BASEL III:
LIQUIDITY

A CONSULTATION PAPER ISSUED BY THE GUERNSEY FINANCIAL SERVICES COMMISSION

November 2016

The Guernsey Financial Services Commission invites comments on this consultation paper. Lynn Harris in the Commission's Banking Division is co-ordinating responses from industry and your comments should be submitted by no later than 30 December 2016.

Responses should be sent to:

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If you require assistance or clarification in respect of any aspect of the proposals prior to formulating a response, the Commission's contact is:

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Additionally, the Commission would encourage banks who wish to discuss specific scenarios to meet with it during the consultation period.

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Glossary of Terms

ASF	Available Stable Funding
Basel III LCR standard	"*Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*", issued by the Basel Committee in January 2013
Basel III NSFR standard	"*Basel III: The Net Stable Funding Ratio*", issued by the Basel Committee in October 2014
CDs	Crown Dependencies
HQLA	High Quality Liquid Assets
LCR	Liquidity Coverage Ratio
LMR	Liquidity Mismatch Ratio
NSFR	Net Stable Funding Ratio
Principles	"*Principles for Sound Liquidity Risk Management and Supervision*", issued by the Basel Committee in September 2008
RSF	Required Stable Funding

1: Executive Summary

1.1 Overview

1. This paper contains full details of the proposals to amend the minimum regulatory liquidity requirements that apply to licensed deposit takers that are incorporated in Guernsey.

1.2 What is proposed?

2. The substantive changes being proposed in updated guidance are as follows:

- Establishment of a new minimum regulatory liquidity requirement for Guernsey incorporated banks consistent with the Basel Committee's Basel III Liquidity Coverage Ratio standard;
- Establishment of a new regulatory liquidity reporting requirement for Guernsey incorporated banks consistent with the Basel Committee's Basel III Net Stable Funding Ratio standard; and
- The transition of the current maturity mis-match minimum liquidity standard to a regulatory reporting requirement for all banks.

3. The Commission also intends to revise the prudential reporting forms to reflect the above changes.

1.3 Rationale for change

4. The changes proposed in this consultation paper represent a proportionate implementation of international regulatory standards consistent with the Commission's aims to ensure effective supervision of the banking sector and maintain the reputation of the Bailiwick.

1.4 Who would be affected?

5. Guernsey licensed deposit takers, herein referred to as "banks", are affected by the proposals.

2: Consultation

2.1 Basis for the consultation

6. The Commission has issued this consultation paper in accordance with s36A(1) of the Banking Supervision (Bailiwick of Guernsey) Law 1994 as amended, under which the Commission, "after consultation with such other persons as appear to the Commission to be appropriate including, without limitation, persons representative of that part of the Bailiwick's financial services industry which carries on business regulated by this Law, may issue such codes of practice as the Commission thinks necessary."

2.2 Responding to the consultation

7. The Commission invites comments from interested parties on the proposals included in this consultation paper. Paragraphs in relation to the proposed changes are numbered so wherever possible respondents should quote the paragraph reference to which their comments pertain.

8. Where comments are made by an industry body or association, that body or association should also provide a summary of the type of individuals and/or institutions that it represents.

9. Respondents are asked to respond as specifically as possible and, where costs are referred to, to quantify those costs.

10. The Commission would encourage those Guernsey banks who want to discuss specific scenarios to get in touch during the consultation period.

2.3 Next steps

11. Please respond to this consultation paper by no later than 5.00pm on 30 December 2016. The Commission will take all responses into account before publishing the finalised details of the revised liquidity regime. The Commission will consider consultation responses in setting the implementation date for the revised regime with the aim of implementing from 31 May 2017.

3: The Commission

12. The Guernsey Financial Services Commission is the regulatory body for the finance sector in the Bailiwick of Guernsey. The Commission's primary objective is to regulate and supervise financial services in Guernsey, with integrity and efficiency, and in so doing help to uphold the international reputation of Guernsey as a finance centre.

13. The Commission's general functions are prescribed in The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as follows:

- To take such steps as the Commission considers appropriate or expedient for the effective supervision of finance business in the Bailiwick.
- To provide the States of Guernsey, the States of Alderney or the Chief Pleas of Sark with reports, advice and assistance with any matter connected with finance business.
- To prepare and submit to the States of Guernsey, the States of Alderney or the Chief Pleas of Sark with reports, recommendations and schemes for the statutory regulation of finance business and generally for the revision of legislation appertaining to companies and other forms of business undertakings.
- The countering of financial crime and the financing of terrorism.
- To take such steps as the Commission considers necessary or expedient for
    - maintaining confidence in the Bailiwick's financial services sector, and
    - the safety, soundness and integrity of that part of the Bailiwick's financial services sector for which it has supervisory responsibility.
- All such other functions as the States of Guernsey may assign.

4: Background

4.1 Current legislation and policy

14. Schedule 3 to The Banking Supervision (Bailiwick of Guernsey) Law, 1994 sets out the minimum criteria for bank licensing under the Law. One of these criteria requires banks to conduct business in a prudent manner and a key component of this criterion is the requirement to maintain adequate liquidity having regard to:

- the relationship between its liquid assets (including facilities available to the institution) and its actual and contingent liabilities;
- the times at which those liabilities will or may fall due and its assets will mature;
- the nature and scale of the institution's operations;
- the risk inherent in those operations, and in the operations of any other institution in the same group so far as capable of affecting the institution; and
- any other factors appearing to the Commission to be relevant.

15. The Commission sets out in policy the detailed framework setting out the regulatory liquidity requirements applicable to licensed institutions.

16. The proposals in this paper will require revision of the policy framework but no change to the Law.

4.2 International considerations driving the proposals

Basel III

17. In June 2006, the Basel Committee on Banking Supervision ("Basel Committee") issued, in comprehensive form, a framework for supervisory regulations governing the capital adequacy of international banks. This document, "International Convergence of Capital Measurement and Capital Standards", has become known as "Basel II".

18. Latterly, the Basel Committee has worked to revise Basel II. This work has resulted in a number of standards being issued that either revise Basel II or establish new international standards regarding the financial strength of international banks. Collectively, this initiative is described by the Basel Committee as "Basel III", which encompasses liquidity measures as well as revised capital adequacy rules.

19. This paper contains detailed proposals for liquidity management, building on those issued by the Basel Committee as part of the Basel III framework. These address the proposals set out in "*Basel III: International framework for*

liquidity risk measurement, standards and monitoring", issued in December 2010 and revised in:

i. "*Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*" published in January 2013 and referred to herein as the "Basel III LCR standard"; and
ii. "*Basel III: The Net Stable Funding Ratio*", published in October 2014 by the Basel Committee and referred to herein as the "Basel III NSFR standard".

4.3 Tri-party Group

20. Following the issuance of Basel II, the Guernsey Financial Services Commission ("GFSC"), the Isle of Man Financial Supervision Commission (now called the Isle of Man Financial Services Authority, "IOMFSA") and the Jersey Financial Services Commission ("JFSC"), jointly the "Tri-party Group", worked together to establish a unified approach, reflecting our similar responsibilities as host supervisors, wherever possible, to implementing Basel II during the period 2005 to 2008.

21. The Tri-Party Group distributed a Discussion Paper on Basel III in September 2012 (the "Initial DP") to all banks that are incorporated in the Crown Dependencies ("CDs") – Guernsey, Isle of Man and Jersey - to provide information on Basel III and an indication of the Group's initial views and in order to solicit feedback.

22. The Tri-Party Group subsequently distributed discussion papers containing detailed proposals and building on those in the Initial DP. The last of these discussion papers issued was The Discussion Paper on Basel III: Liquidity (the "Liquidity Paper"), issued in July 2015.

23. The Tri-Party Group reviewed the comments received from banks in relation to the Liquidity Paper and issued the paper "*Feedback on Responses to the Liquidity DP*" in February 2016.

4.4 Guernsey Consultation

24. Following on from the issuance of the Tri-Party Group's feedback document, the Commission conducted a study of the impact of the liquidity proposals on licensed, Guernsey-incorporated banks. The response to the impact study was broadly positive with no significant policy issues being identified. The proposals in this consultation paper, therefore, do not differ materially from the framework tested in the impact study.

25. This consultation paper is issued by the Commission and makes proposals reflecting both the Commission's review of impact study responses and the aforementioned policy development work of the Tri-party Group covered in

the Liquidity Paper. It should be noted that each jurisdiction conducts its Basel III implementation consultation process separately on its own timetable, in order to ensure local matters are fully addressed, but it is the intention to maintain alignment of the proposals across the jurisdictions wherever possible.

5: The Proposals

26. The Commission proposals are discussed in detail under the following headings:

1. Liquidity Coverage Ratio
2. Liquidity Mismatch Ratio
3. Net Stable Funding Ratio
4. Additional Liquidity Monitoring Tools
5. Guidance on Liquidity Risk Management

5.1 Liquidity Coverage Ratio ("LCR")

27. This paper proposes the introduction of a revised minimum regulatory liquidity requirement consistent with the Basel III LCR standard. The Basel III LCR standard aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets ("HQLA") that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar day liquidity stress scenario entailing an idiosyncratic and market-wide shock.

28. It should be noted that for Guernsey incorporated banks the proposed introduction of the LCR-based regulatory minimum requirement will replace the Maximum Mismatch Limits requirement currently in place under the Enhanced Liquidity Approach. It is further proposed that that the negative cumulative mismatch expectation for Guernsey branch banks, under the current Standard Liquidity Approach will no longer apply. It is proposed however that the quarterly maturity analysis would be retained as a reporting requirement for all banks.

29. The LCR is calculated as follows:

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}}$$

30. The Commission's detailed proposals for implementation of the LCR are provided in Appendices 2 and 3 to this document, which respectively set out the proposed regulatory liquidity reporting of the Commission's new form LCR and revised Guidance to completing this form.

31. All Guernsey incorporated banks (unless the Commission's approval has been granted to apply the alternative Liquidity Mismatch Ratio approach) would be required to submit a form LCR on a monthly basis and to follow the applicable completion guidance as published by the Commission.

32. Banks reporting the LCR would be required to maintain a LCR above or equal to 100% at all times.

33. It is proposed that the reference date for the form LCR would be the last day of the month, with data submitted 28 calendar days later.

34. The LCR requirement would not apply to Guernsey branches of banks incorporated outside Guernsey.

Question 1: Do you have any comments on the proposed introduction of a new LCR minimum regulatory requirement?

5.2 Liquidity Mismatch Ratio ("LMR")

35. It is proposed that the Commission may grant approval for the use of the LMR approach, as an alternative to the LCR, following written application by a bank. It is intended that the LMR would be used where a local bank is part of a group that is subject to consolidated liquidity requirements similar to the LCR and where there is significant reliance on group bank inflows.

36. The LMR has been developed recognising that the LCR limits the recognition of inflows from parent in the calculation of total net cash outflows over a 30 day stress period. The LCR may, therefore, penalise subsidiary banks which provide funding to their parent groups, a business model which is not uncommon in this jurisdiction. The LMR uses the same assumptions as the LCR but permits full recognition of funding up-streamed to group provided that such qualifying group inflows meet the following criteria:

a. the inflows are contractually due within 5 working days;
b. the counterparty is a group bank; and
c. the counterparty and the local bank are part of a group that is subject to the LCR on a consolidated basis.

37. The LMR is calculated as follows:

$$\frac{\text{Stock of HQLA + qualifying group inflows + other projected inflows (limited to 75\% of projected outflows)}}{\text{Total cash outflows over the next 30 calendar day}}$$

38. The Commission's detailed proposals for implementation of the LMR are provided in Appendices 4 and 5 to this document, which respectively set out the proposed regulatory liquidity reporting of the Commission's new form LMR and revised Guidance to completing this form.

39. Banks reporting the LMR would be required to maintain a LMR above or equal to 100% at all times.

40. It is proposed that the reference date for the form LMR would be the last day of the month, with data submitted 28 calendar days later.

41. The LMR requirement would not apply to Guernsey branches of banks incorporated outside Guernsey.

Question 2: Do you have any comments on the proposed introduction of an alternative LMR minimum regulatory requirement?

5.3 Net Stable Funding Ratio ("NSFR")

42. This paper proposes the introduction of a **reporting** requirement consistent with the Basel III NSFR standard. The Basel III NSFR standard aims to ensure that a bank has a stable funding profile in relation to the characteristics of the composition of an institution's assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. This metric establishes a minimum level of stable funding based on the liquidity characteristics of a bank's on- and off-balance sheet items over a one year horizon.

43. The NSFR is defined as the ratio of the amount of available stable funding to the amount of required stable funding. Available stable funding is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

44. The Commission's detailed proposals for implementation of the NSFR are provided in Appendices 6 and 7 to this document, which respectively set out the proposed regulatory liquidity reporting form and revised Guidance to completing this form.

45. It is proposed that the NSFR be implemented as a prudential reporting requirement and not as minimum regulatory requirement. The Commission intends to monitor NSFR reporting and may give consideration in the future to implementation of the NSFR as a minimum regulatory standard subject to evaluation of the likely impact and subject to appropriate consultation.

46. It is proposed that all Guernsey incorporated banks would be required to report the NSFR as part of the applicable LCR or LMR monthly return.

47. The NSFR requirement would not apply to Guernsey branches of banks incorporated outside Guernsey.

Question 3: Do you have any comments on the proposed introduction of an NSFR reporting requirement?

5.4 Additional Liquidity Monitoring Tools

48. In the Basel III LCR standard paper the Basel Committee emphasise that the LCR is, on its own, insufficient to measure all dimensions of a bank's liquidity profile. The Basel Committee therefore recommend that a set of additional, supplementary monitoring tools are adopted to further strengthen liquidity risk supervision. The Commission has therefore adopted the following supplementary liquidity reporting requirements.

Maturity Analysis

49. It is proposed that, for Guernsey incorporated banks, use of the LCR or LMR, as applicable, will replace the current minimum regulatory liquidity requirement under the Enhanced Liquidity Approach, which is based on the mismatch between inflows and outflows across maturity bands. It is proposed however that Guernsey incorporated banks should continue to report Module 9 Maturity Analysis on their applicable BSL/2 quarterly return. It should be noted that this would be a reporting requirement only of contractual flows and it is proposed that a modified BSL/2 return will be provided omitting the "Maturity Adjusted" sheet which relates to the use of the maturity analysis to calculate the current minimum regulatory requirement.

50. It is proposed that Guernsey branch banks will continue to be required to submit Module 9 of the BSL/2 quarterly return, but as a reporting requirement only.

Prudential Information – funding concentration and asset encumbrance

51. It is proposed that all banks will continue to be required to report information on concentration of funding (connected deposits and ten largest depositors) and asset encumbrance under Module 8 of the BSL/2 quarterly return. Reference should be made to the current Module 8 Guidance to completing the Prudential Information module of BSL/2 for further details.

Bank-specific Monitoring Tools

52. The Commission, on a case-by-case basis, may require additional reporting of bank's internal liquidity risk management reports. Banks are currently required to employ a range of customised measurement tools, or metrics in managing their liquidity risk and it is proposed that this requirement will be maintained. The Commission may require additional reporting based on this internal liquidity risk information, for example in periods of market-wide or idiosyncratic stress, where there has been a breach of a minimum requirement or where a particular, material aspect of a bank's liquidity risk is not adequately captured in the standard reporting framework. The nature and frequency of such reporting would reflect the particular circumstances of the request.

Question 4: Do you have any comments on the proposed retention of quarterly maturity mis-match reporting as an additional reporting requirement?

5.5 Guidance on Liquidity Risk Management

53. It is proposed that all the remaining elements of the Commission's current Guidance on Liquidity Risk Management (i.e. not amended or replaced in the previous parts of section 5 above) will remain in place. These elements comprise:

- the requirement for Guernsey incorporated banks to maintain appropriate systems for the management of liquidity risk;
- the requirement for Guernsey incorporated banks to adhere to the Basel Committee's Principles for Sound Liquidity Risk Management and Supervision (the "Principles");
- the requirement for Guernsey incorporated banks to demonstrate adherence to the Principles through production of a Liquidity Management Policy ("LMP")to be specifically agreed by the Commission; and
- the requirement for Guernsey incorporated banks to perform regular liquidity stress testing.

54. A proposed revised version of the Commission's Guidance on Liquidity Risk Management is provided at Appendix 1.

Question 5: Do you have any comments on the proposed amendments to the Commission's Guidance on Liquidity Risk Management?

Guernsey Financial Services Commission

Guidance on Liquidity Risk Management

2017

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1. Introduction

1.1 In September 2008 the Basel Committee on Banking Supervision (the "Basel Committee") issued a paper entitled "Principles for Sound Liquidity Risk Management and Supervision" (the "Principles'). The Principles provide detailed guidance on the risk management and supervision of funding liquidity risk and were adopted as part of the Commission's Guidance on Liquidity Risk Management (the "Guidance") issued in July 2009. In this revision of the Guidance the requirement for all Guernsey incorporated banks to apply all relevant aspects of the Principles remains in place.

The Basel Committee further strengthened its liquidity framework, complementing the existing Principles with the development of two new liquidity standards: the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"). The LCR[1] promotes short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient High Quality Liquid Assets ("HQLA") to survive a significant stress over 30 days. The NSFR[2] promotes resilience over a longer, 1 year time horizon promoting the funding of bank activities with stable sources of funding.

The Commission has adopted a minimum regulatory liquidity standard consistent with the LCR and has adopted the NSFR as a reporting requirement[3]. The LCR replaces the maximum mismatch limits, the minimum liquidity standard previously in place.

The Basel Committee has recognised that the LCR and NSFR are insufficient to measure all dimensions of a bank's liquidity profile and has therefore developed supplementary monitoring tools which can be used for ongoing monitoring of bank's liquidity risk. The Commission has put in place a monitoring tool framework which addresses the limitations of the minimum requirements and is appropriate for the jurisdiction.

1.2 Liquidity is the ability of a bank[4] to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.[5] Liquidity risk arises because banks are in the business of maturity transformation; they take in deposits that are often repayable on demand or at short notice and use these deposits to fund credit facilities to borrowers over longer periods.

Effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events

[1] "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools", January 2013
[2] "Basel III: the net stable funding ratio", October 2014
[3] The NSFR has been designed by the Basel Committee as a minimum standard and, following a period of monitoring, the Commission may seek to implement the NSFR as a minimum standard in the future.
[4] The term bank as used in this document generally refers to those banks and branches licensed under The Banking Supervision (Bailiwick of Guernsey) Law, 1994.
[5] Source – 'Principles for Sound Liquidity Risk Management and Supervision', June 2008.

and other agents' behaviour. Liquidity risk management is of paramount importance because a liquidity shortfall at a single institution can have system-wide repercussions. It should be noted that there is no lender of last resort facility in Guernsey.

1.5 This guidance is effective from 31 May 2017.

2. Minimum Liquidity and Reporting Requirements

Liquidity Coverage Ratio

2.1 The Liquidity Coverage Ratio ("LCR") promotes the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient High Quality Liquid Assets ("HQLA") to survive a significant stress scenario lasting 30 calendar days.

The LCR is calculated as follows:

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}}$$

A detailed description of the calculation of the LCR is set out in the Commission's LCR Guidance.

2.2 All Guernsey incorporated banks (unless the Commission's approval has been granted to apply the alternative Liquidity Mismatch Ratio approach - see section 2.5) are required to submit the LCR monthly return and to follow the applicable completion guidance as published by the Commission.

2.3 Banks reporting the LCR are required to maintain a LCR above or equal to 100% at all times.

2.4 Any breaches of the minimum LCR must be reported to the Commission immediately and remedied promptly. Action should be taken to prevent future similar breaches.

Liquidity Mismatch Ratio

2.5 The Commission may grant approval for the use of the LMR approach following written application by a bank. It is intended that the LMR would be used where a local bank is part of a group that is subject to consolidated liquidity requirements similar to the LCR and where there is significant reliance on group bank inflows.

2.6 The LMR is calculated as follows:

$$\frac{\text{Stock of HQLA + qualifying group inflows + other projected inflows (limited to 75\% of projected outflows)}}{\text{Total cash outflows over the next 30 calendar days}}$$

A detailed description of the calculation of the LMR is set out in the Commission's LMR Guidance.

2.7 All Guernsey incorporated banks with approval to apply the LMR approach are required to submit the LMR monthly return and to follow the applicable completion guidance as published by the Commission.

2.8 Banks reporting the LMR are required to maintain a LMR higher than 100% at all times.

2.9 Any breaches of the minimum LMR must be reported to the Commission immediately and remedied promptly. Action should be taken to prevent future similar breaches.

Net Stable Funding Ratio

2.10 The NSFR has been developed to ensure a stable funding profile in relation to the characteristics of the composition of an institution's assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. This metric establishes a minimum level of stable funding based on the liquidity characteristics of a bank's on- and off-balance sheet items over a one year horizon.

2.11 The NSFR is defined as the ratio of the amount of available stable funding to the amount of required stable funding. A detailed description of the calculation of the LMR is set out in the Commission's NSFR Guidance.

2.12 All Guernsey incorporated banks are required to report the NSFR as part of the applicable LCR or LMR monthly return and to follow the relevant completion guidance as published by the Commission.

Reporting

2.13 The reference date for the LCR and the LMR monthly returns is the last day of the month, with data submitted 28 calendar days later.

3. Additional Liquidity Monitoring

3.1 In addition to the Minimum Liquidity and Reporting Requirements the Commission also requires the reporting of additional liquidity information as follows.

Maturity Analysis

3.2 All banks, Guernsey incorporated banks and Guernsey branches, are required to complete Module 9 Maturity Analysis of their applicable BSL/2 quarterly return. This Module measures liquidity through the difference or mismatch between contractual inflows and outflows in various maturity bands. Banks should refer to the Module 9 Guidance to completing the Maturity Analysis module of BSL/2 for further details.

Prudential Information

3.3 Information on concentration of funding (connected deposits and ten largest depositors) and asset encumbrance is required to be reported by all banks under Module 8 of the BSL/2 quarterly return. Banks should refer to the Module 8 Guidance to completing the Prudential Information module of BSL/2 for further details.

Bank-specific Monitoring Tools

3.4 The Commission, on a case-by-case basis, may require additional reporting of bank's internal liquidity risk management reports. Principle 5 requires that banks employ a range of customised measurement tools, or metrics in managing their liquidity risk. The Commission may require additional reporting for example in periods of market-wide or idiosyncratic stress, where there has been a breach of a minimum requirement or where a particular, material aspect of a bank's liquidity risk is not adequately captured in the standard reporting framework. The nature and frequency of such reporting would reflect the particular circumstances of the request.

4. Liquidity Management Policy ('LMP')

4.1 The Commission requires Guernsey incorporated banks to take reasonable steps to maintain appropriate systems for the management of liquidity risk and to provide the Commission with a copy of their LMP for review. It is the responsibility of senior management to draw up the appropriate policy in the light of the particular circumstances of the bank. However, the LMP should be discussed and specifically ratified by the local Board.

4.2 It is important to distinguish between liquidity under normal conditions and liquidity under stressed and crisis conditions. In normal market conditions a bank that is perceived as financially healthy will have relatively easy access to funds from within group or its parent or to wholesale funds on the interbank market, and customers will react in a normal rational manner. However, if the market is under stress, liquidity may dry up and be less readily available.

4.3 Apart from stress conditions in the liquidity market as a whole, an individual bank may itself come under pressure if there are doubts about its financial position, if for example there are concerns about asset quality, earnings, or as a result of the failure of a similar institution. A bank may find it more difficult to raise funds in the interbank market and depositors may withdraw their funds. It is therefore important for banks to consider liquidity management under stressed or crisis conditions.

4.4 The Commission expects all Guernsey incorporated banks to conduct regular stress tests, including bank specific and market wide scenarios to identify sources of potential liquidity strain and to ensure that current exposures remain within the bounds of the bank's established liquidity risk tolerance. Further guidance on stress testing is contained in Appendix 1.

4.5 The LMP should be reviewed annually and any changes ratified by the Board to reflect changing circumstances and to ensure that it remains appropriate and prudent.

4.6 The main points that need to be considered when drawing up a LMP are given below (the list is not exhaustive):

Nature of business & asset types
The LMP needs to reflect the nature of the bank's business and the type of assets it is funding.

Funding strategy
The LMP should reflect the bank's funding strategy and acknowledge that the diversity of the sources of funding is important. Relying on just a few lines of credit is less robust than having access to a range of funding sources and types.

Customer base
The nature of a bank's retail deposit base needs to be considered. Some banks have established relatively stable customer bases while others attract deposits by offering higher rates of interest that regularly place them in the "best buy" tables. Depositors who look for the best interest rates are likely to move their deposits to another bank if it is offering better rates and therefore provide a less stable deposit base.

Commission requirements

The LMP should reflect both group and regulatory reporting requirements. The regulatory requirements may include LCR limits, LMR approval, reporting of any breaches, additional reporting requirements etc.

Measuring & reporting
A bank needs to employ a range of measurement tools or metrics as there is no single metric that can comprehensively quantify liquidity risk. The metrics should cover, as a minimum, static ratios (e.g. assessing the structure of the balance sheet) and a forward-looking view of liquidity risk exposures. As a minimum the Commission expects that the forward looking approach adopted by the banks will cover at least a two year period.

Relationships between group entities
The LMP should describe the inter-relationship between group entities in respect of liquidity risk management and clearly define procedures and responsibilities. On the basis that many banks provide funding to group or parent companies, it is particularly important that the effect of maturity transformation is recognised in their LMP. A particular emphasis will be put by the Commission, as part of its on-going supervision of liquidity risk management practices, on the Guernsey licensees' legal, and actual, ability to call on placements with group entities and parent organisations. This may entail an exploration by the Commission of group and/or parental liquidity. The Guernsey bank may be required to give evidence to the Commission as to how liquidity in the Guernsey bank can be assured where it has a dependency on the wider liquidity of the group or parent.

Independence
The Commission looks for an appropriate degree of independence for the local entity in managing and maintaining its own liquidity position, as a first line of defence, in the event that external developments make group assistance temporarily unavailable. This can be strengthened through the use of inter-bank deposits and marketable assets.

Marketable assets
The LMP should identify classes of marketable assets that may be purchased, and detail how these should be reported for liquidity purposes.

Treatment of currency
The LMP should include details of the bank's material exposure to foreign currency and how liquidity is addressed for such currency exposure. Whilst recognising that consolidated currency reporting assumes a high level of fungibility across currencies, this approach does not recognise the existence of settlement risk.

4.6 Guernsey incorporated banks must demonstrate adherence to the Principles. This should be done by production of an LMP in line with the Principles to be specifically agreed by the Commission.

5. Fundamental principles for the management of liquidity risk

Principle 1
A bank is responsible for the sound management of liquidity risk. A bank should establish a robust liquidity risk management framework that ensures it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Principle 2
A bank should clearly articulate a liquidity tolerance that is appropriate for the business strategy of the organisation and its role in the financial system.

Principle 3
Senior management should develop a strategy, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the bank maintains sufficient liquidity. Senior management should continuously review information on the bank's liquidity developments and report to the board of directors on a regular basis. A bank's board of directors should review and approve the strategy, policies and practices related to the management of liquidity at least annually and ensure that senior management manages liquidity risk effectively.

Principle 4
A bank should incorporate liquidity costs, benefits and risks in the internal pricing, performance measurement and new product approval process for all significant business activities (both on and off balance sheet), thereby aligning the risk taking incentives of individual business lines with the liquidity risk exposures their activities create for the bank as a whole.

Principle 5
A bank should have a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process should include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons.

Principle 6
A bank should actively monitor and control liquidity risk exposures and funding needs within and across legal entities, business lines and currencies, taking into account legal, regulatory and operational limitations to the transferability of liquidity.

Principle 7
A bank should establish a funding strategy that provides effective diversification in the sources and tenor of funding. It should maintain an ongoing presence in its chosen funding markets and strong relationships with funds providers to promote effective diversification of funding sources. A bank should regularly gauge its capacity to raise funds quickly from each source. It should identify the main factors that affect its ability to raise funds and monitor those factors closely to ensure that estimates of fund raising capacity remain valid.

Principle 8
A bank should actively manage its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contribute to the smooth functioning of payment and settlement systems.

Principle 9
A bank should actively manage its collateral positions, differentiating between encumbered and unencumbered assets. A bank should monitor legal entity and physical location where collateral is held and how it may be mobilised in a timely manner.

Principle 10
A bank should conduct stress tests on a regular basis for a variety of short-term and protracted institution specific and market wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with a bank's established liquidity risk tolerance. A bank should use stress test outcomes to adjust its liquidity risk management strategies, policies, and positions and to develop effective contingency plans.

Principle 11
A bank should have a formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations. A CFP should outline policies to manage a range of stress environments, establish clear lines of responsibility, include clear invocation and escalation procedures and be regularly tested and updated to ensure that it is operationally robust.

Principle 12
A bank should maintain a cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios, including those that involve the loss or impairment of unsecured and typically available secured funding sources. There should be no legal, regulatory or operational impediment to using these assets to obtain funding.

Principle 13
A bank should publicly disclose information on a regular basis that enables market participants to make an informed judgement about the soundness of its liquidity risk management framework and liquidity position.

Appendix 1 - Stress Testing

1. Stress testing process

1.1 The Commission requires all Guernsey incorporated banks to conduct stress tests.

1.2 Tests should consider the implication of scenarios across different time horizons, including on an intraday basis.

1.3 The extent and frequency of testing should be commensurate with the size of the bank and its liquidity risk exposures, but as a minimum the Commission expects stress testing on annual basis. Banks should build in the capability to increase the frequency of tests in special circumstances, such as in volatile market conditions or at the request of the Commission.

1.4 Senior executives (i.e. CEO and Finance Director / or CFO, or equivalent) should be actively involved in the stress testing and should ensure that rigorous and challenging stress scenarios are considered, even in times when liquidity is plentiful.

1.5 The Commission requires all Guernsey incorporated banks to submit annually a written statement on the utilization of the results from the stress testing. Additional guidance on the utilization of the results is provided in section 3 of this appendix.

1.6 The annual review of the LMP and ratification by the Board should take account of the findings of the stress testing process.

2. Scenarios and assumptions

2.1 In designing stress scenarios, the nature of the bank's business, activities and vulnerabilities should be taken into consideration so that the scenarios incorporate the major funding and market liquidity risks to which the bank is exposed. These include risks associated with its business activities, products (including complex financial instruments and off-balance sheet items) and funding sources. The defined scenarios should allow the bank to evaluate the potential adverse impact these factors can have on its liquidity position.

2.2 History may serve as one guide when designing stress tests; however, historical events may not prove to be a good predictor of future events. A bank should carefully consider the design of scenarios and the variety of shocks used. A bank should consider short-term and protracted, as well as institution-specific and market-wide, stress scenarios in its stress tests, including:

- a simultaneous drying up of market liquidity in several previously highly liquid markets;
- severe constraints in accessing secured and unsecured funding;
- restrictions on currency convertibility; and
- severe operational and / or settlement disruptions affecting one or more payment or settlement systems.

Regardless of how strong its current liquidity situation appears to be, a bank should consider the potential impact of severe stress scenarios, and not dismiss severe scenarios as "implausible". These need to be realistic and plausible, but on the other hand are expected to cover very unusual and unexpected events. Banks need to consider and select carefully the correct balance.

2.3 A bank should specifically take into account the link between reductions in market liquidity and constraints on funding liquidity. A bank should also consider the insights and results of stress tests performed for various other risk types when stress testing its liquidity position and consider possible interactions with these other types of risk.

2.4 A bank should recognise that stress events may simultaneously give rise to time-critical liquidity needs in multiple currencies and multiple payment and settlement systems. Moreover, these liquidity needs could arise both from the institution's own activities, as well as from those of its customer banks and firms. They also could arise from the special roles a bank might play in a given settlement system, such as acting as a back-up liquidity provider or settlement bank.

2.5 Tests should reflect accurate time-frames for the settlement cycles of assets that might be liquidated, and the time required to transfer liquidity across borders. In addition, if a bank relies upon liquidity outflows from one system to meet obligations in another, it should consider the risk that operational or settlement disruptions might prevent or delay expected flows across systems. This is particularly relevant for firms relying upon intra-group transfers or centralised liquidity management.

