



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

**CIRCULAR NO. 996
Series of 2018**

Subject: Amendments to the Liquidity Coverage Ratio Framework and Minimum Prudential Liquidity Requirements for Stand-alone Thrift Banks, Rural Banks, Cooperative Banks and Quasi-Banks

The Monetary Board, in its Resolution No. 142 dated 25 January 2018, approved the: (1) amendments to the Basel III framework on Liquidity Standards - Liquidity Coverage Ratio (LCR) and Disclosure Standards; (2) introduction of a prudential minimum liquidity ratio for stand-alone thrift banks, rural and cooperative banks and quasi-banks (QBs); and (3) relaxation of certain liquidity requirements, together with the related amendments to the Manual of Regulations for Banks (MORB), the Manual of Regulations for Non-bank Financial Institutions (MORNBFI), and the Manual of Regulations on Foreign Exchange Transactions (FX Manual).

**Part I. Amendments to the Basel III Framework on Liquidity Standards –
Liquidity Coverage Ratio and Disclosure Standards**

Section 1. Subsections 1176.1 to 1176.2 of the MORB covering the guidelines on LCR and disclosure standards are hereby replaced by Subsections X176.1/4176Q.1 to X176.2/4176Q.2 of the MORB/MORNBFI to reflect the amended guidelines on the LCR, which shall be applicable to all universal and commercial banks (UBs/KBs) and their subsidiary banks and quasi-banks (QBs).

“Subsection X176.1/4176Q.1 Liquidity Coverage Ratio (LCR). To promote the short-term resilience of the liquidity risk profile of a bank/QB, it shall maintain an adequate stock of unencumbered high-quality liquid assets (HQLAs) that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. The stock of liquid assets should enable the bank/QB to withstand significant liquidity shocks for at least thirty (30) calendar days, which would give time for corrective actions to be taken by the bank/QB management and/or the Bangko Sentral.

The LCR framework shall apply to all UBs/KBs¹ and their subsidiary banks and QBs on both solo (head office plus branches/other offices) and consolidated (parent bank plus subsidiary financial allied undertakings, but excluding insurance companies) bases.

¹ Including branches of foreign banks

a. *Minimum requirement* - The LCR is the ratio of HQLAs to total net cash outflows. Under a normal situation, the value of the ratio shall be not lower than 100% on an ongoing basis. While the LCR is expected to be met in a single currency (i.e., in peso equivalent terms of all currencies), banks/QBs are expected to be able to meet their liquidity needs in each currency and maintain HQLA consistent with the distribution of their liquidity needs by currency. The detailed LCR framework is provided in Part I of *Appendix 74a/Q-44b*.

b. *Reporting and monitoring requirements* - Covered banks/QBs shall comply with the minimum LCR requirement on a daily basis, and shall have appropriate systems in place to ensure the same. For reporting purposes, covered banks/QBs shall submit a report on their LCR to the Bangko Sentral, through the Supervisory Data Center (SDC), on both solo and consolidated bases, in accordance with the following timelines:

Reporting Details	Solo Basis	Consolidated Basis
Frequency	Monthly	Quarterly
Measurement Date	End-of-month	End-of-quarter
LCR Calculation Period	30 calendar days from measurement date	
Submission Deadlines	15 banking/business days from measurement date	30 banking/business days from measurement date

The LCR Reports shall be accompanied by a certification under oath to the effect that the bank/QB has fully complied with the LCR requirement on all calendar days of the reference period in the form provided under *Appendix 74b/Q-44c (Attachment 1)*. The solo and consolidated LCR Reports, together with the Sworn Certification shall be classified as *Category A-1* reports.

While there is no minimum threshold for LCRs in each significant currency, covered banks/QBs shall report the significant currency LCR to the Bangko Sentral for monitoring purposes using the same LCR Report template as of the LCR measurement date. The significant currency LCR shall be reported in the original currency. A currency is considered “*significant*” if the aggregate liabilities denominated in that currency amount to five percent (5%) or more of the banks’ total liabilities as of the measurement date.

The submission of the LCR report shall be subject to the governance process on the quality of bank reporting under Sec. X184 of the MORB. Any non-compliance with the reporting standards, or non-submission or delayed submission of the LCR report and the report on significant currency LCRs shall be subject to the monetary and non-monetary sanctions provided under Subsec. X184.3 of the MORB/fines for delayed reports under Subsec. 4192Q.2 of the MORNBFI.

c. *Implementation* - The implementation of the minimum LCR shall be phased in to help ensure that the banks/QBs concerned can meet the standard through reasonable measures without disrupting credit extension and financial market activities. In order to facilitate compliance, banks/QBs shall undergo an

observation period before the LCR becomes a minimum requirement. The timelines are set out in the table below:

	Observation Period	Minimum LCR	
UBs/KBs	01 July 2016 – 31 December 2017	01 January 2018 and thereafter– 90%	01 January 2019 & thereafter – 100%
Subsidiary Banks and QBs of UBs/KBs	Until 31 December 2018		

Requirements during the observation period. For monitoring purposes, banks/QBs concerned shall submit the LCR Reports quarterly in single currency and per significant currency, on both solo and consolidated bases following the submission deadlines for consolidated reports set out in Item “b”. Any non-submission or delayed submission of the LCR Report during the observation period shall be subject to the monetary and non-monetary sanctions provided under Subsec. X184.3 of the MORB/fines for delayed reports under Subsec. 4192Q.2 of the MORNBF1.

During the observation period, the Bangko Sentral is not precluded from assessing the covered bank’s/QB’s compliance with the LCR requirement. Banks/QBs with LCRs that are already at or near the prescribed minimum should not view the transition period as an opportunity to reduce their liquidity coverage. Where a subsidiary bank/QB of a UB/KB is unable to meet the minimum LCR for two consecutive weeks during the observation period, the bank/QB shall immediately adopt a board-approved liquidity build-up plan. The plan should clearly articulate the bank’s/QB’s defined strategies and timelines for meeting the required LCR by 01 January 2019, and should include estimates of the liquidity ratio at every quarter prior to the effectivity date. The build-up plan shall be submitted to the Bangko Sentral, through the appropriate Central Point of Contact Department (CPCD), within ten (10) banking/business days after it is approved by the board. The CPCD concerned will evaluate the continuing compliance of the bank/QB with the said plan. In case of non-compliance, the Bangko Sentral may require the covered bank/QB to undertake a set of actions. The Bangko Sentral may likewise impose enforcement actions as provided under Section X176.20/4176Q.20 of the MORB/MORNBF1.

Subsection X176.2/4176Q.2 LCR disclosure requirements. To improve the transparency of the regulatory liquidity requirement, enhance market discipline, and reduce uncertainty in the market, covered banks/QBs shall publicly disclose information related to the LCR on solo and consolidated bases as prescribed under Part II of *Appendix 74a/Appendix Q-44b* starting year 2019. The mandatory disclosure requirements in single currency should be published in the quarterly published balance sheet, as well as in the annual reports or published financial reports (e.g., the audited financial statements).”

Section 2. Footnote 3 of Appendix 74a of the MORB is hereby amended as follows:

“The 100% threshold is the minimum requirement absent a period of financial stress, and after the phase-in arrangements are complete.”

Section 3. Part I of Appendix 74a of the MORB is hereby amended to incorporate the liquidity metrics for Level 2 assets, as follows:

“Part I. Liquidity Coverage Ratio (LCR) Framework

I. x x x

x x x

III. LCR Calculation

A. x x x

1. x x x

x x x

B. Stock of HQLA

(1) HQLA eligibility criteria

5. *Asset and market liquidity characteristics.* To qualify as HQLA, assets should have a high potential to generate funds easily and immediately through outright sale or secured borrowing, during a stress scenario without incurring large discounts due to fire-sales. These assets must be liquid and readily-marketable.

6. The liquidity and ready-marketability of an asset is influenced both by its own specific features and by the characteristics of the broader market structure within which it is traded.

