

Reporting Form ARF 210.2

Minimum Liquidity Holdings Ratio

Instructions

These instructions assist completion of *Reporting Form ARF 210.2 Minimum Liquidity Holdings (MLH) Ratio* (ARF 210.2). ARF 210.2 collects information for the calculation of the MLH ratio of an authorised deposit-taking institution (ADI). In completing these forms, ADIs should refer to *Prudential Standard APS 210 Liquidity (APS 210)* and *Prudential Practice Guide APG 210 Liquidity (APG 210)*.

Reporting Level

ARF 210.2 is to be completed by MLH ADIs at Level 1 and Level 2 for locally incorporated ADIs and the domestic book of the licensed ADI for foreign ADIs.

For the purpose of reporting ARF 210.2, where an ADI is the originator of securitised assets in a securitisation, which meets the operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation (APS 120)*, the corresponding liabilities of the securitisation special purpose vehicles (SPV) may be excluded in the calculation of the MLH ratio (paragraph 5 of APS 210).

Reporting basis and units of measurement

ARF 210.2 is to be completed as at the last day of the relevant reporting period i.e. the relevant quarter.

Report all items on ARF 210.2 in accordance with the Australian Accounting Standards unless otherwise specified.

Volume in this form is to be completed in Australian dollars (AUD) in accordance with the units set out for each class of ADI in the following table.

Class of ADI	Units
Australian-owned Bank	Millions of dollars rounded to one decimal place
Foreign Subsidiary Bank	Millions of dollars rounded to one decimal place
Foreign ADI	Millions of dollars rounded to one decimal place
Building Society	Whole dollars with no decimal place
Credit Union	Whole dollars with no decimal place
Other ADIs not included above	Whole dollars with no decimal place

Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates (AASB 121)*.

ADIs are not to net asset and liability items in relation to disclosure of data required in this form unless specifically instructed.

Specific Instructions

The MLH ratio has two components:

- The numerator of the MLH ratio is the stock of liquidity holdings after netting any MLH placements from other ADIs (Section A); and
- The denominator of the MLH ratio is equal to liability base plus off-balance sheet irrevocable commitments (Section B).

For the purposes of ARF 210.2, banks, mutual banks, CUBS and other ADIs refer to an ADI within the meaning of the *Banking Act 1959*.

All derived fields in the form are shaded and specified in the instructions below. Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

Section A: Calculation of MLH

To qualify for the MLH stock, the assets must be unencumbered, except where approved for a prudential purpose by APRA. Assets that can be included as MLH are defined in paragraph 3 of Attachment C of APS 210.

<i>Item 1</i>	Item 1 is a derived item calculated as the sum of Items 1.1 to 1.3. Report <i>cash</i> items in Items 1.1 to 1.3.
<i>Cash</i>	Represents notes and coin, settlement funds due from clearing houses, RBA, banks, mutual banks and other ADIs.
	Report notes and coin in Item 1.1. Include Australian and foreign currency notes and coin. Include notes and coin in transit between any branches or offices and cash floats in Automated Teller Machines (ATMs) of the reporting ADI.
	Report settlement funds due from clearing houses in Item 1.2. Include net claims on recognised clearing houses in Australia such as ASX Clear and ASX Clear (Futures). Include margin deposit accounts.
	Report settlement funds due from the Reserve Bank of Australia (RBA) in Item 1.3.1. Include settlement account balances, securities sold not delivered/security settlements and funds held with the RBA. Report settlement funds due from banks, mutual banks and other

	<p>ADIs in Items 1.3.2, 1.3.3 and 1.3.4 respectively.</p> <p>Include settlement balances – Austraclear and the Reserve Bank Information and Transfer System (RITS) balances.</p> <p>Include amounts owing and in the course of collection in relation to the payments system.</p> <p>Include settlement account balances due.</p>
<p>Items 2 to 5</p>	<p>Report RBA repo-eligible securities in Items 2 to 5.</p> <p>ADIs may select whether debt securities reported in Items 2 to 5 are reported at book value or market value. ADIs must report on a consistent basis for all debt securities and over all periods. Should an ADI want to change the reporting basis from book value to market value or vice versa, prior approval is to be sought from APRA.</p> <p>Item 2 is a derived item calculated as the sum of Items 2.1 and 2.2.</p> <p>Report securities issued by the Australian Commonwealth Government in Item 2.1.</p> <p>Report securities issued by State Government or Territory Central Borrowing Authorities in Item 2.2.</p> <p>Report debt securities guaranteed by the Australian Government in Item 3.</p> <p>Item 4 is a derived item calculated as the sum of Items 4.1 to 4.3.</p> <p>Report debt securities issued by supranationals in Item 4.1.</p> <p>Report debt securities issued by foreign governments in Item 4.2.</p> <p>Report debt securities guaranteed by foreign sovereign governments in Item 4.3.</p> <p>Item 5 is a derived item calculated as the sum of Items 5.1 to 5.3.</p> <p>Report bank bills in Item 5.1.</p> <p>Report certificates of deposit in Item 5.2</p> <p>Report debt securities issued by ADIs in Item 5.3.</p>
<p>RBA repo-eligible securities</p>	<p>RBA repo-eligible securities are debt securities that the RBA will accept as collateral in its domestic market operations. The current</p>