2.6 A bank should take a conservative approach when setting stress testing assumptions. Based on the type and severity of the scenario, a bank needs to consider the appropriateness of a number of assumptions, potentially including but not limited to the following:

- asset market illiquidity and the erosion in the value of liquid assets;
- the run-off of retail funding;
- the (un)availability of secured and unsecured wholesale funding sources;
- the correlation between funding markets or the effectiveness of diversification across sources of funding;
- additional margin calls and collateral requirements;
- funding tenors;
- contingent claims and more specifically, potential draws on committed lines extended to third parties or the bank's subsidiaries, branches or head office;
- the liquidity absorbed by off-balance sheet vehicles and activities (including conduit financing);
- the availability of contingent lines extended to the bank;
- liquidity drains associated with complex products/transactions;
- the impact of credit rating triggers;
- FX convertibility and access to foreign exchange markets;
- the ability to transfer liquidity across entities, sectors and borders taking into account legal, regulatory, operational and time zone restrictions and constraints;
- the access to central bank facilities;
- the operational ability of the bank to monetise assets;
- the bank's remedial actions and the availability of the necessary documentation and operational expertise and experience to execute them, taking into account the potential reputational impact when executing these actions;

- estimates of future balance sheet growth.

2.7 A bank should consider in its stress tests the likely behavioural response of other market participants to events of market stress and the extent to which a common response might amplify market movements and exacerbate market strain. A bank should also consider the likely impact of its own behaviour on that of other market participants.

2.8 A bank's stress tests should consider how the behaviour of counterparties (or their correspondents and custodians) would affect the timing of cash flows, including on an intraday basis. Where a bank uses a correspondent or custodian to conduct settlement, the analysis should include the impact of those agents restricting their provision of intraday credit. A bank should also understand the impact of the stress event on its customers' use of their intraday credit, and how those needs affect its own liquidity position.

2.9 The scenario design should be subject to regular review to ensure that the nature and severity of the tested scenarios remain appropriate and relevant to the bank. Reviews should take into account changes in market conditions, changes in the nature, size, or complexity of the bank's business model and activities, and actual experiences in stress situations.

2.10 In order to identify and analyse factors that could have a significant impact on its liquidity profile, a bank may conduct an analysis of the sensitivity of stress test results to certain key assumptions. Such sensitivity analyses can provide additional indications of a bank's degree of vulnerability to certain factors.

3. Utilisation of results

3.1 Senior executives should review stress test scenarios and assumptions as well as the results of the stress tests. The bank's choice of scenarios and related assumptions should be well documented and reviewed together with the stress test results. Stress test results and vulnerabilities and any resulting actions should be reported to and discussed with the board and a written statement sent to the Commission (this statement forms part of the Annual Compliance Form). Senior executives should integrate the results of the stress testing process into the bank's strategic planning process (e.g. bank management could adjust its asset-liability composition) and the firm's day-to-day risk management practices (e.g. through monitoring sensitive cash flows or reducing concentration limits). The results of the stress tests should be explicitly considered in the setting of internal limits.

3.2 Senior executives should incorporate the results of scenarios in assessing and planning for related potential funding shortfalls in the institution's contingency funding plan. To the extent that projected funding deficits are larger than (or projected funding surpluses are smaller than) implied by the bank's liquidity risk tolerance, executives should consider whether to adjust its liquidity position or to bolster the bank's contingency plan in consultation with the board.

APPENDIX 2 – *Form LCR*

	A / B	C	D	E	F	G	H
1	**LCR**	**Reporting bank:**					
2	**A) Stock of high quality liquid assets (HQLA)**						
3	**a) Level 1 assets**						
4							
5			**Amount/ realisable value**			**Weight**	**Weighted amount**
6	Coins and banknotes		0			1.00	0
7	Total central bank reserves; of which:		0				
8	part of central bank reserves that can be drawn in times of stress		0			1.00	0
9	Check: row 8 ≤ row 7		Pass				
10	Securities with a 0% risk weight:						
11	issued by sovereigns		0			1.00	0
12	guaranteed by sovereigns		0			1.00	0
13	issued or guaranteed by central banks		0			1.00	0
14	issued or guaranteed by PSEs		0			1.00	0
15	issued or guaranteed by BIS, IMF, ECB and European Community, or MDBs		0			1.00	0
16	For non-0% risk-weighted sovereigns:						
17	sovereign or central bank debt securities issued in domestic currencies by the sovereign or central bank in the country in which the liquidity risk is being taken or in the bank's home country		0			1.00	0
18	domestic sovereign or central bank debt securities issued in foreign currencies, up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken		0			1.00	0
19	**Total stock of Level 1 assets**						**0**
20	Adjustment to stock of Level 1 assets		0				
21	Adjusted amount of Level 1 assets						0
22	**b) Level 2A assets**						
23			**Market value**			**Weight**	**Weighted amount**
24	Securities with a 20% risk weight:						
25	issued by sovereigns		0			0.85	0
26	guaranteed by sovereigns		0			0.85	0
27	issued or guaranteed by central banks		0			0.85	0
28	issued or guaranteed by PSEs		0			0.85	0
29	issued or guaranteed by MDBs		0			0.85	0
30	Non-financial corporate bonds, rated AA- or better		0			0.85	0
31	Covered bonds, not self-issued, rated AA- or better		0			0.85	0
32	**Total stock of Level 2A assets**		**0**				**0**
33	Adjustment to stock of Level 2A assets		0				
34	Adjusted amount of Level 2A assets		0			0.85	0
35	**c) Level 2B assets**						
36			**Market value**			**Weight**	**Weighted amount**
37	Residential mortgage-backed securities (RMBS), rated AA or better		0			0.75	0
38	Non-financial corporate bonds, rated BBB- to A+		0			0.50	0
39	Non-financial common equity shares		0			0.50	0
40	Sovereign or central bank debt securities, rated BBB- to BBB+		0			0.50	0
41	**Total stock of Level 2B RMBS assets**		**0**				**0**
42	Adjustment to stock of Level 2B RMBS assets		0				
43	Adjusted amount of Level 2B RMBS assets		0			0.75	0
44	**Total stock of Level 2B non-RMBS assets**		**0**				**0**
45	Adjustment to stock of Level 2B non-RMBS assets		0				
46	Adjusted amount of Level 2B non-RMBS assets		0			0.50	0
47	Adjusted amount of Level 2B (RMBS and non-RMBS) assets		0				0
48							
49	Adjustment to stock of HQLA due to cap on Level 2B assets						0
50	Adjustment to stock of HQLA due to cap on Level 2 assets						0
51							
52							**Weighted amount**
53	**Total stock of HQLA**						**0**
54							
76	**d) Total stock of HQLA**						
77							
78	Total stock of HQLA						0

APPENDIX 2 – *Form LCR*

	A	B	C	D	E	F	G	H
80	**B) Net cash outflows**							
81	**1) Cash outflows**							
82	**a) Retail deposit run-off**							
83				**Amount**			**Weight**	**Weighted amount**
84		Total retail deposits; of which:						
85		Insured deposits; of which:						
86		in transactional accounts; of which:						
87		eligible for a 3% run-off rate; of which:						
88		are in the reporting bank's home jurisdiction					0.03	
89		are not in the reporting bank's home jurisdiction					0.03	
90		eligible for a 5% run-off rate; of which:						
91		are in the reporting bank's home jurisdiction		0			0.05	0
92		are not in the reporting bank's home jurisdiction		0			0.05	0
93		in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:						
94		eligible for a 3% run-off rate; of which:						
95		are in the reporting bank's home jurisdiction					0.03	
96		are not in the reporting bank's home jurisdiction					0.03	
97		eligible for a 5% run-off rate; of which:						
98		are in the reporting bank's home jurisdiction		0			0.05	0
99		are not in the reporting bank's home jurisdiction		0			0.05	0
100		in non-transactional and non-relationship accounts		0			0.10	0
101		Uninsured deposits		0			0.10	0
102		Additional deposit categories with higher run-off rates as specified by supervisor						
103		Category 1		0			0.00	0
104		Category 2		0			0.00	0
105		Category 3		0			0.00	0
106		Term deposits (treated as having >30 day remaining maturity); of which:						
107		With a supervisory run-off rate		0			0.00	0
108		Without a supervisory run-off rate		0			0.00	0
109		**Total retail deposits run-off**						**0**
110	**b) Unsecured wholesale funding run-off**							
111				**Amount**			**Weight**	**Weighted amount**
112		Total unsecured wholesale funding						
113		Total funding provided by small business customers; of which:						
114		Insured deposits; of which:						
115		in transactional accounts; of which:						
116		eligible for a 3% run-off rate; of which:						
117		are in the reporting bank's home jurisdiction					0.03	
118		are not in the reporting bank's home jurisdiction					0.03	
119		eligible for a 5% run-off rate; of which:						
120		are in the reporting bank's home jurisdiction		0			0.05	0
121		are not in the reporting bank's home jurisdiction		0			0.05	0
122		in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:						
123		eligible for a 3% run-off rate; of which:						
124		are in the reporting bank's home jurisdiction					0.03	
125		are not in the reporting bank's home jurisdiction					0.03	
126		eligible for a 5% run-off rate; of which:						
127		are in the reporting bank's home jurisdiction		0			0.05	0
128		are not in the reporting bank's home jurisdiction		0			0.05	0
129		in non-transactional and non-relationship accounts		0			0.10	0
130		Uninsured deposits		0			0.10	0
131		Additional deposit categories with higher run-off rates as specified by supervisor						
132		Category 1		0			0.00	0
133		Category 2		0			0.00	0
134		Category 3		0			0.00	0
135		Term deposits (treated as having >30 day maturity); of which:						
136		With a supervisory run-off rate		0			0.00	0
137		Without supervisory run-off rate		0			0.00	0
138		Total operational deposits; of which:						
139		provided by non-financial corporates						
140		insured, with a 3% run-off rate					0.03	
141		insured, with a 5% run-off rate		0			0.05	0
142		uninsured		0			0.25	0
143		provided by sovereigns, central banks, PSEs and MDBs						
144		insured, with a 3% run-off rate					0.03	
145		insured, with a 5% run-off rate		0			0.05	0
146		uninsured		0			0.25	0
147		provided by banks						
148		insured, with a 3% run-off rate					0.03	
149		insured, with a 5% run-off rate		0			0.05	0
150		uninsured		0			0.25	0
151		provided by other financial institutions and other legal entities						
152		insured, with a 3% run-off rate					0.03	
153		insured, with a 5% run-off rate		0			0.05	0
154		uninsured		0			0.25	0
	A	B	C	D	E	F	G	H
155		Total non-operational deposits; of which						
156		provided by non-financial corporates (including PICs); of which:						
157		where entire amount is fully covered by an effective deposit insurance scheme		0			0.20	0
158		where entire amount is not fully covered by an effective deposit insurance scheme		0			0.40	0
159		provided by sovereigns, central banks, PSEs and MDBs; of which:						
160		where entire amount is fully covered by an effective deposit insurance scheme		0			0.20	0
161		where entire amount is not fully covered by an effective deposit insurance scheme		0			0.40	0
162		swiss fiduciary deposits		0			0.50	0
163		provided by other banks		0			1.00	0
164		provided by other financial institutions and other legal entities		0			1.00	0
165		Unsecured debt issuance		0			1.00	0
166		Additional balances required to be installed in central bank reserves		0			1.00	0
167		**Total unsecured wholesale funding run-off**						**0**

APPENDIX 2 – *Form LCR*

	A	B	C	D	E	F	G	H
168	**c) Secured funding run-off**							
177				**Amount received**	**Market value of extended collateral**		**Weight**	**Weighted amount**
178		Transactions conducted with the bank's domestic central bank; of which:						
179		Backed by Level 1 assets; of which:		0	0		0.00	0
180		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
181		Check: row 180 ≤ row 179		Pass	Pass			
182		Backed by Level 2A assets; of which:		0	0		0.00	0
183		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
184		Check: row 183 ≤ row 182		Pass	Pass			
185		Backed by Level 2B RMBS assets; of which:		0	0		0.00	0
186		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
187		Check: row 186 ≤ row 185		Pass	Pass			
188		Backed by Level 2B non-RMBS assets; of which:		0	0		0.00	0
189		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
190		Check: row 189 ≤ row 188		Pass	Pass			
191		Backed by other assets		0	0		0.00	0
192		Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:		0	0		0.00	0
193		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
194		Check: row 193 ≤ row 192		Pass	Pass			
195		Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:		0	0		0.15	0
196		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
197		Check: row 196 ≤ row 195		Pass	Pass			
198		Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:		0	0		0.25	0
199		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
200		Check: row 199 ≤ row 198		Pass	Pass			
201		Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:						
202		Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		0	0		0.25	0
203		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
204		Check: row 203 ≤ row 202		Pass	Pass			
205		Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		0	0		0.50	0
206		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
207		Check: row 206 ≤ row 205		Pass	Pass			
208		Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:						
209		Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight		0	0		0.25	0
210		Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight		0	0		1.00	0
211		**Total secured wholesale funding run-off**						**0**
212	**d) Additional requirements**							
213				**Amount**			**Weight**	**Weighted amount**
214		Derivatives cash outflow		0			1.00	0
215		Increased liquidity needs related to downgrade triggers in derviatives and other financing transactions		0			1.00	0
216		Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:						
217		Cash and Level 1 assets		0			0.00	0
218		For other collateral (ie all non-Level 1 collateral)		0			0.20	0
219		Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty		0			1.00	0
220		Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted		0			1.00	0
221		Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets		0			1.00	0
222		Increased liquidity needs related to market valuation changes on derivative or other transactions		0			1.00	0
223		Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds		0			1.00	0
224		Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:						
225		debt maturing ≤ 30 days		0			1.00	0
226		with embedded options in financing arrangements		0			1.00	0
227		other potential loss of such funding		0			1.00	0
228		Loss of funding on covered bonds issued by the bank		0			1.00	0
229		Undrawn committed credit and liquidity facilities to retail and small business customers		0			0.05	0
230		Undrawn committed credit facilities to						
231		non-financial corporates		0			0.10	0
232		sovereigns, central banks, PSEs and MDBs		0			0.10	0
233		Undrawn committed liquidity facilities to						
234		non-financial corporates		0			0.30	0
235		sovereigns, central banks, PSEs and MDBs		0			0.30	0
236		Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision		0			0.40	0
237		Undrawn committed credit facilities provided to other FIs		0			0.40	0
238		Undrawn committed liquidity facilities provided to other FIs		0			1.00	0
239		Undrawn committed credit and liquidity facilities to other legal entities		0			1.00	0
240								

APPENDIX 2 – *Form LCR*

	A / B	C	D	E	F	G	H
241	**Other contractual obligations to extend funds to**		**Amount**	**roll-over of inflows**	**excess outflows**	**Weight**	**Weighted amount**
242	financial institutions		0			1.00	0
243	retail clients		0	0			
244	small business customers		0	0			
245	non-financial corporates		0	0			
246	other clients		0	0			
247	retail, small business customers, non-financials and other clients		0	0	0	1.00	0
248	**Total contractual obligations to extend funds in excess of 50% roll-over assumption**						**0**
249							
250							**Weighted amount**
251	**Total additional requirements run-off**						**0**
252							
253	**Other contingent funding obligations**		**Amount**			**Weight**	**Weighted amount**
254	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities		0			1.00	0
255	Unconditionally revocable "uncommitted" credit and liquidity facilities		0			0.00	0
256	Trade finance-related obligations (including guarantees and letters of credit)		0			0.05	0
257	Guarantees and letters of credit unrelated to trade finance obligations		0			0.00	0
258	Non-contractual obligations:						
259	Debt-buy back requests (incl related conduits)		0			0.00	0
260	Structured products		0			0.00	0
261	Managed funds		0			0.00	0
262	Other non-contractual obligations		0			0.00	0
263	Outstanding debt securities with remaining maturity > 30 days		0			1.00	0
264	Non contractual obligations where customer short positions are covered by other customers' collateral		0			0.50	0
265	Bank outright short positions covered by a collateralised securities financing transaction		0			0.00	0
266	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)		0			1.00	0
267	**Total run-off on other contingent funding obligations**						**0**
268	**e) Total cash outflows**						
269							
270	Total cash outlfows						0
271	**2) Cash inflows**						
272	**a) Secured lending including reverse repo and securities borrowing**						
273			**Amount extended**	**Market value of received colllateral**		**Weight**	**Weighted amount**
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days						
275	Of which collateral is **not re-used** (ie is not rehypothecated) to cover the reporting institution's outright short positions						
276	Transactions backed by Level 1 assets; of which:		0	0		0.00	0
277	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
278	Check: row 277 ≤ row 276		Pass	Pass			
279	Transactions backed by Level 2A assets; of which:		0	0		0.15	0
280	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
281	Check: row 280 ≤ row 279		Pass	Pass			
282	Transactions backed by Level 2B RMBS assets; of which:		0	0		0.25	0
283	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
284	Check: row 283 ≤ row 282		Pass	Pass			
285	Transactions backed by Level 2B non-RMBS assets; of which:		0	0		0.50	0
286	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
287	Check: row 286 ≤ row 285		Pass	Pass			
288	Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.50	0
289	Transactions backed by other collateral		0	0		1.00	0
290	Of which collateral **is re-used** (ie is rehypothecated) in transactions to cover the reporting insitution's outright short positions						
291	Transactions backed by Level 1 assets		0	0		0.00	0
292	Transactions backed by Level 2A assets		0	0		0.00	0
293	Transactions backed by Level 2B RMBS assets		0	0		0.00	0
294	Transactions backed by Level 2B non-RMBS assets		0	0		0.00	0
295	Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.00	0
296	Transactions backed by other collateral		0	0		0.00	0
297	**Total inflows on reverse repo and securities borrowing transactions**						**0**

APPENDIX 2 – *Form LCR*

	A	B	C	D	E	F	G	H
298	**b) Other inflows by counterparty**							
299								
300				**Amount**			**Weight**	**Weighted amount**
301		Contractual inflows due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296, from:						
302		Retail customers		0			0.50	0
303		Small business customers		0			0.50	0
304		Non-financial corporates		0			0.50	0
305		Central banks		0			1.00	0
306		Financial institutions, of which						
307		operational deposits		0			0.00	0
308		deposits at the centralised institution of an institutional network that receive 25% run-off		0			0.00	0
309		all payments on other loans and deposits due in ≤ 30 days		0			1.00	0
310		Other entities		0			0.50	0
311		**Total of other inflows by counterparty**						**0**
312	**c) Other cash inflows**							
313								
314				**Amount**			**Weight**	**Weighted amount**
315		Other cash inflows						
316		Derivatives cash inflow		0			1.00	0
317		Contractual inflows from securities maturing ≤ 30 days, not included anywhere above		0			1.00	0
318		Other contractual cash inflows		0			0.00	0
319		**Total of other cash inflows**						**0**
320	**d) Total cash inflows**							
321								
322				**Amount**			**Weight**	**Weighted amount**
323		Total cash inflows before applying the cap						0
324		Cap on cash inflows		0			0.75	0
325		Total cash inflows after applying the cap						0
326								
327	**C) Collateral swaps**							
328								
329				**Market value of collateral lent**	**Market value of collateral borrowed**		**Weight outflows**	**Weighted amount outflows**
330		Collateral swaps maturing ≤ 30 days:						
331		Of which the borrowed assets **are not re-used** (ie are not rehypothecated) to cover short positions						
332		Level 1 assets are lent and Level 1 assets are borrowed; of which:		0	0		0.00	0
333		Involving eligible liquid assets – see instructions for more detail		0	0			
334		Check: row 333 ≤ row 332		Pass	Pass			
335		Level 1 assets are lent and Level 2A assets are borrowed; of which:		0	0			
336		Involving eligible liquid assets – see instructions for more detail		0	0			
337		Check: row 336 ≤ row 335		Pass	Pass			
338		Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0			
339		Involving eligible liquid assets – see instructions for more detail		0	0			
340		Check: row 339 ≤ row 338		Pass	Pass			
341		Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
342		Involving eligible liquid assets – see instructions for more detail		0	0			
343		Check: row 342 ≤ row 341		Pass	Pass			
344		Level 1 assets are lent and other assets are borrowed; of which:		0	0			
345		Involving eligible liquid assets – see instructions for more detail		0	0			
346		Check: row 345 ≤ row 344		Pass	Pass			
347		Level 2A assets are lent and Level 1 assets are borrowed; of which:		0	0		0.15	0
348		Involving eligible liquid assets – see instructions for more detail		0	0			
349		Check: row 348 ≤ row 347		Pass	Pass			
350		Level 2A assets are lent and Level 2A assets are borrowed; of which:		0	0		0.00	0
351		Involving eligible liquid assets – see instructions for more detail		0	0			
352		Check: row 351 ≤ row 350		Pass	Pass			
353		Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0			
354		Involving eligible liquid assets – see instructions for more detail		0	0			
355		Check: row 354 ≤ row 353		Pass	Pass			
356		Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
357		Involving eligible liquid assets – see instructions for more detail		0	0			
358		Check: row 357 ≤ row 356		Pass	Pass			
359		Level 2A assets are lent and other assets are borrowed; of which:		0	0			
360		Involving eligible liquid assets – see instructions for more detail		0	0			
361		Check: row 360 ≤ row 359		Pass	Pass			
362		Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:		0	0		0.25	0
363		Involving eligible liquid assets – see instructions for more detail		0	0			
364		Check: row 363 ≤ row 362		Pass	Pass			
365		Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:		0	0		0.10	0
366		Involving eligible liquid assets – see instructions for more detail		0	0			
367		Check: row 366 ≤ row 365		Pass	Pass			

APPENDIX 2 – *Form LCR*

A	B	C	D	E	F	G	H
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.00	0
369	Involving eligible liquid assets – see instructions for more detail		0	0			
370	Check: row 369 ≤ row 368		Pass	Pass			
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
372	Involving eligible liquid assets – see instructions for more detail		0	0			
373	Check: row 372 ≤ row 371		Pass	Pass			
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:		0	0			
375	Involving eligible liquid assets – see instructions for more detail		0	0			
376	Check: row 375 ≤ row 374		Pass	Pass			
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:		0	0		0.50	0
378	Involving eligible liquid assets – see instructions for more detail		0	0			
379	Check: row 378 ≤ row 377		Pass	Pass			
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:		0	0		0.35	0
381	Involving eligible liquid assets – see instructions for more detail		0	0			
382	Check: row 381 ≤ row 380		Pass	Pass			
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.25	0
384	Involving eligible liquid assets – see instructions for more detail		0	0			
385	Check: row 384 ≤ row 383		Pass	Pass			
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0		0.00	0
387	Involving eligible liquid assets – see instructions for more detail		0	0			
388	Check: row 387 ≤ row 386		Pass	Pass			
389	Level 2B non-RMBS assets are lent and other assets are borrowed; of which:		0	0			
390	Involving eligible liquid assets – see instructions for more detail		0	0			
391	Check: row 390 ≤ row 389		Pass	Pass			
392	Other assets are lent and Level 1 assets are borrowed; of which:		0	0		1.00	0
393	Involving eligible liquid assets – see instructions for more detail		0	0			
394	Check: row 393 ≤ row 392		Pass	Pass			
395	Other assets are lent and Level 2A assets are borrowed; of which:		0	0		0.85	0
396	Involving eligible liquid assets – see instructions for more detail		0	0			
397	Check: row 396 ≤ row 395		Pass	Pass			
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.75	0
399	Involving eligible liquid assets – see instructions for more detail		0	0			
400	Check: row 399 ≤ row 398		Pass	Pass			
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0		0.50	0
402	Involving eligible liquid assets – see instructions for more detail		0	0			
403	Check: row 402 ≤ row 401		Pass	Pass			
404	Other assets are lent and other assets are borrowed		0	0		0.00	0
405	Of which the borrowed assets **are re-used** (ie are rehypothecated) in transactions to cover short positions						
406	Level 1 assets are lent and Level 1 assets are borrowed		0	0		0.00	0
407	Level 1 assets are lent and Level 2A assets are borrowed		0	0			
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed		0	0			
409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
410	Level 1 assets are lent and other assets are borrowed		0	0			
411	Level 2A assets are lent and Level 1 assets are borrowed		0	0		0.15	0
412	Level 2A assets are lent and Level 2A assets are borrowed		0	0		0.00	0
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed		0	0			
414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
415	Level 2A assets are lent and other assets are borrowed		0	0			
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed		0	0		0.25	0
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed		0	0		0.10	0
418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed		0	0		0.00	0
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
420	Level 2B RMBS assets are lent and other assets are borrowed		0	0			
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed		0	0		0.50	0
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed		0	0		0.35	0
423	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed		0	0		0.25	0
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed		0	0		0.00	0
425	Level 2B non-RMBS assets are lent and other assets are borrowed		0	0			
426	Other assets are lent and Level 1 assets are borrowed		0	0		1.00	0
427	Other assets are lent and Level 2A assets are borrowed		0	0		0.85	0
428	Other assets are lent and Level 2B RMBS assets are borrowed		0	0		0.75	0
429	Other assets are lent and Level 2B non-RMBS assets are borrowed		0	0		0.50	0
430	Other assets are lent and other assets are borrowed		0	0		0.00	0
431	**Total outflows and total inflows from collateral swaps**						**0**
432							
433			**Addition**	**Reduction**			
434	Adjustments to Level 1 assets due to collateral swaps		0	0			
435	Adjustments to Level 2A assets due to collateral swaps		0	0			
436	Adjustments to Level 2B RMBS assets due to collateral swaps		0	0			
437	Adjustments to Level 2B non-RMBS assets due to collateral swaps		0	0			
438							
439	**D) LCR**						
440							
441	Total stock of high quality liquid assets						0
442	Net cash outflows						0
443	**LCR**						

Guernsey Financial
Services Commission

Guidance to completing the LCR module of Form LCR

APPENDIX 3 – ***Guidance to completing the LCR module of Form LCR***

LIQUIDITY COVERAGE RATIO GUIDANCE

Introduction

The Liquidity Coverage Ratio ("LCR") promotes the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient High Quality Liquid Assets ("HQLA") to survive a significant stress scenario lasting 30 calendar days.

The LCR is calculated as follows:

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}}$$

The Guidance below explains how to complete the LCR reporting form. The reporting form automatically calculates the LCR by applying standard regulatory adjustments to assets and applying standard regulatory weightings to calculate stressed net cash flows.

The guidance below follows closely the Basel III LCR Standard[6] and references are made to this framework to provide further guidance. Banks should contact the Commission where further guidance on LCR form completion is required.

Input

Data should only be entered in the yellow shaded cells. There are also some green shaded cells which may be used for input in future subject to the instruction of the Commission. Orange shaded cells represent calculation results and must not be changed. It is important to note that any modification to the worksheets is not permitted.

High Quality Liquid Assets (panel A)

General requirements

Banks should assess assets and exclude any that, despite meeting the operation criteria set out below, are not sufficiently liquid (setting aside liquidity provided by central banks or governments) to be included in the stock of HQLA. This assessment process must be described in a bank's LMP and should cover the following:

- Fundamental characteristics; and
- Market-related characteristics.

The test of whether liquid assets are of "high quality" is that, by way of sale or repo, their liquidity-generating capacity is assumed to remain intact even in periods of severe idiosyncratic and market stress.

HQLA should ideally be eligible at central banks for intraday liquidity needs and overnight liquidity facilities. Central banks can provide a further backstop to the supply of banking system liquidity under conditions of severe stress. Central bank eligibility should thus provide additional confidence that banks are holding assets that could be used in events of severe stress without damaging the broader financial

[6] Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, Basel Committee on Banking Supervision, January 2013, http://www.bis.org/publ/bcbs238.pdf

system.

Banks that have direct access to central banks, including via overseas branches, should determine whether assets are eligible.

Fundamental characteristics

Low credit risk**:** assets that are less risky tend to have higher liquidity. High credit standing of the issuer and a low degree of subordination increase an asset's liquidity. Low duration, low legal risk, low inflation risk and denomination in a convertible currency with low foreign exchange risk all enhance an asset's liquidity.

Ease and certainty of valuation**:** an asset's liquidity is aided if market participants are likely to agree on its valuation. Assets with more standardised, homogenous and simple structures tend to be more fungible, promoting liquidity. The pricing formula of a high-quality liquid asset must be easy to calculate and not depend on strong assumptions. The inputs into the pricing formula must also be publicly available. In practice, this should rule out the inclusion of most structured or exotic products.

Low correlation with risky assets: the stock of HQLA should not be subject to wrong-way (highly correlated) risk. For example, assets issued by financial institutions are more likely to be illiquid in times of liquidity stress in the banking sector.

Listed on a developed and recognised exchange**:** being listed significantly aids an asset's transparency.

Market-related characteristics

Active and sizable market**:** the asset should have active outright sale or repo markets at all times. This means that:

- There should be historical evidence of market breadth and market depth. This could be demonstrated by low bid-ask spreads, high trading volumes, and a large and diverse number of market participants. Diversity of market participants reduces market concentration and increases the reliability of the liquidity in the market.

- There should be robust market infrastructure in place. The presence of multiple committed market makers increases liquidity as quotes will most likely be available for buying or selling HQLA.

Low volatility**:** assets whose prices remain relatively stable and are less prone to sharp price declines over time will have a lower probability of triggering forced sales to meet liquidity requirements. Volatility of traded prices and spreads are simple proxy measures of market volatility. There should be historical evidence of relative stability of market terms (e.g. prices and haircuts) and volumes during stressed periods.

Flight to quality**:** historically, the market has shown tendencies to move into these types of assets in a systemic crisis. The correlation between proxies of market liquidity and banking system stress is one simple measure that could be used.

Operational requirements: All assets in the stock are subject to the following operational requirements. These operational requirements are designed to ensure that the stock of HQLA is managed in such a way that the bank can, and is able to demonstrate that it can, immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30 day stress period, with no restriction on the use of the liquidity generated.

All assets in the stock should be unencumbered, per the definition below. Banks should exclude from the stock those assets that, although meeting the definition of "unencumbered" specified below, the bank would not have the operational capability to monetise to meet outflows during the stressed period. Operational capability to monetise assets requires having procedures and appropriate systems in place, including providing the function noted below with access to all necessary information to execute monetisation of any asset at any time. Monetisation of the asset must be executable, from an operational perspective, in the standard settlement period for the asset class in the relevant jurisdiction.

All assets accounted for in this section should be under the control of the function charged with managing the liquidity of the bank (e.g. the treasurer), meaning the function has the continuous authority, and legal and operational capability, to monetise any asset in the stock. Control must be evidenced either by maintaining assets in a separate pool managed by the function with the sole intent for use as a source of contingent funds, or by documenting in its LMP how it has and will verify from time to time that (1) the function can monetise the asset at any point in the 30 day stress period and that (2) the proceeds of doing so are available to the function throughout the 30 day stress period without directly conflicting with a stated business or risk management strategy. For example, an asset should not be included in the stock if the sale of that asset, without replacement throughout the 30 day period, would remove a hedge that would create an open risk position in excess of internal limits.

A bank should periodically monetise a representative proportion of the assets in the stock through repo or outright sale, in order to test its access to the market, the effectiveness of its processes for monetisation, the availability of the assets, and to minimise the risk of negative signalling during a period of actual stress.

A bank is permitted to hedge the market risk associated with ownership of the stock of liquid assets and still include the assets in the stock. If it chooses to hedge the market risk, the bank should take into account (in the market value applied to each asset) the cash outflow that would arise if the hedge were to be closed out early (in the event of the asset being sold).

In accordance with Principle 9 of the Sound Principles[7] a bank "should monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner". Specifically it should have a policy in place that identifies legal entities, geographical locations, currencies and specific custodial or bank accounts where HQLA are held. In addition the bank should determine whether any such assets should be excluded for operational reasons and, therefore, have the ability to determine the composition of its stock on a daily basis.

Qualifying HQLA that are held to meet statutory liquidity requirements at the legal entity or sub-consolidated level (where applicable) may only be included in the stock at the consolidated level to the extent that the related risks (as measured by the legal entity's or sub-consolidated group's net cash outflows in the LCR) are also reflected in the consolidated LCR. Any surplus of HQLA held at the legal entity can only be included in the consolidated stock if those assets would also be freely available to the consolidated (parent) entity in times of stress.

