



HNB

EUROSUSTAV

GOVERNOR

Pursuant to Article 97, paragraph (13) of the Credit Institutions Act (Official Gazette 22/2026; hereinafter: 'Credit Institutions Act') 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 the method of exercising supervision of credit institutions and imposing measures

I GENERAL PROVISIONS

Subject of Decision

Article 1

(1) This Decision prescribes:

- 1) the conditions and methods of exercising supervision and imposing measures; and
- 2) the obligations of credit institutions' bodies and other persons referred to in Article 97 of the Credit Institutions Act during and after supervision exercised by the Croatian National Bank.

(2) The provisions of this Decision shall apply when the Croatian National Bank is exercising its supervisory powers under the Credit Institutions Act, with the exception of the provisions of Title XXIII of that Act, to:

- 1) credit institutions with a head office in the Republic of Croatia authorised in accordance with the Credit Institutions Act;
- 2) branches of credit institutions referred to in item (1) of this paragraph providing services outside the Republic of Croatia.

(3) The provisions of this Decision shall also apply, *mutatis mutandis*, to the execution of the powers of the Croatian National Bank referred to in Titles X and XI of the Credit Institutions Act over:

- 1) branches of credit institutions with a head office in another Member State providing services in the Republic of Croatia when the Croatian National Bank is exercising supervision in accordance with Article 125 of the Credit Institutions Act;
- 2) third-country branches authorised in accordance with the Credit Institutions Act by the Croatian National Bank to establish a third-country branch;
- 3) financial holding companies, mixed-financial holding companies and designated entities referred to in Title X of the Credit Institutions Act;
- 4) other persons referred to in Article 97, paragraph (2) of the Credit Institutions Act.

(4) The provisions of this Decision shall apply to the supervision of credit institutions on an individual basis, sub-consolidated basis for a group of credit institutions in the Republic of

Croatia and on a consolidated basis when the Croatian National Bank is the consolidating supervisor.

(5) This Decision shall also apply, *mutatis mutandis*, to the procedures followed by the Croatian National Bank in case of receipt of requests to carry out inspection for the purpose of information verification in accordance with Article 151, 154 and 155 of the Credit Institutions Act.

(6) The provisions of this Decision shall not apply in cases where the European Central Bank is executing its tasks within the Single Supervisory Mechanism in accordance with the provisions of Council Regulation No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

Terms used in this Decision

Article 2

(1) For the purposes of this Decision, the following terms shall have the following meaning:

- 1) '*persons authorised by virtue of their employment status*' may include:
 - 1) employees of the Croatian National Bank;
 - 2) employees of the European Central Bank and of other national competent authorities designated in accordance with Article 7 of Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation);
- 2) '*authorised persons*' means persons authorised by the Governor of the Croatian National Bank to carry out on-site inspection, that may include:
 - 1) employees authorised by virtue of their employment status referred to in paragraph (1) of this Article;
 - 2) employees of other competent authorities;
 - 3) a certified auditor, an audit firm or other professionally qualified persons;
- 3) '*on-site inspection team*' consists of the authorised persons referred to in item (2) of this paragraph, of which one person acts as the Head of Mission (HoM);
- 4) '*report on on-site inspection findings*' means the report on inspection findings referred to in Article 97, paragraph (12) of the Credit Institutions Act.

(2) The terms not otherwise defined for the purposes of this Decision shall mean as defined in the Credit Institutions Act or Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance) (OJ L 176, 27. 6. 2013), as last amended by Regulation (EU) 2025/1215 of the European Parliament and of the Council of 17 June 2025 amending Regulation (EU) No 575/2013 as regards requirements for securities financing transactions under the net stable funding ratio (Text with EEA relevance) (OJ L 1215, 25. 6. 2025).

II METHOD OF EXERCISING SUPERVISION

II.1 ONGOING SUPERVISION

Method of exercising ongoing supervision

Article 3

(1) Ongoing supervision shall be conducted by employees authorised by virtue of their employment status.

