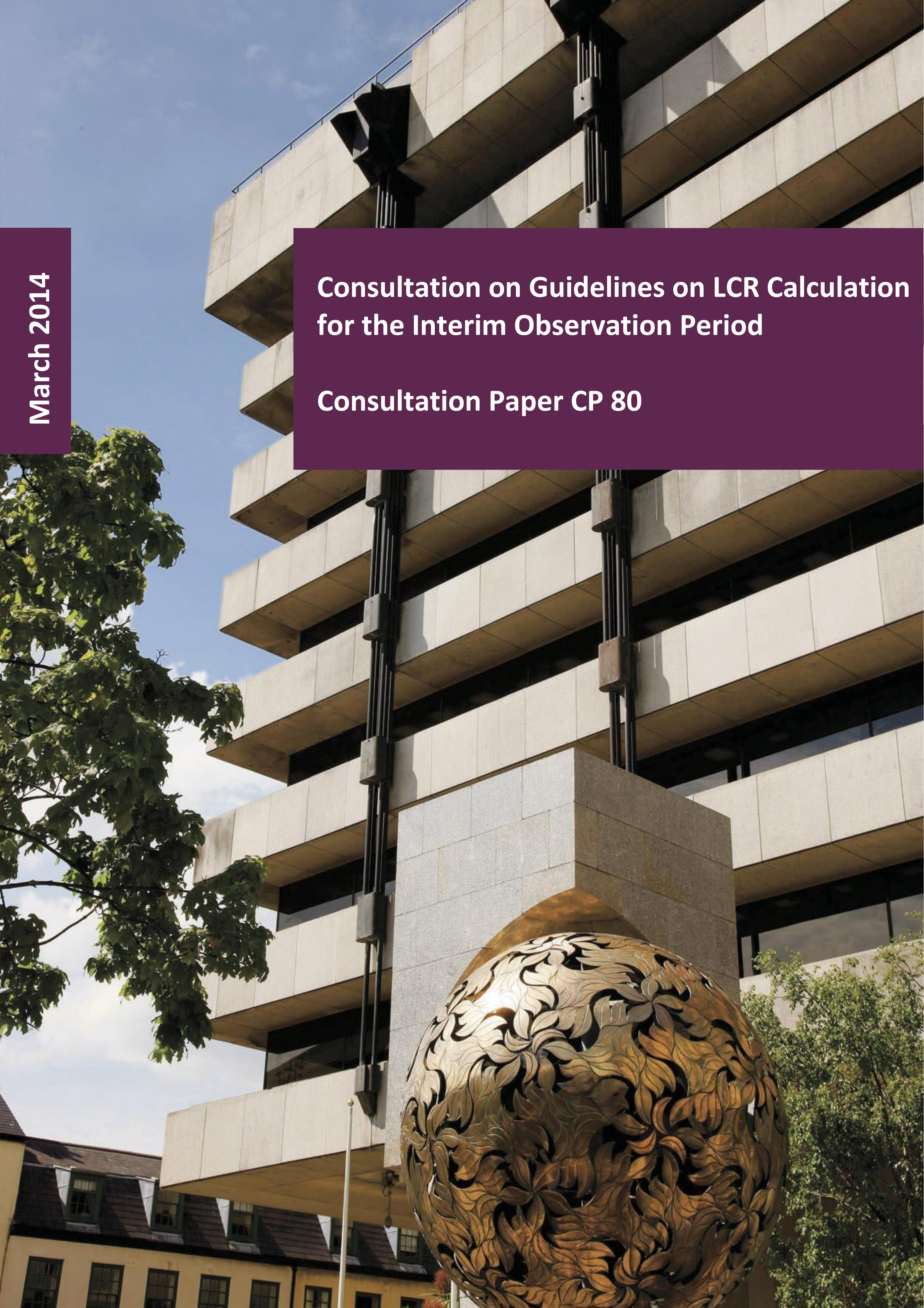

March 2014

Consultation on Guidelines on LCR Calculation for the Interim Observation Period

Consultation Paper CP 80

Contents

1 Overview

1.1. This consultation paper signals the Central Bank of Ireland's (hereafter 'Central Bank's) proposed approach to the calculation of the Liquidity Coverage Ratio (hereafter 'LCR') during the interim observation period. The draft Central Bank guidelines contain:

- a definition and calibration of the LCR
- a definition of High Quality Liquid Assets (hereafter 'HQLA')
- in and out-flow rates applicable to each reporting category
- guidance on identifying certain in and out-flow categories
- further guidance on completing the Liquidity Coverage reporting templates

Feedback to this Consultation Paper

1.2. The Central Bank is committed to clear, open and transparent engagement with stakeholders in fulfilling its financial regulatory and supervisory objectives, particularly when introducing new codes, regulations, standards or guidelines. The Central Bank's Stakeholder Consultation Protocol can be found on the Bank's website: http://www.centralbank.ie/regulation/poldocs/documents/consultation%20protocol%20final.pdf

1.3. The Central Bank invites all stakeholders to provide comments on the draft sections which form part of this Consultation Document. Where a respondent proposes amending a proposed guideline, he/she should set out reasoned arguments as to why the guideline is not required or appropriate and/or should suggest viable alternatives.

1.4. Given the interim nature of these Guidelines and the short timeframe until the first Liquidity Coverage submission date, this consultation paper will be subject to the shorter comment period of four weeks. Comments should be sent in writing, and if possible by e-mail, no later than 16 April 2014:

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1.5. The Bank will send an email acknowledgement to all responses received. If you do not receive this acknowledgement, please contact us on 2246000.

1.6. It is the policy of the Bank to publish all responses to its consultations and such responses will be made available on our website. Institutions should thus not include commercially confidential information in consultation responses and the Bank accepts no liability whatsoever for the content of institutions' consultation responses that are subsequently published by the Bank.

2 Context

2.1. The purpose of these guidelines is to provide general guidance to institutions on calculating the LCR for an interim observation period until such time as the Article 460 of CRR liquidity delegated act enters into force.

2.2. Part Six of the European Union (EU) Capital Requirements Regulation (hereafter 'CRR')[1] specifies, inter alia, a Liquidity Coverage Requirement and a Liquidity Reporting Obligation for institutions. In accordance with Article 460 of CRR, the Liquidity Coverage Requirement will be further specified in detail in a European Commission (hereafter 'EC') delegated act to be adopted by 30 June 2014. The Liquidity Coverage Requirement will become a prudential ratio requirement in 2015, from a date to be specified in the EC liquidity delegated act.

2.3. The Implementing Technical Standard on Supervisory Reporting (hereafter 'ITS') sets out in detail the liquidity reporting obligation, including the format and frequency of Liquidity Coverage reporting. Institutions are to commence monthly regulatory reporting of the Liquidity Coverage templates from the 31 March 2014 reporting date[2]. The ITS includes the reporting template and related instructions on how to complete the template. However, as the ITS was finalised in advance of the entry into force of the liquidity delegated act, the ITS does not specify a ratio calibration or methodology to calculate the Liquidity Coverage Ratio (hereafter 'LCR').

2.4. For 2015 the Central Bank will set the minimum liquidity coverage requirement at 60 per cent in accordance with Article 460(2) of CRR[3]. The period from 31

[1] Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 [2013] OJ L 176/1; Corrigendum to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 [2013] OJ L 208/68.

[2] The first submission date is 30 April 2014.

[3] As specified in the Central Bank Implementation Notice "Implementation of Competent Authority Discretions and Options in CRD IV and CRR, 24 December 2013"

March 2014 to the date of application in 2015 of the 60 per cent minimum LCR, will be used by the Central Bank as an observation period, during which time the Central Bank will monitor reporting institutions convergence towards the minimum standard.

2.5. Once the EC liquidity delegated act referred to above has entered into force, reporting institutions shall use the EC specification to calculate the LCR. ***Until such time as the liquidity delegated act enters into force, institutions reporting in accordance with Article 415 of CRR and the related ITS should use these guidelines in calculating and monitoring their LCR.***

2.6. A harmonised approach to the calculation of the LCR during the observation period is important as it:

- assures institutions they are calculating the metric on a consistent basis with their peers;
- enables the Central Bank to monitor institutions' convergence to the minimum standard on a harmonised basis;
- minimises queries on the methodology concerned;
- ensures reporting to the EBA is completed on a consistent basis.