In assessing whether assets are freely transferable for regulatory purposes, banks should be aware that assets may not be freely available to the consolidated entity due to regulatory, legal, tax, accounting or other impediments. Assets held in legal entities without market access should only be included to the extent that they can be freely transferred to other entities that could monetise the assets.

A bank should assess whether it has access to, large, deep and active repo markets for each eligible asset class. Where this is not the case, assets can only be included if it is likely that they could be monetised through outright sale. In these circumstances, a bank should exclude from the stock of HQLA those assets where there are impediments to sale, such as large fire-sale discounts which would cause it to breach minimum solvency requirements, or requirements to hold such assets, including, but not limited to, statutory minimum inventory requirements for market-making.

[7] Principles for Sound Liquidity Risk Management and Supervision, Basel Committee on Banking Supervision, September 2008, http://www.bis.org/publ/bcbs144.pdf

APPENDIX 3 – *Guidance to completing the LCR module of Form LCR*

Banks should not include in the stock of HQLA any assets, or liquidity generated from assets, they have received under right of rehypothecation, if the beneficial owner has the contractual right to withdraw those assets during the 30 day stress period.

Assets received as collateral for derivatives transactions that are not segregated and legally able to be rehypothecated may be included in the stock of HQLA provided that the bank records an appropriate outflow for the associated risks as set out in the Basel III LCR standards paragraph 116.

In order to mitigate cliff effects that could arise, if an eligible liquid asset became ineligible (e.g. due to rating downgrade), a bank is permitted to keep such assets in its stock of liquid assets for an additional 30 calendar days. This would allow the bank additional time to adjust its stock as needed or replace the asset.

As part of the stock, liquid assets cannot be counted as cash inflows even if they mature within 30 days (i.e. no double-counting is allowed).

Definition of unencumbered: free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign the asset. An asset in the stock should not be pledged by the bank (either explicitly or implicitly) to secure, collateralise or credit-enhance any transaction, nor be designated to cover operational costs (such as rents and salaries). However, assets that the bank received as collateral in reverse repo and securities financing transactions can be considered as part of the stock if they are held at the bank, have not been rehypothecated, and are legally and contractually available for the bank's use. In addition, assets which qualify for the stock of HQLA that have been prepositioned or deposited with, or pledged to, the central bank or a public sector entity (PSE) but have not been used to generate liquidity may be included in the stock. If a bank has deposited, pre-positioned or pledged Level 1, Level 2 and other assets in a collateral pool and no specific securities are assigned as collateral for any transactions, it may assume that assets are encumbered in order of increasing liquidity value in the LCR, i.e. assets ineligible for the LCR are assigned first, followed by Level 2B, then other Level 2 and finally Level 1. This determination must be made in compliance with any requirements, such as concentration or diversification, of the central bank or PSE.

Criteria of liquid assets: Securities that can be included in the stock of HQLA must also meet the following common criteria (note that additional security-specific criteria are included in the individual line item descriptions):

- they should neither be issued by, nor be an obligation of, a financial institution[8] or any of its affiliated entities (except in the case of covered bonds and RMBS which should not be issued by the bank itself or any of its affiliated entities) - in practice, this means that securities issued by an affiliate of a financial institution would not qualify for the stock of HQLA, even where the issuance is government guaranteed;

- they should be traded in large, deep and active repo or cash markets characterised by a low level of concentration; and

- they should have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions (i.e. maximum decline of price not exceeding 10% or increase in haircut not exceeding 10 percentage points over a 30-day period during a relevant period of significant liquidity stress).

Realisable value

Assets should be measured at their current realisable value.

[8]Financial institutions, in this context, include banks, securities firms and insurance companies.

APPENDIX 3 – *Guidance to completing the LCR module of Form LCR*

The definition of realisable value for the purpose of determining the value of HQLA is the highest value for which the asset can be realised, being either of:

- repo value (only assets for which a deep and active repo market exists): the maximum amount that would be received under a repo, applying prevailing market values and haircuts; and
- sale value: the current bid-price of the asset.

Row	Heading	Description	Basel III LCR standards reference
A)a)	**Level 1 assets**		
6	Coins and banknotes	Coins and banknotes currently held by the bank that are immediately available to meet obligations. Deposits placed at, or receivables from, other institutions should be reported in the inflows section.	50(a)
7	Total central bank reserves; of which:	Total amount held in central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank). Other term deposits with central banks are not eligible for the stock of HQLA; however, if the term expires within 30 days, the term deposit could be considered as an inflow (reported in line 305).	50(b), footnote 12
8	part of central bank reserves that can be drawn in times of stress	Total amount held in central bank reserves and overnight and term deposits at the same central bank (as reported in line 7) which can be drawn down in times of stress. Amounts required to be installed in the central bank reserves within 30 days should be reported in line 166 of the outflows section.	50(b), footnote 13
Securities with a 0% risk weight:			
11	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)
12	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)
13	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 0% risk weight under the standardised approach to credit risk (reported under item A.2.1 of Module 1).	50(c)
14	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by public sector entities, receiving a 0% risk weight under the standardised approach to credit risk (reported under item B.2.1 of Module 1).	50(c)

15	Issued or guaranteed by BIS, IMF, ECB and European Community or MDBs	Marketable debt securities issued or guaranteed by the Bank for International Settlements, the International Monetary Fund, the European Central Bank (ECB) and European Community or multilateral development banks (MDBs), receiving a 0% risk weight under the standardised approach to credit risk (reported under items A.2.1 or A.3 of Module 1).	50(c)

For non-0% risk-weighted sovereigns:

17	sovereign or central bank debt securities issued in domestic currency by the sovereign or central bank in the country in which the liquidity risk is taken or in the bank's home country	Debt securities issued by the sovereign or central bank in the domestic currency of that country, that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight of that country. Banks are only permitted to include debt issued by sovereigns or central banks of their home jurisdictions or, to the extent of the liquidity risk taken in other jurisdictions, of those jurisdictions.	50(d)
18	domestic sovereign or central bank debt securities issued in foreign currencies up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken	Debt securities issued by the domestic sovereign or central bank in foreign currencies (that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight), up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken.	50(e)

Total Level 1 assets:

19	Total stock of Level 1 assets	Total outright holdings of Level 1 assets plus all borrowed securities of Level 1 assets	49
20	Adjustment to stock of Level 1 assets	Adjustment to the stock of Level 1 assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
21	Adjusted amount of Level 1 assets	Adjusted amount of Level 1 assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1

A)b) Level 2A assets

Securities with a 20% risk weight:

25	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1) and not included in lines 17 or 18.	52(a)
26	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1).	52(a)

27	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1), and not included in lines 17 or 18.	52(a)
28	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by PSEs, receiving a 20% risk weight under the standardised approach to credit risk (reported under item B.2.2 of Module 1).	52(a)
29	issued or guaranteed by MDBs	Marketable debt securities issued or guaranteed by multilateral development banks, receiving a 20% risk weight under the standardised approach to credit risk (Not currently used).	52(a)

Non-financial corporate bonds:

30	rated AA- or better	Non-financial corporate bonds (including commercial paper) having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 of Module 1).	52(b)

Covered bonds (not self-issued):

31	rated AA- or better	Covered bonds, not self-issued, having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 or Portfolio D of Module 1).	52(b)

Total Level 2A assets:

32	Total stock of Level 2A assets	Total outright holdings of Level 2A assets plus all borrowed securities of Level 2A assets, after applying haircuts	52(a),(b)
33	Adjustment to stock of Level 2A assets	Adjustment to the stock of Level 2A assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
34	Adjusted amount of Level 2A assets	Adjusted amount of Level 2A assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1

A)c) Level 2B assets

37	Residential mortgage backed securities (RMBS), rated AA or better	RMBS that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • not issued by, and the underlying assets have not been originated by, the bank itself or any of its affiliated entities; • the relevant credit rating for capital adequacy purposes is	54(a)

		at least AA; • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions (i.e. maximum decline of price or increase in haircut over a 30-day period during a relevant period of significant liquidity stress not exceeding 20%); • the underlying asset pool is restricted to residential mortgages and cannot contain structured products; • the underlying mortgages are "full recourse'' loans (i.e. in the case of foreclosure the mortgage owner remains liable for any shortfall in sales proceeds from the property) and have a maximum loan-to-value ratio (LTV) of 80% on average at issuance; and • the securitisations are subject to "risk retention" regulations which require issuers to retain an interest in the assets they securitise.	
38	Non-financial corporate bonds, rated BBB- to A+	Non-financial corporate debt securities (including commercial paper) rated BBB- to A+ that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements) : • the relevant credit rating for capital adequacy purposes is at least BBB-; and • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress.	54(b)
39	Non-financial common equity shares	Non-financial common equity shares that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • exchange traded and centrally cleared; • a constituent of the major stock index in the home jurisdiction or where the liquidity risk is taken, as decided by the supervisor in the jurisdiction where the index is located; • denominated in the domestic currency of a bank's home jurisdiction or in the currency of the jurisdiction where a bank's liquidity risk is taken; and • have a proven record as a relatively reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of share price not exceeding 40% or increase in haircut not exceeding 40 percentage points over a 30-day period during a relevant	54(c)

		period of significant liquidity stress.	
40	Sovereign or central bank debt securities, rated BBB- to BBB+	Sovereign or central bank debt securities, rated BBB- to BBB+, that are not already included in lines 17 or 18, per FAQ 3(a) in Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm.	BCBS FAQ[9] 3(a)

Total Level 2B assets:

Row	Heading	Description	Basel III LCR standards reference
41	Total stock of Level 2B RMBS assets	Total outright holdings of Level 2B RMBS assets plus all borrowed securities of Level 2B RMBS assets, after applying haircuts.	54(a)
42	Adjustment to stock of Level 2B RMBS assets	Adjustment to the stock of Level 2B RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
43	Adjusted amount of Level 2B RMBS assets	Adjusted amount of Level 2B RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
44	Total stock of Level 2B non-RMBS assets	Total outright holdings of Level 2B non-RMBS assets plus all borrowed securities of Level 2B non-RMBS assets, after applying haircuts.	54(b),(c)
45	Adjustment to stock of Level 2B non-RMBS assets	Adjustment to the stock of Level 2B non-RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
46	Adjusted amount of Level 2B non-RMBS assets	Adjusted amount of Level 2B non-RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
47	Adjusted amount of Level 2B(RMBS and non-RMBS) assets	Sum of adjusted amount of Level 2B RMBS assets and adjusted amount of Level 2B non-RMBS assets (see Appendix 1).	Annex 1
49	Adjustment to stock of HQLA due to cap on Level 2B assets	Adjustment to stock of HQLA due to 15% cap on Level 2B Assets (see Appendix 1).	47, Annex 1
50	Adjustment to stock of HQLA due to cap on Level 2 assets	Adjustment to stock of HQLA due to 40% cap on Level 2 assets (see Appendix 1).	51, Annex 1

A)d) Total stock of HQLA

53	Total stock of HQLA	Total stock of HQLA after taking haircuts and the adjustment for the caps on Level 2 and Level 2B assets into account.	

A)e)Total stock of HQLA

78	Total stock of HQLA	Total stock of HQLA	

[9] Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm

Outflows, Liquidity Coverage Ratio (LCR) (panel B1)

This section calculates the total expected cash outflows in the LCR stress scenario for the subsequent 30 calendar days. They are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or to be drawn down (Basel III LCR standards paragraph 69).

Where there is potential that an item could be reported in multiple outflow categories, (e.g. committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank only has to assume up to the maximum contractual outflow for that product (Basel III LCR standards paragraph 72).

Where a deposit is pledged as security for a loan, outflows relating to the pledged deposit may be excluded from the LCR calculation but only if the following conditions are met:

- The loan will not mature or be settled in the next 30 days; and
- The pledge arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and
- The amount of deposit to be excluded does not exceed the outstanding balance of the loan.

The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.

a) Retail deposit run-off

Retail deposits are defined as deposits placed with a bank by a natural person. Deposits from legal entities, sole proprietorships and partnerships are captured in wholesale deposit categories. Retail deposits reported in lines 88 to 108 include demand deposits and term deposits maturing in or with a notice period up to 30 days.

Term deposits with a residual contractual maturity greater than 30 days which may be withdrawn within 30 days without entailing a significant withdrawal penalty materially greater than the loss of interest, should be considered to mature within the 30-day horizon and should also be included in lines 88 to 108 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

If notice is given on a deposit with a minimum withdrawal period, the amount impacted should be treated as an outflow on the date when the notice expires, without adjustment. The remainder is unaffected.

If a bank allows a depositor to withdraw fixed or notice deposits without applying the corresponding penalty or despite a clause that says the depositor has no legal right to withdraw, the entire category of these funds would then have to be treated as demand deposits (i.e. regardless of the remaining term). Banks may choose to outline exceptional circumstances that would qualify as hardship, under which the term deposit could exceptionally be withdrawn by the depositor without changing the treatment of the entire pool of deposits. This is subject to supervisory review and must be documented in a bank’s LMP.

Notes, bonds and other debt securities sold exclusively to the retail market and held in retail accounts (including small business customer accounts) can be reported in the appropriate retail deposit category. To be treated in this manner, it is not sufficient that the debt instruments are specifically designed and marketed to retail customers. Rather there should be limitations placed such that those instruments cannot be bought and held by parties other than retail customers.

APPENDIX 3 – *Guidance to completing the LCR module of Form LCR*

Row	Heading	Description	Basel III LCR standards reference
84	Total retail deposits; of which	Total retail deposits as defined above.	
85	Insured deposits; of which:	The portion of retail deposits that are covered by deposit insurance scheme.	
86	in transactional accounts; of which:	Total fully insured retail deposits in transactional accounts (e.g. accounts where salaries are automatically credited).	
87	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
88	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
89	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
90	eligible for a 5% run-off rate; of which:	Covered deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	
91	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are** in the reporting bank's home jurisdiction.	
92	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are not** in the reporting bank's home jurisdiction.	
93	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured retail deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	
94	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
95	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	
96	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	
97	eligible for a 5% run-off rate; of which:	Covered by deposit insurance, non-transactional deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	

98	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are** in the reporting bank's home jurisdiction.	
99	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are not** in the reporting bank's home jurisdiction.	
100	in non-transactional and non-relationship accounts	Insured retail deposits not included in lines 90 or 97.	
101	Uninsured deposits	The portion of retail deposits that is non-maturing or mature within 30 days that are not insured by a deposit insurance scheme (i.e. all retail deposits not reported in lines 88 to 100, excluding any deposits included in lines 103 to 105).	
102	Additional deposit categories with higher run-off rates as specified by supervisor	Other retail deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	
103	Category 1	As defined by the Commission	
104	Category 2	As defined by the Commission	
105	Category 3	As defined by the Commission	
106	Term deposits (treated as having >30 day remaining maturity); of which	Retail deposits with a residual maturity or withdrawal notice period greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or where early withdrawal results in a significant penalty that is materially greater than the loss of interest.	82–84
107	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	84
108	Without supervisory run-off rate	All other term retail deposits treated as having > 30 day remaining maturity as defined in line 106. A run-off rate of 0% applies.	82

b) Unsecured wholesale funding run-off

Unsecured wholesale funding is defined as liabilities and general obligations that are raised from non-natural persons (i.e. legal entities, including sole proprietorships and partnerships) and are **not** collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution, excluding derivatives.

Wholesale funding included in the LCR is defined as all funding that is callable within the LCR's 30-day horizon or that has its earliest possible contractual maturity date within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity. This includes all funding with options that are exercisable at the investor's discretion within the 30-day horizon. It also includes funding with options exercisable at the bank's discretion where the bank's ability not to exercise the option is limited for reputational reasons. In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date and within the 30-day horizon, such liabilities should be included in the appropriate outflows category.

Small business customers

Unsecured wholesale funding provided by small business customers consists of deposits and other extensions of funds made by non-financial small business customers. “Small business customers” are defined in line with the definition of loans extended to small businesses in Appendix H to Module 1 that are managed as retail exposures and are generally considered as having similar liquidity risk characteristics to retail accounts, provided the total aggregated funding raised from the small business customer is less than £1 million (on a consolidated basis where applicable).

“Aggregated funding” means the gross amount (i.e., not netting any form of credit extended to the legal entity) of all forms of funding (e.g. deposits or debt securities or similar derivative exposure for which the counterparty is known to be a small business customer).

Applying the limit on a consolidated basis means that where one or more small business customers are affiliated with each other, they may be considered as a single creditor such that the limit is applied to the total funding received by the bank from this group of customers.

Term deposits from small business customers with a residual contractual maturity of greater than 30 days which can be withdrawn within 30 days without a significant withdrawal penalty materially greater than the loss of interest should be considered to fall within the 30-day horizon and should also be included in lines 117 to 137 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

Row	Heading	Description	Basel III LCR standards reference
112	Total unsecured wholesale funding		85–111
113	Total funding provided by small business customers; of which:	Total small business customer deposits as defined above.	89–92
114	Insured deposits; of which:	The portion of deposits or other forms of unsecured wholesale funding which are provided by non-financial small business customers and are non-maturing or mature within 30 days that are fully covered by deposit insurance.	89, 75–78
115	in transactional accounts; of which:	Total fully insured small business customer deposits in transactional accounts (e.g. accounts where salaries are paid out from).	89, 75, 78
116	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
117	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
118	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
119	eligible for a 5% run-off rate; of which:	Fully covered small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction	89, 75

		where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	
120	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	89, 75
121	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
122	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured small business customer deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75, 78
123	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
124	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
125	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
126	eligible for a 5% run-off rate; of which:	Fully covered by deposit insurance, non-transactional small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75
127	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	89, 75
128	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
129	in non-transactional and non-relationship accounts	Insured small business customer deposits not reported in lines 119 and 126.	89, 79
130	Uninsured deposits	The portion of small business customer deposits that is non-maturing or mature within 30 days, that is not fully insured by a deposit insurance scheme (i.e. all small business customer deposits not reported in lines 117 to 129, excluding any reported in lines 132 to 134).	89, 79

131	Additional deposit categories with higher run-off rates as specified by supervisor	Other small business deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	89, 79
132	Category 1	As defined by the Commission.	89, 79
133	Category 2	As defined by the Commission.	89, 79
134	Category 3	As defined by the Commission.	89, 79
135	Term deposits (treated as having >30 day maturity); of which:	Small business customer deposits with a residual maturity or withdrawal notice period of greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in a significant penalty that is materially greater than the loss of interest.	92, 82-84
136	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	92, 84
137	Without supervisory run-off rate	All other term small business customer deposits treated as having > 30 day remaining maturity as defined in line 135. A run-off rate of 0% applies.	92, 82

Unsecured wholesale funding generated by clearing, custody and cash management activities (“operational deposits”):

Reported in lines 140 to 154 are portions of deposits and other extensions of funds from financial and non-financial wholesale customers (excluding deposits less than £1 million from small business customers which are reported in lines 117 to 137) generated out of clearing, custody and cash management activities (“operational deposits”). These funds may receive a 25% run-off factor only if the customer has a substantive dependency with the bank and the deposit is required for such activities.

Qualifying activities in this context refer to clearing, custody or cash management activities that meet the Criteria set out in Appendix 2.

Row	Heading	Description	Basel III LCR standards reference
138	Total operational deposits; of which:	The portion of unsecured operational wholesale funding generated by clearing, custody and cash management activities as defined above.	93–104
139	provided by non-financial corporates	Such funds provided by non-financial corporates. Funds from small business customers that meet the requirements outlined in paragraphs 90 and 91 of the Basel III LCR standards should not be reported here but are subject to lower run-off rates in rows 117 to 130.	93–104

140	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
141	insured, with a 5% run-off rate	Deposits provided by non-financial corporates that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
142	uninsured	The portion of such funds provided by non-financial corporates that **are not** fully covered by a deposit insurance scheme.	93–103
143	provided by sovereigns, central banks, PSEs and MDBs	Such funds provided by sovereigns, central banks, PSEs and multilateral development banks.	93–104
144	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
145	insured, with a 5% run-off rate	Deposits provided by sovereigns, central banks, PSEs and multilateral development banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
146	uninsured	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that are not fully covered by a deposit insurance scheme.	93–103
147	provided by banks	Such funds provided by banks.	93–104

148	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
149	insured, with a 5% run-off rate	Deposits provided by banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
150	uninsured	The portion of such funds provided by banks that **are not** fully covered by a deposit insurance scheme.	93–103
151	provided by other financial institutions and other legal entities	Such funds provided by financial institutions (other than banks) and other legal entities.	93–104
152	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
153	insured, with a 5% run-off rate	Deposits provided by financial institutions (other than banks) and other legal entities that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
154	uninsured	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are not** fully covered by a deposit insurance scheme.	93–103

Non-operational deposits in lines 157 to 164 include all deposits and other extensions of unsecured funding not included under operational deposits in lines 140 to 154, excluding notes, bonds and other debt securities, covered bond issuance or repo and secured funding transactions (reported below). Deposits arising out of correspondent banking or from the provision of prime brokerage services (as defined in the Basel III LCR standards, footnote 42) should **not** be included in these lines (Basel III LCR standards, paragraph 99).

Customer cash balances arising from the provision of prime brokerage services, including but not limited to the cash arising from prime brokerage services as identified in Basel III LCR standards, paragraph 99, should be considered separate from any required segregated balances related to client protection regimes imposed by national regulations, and should not be netted against other customer exposures included in this standard. These offsetting balances held in segregated accounts are treated as inflows in Basel III LCR standards, paragraph 154 and should be excluded from the stock of HQLA (Basel III LCR standards, paragraph 111).

Row	Heading	Description	Basel III LCR standards reference
155	Total non-operational deposits; of which	The portion of unsecured wholesale funding not considered as "operational deposits" as defined above.	105–109
156	provided by non-financial corporates; of which:	Total amount of such funds provided by non-financial Corporates (including personal investment companies as defined in Appendix 3), Retirement Annuity Trust Schemes and Guernsey-registered charities.	107–108
157	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not generally cover corporate or institutional deposits. The Guernsey Banking Deposit Compensation Scheme does cover deposits of Retirement Annuity Trust Schemes and Guernsey-registered charities.	108
158	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
159	provided by sovereigns, central banks, PSEs and MDBs; of which:	Such funds provided by sovereigns, central banks (other than funds to be reported in line item 166), PSEs, and multilateral development banks.	107-108
160	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	108
161	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
162	Swiss fiduciary deposits	Deposits provided by a Swiss bank, executed at the instruction of the depository bank's customer in the name of the bank. There is an account relationship between the Swiss bank and its customer and a mandate of the customer to the Swiss bank to place his funds in the bank's name abroad.	
163	provided by other banks	Such funds provided by other banks, not reported in line 162.	109
164	provided by other financial institutions and other legal entities	Such funds provided by financial institutions other than banks and by other legal entities not included in the categories above. Funding from fiduciaries, beneficiaries, conduits and special purpose vehicles and affiliated entities should also be	109

		reported here.	

Notes, bonds and other debt securities issued by the bank are included in line 165 regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts (including small business customers treated as retail), in which case the instruments can be reported in the appropriate retail or small business customer deposit category in lines 88 to 108 or lines 117 to 137, respectively. Outflows on covered bonds should be reported in line 228.

Row	Heading	Description	Basel III LCR standards reference
165	Unsecured debt issuance	Outflows on notes, bonds and other debt securities, excluding on bonds sold exclusively to the retail or small business customer markets, and excluding outflows on covered bonds.	110
166	Additional balances required to be installed in central bank reserves	Amounts to be installed in the central bank reserves within 30 days. Funds reported in this line should not be included in line 160 or 161.	Extension of 50(b)

c) Secured funding run-off

Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. In this section any transaction in which the bank has received a collateralised loan in cash, such as repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank receives a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

Additionally, collateral lent to the bank's customers to effect short positions should be treated as a form of secured funding. A customer short position in this context describes a transaction where a bank's customer sells a security it does not own, and the bank subsequently obtains the same security from internal or external sources to make delivery into the sale. Internal sources include the bank's own inventory of collateral as well as rehypothecatable Level 1 or Level 2 collateral held in other customer margin accounts. The contingent risk associated with non-contractual obligations where customer short positions are covered by other customers' collateral that does not qualify as Level 1 or Level 2 should be reported in line 264. External sources include collateral obtained through a securities borrowing, reverse repo, or like transaction.

If the bank has deposited both liquid and non-liquid assets in a collateral pool and no assets are specifically assigned as collateral for the secured transaction, the bank may assume for this monitoring exercise that the assets with the lowest liquidity get assigned first: assets that are not eligible for the stock of liquid assets are assumed to be assigned first. Only once all those assets are fully assigned should Level 2B assets be assumed to be assigned, followed by Level 2A assets.

Only once all Level 2 assets are assigned should Level 1 assets be assumed to be assigned.

A bank should report all outstanding secured funding transactions with remaining maturities within the 30 calendar day stress horizon, including customer short positions that do not have a specified contractual maturity. The amount of funds raised through the transaction should be reported in column D ("amount received"). The value of the underlying collateral extended in the transaction should be reported in column E ("market value of extended collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the trade or settlement date of the transaction.

Row	Heading	Description	Basel III LCR standards reference

178	Transactions conducted with the bank's domestic central bank; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days. In column E: The market value of the collateral extended on these transactions.	114–115
179	Backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
180	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 179, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
182	Backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
183	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 182, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
185	Backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
186	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 185, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the	114–115

		particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	
188	Backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
189	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 188, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
191	Backed by other assets	In column D: Amount raised on secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by all other assets (i.e. other than Level 1 or Level 2 assets). In column E: The market value of the other asset collateral extended on these transactions.	114–115
192	Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
193	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 192, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards.	114–115

		In column E: The market value of the Level 1 asset collateral extended on these transactions.	
195	Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
196	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 195, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
198	Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
199	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 198, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
201	Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
202	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight;	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by Level 2B non-RMBS assets.	114–115

	of which:	PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	
203	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 202, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
205	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or domestic PSEs with a 20% risk weight that are backed by Level 2B non-RMBS assets. In column E: The market value of collateral extended on these transactions.	114–115
206	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 205, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
208	Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by other assets (non-HQLA). In column E: The market value of the other (non-HQLA) asset collateral extended on these transactions.	114–115
209	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by other assets (non-HQLA). PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these	114–115

		transactions.	
210	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or PSEs that are backed by other assets (non-HQLA). In column E: The market value of collateral extended on these transactions.	114–115

d) Additional requirements

Row	Heading	Description	Basel III LCR standards reference

214	Derivatives cash outflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash outflows should be reported here. The sum of all net cash inflows should be reported in line 316. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows should be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 316 for institutions engaged in derivatives transactions.	116, 117
215	Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions	The amount of collateral that would need to be posted for or contractual cash outflows generated by any downgrade up to and including a 3-notch downgrade of the bank's long-term credit rating. Triggers linked to a bank's short-term rating should be assumed to be triggered at the corresponding long-term rating in accordance with published ratings criteria. The impact of the downgrade should consider impacts on all types of margin collateral and contractual triggers which change rehypothecation rights for non-segregated collateral.	118
216	Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:		119
217	Cash and Level 1 assets	Current market value of relevant collateral posted as margin or derivatives and other transactions that, if they had been unencumbered, would have been eligible for inclusion in line items 6 to 18.	

218	For other collateral (i.e. all non-Level 1 collateral)	Current market value of relevant collateral posted as margin or derivatives and other transactions other than those included in line item 217 (all non-Level 1 collateral). This amount should be calculated net of collateral received on a counterparty basis (provided that the collateral received is not subject to restrictions on reuse or rehypothecation). Any collateral that is in a segregated margin account can only be used to offset outflows that are associated with payments that are eligible to be offset from that same account.	
219	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty	The amount of non-segregated collateral that the reporting institution currently has received from counterparties but could under legal documentation be recalled because the collateral is in excess of that counterparty's current collateral requirements.	120
220	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted	The amount of collateral that is contractually due from the reporting institution, but for which the counterparty has not yet demanded the posting of such collateral.	121
221	Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets	The amount of HQLA collateral that can be substituted for non-HQLA without the bank's consent that has been received to secure transactions and that has not been segregated (e.g. otherwise included in HQLAs, as secured funding collateral or in other bank operations).	122
222	Increased liquidity needs related to market valuation changes on derivative or other transactions	Any potential liquidity needs deriving from full collateralisation of mark-to-market exposures on derivative and other transactions. Banks should calculate any outflow generated by increased needs related to market valuation changes by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months, where the absolute net collateral flow is based on both realised outflows and inflows. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis.	123
223	Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds	Balances of term asset-backed securities and other structured financing instruments, excluding covered bonds (which should be reported in line 228), issued by the bank that mature in 30 days or less. To the extent that sponsored conduits/SPVs are required to be consolidated under liquidity requirements, their assets and liabilities should be taken into account.	124
224	Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:	All funding on asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities maturing or returnable within 30 days. Banks having structured financing facilities that include the issuance of short-term debt instruments, such as asset backed commercial paper, should report the potential liquidity outflows from these structures. These include, but are not limited to, (i) the inability to refinance maturing debt, and (ii) the existence of derivatives or derivative-like components contractually written into the documentation associated with the structure that would allow the "return" of assets in a financing arrangement, or that	125

		require the original asset transferor to provide liquidity, effectively ending the financing arrangement ("liquidity puts") within the 30-day period. Where the structured financing activities are conducted through a special purpose entity (such as a special purpose vehicle, conduit or SIV), the bank should, in determining the HQLA requirements, look through to the maturity of the debt instruments issued by the entity and any embedded options in financing arrangements that may potentially trigger the "return" of assets or the need for liquidity, irrespective of whether or not the SPV is consolidated.	
225	debt maturing ≤ 30 days	Portion of the funding specified in line 224 maturing within 30 days.	125
226	with embedded options in financing arrangements	Portion of the funding specified in line 224 **not** maturing within 30 days but with embedded options that could reduce the effective maturity of the debt to 30 days or less.	125
227	other potential loss of such funding	Portion of the funding specified in line 224 that is not included in line 225 or 226.	125
228	Loss of funding on covered bonds issued by the bank	Balances of covered bonds, issued by the bank that mature in 30 days or less.	124

Credit and liquidity facilities are defined as explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties. For the purpose of the standard, these facilities only include contractually irrevocable ("committed") or conditionally revocable agreements to extend funds in the future.

Unconditionally revocable facilities that are unconditionally cancellable by the bank (in particular, those without a precondition of a material change in the credit condition of the borrower) are excluded from this section and should be reported in lines 254 to 266, as appropriate.

The currently undrawn portion of credit and liquidity facilities should be reported. The reported amount may be net of any HQLAs eligible for the stock of HQLAs, if the HQLAs have already been posted as collateral by the counterparty to secure the facilities or that are contractually obliged to be posted when the counterparty will draw down the facility (e.g. a liquidity facility structured as a repo facility), if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the facility to the extent that this collateral is not already counted in the stock of HQLAs.

A liquidity facility is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (e.g. pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units, etc.).

The amount of a commitment to be treated as a liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility. Any additional capacity of the facility (i.e. the remaining commitment) would be treated as a committed credit facility and should be reported as such.

General working capital facilities for corporate entities (e.g. revolving credit facilities in place for general corporate and/or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

Notwithstanding the above, any facilities provided to hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets, should be captured in their entirety as a liquidity facility and reported in line 239.

For that portion of financing programs that are maturing or have liquidity puts that may be exercised in the 30-day horizon), banks that are providers of associated liquidity facilities do not need to double count the maturing financing instrument and the liquidity facility for consolidated programs.