(2) The Croatian National Bank shall use ongoing supervision to analyse supervisory information that credit institutions are obligated to deliver to the Croatian National Bank, other reports and information delivered by credit institutions to the Croatian National Bank, publicly available non-supervisory information on the credit institution, reports on on-site inspection findings and information collected through supervisory enquiries submitted to credit institutions or at meetings with credit institutions' representatives, their external auditors of financial reports and other supervisors and representatives of relevant competent authorities in the Republic of Croatia, as well as information from other sources.

(3) The Croatian National Bank shall conduct a supervisory review and evaluation process referred to in Article 98 of the Credit Institutions Act in accordance with the provisions of the Credit Institutions Act and this Decision, the guidelines governing common procedures and methodologies for the supervisory review and evaluation process and supervisory stress testing issued by the European Banking Authority and in accordance with the methodologies for conducting supervisory review and evaluation of the European Central Bank and the Croatian National Bank.

II.2 ON-SITE INSPECTION

Exercise of on-site inspection

Article 4

(1) On-site inspection shall be carried out by the on-site inspection team.

(2) On-site inspection is carried out by direct examination of the operations of a credit institution, which is predominantly carried out at the business premises of the credit institution, in its head office and in other locations where the credit institution operates, and after that, to further verify inspection-related information and documents at the premises of the Croatian National Bank.

(3) The on-site inspection of a credit institution shall be carried out as follows:

- 1) notification of the on-site inspection to the credit institution;
- 2) request for information;
- 3) kick-off meeting;
- 4) supervisory activities at the business premises of the credit institution, in the head office of the credit institution and in other locations where the credit institution operates;
- 5) exit meeting based on draft report on on-site inspection findings;
- 6) report on on-site inspection findings.

(4) The Croatian National Bank shall deliver the notification of the on-site inspection to the credit institution as a minimum five days before the beginning of the on-site inspection.

(5) By way of derogation from the provision referred to in paragraph (4) of this Article, in duly justified cases, the Croatian National Bank may deliver the notification of an on-site inspection at the latest just before the commencement of the on-site inspection.

- (6) The notification of the on-site inspection referred to in paragraph (4) of this Article shall contain as a minimum:
- 1) name of the HoM;
 - 2) planned scope of the inspection;
 - 3) information on the planned commencement of the on-site inspection.
- (7) Following the notification of the on-site inspection, the HoM shall deliver to the credit institution:
- 1) a list of on-site inspection team members;
 - 2) a request for information detailing the list of documentation, information and conditions the credit institution has to make available to authorised persons for the purpose of carrying out the on-site inspection.
- (8) The request for information referred to in paragraph (7) of this Article may be supplemented and/or amended, of which the HoM shall inform the credit institution in writing, without delay.
- (9) The scope of on-site inspection may be expanded during on-site inspection if the HoM deems it necessary and the HoM shall notify the credit institution thereof in writing.
- (10) The HoM shall deliver to the credit institution an invitation for the exit meeting at least five working days before the exit meeting is held.

Obligations of credit institutions during and after on-site inspections

Article 5

- (1) A credit institution shall make the necessary arrangements to enable the authorised person, at that person's request, to carry out on-site inspection of operations in the head office of the credit institution and in other locations in which the credit institution, or another person based on the authorisation of the credit institution, carries out the activities and operations covered by the scope of inspection by the Croatian National Bank.
- (2) A credit institution shall grant the authorised person, at that person's request, a read-only access to all relevant IT systems, databases, IT tools, electronic files and data used by the credit institution, and for the purpose of carrying out computer-aided inspection, provide a standard interface for access to the database management system used by the credit institution.
- (3) A credit institution shall ensure that the authorised persons have adequate offices where they can carry out on-site inspection without disturbance and without the presence of other persons.
- (4) A credit institution shall grant the presence of the authorised persons of the credit institution during the on-site inspection referred to in paragraph (3) of this Article, who, when requested by authorised persons may provide relevant explanations in connection with business books and records being inspected.
- (5) The inspection of operations referred to in this Article shall be carried out by the authorised person during the business hours of the credit institution, and where the scope or nature of the inspection require so, the credit institution shall enable the authorised person to carry out inspection also outside the business hours of the credit institution.