2.7. These guidelines are complementary to the CRR, ITS, EBA guidelines and related Single Rulebook Q&A and should be read in conjunction with these regulatory documents. The CRR and related regulations are legally binding and enforceable by the relevant competent authorities. For ease of reference, particular provisions are replicated in this guidance note. Institutions should ensure they are aware of all relevant regulations and regulatory documents. Provisions contained within the CRR, ITS, EBA guidelines and related Single Rulebook Q&A take precedence over this interim guidance. The definitions specified in Articles 4 and 411 of CRR shall apply to these guidelines.

2.8. The data collected by way of the EBA liquidity reporting templates is to be used as part of the EBA's analysis of the liquidity metrics. Not all the data fields in the templates are used in the calculation of the LCR; however institutions shall ensure they complete all relevant fields accurately to enable the EBA to complete its exercise.

2.9. Articles 416(1) and 422(2) of CRR contain specific provision for the issuance of competent authority guidelines on identifying HQLA and Operational Deposits.

2.10. These guidelines were developed taking into account the Basel III liquidity standard[4] and recommendations made in the EBA reports on (i) the impact assessment for the liquidity coverage requirement and (ii) appropriate uniform definitions of HQLA and operational requirements for liquid assets, submitted to the EC in accordance with Article 509 of CRR[5].

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

[5] EBA reports on LCR impact assessment and definition of HQLA:
www.eba.europa.eu/documents/10180/16145/EBA+BS+2013+415+Report+regarding+LCR+impact.pdf
www.eba.europa.eu/documents/10180/16145/EBA+BS+2013+413+Report+on+definition+of+HQLA.pdf

3 Liquidity Coverage Ratio

3.1. Article 412(1) of CRR specifies the Liquidity Coverage Requirement:

Institutions shall hold liquid assets, the sum of the values of which covers the liquidity outflows less the liquidity inflows under stressed conditions so as to ensure that institutions maintain levels of liquidity buffers which are adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions over a period of thirty days. During times of stress, institutions may use their liquid assets to cover their net liquidity outflows.

3.2. The Liquidity Coverage Ratio ('LCR') is a derivative of this requirement and should be calculated as follows:

$$\frac{\textbf{Stock of High Quality Liquid Assets ('HQLA')}}{\textbf{Total Net Cash Outflows over the next 30 days}}$$

3.3. The following sections provide a detailed breakdown of the constituent parts of this ratio calculation.

4 Definition of High Quality Liquid Assets ('HQLA')

4.1. To be eligible for the stock of HQLA, assets shall meet the conditions set out in Articles 416 and 417 of CRR. Two categories of assets can be included in the stock of HQLA, "Level 1" assets and "Level 2" assets. Level 2 assets are further categorised as "Level 2A" and "Level 2B".

Level 1 Assets

4.2. Referred to as "Extremely high liquidity and credit quality assets" in the CRR

i. Should be included in the stock of HQLA without limit

ii. Should be included at their market value as at the reporting date

iii. Should not be subject to valuation haircuts for LCR calculation purposes (aside from qualifying CIUs)

4.3. The following categories of assets should be considered as Level 1:

i. Cash, in the form of coins and banknotes[6];

ii. Excess central bank reserves[7];

iii. EEA government debt and government guaranteed debt securities issued in the domestic currency, used to cover liquidity risk exposures incurred in that Member State[8];

iv. EEA government debt and government guaranteed debt securities issued in the domestic currency, used to cover liquidity risk exposures incurred in the same currency[9];

[6] Unsecured sight deposits and term deposits maturing within 30 days from institutions shall not be reported as HQLA. They shall be reported as "other inflows" in template 53.00. Where appropriate, funds due from secured lending transactions with institutions shall be reported under section 1.6 of template 53.00.

[7] Excess reserves held at the Central Bank over and above the minimum reserves required for the maintenance period.

[8] e.g. EUR denominated Irish government debt, held by an Irish bank used to cover liquidity risk exposures in Ireland.

v. Transferable assets representing claims on or guaranteed by central banks and non-central government public sector entities (PSEs) assigned a 0% risk weighting under the standardised approach for credit risk, and issued in the domestic currency of the central bank or PSE;

vi. Senior debt issued by NAMA and SAREB[10,11];

vii. EEA government guaranteed debt issued by a credit institution with an explicit guarantee from the government of that Member State;

viii. Other transferable assets representing claims on or guaranteed by sovereigns, assigned a 0% risk weighting under the standardised approach for credit risk, denominated in the domestic currency of the issuer, used to cover liquidity risk exposures in the same currency;

ix. Transferable assets representing claims on or guaranteed by the European Financial Stability Facility ('EFSF'), the European Stability Mechanism ('ESM'), the Bank for International Settlements ('BIS'), the International Monetary Fund ('IMF'), the European Commission ('EC') and multilateral development banks ('MDBs');

x. Shares or units in Collective Investment Undertakings (CIUs) where the CIU only invests in Level 1 HQLA, subject to the conditions specified in Articles 416 (6) and (7) and 418 of CRR[12]. A valuation haircut of 0% shall be applied to shares or units in CIUs invested in 'cash'[13], and a valuation haircut of 5% shall be applied to shares or units in CIUs invested in other Level 1 HQLA.

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[9] e.g. DKK denominated Danish government debt, held by an Irish bank used to cover liquidity exposures in DKK.

[10] National Asset Management Agency ('NAMA') in Ireland and the Spanish Asset Management Company (SAREB) in Spain. The value of these bonds to be reported as liquid assets should reflect the valuation assigned to the securities as collateral in liquidity operations of ESCB central banks.

[11] This senior debt may be treated as "Central Government – Investments" for the purposes of reporting in accordance with the "Requirements for the Management of Liquidity Risk", Central Bank regulatory document.

[12] Where a CIU holds up to 10% of the total assets of the CIU in the form of short dated deposits with credit institutions for the purpose of managing mismatches in the redemption and issue of units in the CIU and these deposits do not form part of the investment policy of the CIU, these deposits shall be excluded from the liquid assets reported under the look through approach of Article 418(3) of CRR.

[13] Cash in the form of coins and banknotes. Funds placed with institutions shall not be treated as HQLA 'cash'.

Level 2 Assets

4.4. Referred to as "High liquidity and credit quality assets" in the CRR

i. Can comprise up to 40% of the total stock of HQLA

ii. Are further categorised as Level 2A or Level 2B assets

iii. Level 2B assets shall comprise no more than 15% of the total stock of HQLA

iv. Should be included at their market value as at reporting date

v. Valuation haircuts of at least 15% shall be applied

vi. The caps on Level 2 assets should be determined after the application of required valuation haircuts, and after accounting for the unwind of short term securities financing transactions and collateral swap transactions maturing within 30 calendar days that involve the exchange of HQLA[14]

4.5. The following categories of assets should be considered as **Level 2A**:

i. Transferable assets, not considered as a Level 1 asset, representing claims on or guaranteed by sovereigns, central banks, PSEs, and MDBs assigned a 20% risk weighting under the standardised approach for credit risk, denominated in the domestic currency of the issuer, used to cover liquidity risk exposures in the same currency. A valuation haircut of at least 15% shall be applied to these assets;

ii. Corporate debt securities rated ECAI 1[15] of minimum issue size €250 million (or local currency equivalent). A valuation haircut of at least 15% shall be applied to these assets;

iii. Covered debt securities rated ECAI 1 of minimum issue size €250 million (or local currency equivalent)[16], eligible for the treatment set out in Article

[14] The details of the calculation methodology are provided in Annex I of these guidelines.

[15] This refers to the long term mapping of External Credit Assessment Institutions ('ECAI') credit assessments to credit quality steps for the standardised approach to credit risk. In the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating may be used. In the event of split ratings, the applicable rating should be determined according to the method used in Article 138 of CRR.

129 (4) or (5) of CRR and bonds referred to in Article 52 (4) of Directive 2009/65/EC. A valuation haircut of at least 15% shall be applied to these assets;

iv. Shares or units in Collective Investment Undertakings (CIUs) where the CIU only invests in Level 2A HQLA, subject to the conditions specified in Articles 416 (6) and (7) and 418 of CRR. A valuation haircut of 20% shall be applied to shares or units in CIUs invested in Level 2A HQLA.

4.6. The following categories of assets should be considered as **Level 2B**:

i. Residential Mortgage Backed Securities (RMBS) rated ECAI 1 of minimum issue size €100 million (or the local currency equivalent)[17]. A valuation haircut of at least 25% should be applied to these assets;

ii. Corporate debt securities rated ECAI 2 or ECAI 3 of minimum issue size €250 million (or the local currency equivalent). A valuation haircut of at least 50% should be applied to these assets;

iii. EEA common equity exchange traded and centrally cleared shares, constituent of a major stock index in the home jurisdiction or where the liquidity risk is located. A valuation haircut of at least 50% shall be applied to these assets.