Row	Heading	Description	Basel III LCR standards reference
229	Undrawn committed credit and liquidity facilities to retail and small business customers	Balances of undrawn committed credit and liquidity facilities extended by the bank to natural persons and small business customers, as defined above.	131(a)
230	Undrawn committed credit facilities to		
231	non-financial corporates	Balances of undrawn committed credit facilities extended by the bank to non-financial institution corporations (excluding small business customers). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates.	131(b)
232	sovereigns, central banks, PSEs and MDBs	Balances of undrawn committed credit facilities extended by the bank to sovereigns, central banks, PSEs, multilateral development banks and any other entity not included in other drawdown categories. The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, multilateral development banks.	131(b)
233	Undrawn committed liquidity facilities to		
234	non-financial corporates	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by non-financial institution corporations (excluding small business customers) maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates should not be reported here, rather should be reported in line 231.	131(c)

235	sovereigns, central banks, PSEs and MDBs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by sovereigns, central banks, PSEs, or multilateral development banks maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, or multilateral development banks should not be reported here, rather should be reported in line 232.	131(c)
236	Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision	Balances of undrawn committed credit and liquidity facilities extended to banks that are subject to prudential supervision.	131(d)
237	Undrawn committed credit facilities provided to other FIs	Balances of undrawn committed credit facilities extended by the bank to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract.	131(e)
238	Undrawn committed liquidity facilities provided to other FIs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) maturing within a 30 day period that is backstopped by the facility. "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract. Any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) should not be reported here, rather should be reported in line 237.	131(f)
239	Undrawn committed credit and liquidity facilities to other legal entities	Balances of undrawn committed credit and liquidity facilities extended to other legal entities, including hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets (not included in lines 229 to 238).	131(g)

Other contractual obligations to extend funds

241	Other contractual obligations to extend funds to:	Any contractual lending obligations not captured elsewhere in the standard.	132-133

242	financial institutions	Any contractual lending obligations to financial institutions not captured elsewhere.	132
243	retail clients	The full amount of contractual obligations to extend funds to retail clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 302).	133
244	small business customers	The full amount of contractual obligations to extend funds to small business customers within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 303).	133
245	non-financial corporates	The full amount of contractual obligations to extend funds to non-financial corporate clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 304).	133
246	other clients	The full amount of contractual obligations to extend funds to other clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 310).	133
247	retail, small business customers, non-financials and other clients	The amounts of contractual obligations to extend funds to retail, small business customers, non-financial corporate and other clients within the next 30 calendar days (lines 243 to 246) are added up in this line. The roll-over of funds that is implicitly assumed in the inflow section (lines 302, 303, 304 and 310) are then subtracted. If the result is positive, it is included here as an outflow in column H. Otherwise, the outflow included here is zero.	133

Other contingent funding obligations

These contingent funding obligations may be either contractual or non-contractual and are not lending commitments. Non-contractual contingent funding obligations include associations with, or sponsorship of, products sold or services provided that may require the support or extension of funds in the future under stressed conditions. Non-contractual obligations may be embedded in financial products and instruments sold, sponsored, or originated by the institution that can give rise to unplanned balance sheet growth arising from support given for reputational risk considerations. Stressed conditions in this context refer to the scenario as described in paragraph 19 of the Basel III LCR standards. Banks should report the full amount of any exposure.

254	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	Non contractual contingent funding obligations related to potential liquidity draws from joint ventures or minority investments in entities, which are not consolidated, where there is the expectation that the bank will be the main liquidity provider when the entity is in need of liquidity.	137
255	Unconditionally revocable "uncommitted" credit and liquidity facilities	Balances of undrawn credit and liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities, capped at the rate that would apply if the facility was fully committed, as per lines 229 to 239.	140
256	Trade-finance related obligations (including guarantees and letters of credit)	Trade finance instruments consist of trade-related obligations directly underpinned by the movement of goods or the provision of services. Amounts to be reported here include items such as: • outstanding documentary trade letters of credit, documentary and clean collection, import bills, and	138, 139

		export bills; and • outstanding guarantees directly related to trade finance obligations, such as shipping guarantees. Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and reported in lines 229 to 239.	
257	Guarantees and letters of credit unrelated to trade finance obligations	The outstanding amount of letters of credit issued by the bank and guarantees unrelated to trade finance obligations described in line 256.	140
258	Non-contractual obligations:		
259	Debt-buy back requests (incl. related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
260	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	140
261	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment funds etc.	140
262	Other non-contractual obligations	Any other non-contractual obligation not entered above.	140
263	Outstanding debt securities with remaining maturity > 30 days	For issuers with an affiliated dealer or market maker, there may be a need to include an amount of the outstanding debt securities (unsecured and secured, term as well as short term) having maturities greater than 30 calendar days, to cover the potential repurchase of such outstanding securities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
264	Non contractual obligations where customer short positions are covered by other customers' collateral	Amount of contingent obligations related to instances where banks have internally matched client assets against other clients' short positions where the collateral does not qualify as Level 1 or Level 2, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals. Instances where the collateral qualifies as Level 1 or Level 2 should be reported in the appropriate line of the secured funding section (lines 192 to 206).	140
265	Bank outright short positions covered by a collateralised securities financing transaction	Amount of the bank's outright short positions that are being covered by collateralised securities financing transactions. Such short positions are assumed to be maintained throughout the 30-day period and receive a 0% outflow. The corresponding collateralised securities financing transactions that are covering such short positions should be reported in lines 291 to 296 or 406 to 430.	147
266	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	Any other contractual cash outflows within the next 30 calendar days should be captured in this standard, such as such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, **with explanation given to the Commission** as to what comprises the amounts included in this line. This amount should include outflows related to operating costs, calculated either according to projections or in	141, 147

		accordance with an estimation method that is to be notified to the Commission in advance of use and documented in the bank's LMP.	

Inflows, Liquidity Coverage Ratio (LCR) (panel B2)

Total expected contractual cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under the scenario up to an aggregate cap of 75% of total expected cash outflows.

Items must not be double counted – if an asset is included as part of the "stock of HQLA" (i.e. the numerator), the associated cash inflows cannot also be counted as cash inflows (i.e. part of the denominator).

When considering its available cash inflows, the bank should only include contractual inflows (including interest payments) from outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30-day time horizon Pre-payments on loans (not due within 30 days) should not be included in the inflows.

Contingent inflows are not included in total net cash outflows.

Inflows may be excluded by a bank if the effort required to compute them on an accurate reliable basis is considered to outweigh the benefit of including them (a conservative approach). Such exclusions should be documented in the bank's LMP.

a) Secured lending including reverse repos and securities borrowing

Secured lending is defined as those loans that the bank has extended and are collateralised by legal rights to specifically designated assets owned by the borrowing institution, which the bank use or rehypothecate for the duration of the loan, and for which the bank can claim ownership to in the case of default by the borrower. In this section any transaction in which the bank has extended a collateralised loan in cash, such as reverse repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank has extended a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

A bank should report all outstanding secured lending transactions with remaining maturities within the 30 calendar day stress horizon. The amount of funds extended through the transaction should be reported in column D ("amount extended"). The value of the underlying collateral received in the transactions should be reported in column E ("market value of received collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the date of the transaction. Note that if the collateral received in the form of Level 1 or Level 2 assets is not rehypothecated and is legally and contractually available for the bank's use it should be reported in the appropriate lines of the stock of HQLA section (lines 11 to 40) as well as in this subsection.

If the collateral obtained through reverse repos, securities borrowing, or collateral swaps, which matures within the 30-day horizon, is re-used (i.e. rehypothecated) and is used to cover short positions that could be extended beyond 30 days, a bank should assume that such reverse repo or securities borrowing arrangements will be rolled-over and will not give rise to any cash inflows (0%), reflecting its need to continue to cover the short position or to re-purchase the relevant securities. Short positions include both instances where in its 'matched book' the bank sold short a security outright as part of a trading or hedging strategy and instances where the bank is short a security in the 'matched' repo book (i.e. it has borrowed a security for a given period and lent the security out for a longer period).

Row	Heading	Description	Basel III LCR standards reference
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days	All reverse repo or securities borrowing transactions maturing within 30 days, in which the bank has extended cash and obtained collateral.	145–146
275	Of which collateral **is not** re-used (i.e. is not rehypothecated) to cover the reporting institution's outright short positions	Such transactions in which the collateral obtained is not re-used (i.e. is not rehypothecated) to cover the reporting institution's outright short positions. If the collateral is re-used, the transactions should be reported in lines 291 to 296.	145–146
276	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. These transactions are assumed to roll-over in full, not giving rise to any cash inflows. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
277	Transactions involving eligible liquid assets	Of the transactions backed by Level 1 assets, those where the collateral obtained is reported in panel Aa of the "LCR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
279	Transactions backed by Level 2A assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. These are assumed to lead to a 15% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146

280	Transactions involving eligible liquid assets	Of the transactions backed by Level 2A assets, those where the collateral obtained is reported in panel Ab of the "LCR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
282	Transactions backed by Level 2B RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. These are assumed to lead to a 25% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
283	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B RMBS assets, those where the collateral obtained is reported in panel Ac of the "LCR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
285	Transactions backed by Level 2B non-RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. These are assumed to lead to a 50% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
286	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B non-RMBS assets, those where the collateral obtained is reported in panel Ac of the "LCR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
288	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. These are assumed to lead to a 50% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146

289	Transactions backed by other collateral	All such transactions (other than those reported in line 288) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. These are assumed not to roll over and therefore lead to a 100% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
290	Of which collateral is re-used (i.e. is rehypothecated) to cover the reporting institution's outright short positions	If the collateral obtained in these transactions **is** re-used (i.e. rehypothecated) to cover the reporting institution's outright short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. Institutions should only report reverse repo amounts in these cells where it itself is short the collateral. If the collateral is not re-used, the transaction should be reported in lines 275 to 289.	145–146
291	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
292	Transactions backed by Level 2A assets	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
293	Transactions backed by Level 2B RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
294	Transactions backed by Level 2B non-RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
295	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in	145–146

		these transactions.	
296	Transactions backed by other collateral	All such transactions (other than those reported in line 295) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. In column D: The amounts extended in these transactions. In column E: The market value of collateral received in these transactions.	145–146

b) Other inflows by counterparty

Contractual inflows (including interest payments and instalments) due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296. These include maturing loans that have already been agreed to roll over. The agreed roll-over should also be reported in lines 242 to 246 as appropriate.

Inflows should only be taken at the latest possible date, based on the contractual rights available to counterparties. For revolving credit facilities, this assumes that the existing loan is rolled over and that any remaining balances are treated in the same way as a committed facility.

Inflows from loans that have no specific maturity (i.e. have non-defined or open maturity) should not be included; therefore, no assumptions should be applied as to when maturity of such loans would occur. An exception to this, as noted below, would be minimum payments of principal, fee or interest associated with an open maturity loan, provided that such payments are contractually due within 30 days.

Where a contract provides for "on-demand" repayment, such as now sometimes seen with mortgage lending, it is proposed not to allow this to be assumed. In both cases, it is considered that exercise in a stress scenario would be problematic, as (1) it could trigger concerns regarding the bank's health, (2) customers might well not be able to repay quickly and (3) the realisation of collateral within relevant (i.e. less than 30 days) timeframes cannot be relied upon in such stressed circumstances, if at all. An exception is call accounts with banks (including central banks), where the full amount may be included.

Row	Heading	Description	Basel III LCR standards reference
302	Retail customers	All payments (including interest payments and instalments) from retail customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
303	Small business customers	All payments (including interest payments and instalments) from small business customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153

304	Non-financial corporates	All payments (including interest payments and instalments) from non-financial corporates on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
305	Central banks	All payments (including interest payments and instalments) from central banks on fully performing loans. Central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank), should be reported in lines 7 or 8 and not here. If the term of other deposits (not included in lines 7 or 8) expires within 30 days, it should be included in this line.	154
306	Financial institutions, of which	All payments (including interest payments and instalments) from financial institutions on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, egg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
307	operational deposits	All deposits held at other financial institutions for operational activities such as for clearing, custody, and cash management activities.	156
308	deposits at the centralised institution of an institutional network that receive 25% run-off	For banks that belong to a cooperative network this item includes all (portions of) deposits (not included in line item 307) held at the centralised institution in the cooperative banking network that are placed (a) due to statutory minimum deposit requirements which are registered at regulators, or (b) in the context of common task sharing and legal, statutory or contractual arrangements. These deposits receive a 25% run-off at the centralised institution.	157
309	all payments on other loans and deposits due in ≤ 30 days	All payments (including interest payments and instalments) from financial institutions on fully performing unsecured and secured loans, that are contractually due within the 30-day horizon, and the amount of deposits held at financial institutions that is or becomes available within 30 days, and that are not included in lines 307 or 308. Banks may also recognise in this category inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets, provided that these segregated balances are maintained in Level 1 or Level 2 assets. This inflow should be calculated in line with the treatment of other related outflows and inflows covered in this standard.	154
310	Other entities	All payments (including interest payments and instalments) from other entities (including sovereigns, multilateral development banks, and PSEs) on fully performing loans that are contractually due within 30 days, not included in lines 302 to 309.	154

c) Other cash inflows

APPENDIX 3 – *Guidance to completing the LCR module of Form LCR*

Row	Heading	Description	Basel III LCR standards reference
316	Derivatives cash inflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash inflows should be reported here. The sum of all net cash outflows should be reported in line 214. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivatives are collateralised by HQLA, cash inflows should be calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by the bank, given these contractual obligations would reduce the stock of HQLA. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 214 for institutions engaged in derivatives transactions.	158, 159
317	Contractual inflows from securities maturing ≤ 30 days and not included anywhere above	Contractual inflows from securities, including certificates of deposit, maturing ≤ 30 days that are not already included in any other item of the LCR framework, provided that they are fully performing (i.e. no default expected). Level 1 and Level 2 securities maturing within 30 days should be included in the stock of liquid assets in panel A, provided that they meet all operational and definitional requirements.	155
318	Other contractual cash inflows	Any other contractual cash inflows to be received ≤ 30 days that are not already included in any other item of the LCR framework. Inflow percentages should be determined by agreement of the Commission. Cash inflows related to non-financial revenues are **not** to be included, since they are not taken into account in the calculation of LCR. Any non-contractual contingent inflows should not be reported, as they are not included in the LCR. **Please provide the Commission with an explanation of the amounts included in this line.**	160

Cap on cash inflows

In order to prevent banks from relying solely on anticipated inflows to meet their liquidity requirement, and also to ensure a minimum level of HQLA holdings, the amount of inflows that can offset outflows is capped at 75% of total expected cash outflows as calculated in the standard. This requires that a bank must maintain a minimum amount of stock of HQLA equal to 25% of the total net cash outflows (Basel III

LCR standards, paragraph 144).

324	Cap on cash inflows	The cap on cash inflows is equal to 75% of total cash outflows.	69, 144
325	Total cash inflows after applying the cap	The amount of total cash inflows after applying the cap is the lower of the total cash inflows before applying the cap and the level of the cap.	69, 144

Collateral swaps (panel C)

Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets, should be reported in this panel. "Level 1 assets" in this section refers to Level 1 assets other than cash. **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**

Row	Heading	Description	Basel III LCR standards reference
330	Collateral swaps maturing ≤ 30 days	Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets.	48, 113, 146, Annex 1
331	Of which the borrowed assets are not re-used (i.e. are not rehypothecated) to cover short positions	Such transactions in which the collateral obtained is not re-used (i.e. is not rehypothecated) in transactions to cover short positions. If the collateral is re-used, the transaction should be reported in lines 406 to 430.	48, 113, 146, Annex1
332	Level 1 assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
333	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E333), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D333), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
335	Level 1 assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
336	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E336), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and**	48, 113, 146, Annex 1

		(ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D336), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	
338	Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
339	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E339), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D339), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
341	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
342	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E342), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D342), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
344	Level 1 assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
345	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and other assets are borrowed, those where: (a) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (value to be reported in D345), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (b) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E345).	48, 113, 146, Annex 1

347	Level 2A assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
348	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E348), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D348), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
350	Level 2A assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
351	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E351), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D351), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 0 of the Basel III LCR standards).	48, 113, 146, Annex 1
353	Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
354	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E354), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D354), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
356	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

357	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E357), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D357), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
359	Level 2A assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
360	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and other assets are borrowed, those where: (i) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D360), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); and(ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E360).	48, 113, 146, Annex 1
362	Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
363	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E363), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D363), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
365	Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1

366	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E366), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D366), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
369	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E369), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D369), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
372	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E372), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D372), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

375	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D375), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E375).	48, 113, 146, Annex 1
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
378	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E378), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D378), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
381	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E381), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D381), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

384	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and RMBS assets are borrowed, those where: (i) the RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E384), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D384), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
387	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E387), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D387), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
389	Level 2B non-RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B, non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
390	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D390), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E390).	48, 113, 146, Annex 1
392	Other assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113,146, Annex 1
393	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E393), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D393).	48, 113, 146, Annex 1

395	Other assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
396	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E396), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets(which is the value that should be reported in D396).	48, 113, 146, Annex 1
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
399	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E399), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D399).	48, 113, 146, Annex 1
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
402	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E402), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D402).	48, 113, 146, Annex 1
404	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
405	Of which the borrowed assets are re-used (i.e. are rehypothecated) in transactions to cover short positions	If the collateral obtained in these transactions is re-used (i.e. rehypothecated) to cover short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. If the collateral is not re-used, the transaction should be reported in lines 332 to 404.	48, 113, 146, Annex 1
406	Level 1 assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
407	Level 1 assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
410	Level 1 assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
411	Level 2A assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
412	Level 2A assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
415	Level 2A assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
420	Level 2B RMBS assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
423	Level 2B non-RMBS assets are lent and Level 2B RMB assets are borrowed	Such transactions in which the bank has swapped Level 2B, S non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113146, Annex 1
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
425	Level 2B non-RMBS assets are lent and other assets borrowed	Such transactions in which the bank has swapped Level 2B, are non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113146, Annex 1
426	Other assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1

427	Other assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
428	Other assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
429	Other assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
430	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

Appendix 1

Calculation of the cap on Level 2 assets with regard to short-term securities financing transactions

Explanation

This appendix seeks to clarify the appropriate method for the calculation of the cap on Level 2 (including Level 2B) assets with regard to short-term securities financing transactions.

The calculation of the 40% cap on Level 2 assets should take into account the impact on the stock of HQLA of the amounts of Level 1 and Level 2 assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2 assets in the stock of HQLA is equal to two-thirds of the adjusted amount of Level 1 assets after haircuts have been applied. The calculation of the 40% cap on Level 2 assets will take into account any reduction in eligible Level 2B assets on account of the 15% cap on Level 2B assets.

Further, the calculation of the 15% cap on Level 2B assets should take into account the impact on the stock of HQLA of the amounts of HQLA assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2B assets in the stock of HQLA is equal to 15/85 of the sum of the adjusted amounts of Level 1 and Level 2 assets or, in cases where total Level 2 assets exceed 40% of Level 1 assets, up to a maximum of 1/4 of the adjusted amount of Level 1 assets, both after haircuts have been applied.

The adjusted amount of Level 1 assets is defined as the amount of Level 1 assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 1 assets (including cash) that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2A assets is defined as the amount of Level 2A assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2A assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2B assets is defined as the amount of Level 2B assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2B assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

In **this context**, short-term transactions are transactions with a maturity date up to and including 30 calendar days. Relevant haircuts should be applied prior to calculation of the respective caps.

Formula

The formula for the calculation of the stock of HQLA is as follows:

Stock of HQLA = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap.

Where:

Adjustment for 15% cap = Higher of:

- Adjusted Level 2B – 15/85 * (Adjusted Level 1 + Adjusted Level 2A);
- Adjusted Level 2B - 1/4 * Adjusted Level 1; and
- 0.

Adjustment for 40% cap = Higher of:

- (Adjusted Level 2A + Adjusted Level 2B – Adjustment for 15% cap) – 2/3 * Adjusted Level 1 assets; and
- 0.

Appendix 2

Operational deposits: clearing, custody and cash management

Qualifying criteria

Activities in this context refer to clearing, custody and cash management activities that meet the following criteria:

- The customer is reliant on the bank to perform these services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days;
- The services are provided under a legally binding agreement to institutional customers; and
- The termination of such agreements are subject either to a notice period of at least 30 days or significant switching costs (such as those related to transaction, information technology, early termination or legal costs) to be borne by the customer if the operational deposits are moved before 30 days.

Qualifying operational deposits generated by such an activity are ones where:

- The deposits are by-products of the underlying services provided by the banking organisation and not sought out in the wholesale market in the sole interest of offering interest income. Specifically, brokered deposits are excluded; or
- The deposits are held in specifically designated accounts (not pooled) and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, it would be expected that such accounts are non-interest bearing. Banks should be particularly aware that during prolonged periods of low interest rates, excess balances (as defined below) could be significant.

Banks must determine the methodology for identifying excess deposits that are excluded from this treatment. This assessment should be conducted at a sufficiently granular level to adequately assess the risk of withdrawal in an idiosyncratic stress. The methodology should take into account relevant factors such as the likelihood that wholesale customers have above average balances in advance of specific payment needs, and consider appropriate indicators (e.g. ratios of account balances to payment or settlement volumes or to assets under custody) to identify those customers that are not actively managing account balances efficiently.

Notwithstanding these operational categories, if the deposit under consideration arises out of correspondent banking or from the provision of prime brokerage services, it must be treated as if there were no operational activity for the purpose of determining run-off factors.

The following paragraphs describe the types of activities that may generate operational deposits. A bank should assess whether the presence of such an activity does indeed generate an operational deposit as not all such activities qualify due to differences in customer dependency, activity and practices:

- A clearing relationship, in this context, refers to a service arrangement that enables customers to transfer funds (or securities) indirectly through direct participants in domestic settlement systems to final recipients. Such services are limited to the following activities: transmission, reconciliation and confirmation of payment orders; daylight overdraft, overnight financing and maintenance of post-settlement balances; and determination of intra-day and final settlement positions;

- A custody relationship, in this context, refers to the provision of safekeeping, reporting, processing of assets or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets. Such services are limited to the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, and the provision of custody related cash management services. Also included are the receipt of dividends and other income, client subscriptions and redemptions. Custodial services can furthermore extend to asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer and agency services, including payment and settlement services (excluding correspondent banking) and depository receipts; and

- A cash management relationship, in this context, refers to the provision of cash management and related services to customers. Cash management services, in this context, refers to those products and services provided to a customer to manage its cash flows, assets and liabilities, and conduct financial transactions necessary to the customer's ongoing operations. Such services are limited to payment remittance, collection and aggregation of funds, payroll administration and control over the disbursement of funds.

APPENDIX 3 – *Guidance to completing the LCR module of Form LCR*

Appendix 3

Personal Investment Companies (PICs)

A PIC is defined as an undertaking or a trust whose owner or beneficial owner, respectively, is a natural person or a group of closely related natural persons, which was set up with the sole purpose of managing the wealth of the owners and which does not carry out any other commercial, industrial or professional activity. The purpose of the PIC may include other ancillary activities such as segregating the owners' assets from corporate assets, facilitating the transmission of assets within a family or preventing a split of the assets after the death of a member of the family, provided these are connected to the main purpose of managing the owners' wealth.

A PIC deposit is eligible to be treated as a non-financial corporate deposit, eligible for a 40% outflow rate, where the following conditions are met:

- Deposits must either (1) be held on a designated account (not pooled) and not be managed through a brokerage arrangement or (2) be placed by the PIC itself;
- The adjustment should only be applied to deposits where the choice of the bank is not actively managed in order to achieve an investment return. Banks will be expected to assess against criteria they establish and document in their LMPs. Deposits representing long-term investments, which must include all deposits placed with an original maturity exceeding three months, may not be adjusted; and
- Where the deposit is held on a designated account, the deposit mandate must either (1) not require the deposits to be moved in the event of a downgrade below a certain level or (2) in the case that it does require this, the bank must be more than three notches above that level.

APPENDIX 4 –*Form LMR*

	A / B	C	D	E	F	G	H
1	**LMR**	**Reporting bank:**					
2	**A) Stock of high quality liquid assets (HQLA)**						
3	**a) Level 1 assets**						
4							
5			**Amount/ realisable value**			**Weight**	**Weighted amount**
6	Coins and banknotes		0			1.00	0
7	Total central bank reserves; of which:		0				
8	part of central bank reserves that can be drawn in times of stress		0			1.00	0
9	Check: row 8 ≤ row 7		Pass				
10	Securities with a 0% risk weight:						
11	issued by sovereigns		0			1.00	0
12	guaranteed by sovereigns		0			1.00	0
13	issued or guaranteed by central banks		0			1.00	0
14	issued or guaranteed by PSEs		0			1.00	0
15	issued or guaranteed by BIS, IMF, ECB and European Community, or MDBs		0			1.00	0
16	For non-0% risk-weighted sovereigns:						
17	sovereign or central bank debt securities issued in domestic currencies by the sovereign or central bank in the country in which the liquidity risk is being taken or in the bank's home country		0			1.00	0
18	domestic sovereign or central bank debt securities issued in foreign currencies, up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken		0			1.00	0
19	**Total stock of Level 1 assets**						**0**
20	Adjustment to stock of Level 1 assets		0				
21	Adjusted amount of Level 1 assets						0
22	**b) Level 2A assets**						
23			**Market value**			**Weight**	**Weighted amount**
24	Securities with a 20% risk weight:						
25	issued by sovereigns		0			0.85	0
26	guaranteed by sovereigns		0			0.85	0
27	issued or guaranteed by central banks		0			0.85	0
28	issued or guaranteed by PSEs		0			0.85	0
29	issued or guaranteed by MDBs		0			0.85	0
30	Non-financial corporate bonds, rated AA- or better		0			0.85	0
31	Covered bonds, not self-issued, rated AA- or better		0			0.85	0
32	**Total stock of Level 2A assets**		**0**				**0**
33	Adjustment to stock of Level 2A assets		0				
34	Adjusted amount of Level 2A assets		0			0.85	0
35	**c) Level 2B assets**						
36			**Market value**			**Weight**	**Weighted amount**
37	Residential mortgage-backed securities (RMBS), rated AA or better		0			0.75	0
38	Non-financial corporate bonds, rated BBB- to A+		0			0.50	0
39	Non-financial common equity shares		0			0.50	0
40	Sovereign or central bank debt securities, rated BBB- to BBB+		0			0.50	0
41	**Total stock of Level 2B RMBS assets**		**0**				**0**
42	Adjustment to stock of Level 2B RMBS assets		0				
43	Adjusted amount of Level 2B RMBS assets		0			0.75	0
44	**Total stock of Level 2B non-RMBS assets**		**0**				**0**
45	Adjustment to stock of Level 2B non-RMBS assets		0				
46	Adjusted amount of Level 2B non-RMBS assets		0			0.50	0
47	Adjusted amount of Level 2B (RMBS and non-RMBS) assets		0				0
48							
49	Adjustment to stock of HQLA due to cap on Level 2B assets						0
50	Adjustment to stock of HQLA due to cap on Level 2 assets						0
51							
52							**Weighted amount**
53	**Total stock of HQLA**						**0**
54							
76	**d) Total stock of HQLA**						
77							
78	Total stock of HQLA						0

APPENDIX 4 –*Form LMR*

	A / B	C	D	E	F	G	H
80	**B) Net cash outflows**						
81	**1) Cash outflows**						
82	**a) Retail deposit run-off**						
83			**Amount**			**Weight**	**Weighted amount**
84	Total retail deposits; of which:						
85	Insured deposits; of which:						
86	in transactional accounts; of which:						
87	eligible for a 3% run-off rate; of which:						
88	are in the reporting bank's home jurisdiction					0.03	
89	are not in the reporting bank's home jurisdiction					0.03	
90	eligible for a 5% run-off rate; of which:						
91	are in the reporting bank's home jurisdiction		0			0.05	0
92	are not in the reporting bank's home jurisdiction		0			0.05	0
93	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:						
94	eligible for a 3% run-off rate; of which:						
95	are in the reporting bank's home jurisdiction					0.03	
96	are not in the reporting bank's home jurisdiction					0.03	
97	eligible for a 5% run-off rate; of which:						
98	are in the reporting bank's home jurisdiction		0			0.05	0
99	are not in the reporting bank's home jurisdiction		0			0.05	0
100	in non-transactional and non-relationship accounts		0			0.10	0
101	Uninsured deposits		0			0.10	0
102	Additional deposit categories with higher run-off rates as specified by supervisor						
103	Category 1		0			0.00	0
104	Category 2		0			0.00	0
105	Category 3		0			0.00	0
106	Term deposits (treated as having >30 day remaining maturity); of which:						
107	With a supervisory run-off rate		0			0.00	0
108	Without a supervisory run-off rate		0			0.00	0
109	**Total retail deposits run-off**						**0**
110	**b) Unsecured wholesale funding run-off**						
111			**Amount**			**Weight**	**Weighted amount**
112	Total unsecured wholesale funding						
113	Total funding provided by small business customers; of which:						
114	Insured deposits; of which:						
115	in transactional accounts; of which:						
116	eligible for a 3% run-off rate; of which:						
117	are in the reporting bank's home jurisdiction					0.03	
118	are not in the reporting bank's home jurisdiction					0.03	
119	eligible for a 5% run-off rate; of which:						
120	are in the reporting bank's home jurisdiction		0			0.05	0
121	are not in the reporting bank's home jurisdiction		0			0.05	0
122	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:						
123	eligible for a 3% run-off rate; of which:						
124	are in the reporting bank's home jurisdiction					0.03	
125	are not in the reporting bank's home jurisdiction					0.03	
126	eligible for a 5% run-off rate; of which:						
127	are in the reporting bank's home jurisdiction		0			0.05	0
128	are not in the reporting bank's home jurisdiction		0			0.05	0
129	in non-transactional and non-relationship accounts		0			0.10	0
130	Uninsured deposits		0			0.10	0
131	Additional deposit categories with higher run-off rates as specified by supervisor						
132	Category 1		0			0.00	0
133	Category 2		0			0.00	0
134	Category 3		0			0.00	0
135	Term deposits (treated as having >30 day maturity); of which:						
136	With a supervisory run-off rate		0			0.00	0
137	Without supervisory run-off rate		0			0.00	0
138	Total operational deposits; of which:						
139	provided by non-financial corporates						
140	insured, with a 3% run-off rate					0.03	
141	insured, with a 5% run-off rate		0			0.05	0
142	uninsured		0			0.25	0
143	provided by sovereigns, central banks, PSEs and MDBs						
144	insured, with a 3% run-off rate					0.03	
145	insured, with a 5% run-off rate		0			0.05	0
146	uninsured		0			0.25	0
147	provided by banks						
148	insured, with a 3% run-off rate					0.03	
149	insured, with a 5% run-off rate		0			0.05	0
150	uninsured		0			0.25	0
151	provided by other financial institutions and other legal entities						
152	insured, with a 3% run-off rate					0.03	
153	insured, with a 5% run-off rate		0			0.05	0
154	uninsured		0			0.25	0
155	Total non-operational deposits; of which						
156	provided by non-financial corporates (including PICs); of which:						
157	where entire amount is fully covered by an effective deposit insurance scheme		0			0.20	0
158	where entire amount is not fully covered by an effective deposit insurance scheme		0			0.40	0
159	provided by sovereigns, central banks, PSEs and MDBs; of which:						
160	where entire amount is fully covered by an effective deposit insurance scheme		0			0.20	0
161	where entire amount is not fully covered by an effective deposit insurance scheme		0			0.40	0
162	swiss fiduciary deposits		0			0.50	0
163	provided by other banks		0			1.00	0
164	provided by other financial institutions and other legal entities		0			1.00	0
165	Unsecured debt issuance		0			1.00	0
166	Additional balances required to be installed in central bank reserves		0			1.00	0
167	**Total unsecured wholesale funding run-off**						**0**