7. To assess the relative liquidity and ready-marketability of assets, particularly those that are classified as Level 2 under this Framework, liquidity metrics such as those set out in *Annex A* may be used. The metrics, including the analytical tools, guidelines and methodologies, data used, and threshold levels shall be developed in coordination with the banking industry. These shall be subject to review and updating at least annually to reflect prevailing market liquidity conditions.”

x x x

17. Specific haircuts shall be applied to each Level 2 asset held in the stock. Level 2 assets are limited to the following asset classes:

x x x

Further, the Level 2 assets shall meet the metrics set out in Annex A-1 (Attachment 2), except for securities representing claims on or guaranteed by sovereigns, central banks and MDBs.

x x x"

Section 4. The contents of Appendix 74a are either deleted or renumbered as follows:

Contents	From	To
Scope of Application	Part I.II	Deleted
LCR Calculation	Part I.III	Part I.II
Supervisory Framework For Minimum Liquidity Requirement	Part I.IV	Deleted
LCR Disclosure Requirement	Part II	Deleted (paragraph 1)
Transitional Arrangements	Part III	Deleted

Section 5. All references to "banks" in Appendix 74a of the MORB shall be replaced with "covered banks." The revised regulations under Appendix 74a of the MORB shall be adopted as Appendix Q-44b of the MORNBF1 and shall apply to QBs concerned.

Section 6. The reports mentioned in Item b. of Subsection X176.1 of the MORB/Subsection 4176Q.1 of the MORNBF1 shall be listed in *Appendix 6/Q-3* to account for the reportorial requirements relative to the LCR requirement for subsidiary banks and QBs of UB/KBs. For the reporting template, banks and QBs concerned shall refer to the report form in Attachment 3. The guidelines governing the mode and manner of submission of the electronic reportorial templates shall be covered by a separate issuance.

Part II. Introduction of the Minimum Liquidity Ratio (MLR) for Stand-Alone Thrift Banks, Rural Banks, Cooperative Banks, and Quasi-Banks

Section 7. The following subsections are hereby added to the MORB and MORNBFi:

“Subsection X176.3/4176Q.3 Minimum Liquidity Ratio (MLR) for Stand-Alone Thrift Banks, Rural Banks, Cooperative Banks and Quasi-Banks. To promote short-term resilience to liquidity shocks, banks/QBs shall maintain a stock of liquid assets proportionate to their on- and off-balance sheet liabilities. The prudential MLR requirement applies to all thrift banks (TBs), rural/cooperative banks (RBs and Coop Banks), and QBs that are not subsidiaries of universal or commercial banks (UBs/KBs).

a. Minimum requirement - A prudential MLR of twenty percent (20%) shall apply to banks/QBs on an ongoing basis absent a period of financial stress. The liquidity ratio is expressed as a percentage of a bank’s/QB’s eligible stock of liquid assets to its total qualifying liabilities.

- (1) The stock of liquid assets shall consist of:
 - (a) Cash on hand;
 - (b) Reserves in the Bangko Sentral;
 - (c) Overnight and term deposits² with the Bangko Sentral, including reverse repos where the Bangko Sentral is the counterparty;
 - (d) Eligible debt securities representing claims on or guaranteed by -
 - (i) The Philippine national government (NG) and the Bangko Sentral; or
 - (ii) Sovereigns, central banks of foreign countries, or by multilateral organizations that are assigned a zero percent risk weight under Part III of *Appendix 63c* of the MORB/Subsec. 4116Q.3 of the MORNBFi; and
 - (e) Deposits in other banks.

Provided, That the amounts to be included in the stock of liquid assets are immediately liquefiable and free from encumbrances.

- (2) The qualifying liabilities shall consist of the following:
 - (a) Total liabilities; and
 - (b) Irrevocable obligations under off-balance sheet items, such as:
 - (i) Guarantees issued;
 - (ii) Trade related guarantees;
 - (iii) Letters of credit; and
 - (iv) Other committed credit lines.

² To the extent allowed to be drawn down in times of stress.

b. Reporting and monitoring requirements. Covered banks/QBs shall comply with the MLR on a daily basis, and shall have the appropriate systems in place to ensure the same. For reporting purposes, covered banks/QBs shall submit a monthly report on their compliance with the MLR to the Bangko Sentral, through the SDC. The report shall be submitted on solo basis in peso-equivalent terms using the prescribed form within fifteen (15) business days after the end of the reference period, effective 01 January 2019.

The reports shall be accompanied by a certification under oath to the effect that the bank/QB has fully complied with the MLR requirement on all calendar days of the reference period (Attachment 4). In cases when the MLR is not met but the same do not warrant the submission of a notification to the Bangko Sentral under Item "b" of Subsec. X176.7/4176Q.7 of the MORB/MORNBF, the specific date of the occurrence of the shortfall/s shall likewise be indicated in the certification. These reports shall be considered as *Category A-1 reports*.

In addition, banks/QBs shall use the MLR template to internally measure and monitor their compliance with the prudential requirement for each currency in which they have significant activities. For this purpose, a currency is considered significant if the aggregate liabilities denominated in that currency amount to five percent (5%) or more of the total liabilities as of the MLR measurement date. Banks/QBs are expected to be able to meet their liquidity needs in each currency and maintain a stock of eligible liquid assets consistent with the distribution of their liquidity needs by currency to ensure that risks arising from currency mismatch are properly mitigated.

The submission of the MLR report shall be subject to the governance process on the quality of bank reporting under Sec. X184 of the MORB. Any non-compliance with the reporting standards, or non-submission or delayed submission of the MLR report and the report on significant currency MLRs shall be subject to the monetary and non-monetary sanctions provided under Subsec. X184.3 of the MORB/fines for delayed reports under Subsec. 4192Q.2 of the MORNBF.

c. Implementation. In order to facilitate compliance with the MLR, stand-alone TBs, RBs, Coop Banks, and QBs shall undergo a one-year observation period beginning 01 January 2018 until the MLR takes effect on 01 January 2019.

Requirements during the observation period. During this period, banks/QBs shall submit the MLR report quarterly on a solo basis to the Bangko Sentral, through the SDC. Each quarterly submission shall consist of the MLR reports for each month-end within a reference quarter. The report shall be submitted within thirty (30) banking/business days after the end of each reference quarter. For example, a bank's/QB's submission for the reference period covering 01 January to 31 March 2018 shall consist of the MLR on solo basis as of end-January, end-February and end-March. The report shall be submitted within thirty (30) banking/business days after end-March 2018.

The Bangko Sentral is not precluded from assessing a bank's/QB's compliance with the MLR during the observation period. Banks/QBs with liquidity ratios that are already at or near the prescribed minimum should not view the transition period as an opportunity to reduce their liquidity coverage. Where a bank/QB is unable to meet the MLR for two consecutive weeks during the observation period, the bank/QB shall immediately adopt a board-approved liquidity build-up plan. The plan should clearly articulate the bank's/QB's defined strategies and timelines for meeting the required MLR by 01 January 2019, and should include estimates of the liquidity ratio at every quarter prior to the effectivity date. The build-up plan shall be submitted to the Bangko Sentral, through the appropriate Central Point of Contact Department (CPCD), within ten (10) banking/business days after it is approved by the board. The CPCD concerned will evaluate the continuing compliance of the bank/QB with the said plan. In case of non-compliance, the Bangko Sentral may require the covered bank/QB to undertake a set of actions. The Bangko Sentral may likewise impose enforcement actions as provided under Subsection X176.20/4176Q.20 of the MORB/MORNBFI.

Subsection X176.4/4176Q.4 MLR Disclosure requirements. A bank/QB shall disclose its MLR on a solo basis in its annual report or audited financial statement (AFS), as well as in the quarterly Published Balance Sheet (PBS) starting year 2019."

Section 8. The reports mentioned in Item b of Subsection X176.3 of the MORB/Subsection 4176Q.3 of the MORNBFI shall be listed in *Appendix 6/Q-3* to account for the reportorial requirements relative to the MLR.

Section 9. The reporting template for the MLR is in Attachment 5. The guidelines governing the mode and manner of submission of the electronic reportorial templates shall be covered by a separate issuance.

