREDIT INSTITUTION	
2 CANDIDATE PERSONAL INFORMATION	
a) Name and surname	
b) Residential address	
c) Date and place of birth	
d) Citizenship	
e) Telephone number at work	
f) Telefax number at work	
g) E-mail address	
3 EDUCATIONAL BACKGROUND <i>(Please list in chronological order all educational levels completed, completion years, completion periods and academic titles received.)</i>	
4 CROATIAN PROFICIENCY LEVEL <i>(For foreign nationals only)</i>	
5 ADVANCED VOCATIONAL TRAINING <i>(Please list in chronological order all advanced vocational training courses attended, course topics, organisers and lengths.)</i>	

<p><b>6 WORK EXPERIENCE</b>  <i>(Please list in chronological order all employers and positions held up to date, specifying the periods of employment.)</i></p>	
<p><b>7 NAMES, FUNCTIONS AND ADDRESSES OF TWO PERSONS FROM THE FIELDS OF BANKING AND FINANCE WHO CAN GIVE OPINION ON YOUR PROFESSIONAL COMPETENCE AND INTEGRITY</b>  <i>(If these persons no longer perform the functions referred to in Article 5, paragraph (3) of this Decision, please specify when and where they performed these functions.)</i></p>	<p>1. 2.</p>
<p><b>8 Do you or the persons considered to be connected with you within the meaning of the Credit Institutions Act have any financial relationships with the credit institution (credits, guarantees, etc.)? Please specify details.</b></p>	
<p><b>9 Do you or the persons considered to be connected with you within the meaning of the Credit Institutions Act have a holding or any other financial interest in the credit institution? Please specify details.</b></p>	
<p><b>10 Are you or the persons considered to be connected with you within the meaning of the Credit Institutions Act shareholders in any other credit institution or undertaking, or do you have any other financial interest in any other credit institution or undertaking? Are you a member of the management or supervisory board or procurator, or do you in any other way participate in the creation and implementation of business policy in any other credit institution, financial institution or undertaking? Please specify details.</b></p>	
<p><b>11 Have the credit institutions, financial institutions or other legal persons wherein you performed management functions (acting as the chairperson or a member of the management or supervisory board,</b></p>	

<p>director or procurator) or in any other way participated in the creation and implementation of business policy, encountered financial difficulties which resulted in the initiation of rehabilitation or bankruptcy proceedings against those institutions or legal persons? Please specify details.</p>	
<p>12 Have you ever been convicted of one or more crimes referred to in Article 239, paragraph (2) of the Companies Act and Article 45, paragraph (1), item (7) of the Credit Institutions Act? If you are a foreign national or if you have lived outside the Republic of Croatia, have you ever been convicted abroad of any crimes comparable to those referred to in Article 239, paragraph (2) of the Companies Act and Article 45, paragraph (1), item (7) of the Credit Institutions Act?</p> <p>Are there any investigation or criminal proceedings pending against you within the meaning of Article 3, paragraph (2), item (3) of this Decision?</p> <p>If your answer is "yes", please specify details.</p>	
<p>13 Have the credit institutions, financial institutions or other legal persons wherein you performed management functions (acting as the chairperson or a member of the management or supervisory board, director or procurator) or in any other way participated in the creation and implementation of business policy, been subject to remedial measures, or has their authorisation been withdrawn by the authority responsible for the supervision? If your answer is "yes", please specify details.</p>	
<p>14 Have responsible government authorities established any major irregularities in the operation or serious infringements of laws regulating the operation of credit institutions, financial institutions or other legal persons in the credit institutions, financial institutions or</p>	

<p>other legal persons wherein you performed management functions (acting as the chairperson or a member of the management or supervisory board, director or procurator) or in any other way participated in the creation or implementation of business policy? If your answer is "yes", please specify details.</p>	
<p>15 Has your professional competence ever been assessed by an authority responsible for the supervision of credit institutions, financial institutions or other legal persons? Have you ever been refused or revoked approval for the performance of management functions or activities in the said area of operation by any of the abovementioned authorities? If your answer is "yes", please specify details.</p>	
<p>16. Are you, on the date of completion of this Questionnaire, in default of any financial obligations? If your answer is "yes", please specify details.</p>	
<p>17 According to your opinion, are there any other facts that could by reasonable judgment be considered important for the assessment of your suitability to perform the function of the chairperson or a member of the management board of the credit institution (e.g. any facts and circumstances related to your professional qualifications, possible financial difficulties or conflicts of interests)? Please specify details.</p>	

I confirm 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.

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

Place and date: \_\_\_\_\_

Signature of the candidate: \_\_\_\_\_