[16] The issuer of qualifying covered bonds shall have a specific licence issued by the local supervisor for issuing covered bonds, and be subject by law to distinct prudential supervision. The bonds shall be subject to mandatory minimum overcollateralization and particular LTV limits shall be used for calculating collateralisation rates for the cover pool. In the event on insolvency, the covered bondholders shall be protected against claims from other creditors via preferential treatment in the creditor ranking and as regards access to the assets in the underlying cover pool.

[17] The underlying asset pool of qualifying securities must be restricted to first-lien residential mortgages, cannot contain structured products and must have a maximum loan-to-value ratio (LTV) of 80% on average at issuance. Only senior tranches are eligible.

Non-HQLA

4.7. The following should not be considered as HQLA:

i. Gold;

ii. Asset Backed Securities (ABS) other than qualifying RMBS;

iii. Credit Claims;

iv. Securities issued by a credit institution unless they fulfil a condition of Article 416(2)(a) of CRR;

v. Securities issued by the institution itself or any of its affiliated entities, including Own Use Bank Bonds (OUBBs);

vi. Securities issued by any entity specified in Article 416(2)(c) of CRR.

Reporting of HQLA

4.8. Eligible HQLA shall be included in template C51.00 of the ITS on Supervisory Reporting. They shall be reported in accordance with the instructions detailed in Annex XIII of that ITS and supplementary guidance provided by the EBA Q&A process.

4.9. When reporting on a consolidated basis in accordance with Article 11(3) of CRR, institutions should only report liquid assets held in any country where there are transfer restrictions in place as HQLA, to the extent that they correspond to outflows in that country, i.e. excess trapped liquidity may not be reported on a consolidated basis.

4.10. Particular asset classes may qualify to be reported in more than one section of template C51.00. To ensure double counting does not occur in the calculation of the LCR, assets should be reported in one section only.

4.11. Eligible HQLA shall be reported in Section 1 of template C51.00.

4.12. Where Section 1 of template C51.00 does not contain a cell corresponding to the relevant credit quality step of the HQLA, the asset should be reported in Section 3 of the template.

4.13. Other assets shall be reported in accordance with the ITS instructions.

4.14. Table 1 provides guidance on reporting the assets listed in sections 4 (1) and (2) of these guidelines.

Calculating Total Stock of HQLA

4.15. Template C51.00 does not contain a field calculating total HQLA.

4.16. Institutions should calculate this amount themselves taking into account the caps on Level 2 assets. Further guidance as to the methodology to use is included in Annex I of this guidance note.

Table 1

HQLA	Central Bank HQLA Reference	EBA Template C51.00 Reference		Min. Haircut
		Row	ID	
Level 1	(i) Cash	010	1.1	0%
	(ii) Excess Central Bank Reserves	030	1.2.1	0%
	(iii) EEA Sovereign Debt – Member State	040-050	1.3.1-1.3.1.2	0%
	(iv) EEA Sovereign Debt – Currency	340-360	1.13 3.4	0%
	(v) Central Bank and PSE Debt	060-070	1.3.2-1.3.2.2	0%
	(vi) NAMA and SAREB Bonds	040-050	1.3.1-1.3.1.2	0%
	(vii) EEA Govt. Guaranteed Bank Debt	180	1.7	0%
	(viii) Other Transferable Assets	340-360	1.13 3.4	0%
	(ix) Supranational Debt	080-110	1.3.3-1.3.4.2	0%
	(x) CIUs	120-130	1.4-1.4.2	0-5%
Level 2A	(i) Transferable Assets	370-390	1.14-1.14.3	15%
	(ii) Corporate Debt – ECAI 1	190	1.8.1	15%
	(iii) Covered Bonds – ECAI 1	220-240 310-330	1.9-1.9.3 1.12-1.12.3	15%
	(iv) CIUs	140	1.4.3	20%
Level 2B	(i) RMBS – ECAI 1	280-300	1.11-1.11.3	25%
	(ii) Corporate Debt – ECAI 2-3	200-210	1.8.2-1.8.3	50%
	(iii) Common Equity Shares	600	3.11	50%

Diversification of the Stock of HQLA

4.17. Pursuant to Recital 100 of CRR, institutions should hold a diversified and high quality liquidity buffer consisting of different categories of liquid assets. Institutions should address diversification of the stock of HQLA, taking into account the nature, scale and complexity of their operations.

5 Calculating Total Outflows

5.1. Liquidity outflows are to be reported in Template C52.00 of the ITS on Supervisory Reporting, in accordance with the instructions contained therein, with Articles 420 to 424 of the CRR, with the related Technical Standards, with EBA Guidelines on retail deposits subject to different outflows and related EBA Single Rulebook Q&A's.

5.2. Articles 420 – 424 of the CRR specify the outflow rates for particular categories of outflows. These guidelines provide further clarification regarding the categorisation of outflows and the specification of outflow rates not covered by the CRR.

5.3. Template C52.00 contains the following categorisation of liquidity outflows:

Table 2

Liquidity Outflow Categories	
Category	**C52.00 ID**
Retail Deposits	1.1
Outflows on other liabilities	1.2
Operating expenses	1.2.1
Secured lending and capital market driven transactions	1.2.2
Operational deposits	1.2.3
Central credit institution deposits	1.2.4
Liquidity lines from central credit or network institutions	1.2.5
Other non-financial customer deposits	1.2.6
Derivatives payable	1.2.7
Intragroup outflows	1.2.8
Other outflows	1.2.9
Other liabilities	1.2.10
Additional Outflows	1.3
Outflows from credit and liquidity facilities	1.4
Pillar II liquidity outflows	1.4.7

5.4. The following sections provide further guidance on each outflow category. All liquidity outflows during the 30 day period following reporting date are to be reported. If an institution is uncertain of the category to report the outflow, the Central Bank should be contacted for further guidance.

Retail Deposits

Table 3

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Minimum Run-off Rate**
Retail Deposits	Stable Deposits	1.1.1.1 1.1.1.2	5%
	Unstable Deposits	1.1.2 1.1.3	10%
	Higher Outflows Category 1 to 3	1.1.4.1 1.1.4.2 1.1.4.3	>10% See Notes 5.7 - 5.14
	Third Country Higher	1.1.5	See Note 5.19

5.5. Retail deposits are defined in Article 411(2) of CRR. This definition is further specified in the EBA Single rulebook Q&A's, including Q&A 128and other relevant Q&A's.

5.6. All retail deposits are to be reported in section 1.1 of template C52.00. Outflows from exempted retail deposits are not reported.

5.7. The EBA Guidelines on retail deposits subject to higher outflows ('EBA Guidelines') should be adhered to when identifying the relevant reporting category and where appropriate, the outflow rate.

5.8. All retail deposits are subject to the EBA Guidelines, including those covered by a relevant deposit guarantee scheme ('DGS'). Relevant institutions should ensure they have adequate data, systems and processes in place for the assessment of their retail deposit book under the EBA Guidelines.

5.9. In identifying the outflow rates for Categories 1 to 3[18] of the higher outflow category in accordance with Part 3 of the EBA Guidelines, institutions should, assuming a combined idiosyncratic and market-wide 30 day stress scenario, estimate the rates following a historical and expected volatility assessment. As part of this assessment, the institution should consider estimated outflows assuming the Irish Guarantee Scheme[19] was not in place and will not be re-introduced in the future. Category 1 to 3 outflow rates should be greater than 10% and less than or equal to 100%.

5.10. Where an institution is unable to identify the factors outlined in the EBA Guidelines, it should apply the Category 3 higher outflow rate to relevant deposits.

5.11. The Central Bank may under certain circumstances, including situations where it is not satisfied with the outflow rates reported or the retail deposit category assessment process, specify higher outflow rates on a case-by-case basis. The methodology and data used in the institution's assessment process should be in a suitable format, updated regularly and be readily available for review by Central Bank staff.

5.12. Institutions should be in a position to categorise their retail deposits on a daily basis, and be capable of identifying when deposits move from one category to another, e.g. when a maturing fixed-term deposit falls within the 30 day period or when notice is given to withdraw funds from a notice account.

