

**Official Gazette 19/2024 (16.2.2024), Decision on conducting supervision and imposing supervisory measures in relation to the performance of credit servicing activities**

**THE CROATIAN NATIONAL BANK**

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Pursuant to Article 41, paragraph (6) of the Act on the manner, conditions and procedure for the servicing and sale of claims (Official Gazette 155/2023) 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 conducting supervision and imposing supervisory measures related to the performance of credit servicing activities**

**I GENERAL PROVISIONS**

**Article 1**

In relation to the provision of credit servicing activities, this Decision governs in detail:

- 1) the conditions and the manner of exercising supervision; and
- 2) the conditions and the manner for imposing supervisory measures.

**Article 2**

(1) The provisions of this Decision shall apply to:

- 1) credit purchasers with a registered office in the Republic of Croatia and representatives of credit purchasers designated in accordance with Article 23 of the Act and having a registered office in the Republic of Croatia;
- 2) designated credit servicing entities that are credit institutions with a registered office in the Republic of Croatia;
- 3) credit servicers authorised by the Croatian National Bank;
- 4) credit service providers providing services to credit servicers authorised by the Croatian National Bank;
- 5) credit institutions.

(2) For the purposes of this Decision, the entities referred to in paragraph (1) of this Article shall, collectively and individually, be referred to as 'supervised entities'.

(3) The provisions of this Decision shall apply *mutatis mutandis* to the supervision of a credit servicer or credit service provider performing credit servicing activities in the territory of the Republic of Croatia through a branch or a credit service provider.

## **II MANNER OF EXERCISING SUPERVISION**

### **Article 3**

(1) The Croatian National Bank shall exercise supervision of supervised entities by:

1) collecting and analysing reports and information, analysing information obtained from supervised entities, other competent authorities in the Republic of Croatia and publicly available information by conducting thematic and other types of analyses and by continuously monitoring and analysing complaints and operations of the supervised entity (hereinafter: 'off-site inspection');

2) carrying out on-site inspections of the operations of supervised entities;

3) imposing supervisory measures on supervised entities.

(2) In connection with the exercise of the supervision referred to in paragraph (1) of this Article, the Croatian National Bank may issue circular letters, opinions or recommendations.

(3) The supervision referred to in paragraph (1) of this Article shall be exercised by employees of the Croatian National Bank.

### **II.1 OFF-SITE INSPECTION**

#### **Article 4**

(1) Off-site inspections shall be conducted by employees of the Croatian National Bank pursuant to authorisation by virtue of their employment status (hereinafter referred to as 'person authorised by virtue of his/her employment status').

(2) The end date of the off-site inspection shall be the day of completion of the verification of all information and documentation delivered by the supervised entity at the request of the Croatian National Bank, where such verification may not last more than 15 working days from the day of receipt by the Croatian National Bank of the last requested information and/or documentation related to the subject of inspection.

(3) Off-site inspections may be conducted in relation to a specific supervised entity or in relation to all supervised entities or a group of supervised entities operating within the territory of the Republic of Croatia at the same time (horizontal inspection).

(4) Where an off-site inspection was carried out on the basis of a complaint following an inspection, the Croatian National Bank shall notify the complainant of its findings and of the measures taken within 30 days of the end of the inspection and, in the case of the need to impose measures, within 30 days of the date of adoption of the decision.

## **II.2 ON-SITE INSPECTION**

### **Article 5**

(1) On-site inspections shall be conducted by employees of the Croatian National Bank at the premises of the supervised entity pursuant to a written authorisation of the Governor of the Croatian National Bank.

(2) The persons referred to in paragraph (1) of this Article shall carry out the on-site inspection led by the head of the on-site inspection.

(3) An on-site inspection may cover the overall operation or a specific segment of the operation of the supervised entity.

(4) Prior to an on-site inspection, the Croatian National Bank shall deliver a notification of an on-site inspection to the supervised entity no later than eight 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, the Croatian National Bank may deliver the notification of an on-site inspection at the latest prior to the beginning of the on-site inspection.

(6) In addition to the planned scope of the inspection and information about the head of the on-site inspection, the notification of an on-site inspection may include a list of persons referred to in paragraph (1) of this Article who will prepare and conduct the on-site inspection, the period during which the supervised entity needs to ensure access to its information system, the minimum resources the supervised entity needs to ensure to enable access to its information system and other information necessary to prepare and conduct the on-site inspection and the on-site inspection supported by computer programmes.

(7) The scope of the on-site inspection may be expanded in the course of the on-site inspection if the head of the on-site inspection deems it necessary, of which the head of the on-site inspection shall notify the supervised entity in writing.

(8) The start date of the on-site inspection shall be the first day of the inspection at the premises of the supervised entity and the end date of the on-site inspection shall be the last day of the inspection at the premises of the supervised entity.

(9) By way of derogation from paragraph (8) of this Article, when after the inspection at the premises of the supervised entity additional data verification related to the subject of the inspection needs to be carried out at the Croatian National Bank, the on-site inspection shall be deemed completed on the end date of data verification, which shall be carried out within 30 working days of the end of the on-site inspection at the premises of the supervised entity.