	<p>list of eligible securities is published on the RBA website.</p> <p>For the purpose of the MLH requirement, RBA repo-eligible securities comprise the securities listed in paragraphs 3(b) to 3(e) of Attachment C of APS 210.</p>
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<p>Item 6</p>	<p>Item 6 is a derived item for the total deposits held with other ADIs calculated as the sum of Items 6.1 and 6.2.</p> <p>Item 6.1 is a derived item for the amount of deposits/money market loans placed on a call, 11am or 24 hours basis held with other ADIs.</p> <p>Item 6.2 is a derived item for the amount of deposits invested on other than a call basis (i.e. term deposits) with other ADIs. Only include deposits that are free from encumbrances and where the ADI has written confirmation that the deposit is convertible into cash within a maximum of two business days. Where break costs will be applied to redeem term deposits within 2 business days the deposits must be reported net of the break costs.</p> <p>Report deposits on a call basis held with banks, mutual banks, CUBS and ‘other ADIs not included above’ in Items 6.1.1, 6.1.2, 6.1.3 and 6.1.4 respectively.</p> <p>Report deposits not on a call basis held with banks, mutual banks, CUBS and ‘other ADIs not included above’ in Items 6.2.1, 6.2.2, 6.2.3 and 6.2.4 respectively.</p> <p>An ADI active in multiple currencies must maintain liquid assets consistent with the distribution of its liquidity needs by currency.</p> <p>ADIs must obtain prior approval from APRA to include non-AUD deposits or non-ADI deposits in the MLH stock.</p>
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<p>Item 7</p>	<p>Report other securities for which the ADI has obtained prior approval from APRA to be included as MLH.</p>
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<p>Item 8</p>	<p>Item 8 is a derived item for the total MLH, calculated as the sum of Items 1 to 7.</p> <p>Report in Item 8.1 the amount of deposits placed with ADIs that have a long-term <i>credit rating grade</i> 3 or lower that have been reported under Item 6.</p>
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	Report in Item 8.2 the amount of debt securities (including bank bills and certificates of deposit) issued by ADIs that have a long-term credit rating grade 3 or lower that have been reported under Item 5.
<i>Credit rating grade</i>	Represents grades of credit ratings to which external credit assessment institution (ECAI) ratings are mapped. The mapping of rating grades is defined in Table 9 of Attachment F of <i>Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk</i> .

<i>Item 9</i>	<p>Item 9 is a derived item for the total placements by other ADIs calculated as the sum of Items 9.1 and 9.2.</p> <p>Item 9.1 is a derived item for the total amount of deposits/money market loans placed with the reporting ADI on a call, 11am or 24 hours basis by other ADIs.</p> <p>Item 9.2 is a derived item for the total amount of deposits placed with the reporting ADI on a basis other than at-call, 11am or 24 hours by other ADIs that are withdrawable/convertible into cash within 2 business days.</p> <p>Report in Items 9.1.1, 9.1.2, 9.1.3 and 9.1.4 deposits from banks, mutual banks, CUBS and ‘other ADIs not included above’ respectively.</p> <p>Report in Items 9.2.1, 9.2.2, 9.2.3 and 9.2.4 deposits from banks, mutual banks, CUBS and ‘other ADIs not included above’ respectively.</p>
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<i>Item 10</i>	<p>Item 10 is a derived item for placements by other ADIs in excess of MLH deposits of the reporting ADI and derived by the formula:</p> <p>Max (Item 9 <i>minus</i> Item 6, 0).</p> <p>This item cannot be less than zero. Accordingly if the result is less than zero, zero will be displayed.</p> <p>In the calculation of the total MLH as required by Attachment C of APS 210, placements received from other ADIs must be netted against the total MLH of the reporting ADI.</p> <p>Netting extends across ADIs and is not on a bilateral basis only.</p>
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Item 11	<p>Item 11 is a derived item for the total adjusted MLH.</p> <p>The formula for Item 11 = Item 8 <i>minus</i> Item 9 <i>plus</i> Item 10</p> <p>Note: Item 10 is added back to Item 8 (Total MLH) as ‘Total placements by other ADIs’ is only deducted from the reporting ADI’s total MLH, up to the level of the reporting ADI’s MLH deposits with other ADIs.</p>
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Section B: Calculation of the adjusted liability base

The adjusted liability base for the purpose of calculating the MLH ratio is defined as the sum of liability base and off-balance sheet irrevocable commitments.