5.13. A key factor from the EBA Guidelines is the "value of the retail deposit" factor. In assessing this factor, institutions should have a "one customer view" across the organisation and include all the customer's deposit accounts at that institution in the calculation. This total value will include deposits with a residual maturity greater than 30 days and with a notice period greater than 30 days. Where an institution reports on the consolidated/sub-consolidated basis of a single liquidity sub-group, the value of the retail deposit per customer should include all the customer's deposit accounts in institutions within the single liquidity sub-group.

[18] The "Categories" referred to in this section and in rows 060 – 080 of EBA template C52.00 correspond to the "tiered buckets" referred to in the EBA Guidelines.
[19] Credit Institutions (FS) Scheme 2008 and Credit Institutions (ELG) Scheme 2009

5.14. Pursuant to Title II, Part 2 of the EBA Guidelines, brokered retail deposits are considered to be deposits which may be subject to higher outflows. In addition to the example of a brokered deposit in the EBA Guidelines, the reporting institution should consider a retail deposit to be a brokered deposit when the retail deposit is placed at an institution on behalf of a natural person or SME, and where a financial customer as defined in Article 411(1) or a natural person facilitates the placement of the deposit. Deposits in the name and under the control of an institution should be reported as deposits from an institution in the appropriate row in template C52.00.

5.15. Subsequent to completion of the assessment based on the EBA Guidelines, and where a retail deposit does not fall into the category of retail deposits subject to higher outflows, institutions should report the relevant retail deposit outflow under the categories of “Stable”, “Unstable” or “Third Country Higher Outflow”, as appropriate.

5.16. To qualify as a “Stable” deposit (C52.00 template ID 1.1.1.1 & 1.1.1.2), the retail deposit shall be covered by a DGS in accordance with Directive 94/19/EC or an equivalent DGS in a third country. Institutions should identify deposit accounts covered by the relevant DGS on an individual customer basis and be able to separate out those deposits covered by a DGS and subject to higher outflows in accordance with the EBA Guidelines.

5.17. Relevant DGS’s may cover deposits from a number of types of entities and individuals. To qualify as a “Stable” retail deposit, in addition to being covered by a relevant DGS, the deposit shall meet the definition of retail deposit as specified in Article 411(2) and meet condition (a) or (b) of Article 421(1) of CRR.

5.18. Where the total retail deposit amount from one customer is derived from a number of retail deposit categories and is greater than the limit of the individual pay-out of the relevant DGS, the DGS limit should be applied on a pro-rata basis across all the accounts for LCR calculation purposes, e.g a customer has 2 accounts, €100,000 in a current account and €100,000 in a 2 year fixed term deposit, the bank should assume 50% of each account is covered by the DGS.

5.19. To assess whether a retail deposit taken in a third country should have a higher outflow rate in accordance with Article 421(4) of CRR, the institution should be aware of the local reporting requirements of the third country and apply a higher rate as appropriate. The institution should maintain a record of third country retail deposits and the assessment of the relevant third country reporting requirements. These records should be provided to the Central Bank on request.

5.20. Where a retail deposit contains features of a deposit exempt from the calculation of outflows in accordance with Article 421(5) of CRR and also contains features of a deposit subject to the calculation of outflows in accordance with Articles 421(1) to (4) of CRR, the institution should report the portion of the deposit that meets the conditions of Article 421(5) in row 110 of template C52.00 and report outflows attributable to the remaining portion in the relevant category of rows 020 to 090 of the same template.

Operating Expenses

Table 4

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Operating Expenses	Institution's Own	1.2.1	0%

5.21. While the total amount of an institution's own operating expenses are reported in template C52.00, the outflows from same are not reported as Article 422(1) of CRR assigns a 0% run-off rate to this category.

5.22. Examples of operating expenses to be reported are provided in Annex XIII of the ITS.

Secured Lending and Capital Market Driven Transactions

5.23. Table 5 specifies the run off rates that should be used by institutions for the main collateral types used in secured lending and capital market transactions and the appropriate row and category the rate should apply to.

Table 5 – Liquidity Outflow Rates for secured lending and capital market driven transactions

Collateral Type	C52.00 ID	Run-off Rate
EEA Sovereign Debt – Member State Liq. Risk	1.2.2.1.1.1 1.2.2.1.1.2	0%
EEA Sovereign Debt – Currency Liq. Risk	1.2.2.9.1 – 1.2.2.9.3 1.2.2.12.4	0%
Central Bank and PSE Debt	1.2.2.1.2.1 1.2.2.1.2.2	0%
NAMA and SAREB Bonds	1.2.2.1.1.2	0%
EEA Govt. Guaranteed Bank Debt	1.2.2.3	0%
Other Level 1 Transferable Assets	1.2.2.9.1 – 1.2.2.9.3 1.2.2.12	0%
Supranational Debt	1.2.2.1.3.1 - 1.2.2.1.4.2	0%
Level 1 CIUs – Cash	1.2.2.2.1	0%
Level 1 CIUs – Other	1.2.2.2.2	5%
Corporate Debt – ECAI 1	1.2.2.4.1	15%
Corporate Debt – ECAI 2-3	1.2.2.4.2 – 1.2.2.4.3	50%
Corporate Debt – Other	1.2.2.13	100%
Covered Bonds – ECAI 1	1.2.2.5.1 1.2.2.8.1	15%
Covered Bonds – Other	1.2.2.5.2 1.2.2.5.3 1.2.2.8.2 1.2.2.8.3 1.2.2.13	100%
Level 2A CIUs	1.2.2.2.3	20%
Other Level 2A Transferable Assets	1.2.2.10.1 – 1.2.2.10.3 1.2.2.12	15%
RMBS – ECAI 1	1.2.2.7.1	25%
RMBS – Other	1.2.2.7.2 1.2.2.7.3 1.2.2.13	100%
ABS – Other	1.2.2.6.1 – 1.2.2.6.3 1.2.2.13	100%
Common Equity Shares	1.2.2.12.11 1.2.2.13.6	50%
Non-HQLA Collateral	1.2.2.11.1 1.2.2.11.2 1.2.2.13	100%

5.24. Outflows from secured lending and capital driven transactions are to be reported in rows 120 to 950 of template C52.00.

5.25. The outflow rates and the outflow amount depend on the type of asset used in the transaction and the counterparty/lender.

5.26. The "Amount due" from secured lending and capital market driven transactions should be the total amount of the maturing transaction, e.g. for a standard repo transaction, the amount due for the seller is the cash plus interest due to be repaid at maturity (where the repo matures or is callable within the 30 day period)[20].

5.27. The outflow rates in Table 5 equate to "100% over the value of the liquid assets in accordance with Article 418, if they are collateralised by assets that would qualify as liquid assets in accordance with Article 416" and "100% if they are collateralised by assets that would not qualify as liquid assets in accordance with Article 416". Exceptions to this rule are detailed in notes 5.31 and 5.32 below.

5.28. The "Market value" should be calculated using the "Dirty price" of the security, i.e. the value including accrued interest[21].

5.29. The "Value according to Art. 418 CRR" is the market value, net of relevant haircuts applied in accordance with Article 418 and Table 1 of this guidance note for the observation period.

5.30. The outflow rates in Table 5 apply where the counterparty is not a central bank. The "Market value", "Amount due" and "Value according to Art. 418 CRR" of relevant transactions are to be reported in columns 010 to 060 of template C52.00, dependent on the type of asset used in the transaction.

5.31. Where the counterparty is a central bank, the outflow rate should be 0%, regardless of the type of asset used as collateral. "Market value" for these transactions is to be reported in column 010 of template C52.00, with the "Amount due" and "Value according to Art. 418 CRR" reported in columns 070 to 110, dependent on the type of asset used in the transaction.

[20] EBA Single Rulebook Q&A 274 should further address this issue

[21] EBA Single Rulebook Q&A 154 should further address this issue.

5.32. Where the counterparty is the Irish Government, a relevant PSE[22], or a multilateral development bank, and the assets used as collateral do not meet the definition of HQLA, the outflow rate should be 25%. "Market value" for these transactions is to be reported in column 010 of template C52.00, with the "Amount due" reported in column 120, dependent on the type of asset used in the transaction.

5.33. Particular asset classes may qualify to be reported in a more than one section of template C52.00. To ensure double counting does not occur in the calculation of the LCR, outflows should be reported in one data field only.

5.34. The categorisation by an institution of collateral used in secured lending and capital driven transactions in template C52.00 should be the same as its categorisation of assets reported in template C51.00; however, where an asset does not qualify to meet the definition of Level 1 or Level 2 HQLA, it should not be reported in rows 120 to 440.