APPENDIX 4 –*Form LMR*

	A	B	C	D	E	F	G	H
168		**c) Secured wholesale funding run-off**						
177				**Amount received**	**Market value of extended collateral**		**Weight**	**Weighted amount**
178		Transactions conducted with the bank's domestic central bank; of which:						
179		Backed by Level 1 assets; of which:		0	0		0.00	0
180		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
181		Check: row 180 ≤ row 179		Pass	Pass			
182		Backed by Level 2A assets; of which:		0	0		0.00	0
183		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
184		Check: row 183 ≤ row 182		Pass	Pass			
185		Backed by Level 2B RMBS assets; of which:		0	0		0.00	0
186		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
187		Check: row 186 ≤ row 185		Pass	Pass			
188		Backed by Level 2B non-RMBS assets; of which:		0	0		0.00	0
189		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
190		Check: row 189 ≤ row 188		Pass	Pass			
191		Backed by other assets		0	0		0.00	0
192		Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:		0	0		0.00	0
193		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
194		Check: row 193 ≤ row 192		Pass	Pass			
195		Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:		0	0		0.15	0
196		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
197		Check: row 196 ≤ row 195		Pass	Pass			
198		Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:		0	0		0.25	0
199		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
200		Check: row 199 ≤ row 198		Pass	Pass			
201		Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:						
202		Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		0	0		0.25	0
203		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
204		Check: row 203 ≤ row 202		Pass	Pass			
205		Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:		0	0		0.50	0
206		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
207		Check: row 206 ≤ row 205		Pass	Pass			
208		Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:						
209		Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight		0	0		0.25	0
210		Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight		0	0		1.00	0
211		**Total secured wholesale funding run-off**						**0**
212		**d) Additional requirements**						
213				**Amount**			**Weight**	**Weighted amount**
214		Derivatives cash outflow		0			1.00	0
215		Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions		0			1.00	0
216		Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:						
217		Cash and Level 1 assets		0			0.00	0
218		For other collateral (ie all non-Level 1 collateral)		0			0.20	0
219		Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty		0			1.00	0
220		Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted		0			1.00	0
221		Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets		0			1.00	0
222		Increased liquidity needs related to market valuation changes on derivative or other transactions		0			1.00	0
223		Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds		0			1.00	0
224		Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:						
225		debt maturing ≤ 30 days		0			1.00	0
226		with embedded options in financing arrangements		0			1.00	0
227		other potential loss of such funding		0			1.00	0
228		Loss of funding on covered bonds issued by the bank		0			1.00	0
229		Undrawn committed credit and liquidity facilities to retail and small business customers		0			0.05	0
230		Undrawn committed credit facilities to						
231		non-financial corporates		0			0.10	0
232		sovereigns, central banks, PSEs and MDBs		0			0.10	0
233		Undrawn committed liquidity facilities to						
234		non-financial corporates		0			0.30	0
235		sovereigns, central banks, PSEs and MDBs		0			0.30	0
236		Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision		0			0.40	0
237		Undrawn committed credit facilities provided to other FIs		0			0.40	0
238		Undrawn committed liquidity facilities provided to other FIs		0			1.00	0
239		Undrawn committed credit and liquidity facilities to other legal entities		0			1.00	0
240								
241		**Other contractual obligations to extend funds to**		**Amount**	**roll-over of inflows**	**excess outflows**	**Weight**	**Weighted amount**
242		financial institutions		0			1.00	0
243		retail clients		0	0			
244		small business customers		0	0			
245		non-financial corporates		0	0			
246		other clients		0	0			
247		retail, small business customers, non-financials and other clients		0	0	0	1.00	0
248		**Total contractual obligations to extend funds in excess of 50% roll-over assumption**						**0**
249								
250								**Weighted amount**
251		**Total additional requirements run-off**						**0**
252								
253		**Other contingent funding obligations**		**Amount**			**Weight**	**Weighted amount**
254		Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities		0			1.00	0
255		Unconditionally revocable "uncommitted" credit and liquidity facilities		0			0.00	0
256		Trade finance-related obligations (including guarantees and letters of credit)		0			0.05	0
257		Guarantees and letters of credit unrelated to trade finance obligations		0			0.00	0
258		Non-contractual obligations:						
259		Debt-buy back requests (incl related conduits)		0			0.00	0
260		Structured products		0			0.00	0
261		Managed funds		0			0.00	0
262		Other non-contractual obligations		0			0.00	0
263		Outstanding debt securities with remaining maturity > 30 days		0			0.00	0
264		Non contractual obligations where customer short positions are covered by other customers' collateral		0			0.50	0
265		Bank outright short positions covered by a collateralised securities financing transaction		0			0.00	0
266		Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)		0			1.00	0
267		**Total run-off on other contingent funding obligations**						**0**

APPENDIX 4 –*Form LMR*

	A / B	C	D	E	F	G	H
268	**e) Total cash outflows**						
269							
270	Total cash outflows						0
271	**2) Cash inflows**						
272							
273			**Amount extended**	**Market value of received colllateral**		**Weight**	**Weighted amount**
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days						
275	Of which collateral is **not re-used** (ie is not rehypothecated) to cover the reporting institution's outright short positions						
276	Transactions backed by Level 1 assets; of which:		0	0		0.00	0
277	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
278	Check: row 277 ≤ row 276		Pass	Pass			
279	Transactions backed by Level 2A assets; of which:		0	0		0.15	0
280	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
281	Check: row 280 ≤ row 279		Pass	Pass			
282	Transactions backed by Level 2B RMBS assets; of which:		0	0		0.25	0
283	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
284	Check: row 283 ≤ row 282		Pass	Pass			
285	Transactions backed by Level 2B non-RMBS assets; of which:		0	0		0.50	0
286	Transactions involving eligible liquid assets – see instructions for more detail		0	0			
287	Check: row 286 ≤ row 285		Pass	Pass			
288	Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.50	0
289	Transactions backed by other collateral		0	0		1.00	0
290	Of which collateral **is re-used** (ie is rehypothecated) in transactions to cover the reporting insitution's outright short positions						
291	Transactions backed by Level 1 assets		0	0		0.00	0
292	Transactions backed by Level 2A assets		0	0		0.00	0
293	Transactions backed by Level 2B RMBS assets		0	0		0.00	0
294	Transactions backed by Level 2B non-RMBS assets		0	0		0.00	0
295	Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.00	0
296	Transactions backed by other collateral		0	0		0.00	0
297	**Total inflows on reverse repo and securities borrowing transactions**						**0**
298	**b) Other inflows by counterparty**						
299							
300			**Amount**			**Weight**	**Weighted amount**
301	Contractual inflows due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296, from:						
302	Retail customers		0			0.50	0
303	Small business customers		0			0.50	0
304	Non-financial corporates		0			0.50	0
305	Central banks		0			1.00	0
306	Financial institutions, of which						
307	operational deposits		0			0.00	0
308	Contractual inflows from group maturing ≤ 5 days		0			1.00	0
309	all payments on other loans and deposits due in ≤ 30 days		0			1.00	0
310	Other entities		0			0.50	0
311	**Total of other inflows by counterparty**						**0**
312	**c) Other cash inflows**						
313							
314			**Amount**			**Weight**	**Weighted amount**
315	Other cash inflows						
316	Derivatives cash inflow		0			1.00	0
317	Contractual inflows from securities maturing ≤ 30 days, not included anywhere above		0			1.00	0
318	Other contractual cash inflows		0			0.00	0
319	**Total of other cash inflows**						**0**
320	**d) Total cash inflows**						
321							
322			**Amount**			**Weight**	**Weighted amount**
323	Total cash inflows before applying the cap (excluding contractual inflows from group maturing ≤ 5 days)						0
324	Cap on cash inflows		0			0.75	0
325	Total cash inflows after applying the cap						0
326	Contractual inflows from group maturing ≤ 5 days						0
327	Total cash inflows for LMR calculation						0
328	**C) Collateral swaps**						
329			**Market value of collateral lent**	**Market value of collateral borrowed**		**Weight outflows**	**Weighted amount outflows**
330	Collateral swaps maturing ≤ 30 days:						
331	Of which the borrowed assets **are not re-used** (ie are not rehypothecated) to cover short positions						
332	Level 1 assets are lent and Level 1 assets are borrowed; of which:		0	0		0.00	0
333	Involving eligible liquid assets – see instructions for more detail		0	0			
334	Check: row 333 ≤ row 332		Pass	Pass			
335	Level 1 assets are lent and Level 2A assets are borrowed; of which:		0	0			
336	Involving eligible liquid assets – see instructions for more detail		0	0			
337	Check: row 336 ≤ row 335		Pass	Pass			
338	Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0			
339	Involving eligible liquid assets – see instructions for more detail		0	0			
340	Check: row 339 ≤ row 338		Pass	Pass			

APPENDIX 4 –*Form LMR*

	A	B	C	D	E	F	G	H
268	**e) Total cash outflows**							
269								
270		Total cash outflows						0
271	**2) Cash inflows**							
272								
273				**Amount extended**	**Market value of received colllateral**		**Weight**	**Weighted amount**
274		Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days						
275		Of which collateral is **not re-used** (ie is not rehypothecated) to cover the reporting institution's outright short positions						
276		Transactions backed by Level 1 assets; of which:		0	0		0.00	0
277		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
278		Check: row 277 ≤ row 276		Pass	Pass			
279		Transactions backed by Level 2A assets; of which:		0	0		0.15	0
280		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
281		Check: row 280 ≤ row 279		Pass	Pass			
282		Transactions backed by Level 2B RMBS assets; of which:		0	0		0.25	0
283		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
284		Check: row 283 ≤ row 282		Pass	Pass			
285		Transactions backed by Level 2B non-RMBS assets; of which:		0	0		0.50	0
286		Transactions involving eligible liquid assets – see instructions for more detail		0	0			
287		Check: row 286 ≤ row 285		Pass	Pass			
288		Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.50	0
289		Transactions backed by other collateral		0	0		1.00	0
290		Of which collateral **is re-used** (ie is rehypothecated) in transactions to cover the reporting insitution's outright short positions						
291		Transactions backed by Level 1 assets		0	0		0.00	0
292		Transactions backed by Level 2A assets		0	0		0.00	0
293		Transactions backed by Level 2B RMBS assets		0	0		0.00	0
294		Transactions backed by Level 2B non-RMBS assets		0	0		0.00	0
295		Margin lending backed by non-Level 1 or non-Level 2 collateral		0	0		0.00	0
296		Transactions backed by other collateral		0	0		0.00	0
297		**Total inflows on reverse repo and securities borrowing transactions**						**0**
298	**b) Other inflows by counterparty**							
299								
300				**Amount**			**Weight**	**Weighted amount**
301		Contractual inflows due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296, from:						
302		Retail customers		0			0.50	0
303		Small business customers		0			0.50	0
304		Non-financial corporates		0			0.50	0
305		Central banks		0			1.00	0
306		Financial institutions, of which						
307		operational deposits		0			0.00	0
308		Contractual inflows from group maturing ≤ 5 days		0			1.00	0
309		all payments on other loans and deposits due in ≤ 30 days		0			1.00	0
310		Other entities		0			0.50	0
311		**Total of other inflows by counterparty**						**0**
312	**c) Other cash inflows**							
313								
314				**Amount**			**Weight**	**Weighted amount**
315		Other cash inflows						
316		Derivatives cash inflow		0			1.00	0
317		Contractual inflows from securities maturing ≤ 30 days, not included anywhere above		0			1.00	0
318		Other contractual cash inflows		0			0.00	0
319		**Total of other cash inflows**						**0**
320	**d) Total cash inflows**							
321								
322				**Amount**			**Weight**	**Weighted amount**
323		Total cash inflows before applying the cap (excluding contractual inflows from group maturing ≤ 5 days)						0
324		Cap on cash inflows		0			0.75	0
325		Total cash inflows after applying the cap						0
326		Contractual inflows from group maturing ≤ 5 days						0
327		Total cash inflows for LMR calculation						0
328	**C) Collateral swaps**							
329				**Market value of collateral lent**	**Market value of collateral borrowed**		**Weight outflows**	**Weighted amount outflows**
330		Collateral swaps maturing ≤ 30 days:						
331		Of which the borrowed assets **are not re-used** (ie are not rehypothecated) to cover short positions						
332		Level 1 assets are lent and Level 1 assets are borrowed; of which:		0	0		0.00	0
333		Involving eligible liquid assets – see instructions for more detail		0	0			
334		Check: row 333 ≤ row 332		Pass	Pass			
335		Level 1 assets are lent and Level 2A assets are borrowed; of which:		0	0			
336		Involving eligible liquid assets – see instructions for more detail		0	0			
337		Check: row 336 ≤ row 335		Pass	Pass			
338		Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0			
339		Involving eligible liquid assets – see instructions for more detail		0	0			
340		Check: row 339 ≤ row 338		Pass	Pass			

APPENDIX 4 –*Form LMR*

	B	C	D	E	F	G	H
341	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
342	Involving eligible liquid assets – see instructions for more detail		0	0			
343	Check: row 342 ≤ row 341		Pass	Pass			
344	Level 1 assets are lent and other assets are borrowed; of which:		0	0			
345	Involving eligible liquid assets – see instructions for more detail		0	0			
346	Check: row 345 ≤ row 344		Pass	Pass			
347	Level 2A assets are lent and Level 1 assets are borrowed; of which:		0	0		0.15	0
348	Involving eligible liquid assets – see instructions for more detail		0	0			
349	Check: row 348 ≤ row 347		Pass	Pass			
350	Level 2A assets are lent and Level 2A assets are borrowed; of which:		0	0		0.00	0
351	Involving eligible liquid assets – see instructions for more detail		0	0			
352	Check: row 351 ≤ row 350		Pass	Pass			
353	Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0			
354	Involving eligible liquid assets – see instructions for more detail		0	0			
355	Check: row 354 ≤ row 353		Pass	Pass			
356	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
357	Involving eligible liquid assets – see instructions for more detail		0	0			
358	Check: row 357 ≤ row 356		Pass	Pass			
359	Level 2A assets are lent and other assets are borrowed; of which:		0	0			
360	Involving eligible liquid assets – see instructions for more detail		0	0			
361	Check: row 360 ≤ row 359		Pass	Pass			
362	Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:		0	0		0.25	0
363	Involving eligible liquid assets – see instructions for more detail		0	0			
364	Check: row 363 ≤ row 362		Pass	Pass			
365	Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:		0	0		0.10	0
366	Involving eligible liquid assets – see instructions for more detail		0	0			
367	Check: row 366 ≤ row 365		Pass	Pass			
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.00	0
369	Involving eligible liquid assets – see instructions for more detail		0	0			
370	Check: row 369 ≤ row 368		Pass	Pass			
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0			
372	Involving eligible liquid assets – see instructions for more detail		0	0			
373	Check: row 372 ≤ row 371		Pass	Pass			
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:		0	0			
375	Involving eligible liquid assets – see instructions for more detail		0	0			
376	Check: row 375 ≤ row 374		Pass	Pass			
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:		0	0		0.50	0
378	Involving eligible liquid assets – see instructions for more detail		0	0			
379	Check: row 378 ≤ row 377		Pass	Pass			
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:		0	0		0.35	0
381	Involving eligible liquid assets – see instructions for more detail		0	0			
382	Check: row 381 ≤ row 380		Pass	Pass			
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.25	0
384	Involving eligible liquid assets – see instructions for more detail		0	0			
385	Check: row 384 ≤ row 383		Pass	Pass			
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0		0.00	0
387	Involving eligible liquid assets – see instructions for more detail		0	0			
388	Check: row 387 ≤ row 386		Pass	Pass			
389	Level 2B non-RMBS assets are lent and other assets are borrowed; of which:		0	0			
390	Involving eligible liquid assets – see instructions for more detail		0	0			
391	Check: row 390 ≤ row 389		Pass	Pass			
392	Other assets are lent and Level 1 assets are borrowed; of which:		0	0		1.00	0
393	Involving eligible liquid assets – see instructions for more detail		0	0			
394	Check: row 393 ≤ row 392		Pass	Pass			
395	Other assets are lent and Level 2A assets are borrowed; of which:		0	0		0.85	0
396	Involving eligible liquid assets – see instructions for more detail		0	0			
397	Check: row 396 ≤ row 395		Pass	Pass			
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:		0	0		0.75	0
399	Involving eligible liquid assets – see instructions for more detail		0	0			
400	Check: row 399 ≤ row 398		Pass	Pass			
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:		0	0		0.50	0
402	Involving eligible liquid assets – see instructions for more detail		0	0			
403	Check: row 402 ≤ row 401		Pass	Pass			
404	Other assets are lent and other assets are borrowed		0	0		0.00	0
405	Of which the borrowed assets **are re-used** (ie are rehypothecated) in transactions to cover short positions						
406	Level 1 assets are lent and Level 1 assets are borrowed		0	0		0.00	0
407	Level 1 assets are lent and Level 2A assets are borrowed		0	0			
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed		0	0			
409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
410	Level 1 assets are lent and other assets are borrowed		0	0			
411	Level 2A assets are lent and Level 1 assets are borrowed		0	0		0.15	0
412	Level 2A assets are lent and Level 2A assets are borrowed		0	0		0.00	0
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed		0	0			
414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
415	Level 2A assets are lent and other assets are borrowed		0	0			
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed		0	0		0.25	0
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed		0	0		0.10	0
418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed		0	0		0.00	0
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed		0	0			
420	Level 2B RMBS assets are lent and other assets are borrowed		0	0			
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed		0	0		0.50	0
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed		0	0		0.35	0
423	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed		0	0		0.25	0
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed		0	0		0.00	0
425	Level 2B non-RMBS assets are lent and other assets are borrowed		0	0			
426	Other assets are lent and Level 1 assets are borrowed		0	0		1.00	0
427	Other assets are lent and Level 2A assets are borrowed		0	0		0.85	0
428	Other assets are lent and Level 2B RMBS assets are borrowed		0	0		0.75	0
429	Other assets are lent and Level 2B non-RMBS assets are borrowed		0	0		0.50	0
430	Other assets are lent and other assets are borrowed		0	0		0.00	0
431	**Total outflows and total inflows from collateral swaps**						**0**
432							
433			**Addition**	**Reduction**			
434	Adjustments to Level 1 assets due to collateral swaps		0	0			
435	Adjustments to Level 2A assets due to collateral swaps		0	0			
436	Adjustments to Level 2B RMBS assets due to collateral swaps		0	0			
437	Adjustments to Level 2B non-RMBS assets due to collateral swaps		0	0			
438							
439	**) LMR**						
440							
441	Total stock of high quality liquid assets						0
442	Total cash inflows for LMR calculation						0
443	Total stock of high quality liquid assets + total cash inflows						0
444	Total cash outflows						0
445	**LMR**						

Guernsey Financial
Services Commission

Guidance to completing the LMR module of Form LMR

APPENDIX 5 –*Guidance to completing the LMR module of Form LMR*

LIQUIDITY MISMATCH RATIO GUIDANCE

Introduction

The Liquidity Mismatch Ratio ("LMR") promotes the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient High Quality Liquid Assets ("HQLA") and short term cash inflows to survive a significant stress scenario lasting 30 calendar days.

The LMR is calculated as follows:

$$\frac{\text{Stock of HQLA + qualifying group inflows + other projected inflows (limited to 75\% of projected outflows)}}{\text{Total cash outflows over the next 30 calendar days}}$$

where "qualifying group inflows" are:

- contractually due within one week (5 working days); and
- The counterparty is a group bank; and
- The counterparty and the local bank are part of a group that is subject to the LCR on a consolidated basis.

The Guidance below explains how to complete the LMR reporting form. The reporting form automatically calculates the LMR by applying standard regulatory adjustments to assets and applying standard regulatory weightings to calculate stressed cash inflows and outflows.

Applicability

Guernsey incorporated banks are required to apply the Liquidity Coverage Ratio ("LCR") as the minimum regulatory liquidity standard (see separate LCR Guidance) unless the Commission's approval has been granted to apply the alternative LMR approach.

The guidance below, with certain exceptions, follows closely the Basel III LCR Standard[10] and, where relevant, references are made to this framework to provide further guidance. Banks should contact the Commission where further guidance on the LMR form completion is required.

Input

Data should only be entered in the yellow shaded cells. There are also some green shaded cells which may be used for input in future subject to the instruction of the Commission. Orange shaded cells represent calculation results and must not be changed. It is important to note that any modification to the worksheets is not permitted.

High Quality Liquid Assets (panel A)

General requirements

Banks should assess assets and exclude any that, despite meeting the operation criteria set out below, are not sufficiently liquid (setting aside liquidity provided by central banks or governments) to be included in the stock of HQLA. This assessment process must be described in a bank's LMP and should cover the

[10] Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, Basel Committee on Banking Supervision, January 2013, http://www.bis.org/publ/bcbs238.pdf

following:

- Fundamental characteristics; and
- Market-related characteristics.

The test of whether liquid assets are of "high quality" is that, by way of sale or repo, their liquidity-generating capacity is assumed to remain intact even in periods of severe idiosyncratic and market stress.

HQLA should ideally be eligible at central banks for intraday liquidity needs and overnight liquidity facilities. Central banks can provide a further backstop to the supply of banking system liquidity under conditions of severe stress. Central bank eligibility should thus provide additional confidence that banks are holding assets that could be used in events of severe stress without damaging the broader financial system.

Banks that have direct access to central banks, including via overseas branches, should determine whether assets are eligible.

Fundamental characteristics

Low credit risk**:** assets that are less risky tend to have higher liquidity. High credit standing of the issuer and a low degree of subordination increase an asset's liquidity. Low duration, low legal risk, low inflation risk and denomination in a convertible currency with low foreign exchange risk all enhance an asset's liquidity.

Ease and certainty of valuation**:** an asset's liquidity is aided if market participants are likely to agree on its valuation. Assets with more standardised, homogenous and simple structures tend to be more fungible, promoting liquidity. The pricing formula of a high-quality liquid asset must be easy to calculate and not depend on strong assumptions. The inputs into the pricing formula must also be publicly available. In practice, this should rule out the inclusion of most structured or exotic products.

Low correlation with risky assets: the stock of HQLA should not be subject to wrong-way (highly correlated) risk. For example, assets issued by financial institutions are more likely to be illiquid in times of liquidity stress in the banking sector.

Listed on a developed and recognised exchange**:** being listed significantly aids an asset's transparency.

Market-related characteristics

Active and sizable market**:** the asset should have active outright sale or repo markets at all times. This means that:

- There should be historical evidence of market breadth and market depth. This could be demonstrated by low bid-ask spreads, high trading volumes, and a large and diverse number of market participants. Diversity of market participants reduces market concentration and increases the reliability of the liquidity in the market.
- There should be robust market infrastructure in place. The presence of multiple committed market makers increases liquidity as quotes will most likely be available for buying or selling HQLA.

Low volatility**:** assets whose prices remain relatively stable and are less prone to sharp price declines over time will have a lower probability of triggering forced sales to meet liquidity requirements. Volatility of traded prices and spreads are simple proxy measures of market volatility. There should be historical evidence of relative stability of market terms (e.g. prices and haircuts) and volumes during stressed periods.

Flight to quality**:** historically, the market has shown tendencies to move into these types of assets in a systemic crisis. The correlation between proxies of market liquidity and banking system stress is one simple measure that could be used.

Operational requirements: All assets in the stock are subject to the following operational requirements. These operational requirements are designed to ensure that the stock of HQLA is managed in such a way that the bank can, and is able to demonstrate that it can, immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30 day stress period, with no restriction on the use of the liquidity generated.

All assets in the stock should be unencumbered, per the definition below. Banks should exclude from the stock those assets that, although meeting the definition of "unencumbered" specified below, the bank would not have the operational capability to monetise to meet outflows during the stressed period. Operational capability to monetise assets requires having procedures and appropriate systems in place, including providing the function noted below with access to all necessary information to execute monetisation of any asset at any time. Monetisation of the asset must be executable, from an operational perspective, in the standard settlement period for the asset class in the relevant jurisdiction.

All assets accounted for in this section should be under the control of the function charged with managing the liquidity of the bank (e.g. the treasurer), meaning the function has the continuous authority, and legal and operational capability, to monetise any asset in the stock. Control must be evidenced either by maintaining assets in a separate pool managed by the function with the sole intent for use as a source of contingent funds, or by documenting in its LMP how it has and will verify from time to time that (1) the function can monetise the asset at any point in the 30 day stress period and that (2) the proceeds of doing so are available to the function throughout the 30 day stress period without directly conflicting with a stated business or risk management strategy. For example, an asset should not be included in the stock if the sale of that asset, without replacement throughout the 30 day period, would remove a hedge that would create an open risk position in excess of internal limits.

A bank should periodically monetise a representative proportion of the assets in the stock through repo or outright sale, in order to test its access to the market, the effectiveness of its processes for monetisation, the availability of the assets, and to minimise the risk of negative signalling during a period of actual stress.

A bank is permitted to hedge the market risk associated with ownership of the stock of liquid assets and still include the assets in the stock. If it chooses to hedge the market risk, the bank should take into account (in the market value applied to each asset) the cash outflow that would arise if the hedge were to be closed out early (in the event of the asset being sold).

In accordance with Principle 9 of the Sound Principles[11] a bank "should monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner". Specifically it should have a policy in place that identifies legal entities, geographical locations, currencies and specific custodial or bank accounts where HQLA are held. In addition the bank should determine whether any such assets should be excluded for operational reasons and, therefore, have the ability to determine the composition of its stock on a daily basis.

Qualifying HQLA that are held to meet statutory liquidity requirements at the legal entity or sub-consolidated level (where applicable) may only be included in the stock at the consolidated level to the extent that the related risks (as measured by the legal entity's or sub-consolidated group's net cash outflows in the LMR) are also reflected in the consolidated LMR. Any surplus of HQLA held at the legal entity can only be included in the consolidated stock if those assets would also be freely available to the

[11] Principles for Sound Liquidity Risk Management and Supervision, Basel Committee on Banking Supervision, September 2008, http://www.bis.org/publ/bcbs144.pdf

consolidated (parent) entity in times of stress.

In assessing whether assets are freely transferable for regulatory purposes, banks should be aware that assets may not be freely available to the consolidated entity due to regulatory, legal, tax, accounting or other impediments. Assets held in legal entities without market access should only be included to the extent that they can be freely transferred to other entities that could monetise the assets.

A bank should assess whether it has access to, large, deep and active repo markets for each eligible asset class. Where this is not the case, assets can only be included if it is likely that they could be monetised through outright sale. In these circumstances, a bank should exclude from the stock of HQLA those assets where there are impediments to sale, such as large fire-sale discounts which would cause it to breach minimum solvency requirements, or requirements to hold such assets, including, but not limited to, statutory minimum inventory requirements for market-making.

Banks should not include in the stock of HQLA any assets, or liquidity generated from assets, they have received under right of rehypothecation, if the beneficial owner has the contractual right to withdraw those assets during the 30 day stress period.

Assets received as collateral for derivatives transactions that are not segregated and legally able to be rehypothecated may be included in the stock of HQLA provided that the bank records an appropriate outflow for the associated risks as set out in the Basel III LCR standards paragraph 116.

In order to mitigate cliff effects that could arise, if an eligible liquid asset became ineligible (e.g. due to rating downgrade), a bank is permitted to keep such assets in its stock of liquid assets for an additional 30 calendar days. This would allow the bank additional time to adjust its stock as needed or replace the asset.

As part of the stock, liquid assets cannot be counted as cash inflows even if they mature within 30 days (i.e. no double-counting is allowed).

Definition of unencumbered: free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign the asset. An asset in the stock should not be pledged by the bank (either explicitly or implicitly) to secure, collateralise or credit-enhance any transaction, nor be designated to cover operational costs (such as rents and salaries). However, assets that the bank received as collateral in reverse repo and securities financing transactions can be considered as part of the stock if they are held at the bank, have not been rehypothecated, and are legally and contractually available for the bank's use. In addition, assets which qualify for the stock of HQLA that have been prepositioned or deposited with, or pledged to, the central bank or a public sector entity (PSE) but have not been used to generate liquidity may be included in the stock. If a bank has deposited, pre-positioned or pledged Level 1, Level 2 and other assets in a collateral pool and no specific securities are assigned as collateral for any transactions, it may assume that assets are encumbered in order of increasing liquidity value in the LMR, i.e. assets ineligible for the LMR are assigned first, followed by Level 2B, then other Level 2 and finally Level 1. This determination must be made in compliance with any requirements, such as concentration or diversification, of the central bank or PSE.

Criteria of liquid assets: Securities that can be included in the stock of HQLA must also meet the following common criteria (note that additional security-specific criteria are included in the individual line item descriptions):

- they should neither be issued by, nor be an obligation of, a financial institution[12] or any of its affiliated entities (except in the case of covered bonds and RMBS which should not be issued by the bank itself or any of its affiliated entities) - in practice, this means that securities issued by an affiliate of a financial institution would not qualify for the stock of HQLA, even where the issuance is government guaranteed;

[12] Financial institutions, in this context, include banks, securities firms and insurance companies.

- they should be traded in large, deep and active repo or cash markets characterised by a low level of concentration; and
- they should have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions (i.e. maximum decline of price not exceeding 10% or increase in haircut not exceeding 10 percentage points over a 30-day period during a relevant period of significant liquidity stress).

Realisable value

Assets should be measured at their current realisable value.

The definition of realisable value for the purpose of determining the value of HQLA is the highest value for which the asset can be realised, being either of:

- repo value (only assets for which a deep and active repo market exists): the maximum amount that would be received under a repo, applying prevailing market values and haircuts; and
- sale value: the current bid-price of the asset.

Row	Heading	Description	Basel III LCR standards reference
A)a)	**Level 1 assets**		
6	Coins and banknotes	Coins and banknotes currently held by the bank that are immediately available to meet obligations. Deposits placed at, or receivables from, other institutions should be reported in the inflows section.	50(a)
7	Total central bank reserves; of which:	Total amount held in central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank). Other term deposits with central banks are not eligible for the stock of HQLA; however, if the term expires within 30 days, the term deposit could be considered as an inflow (reported in line 305).	50(b), footnote 12
8	part of central bank reserves that can be drawn in times of stress	Total amount held in central bank reserves and overnight and term deposits at the same central bank (as reported in line 7) which can be drawn down in times of stress. Amounts required to be installed in the central bank reserves within 30 days should be reported in line 166 of the outflows section.	50(b), footnote 13
Securities with a 0% risk weight:			

11	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)
12	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)
13	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 0% risk weight under the standardised approach to credit risk (reported under item A.2.1 of Module 1).	50(c)
14	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by public sector entities, receiving a 0% risk weight under the standardised approach to credit risk (reported under item B.2.1 of Module 1).	50(c)
15	Issued or guaranteed by BIS, IMF, ECB and European Community or MDBs	Marketable debt securities issued or guaranteed by the Bank for International Settlements, the International Monetary Fund, the European Central Bank (ECB) and European Community or multilateral development banks (MDBs), receiving a 0% risk weight under the standardised approach to credit risk (reported under items A.2.1 or A.3 of Module 1).	50(c)

For non-0% risk-weighted sovereigns:

17	sovereign or central bank debt securities issued in domestic currency by the sovereign or central bank in the country in which the liquidity risk is taken or in the bank's home country	Debt securities issued by the sovereign or central bank in the domestic currency of that country, that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight of that country. Banks are only permitted to include debt issued by sovereigns or central banks of their home jurisdictions or, to the extent of the liquidity risk taken in other jurisdictions, of those jurisdictions.	50(d)
18	domestic sovereign or central bank debt securities issued in foreign currencies up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken	Debt securities issued by the domestic sovereign or central bank in foreign currencies (that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight), up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken.	50(e)

Total Level 1 assets:

19	Total stock of Level 1 assets	Total outright holdings of Level 1 assets plus all borrowed securities of Level 1 assets	49
20	Adjustment to stock of Level 1 assets	Adjustment to the stock of Level 1 assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
21	Adjusted amount of Level 1 assets	Adjusted amount of Level 1 assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1

A)b) Level 2A assets

Securities with a 20% risk weight:

25	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1) and not included in lines 17 or 18.	52(a)
26	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1).	52(a)
27	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1), and not included in lines 17 or 18.	52(a)
28	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by PSEs, receiving a 20% risk weight under the standardised approach to credit risk (reported under item B.2.2 of Module 1).	52(a)
29	issued or guaranteed by MDBs	Marketable debt securities issued or guaranteed by multilateral development banks, receiving a 20% risk weight under the standardised approach to credit risk (Not currently used).	52(a)

Non-financial corporate bonds:

30	rated AA- or better	Non-financial corporate bonds (including commercial paper) having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 of Module 1).	52(b)

Covered bonds (not self-issued):

31	rated AA- or better	Covered bonds, not self-issued, having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 or Portfolio D of Module 1).	52(b)

Total Level 2A assets:

32	Total stock of Level 2A assets	Total outright holdings of Level 2A assets plus all borrowed securities of Level 2A assets, after applying haircuts	52(a),(b)
33	Adjustment to stock of Level 2A assets	Adjustment to the stock of Level 2A assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
34	Adjusted amount of Level 2A assets	Adjusted amount of Level 2A assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1

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A)c) Level 2B assets

Row	Heading	Description	Basel III LCR
37	Residential mortgage backed securities (RMBS), rated AA or better	RMBS that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • not issued by, and the underlying assets have not been originated by, the bank itself or any of its affiliated entities; • the relevant credit rating for capital adequacy purposes is at least AA; • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions (i.e. maximum decline of price or increase in haircut over a 30-day period during a relevant period of significant liquidity stress not exceeding 20%); • the underlying asset pool is restricted to residential mortgages and cannot contain structured products; • the underlying mortgages are "full recourse'' loans (i.e. in the case of foreclosure the mortgage owner remains liable for any shortfall in sales proceeds from the property) and have a maximum loan-to-value ratio (LTV) of 80% on average at issuance; and • the securitisations are subject to "risk retention" regulations which require issuers to retain an interest in the assets they securitise.	54(a)
38	Non-financial corporate bonds, rated BBB- to A+	Non-financial corporate debt securities (including commercial paper) rated BBB- to A+ that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements) : • the relevant credit rating for capital adequacy purposes is at least BBB-; and • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress.	54(b)
39	Non-financial common equity shares	Non-financial common equity shares that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • exchange traded and centrally cleared; • a constituent of the major stock index in the home jurisdiction or where the liquidity risk is taken, as decided by	54(c)

		the supervisor in the jurisdiction where the index is located; • denominated in the domestic currency of a bank's home jurisdiction or in the currency of the jurisdiction where a bank's liquidity risk is taken; and • have a proven record as a relatively reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of share price not exceeding 40% or increase in haircut not exceeding 40 percentage points over a 30-day period during a relevant period of significant liquidity stress.	
40	Sovereign or central bank debt securities, rated BBB- to BBB+	Sovereign or central bank debt securities, rated BBB- to BBB+, that are not already included in lines 17 or 18, per FAQ 3(a) in Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm.	BCBS FAQ[13] 3(a)

Total Level 2B assets:

41	Total stock of Level 2B RMBS assets	Total outright holdings of Level 2B RMBS assets plus all borrowed securities of Level 2B RMBS assets, after applying haircuts.	54(a)
42	Adjustment to stock of Level 2B RMBS assets	Adjustment to the stock of Level 2B RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
43	Adjusted amount of Level 2B RMBS assets	Adjusted amount of Level 2B RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
44	Total stock of Level 2B non-RMBS assets	Total outright holdings of Level 2B non-RMBS assets plus all borrowed securities of Level 2B non-RMBS assets, after applying haircuts.	54(b),(c)
45	Adjustment to stock of Level 2B non-RMBS assets	Adjustment to the stock of Level 2B non-RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
46	Adjusted amount of Level 2B non-RMBS assets	Adjusted amount of Level 2B non-RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
Row	Heading	Description	Basel III LCR standards reference
47	Adjusted amount of Level 2B(RMBS and non-RMBS) assets	Sum of adjusted amount of Level 2B RMBS assets and adjusted amount of Level 2B non-RMBS assets (see Appendix 1).	Annex 1
49	Adjustment to stock of HQLA due to cap on Level 2B assets	Adjustment to stock of HQLA due to 15% cap on Level 2B Assets (see Appendix 1).	47, Annex 1
50	Adjustment to stock of HQLA due to cap on Level 2 assets	Adjustment to stock of HQLA due to 40% cap on Level 2 assets (see Appendix 1).	51, Annex 1

A)d) Total stock of HQLA

[13] Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm

53	Total stock of HQLA	Total stock of HQLA after taking haircuts and the adjustment for the caps on Level 2 and Level 2B assets into account.	