Part III. Supervisory Framework for the Minimum Prudential Liquidity Requirements

Section 10. The following subsections are hereby added to the MORB and MORNBFI:

"Subsection X176.7/4176Q.7 Supervisory Framework for the Minimum Prudential Liquidity Requirements

a. General Provisions

1. While the minimum prudential liquidity requirements establish common parameters for stress testing, they should be viewed as minimum supervisory requirements. Covered banks/QBs are expected to conduct their own stress tests in accordance with Part IX of *Appendix 74/Q-44a* of

the MORB/MORNBF1 as part of their liquidity risk management process in order to identify the risk drivers that may lead to drastic fluctuations in their liquidity positions. Accordingly, banks/QBs should be able to assess the level of liquidity they should hold, which could possibly go beyond the regulatory minimum.

Where the Bangko Sentral is not satisfied with the adequacy of a bank's/QB's liquidity management framework or where it has particular concerns about a bank's/QB's liquidity exposures, it may require the bank/QB to comply with a higher liquidity requirement.

2. It shall be the responsibility of the board of directors and senior management, or the equivalent governing bodies in the case of foreign bank branches, to institute a system that would ensure compliance with the minimum liquidity requirements, the accuracy of their calculations, and the integrity of the related monitoring and reporting system. It is likewise the responsibility of senior management to report shortfalls in the minimum liquidity requirements both to their board of directors immediately and to the Bangko Sentral within the prescribed timelines.
3. As the stock of liquid assets is intended to serve as a defense against the potential onset of liquidity stress, banks/QBs are allowed to use their stock of liquid assets as necessary during a period of financial stress in order to meet unforeseen liquidity needs, thereby causing the LCR to temporarily fall below the minimum requirement or the MLR to be breached.

Under this condition, the Bangko Sentral will assess the situation to determine the extent to which the reported decline in the LCR/non-compliance with the MLR is due to a bank-/QB-specific or market-wide shock and will accordingly provide the supervisory response necessary to address the circumstances. The action of the Bangko Sentral shall be proportionate to the drivers, magnitude, duration and frequency of the reported liquidity deficit.

In all cases, the Bangko Sentral will be cognizant of the procyclicality of supervisory actions if applied in circumstances of market-wide stress. Likewise, the Bangko Sentral will consider the potential for contagion to the financial system and the additional restricted flow of credit or reduced market liquidity due to actions to maintain a minimum LCR or MLR. Overall, the supervisory response will be based on a forward-looking assessment of macroeconomic and financial conditions of the financial system as a whole.

b. Liquidity ratios below the minimum

In the event that a shortfall in the stock of HQLA/eligible liquid assets occurs on three (3) banking/business days within any two-week rolling calendar period, thereby causing the LCR to fall below the minimum threshold/the MLR to be breached on such days, the bank/QB must notify the Bangko Sentral, through the appropriate supervising department, of such non-compliance within the banking/business day immediately following the occurrence of the third liquidity shortfall, notwithstanding the restoration of the LCR/compliance with the MLR on the day that the shortfall must be reported.

The shortfall notice shall be signed by the bank/QB President or officer of equivalent rank, and by the officer charged with managing the liquidity of the bank/QB. It shall contain the following minimum information:

- (1) The dates the shortfalls occurred;
- (2) The reason/s or factor/s leading to the utilization of the stock of liquid assets and non-compliance with the minimum requirement;
- (3) The action/s the bank/QB has taken and/or will take to achieve full compliance with the minimum requirement;
- (4) The expected duration and possible extent of the shortfall (although this may no longer be applicable if the LCR has been restored/MLR has been met); and
- (5) A commitment to submit its LCR/MLR Report weekly until the bank/QB is able to comply with the required LCR/MLR.

A shortfall will not necessarily result in supervisory or enforcement action; at a minimum, it will entail heightened supervisory monitoring. The shortfall notice, together with the information gathered from the latest report of examination, regular prudential reports, available market information, and, if available, the internal management reports of the bank/QB, will serve as the basis of the Bangko Sentral in making an assessment of the extent of the liquidity deficit. The Bangko Sentral will also assess whether the non-compliance with the minimum requirement is temporary, part of a regular pattern or practice, or caused by an unusual event.

The Bangko Sentral will require effective and timely remedial action from the bank/QB to address the deficiency in its liquidity position within a committed timeline under the following circumstances:

- (1) The liquidity requirement is not met for a prolonged period of time or if the Bangko Sentral has determined that the bank/QB is otherwise materially non-compliant with the minimum LCR or MLR; or
- (2) The reported shortfall is caused by a firm-specific stress situation, i.e., based on operational issues of the bank/QB which are part of an outstanding supervisory concern (such as imprudent management of liquidity consisting of material and/or persistent breaches of liquidity

policies and limits, large funding mismatches and/or concentrations, undue reliance on high cost funds).

Subject to the approval of the Monetary Board, banks/QBs may continue to have access to the credit and liquidity facilities of the Bangko Sentral during the period that the liquidity requirement is being restored notwithstanding non-compliance with standard conditions of access to such facilities that pertain to a bank's/QB's liquidity position."

Section 11. Subsection 1176.3 of the MORB on sanctions is hereby deleted. The following subsections of the MORB and MORNBF1 are hereby amended to read as follows:

"Subsection X176.20/4176Q.20 *Supervisory enforcement actions.* Consistent with Section X009/4009Q of the MORB/MORNBF1, the Bangko Sentral may deploy enforcement actions xxx and bring about timely corrective actions. xxx. Sanctions may likewise be imposed on a bank/QB and/or its directors, officers and/or employees.

The Bangko Sentral reserves the right, upon authority of the Deputy Governor, SES, to require the submission of reports and information prescribed under Item "b" of Subsec. X176.1/4176Q.1 and under Item "b" of Subsec. X176.3/4176Q.3 outside the regular reporting periods, and to conduct on-site inspections outside of regular or special examinations, for the purpose of ascertaining the accuracy of calculations of the minimum liquidity requirement/s as well as the integrity of the related monitoring and reporting systems.

If a bank/QB experiences a shortfall in respect of its minimum prudential liquidity requirement and fails to restore its liquidity position within the committed timeline, the Bangko Sentral may deploy more stringent enforcement actions. In cases where a bank's/QB's liquidity problem is deemed to be exceptionally serious from the outset, or when the bank/QB refuses to restore the required liquidity position, the Bangko Sentral may employ more drastic measures based on existing laws, rules and regulations."

Part IV. Relaxation of Liquidity Metrics for Thrift Banks, Rural Banks, Cooperative Banks and Quasi-Banks

Section 12. The relaxation of the following liquidity metrics under the FX Manual shall take effect on 01 January 2019 for TBs, RBs and Coop Banks:

- (a) The 30% cover for foreign currency liabilities in their respective foreign currency deposit units (FCDUs) in the form of liquid assets; and
- (b) The foreign currency cover in the same currency as that of the corresponding

foreign currency deposit liabilities.

a. Section 73 of the FX Manual is hereby amended as follows:

“Section 73. Foreign Currency Cover Requirements. Depository banks under the foreign currency deposit and expanded foreign currency deposit systems shall maintain at all times a 100% cover for their foreign currency liabilities, except for USD-denominated repurchase agreements (R/P) with the BSP. *Provided,* That violation of the terms and conditions of the USD-denominated R/P facility shall subject the borrowings of the bank to the FCDU/EFCDU asset and liquid asset cover requirements. For purposes of complying with these requirements, the principal offices in the Philippines of the authorized banks and all their branches located therein shall be considered a single unit. The foreign currency cover shall consist of the net carrying amount of the following:

1. xxx

2. xxx

3. Further, at least thirty percent (30%) of the cover requirement for foreign currency liabilities in the FCDU/EFCDU shall be in the form of liquid assets until 31 December 2018.

Effective 01 January 2018, the liquid asset cover requirement for FCDU/EFCDU liabilities shall be as follows:

	Liquid asset cover
UBs/KBs	0%
TBs and RBs/Coop Banks	30%

Effective 01 January 2019, the liquid asset cover requirement for FCDU/EFCDU liabilities shall be as follows:

	Liquid asset cover
UBs/KBs/TBs and RBs/Coop Banks	0%

Assets eligible as liquid asset cover for FCDU/EFCDU shall be as follows:

- a. Foreign currency cash on hand;
- b. xxx
- c. xxx
- d. xxx
- e. xxx
- f. xxx
- g. xxx
- h. xxx

i. Due From Head Office/Branches/Agencies Abroad - FCDU up to the extent of the Due To Head Office/Branches/Agencies Abroad - FCDU. Any resulting balance of *Net Due From Head Office/Branches/Agencies Abroad - FCDU* shall not be eligible for thirty percent (30%) liquid asset cover.