5.35. Note that an outflow amount from secured lending and capital market driven transactions using the outflow rates specified in Table 5 cannot be reported in Template C52.00; this amount should be calculated separately and used in the calculation of the LCR

Operational Deposits

5.36. When reporting operational deposits, institutions should report them as either deposits from financial customers or from non-financial customers as appropriate. The outflow rates in Table 6 for "clearing, custody, or cash management service" should apply to both types of customers for the observation period. For financial customers with an "other established operational relationship"; an outflow rate of 100% should be applied.

[22] Relevant PSEs are Irish PSEs or PSEs from another Member State in which the credit institution has been authorised or has established a branch. Relevant PSEs shall be limited to those with a risk weight of 20% or lower in accordance with Part III, Chapter 2, Title II of the CRR.

Table 6

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Clearing, custody or cash management services or other comparable services	Covered by a DGS	1.2.3.1.1.1	5%
	Not covered by a DGS	1.2.3.1.2.1	25%
	No evidence re withdrawal of funds/compromising operational functionality	1.2.3.1.1.2 1.2.3.1.2.2	100%
Other established operational relationships	General	1.2.3.2	25%
	Correspondent banking or prime brokerage services	1.2.3.2.1	100%
Institutional Protection Scheme (IPS)	Common task sharing or legal/statutory minimum deposit	1.2.3.3	25%
Network Operational Deposits	Art. 422(3)(d)	1.2.3.4	25%

5.37. When reporting operational deposits, institutions should report them as either deposits from financial customers or from non-financial customers as appropriate. The outflow rates in Table 6 for "clearing, custody, or cash management service" should apply to both types of customers for the observation period. For financial customers with an "other established operational relationship, an outflow rate of 100% should be applied.

5.38. When identifying operational deposits in accordance with Article 422(3)(c) of CRR, institutions should use the definition of established operational relationship as proposed in the EBA report on the LCR impact assessment (Article 509(1)(k) – page 65 of the EBA report[23]). Institutions should also use this definition to identify relevant operational deposits from financial customers. This definition should be read in conjunction with the EBA Single Rulebook Q&A's, including Q135 and Q305.

5.39. Operational deposits which have to be maintained at the institution by the depositor in order to obtain clearing, custody or cash management or other

[23] www.eba.europa.eu/documents/10180/16145/EBA+BS+2013+415+Report+regarding+LCR+impact.pdf

comparable services, where the institution does not have evidence that the client is unable to withdraw amounts legally due over a 30 day horizon without compromising its operational functioning, should be reported with a 100% outflow rate, regardless of whether it is covered by a relevant DGS.

Central Credit Institution Deposits

Table 7

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Central credit institution deposits	Considered as HQLA	1.2.4	100%

5.40. If a credit institution belongs to a network in accordance with legal or statutory provisions, and reports the legal or statutory minimum deposits with the central credit institution as HQLA in accordance with Article 416(1)(f) of CRR, the central credit institution shall report these deposits in template C52.00 and apply a 100% outflow rate.

Liquidity Lines from Central Credit or Network Institutions

Table 8

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Liquidity lines from central credit or network institutions		1.2.5	N/A

5.41. If a credit institution belongs to a network in accordance with legal or statutory provisions, and reports the other statutory or contractually available liquid funding from the central credit institution or institutions that are members of a relevant network as HQLA in accordance with Article 416(1)(f) of CRR, the amount of the liquidity lines shall be reported in template C52.00. No outflow rate is applied to these facilities.

Other Non-Financial Customer Deposits

Table 9

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Other non-financial customer deposits	Covered by a relevant DGS	1.2.6.1	20%
	Not covered by a relevant DGS	1.2.6.2	40%

5.42. Institutions shall report deposits from non-financial customers that are not reported as operational deposits under section 1.2.3 of template C52.00, as deposits covered or not covered by a relevant DGS under section 1.2.6, with outflow rates as specified in Table 9.

5.43. Unsecured deposits from sovereigns, central banks, multilateral development banks and PSEs, that are not considered operational deposits, should be reported in this category.

Derivatives Payable

Table 10

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Derivatives payable	Net derivatives payable	1.2.7	100%

5.44. Institutions shall assess the cashflows expected over the 30 day horizon from the contracts listed in Annex II of CRR and where applicable, report them on a net basis across counterparties. Where the net amount is an outflow it shall be reported in row 1080 of template C52.00. The amount shall be net of collateral received that qualifies as HQLA and shall not be the marked-to-market value. Estimates for contingent in and outflows and cashflows expected to occur beyond the 30 day horizon shall not be taken into account.

Intragroup Outflows

Table 11

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Intragroup outflows	Irish entities	1.2.8.1	See note 5.45
	Cross border entities	1.2.8.2	See note 5.46

5.45. Where the Central Bank has granted a lower outflow rate for intragroup transactions between specific entities established in Ireland, the total amount of the transaction and the amount calculated using the rate specified by the Central Bank shall be reported in row 1090 of template C52.00.

5.46. Where the institution and the depositor are not established in the same Member State and following the joint decision process specified in Article 20 of CRR, a lower outflow rate is applied to specific intragroup transactions, the total amount of the transaction and the amount calculated using the lower rate specified shall be reported in row 1100 of template C52.00.

5.47. Where the Central Bank has not granted a lower outflow rate, the amount of the intragroup deposit shall be reported under "all other liabilities", row 1130 of template C52.00, and an outflow rate of 100% shall be applied.

Other Outflows

5.48. Outflows from and the amount of trade finance off balance sheet products referred to in Annex I of CRR shall be reported in row 1120. An outflow rate of 5% shall be applied to these products.[24]

[24] As specified in Section 6 of the Central Bank Implementation Notice "Implementation of Competent Authority Discretions and Options in CRD IV and CRR, 24 December 2013"

Table 12

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Other outflows	Contractual and non-contractual off B/S & contingent obligations	1.2.9.1	100% See note 5.49
	Trade finance off B/S products	1.2.9.2	5%

5.49. Following the assessment of other liquidity outflows in accordance with Article 420(2) of CRR, where applicable, the Central Bank shall determine the outflow rate to be applied to these obligations. Until such time as the Central Bank determines the relevant outflow rate, institutions should report these outflows in row 1110 and apply an outflow rate of 100%.

Other Liabilities

Table 13

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Other liabilities	All other liabilities	1.2.10	100%

5.50. Outflows from all liabilities not covered in the other reporting categories of Template 52.00, due or callable during the next 30 days, should be reported in row 1130. An outflow rate of 100% should be applied to the amount reported.

5.51. This category includes unsecured funding from financial customers, e.g. unsecured funding from credit institutions, investment firms, insurance companies, CIUs, SPVs, and Credit Unions[25].

[25] The 2013 EBA report on the impact assessment of the LCR addresses the treatment of credit union deposits. It includes an acknowledgement that further analysis on the treatment and the possible impact it has on the credit union sector may be warranted. Should the Commission decide to adopt a preferential treatment for credit union deposits in the liquidity delegated act; institutions should adopt this treatment accordingly.

Additional Outflows

Table 14

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Additional Outflows	Non-Level 1 HQLA posted as collateral	1.3.1	20%
	Collateral needs due to downgrade triggers	1.3.2	100%
	Collateral needs due to adverse market scenario	1.3.3	100%
	Short covering	1.3.4	100%
	Excess collateral	1.3.5	100%
	Collateral due	1.3.6	100%
	Collateral substitution	1.3.7	100%
	Deposits received as collateral	1.3.8	See note 5.56

5.52. Institutions shall report the additional outflows specified in Article 423 of CRR and use the outflow rates specified in Table 14.

5.53. Institutions shall report the total amount of the relevant additional outflow in column 020, the market value of the asset used as collateral in column 030 and the value according to Article 418 of CRR in column 040.

5.54. The Central Bank will assess notifications submitted by institutions in accordance with Article 423(2) on a case-by-case basis. If the Central Bank considers such contracts material, it shall require the institution to report a 100% outflow corresponding to the additional collateral needs resulting from the material deterioration in the credit quality of the institution (row 1150 of Template 52.00). Until such time as the Central Bank completes this assessment, institutions should report the value of the assets used as collateral in such contracts in row 1150 and report an outflow corresponding to a three notch downgrade of the institution's external credit assessment.

5.55. Unless an institution's derivative portfolio is below the materiality threshold set by the RTS on additional collateral outflows ('RTS'), institutions shall report the outflows and amounts in accordance with the ITS and the RTS. Until such time as the RTS is published in the official journal, institutions should use the “final draft” RTS as published on the EBA website.