Row	Heading	Description	Basel III LCR

A)e)Total stock of HQLA

78	Total stock of HQLA	Stock of HQLA	

Outflows, Liquidity Mismatch Ratio (LMR) (panel B1)

This section calculates the total expected cash outflows in the LMR stress scenario for the subsequent 30 calendar days. They are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or to be drawn down (Basel III LCR standards paragraph 69).

Where there is potential that an item could be reported in multiple outflow categories, (e.g. committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank only has to assume up to the maximum contractual outflow for that product (Basel III LCR standards paragraph 72).

Where a deposit is pledged as security for a loan, outflows relating to the pledged deposit may be excluded from the LMR calculation but only if the following conditions are met:

- The loan will not mature or be settled in the next 30 days; and
- The pledge arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and
- The amount of deposit to be excluded does not exceed the outstanding balance of the loan.

The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.

a) Retail deposit run-off

Retail deposits are defined as deposits placed with a bank by a natural person. Deposits from legal entities, sole proprietorships and partnerships are captured in wholesale deposit categories. Retail deposits reported in lines 88 to 108 include demand deposits and term deposits maturing in or with a notice period up to 30 days.

Term deposits with a residual contractual maturity greater than 30 days which may be withdrawn within 30 days without entailing a significant withdrawal penalty materially greater than the loss of interest, should be considered to mature within the 30-day horizon and should also be included in lines 88 to 108 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

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If notice is given on a deposit with a minimum withdrawal period, the amount impacted should be treated as an outflow on the date when the notice expires, without adjustment. The remainder is unaffected.

If a bank allows a depositor to withdraw fixed or notice deposits without applying the corresponding penalty or despite a clause that says the depositor has no legal right to withdraw, the entire category of these funds would then have to be treated as demand deposits (i.e. regardless of the remaining term). Banks may choose to outline exceptional circumstances that would qualify as hardship, under which the term deposit could exceptionally be withdrawn by the depositor without changing the treatment of the entire pool of deposits. This is subject to supervisory review and must be documented in a bank's LMP.

Notes, bonds and other debt securities sold exclusively to the retail market and held in retail accounts (including small business customer accounts) can be reported in the appropriate retail deposit category. To be treated in this manner, it is not sufficient that the debt instruments are specifically designed and marketed to retail customers. Rather there should be limitations placed such that those instruments cannot be bought and held by parties other than retail customers.

Row	Heading	Description	Basel III LCR standards reference
84	Total retail deposits; of which	Total retail deposits as defined above.	
85	Insured deposits; of which:	The portion of retail deposits that are covered by deposit insurance scheme.	
86	in transactional accounts; of which:	Total fully insured retail deposits in transactional accounts (e.g. accounts where salaries are automatically credited).	
87	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
88	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
89	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
90	eligible for a 5% run-off rate; of which:	Covered deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	
91	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are** in the reporting bank's home jurisdiction.	
92	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are not** in the reporting bank's home jurisdiction.	
93	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured retail deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	

94	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
95	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	
96	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	
97	eligible for a 5% run-off rate; of which:	Covered by deposit insurance, non-transactional deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	
98	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are** in the reporting bank’s home jurisdiction.	
99	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are not** in the reporting bank’s home jurisdiction.	
100	in non-transactional and non-relationship accounts	Insured retail deposits not included in lines 90 or 97.	
101	Uninsured deposits	The portion of retail deposits that is non-maturing or mature within 30 days that are not insured by a deposit insurance scheme (i.e. all retail deposits not reported in lines 88 to 100, excluding any deposits included in lines 103 to 105).	
102	Additional deposit categories with higher run-off rates as specified by supervisor	Other retail deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	
103	Category 1	As defined by the Commission	
104	Category 2	As defined by the Commission	
105	Category 3	As defined by the Commission	
106	Term deposits (treated as having >30 day remaining maturity); of which	Retail deposits with a residual maturity or withdrawal notice period greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or where early withdrawal results in a significant penalty that is materially greater than the loss of interest.	82–84
107	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	84
108	Without supervisory run-off rate	All other term retail deposits treated as having > 30 day remaining maturity as defined in line 106. A run-off rate of 0%	82

		applies.	

b) Unsecured wholesale funding run-off

Unsecured wholesale funding is defined as liabilities and general obligations that are raised from non-natural persons (i.e. legal entities, including sole proprietorships and partnerships) and are **not** collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution, excluding derivatives.

Wholesale funding included in the LMR is defined as all funding that is callable within the LMR's 30-day horizon or that has its earliest possible contractual maturity date within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity. This includes all funding with options that are exercisable at the investor's discretion within the 30-day horizon. It also includes funding with options exercisable at the bank's discretion where the bank's ability not to exercise the option is limited for reputational reasons. In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date and within the 30-day horizon, such liabilities should be included in the appropriate outflows category.

Small business customers

Unsecured wholesale funding provided by small business customers consists of deposits and other extensions of funds made by non-financial small business customers. "Small business customers" are defined in line with the definition of loans extended to small businesses in Appendix H to Module 1 that are managed as retail exposures and are generally considered as having similar liquidity risk characteristics to retail accounts, provided the total aggregated funding raised from the small business customer is less than £1 million (on a consolidated basis where applicable).

"Aggregated funding" means the gross amount (i.e., not netting any form of credit extended to the legal entity) of all forms of funding (e.g. deposits or debt securities or similar derivative exposure for which the counterparty is known to be a small business customer).

Applying the limit on a consolidated basis means that where one or more small business customers are affiliated with each other, they may be considered as a single creditor such that the limit is applied to the total funding received by the bank from this group of customers.

Term deposits from small business customers with a residual contractual maturity of greater than 30 days which can be withdrawn within 30 days without a significant withdrawal penalty materially greater than the loss of interest should be considered to fall within the 30-day horizon and should also be included in lines 117 to 137 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

Row	Heading	Description	Basel III LCR standards reference
112	Total unsecured wholesale funding		85–111
113	Total funding provided by small business customers; of which:	Total small business customer deposits as defined above.	89–92
114	Insured deposits; of which:	The portion of deposits or other forms of unsecured wholesale funding which are provided by non-financial small business customers and are non-maturing or mature within 30 days that are fully covered by deposit insurance.	89, 75–78

115	in transactional accounts; of which:	Total fully insured small business customer deposits in transactional accounts (e.g. accounts where salaries are paid out from).	89, 75, 78
116	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
117	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
118	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
119	eligible for a 5% run-off rate; of which:	Fully covered small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	89, 75
120	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	89, 75
121	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
122	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured small business customer deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75, 78
123	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
124	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
125	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
126	eligible for a 5% run-off rate; of which:	Fully covered by deposit insurance, non-transactional small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75
127	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking	89, 75

		Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	
128	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are not** in the reporting bank’s home jurisdiction.	89, 75
129	in non-transactional and non-relationship accounts	Insured small business customer deposits not reported in lines 119 and 126.	89, 79
130	Uninsured deposits	The portion of small business customer deposits that are non-maturing or mature within 30 days, that is not fully insured by a deposit insurance scheme (i.e. all small business customer deposits not reported in lines 117 to 129, excluding any reported in lines 132 to 134).	89, 79
131	Additional deposit categories with higher run-off rates as specified by supervisor	Other small business deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	89, 79
132	Category 1	As defined by the Commission.	89, 79
133	Category 2	As defined by the Commission.	89, 79
134	Category 3	As defined by the Commission.	89, 79
135	Term deposits (treated as having >30 day maturity); of which:	Small business customer deposits with a residual maturity or withdrawal notice period of greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in a significant penalty that is materially greater than the loss of interest.	92, 82-84
136	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	92, 84
137	Without supervisory run-off rate	All other term small business customer deposits treated as having > 30 day remaining maturity as defined in line 135. A run-off rate of 0% applies.	92, 82

Unsecured wholesale funding generated by clearing, custody and cash management activities (“operational deposits”):

Reported in lines 140 to 154 are portions of deposits and other extensions of funds from financial and non-financial wholesale customers (excluding deposits less than £1 million from small business customers which are reported in lines 117 to 137) generated out of clearing, custody and cash management activities (“operational deposits”). These funds may receive a 25% run-off factor only if the customer has a substantive dependency with the bank and the deposit is required for such activities.

Qualifying activities in this context refer to clearing, custody or cash management activities that meet the Criteria set out in Appendix 2.

APPENDIX 5 –*Guidance to completing the LMR module of Form LMR*

Row	Heading	Description	Basel III LCR standards reference
138	Total operational deposits; of which:	The portion of unsecured operational wholesale funding generated by clearing, custody and cash management activities as defined above.	93–104
139	provided by non-financial corporates	Such funds provided by non-financial corporates. Funds from small business customers that meet the requirements outlined in paragraphs 90 and 91 of the Basel III LCR standards should not be reported here but are subject to lower run-off rates in rows 117 to 130.	93–104
140	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
141	insured, with a 5% run-off rate	Deposits provided by non-financial corporates that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
142	uninsured	The portion of such funds provided by non-financial corporates that **are not** fully covered by a deposit insurance scheme.	93–103
143	provided by sovereigns, central banks, PSEs and MDBs	Such funds provided by sovereigns, central banks, PSEs and multilateral development banks.	93–104
144	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
145	insured, with a 5% run-off rate	Deposits provided by sovereigns, central banks, PSEs and multilateral development banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit	104

		withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	
146	uninsured	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that are not fully covered by a deposit insurance scheme.	93–103
147	provided by banks	Such funds provided by banks.	93–104
148	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
149	insured, with a 5% run-off rate	Deposits provided by banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
150	uninsured	The portion of such funds provided by banks that **are not** fully covered by a deposit insurance scheme.	93–103
151	provided by other financial institutions and other legal entities	Such funds provided by financial institutions (other than banks) and other legal entities.	93–104
152	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
153	insured, with a 5% run-off rate	Deposits provided by financial institutions (other than banks) and other legal entities that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	104

		Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	
154	uninsured	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are not** fully covered by a deposit insurance scheme.	93–103

Non-operational deposits in lines 157 to 164 include all deposits and other extensions of unsecured funding not included under operational deposits in lines 140 to 154, excluding notes, bonds and other debt securities, covered bond issuance or repo and secured funding transactions (reported below). Deposits arising out of correspondent banking or from the provision of prime brokerage services (as defined in the Basel III LCR standards, footnote 42) should **not** be included in these lines (Basel III LCR standards, paragraph 99).

Customer cash balances arising from the provision of prime brokerage services, including but not limited to the cash arising from prime brokerage services as identified in Basel III LCR standards, paragraph 99, should be considered separate from any required segregated balances related to client protection regimes imposed by national regulations, and should not be netted against other customer exposures included in this standard. These offsetting balances held in segregated accounts are treated as inflows in Basel III LCR standards, paragraph 154 and should be excluded from the stock of HQLA (Basel III LCR standards, paragraph 111).

Row	Heading	Description	Basel III LCR
155	Total non-operational deposits; of which	The portion of unsecured wholesale funding not considered as "operational deposits" as defined above.	105–109
156	provided by non-financial corporates; of which:	Total amount of such funds provided by non-financial Corporates (including personal investment companies as defined in Appendix 3), Retirement Annuity Trust Schemes and Guernsey-registered charities.	107–108
157	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits. The Guernsey Banking Deposit Compensation Scheme does cover deposits of Retirement Annuity Trust Schemes and Guernsey-registered charities.	108
158	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
159	provided by sovereigns, central banks, PSEs and MDBs; of which:	Such funds provided by sovereigns, central banks (other than funds to be reported in line item 166), PSEs, and multilateral development banks.	107-108
160	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	108
161	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107

162	Swiss fiduciary deposits	Deposits provided by a Swiss bank, executed at the instruction of the depository bank's customer in the name of the bank. There is an account relationship between the Swiss bank and its customer and a mandate of the customer to the Swiss bank to place his funds in the bank's name abroad.	
163	provided by other banks	Such funds provided by other banks, not reported in line 162.	109
164	provided by other financial institutions and other legal entities	Such funds provided by financial institutions other than banks and by other legal entities not included in the categories above. Funding from fiduciaries, beneficiaries, conduits and special purpose vehicles and affiliated entities should also be reported here.	109

Notes, bonds and other debt securities issued by the bank are included in line 165 regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts (including small business customers treated as retail), in which case the instruments can be reported in the appropriate retail or small business customer deposit category in lines 88 to 108 or lines 117 to 137, respectively. Outflows on covered bonds should be reported in line 228.

Row	Heading	Description	Basel III LCR
165	Unsecured debt issuance	Outflows on notes, bonds and other debt securities, excluding on bonds sold exclusively to the retail or small business customer markets, and excluding outflows on covered bonds.	110
166	Additional balances required to be installed in central bank reserves	Amounts to be installed in the central bank reserves within 30 days. Funds reported in this line should not be included in line 160 or 161.	Extension of 50(b)

c) Secured funding run-off

Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. In this section any transaction in which the bank has received a collateralised loan in cash, such as repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank receives a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

Additionally, collateral lent to the bank's customers to effect short positions should be treated as a form of secured funding. A customer short position in this context describes a transaction where a bank's customer sells a security it does not own, and the bank subsequently obtains the same security from internal or external sources to make delivery into the sale. Internal sources include the bank's own inventory of collateral as well as rehypothecatable Level 1 or Level 2 collateral held in other customer margin accounts. The contingent risk associated with non-contractual obligations where customer short positions are covered by other customers' collateral that does not qualify as Level 1 or Level 2 should be reported in line 264. External sources include collateral obtained through a securities borrowing, reverse repo, or like transaction.

If the bank has deposited both liquid and non-liquid assets in a collateral pool and no assets are specifically assigned as collateral for the secured transaction, the bank may assume for this monitoring exercise that the assets with the lowest liquidity get assigned first: assets that are not eligible for the stock of liquid assets are assumed to be assigned first. Only once all those assets are fully assigned should Level 2B assets be assumed to be assigned, followed by Level 2A assets.

Only once all Level 2 assets are assigned should Level 1 assets be assumed to be assigned.

APPENDIX 5 –*Guidance to completing the LMR module of Form LMR*

A bank should report all outstanding secured funding transactions with remaining maturities within the 30 calendar day stress horizon, including customer short positions that do not have a specified contractual maturity. The amount of funds raised through the transaction should be reported in column D ("amount received"). The value of the underlying collateral extended in the transaction should be reported in column E ("market value of extended collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the trade or settlement date of the transaction.

Row	Heading	Description	Basel III LCR standards reference
178	Transactions conducted with the bank's domestic central bank; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days. In column E: The market value of the collateral extended on these transactions.	114–115
179	Backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
180	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 179, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
182	Backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
183	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 182, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2A asset collateral	114–115

		extended on these transactions.	
185	Backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
186	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 185, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
188	Backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
189	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 188, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
191	Backed by other assets	In column D: Amount raised on secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and is backed by all other assets (i.e. other than Level 1 or Level 2 assets). In column E: The market value of the other asset collateral extended on these transactions.	114–115

192	Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
193	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 192, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (if they were not already securing the particular transaction in question), because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
195	Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
196	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 195, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
198	Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
199	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 198, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because:	114–115

		(iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	
201	Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
202	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by Level 2B non-RMBS assets. PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	114–115
203	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 202, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
205	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or domestic PSEs with a 20% risk weight that are backed by Level 2B non-RMBS assets. In column E: The market value of collateral extended on these transactions.	114–115

206	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 205, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (iii) they would be held unencumbered; and (iv) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
208	Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by other assets (non-HQLA). In column E: The market value of the other (non-HQLA) asset collateral extended on these transactions.	114–115
209	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by other assets (non-HQLA). PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	114–115
210	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or PSEs that are backed by other assets (non-HQLA). In column E: The market value of collateral extended on these transactions.	114–115

d) Additional requirements

Row	Heading	Description	Basel III LCR

214	Derivatives cash outflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash outflows should be reported here. The sum of all net cash inflows should be reported in line 316. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows should be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 316 for institutions engaged in derivatives transactions.	116, 117
215	Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions	The amount of collateral that would need to be posted for or contractual cash outflows generated by any downgrade up to and including a 3-notch downgrade of the bank's long-term credit rating. Triggers linked to a bank's short-term rating should be assumed to be triggered at the corresponding long-term rating in accordance with published ratings criteria. The impact of the downgrade should consider impacts on all types of margin collateral and contractual triggers which change rehypothecation rights for non-segregated collateral.	118
216	Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:		119
217	Cash and Level 1 assets	Current market value of relevant collateral posted as margin or derivatives and other transactions that, if they had been unencumbered, would have been eligible for inclusion in line items 6 to 18.	

218	For other collateral (i.e. all non-Level 1 collateral)	Current market value of relevant collateral posted as margin or derivatives and other transactions other than those included in line item 217 (all non-Level 1 collateral). This amount should be calculated net of collateral received on a counterparty basis (provided that the collateral received is not subject to restrictions on reuse or rehypothecation). Any collateral that is in a segregated margin account can only be used to offset outflows that are associated with payments that are eligible to be offset from that same account.	
219	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty	The amount of non-segregated collateral that the reporting institution currently has received from counterparties but could under legal documentation be recalled because the collateral is in excess of that counterparty's current collateral requirements.	120
220	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted	The amount of collateral that is contractually due from the reporting institution, but for which the counterparty has not yet demanded the posting of such collateral.	121
221	Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets	The amount of HQLA collateral that can be substituted for non-HQLA without the bank's consent that has been received to secure transactions and that has not been segregated (e.g. otherwise included in HQLAs, as secured funding collateral or in other bank operations).	122
222	Increased liquidity needs related to market valuation changes on derivative or other transactions	Any potential liquidity needs deriving from full collateralisation of mark-to-market exposures on derivative and other transactions. Banks should calculate any outflow generated by increased needs related to market valuation changes by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months, where the absolute net collateral flow is based on both realised outflows and inflows. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis.	123
223	Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds	Balances of term asset-backed securities and other structured financing instruments, excluding covered bonds (which should be reported in line 228), issued by the bank that mature in 30 days or less. To the extent that sponsored conduits/SPVs are required to be consolidated under liquidity requirements, their assets and liabilities should be taken into account.	124
224	Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:	All funding on asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities maturing or returnable within 30 days. Banks having structured financing facilities that include the issuance of short-term debt instruments, such as asset backed commercial paper, should report the potential liquidity outflows from these structures. These include, but are not limited to, (i) the inability to refinance maturing debt, and (ii) the existence of derivatives or derivative-like components contractually written into the documentation associated with the structure that would allow the "return" of assets in a financing arrangement, or that	125

		require the original asset transferor to provide liquidity, effectively ending the financing arrangement ("liquidity puts") within the 30-day period. Where the structured financing activities are conducted through a special purpose entity (such as a special purpose vehicle, conduit or SIV), the bank should, in determining the HQLA requirements, look through to the maturity of the debt instruments issued by the entity and any embedded options in financing arrangements that may potentially trigger the “return” of assets or the need for liquidity, irrespective of whether or not the SPV is consolidated.	
225	debt maturing ≤ 30 days	Portion of the funding specified in line 224 maturing within 30 days.	125
226	with embedded options in financing arrangements	Portion of the funding specified in line 224 **not** maturing within 30 days but with embedded options that could reduce the effective maturity of the debt to 30 days or less.	125
227	other potential loss of such funding	Portion of the funding specified in line 224 that is not included in line 225 or 226.	125
228	Loss of funding on covered bonds issued by the bank	Balances of covered bonds, issued by the bank that mature in 30 days or less.	124

Credit and liquidity facilities are defined as explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties. For the purpose of the standard, these facilities only include contractually irrevocable (“committed”) or conditionally revocable agreements to extend funds in the future.

Unconditionally revocable facilities that are unconditionally cancellable by the bank (in particular, those without a precondition of a material change in the credit condition of the borrower) are excluded from this section and should be reported in lines 254 to 266, as appropriate.

The currently undrawn portion of credit and liquidity facilities should be reported. The reported amount may be net of any HQLAs eligible for the stock of HQLAs, if the HQLAs have already been posted as collateral by the counterparty to secure the facilities or that are contractually obliged to be posted when the counterparty will draw down the facility (e.g. a liquidity facility structured as a repo facility), if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the facility to the extent that this collateral is not already counted in the stock of HQLAs.

A liquidity facility is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (e.g. pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units, etc.).

The amount of a commitment to be treated as a liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility. Any additional capacity of the facility (i.e. the remaining commitment) would be treated as a committed credit facility and should be reported as such.

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General working capital facilities for corporate entities (e.g. revolving credit facilities in place for general corporate and/or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

Notwithstanding the above, any facilities provided to hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets, should be captured in their entirety as a liquidity facility and reported in line 239.

For that portion of financing programs that are maturing or have liquidity puts that may be exercised in the 30-day horizon), banks that are providers of associated liquidity facilities do not need to double count the maturing financing instrument and the liquidity facility for consolidated programs.

Row	Heading	Description	Basel III LCR
229	Undrawn committed credit and liquidity facilities to retail and small business customers	Balances of undrawn committed credit and liquidity facilities extended by the bank to natural persons and small business customers, as defined above.	131(a)
230	Undrawn committed credit facilities to		
231	non-financial corporates	Balances of undrawn committed credit facilities extended by the bank to non-financial institution corporations (excluding small business customers). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates.	131(b)
232	sovereigns, central banks, PSEs and MDBs	Balances of undrawn committed credit facilities extended by the bank to sovereigns, central banks, PSEs, multilateral development banks and any other entity not included in other drawdown categories. The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, multilateral development banks.	131(b)
233	Undrawn committed liquidity facilities to		
234	non-financial corporates	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by non-financial institution corporations (excluding small business customers) maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates should not be reported here, rather should be reported in line 231.	131(c)
235	sovereigns, central banks, PSEs and MDBs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by sovereigns, central banks, PSEs, or multilateral development banks maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, or multilateral development banks should not be reported here, rather should be reported in line 232.	131(c)

236	Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision	Balances of undrawn committed credit and liquidity facilities extended to banks that are subject to prudential supervision.	131(d)
237	Undrawn committed credit facilities provided to other FIs	Balances of undrawn committed credit facilities extended by the bank to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract.	131(e)
238	Undrawn committed liquidity facilities provided to other FIs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) maturing within a 30 day period that is backstopped by the facility. "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract. Any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) should not be reported here, rather should be reported in line 237.	131(f)
239	Undrawn committed credit and liquidity facilities to other legal entities	Balances of undrawn committed credit and liquidity facilities extended to other legal entities, including hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets (not included in lines 229 to 238).	131(g)

Other contractual obligations to extend funds

241	Other contractual obligations to extend funds to:	Any contractual lending obligations not captured elsewhere in the standard.	132-133
242	financial institutions	Any contractual lending obligations to financial institutions not captured elsewhere.	132
243	retail clients	The full amount of contractual obligations to extend funds to retail clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 302).	133
244	small business customers	The full amount of contractual obligations to extend funds to small business customers within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 303).	133

245	non-financial corporates	The full amount of contractual obligations to extend funds to non-financial corporate clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 304).	133
246	other clients	The full amount of contractual obligations to extend funds to other clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 310).	133
247	retail, small business customers, non-financials and other clients	The amounts of contractual obligations to extend funds to retail, small business customers, non-financial corporate and other clients within the next 30 calendar days (lines 243 to 246) are added up in this line. The roll-over of funds that is implicitly assumed in the inflow section (lines 302, 303, 304 and 310) are then subtracted. If the result is positive, it is included here as an outflow in column H. Otherwise, the outflow included here is zero.	133

Other contingent funding obligations

These contingent funding obligations may be either contractual or non-contractual and are not lending commitments. Non-contractual contingent funding obligations include associations with, or sponsorship of, products sold or services provided that may require the support or extension of funds in the future under stressed conditions. Non-contractual obligations may be embedded in financial products and instruments sold, sponsored, or originated by the institution that can give rise to unplanned balance sheet growth arising from support given for reputational risk considerations. Stressed conditions in this context refer to the scenario as described in paragraph 19 of the Basel III LCR standards. Banks should report the full amount of any exposure.

Row	Heading	Description	Basel III LCR
254	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	Non contractual contingent funding obligations related to potential liquidity draws from joint ventures or minority investments in entities, which are not consolidated, where there is the expectation that the bank will be the main liquidity provider when the entity is in need of liquidity.	137
255	Unconditionally revocable "uncommitted" credit and liquidity facilities	Balances of undrawn credit and liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities, capped at the rate that would apply if the facility was fully committed, as per lines 229 to 239.	140
256	Trade-finance related obligations (including guarantees and letters of credit)	Trade finance instruments consist of trade-related obligations directly underpinned by the movement of goods or the provision of services. Amounts to be reported here include items such as: • outstanding documentary trade letters of credit, documentary and clean collection, import bills, and export bills; and • outstanding guarantees directly related to trade finance obligations, such as shipping guarantees. Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and reported in lines 229 to 239.	138, 139

257	Guarantees and letters of credit unrelated to trade finance obligations	The outstanding amount of letters of credit issued by the bank and guarantees unrelated to trade finance obligations described in line 256.	140
258	Non-contractual obligations:		
259	Debt-buy back requests (incl. related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
260	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	140
261	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment funds etc.	140
262	Other non-contractual obligations	Any other non-contractual obligation not entered above.	140
263	Outstanding debt securities with remaining maturity > 30 days	For issuers with an affiliated dealer or market maker, there may be a need to include an amount of the outstanding debt securities (unsecured and secured, term as well as short term) having maturities greater than 30 calendar days, to cover the potential repurchase of such outstanding securities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
264	Non contractual obligations where customer short positions are covered by other customers' collateral	Amount of contingent obligations related to instances where banks have internally matched client assets against other clients' short positions where the collateral does not qualify as Level 1 or Level 2, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals. Instances where the collateral qualifies as Level 1 or Level 2 should be reported in the appropriate line of the secured funding section (lines 192 to 206).	140
265	Bank outright short positions covered by a collateralised securities financing transaction	Amount of the bank's outright short positions that are being covered by collateralised securities financing transactions. Such short positions are assumed to be maintained throughout the 30-day period and receive a 0% outflow. The corresponding collateralised securities financing transactions that are covering such short positions should be reported in lines 291 to 296 or 406 to 430.	147
266	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	Any other contractual cash outflows within the next 30 calendar days should be captured in this standard, such as such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, **with explanation given to the Commission** as to what comprises the amounts included in this line. This amount should include outflows related to operating costs, calculated either according to projections or in accordance with an estimation method that is to be notified to the Commission in advance of use and documented in the bank's LMP.	141, 147

Inflows, Liquidity Mismatch Ratio (LMR) (panel B2)

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Total expected contractual cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under the scenario up to an aggregate cap of 75% of total expected cash outflows (qualifying group inflows are exempt from this cap).

Items must not be double counted – if an asset is included as part of the "stock of HQLA" (i.e. the numerator), the associated cash inflows cannot also be counted as cash inflows (i.e. part of the denominator).

When considering its available cash inflows, the bank should only include contractual inflows (including interest payments) from outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30-day time horizon Pre-payments on loans (not due within 30 days) should not be included in the inflows.

Contingent inflows are not included in the calculation of the LMR.

Inflows may be excluded by a bank if the effort required to compute them on an accurate reliable basis is considered to outweigh the benefit of including them (a conservative approach). Such exclusions should be documented in the bank's LMP.

a) Secured lending including reverse repos and securities borrowing

Secured lending is defined as those loans that the bank has extended and are collateralised by legal rights to specifically designated assets owned by the borrowing institution, which the bank use or rehypothecate for the duration of the loan, and for which the bank can claim ownership to in the case of default by the borrower. In this section any transaction in which the bank has extended a collateralised loan in cash, such as reverse repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank has extended a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

A bank should report all outstanding secured lending transactions with remaining maturities within the 30 calendar day stress horizon. The amount of funds extended through the transaction should be reported in column D ("amount extended"). The value of the underlying collateral received in the transactions should be reported in column E ("market value of received collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the date of the transaction. Note that if the collateral received in the form of Level 1 or Level 2 assets is not rehypothecated and is legally and contractually available for the bank's use it should be reported in the appropriate lines of the stock of HQLA section (lines 11 to 40) as well as in this subsection.

If the collateral obtained through reverse repos, securities borrowing, or collateral swaps, which matures within the 30-day horizon, is re-used (i.e. rehypothecated) and is used to cover short positions that could be extended beyond 30 days, a bank should assume that such reverse repo or securities borrowing arrangements will be rolled-over and will not give rise to any cash inflows (0%), reflecting its need to continue to cover the short position or to re-purchase the relevant securities. Short positions include both instances where in its 'matched book' the bank sold short a security outright as part of a trading or hedging strategy and instances where the bank is short a security in the 'matched' repo book (i.e. it has borrowed a security for a given period and lent the security out for a longer period).

