



Form BA 300, etc Liquidity risk

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BA 300

- Made up of the following elements:
 - Contractual mismatch
 - Business as Usual mismatch
 - Bank-specific stress mismatch
 - Available sources of stress funding
 - Concentration of deposit funding
 - Foreign exchange contractual maturity ladder
 - Anticipated change in business
 - Liquidity coverage ratio
 - Net stable funding ratio



Contractual balance sheet mismatch

- What's new:
 - Additional time buckets were added to add more granularity to the more than 1 year time horizon.
 - Check whether the new time buckets add up to what is currently reported in the more than one year bucket

(All amounts to be rounded off to the nearest R'000)

Contractual balance sheet mismatch	Line no.	Total	Next day	2 to 7 days	8 days to 1 month	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years to 10 years	More than 10 years	Non contractual
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Contractual maturity of assets (items 2 to 4)	1															
Advances	2															
Trading, hedging and other investment instruments	3															
Other assets	4															
Contractual maturity of liabilities (items 6 to 9)	5															
Stable deposits	6															
Volatile deposits	7															
Trading and hedging instruments	8															
Other liabilities	9															
On-balance sheet contractual mismatch (item 1 less item 5)	10															
Cumulative on-balance sheet contractual mismatch	11															
Off-balance sheet exposure to liquidity risk	12															
of which:																
Liquidity facilities provided to off-balance sheet vehicles	13															
Undrawn commitments (items 15 to 17)	14															
Unutilised portion of irrevocable lending facilities	15															
Unutilised portion of irrevocable letters of credit	16															
Indemnities and guarantees	17															



Business as Usual balance sheet mismatch

- What's new:
 - Additional time buckets were added to add more granularity to the more than 1 year time horizon.
 - Added the off-balance sheet component, similar to what is reported on the contractual mismatch.

Business as usual (BaU) balance sheet mismatch ¹	Line no.	Nearest to (BaU)														Indeterminate maturity
		Total	Next day	2 to 7 days	8 days to 1 month	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years to 10 years	More than 10 years	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
BaU maturity of assets (items 19 to 21)	18															
Advances	19															
Trading, hedging and other investment instruments	20															
Other assets	21															
BaU maturity of liabilities (items 23 to 26)	22															
Stable deposits	23															
Volatile deposits	24															
Trading and hedging instruments	25															
Other liabilities	26															
On-balance sheet BaU mismatch (item 18 less item 22)	27															
Cumulative on-balance sheet BaU mismatch	28															
Off-balance sheet exposure to liquidity risk	29															
of which:																
Liquidity facilities provided to off-balance sheet vehicles	30															
Undrawn commitments (items 32 to 34)	31															
Unutilised portion of irrevocable lending facilities	32															
Unutilised portion of irrevocable letters of credit	33															
Indemnities and guarantees	34															

1. Please separately submit assumptions made and any other relevant information.



Bank-specific stress mismatch

- What's new:
 - Added 2 to 3 months time bucket
 - Added lines to the off-balance sheet component to mirror the lines that are reported in the contractual mismatch.
- Reporting should be prior to management actions, i.e. without taking into account sources of stress funding

Bank-specific stress mismatch ¹	Line no.	Total ²	Next day	2 to 7 days	8 days to 1 month	More than 1 month to 2 months	More than 2 months to 3 months
		1	2	3	4	5	6
Stressed maturity of assets (items 36 to 38)	35						
Advances	36						
Trading, hedging and other investment instruments	37						
Other assets	38						
Stressed maturity of liabilities (items 40 to 43)	39						
Stable deposits	40						
Volatile deposits	41						
Trading and hedging instruments	42						
Other liabilities	43						
On-balance sheet stress mismatch (item 35 less item 39)	44						
Cumulative on-balance sheet stress mismatch	45						
Stressed outflows arising from off-balance sheet exposure³	46						
<i>of which:</i>							
Liquidity facilities provided to off-balance sheet vehicles	47						
Undrawn commitments (items 49 to 51)	48						
Unutilised portion of irrevocable lending facilities	49						
Unutilised portion of irrevocable letters of credit	50						
Indemnities and guarantees	51						
Cumulative stressed outflows	52						



Available sources of stress funding

- What's new:
 - Added 2 to 3 months time bucket
 - Requirements for investment securities classified as available for sale - removed the within seven days requirement
- Focus should be on what is realistic and available
- Bucketing should also be correct, i.e. what is really available in the next day and what is only available in one months' time
- CLF facility should be reported as a secured funding line.

Available sources of stress funding	Line no.	Total ¹	Next day	2 to 7 days	8 days to 1 month	More than 1 month to 2 months	More than 2 month to 3 months
		1	2	3	4	5	6
Realisable by forced sale (total of items 54 to 56)	53						
Investment securities classified as available for sale	54						
Unencumbered trading securities	55						
Assets available for securitisation vehicles	56						
FX market liquidity	57						
Available repo facilities (item 59 plus item 60 minus item 61)	58						
Ringfenced portfolio of prudential liquid securities	59						
25% of liquid assets held	60						
Current utilisation under Reserve Bank allotment	61						
Estimated unutilised interbank funding capacity	62						
Unsecured funding lines	63						
Secured funding lines	64						
Drawdown capacity in respect of call loans	65						
Other funding	66						
Total available liquidity (total of items 53, 57, 58 and 62 to 66)	67						