"The 100% asset cover and thirty percent (30%) to be held in the form of liquid assets enumerated above, shall be unencumbered, except as otherwise provided in the second paragraph of Item f of Section 73.1.

"The applicable template on certification of compliance with the FCDU/EFCDU cover requirements shall be as follows:

- Appendix 15.1, which shall be in effect until 31 December 2017; and
- Appendix 15a for UBs/KBs starting 01 January 2018, and for TBs, RBs and Coop Banks starting 01 January 2019.
- Appendix 15b for TBs, RBs and Coop Banks from 01 January to 31 December 2018.

"Sanctions: xxx"

b. Section 75 of the FX manual is hereby amended as follows:

"Section 75. Currency Composition of the Cover. FCDUs of TBs and RBs and Coop Banks shall maintain the foreign currency cover in the same currency as that of the corresponding foreign currency deposit liability until 31 December 2018. Starting 01 January 2019, TBs, RBs and Coop Banks may maintain the foreign currency cover in any foreign currency acceptable with the Bangko Sentral.

"FCDUs/EFCDUs of UBs/KBs shall maintain not less than seventy percent (70%) of the foreign currency cover in the same currency as that of the liability and thirty percent (30%) or less, at the option of the FCDU/EFCDU, may be denominated in other acceptable foreign currencies until 31 December 2017. Starting 01 January 2018, UBs/KBs may maintain the foreign currency cover in any foreign currency acceptable with the BSP."

c. Appendix 15a of the FX Manual shall be replaced with Attachment 6 from 01 January 2019 onwards.

Section 13. The relaxation of the liquidity floor reserve requirement for government funds shall take effect on 01 January 2019 for TBs, RBs and Coop Banks. In this regard, Subsection X240.6 of the MORB is hereby amended as follows:

"Subsection X240.6 Liquidity floor. Unless otherwise prescribed by the Monetary Board, authorized government depository banks other than the Bangko Sentral, and authorized private banks shall, inclusive of the required reserves against deposits and/or deposit substitutes, maintain a fifty percent (50%) liquidity floor with respect to deposits of, borrowings from, and all other liabilities to, the

Government and government entities, in the form of transferable government securities which represent direct obligations of the National Government, until 31 December 2017.

Effective 01 January 2018, the liquidity floor reserve requirements shall be as follows:

	Required liquidity floor	
For UBs/KBs	0%	Government deposits and government deposit substitutes shall continue to be subject to the reserve requirements provided under Section X253.
For TBs and RBs and Coop Banks	50%	Inclusive of the required reserves against deposits and/ or deposit substitutes.

Effective 01 January 2019, the liquidity floor reserve requirements shall be as follows:

	Required liquidity floor	
For UBs/KBs/ TBs/RBs/ Coop Banks	0%	Government deposits and government deposit substitutes shall continue to be subject to the reserve requirements provided under Section X253.

xxx"

Section 14. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


NESTOR A. ESPENILLA, JR.
Governor

08 February 2018

**Appendix 74b/Q-44c
(Appendix to Subsec. X176.1/4176Q.1)**

**(FORMAT)
SWORN CERTIFICATION OF COMPLIANCE WITH
THE LIQUIDITY COVERAGE RATIO (LCR) REQUIREMENTS**

<NAME OF BANK/QB>

CERTIFICATION

Pursuant to Subsection X176.1/4176Q.1 of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions, we hereby certify that the Bank/QB has fully complied with the minimum LCR requirement on all calendar days of the month ended _____ 20__.

We further certify to the best of our knowledge that the above statement is true and correct.

President/CEO or Country Head
TIN:

[Other authorized signatories for Category A-1 report]
TIN:

TIN:

*[Officer Responsible for the
Management of Liquidity]*
TIN:

Compliance Officer
TIN:

SUBSCRIBED AND SWORN TO before me this ___ day of _____ 20__,
at _____, Philippines affiant/s exhibiting their government-issued
identification cards as follows:

NAME	GOVERNMENT-ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE

Witness my hand and notarial seal on the date and place above-written.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 20__.

(In case of occurrences of non-compliance during the month, the certification should read as follows:)

Pursuant to Subsection X176.1/4176Q.1 of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBF), we hereby certify that the Bank/QB has fully complied with the minimum LCR requirement on all calendar days of the month ended _____ 20__, except on *(example)*:

Dates (Day)	LCR Compliance (%)
11 January 2018 (Thursday)	99.56%
15 January 2018 (Monday)	98.10%
16 January 2018 (Tuesday)	98.97%

A shortfall notice containing the minimum information required under Appendix 74a/Q-44b of the MORB/MORNBF was submitted to the Bangko Sentral on _____, through the appropriate Central Point of Contact Department (CPCD).

We further certify to the best of our knowledge that above statement is true and correct.

 President/CEO or Country Head
 TIN:

[Other authorized signatories for Category A-1 report]
 TIN:

TIN:

[Officer Responsible for the Management of Liquidity]
 TIN:

 Compliance Officer
 TIN:

SUBSCRIBED AND SWORN TO before me this ___ day of _____ 20__, at _____, Philippines affiant/s exhibiting their government-issued identification cards as follows:

NAME	GOVERNMENT-ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE

Witness my hand and notarial seal on the date and place above-written.

 NOTARY PUBLIC

Doc. No. ____;
 Page No. ____;
 Book No. ____;
 Series of 20__.

LIQUIDITY METRICS FOR LEVEL 2 ASSETS

Pursuant to paragraph 17 of Part I.III. of *Appendix 74a/Q-44b*, a security must meet the following metrics to be eligible as a Level 2 Asset:

- (a) The security has a long term issuer rating that is investment grade or its equivalent;
- (b) The security is traded in the secondary market with an ample number of market participants on both the buying and selling side of transactions; and
- (c) There is a means to obtain market information on a security (i.e., bid, ask and done price). For peso securities, information on trade volume should also be available.

DEADLINE: 15 banking days after
end of LCR measurement
date (solo basis)

30 banking days after
end of LCR measurement
date (consolidated basis)

SUBMISSION: Original copy to the
Supervisory Data Center (SDC)

FOR UNIVERSAL BANKS/COMMERCIAL BANKS AND THEIR SUBSIDIARY BANKS AND QUASI-BANKS

_____	_____
(Name of Bank/QB)	(Code)

Address	

BASEL III LIQUIDITY COVERAGE RATIO REPORT

(Indicate if for Solo Basis or Consolidated Basis)

(Indicate if for "SINGLE CURRENCY" or for "PHP" or for "USD"/"EUR"/"CNY"/"JPY", etc.)
CURRENCY

As of _____ (Month/Quarter-end)

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

We solemnly swear that all matters set forth in this report and all its supporting schedules are true and correct, to the best of our knowledge and belief.

[Signatures of Category A-1 Authorized Signatories]

(Signature of _____)
(Officer charged with liquidity management function)

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____, 20____,
affiants exhibiting to me their Community Tax Certificates, to wit:

Name	CTC No.	Date/Place Issued
_____	_____	_____
_____	_____	_____

Notary Public
Until December 31, 20____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

(Name of Bank/QB)

Name of Bank/QB

Basel III LCR Report

(Solo / Consolidated)

As of (Month/Quarter-End)

(Indicate if for "SINGLE CURRENCY" or for "PHP" or for "USD"/"EUR"/"CNY"/"JPY", etc.)