Row	Heading	Description	Basel III LCR
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days	All reverse repo or securities borrowing transactions maturing within 30 days, in which the bank has extended cash and obtained collateral.	145–146

275	Of which collateral **is not** re-used (i.e. is not rehypothecated) to cover the reporting institution's outright short positions	Such transactions in which the collateral obtained is not re-used (i.e. is not rehypothecated) to cover the reporting institution's outright short positions. If the collateral is re-used, the transactions should be reported in lines 291 to 296.	145–146
276	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. These transactions are assumed to roll-over in full, not giving rise to any cash inflows. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
277	Transactions involving eligible liquid assets	Of the transactions backed by Level 1 assets, those where the collateral obtained is reported in panel Aa of the "LMR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
279	Transactions backed by Level 2A assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. These are assumed to lead to a 15% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
280	Transactions involving eligible liquid assets	Of the transactions backed by Level 2A assets, those where the collateral obtained is reported in panel Ab of the "LMR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
282	Transactions backed by Level 2B RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. These are assumed to lead to a 25% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
283	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B RMBS assets, those where the collateral obtained is reported in panel Ac of the "LMR" worksheet as the assets meet the operational requirements for HQLA.	145–146

		In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	
285	Transactions backed by Level 2B non-RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. These are assumed to lead to a 50% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
286	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B non-RMBS assets, those where the collateral obtained is reported in panel Ac of the "LMR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
288	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. These are assumed to lead to a 50% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
289	Transactions backed by other collateral	All such transactions (other than those reported in line 288) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. These are assumed not to roll over and therefore lead to a 100% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
290	Of which collateral is re-used (i.e. is rehypothecated) to cover the reporting institution's outright short positions	If the collateral obtained in these transactions **is** re-used (i.e. rehypothecated) to cover the reporting institution's outright short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. Institutions should only report reverse repo amounts in these cells where it itself is short the collateral. If the collateral is not re-used, the transaction should be reported in lines 275 to 289.	145–146

291	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
292	Transactions backed by Level 2A assets	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
293	Transactions backed by Level 2B RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
294	Transactions backed by Level 2B non-RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
295	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
296	Transactions backed by other collateral	All such transactions (other than those reported in line 295) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. In column D: The amounts extended in these transactions. In column E: The market value of collateral received in these transactions.	145–146

b) Other inflows by counterparty

Contractual inflows (including interest payments and instalments) due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296. These include maturing loans that have already been agreed to roll over. The agreed roll-over should also be reported in lines 242 to 246 as appropriate.

Inflows should only be taken at the latest possible date, based on the contractual rights available to counterparties. For revolving credit facilities, this assumes that the existing loan is rolled over and that any remaining balances are treated in the same way as a committed facility.

Inflows from loans that have no specific maturity (i.e. have non-defined or open maturity) should not be included; therefore, no assumptions should be applied as to when maturity of such loans would occur. An exception to this, as noted below, would be minimum payments of principal, fee or interest associated with an open maturity loan, provided that such payments are contractually due within 30 days.

Where a contract provides for "on-demand" repayment, such as now sometimes seen with mortgage lending, it is proposed not to allow this to be assumed. In both cases, it is considered that exercise in a stress scenario would be problematic, as (1) it could trigger concerns regarding the bank's health, (2) customers might well not be able to repay quickly and (3) the realisation of collateral within relevant (i.e. less than 30 days) timeframes cannot be relied upon in such stressed circumstances, if at all. An exception is call accounts with banks (including central banks), where the full amount may be included.

Row	Heading	Description	Basel III LCR
302	Retail customers	All payments (including interest payments and instalments) from retail customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
303	Small business customers	All payments (including interest payments and instalments) from small business customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
304	Non-financial corporates	All payments (including interest payments and instalments) from non-financial corporates on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
305	Central banks	All payments (including interest payments and instalments) from central banks on fully performing loans. Central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank), should be reported in lines 7 or 8 and not here. If the term of other deposits (not included in lines 7 or 8) expires within 30 days, it should be included in this line.	154
306	Financial institutions, of which	All payments (including interest payments and instalments) from financial institutions on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, egg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154

307	operational deposits	All deposits held at other financial institutions for operational activities such as for clearing, custody, and cash management activities.	156
308	Contractual inflows from group maturing ≤ 5 days	Contractually due within one week (5 working days). The counterparty must be a group bank; and the counterparty and the local bank should be part of a group that is subject to the LCR on a consolidated basis.	
309	all payments on other loans and deposits due in ≤ 30 days	All payments (including interest payments and instalments) from financial institutions on fully performing unsecured and secured loans, that are contractually due within the 30-day horizon, and the amount of deposits held at financial institutions that is or becomes available within 30 days, and that are not included in lines 307 or 308. Banks may also recognise in this category inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets, provided that these segregated balances are maintained in Level 1 or Level 2 assets. This inflow should be calculated in line with the treatment of other related outflows and inflows covered in this standard.	154
310	Other entities	All payments (including interest payments and instalments) from other entities (including sovereigns, multilateral development banks, and PSEs) on fully performing loans that are contractually due within 30 days, not included in lines 302 to 309.	154

c) Other cash inflows

Row	Heading	Description	Basel III LCR
316	Derivatives cash inflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash inflows should be reported here. The sum of all net cash outflows should be reported in line 214. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivatives are collateralised by HQLA, cash inflows should be calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by the bank, given these contractual	158, 159

		obligations would reduce the stock of HQLA. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 214 for institutions engaged in derivatives transactions.	
317	Contractual inflows from securities maturing ≤ 30 days and not included anywhere above	Contractual inflows from securities, including certificates of deposit, maturing ≤ 30 days that are not already included in any other item of the LMR framework, provided that they are fully performing (i.e. no default expected). Level 1 and Level 2 securities maturing within 30 days should be included in the stock of liquid assets in panel A, provided that they meet all operational and definitional requirements.	155
318	Other contractual cash inflows	Any other contractual cash inflows to be received ≤ 30 days that are not already included in any other item of the LMR framework. Inflow percentages should be determined by agreement of the Commission. Cash inflows related to non-financial revenues are **not** to be included, since they are not taken into account in the calculation of LMR. Any non-contractual contingent inflows should not be reported, as they are not included in the LMR. **Please provide the Commission with an explanation of the amounts included in this line.**	160
324	Cap on cash inflows	The cap on cash inflows (Excluding contractual inflows from group maturing ≤ 5 days) is equal to 75% of total cash outflows. Automatically calculated.	
325	Total cash inflows after applying the cap	The amount of total cash inflows after applying the cap is the lower of the total cash inflows before applying the cap and the level of the cap. (Excluding contractual inflows from group maturing ≤ 5 days). Automatically calculated.	

Collateral swaps (panel C)

Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets, should be reported in this panel. "Level 1 assets" in this section refers to Level 1 assets other than cash. **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**

Row	Heading	Description	Basel III LCR
330	Collateral swaps maturing ≤ 30 days	Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets.	48, 113, 146, Annex 1
331	Of which the borrowed assets are not re-used (i.e. are not rehypothecated) to cover short positions	Such transactions in which the collateral obtained is not re-used (i.e. is not rehypothecated) in transactions to cover short positions. If the collateral is re-used, the transaction should be reported	48, 113, 146, Annex1

		in lines 406 to 430.	
332	Level 1 assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
333	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E333), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D333), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
335	Level 1 assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
336	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E336), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D336), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
338	Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
339	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E339), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D339), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
341	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

342	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B non-RMBS assets are borrowed, those where: (ii) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E342), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D342), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
344	Level 1 assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
345	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and other assets are borrowed, those where: (a) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (value to be reported in D345), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (b) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E345).	48, 113, 146, Annex 1
347	Level 2A assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
348	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E348), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D348), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
350	Level 2A assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1

351	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E351), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D351), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 0 of the Basel III LCR standards).	48, 113, 146, Annex 1
353	Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
354	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E354), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D354), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
356	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
357	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E357), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D357), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
359	Level 2A assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

360	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and other assets are borrowed, those where: (i) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D360), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); and(ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E360).	48, 113, 146, Annex 1
362	Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
363	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E363), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D363), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
365	Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
366	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E366), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D366), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

369	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E369), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D369), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
372	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E372), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D372), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
375	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D375), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E375).	48, 113, 146, Annex 1
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1

378	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E378), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D378), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
381	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E381), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D381), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
384	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and RMBS assets are borrowed, those where: (i) the RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E384), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D384), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

387	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E387), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D387), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
389	Level 2B non-RMBS assets are lent and other assets are *b*orrowed; of which:	Such transactions in which the bank has swapped Level 2B, non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
390	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D390), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E390).	48, 113, 146, Annex 1
392	Other assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113,146, Annex 1
393	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E393), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D393).	48, 113, 146, Annex 1
395	Other assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
396	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E396), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets(which is the value that should be reported in D396).	48, 113, 146, Annex 1
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

399	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E399), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D399).	48, 113, 146, Annex 1
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
402	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E402), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D402).	48, 113, 146, Annex 1
404	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
405	Of which the borrowed assets are re-used (i.e. are rehypothecated) in transactions to cover short positions	If the collateral obtained in these transactions is re-used (i.e. rehypothecated) to cover short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. If the collateral is not re-used, the transaction should be reported in lines 332 to 404.	48, 113, 146, Annex 1
406	Level 1 assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
407	Level 1 assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
410	Level 1 assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
411	Level 2A assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
412	Level 2A assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
415	Level 2A assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
420	Level 2B RMBS assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
423	Level 2B non-RMBS assets are lent and Level 2B RMB assets are borrowed	Such transactions in which the bank has swapped Level 2B, S non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113146, Annex 1
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
425	Level 2B non-RMBS assets are lent and other assets borrowed	Such transactions in which the bank has swapped Level 2B, are non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113146, Annex 1
426	Other assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
427	Other assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
428	Other assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
429	Other assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
430	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

Appendix 1

Calculation of the cap on Level 2 assets with regard to short-term securities financing transactions

Explanation

This appendix seeks to clarify the appropriate method for the calculation of the cap on Level 2 (including Level 2B) assets with regard to short-term securities financing transactions.

The calculation of the 40% cap on Level 2 assets should take into account the impact on the stock of HQLA of the amounts of Level 1 and Level 2 assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2 assets in the stock of HQLA is equal to two-thirds of the adjusted amount of Level 1 assets after haircuts have been applied. The calculation of the 40% cap on Level 2 assets will take into account any reduction in eligible Level 2B assets on account of the 15% cap on Level 2B assets.

Further, the calculation of the 15% cap on Level 2B assets should take into account the impact on the stock of HQLA of the amounts of HQLA assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2B assets in the stock of HQLA is equal to 15/85 of the sum of the adjusted amounts of Level 1 and Level 2 assets or, in cases where total Level 2 assets exceed 40% of Level 1 assets, up to a maximum of 1/4 of the adjusted amount of Level 1 assets, both after haircuts have been applied.

The adjusted amount of Level 1 assets is defined as the amount of Level 1 assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 1 assets (including cash) that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2A assets is defined as the amount of Level 2A assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2A assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2B assets is defined as the amount of Level 2B assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2B assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

In **this context**, short-term transactions are transactions with a maturity date up to and including 30 calendar days. Relevant haircuts should be applied prior to calculation of the respective caps.

Formula

The formula for the calculation of the stock of HQLA is as follows:

Stock of HQLA = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap.

Where:

Adjustment for 15% cap = Higher of:

- Adjusted Level 2B – 15/85 * (Adjusted Level 1 + Adjusted Level 2A);
- Adjusted Level 2B - 1/4 * Adjusted Level 1; and
- 0.

Adjustment for 40% cap = Higher of:

- (Adjusted Level 2A + Adjusted Level 2B – Adjustment for 15% cap) – 2/3 * Adjusted Level 1 assets; and
- 0.

Appendix 2

Operational deposits: clearing, custody and cash management

Qualifying criteria

Activities in this context refer to clearing, custody and cash management activities that meet the following criteria:

- The customer is reliant on the bank to perform these services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days;
- The services are provided under a legally binding agreement to institutional customers; and
- The termination of such agreements are subject either to a notice period of at least 30 days or significant switching costs (such as those related to transaction, information technology, early termination or legal costs) to be borne by the customer if the operational deposits are moved before 30 days.

Qualifying operational deposits generated by such an activity are ones where:

- The deposits are by-products of the underlying services provided by the banking organisation and not sought out in the wholesale market in the sole interest of offering interest income. Specifically, brokered deposits are excluded; or
- The deposits are held in specifically designated accounts (not pooled) and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, it would be expected that such accounts are non-interest bearing. Banks should be particularly aware that during prolonged periods of low interest rates, excess balances (as defined below) could be significant.

Banks must determine the methodology for identifying excess deposits that are excluded from this treatment. This assessment should be conducted at a sufficiently granular level to adequately assess the risk of withdrawal in an idiosyncratic stress. The methodology should take into account relevant factors such as the likelihood that wholesale customers have above average balances in advance of specific payment needs, and consider appropriate indicators (e.g. ratios of account balances to payment or settlement volumes or to assets under custody) to identify those customers that are not actively managing account balances efficiently.

Notwithstanding these operational categories, if the deposit under consideration arises out of correspondent banking or from the provision of prime brokerage services, it must be treated as if there were no operational activity for the purpose of determining run-off factors.

The following paragraphs describe the types of activities that may generate operational deposits. A bank should assess whether the presence of such an activity does indeed generate an operational deposit as not all such activities qualify due to differences in customer dependency, activity and practices:

- A clearing relationship, in this context, refers to a service arrangement that enables customers to transfer funds (or securities) indirectly through direct participants in domestic settlement systems to final recipients. Such services are limited to the following activities: transmission, reconciliation and confirmation of payment orders; daylight overdraft, overnight financing and maintenance of post-settlement balances; and determination of intra-day and final settlement positions;

- A custody relationship, in this context, refers to the provision of safekeeping, reporting, processing of assets or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets. Such services are limited to the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, and the provision of custody related cash management services. Also included are the receipt of dividends and other income, client subscriptions and redemptions. Custodial services can furthermore extend to asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer and agency services, including payment and settlement services (excluding correspondent banking) and depository receipts; and

- A cash management relationship, in this context, refers to the provision of cash management and related services to customers. Cash management services, in this context, refers to those products and services provided to a customer to manage its cash flows, assets and liabilities, and conduct financial transactions necessary to the customer's ongoing operations. Such services are limited to payment remittance, collection and aggregation of funds, payroll administration and control over the disbursement of funds.

Appendix 3

Personal Investment Companies (PICs)

A PIC is defined as an undertaking or a trust whose owner or beneficial owner, respectively, is a natural person or a group of closely related natural persons, which was set up with the sole purpose of managing the wealth of the owners and which does not carry out any other commercial, industrial or professional activity. The purpose of the PIC may include other ancillary activities such as segregating the owners' assets from corporate assets, facilitating the transmission of assets within a family or preventing a split of the assets after the death of a member of the family, provided these are connected to the main purpose of managing the owners' wealth.

A PIC deposit is eligible to be treated as a non-financial corporate deposit, eligible for a 40% outflow rate, where the following conditions are met:

- Deposits must either (1) be held on a designated account (not pooled) and not be managed through a brokerage arrangement or (2) be placed by the PIC itself;
- The adjustment should only be applied to deposits where the choice of the bank is not actively managed in order to achieve an investment return. Banks will be expected to assess against criteria they establish and document in their LMPs. Deposits representing long-term investments, which must include all deposits placed with an original maturity exceeding three months, may not be adjusted; and
- Where the deposit is held on a designated account, the deposit mandate must either (1) not require the deposits to be moved in the event of a downgrade below a certain level or (2) in the case that it does require this, the bank must be more than three notches above that level.

APPENDIX 7 – *Form NSFR*

	B	D	E	F	H	I	J	L	M	N	O
1	**NSFR**										
2	**A) Available stable funding**										
3											
4		**Amount**			**ASF factor**			**Calculated ASF**			
5		< 6 months	≥ 6 months to < 1 year	≥1 year	< 6 months	≥ 6 months to < 1 year	≥ 1 year	< 6 months	≥ 6 months to < 1 year	≥ 1 year	Total ASF
6	Tier 1 and Tier 2 capital (Basel III 2022), before the application of capital deductions and excluding the proportion of Tier 2 instruments with residual maturity of less than one year			0			1.00			0	0
7											
8	Capital instruments not included above with an effective residual maturity of one year or more			0			1.00			0	0
9	"Stable" (as defined in the LMR) demand and/or term deposits from retail and small business customers	0	0	0	0.95	0.95	1.00	0	0	0	0
10	Check: row 9 ≥ LMR stable retail and small business customer deposits	Pass									
11	"Less stable" (as defined in the LMR) demand and/or term deposits from retail and small business customers	0	0	0	0.90	0.90	1.00	0	0	0	0
12	Check: row 11 ≥ LMR less stable retail and small business customer deposits	Pass									
13	Unsecured funding from non-financial corporates	0	0	0							
14	Of which is an operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
15	Of which is a non-operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
16	Of which is non-deposit unsecured funding	0	0	0	0.50	0.50	1.00	0	0	0	0
17	Check: row 13 ≥ LMR unsecured funding from non-financial corporates	Pass									
18	Check: row 14 ≥ LMR operational deposits from non-financial corporates	Pass									
19	Check: sum of rows 14 to row 16 = row 13 for each column	Pass	Pass	Pass							
20	Unsecured funding from central banks	0	0	0							
21	Of which is an operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
22	Of which is a non-operational deposit (as defined in the LMR)	0	0	0	0.00	0.50	1.00	0	0	0	0
23	Of which is non-deposit unsecured funding	0	0	0	0.00	0.50	1.00	0	0	0	0
24	Check: sum of row 21 to row 23 = row 20 for each column	Pass	Pass	Pass							
25	Unsecured funding from sovereigns/PSEs/MDBs/NDBs	0	0	0							
26	Of which is an operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
27	Of which is a non-operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
28	Of which is non-deposit unsecured funding	0	0	0	0.50	0.50	1.00	0	0	0	0
29	Check: sum of row 26 to row 28 = row 25 for each column	Pass	Pass	Pass							
30	Check: sum of row 20 and row 25 ≥ LMR unsecured funding from sovereigns/central banks/PSEs/MDBs	Pass									
31	Check: sum of row 21 and row 26 ≥ LMCR operational deposits from sovereigns/central banks/PSEs/MDBs	Pass									
32	Unsecured funding from other legal entities (including financial corporates and financial institutions)	0	0	0							
33	Of which is an operational deposit (as defined in the LMR)	0	0	0	0.50	0.50	1.00	0	0	0	0
34	Of which is a non-operational deposit (as defined in the LMR)	0	0	0	0.00	0.50	1.00	0	0	0	0
35	Of which is non-deposit unsecured funding	0	0	0	0.00	0.50	1.00	0	0	0	0
36	Check: row 32 ≥ LMR unsecured funding from other legal entities	Pass									
37	Check: row 33 ≥ LMR operational deposits from other legal entities	Pass									
38	Check: sum of row 33 to row 35 = row 32 for each column	Pass	Pass	Pass							
42	Secured borrowings and liabilities (including secured term deposits); of which are from:										
43	Retail and small business customers	0	0	0	0.00	0.50	1.00	0	0	0	0
44	Non-financial corporates	0	0	0	0.50	0.50	1.00	0	0	0	0
45	Central banks	0	0	0	0.00	0.50	1.00	0	0	0	0
46	Sovereigns/PSEs/MDBs/NDBs	0	0	0	0.50	0.50	1.00	0	0	0	0
47	Other legal entities (including financial corporates and financial institutions)	0	0	0	0.00	0.50	1.00	0	0	0	0
48	Derivatives:										
49	Derivative liabilities, gross of variation margin posted			0							
54	Total variation margin posted			0							
59	NSFR derivative liabilities (derivative liabilities less total collateral posted as variation margin on derivative liabilities)			0			0.00			0	0
71	Other liability and equity categories										
72	Deferred tax liabilities (DTLs)	0	0	0	0.00	0.50	1.00	0	0	0	0
73	Minority interest	0	0	0	0.00	0.50	1.00	0	0	0	0
74	Trade date payables	0			0.00			0			0
75	Interdependent liabilities	0	0	0	0.00	0.00	0.00	0	0	0	0
76	All other liabilities and equity categories not included above	0	0	0	0.00	0.50	1.00	0	0	0	0
77								Total ASF			0

APPENDIX 7 – *Form NSFR*

	A	B	D	E	F	G	H	I	J	K	L	M	N	O
79	**B) Required stable funding**													
80	**1) On balance-sheet items**													
81														
82			**Amount**				**RSF factor**				**Calculated RSF**			
83			< 6 months	≥ 6 months to < 1 year	≥1 year		< 6 months	≥ 6 months to < 1 year	≥ 1 year		< 6 months	≥ 6 months to < 1 year	≥ 1 year	Total RSF
84		Coins and banknotes	0				0.00				0			0
102		Loans to financial institutions, of which:												
103		Loans to financial institutions secured by Level 1 collateral and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan; of which:												
104		Unencumbered	0	0	0		0.10	0.50	1.00		0	0	0	0
105		Encumbered; of which:												
106		Remaining period of encumbrance < 6 months	0	0	0		0.10	0.50	1.00		0	0	0	0
107		Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	1.00		0	0	0	0
108		Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
109		All other secured loans to financial institutions, of which:												
110		Unencumbered	0	0	0		0.15	0.50	1.00		0	0	0	0
111		Encumbered; of which:												
112		Remaining period of encumbrance < 6 months	0	0	0		0.15	0.50	1.00		0	0	0	0
113		Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	1.00		0	0	0	0
114		Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
115		Unsecured loans to financial institutions, of which:												
116		Unencumbered	0	0	0		0.15	0.50	1.00		0	0	0	0
117		Encumbered; of which:												
118		Remaining period of encumbrance < 6 months	0	0	0		0.15	0.50	1.00		0	0	0	0
119		Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	1.00		0	0	0	0
120		Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
121		Securities eligible as Level 1 HQLA for the LMR, of which:												
122		Unencumbered	0	0	0		0.05	0.05	0.05		0	0	0	0
123		Encumbered; of which:												
124		Remaining period of encumbrance < 6 months	0	0	0		0.05	0.05	0.05		0	0	0	0
125		Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.50		0	0	0	0
126		Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
127		Securities eligible for Level 2A HQLA for the LMR, of which:												
128		Unencumbered	0	0	0		0.15	0.15	0.15		0	0	0	0
129		Encumbered; of which:												
130		Remaining period of encumbrance < 6 months	0	0	0		0.15	0.15	0.15		0	0	0	0
131		Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.50		0	0	0	0
132		Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0

APPENDIX 7 – *Form NSFR*

	B	D	E	F	G	H	I	J	K	L	M	N	O
133	Securities eligible for Level 2B HQLA for the LMR, of which:												
134	Unencumbered	0	0	0		0.50	0.50	0.50		0	0	0	0
135	Encumbered; of which:												
136	Remaining period of encumbrance < 6 months	0	0	0		0.50	0.50	0.50		0	0	0	0
137	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.50		0	0	0	0
138	Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
139	Deposits held at financial institutions for operational purposes; of which:												
140	Unencumbered	0	0	0		0.50	0.50	1.00		0	0	0	0
141	Encumbered; of which:												
142	Remaining period of encumbrance < 6 months	0	0	0		0.50	0.50	1.00		0	0	0	0
143	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	1.00		0	0	0	0
144	Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
145	Loans to non-financial corporate clients with a residual maturity of less than one year; of which:												
146	Unencumbered	0	0			0.50	0.50			0	0		0
147	Encumbered; of which:												
148	Remaining period of encumbrance < 6 months	0	0			0.50	0.50			0	0		0
149	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0			0.50	0.50			0	0		0
150	Remaining period of encumbrance ≥ 1 year	0	0			1.00	1.00			0	0		0
151	Loans to central banks with a residual maturity of less than one year; of which:												
152	Unencumbered	0	0			0.00	0.50			0	0		0
153	Encumbered; of which:												
154	Remaining period of encumbrance < 6 months	0	0			0.00	0.50			0	0		0
155	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0			0.50	0.50			0	0		0
156	Remaining period of encumbrance ≥ 1 year	0	0			1.00	1.00			0	0		0
157	Loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year; of which:												
158	Unencumbered	0	0			0.50	0.50			0	0		0
159	Encumbered; of which:												
160	Remaining period of encumbrance < 6 months	0	0			0.50	0.50			0	0		0
161	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0			0.50	0.50			0	0		0
162	Remaining period of encumbrance ≥ 1 year	0	0			1.00	1.00			0	0		0
163	Residential mortgages of any maturity that would qualify for the 35% weight under the standardised approach for credit risk; of which:												
164	Unencumbered	0	0	0		0.50	0.50	0.65		0	0	0	0
165	Encumbered; of which:												
166	Remaining period of encumbrance < 6 months	0	0	0		0.50	0.50	0.65		0	0	0	0
167	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.65		0	0	0	0
168	Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
169	Other loans, excluding loans to financial insitutions, with a residual maturity of one year or greater that would qualify for a 35% or lower risk weight under the standardised approach for credit risk; of which:												
170	Unencumbered			0				0.65				0	0
171	Encumbered; of which:												
172	Remaining period of encumbrance < 6 months			0				0.65				0	0
173	Remaining period of encumbrance ≥ 6 months to < 1 year			0				0.65				0	0
174	Remaining period of encumbrance ≥ 1 year			0				1.00				0	0
175	Loans to retail and small business customers (excluding residential mortgages reported above) with a residual maturity of less than one year; of which:												
176	Unencumbered	0	0			0.50	0.50			0	0		0
177	Encumbered; of which:												
178	Remaining period of encumbrance < 6 months	0	0			0.50	0.50			0	0		0
179	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0			0.50	0.50			0	0		0
180	Remaining period of encumbrance ≥ 1 year	0	0			1.00	1.00			0	0		0
181	Performing loans (except loans to financial institutions and loans reported in above categories) with risk weights greater than 35% under the standardised approach for credit risk; of which:												
182	Unencumbered	0	0	0		0.50	0.50	0.85		0	0	0	0
183	Encumbered; of which:												
184	Remaining period of encumbrance < 6 months	0	0	0		0.50	0.50	0.85		0	0	0	0
185	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.85		0	0	0	0
186	Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0
187	Non-HQLA exchange traded equities; of which:												
188	Unencumbered			0				0.85				0	0
189	Encumbered; of which:												
190	Remaining period of encumbrance < 6 months			0				0.85				0	0
191	Remaining period of encumbrance ≥ 6 months to < 1 year			0				0.85				0	0
192	Remaining period of encumbrance ≥ 1 year			0				1.00				0	0
193	Non-HQLA securities not in default; of which:												
194	Unencumbered	0	0	0		0.50	0.50	0.85		0	0	0	0
195	Encumbered; of which:												
196	Remaining period of encumbrance < 6 months	0	0	0		0.50	0.50	0.85		0	0	0	0
197	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0	0		0.50	0.50	0.85		0	0	0	0
198	Remaining period of encumbrance ≥ 1 year	0	0	0		1.00	1.00	1.00		0	0	0	0

APPENDIX 7 – *Form NSFR*

A	B	D	E	F	H	I	J	L	M	N	O
199	Physical traded commodities including gold; of which:										
200	Unencumbered			0			0.85			0	0
201	Encumbered; of which:										
202	Remaining period of encumbrance < 6 months			0			0.85			0	0
203	Remaining period of encumbrance ≥ 6 months to < 1 year			0			0.85			0	0
204	Remaining period of encumbrance ≥ 1 year			0			1.00			0	0
205	Other short-term unsecured instruments and transactions with a residual maturity of less than one year, of which:										
206	Unencumbered	0	0		0.50	0.50		0	0		0
207	Encumbered, of which:										
208	Remaining period of encumbrance < 6 months	0	0		0.50	0.50		0	0		0
209	Remaining period of encumbrance ≥ 6 months to < 1 year	0	0		0.50	0.50		0	0		0
210	Remaining period of encumbrance ≥ 1 year	0	0		1.00	1.00		0	0		0
211	Defaulted securities and non-performing loans	0	0	0	1.00	1.00	1.00	0	0	0	0
212	Derivatives:										
213	Derivative assets, gross of variation margin received			0							
218	Variation margin received, of which:										
219	Cash variation margin received, meeting conditions as specified in item 7 of Module 11			0							
230	NSFR derivative assets (derivative assets less cash collateral received as variation margin on derivative assets)			0			1.00			0	0
231	Required stable funding associated with derivative liabilities			0			1.00			0	0
232	Total initial margin posted; of which:			0							
233	Initial margin posted on bank's own positions, of which:										
237	Of which, is initial margin posted on behalf of a customer			0							
245	Cash or other assets provided to contribute to the default fund of a CCP			0							
246	Required stable funding associated with initial margin posted and cash or other assets provided to contribute to the default fund of a CCP			0			0.85			0	0
247	Items deducted from regulatory capital	0	0	0	1.00	1.00	1.00	0	0	0	0
248	Trade date receivables	0			0.00			0			0
249	Interdependent assets	0	0	0	0.00	0.00	0.00	0	0	0	0
250	Check: interdependent assets in row 249 = interdependent liabilities above in row 75	Pass	Pass	Pass							
251	All other assets not included in above categories that qualify for 100% treatment	0	0	0	1.00	1.00	1.00	0	0	0	0

252 **2) Off balance-sheet items**

253

A	B	Amount	RSF factor		Calculated total RSF
254		Amount	RSF factor		Calculated total RSF
255	Irrevocable or conditionally revocable liquidity facilities	0	0.05		0
256	Irrevocable or conditionally revocable credit facilities	0	0.05		0
257	Unconditionally revocable liquidity facilities	0	0.00		0
258	Unconditionally revocable credit facilities	0	0.00		0
259	Trade finance-related obligations (including guarantees and letters of credit)	0	0.00		0
260	Guarantees and letters of credit unrelated to trade finance obligations	0	0.00		0
261	Non-contractual obligations, such as:				
262	Debt-buy back requests (incl related conduits)	0	0.00		0
263	Structured products	0	0.00		0
264	Managed funds	0	0.00		0
265	Other non-contractual obligations	0	0.00		0
266	All other off balance-sheet obligations not included in the above categories	0	0.00		0
267				Total RSF	0
268					

269 **C) NSFR**

270

A		
271	Net stable funding ratio	

Guernsey Financial Services Commission

Guidance to completing the NSFR module of Form LCR and LMR

APPENDIX 7 – ***Form NSFR***

Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio has been developed to ensure a stable funding profile in relation to the characteristics of the composition of an institution's assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. This metric establishes a minimum level of stable funding based on the liquidity characteristics of an institution's on- and off-balance sheet items over a one year horizon.

The NSFR is defined as the ratio of the amount of available stable funding to the amount of required stable funding. Available stable funding is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

Banks should report their NSFR using the same scope of application as for the Liquidity Coverage Ratio (or Liquidity Mismatch Ratio if applicable). All references to LCR definitions in the NSFR refer to the definitions in the Commission's LCR (or LMR) guidance.

The template asks banks to allocate their liabilities and capital as reported on their balance sheet to the specific Available Stable Funding (ASF) categories outlined below. Banks should allocate the assets reported on their balance sheet to specific Required Stable Funding (RSF) categories according to:

(i) their remaining maturity;
(ii) whether they are unencumbered or encumbered; and,
(iii) if they are encumbered, the duration of the encumbrance.

Treatment of securities financing transactions

Use of balance sheet and accounting treatments should generally result in banks **excluding,** from their assets, securities which they have borrowed in securities financing transactions (such as reverse repos and collateral swaps) where they do not have beneficial ownership. In contrast, banks should **include** securities they have lent in securities financing transactions (such as repos or collateral swaps) where they retain beneficial ownership.

Banks should also exclude any securities they have received through collateral swaps if these securities do not appear on their balance sheets.

Where banks have encumbered securities in repos or other securities financing transactions, but have retained beneficial ownership and those assets remain on the bank's balance sheet, the bank should allocate such securities to the appropriate RSF category.

Securities financing transactions with a single counterparty may be measured net when calculating the NSFR, provided that the netting conditions set out in item 13 of Module 11 are met.

Treatment of encumbrance

In accordance with the principle that a bank cannot derive liquidity benefit from assets that they have encumbered, banks are required to identify whether specific assets have been encumbered and for what duration. For each category of assets, banks should report in separate lines the balances of encumbered and unencumbered assets in the appropriate column, depending on the residual maturity of the asset.

Further details of how encumbrance is to be reported are included below.

