

Pursuant to Article 101, paragraph (2), item (7) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015 and 102/2015) and Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), the Governor of the Croatian National Bank hereby issues the

Decision on amendments to the Decision on liquidity risk management

Article 1

In the Decision on liquidity risk management (Official Gazette 20/2014 and 41A/2014), in Article 5, after item (2) a new item (3) is added which reads:

"3) procedures for adequate supervision of encumbered assets providing the management with timely information on: the amount and type of encumbered assets and the relevant sources of encumbrance (e.g. repo transactions), the amount and credit quality of unencumbered assets which are subject to encumbrance, listing specifically the volume of assets available for encumbrance and the type of additional encumbrances due to stress (potential encumbrance),"

The former items (3) and (4) become items (4) and (5).

Article 2

In Article 11, after item (4), a new item (5) is added which reads:

"5) a strategy for potential asset encumbrance arising from different stress situations (a decline in a credit institution's credit quality, a decline in the value of pledged assets or increased margin calls),"

The former items (5) and (6) become items (6) and (7).

Article 3

In Article 13, paragraph (3) is amended to read:

"(3) A credit institution shall submit to the Croatian National Bank the following reports, using the listed forms: Readily marketable assets - form TUI, Expected inflows - form OP, Expected outflows - form OO, Liquidity coefficient - form KL, and Assumptions on positions behaviour - form POP (hereinafter: Reports, forms).

Article 4

Title 4 Concentration of sources and Article 21 are deleted.

Article 5

In the Instructions for uniform implementation of the Decision on liquidity risk management, chapter "Form KI - Concentration of sources" is deleted.

Article 6

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

No.: 80-020/03-16/BV

Zagreb, 30 March 2016

**Croatian National Bank Governor
Boris Vujčić**