End of on-site inspection

Article 6

(1) Following the end of the on-site inspection, the Croatian National Bank shall prepare a draft report and a report on on-site inspection findings, which shall be delivered to the credit institution by the HoM.

(2) The documents referred to in paragraph (1) of this Article shall contain at least relevant inspection information, an executive summary of on-site inspection findings, a table of findings and the established facts.

(3) The inspection findings referred to in paragraph (2) of this Article shall be categorised according to their actual or potential impact on the financial position of the credit institution, level of own funds or own funds requirements covered by the inspection, governance system and risk management. The impact is categorised as follows:

- 1) low impact (F1)
- 2) moderate impact (F2)
- 3) high impact (F3)
- 4) very high impact (F4).

(4) The report on on-site inspection findings referred to in this Article shall be signed by the HoM.

(5) Following the completion of the on-site inspection of a credit institution and delivery of the report on on-site inspection findings, an exit meeting shall be held and, if necessary, a draft action plan agreed upon.

(6) The provisions of this Decision relating to on-site inspection shall also apply, *mutatis mutandis*, to all other entities referred to in Article 1 of this Decision.

Distribution of documents following on-site inspection

Article 7

(1) Following the completion of the on-site inspection, the following supervisory documents shall be delivered to the credit institution's management board:

- 1) a draft report on on-site inspection findings; and
- 2) a report on on-site inspection findings.

(2) A credit institution's management board shall deliver the document referred to in paragraph (1), item (2) of this Article, upon its receipt, to the supervisory board, the internal auditor and the head of the compliance function of the credit institution, without delay.

(3) A credit institution's management board shall deliver to the Croatian National Bank its comments on the draft report on on-site inspection findings, in the manner and within the time limit set by the Croatian National Bank, no later than within 14 working days from the day of the exit meeting.

(4) The Croatian National Bank shall prepare the report on on-site inspection findings taking into account the comments received from the credit institution referred to in paragraph (3) of this Article.

III MEASURES

Measures

Article 8

(1) The Croatian National Bank shall impose supervisory measures under the terms and in the manner prescribed in Titles X, XI and XXX of the Credit Institutions Act.

(2) The Croatian National Bank shall deliver to the credit institution's management board the following supervisory documents:

- 1) a letter of recommendations, where appropriate;
- 2) a draft decision setting out the measures and the time limits for their implementation, where appropriate, and
- 3) a decision setting out the measures and the time limits for their implementation, where appropriate.

(3) A credit institution's management board shall deliver the documents referred to in paragraph (2), items (1) and (3) of this Article upon their receipt to the supervisory board, the internal auditor and the head of the compliance function of the credit institution, without delay.

(4) The procedure referred to in this Article relating to the imposition of supervisory measures shall also apply, *mutatis mutandis*, to the process of recovery plan assessment and imposition of early intervention measures referred to in Title XIX of the Credit Institutions Act and in other cases referred to in Titles X, XI and XVIII of the Credit Institutions Act when the Croatian National Bank adopts decisions prescribed in that Title in accordance with its powers.

IV TRANSITIONAL AND FINAL PROVISIONS

Article 9

(1) On the date of entry into force of this Decision, the Decision on the method of exercising supervision of credit institutions and imposing supervisory measures shall cease to have effect (Official Gazette 87/2021 and 150/2024).

(2) All supervisory and inspection procedures initiated before the entry into force of this Decision shall be completed in accordance with the provisions of this Decision.

Article 10

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

Dec. No.: 205/091/05-26/ BV

Zagreb, 18 May 2026

Boris Vujčić

Governor