



South African Reserve Bank

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CO-OPERATIVE BANKS DEVELOPMENT AGENCY

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2011-04-10

GN8/2011

**GUIDANCE NOTE 8/2011 ISSUED IN TERMS OF SECTION 45(e) OF THE  
CO-OPERATIVE BANKS ACT, 2007**

**LIQUIDITY RISK MATURITY LADDER RETURN  
(FORM-CBR6)**

## **1. INTRODUCTION**

Guidelines are provided for the completion of the Liquidity Risk Maturity Ladder return (FORM-CBR6). FORM-CBR6 is part of the Co-operative Banks Act Supervisors' Rules (the Rules) as published in Government Gazette No.32860 dated 12 January 2010. These guidelines should be read in conjunction with the Co-operatives Act, 2006 (Act No.14 of 2005) (the Co-operatives Act), the Co-operative Banks Act 2007 (Act No.40 of 2007) (the Act), the regulations issued in terms of Section 86 of the Act (the Regulations) and the Rules. Explanatory notes on the completion of FORM-CBR2 given below.

## **2. PURPOSE**

The purpose of completing a maturity ladder (FORM-CBR6) is not only to promote active asset-liability management by co-operative banks, but also to provide the Supervisors with an indication of mismatch positions that may occur and the plans implemented by management to fund such mismatched positions. This is particularly true with regard to co-operative banks with large "special savings" that are normally withdrawn during specific periods.

Asset-liability management by co-operative banks is necessary to measure and control three levels of financial risk i.e. interest rate risk (the pricing difference between loans and deposits), credit risk (the probability of default), and liquidity risk (insufficient cash or liquid assets to meet borrower and depositor demand). Pro-active management of a co-operative bank's balance sheet is necessary to maintain a mix of loans and deposits consistent with its goals for long-term growth and risk management. Deposits often have shorter maturities than loans resulting in a mismatch between loans and deposits.

## **3. COMPLETION OF FORM-CBR6**

The completed return should be submitted under cover of a signed FORM-CBR0 within twenty (20) business days immediately following the month end to which it relates. Both the managing director and the chief financial officer of the co-operative bank must sign the FORM-CBR0. In cases where the managing director is also the Chief Financial Officer, the chairperson of the board must co-sign the FORM CBR0 with the managing director. Every page of the attachments to FORM-CBR0 must be initialled by the signatories.

Extracts from FORM-CBR6 are provided in the shaded areas, followed by the guidance notes in the non-shaded areas. The maturity ladder is used to compare expected cash inflows and outflows over a series of time periods. It reflects the net positions (matched or mismatched) of a co-operative bank for the various time periods.

	Row No.	Month End Balance Total	0 –31 days	32 –60 days	61 – 91 days	92 – 181 days	182 –365 days	1-3 years	Longer than 3 years
		1	2	3	4	5	6	7	8
<b>Assets</b>	2								
Cash	3								
Reflect the cash-on-hand at the end of the month in column 1. The expected cash on hand for the periods indicated must be reflected in columns 2 to 8.									
Loans and advances due	4								
Reflect the total amount payable/due at the end of the month in respect of loans and advances in column 1. Reflect the balance of the total amount payable/due for the periods indicated in columns 2 to 8 in respect of loans and advances due/payable.									
Investments	5								
Reflect prescribed investments maturing at the end of the month in column 1. Reflect the amount of investments maturing on the periods indicated in columns 2 to 8.									
Other	6								
	7								
	8								
	9								
Reflect the amount of other investments maturing at the end of the month in column 1. Reflect the amount of other investments maturing for the periods indicated in columns 2 to 8.									
<b>Total Assets</b>	10								
Reflect the total assets by adding rows 3 to 9 maturing in respect of each of the columns 1 to 8, respectively.									
<b>Liabilities</b>	11								
External Borrowings	12								
Reflect the amounts owed to external creditors maturing at the end of the month in column 1. Reflect the amounts owed to external creditors that are payable for the periods indicated in columns 2 to 8.									
Deposits	13								
Reflect the total members savings or deposits withdrawable at the end of the month in column 1. Reflect the amount of the deposits which is withdrawable for the periods indicated in columns 2 to 8.									

	Row No.	Month End Balance Total	0 – 31 days	32 – 60 days	61 – 91 days	92 – 181 days	182 – 365 days	1-3 years	Longer than 3 years
		1	2	3	4	5	6	7	8
Other	14								
	15								
	16								
	17								
Reflect money owed to individuals or institutions not included in external borrowings and deposits at the end of the month in column 1. Reflect the balance of money owed to individuals or institutions not included in external borrowings and deposits for the period indicated in columns 2 to 8.									
Total Liabilities	18								
Reflect the total liabilities by adding rows 12 to 17 for columns 1 to 8 respectively.									
Mismatch (Total assets less total liabilities)	19								
Row 19 will reflect the mismatch i.e. the difference between total assets and the total liabilities for the respective periods. Funding is only required when the amount reflected in row 18 exceeds the amount reflected in row 10.									
Column 1									
Column 2									
Column 3									
Column 4									
Column 5									
Column 6									
Column 7									
The manner in which the mismatch will be funded must be indicated for each of the columns 1 to 7, i.e. only when funds available as a result of maturing assets are less than funds payable in respect of maturing liabilities.									

FORM-CBR6 must be submitted under cover of FORM-CBR0 to the relevant Supervisor.



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