PART I. CALCULATION OF LIQUIDITY COVERAGE RATIO (In Absolute Amount)			
Item	Nature of Item	Reference	Weighted Amount
A. Total Stock of High-Quality Liquid Assets (After Cap) [Net of A.3 and A.4]			0.00
A.1 Stock of Level 1 Assets		Part II, Item A	0.00
A.2 Stock of Level 2 Assets		Part II, Item B	0.00
A.3 Total Stock of High Quality Liquid Assets (Before Cap) [Sum of A.1 and A.2]		Part II, Item C	0.00
A.4 Adjustment for 40% Cap on Level 2 Assets		Part II, Item D	0.00
B. Total Net Cash Outflows [Net of B.1 and B.2]			0.00
B.1 Total Expected Cash Outflows		Part III, Item I	0.00
B.2 Total Expected Cash Inflows Before Ceiling		Part IV, Item D	0.00
B.3 Adjustment for 75% Ceiling on Cash Inflows		Part IV, Item E	0.00
B.4 Total Expected Cash Inflows After Ceiling		Part IV, Item F	0.00
C. LIQUIDITY COVERAGE RATIO [A/B]			0.00%

(Name of Bank/QB)

Name of Bank/QB

Basel III LCR Report

(Solo / Consolidated)

As of (Month/Quarter-End)

(Indicate if for "SINGLE CURRENCY" or for "PHP" or for "USD"/"EUR"/"CNY"/"JPY", etc.)

PART II. TOTAL STOCK OF HIGH-QUALITY LIQUID ASSETS (HQLAs) (In Absolute Amount)				
Item	Nature of Item ^{1f}	Amount ^{2f} (a)	Factor (b)	Weighted Amount (a x b)
A. Stock of Level 1 Assets [Sum of A(1) to A(4)]		0.00		0.00
(1) Cash on hand		0.00	100%	0.00
(2) Bank reserves in the BSP (including excess reserves)		0.00	100%	0.00
(3) Overnight and term deposits with the BSP, including reverse repurchase transactions where the BSP is the counterparty		0.00	100%	0.00
(4) Eligible securities ^{3f} that are — [Sum of A(4)(a) and A(4)(b)]		0.00		0.00
(a) Issued or guaranteed by the Philippine National Government (NG) and the BSP ^{4f} [Sum of A(4)(a)(i) to A(4)(a)(ii)]		0.00		0.00
(i) Peso - Denominated		0.00	100%	0.00
(ii) Foreign Currency - Denominated ^{5f}		0.00	100%	0.00
(b) With a 0% Basel II credit risk weight issued or guaranteed by — [Sum of A(4)(b)(i) to A(4)(b)(ii)]		0.00		0.00
(i) Sovereigns, central banks or public sector entities (PSEs) of foreign countries		0.00	100%	0.00
(ii) Multilateral organizations ^{6f}		0.00	100%	0.00
Add / Deduct:				
A.1 Adjustments to Stock of Level 1 Assets [Net of A.1(1) and A.1(2)]		0.00		0.00
(1) Add: Level 1 assets lent or placed as collateral under short-term ^{7f} secured funding, secured lending or collateral swap transactions [Sum of A.1(1)(a) & A.1(1)(b)]		0.00		0.00
(a) Cash or deposits with the central bank		0.00	100%	0.00
(b) Level 1 eligible securities		0.00	100%	0.00
(2) Deduct: Level 1 assets borrowed or received as collateral under short-term ^{7f} secured funding, secured lending or collateral swap transactions [Sum of A.1(2)(a) & A.1(2)(b)]		0.00		0.00
(a) Cash or deposits with the central bank		0.00	100%	0.00
(b) Level 1 eligible securities		0.00	100%	0.00
A.2 Adjusted Stock of Level 1 Assets^{8f} [Sum or Net of A and A.1]		0.00		0.00
B. Stock of Level 2 Assets [Sum of B(1) to B(4)]		0.00		0.00
(1) Eligible securities ^{3f} with a 20% Basel II credit risk weight issued or guaranteed by — [Sum of B(1)(a) to B(1)(c)]		0.00		0.00
(a) Government-Owned and Controlled Corporations (GOCCs) and Local Government Units (LGUs)		0.00	85%	0.00
(b) Sovereigns, central banks or PSEs of foreign countries		0.00	85%	0.00
(c) Multilateral development banks (MDBs)		0.00	85%	0.00
(2) Eligible securities ^{3f} with a 50% Basel II credit risk weight issued or guaranteed by — [Sum of B(2)(a) to B(2)(c)]		0.00		0.00
(a) Government-Owned and Controlled Corporations (GOCCs) and Local Government Units (LGUs)		0.00	50%	0.00
(b) Sovereigns, central banks or PSEs of foreign countries		0.00	50%	0.00
(c) Multilateral development banks (MDBs)		0.00	50%	0.00
(3) Eligible corporate securities ^{3f} with long-term credit rating of — [Sum of B(3)(a) and B(3)(b)]		0.00		0.00
(a) At least AA– or its equivalent		0.00	85%	0.00
(b) Between A+ and BBB– or their equivalent		0.00	50%	0.00
(4) Eligible common equity shares ^{3f} that are included in the main index of an organized exchange		0.00	50%	0.00
Add / Deduct:				
B.1 Adjustments to Stock of Level 2 Assets [Net of B.1(1) and B.1(2)]		0.00		0.00
(1) Add: Level 2 assets lent or placed as collateral under short-term ^{7f} secured funding, secured lending or collateral swap transactions [Sum of B.1(1)(a) to B.1(1)(d)]		0.00		0.00
(a) Eligible securities ^{3f} with a 20% Basel II credit risk weight		0.00	85%	0.00
(b) Eligible securities ^{3f} with a 50% Basel II credit risk weight		0.00	50%	0.00
(c) Eligible corporate securities ^{3f} rated at least AA– or its equivalent		0.00	85%	0.00
(d) Eligible corporate securities ^{3f} rated between A+ and BBB– or their equivalent		0.00	50%	0.00
(e) Eligible common equity shares ^{3f} that are included in the main index of an organized exchange		0.00	50%	0.00
(2) Deduct: Level 2 assets borrowed or received as collateral under short-term ^{7f} secured funding, secured lending or collateral swap transactions [Sum of B.1(2)(a) to B.1(2)(d)]		0.00		0.00
(a) Eligible securities ^{3f} with a 20% Basel II credit risk weight		0.00	85%	0.00
(b) Eligible securities ^{3f} with a 50% Basel II credit risk weight		0.00	50%	0.00
(c) Eligible corporate securities ^{3f} rated at least AA– or its equivalent		0.00	85%	0.00
(d) Eligible corporate securities ^{3f} rated between A+ and BBB– or their equivalent		0.00	50%	0.00
(e) Eligible common equity shares ^{3f} that are included in the main index of an organized exchange		0.00	50%	0.00
B.2 Adjusted Stock of Level 2 Assets^{8f} [Sum or Net of B and B.1]		0.00		0.00
C. Total Stock of High Quality Liquid Assets Before Cap Adjustment [Sum of A and B]		0.00		0.00
D. Adjustment for 40% Cap on Level 2 Assets [Max {B.2 – ½*A.2, 0}]		0.00		0.00
E. Total Stock of High Quality Liquid Assets After Cap Adjustment [Net of C and D]		0.00		0.00

- 1/ To be included in the stock of HQLA, the assets owned and the collaterals received under reverse repos/securities borrowings/derivatives transactions must meet the following eligibility criteria as prescribed under Section III.B(1) of the LCR standard:
 - a. Asset and market liquidity characteristics; and
 - b. Operational requirements for monetization.
- 2/ Refers to the outstanding balance of the account as of measurement date, except for debt and equity securities which shall be reported using their current market values.
- 3/ In addition to satisfying the HQLA eligibility criteria, the asset must not be an obligation by a bank or any of a bank's financial allied undertakings in order to be included in the stock.
- 4/ Securities which are guaranteed by the Philippine NG but were issued and remain as liabilities of a bank will not qualify for the stock of HQLA. The only exception is when the bank also qualifies as a GOCC with the highest credit quality, in which case, the securities issued by said bank could qualify for Level 2 assets if all necessary conditions are satisfied.
- 5/ Eligible only up to the amount of the net cash outflows in that specific foreign currency. This only applies to single-currency and consolidated LCR.
- 6/ Include the Bank of International Settlements, the International Monetary Fund, the European Central Bank and European Community and the multilateral development banks (MDBs).
- 7/ Pertains to maturity date up to and including 30 calendar days.
- 8/ The adjusted amount of Level 1 and 2 assets are computed for purposes of calculation of the 40% cap on Level 2 assets to 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. Please refer to Annex B of the Appendix 74a for details.