1. Means the total for the specified item, and not the mathematical total of the specified columns.



Concentration of deposit funding

- What's new:
 - Added two time buckets up to one year and one for the more than one year bucket.
 - Reporting should be based on a counterparty basis, i.e. a single depositor or a group of connected depositors
- Reporting will remain to be based on a bank solo basis
 - Reg 26(11)(A)(iii) is only a enabler should the Registrar deem it necessary to receive the information from a group perspective as well

Concentration of deposit funding	Line no.	Total ¹	Next day	2 to 7 days	8 days to 1 month	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 12 months	Longer than 12 months
		1	2	3	4	5	6	7	8	9
Funding supplied by associates of the reporting bank	68									
Ten largest depositors	69									
Ten largest financial institutions funding balances	70									
Ten largest government and parastatals funding balances	71									
Negotiable paper funding instruments	72									
<i>of which: issued for a period not exceeding twelve months</i>	73									
<i>of which: issued for a period exceeding five years</i>	74									



Anticipated change in business

- Forward looking information that will receive greater focus from BSD



LCR

- Short-term focus – next 30 days
 - Different from contractual mismatch
- Combination of bank specific and market stress
 - Lessons learned from the financial crises
- Calibrations can be regarded as final
 - There are some amendment that will come through in H1 2013 from BCBS.
- The Registrar may impose additional requirements on a bank on a case by case basis
- Refer to Reg 7 – BA 300 solo & BA 600 consolidated



LCR: High quality liquid assets (HQLA)

- Calculates the total qualifying level 1 and level 2 HQLA
 - Level 1 assets made up of cash, central bank reserves, government stock, etc.
 - Level 2 assets made up of corporate bonds, public sector debt, etc.
 - Corporate bonds rating of AA- on local rating scale
 - Public sector debt 20% RW, based on table 7 and table 9 in Reg 23
 - HQLA should be under control of the function responsible for liquidity risk management in the bank (typically the treasurer, par 29) and not be co-mingled or used as hedges on trading positions, etc. (par 28)



LCR: High quality liquid assets (HQLA)

- Also contained in this table is the 3 options available for jurisdictions with insufficient HQLA
 - The specified factors will be used by the Registrar to indicate where national discretion has been exercised
- Committed liquidity facility (CLF)
 - Intention is not to have a facility in place in perpetuity
 - Renegotiated on a annual basis
 - Refer Guidance Note 5/2012



LCR: Cash outflows

- To capture the cash outflows as per the specified items and assigned run-off factors. These factors are the assumed run-off percentage.
- Other line that forms part of retail deposits will be used for the additional retail deposit buckets that may be specified in terms of par.57 of the liquidity framework.
- Fixed term deposits with a maturity or notice period greater than 30 days:
 - Bank's own responsibility to define what is regarded as significant penalty that is materially greater than the loss of interest, i.t.o par 62 of the liquidity framework
 - The Registrar will provide guidance on exceptional circumstances as required in par.63 of the liquidity framework



LCR: Cash outflows cont.

- BSD will require industry to define operational relationships i.t.o the requirements in par.72.
 - BSD will assess this on a bilateral basis with individual banks.



NSFR

- Available stable funding portion of form aligns to the QIS template.
- Required stable funding portion generally align to QIS – less information than QIS



BA 310

- Lines 15 to 23 amended to align to the definition of HQLA.



BA 325 – Daily liquidity information

- Keep current liquid asset information.
- Added daily LCR information – HQLA, net cash outflows and LCR level.
- Lines 12 to 14 relate to level one assets used in the current liquid asset requirement
- Lines 15 to 17 monitor LCR
 - Refer back to Reg 28(12)

Summary of selected information		Line no.	Total
Table 1			1
Market risk requirement (total of items 2 to 4)		1	
Minimum prescribed pillar 1 market risk requirement ¹ (item 17, column 1, plus item 23, column 1 to 4)		2	
Systemic risk add-on (pillar 2a) market risk requirement ²		3	
Additionally specified bank-specific (pillar 2b) market risk requirement ³		4	
Allocated capital and reserve funds for market risk		5	
Surplus/ (deficit) (item 5 less item 1)		6	
Memorandum items:			
Counterparty risk requirement arising from trading book positions (items 8 to 10)		7	
OTC		8	
SFT		9	
Credit-derivative instruments		10	
Liquidity risk			
SARB repo participation		11	
Liquid assets			
Held on preceding day		12	
Month to date average held		13	
Requirement (item 14 of form BA 310)		14	
Liquidity coverage ratio			
High quality liquid assets		15	
Net cash outflows		16	
LCR (item 15 divided by item 16 multiplied by 100)		17	

BA 325 – Daily liquidity information

- Interbank exposures added to measure interconnectedness of banks
 - Reporting should be based on institutional numbers



Next steps

- Parallel run submissions as set out in Guidance notes 6 & 8/2012
 - BA 300
 - September 2012
 - BA 325
 - 22 to 26 October 2012
 - 26 to 30 November 2012
- Daily / Monthly monitoring from 1 January 2013
- Phase in arrangements

All dates as at 1 January						
	2013	2014	2015	2016	2017	2018
LCR	Monitoring begins		Introduce minimum standard			
NSFR	Monitoring begins					Introduce minimum standard