Item 1	<p>Item 1 is a derived item for the calculation of the liability base of the MLH ratio.</p> <p>The formula for liability base (Item 1) = Total liabilities (Item 1.1) <i>less</i> Liabilities of securitisation SPVs that meet <i>Prudential Standard APS 120 Securitisation (APS 120)</i> requirements (item 1.2) <i>less</i> Placements by other ADIs up to the amount of MLH deposits of the reporting ADI (Item 1.3).</p> <p>Report the amount for <i>total liabilities</i> in Item 1.1.</p> <p>Report the amount of liabilities of securitisation SPVs (where the reporting ADI is the originator of the securitised assets) that meet operational requirements for regulatory capital relief under APS 120 in Item 1.2.</p> <p>Item 1.3 is a derived item for placements by other ADIs up to the amount of MLH deposits of the reporting ADI.</p> <p>The formula for Item 1.3 = Section A Item 9 <i>less</i> Section A Item 10.</p>
Total liabilities	<p>Represents the total liabilities as defined in <i>Reporting Form ARF 210.3.2 Balance Sheet Maturity – Liabilities and Capital</i> which is equal to the sum of Items 1 to 5 in ARF 210.3.2.</p>

Item 2	<p>Item 2 is a derived item on the sum of Items 2.1 to 2.8.</p> <p>Report <i>off-balance sheet irrevocable commitments</i> in Items 2.1</p>
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	<p>to 2.8.</p> <p>Report the undrawn balances of the commitments that could be drawn during the remaining period of the commitment where the reporting ADI has irrevocably committed to the customer. Balances must not be double counted, each relevant balance is only included in one category.</p> <p>Report in Item 2.1 amounts related to <i>trade related contingencies</i>.</p> <p>Report in Item 2.2 amounts related to <i>guarantees</i>. Exclude amounts reported in Item 2.1.</p> <p>Report in Item 2.3 undrawn amounts related to <i>standby letters of credit</i>. Exclude amounts reported in Item 2.1.</p> <p>Report in Item 2.4 undrawn amounts related to formal <i>standby facilities</i> the ADI has committed to provide to its customers. Exclude commitments related to any APRA-approved industry support arrangements.</p> <p>Report in Item 2.5 undrawn balances related to <i>loans approved but not advanced/funded</i>.</p> <p>Report in Item 2.6 balances available for redraw under redraw facilities related to term loans.</p> <p>Report in Item 2.7 balances available under <i>overdraft agreements</i>.</p> <p>Report in Item 2.8 balances of any other irrevocable commitments. Include liquidity facilities and other commitments to securitisations.</p>
<p><i>Off-balance sheet irrevocable commitments</i></p>	<p>Represents unconditional and binding obligations of the reporting ADI to extend funds.</p> <p>Lines of credit or standby lines which the reporting ADI holds at other institutions to support its operations are excluded from the MLH ratio calculation.</p>
<p><i>Trade related contingencies</i></p>	<p>Represents trade finance related obligations directly underpinned by the movement of goods or the provision of services such as documentary trade letters of credit, documentary and clean collection, import bills, export bills, shipping guarantees and any other trade related contingencies.</p>
<p><i>Guarantees</i></p>	<p>Represents an agreement to be responsible for another party's debt or contractual performance if that other party does not pay or perform.</p>

<i>Standby letters of credit</i>	Represents a letter issued by the ADI to a designated beneficiary to serve as a guarantee for payments made to a specified customer under specified conditions.
<i>Standby facilities</i>	Represents an unconditional commitment by the ADI to lend when the customer makes a request under the facility.
<i>Loans approved but not advanced/funded</i>	Represents loans that have been approved by the ADI but the customer has yet to draw down the funds in relation to the commitment.
<i>Overdraft agreements</i>	Represents accounts which can be overdrawn up to a limit as set out in the agreement.

<i>Item 3</i>	Item 3 is a derived item for the adjusted liability base calculated as the sum of Section B Item 1 and Section B Item 2.
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Section C: Calculation of the MLH ratio

<i>Item 1</i>	Item 1 is a derived item for the MLH ratio calculated as Section A Item 11 divided by Section B Item 3 and multiplied by 100.
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<i>Item 2</i>	Report the ADI's minimum targeted MLH ratio as contained in its Liquidity Management Strategy.
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<i>Item 3</i>	Report the ADI's lowest MLH ratio maintained during the reporting period.
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