(Name of Bank/QB)

Name of Bank/QB

Basel III LCR Report

(Solo / Consolidated)

As of (Month/Quarter-End)

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PART III. TOTAL EXPECTED CASH OUTFLOWS (In Absolute Amount)				
Item	Nature of Item ^{1/}	Amount ^{2/} (a)	Outflow Rates (b)	Weighted Amount (a x b)
A. Deposits [Sum of A.1 to A.4]		0.00		0.00
1. Retail funding [Sum of A.1.a to A.1.c]		0.00		0.00
a. Php 500,000.00 and below		0.00	5%	0.00
b. Php 500,000.01 – Php 4,000,000.00		0.00	10%	0.00
c. Over Php 4,000,000.00		0.00	15%	0.00
2. Wholesale funding [Sum of A.2.a. to A.2.c]		0.00		0.00
a. Operational deposits		0.00	30%	0.00
b. Non-operational deposits (including deposits received under correspondent banking and brokering services) [Sum of A.2.b.i to A.2.b.iv]		0.00		0.00
i. Fully insured by the PDIC [Sum of A.2.b.i.(1) and A.2.b.i.(2)]		0.00		0.00
(1) Philippine NG; LGUs; GOCCs; BSP; sovereigns, central banks, PSEs of foreign countries; MDBs		0.00	20%	0.00
(2) Non-financial corporates		0.00	20%	0.00
ii. Not fully insured by the PDIC [Sum of A.2.b.ii.(1) & A.2.b.ii.(2)]		0.00		0.00
(1) Philippine NG; LGUs; GOCCs; BSP; sovereigns, central banks, PSEs of foreign countries; MDBs		0.00	40%	0.00
(2) Non-financial corporates		0.00	40%	0.00
iii. Financial entities (i.e., bank, financial corporates, trust & other fiduciaries, beneficiaries, conduits, SPVs and affiliated entities of the bank)		0.00	100%	0.00
iv. Other wholesale clients not included in the above related categories		0.00	100%	0.00
3. Restricted term deposits ^{3/}		0.00	0%	0.00
4. Deposits pledged as collateral or under hold-out arrangements ^{4/}		0.00	0%	0.00
B. Unsecured Wholesale Funding [Sum of B.1 to B.4]		0.00		0.00
1. Philippine NG; LGUs; GOCCs; BSP; sovereigns, central banks, PSEs of foreign countries; MDBs		0.00	40%	0.00
2. Non-financial corporates		0.00	40%	0.00
3. Financial entities		0.00	100%	0.00
4. Other wholesale clients not included in the above related categories		0.00	100%	0.00
C. Secured Funding^{5/} [Sum of C.1 to C.5]		0.00		0.00
1. Backed by Level 1 assets OR funding provided by the BSP		0.00	0%	0.00
2. Backed by Level 2 assets with 15% haircut		0.00	15%	0.00
3. Backed by non-HQLA AND funding provided by the Philippine NG or by LGUs that are assigned with 20% credit risk weight or lower, or by MDBs		0.00	25%	0.00
4. Backed by Level 2 assets with 50% haircut		0.00	50%	0.00
5. All other maturing secured funding transactions not specified in the above related categories		0.00	100%	0.00
D. Derivatives Contracts [Sum of D.1 to D.2]		0.00		0.00
1. Contractual derivatives cash outflows ^{6/}		0.00	100%	0.00
2. Additional liquidity requirements related to — [Sum of D.2.a to D.2.f]		0.00		0.00
a. Potential valuation changes on non-Level 1 posted collateral securing derivatives and other transactions ^{7/}		0.00	20%	0.00
b. Market valuation changes on derivatives or other transactions ^{8/}		0.00	100%	0.00
c. Downgrade triggers embedded in financing transactions, derivatives and other contracts ^{9/}		0.00	100%	0.00
d. Excess non-segregated collateral held by the bank ^{10/}		0.00	100%	0.00
e. Contractually required collateral which posting is not yet demanded ^{11/}		0.00	100%	0.00
f. Collateral substitution to lower-quality HQLA or non-HQLA ^{12/}		0.00	100%	0.00
E. Structured Financing Instruments (SFIs) [Sum of E.1 and E.2]		0.00		0.00
1. Asset-backed securities ^{13/} and other SFIs		0.00	100%	0.00
2. Asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities [Sum of E.2.i and E.2.ii]		0.00		0.00
a. Debt maturing within the LCR period ^{14/}		0.00	100%	0.00
b. With embedded options in financing arrangements that allow for the return of assets or potential liquidity support ^{15/}		0.00	100%	0.00
F. Committed Business Facilities^{16/} [Sum of F.1 to F.6]		0.00		0.00
1. Retail clients		0.00	5%	0.00
2. Philippine NG; LGUs; GOCCs; sovereigns, central banks, PSEs of foreign countries; MDBs		0.00	10%	0.00
3. Non-financial corporates		0.00	10%	0.00
4. Banks and quasi-banks subject to prudential supervision		0.00	40%	0.00
5. Other financial entities (excluding bank's own structured financing facilities)		0.00	100%	0.00
6. Other entities not included in the above related categories		0.00	100%	0.00
G. Other Contractual Obligations Within a 30-day Period [Sum of G.1 to G.4]		0.00		0.00
1. Other contractual lending obligations to financial institutions not captured in the prior related categories		0.00	100%	0.00
2. Excess of contractual obligations to retail and non-financial entity clients which are not captured in the prior related categories over total contractual inflows from said clients ^{17/}		0.00	100%	0.00
3. Forward transactions that start within and mature beyond the LCR period [Sum of G.3.c to G.3.d]		0.00		0.00
a. Reverse repurchase agreements ^{18/}		0.00	100%	0.00
b. Collateral swaps ^{19/}		0.00	100%	0.00
4. Total other contractual cash outflows not captured in the above related categories ^{20/} (Please enumerate, if any. See table below.)		0.00	100%	0.00

PART III. TOTAL EXPECTED CASH OUTFLOWS
(In Absolute Amount)

Item	Nature of Item ^{1/}	Amount ^{2/} (a)	Outflow Rates (b)	Weighted Amount (a x b)
H. Other Contingent Funding Obligations [Sum of H.1 to H.6]		0.00		0.00
1. Unused portions of commitments to extend credit through credit cards		0.00	3%	0.00
2. Guarantees issued related to trade finance obligations directly underpinned by the movement of goods and/or the provision of services [Sum of H.2.a to H.2.f]		0.00		0.00
a. Sight letters of credit (LCs) outstanding		0.00	3%	0.00
b. Usance LCs outstanding		0.00	3%	0.00
c. Deferred LCs outstanding		0.00	3%	0.00
d. Revolving LCs outstanding		0.00	3%	0.00
e. Export LCs of credit confirmed		0.00	3%	0.00
f. Shipment bond / airway bills		0.00	3%	0.00
3. Unconditionally revocable uncommitted credit lines and business facilities ^{21/}		0.00	3%	0.00
4. Total other contingent funding obligations not captured in the above related categories (Please enumerate, if any. See table below.)		0.00	3%	0.00
5. Total contingent liabilities that will materialize during the LCR period ^{22/} (Please enumerate, if any. See table below.)		0.00	100%	0.00
6. Customer short positions covered by other customers' non-HQLA collateral		0.00	50%	0.00
I. Total Expected Cash Outflows [Sum of A to H]		0.00		0.00

ADDITIONAL ITEMS NOT CAPTURED IN THE ABOVE RELATED CATEGORIES:		Amount
G.4	Other contractual cash outflows [Sum of G.4(1) to G.4(---)]	0.00
(1)		
(2)		
(3)		
(4)		
(5)		

H.4	Other contingent funding obligations — [Sum of H.4(1) to H.4(---)]	0.00
(1)		
(2)		
(3)		
(4)		
(5)		

H.5	Contingent liabilities that will materialize during the LCR period — [Sum of H.5(1) to H.5(---)]	0.00
(1)		
(2)		
(3)		
(4)		
(5)		