### **Article 6**

(1) An on-site inspection of a supervised entity shall be conducted:

1) by reviewing policies and other internal procedures, reports which the supervised entity is required to produce, business books, bookkeeping documents, ancillary and other records and accounts and other documents in a paper form and/or in the form of an electronic record and in the format required by the person authorised to conduct the inspection;

2) by checking the personnel, organisational and technical structure of the supervised entity;

3) by obtaining written and oral explanations from the management body and/or the supervisory body of the supervised entity or its employees.

(2) Members of the supervisory and/or management body, procurators, other managers and employees of the supervised entity shall provide the persons referred to in Article 5, paragraph (1) of the Decision, at their request, with written answers to questions relevant for the conduct of the inspection and, where applicable, support the answers by documentation.

## **II.3 REPORT ON INSPECTION FINDINGS**

### **Article 7**

(1) The report on inspection findings shall be drawn up within 30 working days of the end of the inspection.

(2) By way of derogation from paragraph (1) of this Article, a report on off-site inspection findings shall be drawn up if the inspection has established:

1) illegalities in the operation of the supervised entity; and/or

2) grounds for imposing a supervisory measure on the supervised entity.

(3) The report on inspection findings shall be delivered to the management and/or supervisory body of the supervised entity.

(4) The management and/or supervisory body of the supervised entity shall discuss the findings in the report and the management and/or supervisory body in its management function shall, where applicable, provide a copy of the report to the internal auditor and the person responsible for the compliance of the supervised entity without delay.

(5) Upon carrying out the activities, the supervised entity shall provide to the Croatian National Bank a statement regarding the findings in the report within the time limit laid down by the Croatian National Bank, which may not be shorter than eight working days or longer than 15 working days of the receipt of the report.

(6) The Croatian National Bank shall consider the objections, if any, raised in the statement of the supervised entity and shall, where it deems them justified, prepare an annex to the report, amending the findings in the report with regard to which such justified objections have been raised.

(7) The annex to the report referred to in the previous paragraph shall be prepared within 15 working days of receipt of the objections and shall be delivered to the persons referred to in paragraph (1) of this Article.

(8) The provisions of paragraph (4) of this Article shall apply *mutatis mutandis* to the annex to the report.

(9) Should it be found that the objections raised in the statement of the supervised entity referred to in paragraph (6) of this Article are not justified, the Croatian National Bank shall notify the supervised entity in writing, within 15 working days of receipt of the objections, that the objections are not accepted and that the findings in the report will not be amended, stating in the notification the reasons for non-acceptance.

(10) A report or an annex to the report on off-site inspection findings shall be signed by a person authorised by virtue of his/her employment status, while a report or an annex to the report on on-site inspection findings shall be signed by the head of the on-site inspection.

## **Article 8**

(1) Where illegalities have been identified in the course of an off-site or on-site inspection, the authorised person of the Croatian National Bank shall specify in the report the facts and describe the actions by which the supervised entity or a responsible person of the supervised entity acted contrary to the provisions of the laws and other legal acts and collect evidence thereof.

(2) For illegalities listed in the report, the authorised person shall identify the person responsible on the basis of internal procedures of the supervised entity.

(3) In its comments on the report referred to in Article 7, paragraph (5) of this Decision, the supervised entity shall also provide a statement regarding the responsible persons referred to in paragraph (2) of this Article and if, in the opinion of the supervised entity, a person other than the person identified in the report is responsible, the supervised entity shall provide evidence supporting this opinion.

## **III IMPOSITION OF SUPERVISORY MEASURES**

### **Article 9**

(1) The Croatian National Bank may impose the measures referred to in Article 45, paragraph (1) of the Act on a supervised entity where in the course of an inspection it identifies illegalities, deficiencies and/or weaknesses in the operation of the supervised entity.

(2) The Croatian National Bank may impose measures on the supervised entity to eliminate identified illegalities, deficiencies and/or weaknesses in the operation of the supervised entity and actions and procedures to improve its operation.

## **Article 10**

(1) A decision to impose measures shall be adopted within 60 working days of expiry of the time limit for the objections of the supervised entity to a report on inspection findings or of the delivery of an annex to the report to the supervised entity.

(2) The Croatian National Bank shall deliver the decision referred to in paragraph (1) of this Article to the management and/or supervisory body of the supervised entity.

(3) The management and/or supervisory body in its management function shall provide, where applicable, a copy of the decision referred to in paragraph (1) of this Article to the internal auditor of the supervised entity.

## **IV ISSUANCE OF CIRCULAR LETTERS, OPINIONS AND RECOMMENDATIONS**

### **Article 11**

(1) The Croatian National Bank may address circular letters to supervised entities to inform them of good practices and expectations of the Croatian National Bank.

(2) In order to prevent illegalities or weaknesses and deficiencies in the operation of supervised entities, the Croatian National Bank may issue opinions and recommendations.

## **V FINAL PROVISION**

### **Entry into force**

### **Article 12**

This Decision shall enter into force on the eighth day following its publication in the Official Gazette.

No.: 64-091/02-24/ BV  
Zagreb, 12 February 2024

Croatian National Bank  
Governor  
**Boris Vujčić, m.p.**