14 September 2018

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS (ADI)

AGGREGATE RESULTS ON THE COMMITTED LIQUIDITY FACILITY

The Australian Prudential Regulation Authority (APRA) is today releasing aggregate results on the Committed Liquidity Facility (CLF) established between the Reserve Bank of Australia (RBA) and certain locally incorporated ADIs that are subject to the Liquidity Coverage Ratio (LCR).

APRA implemented the LCR on 1 January 2015. The LCR is a minimum requirement that aims to ensure that ADIs maintain sufficient unencumbered high-quality liquid assets (HQLA) to survive a severe liquidity stress scenario lasting for 30 calendar days. The LCR is part of the Basel III package of measures to strengthen the global banking system.

In December 2010, APRA and the RBA announced that ADIs subject to the LCR will be able to establish a CLF with the RBA. The CLF is intended to be sufficient in size to compensate for the lack of sufficient HQLA (mainly Australian Government Securities and securities issued by the borrowing authorities of the states and territories) in Australia for ADIs to meet their LCR requirements. ADIs are required to make every reasonable effort to manage their liquidity risk through their own balance sheet management before applying for a CLF for LCR purposes.

Committed Liquidity Facility for 2019

All locally incorporated LCR ADIs were invited to apply for a CLF amount to take effect on 1 January 2019. All fifteen ADIs chose to apply. Following APRA's assessment of applications, the aggregate Australian dollar net cash outflow (NCO) of the fifteen ADIs was estimated at approximately $381 billion. The total CLF amount allocated for 2019 (including an allowance for buffers over the minimum 100 per cent requirement) is approximately $243 billion.

($ billion)	2015	2016	2017	2018	2019
Total forecast NCO	410	402	400	387	381
Available AGS and semis	175	195	220	226	225
Total CLF made available	275	245	223	248	243

Yours sincerely,

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