- 1/ The calculation of expected cash outflows per category shall be based on the assumptions and provisions set forth under Section III.C of the standard. Where applicable, cash outflows include interests and installments that are expected to be paid during the LCR period.
- 2/ Refers to the outstanding balance (including interests and installments that are expected to be paid during the LCR period) of the account or instrument as of measurement date, except when otherwise stated herein.
- 3/ Refers to term deposits maturing beyond the 30-day LCR period and are contractually/legally restricted for withdrawal within the LCR period (e.g., LTNCTDs maturing beyond the 30-day LCR period).
- 4/ Refers to deposits pledged/held-out securing credit facility or loan which will mature or be settled beyond the LCR period and are contractually/legally restricted to be withdrawn until said loan is fully paid/settled.
- 5/ The cash outflow shall be calculated based on the amount of funds raised through the transaction and not on the value of the underlying collateral. In case of collateral swaps or collateral lending transactions, the outflow amount shall be based on the current market value of the asset received.
- 6/ Using the bank's existing valuation methodologies, derivatives cash flows shall be calculated as follows:
 - a. On a gross basis (i.e., inflows cannot offset outflows) by counterparty, except for contracts that inherently require net settlement (e.g., non-deliverable forward foreign exchange contract) which may reflect a net cash flow figure.
 - b. Where derivative payments are collateralized by HQLA, net of any corresponding cash payment or collateral inflows that would result, all other things being equal, from contractual obligations for cash payment or collateral to be provided to the bank; provided, the bank will be legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received.
In case of "in the money" options, said options shall be assumed to be exercised when they are "in the money" to the option buyer.
- 7/ The outflow shall be calculated based on the notional amount required to be posted as collateral after applying the relevant haircut prescribed for Level 2 assets and as agreed for non-HQLA assets; and net of collateral received on a counterparty basis (provided that the collateral received is not subject to restrictions on re-use or rehypothecation).
- 8/ Refers to the largest fluctuation in the amount of collateral posted for the last 24 months preceding the LCR measurement date, calculated as follows:
 - a. For each day, sum up the current market value of all collaterals posted by the bank for its derivatives contracts and other transactions; then,
 - b. For every 30-day period (apply a 30-day moving window), find the difference between the highest and the lowest amount of accumulated collateral posted; then,
 - c. Among the approximately 730 observed differences, determine the largest amount of difference in collateral posted.
- 9/ The outflow shall be equivalent to the additional collateral or contractual cash outflow required in the contract that will have to be posted or funded.
- 10/ The outflow shall be based on the market value of the collateral held.
- 11/ The outflow shall be based on the market value of the collateral that will have to be posted.
- 12/ If HQLA collateral (e.g., Level 1 assets) may be substituted for Level 2 assets (e.g., Level 2 assets), the outflow amount shall be based on the market value of the received HQLA collateral after applying the respective haircut in the LCR. For substitution for other HQLA collateral of a lower liquidity value, an outflow amounting to the market value of the received collateral multiplied by the difference between the haircuts of the received collateral and the potential substitute collateral should be applied.
- 13/ The outflow shall be based on the total outstanding amount of these instruments maturing within the 30-day period.
- 14/ The outflow shall be based on the amount of the maturing debt.
- 15/ The outflow shall be based on the amount of assets that could potentially be returned, or on the liquidity required.
- 16/ The outflow shall be calculated using the currently undrawn portion of each committed obligation, net of HQLA collateral, if any, provided (i) the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn; and (ii) there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the committed obligation to the extent that this collateral is not already counted in the stock of HQLA.
- 17/ Provided the total of all contractual obligations to extend funds to retail and non-financial corporates within the next 30 calendar days (not captured in the prior categories) exceeds 50% of the total contractual inflows due in the next 30 calendar days from these clients.
- 18/ For forward reverse repos (with a binding obligation to accept), the cash outflow should be netted against the market value of the collateral received after deducting the applicable haircuts.
- 19/ In case of forward collateral swaps, the net amount between the market values of the assets extended and received after deducting the haircuts applied to the respective assets in the LCR counts towards "other contractual outflows" or "other contractual inflows" depending on which amount is higher.
- 20/ Any other contractual cash outflows such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments. Also includes: (i) cash flows arising from purchase of non-HQLA that are executed but not yet settled at the LCR measurement date; and (ii) outflows of HQLA-type assets that are or will be excluded from the bank's stock of HQLA due to operational requirements.
- 21/ The outflow shall be calculated using the undrawn portion of each unconditionally revocable uncommitted obligation.
- 22/ The drawdown shall be calculated based on the contracted amount, on the undrawn portion of the facility, or on the value of the fund or debt instruments, whichever is applicable

(Name of Bank/QB)

Name of Bank/QB

Basel III LCR Report

(Solo / Consolidated)

As of (Month/Quarter-End)

(Indicate if for "SINGLE CURRENCY" or for "PHP" or for "USD"/"EUR"/"CNY"/"JPY", etc.)

PART IV. TOTAL EXPECTED CASH INFLOWS (In Absolute Amount)				
Item	Nature of Item ^{1/}	Amount (a)	Inflow Rates (b)	Weighted Amount (a x b)
A. Secured Lending^{2/ 3/} [Sum of A.1 to A.5]		0.00		0.00
1. Level 1 assets		0.00	0%	0.00
2. Level 2 assets with 15% haircut		0.00	15%	0.00
3. Level 2 assets with 50% haircut		0.00	50%	0.00
4. Margin lending backed by all other collateral		0.00	50%	0.00
5. All other collaterals		0.00	100%	0.00
B. Loans, Receivables and Other Credit Facilities^{3/ 4/} [Sum of B.1 to B.4]		0.00		0.00
1. Retail clients		0.00	50%	0.00
2. Philippine NG; LGUs; GOCCs; sovereigns, PSEs of foreign countries; MDBs		0.00	50%	0.00
3. Non-financial corporates		0.00	50%	0.00
4. Banks; financial corporates; trust and other fiduciaries; beneficiaries; BSP; and central banks of foreign countries		0.00	100%	0.00
C. Other Cash Inflows [Sum of C.1 to C.8]		0.00		0.00
1. Deposits held with other financial institutions for non-operational purposes		0.00	100%	0.00
2. Deposits pledged against an undrawn credit line or business facility		0.00	100%	0.00
3. Cash balances arising from the provision of brokering services and similar arrangements		0.00	100%	0.00
4. Cash balances released from segregated accounts held for the protection of customer trading assets ^{5/}		0.00	100%	0.00
5. Cash inflows associated with non-HQLAs ^{6/}		0.00	100%	0.00
6. Forward transactions that start within and mature beyond the LCR period		0.00		0.00
a. Repurchase agreements ^{7/}		0.00	100%	0.00
b. Collateral swaps ^{8/}		0.00	100%	0.00
7. Net derivatives cash inflows ^{9/}		0.00	100%	0.00
8. Other cash inflows not captured in above inflow categories (Please enumerate, if any. See table below.)		0.00	100%	0.00
D. Total Expected Cash Inflows Before Ceiling [Sum of A to C]		0.00		0.00
E. Adjustment for 75% Ceiling [Max {D – Part III.I*75%, 0}]		0.00		0.00
F. Total Expected Cash Inflows After Ceiling [Net of D and E]		0.00		0.00

ADDITIONAL ITEMS NOT CAPTURED IN THE ABOVE RELATED CATEGORIES:		Amount
C.8	Other cash inflows — [Sum of C.8(1) to C.8(---)]	0.00
(1)		
(2)		
(3)		
(4)		
(5)		

- 1/ Cash inflows considered include only inflows from outstanding exposures that are contractually due within the LCR period, are fully performing, and for which the bank has no reason to expect a default within the LCR period. This shall exclude those instruments or transactions enumerated under Section III.C paragraph 69 of the LCR standard.
With respect to determining the maturity, unless specifically prescribed, the instruments or transactions included in the calculation of expected cash inflows follows the assumptions set forth under Section III.C paragraph 22 of the LCR standard.
- 2/ Includes reverse repos, securities borrowings and collateral swaps with maturities within the LCR period, except those which collateral is re-used (i.e., rehypothecated) and is used to cover short positions that could extend beyond 30 days. Short positions include both instances where in its 'matched book' the bank sold short a security outright as part of a trading or hedging strategy and instances where the bank is short a security in the 'matched' repo book (i.e., it has borrowed a security for a given period and lent the security out for a longer period).
- 3/ Where applicable, cash inflows include interests and installments that are expected to be received during the LCR period. This also includes checks and other cash items.
- 4/ Except revolving credit facilities, includes all credit transactions, either secured or unsecured, that are fully performing and are contractually due within the LCR period. Thus, non-performing loans and past due loans should be excluded.
- 5/ Provided these segregated balances are maintained in HQLA.
- 6/ Also include: (i) cash flows arising from sale of non-HQLA that are executed but not yet settled at LCR measurement date; (ii) interest income from non-HQLA expected to be received within the LCR period; and (iii) HQLA-type assets that are or will be excluded from the bank's stock of HQLA due to operational requirement.
- 7/ The cash inflow to be recognized should be net of the market value of the collateral extended after deducting the applicable haircut.
- 8/ In case of forward collateral swaps, the net amount between the market values of the assets extended and received after deducting the haircuts applied to the respective assets in the LCR counts towards "other contractual outflows" or "other contractual inflows" depending on which amount is higher.
- 9/ Calculated in accordance with the methodology described in Section III.C paragraphs 42 – 45. Where derivatives are collateralized by HQLA, cash inflows are calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by the bank, given these contractual obligations would reduce the stock of HQLA.