Treatment of derivatives payables and derivatives receivables

A bank will usually have both derivatives liabilities (i.e. payables) and derivative assets (i.e. receivables) on its balance sheet. Derivative liabilities are calculated first based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a negative value. When an eligible bilateral netting contract is in place that meets the conditions as specified in paragraphs 1 and 2 of Annex 1 of Module 11, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost. In calculating NSFR derivative liabilities, collateral posted in the form of variation margin in connection with derivatives contracts, regardless of the asset type, must be deducted from the negative replacement cost amount.[14, 15]

Derivative assets are calculated first based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a positive value. When an eligible bilateral netting contract is in place that meets the conditions as specified in paragraphs 1 and 2 of Annex 1 of Module 11, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost.

In calculating NSFR derivatives assets, collateral received in connection with derivatives contracts may not offset the positive replacement cost amount, regardless of whether or not netting is permitted under the bank's operative accounting or risk-based framework, unless it is received in the form of cash variation margin and meets the conditions as specified in item 7 of Module 11.[16] Any remaining balance sheet liability associated with (a) variation margin received that does not meet the criteria above or (b) initial margin received may not offset derivative assets and should be assigned a 0% ASF factor.

Available stable funding (panel A)

The available amount of stable funding is calculated by first assigning the **carrying value** of an institution's capital and liabilities to the categories below. Carrying value represents the amount at which a liability or equity instrument is recorded before the application of any regulatory deductions, filters or other adjustments and is the amount prior to the application of any ASF factors.

- Institutions should report all capital and liabilities to the appropriate columns based on maturity.
- When determining the maturity of an instrument, investors are assumed to redeem a call option at the earliest possible date. For funding with options exercisable at the bank's discretion supervisors should take into account reputational factors that may limit a bank's ability not to exercise the option.[17] In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date, banks and supervisors should assume such behaviour for the purpose of the NSFR and include these liabilities in the corresponding ASF category. For long-dated liabilities, only the portion of cash flows falling at or beyond the six month and one-year time horizons should be treated as having an effective residual maturity of six months or more and one year or more, respectively.
- For retail and small business customers the same methodology for determining maturity should be followed in the NSFR as in the LCR.
- Deposits with a fixed term should be allocated to the appropriate maturity bucket; non-maturity (demand) deposits should be reported in the column for less than six months.

[14] NSFR derivative liabilities = (derivative liabilities) – (total collateral posted as variation margin on derivative liabilities).
[2] To the extent the bank's accounting framework reflects on balance sheet, in connection with a derivatives contract, an asset associated with collateral posted as variation margin that is deducted from the replacement cost amount for purposes of the NSFR, that asset should not be included in the calculation of a bank's RSF to avoid any double counting
[16] NSFR derivative assets = (derivative assets) – (cash collateral received as variation margin on derivative assets)
[17] This could reflect a case where a bank may imply that it would be subject to funding risk if it did not exercise an option on its own funding.

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Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
6	Tier 1 and 2 capital before the application of capital deductions and excluding the proportion of Tier 2 instruments with residual maturity of less than one year	The total amount of regulatory capital, before the application of capital deductions, excluding the proportion of Tier 2 instruments with residual maturity of less than one year.	21(a)
8	Capital instruments not included above with an effective residual maturity of one year or more	The total amount of any capital instrument not included in line 6 that has an effective residual maturity of one year or more but excluding any instruments with explicit or embedded options that, if exercised, would reduce the expected maturity to less than one year.	21(b)
9	"Stable" demand and/or term deposits from retail and small business customers	"Stable" non-maturity (demand) deposits and/or term deposits provided by retail customers and small business customers which are covered by deposit compensation meeting the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is on demand or has an original maturity of one week or less (and hence can be considered to be transactional) or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Term deposits, regardless of the residual contractual maturity, which may be withdrawn early without entailing a withdrawal penalty significantly greater than the loss of interest should be reported in the <6 months column.	
11	"Less stable" demand and/or term deposits from retail and small business customers	"Less stable" non-maturity (demand) deposits and/or term deposits provided by retail and small business customers which are either: • amounts not covered by deposit compensation; or • covered by deposit compensation but the deposit is non-transactional (i.e. has an original maturity of more than one week); or • covered by deposit compensation but the customer has no relationship with the bank that would make deposit withdrawal highly unlikely. Term deposits, regardless of the residual contractual maturity, which may be withdrawn early without entailing a	21(c), 23

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Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
		withdrawal penalty significantly greater than the loss of interest should be reported in the <6 months column.	
13	Unsecured funding from non-financial corporates	Unsecured funding, non-maturity deposits and/or term deposits provided by non-financial corporates (excluding small business customers but including PIC, Guernsey RATS and Guernsey-registered charity deposits).	21(c), 24(a)
14	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by non-financial corporates with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
15	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by non-financial corporates without operational relationships, as defined in the LCR.	107–108 (Basel III LCR standards)
16	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured funding provided by non-financial corporates.	
20	Unsecured funding from central banks	Unsecured funding, non-maturity deposits and/or term deposits provided by central banks.	21(c), 24(b), 24(d), 25(a)
21	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by central banks with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
22	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by central banks without operational relationships, as defined in the LCR.	107–108 (Basel III LCR standards)
23	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured funding provided by central banks.	
25	Unsecured funding from sovereigns, PSEs, MDBs and NDBs	Unsecured funding, non-maturity deposits and/or term deposits provided by sovereigns, public sector entities (PSEs), multilateral development banks (MDBs) and national development banks (NDBs). Banks should include in this line unsecured funding received from the Bank for International Settlements, the International Monetary Fund and the European Commission.	21(c), 24(c)
26	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by sovereigns, PSEs, MDBs and NDBs with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
27	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured deposits provided by sovereigns, PSEs, MDBs and NDBs without operational relationships, as defined in the LCR.	107–108 (Basel III LCR standards)
28	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured funding provided by sovereigns, PSEs, MDBs and NDBs.	
32	Unsecured funding from other legal entities (including financial corporates and	The total amount of unsecured borrowings and liabilities (including term deposits) not reported in rows 13 to 28, comprising funding from other legal entities (including	21(c), 24(b), 24(d), 25(a)

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Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
	financial institutions)	financial corporates and financial institutions (other than banks that are members of the same cooperative network of banks).	
33	Of which is an operational deposit (as defined in the LCR)	Banks should report the total amount of unsecured deposits provided by other legal entities with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
34	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the total amount of unsecured deposits provided by other legal entities without operational relationships, as defined in the LCR. Swiss fiduciary deposits should be included here.	109 (Basel III LCR standards)
35	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured funding provided by other legal entities (including financial corporates and financial institutions). Banks should report here any non-deposit unsecured funding for which a counterparty cannot be determined (and is thus not reported in lines 16, 23, and/or 28) such as unsecured debt issuance.	
42	Secured borrowings and liabilities (including secured term deposits): of which are from:	The total amount of secured borrowings and liabilities (including term deposits). Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution.	21(c), 24, 25(a)
43	Retail and small business customers	The amount of secured borrowings and liabilities (including term deposits) from retail and small business customers.	
44	Non-financial corporates	The amount of secured borrowings and liabilities (including term deposits) from non-financial corporates.	
45	Central banks	The amount of secured borrowings and liabilities (including term deposits) from central banks.	
46	Sovereigns/PSEs/MDBs/NDBs	The amount of secured borrowings and liabilities (including term deposits) from sovereigns/PSEs and multilateral and national development banks.	
47	Other legal entities (including financial corporates and financial institutions)	The amount of secured borrowings and liabilities (including term deposits) from other legal entities (including financial corporates and financial institutions).	
49	Derivative Liabilities, gross of variation margin posted	Report derivative liabilities based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a negative value. When an eligible bilateral netting contract is in place that meets the conditions as specified in paragraphs 1 and 2 of Annex 1 of Module 11leverage ratio framework, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost. The value reported here should be gross of variation margin posted. That is, it should represent derivative liabilities prior to the deduction of variation margin posted.	19

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Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
54	Total variation margin posted	All collateral posted in the form of variation margin in connection with derivative contracts, regardless of asset type. To the extent the bank's accounting framework reflects on balance sheet, in connection with a derivatives contract, an asset associated with collateral posted as variation margin that is deducted from the replacement cost amount for purposes of the NSFR, that asset should not be included in RSF items below to avoid any double counting.	
59	NSFR derivative liabilities (derivative liabilities less total collateral posted as variation margin on derivative liabilities)	Non-entry field. In calculating NSFR derivative liabilities, collateral posted in the form of variation margin in connection with derivatives contracts, regardless of the asset type, is deducted from the negative replacement cost amount or the negative net replacement cost where applicable.51	19, 20, FN 6
72	Deferred tax liabilities (DTLs)	The amount of deferred tax liabilities, reported according to the nearest possible date in which such liabilities could be realised.	25(b)
73	Minority interest	The amount of minority interest, reported according to the term of the instrument, usually in perpetuity.	25(b)
74	Trade date payables	The amount of payables arising from purchases of financial instruments, foreign currencies and commodities that (i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or (ii) have failed to, but are still expected to, settle.	25(d)
75	Interdependent liabilities	With the prior agreement of the Commission, report here liability items which, on the basis of contractual arrangements, are interdependent on corresponding assets report in line 249 below such that: the liability cannot fall due while the asset remains on the balance sheet, the principal payment flows from the asset cannot be used for something other than repaying the liability, and the liability cannot be used to fund other assets. For interdependent items, supervisors may adjust RSF and ASF factors so that they are both 0%, subject to the following criteria: • The individual interdependent asset and liability items must be clearly identifiable. • The maturity and principal amount of both the liability and its interdependent asset should be the same. • The bank is acting solely as a pass-through unit to channel the funding received (the interdependent liability) into the corresponding interdependent asset. • The counterparties for each pair of interdependent liabilities and assets should not be the same.	45
76	All other liability and equity categories not included above	All other liabilities of the institution (not otherwise reported in above categories) should be accounted for in this row at their carrying value. The value of short positions and open maturity positions should be reported in the < 6 month column. Note: deductions from capital should not be included in the	21(c), 24(d), 25(a), 25(b)

Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
		amount reported in this line item, and should instead be reported according to the instructions in line 247 below.	

Required stable funding (panel B)

The amount of required stable funding (RSF) is measured using assumptions on the broad characteristics of the liquidity risk profile of an institution's assets and off-balance sheet exposures. The amount of required stable funding is calculated by first assigning the **carrying value** of an institution's assets to the categories below. The amount assigned to each category is then multiplied by an RSF factor and the total RSF is the sum of the weighted amounts added to the amount of off-balance sheet activity (or potential liquidity exposure) multiplied by its associated RSF factor.

The RSF factor applied to the reported values of each asset or off-balance sheet exposure is intended to approximate the amount of a particular asset that would have to be funded, either because it will be rolled over or because it could not be monetised through sale or used as collateral in a secured borrowing transaction over the course of one year without significant expense. Under the standard, such amounts are expected to be supported by stable funding.

In completing this section of the template banks should allocate the assets recorded on their balance sheet to the appropriate RSF category. For purposes of determining its required stable funding, an institution should (i) include financial instruments, foreign currencies and commodities for which a purchase order has been executed, and (ii) exclude financial instruments, foreign currencies and commodities for which a sales order has been executed, even if such transactions have not been reflected in the balance sheet under a settlement-date accounting model, provided that (i) such transactions are not reflected as derivatives or secured financing transactions in the institution's balance sheet, and (ii) the effects of such transactions will be reflected in the institution's balance sheet when settled.

Treatment of encumbrance

Where indicated, banks should report assets according to:

i. whether they are encumbered or unencumbered; and,

ii. if they are encumbered, according to the period of encumbrance.

iii. in determining encumbrance where it is not tied to specific assets, egg the encumbrance is allocated against a pool of assets that includes different RSF categories, the bank should assume that the highest RSF factor assets are encumbered first.

Where a bank has rehypothecated assets in which it has both positions it owns outright and borrowed positions, a bank should assume it has encumbered the borrowed securities first, unless it has an internal process for making this allocation, or it has applied a different methodology for determining the encumbrance of positions in the LCR. For example, if for the LCR the bank assumes positions held outright are encumbered before borrowed positions in order to recognise inflows from maturing borrowed positions, then the bank must use an equivalent approach for these transactions in the NSFR. For their encumbered assets, banks should first report their value in the appropriate column **according to residual maturity** at the carrying value on the balance sheet, and not the value assigned to it for the purposes of the encumbrance transaction. If the bank is required to over-collateralise transactions, for example due to the application of haircuts, or to achieve a desired credit-rating on a funding instrument, then these excess assets should be reported as encumbered.

The bank should then report that same value **according to the remaining period of encumbrance** in the same column of the appropriate row beneath. Banks should consider whether specific assets have a remaining term of encumbrance period (or residual encumbrance period) that is longer than the maturity of the asset, egg where in practice there is a requirement to encumber additional assets at the contracted maturity date of the currently encumbered asset. For example, if debt is secured on loans of a shorter maturity and the bank will be required to pledge additional collateral to maintain appropriate collateralisation levels, as may be the case with mortgage-backed securities.

For example, if a bank had a non-financial corporate loan that had a value of 50 with a residual maturity of 10 months, 25 of which were encumbered for a remaining period of two months, and 25 of which were encumbered for a remaining period of for seven months, it would complete the template as follows:

	Amount		
	< 6 months	≥ 6 months to < 1 year	≥1 year
Loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year; of which:			
Unencumbered			
Encumbered; of which:			
Remaining period of encumbrance < 6 months		25	
Remaining period of encumbrance ≥ 6 months to < 1 year		25	
Remaining period of encumbrance ≥ 1 year			

B) Required stable funding

The required amount of stable funding is calculated by first assigning the carrying value of an institution's assets to the categories below. The amount assigned to each category is to be multiplied by an RSF factor and the total RSF is the sum of the weighted amounts.

Of note, definitions in the NSFR mirror those in the LCR, unless otherwise specified. In addition, for purposes of calculating the NSFR, HQLA is defined as all HQLA without regard to LCR operational requirements and LCR caps on Level 2 and Level 2B assets that may limit the ability of some HQLA to be included as eligible HQLA in the calculation of the LCR.

Assets that are deducted from capital should be reported in the relevant asset categories below.

Treatment of maturity

- Institutions should allocate all assets to the appropriate columns based on their residual maturity or liquidity value.
- When determining the maturity of an instrument, investors are assumed to exercise any option to extend maturity.
- For assets with options exercisable at the bank's discretion, supervisors should take into account reputational factors that may limit a bank's ability not to exercise the option.[18] In particular, where

[18] This could reflect a case where a bank may imply that it would be subject to funding risk if it did not exercise an option to extend the maturity of its own assets.

the market expects certain assets to be extended in their maturity, banks and supervisors should assume such behaviour for the purpose of the NSFR and include these assets in the corresponding RSF category.

- For amortising loans, the portion that comes due within the one-year horizon can be treated in the less than one year residual maturity categories.

B1) On-balance sheet items			
Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
84	Coins and banknotes	Coins and banknotes currently held and immediately available to meet obligations. Banks should not report loans to counterparties in this row.	36(a)
102	Loans to financial institutions, of which:	Loans to all financial institutions. Non-performing loans should not be included in this category, rather these should be reported in line 211. Deposits held at financial institutions for operational purposes should not be reported here and should instead be reported in line 139.	31, 38, 39(b), 40(c), 43(a), 43(c)
103	Loans to financial institutions secured by Level 1 collateral and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan, of which:	All loans to financial institutions where the loan is secured against Level 1 assets, as defined in LCR guidance, **and** where the bank has the ability to freely rehypothecate the received collateral for the life of the loan. Report loans to financial institutions secured by Level 1 assets where the bank **does not** have the ability to freely rehypothecate the received collateral for the life of the loan in line 109 below.	31, 38, 40(c), 43(a), 43(c)
104	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
105	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
106	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
107	Remaining period of encumbrance ≥ 6 months to < 1 year		
108	Remaining period of encumbrance ≥ 1 year		
109	All other secured loans to financial institutions, of which:	All other secured loans to financial institutions, including both loans secured against collateral other than Level 1 assets and loans secured by Level 1 assets where the bank does not have the ability to freely rehypothecate the received collateral for	31, 39(b), 40(c), 43(a), 43(c)

		the life of the loan.	
110	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity. This includes both unencumbered loans secured against collateral other than Level 1 assets and unencumbered loans secured by Level 1 assets where the bank does not have the ability to freely rehypothecate the received collateral for the life of the loan.	
111	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity. This includes both encumbered loans secured against collateral other than Level 1 assets and encumbered loans secured by Level 1 assets where the bank does not have the ability to freely rehypothecate the received collateral for the life of the loan.	
112	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
113	Remaining period of encumbrance ≥ 6 months to < 1 year		
114	Remaining period of encumbrance ≥ 1 year		
115	Unsecured loans to financial institutions, of which:	All loans to financial institutions that are unsecured.	31, 39(b), 40(c), 43(a), 43(c)
116	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
117	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
118	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
119	Remaining period of encumbrance ≥ 6 months to < 1 year		
120	Remaining period of encumbrance ≥ 1 year		
121	Securities eligible as Level 1 HQLA for the LCR, of which:	Securities that, if unencumbered, would qualify as Level 1 liquid assets as defined in the LCR guidance. Securities that would otherwise qualify according to that paragraph, but are excluded for operational or other reasons, are reported in this category. Securities in default should not be included in this category; rather these should be reported in line 211.	31, 37, 40(b), 43(a)
122	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
123	Encumbered, of which:	Banks should report in these rows all such **encumbered**	

		securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
124	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
125	Remaining period of encumbrance ≥ 6 months to < 1 year		
126	Remaining period of encumbrance ≥ 1 year		
127	Securities eligible for Level 2A HQLA for the LCR, of which:	Securities that, if unencumbered, would qualify as Level 2A liquid assets, as defined in the LCR guidance. Securities that would otherwise qualify according to that paragraph, but are excluded for exceeding the 40% cap, or for operational or other reasons, are reported in this category. Securities in default should not be included in this category; rather these should be reported in line 211.	31, 39(a), 40(b), 43(a)
128	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
129	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
130	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
131	Remaining period of encumbrance ≥ 6 months to < 1 year		
132	Remaining period of encumbrance ≥ 1 year		
133	Securities eligible for Level 2B HQLA for the LCR, of which:	Securities that, if unencumbered, would qualify as Level 2B liquid assets, as defined in the LCR guidance. Securities that would otherwise qualify, but are excluded for exceeding the 15% or 40% caps, or for operational or other reasons, are reported in this category. Securities in default should not be included in this category; rather these should be reported in line 211.	31, 40(a), 40(b), 43(a)
134	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
135	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
136	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
137	Remaining period of encumbrance ≥ 6 months to < 1 year		
138	Remaining period of		

	encumbrance ≥ 1 year		
139	Deposits held at financial institutions for operational purposes, of which:	Deposits held at financial institutions, including banks subject to prudential supervision, for operational purposes, as defined in the LCR guidance.	31, 40(d), 43(a)
140	Unencumbered	Banks should report in this row all such **unencumbered** deposits in the appropriate column according to their residual maturity.	
141	Encumbered, of which:	Banks should report in these rows all such **encumbered** deposits, regardless of counterparty, in the appropriate column according to their residual maturity.	
142	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing deposits that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
143	Remaining period of encumbrance ≥ 6 months to < 1 year		
144	Remaining period of encumbrance ≥ 1 year		
145	Loans to non-financial corporate clients with a residual maturity of less than one year; of which:	Loans to non-financial corporate clients having a residual maturity of less than one year. Non-performing loans should not be included in this category, rather these should be reported in line 211. Performing loans to non-financial corporate clients with a residual maturity of less than one year and with a greater than 35% risk weight under the standardised approach for credit risk should be reported in this category and not in line 181. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	31, 40(e), 43(a)
146	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
147	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
148	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
149	Remaining period of encumbrance ≥ 6 months to < 1 year		
150	Remaining period of encumbrance ≥ 1 year		
151	Loans to central banks with a residual maturity of less than one year; of which:	Loans to central banks having a residual maturity of less than one year that do not qualify to meet local reserve requirements. Balances (including term placements) that qualify toward reserve requirements should be considered as "total central bank reserves" and reported in row 85, even if these balances are in excess of the required level of reserves. Non-performing loans should not be included in this category, rather these should be reported in line 211.	31, 36(c), 40(c), 43(a)

		Performing loans to central banks with a residual maturity of less than one year and a greater than 35% risk weight under the standardised approach for credit risk should be reported in this category and not in line 181. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	
152	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
153	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
154	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
155	Remaining period of encumbrance ≥ 6 months to < 1 year		
156	Remaining period of encumbrance ≥ 1 year		
157	Loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year; of which:	Loans to sovereigns, PSEs, MDBs and NDBs having a residual maturity of less than one year. Loans to the Bank for International Settlements, the International Monetary Fund and the European Commission should also be reported in this category. Non-performing loans should not be included in this category; rather these should be reported in line 211. Performing loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year and a greater than 35% risk weight under the standardised approach for credit risk should be reported in this category and not in line 181. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	31, 40(e), 41, 43(a)
158	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
159	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
160	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
161	Remaining period of encumbrance ≥ 6 months to < 1 year		
162	Remaining period of encumbrance ≥ 1 year		

163	Residential mortgages of any maturity that would qualify for the 35% risk weight under the standardised approach for credit risk, of which:	Residential mortgages of any maturity that would qualify for the 35% risk weight under the standardised approach for credit risk. Non-performing residential mortgages should not be reported in this category; rather these should be reported in line 211. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	31, 40(e), 41(a), 43(a)
164	Unencumbered	Banks should report in this row all such **unencumbered** mortgages in the appropriate column according to their residual maturity.	
165	Encumbered, of which:	Banks should report in these rows all such **encumbered** mortgages, regardless of counterparty, in the appropriate column according to their residual maturity.	
166	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing mortgages that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
167	Remaining period of encumbrance ≥ 6 months to < 1 year		
168	Remaining period of encumbrance ≥ 1 year		
169	Other loans, excluding loans to financial institutions, with a residual maturity of one year or greater, that would qualify for a 35% or lower risk weight under the standardised approach for credit risk, of which:	Include balances of all other loans, excluding loans to financial institutions, with a residual maturity of one year or more, that would qualify for a 35% or lower risk weight under the standardised approach for credit risk. Non-performing loans should not be reported in this category; rather these should be reported in line 211. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	31, 41(b), 43(a)
170	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
171	Encumbered, of which:	Banks should report in these rows all such **encumbered** loans, regardless of counterparty, in the appropriate column according to their residual maturity.	
172	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
173	Remaining period of encumbrance ≥ 6 months to < 1 year		
174	Remaining period of encumbrance ≥ 1 year		
175	Loans to retail and small business customers (excluding residential mortgages reported above) with a residual	Loans to retail (e.g. natural persons) and small business customers (as defined in the LCR) having a residual maturity of less than one year. Non-performing loans should not be reported in this	31, 40(e), 43(a)

	maturity of less than one year; of which:	category, rather these should be reported in line 211. Performing loans to retail and small business customers with a residual maturity of less than one year with a greater than 35% risk weight under the standardised approach for credit risk should also be reported in this category and not in line 181. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	
176	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
177	Encumbered, of which:	Banks should report in these rows all such **encumbered** loans, regardless of counterparty, in the appropriate column according to their residual maturity.	
178	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
179	Remaining period of encumbrance ≥ 6 months to < 1 year		
180	Remaining period of encumbrance ≥ 1 year		
181	Performing loans (except loans to financial institutions and loans reported in above categories) with risk weights greater than 35% under the standardised approach for credit risk; of which:	Performing loans, not captured by one of the above categories, with a greater than 35% risk weight under the standardised approach for credit risk, excluding loans to financial institutions. Non-performing loans should not be reported in this category, rather these should be reported in line 211. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	31, 40(e), 42(b), 43(a), FN19
182	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
183	Encumbered, of which:	Banks should report in these rows all such **encumbered** loans, regardless of counterparty, in the appropriate column according to their residual maturity.	
184	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
185	Remaining period of encumbrance ≥ 6 months to < 1 year		
186	Remaining period of encumbrance ≥ 1 year		
187	Non-HQLA exchange traded equities, of which:	Exchange traded equities that do not qualify as Level 2B assets. This includes exchange traded FI equities as well as exchange traded non-FI equities that do not meet all of the requirements for inclusion in row 39 of the LCR.	31, 42(c), 43(a)

		Amounts related to non-HQLA exchange traded equities that are deducted from capital should not be reported here, rather these should be reported in the ≥ 1 year column in row 247.	
188	Unencumbered	Banks should report in this row all such **unencumbered** equities in the appropriate column according to their residual maturity.	
189	Encumbered, of which:	Banks should report in these rows all such **encumbered** equities, regardless of counterparty, in the appropriate column according to their residual maturity.	
190	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing equities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
191	Remaining period of encumbrance ≥ 6 months to < 1 year		
192	Remaining period of encumbrance ≥ 1 year		
193	Non-HQLA securities not in default, of which:	Securities that are not eligible for HQLA treatment as defined by LCR standards, other than non-HQLA exchange traded equities, which should be reported in line 187, and which are not in default. Securities in default should not be reported in this category; rather these should be reported in line 211.	31, 40(e), 42(c), 43(a)
194	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
195	Encumbered, of which:	Banks should report in these rows all such **encumbered** securities, regardless of counterparty, in the appropriate column according to their residual maturity.	
196	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
197	Remaining period of encumbrance ≥ 6 months to < 1 year		
198	Remaining period of encumbrance ≥ 1 year		
199	Physical traded commodities including gold, of which:	Total balance of physical traded commodities including gold should be reported in the ≥ 1 year maturity column.	31, 42(d), 43(a)
200	Unencumbered	Banks should report in this row all such **unencumbered** physical traded commodities in the appropriate column according to their residual maturity.	
201	Encumbered, of which:	Banks should report in these rows all such **encumbered** physical traded commodities, regardless of counterparty, in the appropriate column according to their residual maturity.	
202	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing physical traded commodities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
203	Remaining period of encumbrance ≥ 6 months to < 1 year		
204	Remaining period of encumbrance ≥ 1 year		

205	Other short-term unsecured instruments and transactions with a residual maturity of less than one year, of which are:	Banks should report the balances of other short-term unsecured instruments with outstanding maturities of less than one year. Such instruments include but are not limited to: short-term government and corporate bills, notes, and obligations; commercial paper; negotiable CDs; bankers' acceptances; money market mutual funds. **Banks should not report in this row any central bank reserves, Level 1, Level 2A and Level 2B assets, unsecured interbank and other money market placements (egg federal funds or euro currencies sold) or instruments in default. These are reported elsewhere on the template.**	31, 40(e), 43(a)
206	Unencumbered	Banks should report in this row all such **unencumbered** instruments in the appropriate column according to their residual maturity.	
207	Encumbered, of which:	Banks should report in these rows all such **encumbered** instruments, regardless of counterparty, in the appropriate column according to their residual maturity.	
208	Remaining period of encumbrance < 6 months For each cell containing securities that have been	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the remaining period of encumbrance**. Attention is drawn to the worked example at the start of this section.	
209	Remaining period of encumbrance ≥ 6 months to < 1 year		
210	Remaining period of encumbrance ≥ 1 year		
211	Defaulted securities and non-performing loans	All defaulted securities and non-performing loans should be reported in this line and **not** in one of the above categories. Performing loans are considered to be those that are not past due for more than 90 days in accordance with Module 1. Conversely, non-performing loans are considered to be loans that are more than 90 days past due.	43(c), FN19
213	Derivative assets, gross of variation margin received	Report derivative assets based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a positive value. When an eligible bilateral netting contract is in place that meets the conditions as specified in paragraphs 1 and 2 of Annex 1 of Module 11, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost. The value reported here should be gross of variation margin received. That is, it should represent derivative assets prior to the deduction of variation margin received.	
218	Variation margin received, of which:	Collateral received in the form of variation margin in connection with derivatives contracts.	
219	Cash variation margin received, meeting conditions as specified in Item 7 of Module 11	Collateral received in the form of cash variation margin in connection with derivatives contracts meeting the conditions as specified in Item 7 of Module 11.	
230	NSFR derivative assets (derivative assets less cash collateral received as variation margin on derivative assets)	Non-entry field. In calculating NSFR derivatives assets, collateral received in connection with derivatives contracts may not offset the positive replacement cost amount, regardless of whether or not netting is permitted under the bank's operative accounting or risk-based framework, unless it is received in the form of cash variation margin and meets the conditions as specified in item 7 of Module 11.	35, FN 16

231	Required stable funding associated with derivative liabilities	Non-entry field. The value here equals 20% of derivative liabilities (i.e. negative replacement cost amounts or negative net replacement cost where applicable) before deducting variation margin posted.	43(d)
232	Total initial margin posted	All cash, securities or other assets posted as initial margin for derivative contracts (egg, including any independent amount received in relation to OTC contracts).	
233	Of which, is initial margin posted on bank's own behalf, of which:	All cash, securities or other assets posted as initial margin for derivative contracts taken on the bank's own behalf. This would not include initial margin posted on behalf of a customer, which should be reported in line 237 below. Where securities or other assets posted as initial margin for derivative contracts would otherwise be included in a category receiving a higher RSF factor, they should be reported within that category and not here. Do not include here cash or other assets provided to contribute to the default fund of a central counterparty (CCP), which should be reported in line 245 below.	42(a)
237	Of which, is initial margin posted on behalf of a customer	Cash, securities or other assets posted as initial margin posted on behalf of a customer, where the bank does not guarantee performance of the third party.	FN 18
245	Cash or other assets provided to contribute to the default fund of a CCP	Cash or other assets provided to contribute to the default fund of a CCP. Do not include here cash, securities or other assets posted as initial margin for derivative contracts, which should be included in categories above.	42(a)
246	Required stable funding associated with initial margin posted and cash or other assets provided to contribute to the default fund of a CCP	Non-entry field. Required stable funding associated with initial margin posted and cash or other assets provided to contribute to the default fund of a CCP.	42(a)
247	Items deducted from regulatory capital	Includes all items deducted from regulatory capital.	43(c)
248	Trade date receivables	The amount of receivables arising from sales of financial instruments, foreign currencies and commodities that (i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or (ii) have failed to, but are still expected to, settle.	36(d)
249	Interdependent assets	With the prior permission of the Commission, report here asset items which, on the basis of contractual arrangements, are interdependent on corresponding liabilities report above in line 75 such that: the liability cannot fall due while the asset remains on the balance sheet, the principal payment flows from the asset cannot be used for something other than repaying the liability, and the liability cannot be used to fund other assets. For interdependent items, supervisors may adjust RSF and ASF factors so that they are both 0%, subject to the following criteria: • The individual interdependent asset and liability items must be clearly identifiable. • The maturity and principal amount of both the liability and its interdependent asset should be the same. • The bank is acting solely as a pass-through unit to channel the funding received (the interdependent liability) into the corresponding interdependent asset. • The counterparties for each pair of interdependent	45

		liabilities and assets should not be the same.	
251	All other assets not included in above categories that qualify for 100% treatment	Include the carrying value of all other assets not included in the above categories.	43(c)
B2) Off-balance sheet items			
255	Irrevocable and conditionally revocable liquidity facilities	Balances of undrawn committed liquidity facilities extended by the bank that are either irrevocable or conditionally revocable.	47
256	Irrevocable and conditionally revocable credit facilities	Balances of undrawn committed credit facilities extended by the bank that are either irrevocable or conditionally revocable.	47
257	Unconditionally revocable liquidity facilities	Balances of undrawn liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities.	47
258	Unconditionally revocable credit facilities	Balances of undrawn credit facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities.	47
259	Trade finance-related obligations (including guarantees and letters of credit)	Balances of trade finance-related obligations (including guarantees and letters of credit)	47
260	Guarantees and letters of credit unrelated to trade finance obligations	Balances of guarantees and letters of credit unrelated to trade finance obligations.	47
261	Non-contractual obligations, such as:		47
262	Debt-buy back requests (incl. related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities.	47
263	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	47
264	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment fund, etc.	47
265	Other non-contractual obligations	Other non-contractual obligations not entered above.	47
266	All other off balance-sheet obligations not included in the above categories	All other off balance-sheet obligations not reported in lines 255 to 265 above.	47