5.56. Article 423(6) of CRR specifies that deposits received as collateral shall not be considered liabilities for the purposes of Article 422 but will be subject to the provisions of Article 423 where applicable. Collateral of this type is to be reported in row 1210. An outflow rate is yet to be specified for this category of collateral. Until the delegated act enters into force, where applicable, it should be included in the outflow categories related to Article 423(1) to (6). Q&A 302 of the EBA Single rulebook provides further clarification on the treatment of this collateral type.

Outflows from Credit and Liquidity Facilities

5.57. Institutions shall report the maximum that can be drawn from undrawn credit and liquidity facilities specified in Article 424 of CRR and should apply the rates as specified in Table 15 to calculate the outflow for LCR calculation purposes.

5.58. When determining the maximum amount that can be drawn, institutions shall follow the guidance set out in the ITS instructions to Template C52.00.

5.59. In accordance with Q&A 322, for rows 1260 – 1330 of Template C52.00, institutions shall apply a 100% outflow rate when completing Template C52.00. The relevant rates in Table 15 are for LCR calculation purposes during the observation period.

5.60. In accordance with Articles 422(8) and (9) of CRR, competent authorities may under certain conditions permit a lower outflow rate to be applied. In the absence of such permission, institutions should apply an outflow rate of 100%.

5.61. When reporting the maximum amount that can be drawn from all other contingent liabilities, institutions should follow the guidance specified in the relevant Template C52.00 instructions. Where a contingent liability has been identified and reported under rows 1110-1120 of template C52.00, institutions should not report the same amount as an outflow under row 1350.

Table 15

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Undrawn Committed Credit and Liquidity Facilities	Retail – Credit and Liquidity	1.4.1	5%
	Corporate (Non Retail/Financial) - Credit	1.4.2.1	10%
	Corporate (Non Retail/Financial) - Liquidity	1.4.2.2	10%
	SSPE (purchasing non-security assets from non-financial customers) - Liquidity	1.4.3	10%
	Other SSPE – Liquidity	1.4.4.1	100%
	Requirement to buy/swap assets from an SSPE	1.4.4.2	100%
	Credit Institutions – Credit	1.4.4.3.1	40%
	Credit Institutions – Liquidity	1.4.4.3.2	40%
	Financial Institutions & Inv. Firms – Credit	1.4.4.4.1	40%
	Financial Institutions & Inv. Firms – Liquidity	1.4.4.4.2	100%
	Other Clients	1.4.4.5	100%
	Intra-group	1.4.4.6	100% See note 5.60
Undrawn Credit and Liquidity Facilities	Funding Promotional Loans	1.4.5	5%/10%
Other Contingent liabilities	All other	1.4.6	100%
	Intra-group	1.4.6.1	100% See note 5.60

5.62. The treatment for credit and liquidity facilities specified in Article 424(6) of CRR is currently not applicable to Irish institutions.

Pillar II Liquidity Outflows

Table 16

Liquidity Outflow Rates			
Category	**Sub Category**	**C52.00 ID**	**Run-off Rate**
Pillar II liquidity outflows		1.4.7	See note 5.63

5.63. The competent authorities may set additional liquidity requirements as part of the supervisory review process. This additional requirement may take the form of an increased minimum buffer requirement or increased outflow rates for certain categories of liabilities. Where the competent authority sets increased outflow rates, the institution shall report the additional outflow in row 1370 of Template C52.00.

Calculating Total Liquidity Outflows

5.64. Template C52.00 does not contain a field which allows for the calculation of "Total liquidity outflows". This calculation should be completed in a separate worksheet.

5.65. To calculate the total liquidity outflow amount, sum the outflow amounts from the individual outflow categories. Table 17 specifies the methodology used to calculate the total outflow per outflow category using Template C52.00.

Table 17

Category	C52.00 ID	Calculating Total Outflows per category
Retail Deposits	1.1	Sum the outflow amounts in column 020, from row 020 to 090
Outflows on other liabilities	1.2	
Operating expenses	1.2.1	No outflow amount is recorded for LCR calculation purposes
Secured lending and capital market driven transactions	1.2.2	Apply the outflow rates from Table 5 of this guidance note to the relevant amount in columns 020, 040, 060, 070, 090, 110, 120, from row 120 to 950 and sum the resultant outflow amount
Operational deposits	1.2.3	Sum the outflow amounts in columns 020 and 040, from row 960 to 1030
Central credit institution deposits	1.2.4	Use the outflow amount from column 020, row 1040
Liquidity lines from central credit or network institutions	1.2.5	No outflow amount is recorded for LCR calculation purposes
Other non-financial customer deposits	1.2.6	Sum the outflow amounts in column 020, rows 1060 to 1070
Derivatives payable	1.2.7	Use the outflow amount in column 020, row 1080
Intragroup outflows	1.2.8	Sum the outflow amounts in column 020, rows 1090 to 1100
Other outflows	1.2.9	Sum the outflow amounts in column 020, rows 1110 to 1120
Other liabilities	1.2.10	Use the outflow amount in column 020, row 1130
Additional Outflows	1.3	Sum the outflow amounts in column 020, rows 1140 to 1210
Outflows from credit and liquidity facilities	1.4	Apply the outflow rates from Table 15 of this guidance note to the relevant amount in column 010, from row 1220 to 1350 and sum the resultant outflow amount
Pillar II liquidity outflows	1.4.7	Use the outflow amount in column 020, row 1370

6 Calculating Total Inflows

6.1. Liquidity inflows are to be reported in Template C53.00 of the ITS on Supervisory Reporting, in accordance with the instructions contained therein, with Article 425 of the CRR, with the related Technical Standards, and related EBA Single Rulebook Q&A's.

6.2. Article 425 of the CRR specifies the inflow rates for particular categories of inflows. These guidelines provide further clarification regarding the categorisation of inflows and the specification of inflow rates not covered by the CRR.

Overriding Minimum Conditions

6.3. Institutions shall only report inflows that are contractually due within the 30 day horizon following the reporting date.

6.4. Institutions shall only report inflows that are not past due. Inflows are past due when the counterparty has failed to make a payment when contractually due.

6.5. Institutions shall not report inflows for which it has reason to expect non-performance within the 30 day time horizon.

6.6. Institutions shall not double count liquidity inflows and HQLA.

6.7. Institutions shall not report inflows from any new obligations entered into.

Inflow Cap

6.8. Inflows are subject to an inflow cap of 75% of total liquidity outflows. The purpose of this cap is to ensure a minimum liquidity buffer (stock of HQLA) is maintained by the institution, irrespective of the level of inflows it experiences. Certain exemptions to this cap apply and are detailed in paragraphs 6.41 to 6.49 below.

6.9. Inflows subject to this cap and inflows exempt from this cap are reported separately in Template C53.00. This enables the Total Inflow amount to be calculated, taking into account the 75% cap. Paragraphs 6.50 to 6.57 detail the methodology to be used in calculating the Total Inflow amount.

6.10. Template C53.00 contains the following categorisation of liquidity inflows:

Table 18

Liquidity Inflow Categories	
Category	**C53.00 ID**
Capped Inflows	
- Non-financial customers	1.1
- Financial customers	1.2
- Trade financing transactions	1.3
- Assets with an undefined contractual end date	1.4
- Positions in major index equity instruments	1.5
- Secured lending and capital market driven transactions	1.6
- Undrawn intra-group credit and liquidity facilities and other commitments received	1.7
- Net derivative receivable	1.7.3
- Payments due on liquid assets not reflected in the market value of the asset	1.8
- Other Inflows	1.9
Total cash inflows excluded due to the cap	2.0
Inflows exempt from the cap	3.0
- Inflows from borrowers and bond investors related to mortgage lending funded by covered bonds	3.1
- Inflows from passed through promotional loans	3.2
- Inflows from qualifying related undertakings and IPS's	3.3
- Pre-approved intra-group inflows	3.4

6.11. The following sections provide further guidance and inflow rates for each inflow category.

6.12. If an institution is uncertain of the category to report the inflow, the Central Bank should be contacted for further guidance.

Non-Financial Customer Inflows

Table 19

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Non-financial customer inflows	Retail	1.1.1	≤ 50%
	Non-financial Corporate	1.1.2	≤ 50%
	Operational Deposits – Corporate	1.1.2.1	0%/5%/25%/100% See notes 6.15 & 6.16
	Central Banks	1.1.3	100%
	Operational Deposits – Central Banks	1.1.1.3.1	0%/5%/25%/100% See notes 6.15 & 6.16
	Other Entities	1.1.4	100%

6.13. Contractual inflows due from retail and non-financial customers shall be reported in rows 010-030. These inflows include loan repayments in the form of principal and interest payments due. The full amount due shall be reported in column 010. The weighted inflow amount shall be reported in column 020.

6.14. The inflow rate for retail and non-financial inflows shall be at most 50%. This is based on the underlying assumption of the 30 day stress scenario that loans are expected to be repaid in full and the institution will continue to extend these loans at a rate of 50% of contractual inflows. Where a contractual commitment to a customer exists whereby the institution commits to extend/rollover a loan at a rate greater than 50% of the maturing contractual inflow, the inflow from the principal of that particular loan shall be reduced by the higher rate, i.e. the inflow rate shall be less than 50%.

6.15. Article 425(2)(e) of CRR specifies that certain Operational Deposits may be reported with inflow rates equal to the outflow rates applied to the corresponding category of operational deposit specified in Article 422(3) and (4), i.e. 5%, 25% or 100% as applicable[26]. Where an institution is unable to determine the category of operational deposit and applicable inflow rate, an inflow rate of 0% should be applied. Depending on the counterparty, the amount of the operational deposits and the applicable inflow amount should be reported in rows 030, 050 or 070.

6.16. The amount and inflow amount of the operational deposits specified in note 6.15 should be included in the relevant category sub-total for Non-financial corporate, Central bank or Financial customer (row 1.1.2, 1.1.1.3, 1.2.1), as appropriate. When calculating total cash inflows, institutions should not double count inflows from operational deposits.

6.17. Inflows from central banks and relevant other non-financial customer entities should be reported in rows 040 and 060, respectively, with a 100% inflow rate (with the exception of operational deposits, see notes 6.15 and 6.16).

Financial Customer Inflows

Table 20

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Financial customer inflows	Operational Deposits	1.2.1	0%/5%/25%/100% See notes 6.15 & 6.16
	Specific Intra-group Deposits	1.2.2	See note 6.21

6.18. Monies due from financial customers in the form of operational deposits and relevant intra-group deposits shall be reported in rows 070 and 080.

6.19. Monies due from financial customers in the form of inflows from other

[26] Table 7 of this guidance note details the operational deposit outflow rates.

unsecured lending should be reported in row 980 under "other inflows".

6.20. The ITS instructions refer to an amount reported under ID 1.2. This is a typo, as the cell is grey, an amount should not be reported in this cell.

6.21. Where the Central Bank has granted permission to apply a lower outflow rate for intra-group deposits in accordance with Article 422(8) of CRR, the amount of the deposit and the corresponding lower inflow amount shall be reported by the depositing institution in row 080.

Trade Financing Transaction Inflows

Table 21

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Trade financing transaction inflows		1.3	100%

6.22. Inflows from trade financing transactions specified in Article 425(2)(b) are exempt from the 50% rollover of loans assumption; a 100% inflow shall be applied to these inflows.

Assets with an Undefined Contractual End Date

Table 22

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Assets with an undefined contractual end date	Contract must contain specific conditions	1.4	20%

6.23. Assets with an undefined contractual end date include overdraft exposures. Inflows from these exposures shall be reported at a rate of 20% provided the contract (terms of conditions) explicitly allows for the bank to withdraw and request payment of the outstanding exposure within 30 days[27].

Inflows from Positions in Major Index Equity Instruments

Table 23

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Inflows from positions in major index equity instruments		1.5	100%

6.24. This category includes inflows in the form of cash dividends and cash due from positions in major equity instruments sold but not yet settled, provided there is no double counting with liquid assets, i.e. where an institution sells shares, it cannot report the shares as HQLA and the proceeds of the sale as an inflow.

Secured Lending and Capital Market Driven Transactions

6.25. Table 24 specifies the inflow rates that should be used by institutions for the main collateral types used in secured lending and capital market transactions and the appropriate row and category the rate should apply to. These rates correspond to the outflow rates for the relevant asset class specified in Table 5.

6.26. Inflows from secured lending and capital driven transactions are to be reported in rows 120 to 930 of template C53.00.

6.27. The inflow rates and the inflow amount depend on the type of asset used in the transaction. The inflow rates do not depend on counterparty type. The “Amount due” and “Market value of the asset securing the transaction” are to be reported for relevant transactions using each collateral type, depending on whether the collateral is Level 1, Level 2 HQLA or non-HQLA.

[27] Q&A 306 further specifies what should be reported in this category.

Table 24

Liquidity Inflow Rates		
Sub Category	**C53.00 ID**	**Inflow Rate**
EEA Sovereign Debt – Member State Liq. Risk	1.6.1.1.1 1.6.1.1.2	0%
EEA Sovereign Debt – Currency Liq. Risk	1.6.9.1 – 1.6.9.3 1.6.12.4	0%
Central Bank and PSE Debt	1.6.1.2.1 1.6.1.6	0%
NAMA and SAREB Bonds	1.6.1.1.2	0%
EEA Govt. Guaranteed Bank Debt	1.6.3	0%
Other Level 1 Transferable Assets	1.6.9.1 – 1.6.9.3 1.6.12	0%
Supranational Debt	1.6.1.3.1 - 1.6.1.4.2	0%
Level 1 CIUs – Cash	1.6.2.1	0%
Level 1 CIUs – Other	1.6.2.2	5%
Corporate Debt – ECAI 1	1.6.4.1	15%
Corporate Debt – ECAI 2-3	1.6.4.2 – 1.6.4.3	50%
Corporate Debt – Other	1.6.13	100%
Covered Bonds – ECAI 1	1.6.5.1 1.6.8.1	15%
Covered Bonds – Other	1.6.5.2 1.6.5.3 1.6.8.2 1.6.8.3 1.6.13	100%
Level 2A CIUs	1.6.2.3	20%
Other Level 2A Transferable Assets	1.6.10.1 – 1.6.10.3 1.6.12	15%
RMBS – ECAI 1	1.6.7.1	25%
RMBS – Other	1.6.7.2 1.6.7.3 1.6.13	100%
ABS – Other	1.6.6.1 – 1.6.6.3 1.6.13	100%
Common Equity Shares	1.6.12.11 1.6.13.6	50%
Non-HQLA Collateral	1.6.11.1 1.6.11.2 1.6.13	100%

6.28. The "Amount due" from secured lending and capital market driven transactions should be the total amount of the maturing transaction, e.g. for a reverse repo transaction, the amount due for the buyer is the cash plus interest due to be repaid by the counterparty at maturity (where the repo matures or is callable within the 30 day period).

6.29. The inflow rates in Table 24 equate to "100% over the value of the liquid assets in accordance with Article 418, if they are collateralised by assets that would qualify as liquid assets in accordance with Article 416" and "100% if they are collateralised by assets that would not qualify as liquid assets in accordance with Article 416".

6.30. The "Market value of the asset securing the transaction" should be calculated using the "Dirty price" of the security, i.e. the value including accrued interest.

6.31. Particular asset classes may qualify to be reported in more than one section of template C53.00. To ensure double counting does not occur in the calculation of the LCR, inflows should be reported in one data field only.

6.32. The categorisation by an institution of collateral used in secured lending and capital driven transactions in template C53.00 should be the same as its categorisation of assets reported in template C51.00 and C52.00.

6.33. Note that an inflow amount from secured lending and capital market driven transactions using the inflow rates specified in Table 25 cannot be reported in Template C53.00, this amount should be calculated separately and used in the calculation of the LCR.

Undrawn Intra-group Credit and Liquidity Facilities and Other Commitments Received

6.34. Generally, undrawn credit or liquidity facilities received shall not be reported as inflows and shall not be taken into account in the LCR calculation.

Table 25

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Undrawn intra-group credit and liquidity facilities and other commitments received	Irish entities	1.7.1	See note 6.36
	Cross border entities	1.7.2	See note 6.37

6.35. An exemption to this rule is where the institution has received permission from the competent authority to apply a higher inflow to specific intra-group undrawn credit or liquidity facilities received. Where the relevant competent authority does not grant this permission, these facilities shall not be reported as inflows.

6.36. Where the Central Bank has granted a higher inflow rate for intragroup transactions between specific entities established in Ireland, the total amount of the transaction and the amount calculated using the rate specified by the Central Bank shall be reported in row 940 of template C53.00.

6.37. Where the institution and the depositor are not established in the same Member State and following the joint decision process specified in Article 20 of CRR, a higher inflow rate is applied to specific intragroup transactions, the total amount of the transaction and the amount calculated using the rate specified shall be reported in row 950 of template C53.00.

Net Derivative Receivable

Table 26

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Net Derivative Receivable		1.7.3	100%

6.38. Institutions shall assess the cashflows expected over the 30 day horizon from the contracts listed in Annex II of CRR and where applicable, report them on a net basis across counterparties. Where the net amount is an inflow it shall be reported in row 960 of template C53.00. The amount shall be net of collateral received that qualifies as HQLA and shall not be the marked-to-market value. Estimates for contingent in and outflows and cashflows expected to occur beyond the 30 day horizon shall not be taken into account.

Payments due on liquid assets not reflected in the market value of the asset

Table 26

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Payments due on liquid assets not reflected in the market value of the asset		1.8	100%

6.39. Generally, institutions shall not report inflows from any HQLA, other than payments due on the assets that are not reflected in the market value of the asset. For eligible payments due, institutions shall report these inflows in row 970 of Template C53.00, and apply a 100% inflow rate.

Other Inflows

Table 27

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Other Inflows		1.9	100%

6.40. Institutions should report all other eligible inflows not covered under any of the previous inflow categories in the "Other inflows" category of row 980, and apply a 100% inflow rate.

Inflows Exempt from the Inflow Cap

Inflows from Borrowers and Bond Investors related to Mortgage Lending funded by Covered Bonds

Table 28

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Inflows from borrowers and bond investors related to mortgage lending funded by covered bonds		3.1	100%

6.41. This category of inflow is exempt from the 75% cap on inflows and should be reported separately. If an institution choses to exercise this discretion, and report in this section, the amount should not be included in other sections of the inflow template.

6.42. Specific inflows from both borrowers and bond investors related mortgage loans that are funded by covered bonds may be reported in this category. These inflows correspond to mortgage loans directly funded by covered bonds, i.e. pass through inflows.

6.43. Q&A 485 should provide further specification on what should be reported in this category.

Inflows from Passed Through Promotional Loans

Table 29

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Inflows from passed through promotional loans		3.2	100%

6.44. This category of inflow is exempt from the 75% cap on inflows and should be reported separately. If an institution choses to exercise this discretion, and report in this section, the amount should not be included in other sections of the inflow template.

6.45. These inflows are not applicable to Irish banks.

Inflows from Qualifying Related Undertakings and IPS's

Table 30

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Inflows from qualifying related undertakings and IPS's		3.3	100%

6.46. This category of inflow is exempt from the 75% cap on inflows and should be reported separately. If an institution choses to exercise this discretion, and report in this section, the amount should not be included in other sections of the inflow template.

6.47. These inflows are not applicable to Irish banks.

Pre-Approved Intra-group Inflows

Table 31

Liquidity Inflow Rates			
Category	**Sub Category**	**C53.00 ID**	**Inflow Rate**
Pre-approved intra-group inflows		3.4	100%

6.48. This category of inflow is exempt from the 75% cap on inflows and should be reported separately. If an institution is granted approval to use this exemption, and report in this section, the amount should not be included in other sections of the inflow template.

6.49. In accordance with the Central Bank Implementation Notice[28], the Central Bank may grant this exemption on a case-by-case basis. For the interim observation period, institutions should assume that this exemption will not be granted.

Calculating Total Liquidity Inflows

6.50. Template C53.00 does not contain a field which allows for the calculation of "Total liquidity inflows". This calculation should be completed by the institution in a separate worksheet.

6.51. To calculate the total liquidity inflow amount, the following amounts need be calculated by the institution:

(A) Total Capped Inflows

(B) Total Cash Inflows Exempt from the cap

(C) Total Liquidity Outflows

(D) Total Cash Inflows Excluded due to the cap

6.52. Template C53.00 does not contain formulas to calculate the above totals.

6.53. Total Capped Inflows is calculated by summing the inflow amounts from the relevant individual inflow categories. Table 32 specifies the methodology that should be used to calculate the total capped inflow per inflow category using Template C53.00.

[28] "Implementation of Competent Authority Discretions and Options in CRD IV and CRR, 24 December 2013

Table 32

Total Capped Inflows		
Category	**C53.00 ID**	**Calculating Total Inflows per category**
- Non-financial customers	1.1	Sum the inflow amounts in column 020, row 010 plus 020 plus 040 plus 060
- Financial customers	1.2	Sum the inflow amounts in column 020, rows 070 to 080
- Trade financing transactions	1.3	Use the inflow amount from column 020, row 090
- Assets with an undefined contractual end date	1.4	Use the inflow amount from column 020, row 100
- Positions in major index equity instruments	1.5	Use the inflow amount from column 020, row 110
- Secured lending and capital market driven transactions	1.6	Apply the inflow rates from Table 24 of this guidance note to the relevant amount in columns 010, 030, 050, from row 120 to 930 and sum the resultant inflow amount
- Undrawn intra-group credit and liquidity facilities and other commitments received	1.7	Sum the inflow amounts in column 020, rows 940 to 950
- Net derivative receivable	1.7.3	Use the inflow amount in column 020, row 960
- Payments due on liquid assets not reflected in the market value of the asset	1.8	Use the inflow amount in column 020, row 970
- Other Inflows	1.9	Use the inflow amount in column 020, row 980

6.54. Total Cash Inflows Exempt from the cap is calculated by summing the inflow amounts in column 020, from row 1000 to 1030.

6.55. Total Liquidity Outflows is calculated from Template C52.00. Paragraphs 5.64 and 5.65 of this guidance note details how to calculate this amount.

6.56. Template C53.00 contains a "Total Cash Inflows Excluded due to the cap" field; however it does not contain a formula to calculate this amount. This calculation should be done separately and the total amount reported in row 990 of the template. The formula for this is as follows:

If A > (Cx75%), D = A – (Cx75%)

If A ≤ (Cx75%), D = 0

Where:

(A) Total Capped Inflows

(B) Total Cash Inflows Exempt from the cap

(C) Total Liquidity Outflows

(D) Total Cash Inflows Excluded due to the cap

(E) Total Liquidity Inflows

6.57. **Total Liquidity Inflows,** using the above notation, is calculated as follows:

E = A + B – D

E (Total Liquidity Inflows) = Total Capped Inflows plus Total Cash Inflows Exempt from the cap minus (Total Cash Inflows Excluded due to the cap when Total Capped Inflows is greater than 75% of Total Liquidity Outflows)

7 Collateral Swaps

7.1. Template C54.00 of the ITS on Supervisory Reporting captures the notional and market value of collateral swaps where the institution has obtained Level 1 HQLA by way of a collateral swap using non-Level 1 HQLA as collateral.

7.2. Two types of transactions are reported in this template, those collateral swaps described above that mature within the 30 day horizon of the LCR and those collateral swaps described above with a maturity of greater than 30 days.

7.3. Non- Level 1 HQLA is termed "other assets" in template C54.00. When this is used as collateral in relevant collateral swaps, the notional value shall be reported in columns 010 or 030, and the market value shall be reported in columns 020 and 040, depending on the residual maturity.

7.4. This template will be used to assess whether secured lending and collateral swap transactions have been properly unwound and should be used in the calculation of Total Stock of HQLA.

Annex I

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

1. The calculation of the 40% cap on Level 2 assets shall 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.

3. Further, the calculation of the 15% cap on Level 2B assets shall 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 the 40% cap is binding, up to a maximum of 1/4 of the adjusted amount of Level 1 assets, both after haircuts have been applied.

4. 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 Articles 416 and 417 of CRR. 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 Articles 416 and 417 of CRR. 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 Articles 416 and 417 of CRR. In this

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

5. 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 = Max (Adjusted Level 2B – 15/85*(Adjusted Level 1 + Adjusted Level 2A), Adjusted Level 2B - 15/60*Adjusted Level 1, 0)

Adjustment for 40% cap = Max ((Adjusted Level 2A + Adjusted Level 2B – Adjustment for 15% cap) - 2/3*Adjusted Level 1 assets, 0)

6. Alternatively, the formula can be expressed as:

Stock of HQLA = Level 1 + Level 2A + Level 2B – Max ((Adjusted Level 2A+Adjusted Level 2B) – 2/3*Adjusted Level 1, Adjusted Level 2B – 15/85*(Adjusted Level 1 + Adjusted Level 2A), 0)

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