AVAILABLE UNENCUMBERED LIQUID ASSETS

(Name of Bank/QB)
Name of Bank/QB
As of (Month/Quarter-End)

Particulars		Amount (In Absolute Gross Amount)			Asset Type	Asset Class	Location (Custodial account/ Country)	Estimated Haircut Required by the Secondary Market (%)	Expected Monetised Value of the Collateral (In PhP Absolute Amount)
Counterparty (Name of Issuer / Borrower)	ISIN	CY	Foreign Currency	Peso Equivalent ^{2/}					
A. Level 1 assets^{1/}									
On-Balance Sheet Items (per FRP Report)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
Off-Books^{3/} (Assets received as collateral and available for re-use/rehypothecation)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
TOTAL LEVEL 1 ASSETS				0.00					0.00
				0.00					0.00
B. Level 2 assets^{1/}									
On-Balance Sheet Items (per FRP Report)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
Off-Books^{3/} (Assets received as collateral and available for re-use/rehypothecation)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
TOTAL LEVEL 2 ASSETS				0.00					0.00
				0.00					0.00
C. Other Available Unencumbered Assets^{4/}									
On-Balance Sheet Items (per FRP Report)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
Off-Books^{3/} (Assets received as collateral and available for re-use/rehypothecation)									
1									0.00
2									0.00
3									0.00
4									0.00
5									0.00
---									0.00
Total				0.00					0.00
TOTAL OTHER AVAILABLE UNENCUMBERED ASSETS				0.00					0.00
				0.00					0.00

Part III.A - Deposits

(Name of Bank/QB)

Name of Bank/QB

As of (Month/Quarter-End)

Account Description	Government ^{1/}	Banks ^{1/}	Financial Corporation ^{1/}	Non-Financial Corporation ^{1/}	Individuals ^{1/}	Trust Department ^{1/}	Non-Resident ^{1/}	Net Due to Head Office/ Branches/Agencies (Philippine Branch of Foreign Banks) ^{3/}	Due to Other Banks ^{4/}	Others ^{5/}	Total
1. Retail Funding^{2/}	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a. 500,000.00 and below											0.00
b. 500,000.01 to 4,000,000.00											0.00
c. 4,000,000.01 and above											0.00
2. Wholesale Funding^{2/}	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a. Operational deposits											0.00
b. Non-operational deposits											0.00
3. Restricted term deposits											0.00
4. Deposits pledged as collateral or under hold-out arrangements											0.00
Total Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1/ Amounts should reconcile with FRP Schedule 22

2/ Net of Restricted term deposits and Deposits pledged as collateral or under hold-out arrangements

3/ Amount should reconcile with the net difference of Due To Head Office/Branches/Agencies (Philippine branch of a foreign bank) (excluding Unremitted Profits) and Due From Head Office/Branches/Agencies (Philippine branch of a foreign bank) (excluding Losses in Operation) of the FRP Balance Sheet. Amount should be zero if difference is Net Due From Head Office/Branches/Agencies (Philippine branch of a foreign bank).

4/ Reconcile with FRP Schedules 39 and 39A maturing within one month

5/ Includes interests expected to be paid to deposit liabilities during the 30-day LCR period

Part III.B & C - Wholesale Funding

(Name of Bank/QB)
 Name of Bank/QB
 As of (Month/Quarter-End)

Account Description	Financial Liabilities Held for Trading ^{1/}	Financial Liabilities Designated at Fair Value through Profit or Loss ^{1/}	Bills Payable ^{1/}	Bonds Payable ^{1/}	Unsecured Subordinated Debt ^{1/}	Redeemable Preferred Shares ^{1/}	Financial Liabilities Associated with Transferred Assets ^{1/}	Derivatives with Negative Fair Value Held for Hedging ^{1/}	Accrued Interest Expense on Financial Liabilities ^{1/}	Finance Lease Payment Payable ^{1/}	Others ^{2/}	Total
Unsecured Wholesale Funding maturing within one month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Philippine NG; LGUs; GOCCs; BSP; sovereigns, central banks, PSEs of foreign countries; MDBs												0.00
2. Non-financial corporates												0.00
3. Financial entities												0.00
4. Other wholesale clients not included in the above related categories												0.00
Secured Funding maturing within one month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Backed by Level 1 assets OR funding provided by the BSP												0.00
2. Backed by Level 2 assets with 15% haircut												0.00
3. Backed by non-HQLA AND funding provided by the Philippine NG or by LGUs that are assigned with 20% credit risk weight or lower, or by												0.00
4. Backed by Level 2 assets with 50% haircut												0.00
5. All other maturing secured funding transactions not specified in the above related categories												0.00
Contractual Derivatives Cash Outflows^{3/}												0.00
Excluded from Cash Outflow / Reported in Other Schedules	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Please specify:												
1												0.00
2												0.00
3												0.00
---												0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1/ Reconcile with FRP Schedules 39 and 39A maturing within one month

2/ Includes installments expected to be paid within the 30-day LCR period to liabilities with residual maturities beyond one month

3/ Should be reported under Part III-Cash Outflow, Item D.1 (Contractual derivatives cash outflows) plus the notional amount of derivatives due within the 30-day LCR period, if any.

Part IV.A & B - Lending

(Name of Bank/QB)
 Name of Bank/QB
 As of (Month/Quarter-End)

Account Description	Due from Other Banks ^{1/}	Financial Assets Held for Trading (excluding equity securities) ^{1/}	Financial Assets Designated at Fair Value through Profit or Loss (excluding equity securities) ^{1/}	Available-for-Sale Financial Assets (excluding equity securities) ^{1/}	Held-to-Maturity Financial Assets ^{1/}	Unquoted Debt Securities Classified as Loans ^{1/}	Loans and Receivables ^{1/}	Loans and Receivables Under Repurchase Agreements and Securities Lending and Borrowing Transactions ^{1/}	Derivatives with Positive Fair Value Held for Hedging ^{1/}	Sales Contract Receivable ^{1/}	Accrued Interest Income from Financial Assets ^{1/}	Others ^{2/}	Total
A. Secured Lending maturing within one month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Level 1 assets													0.00
2. Level 2 assets with 15% haircut													0.00
3. Level 2 assets with 50% haircut													0.00
4. Margin lending backed by all other collateral													0.00
5. All other collaterals													0.00
B. Loans, Receivables and Other Credit Facilities maturing within one month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Retail clients													0.00
2. Philippine NG; LGUs; GOCCs; sovereigns, PSEs of foreign countries; MDBs													0.00
3. Non-financial corporates													0.00
4. Banks; financial corporates; trust and other fiduciaries; beneficiaries; BSP; and central banks of foreign countries													0.00
C. Other Cash Inflows	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Deposits held with other financial institutions for non-operational purposes													0.00
2. Deposits pledged against an undrawn credit line or business facility													0.00
3. Cash balances arising from the provision of brokering services and similar arrangements													0.00
4. Cash balances released from segregated accounts held for the protection of customer trading assets													0.00
5. Cash inflows associated with non-HQLAs													0.00
6. Forward transactions that start within and mature beyond the LCR period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a. Repurchase agreements													0.00
b. Collateral swaps													0.00
7. Net derivatives cash inflows ^{3/}													0.00
8. Other cash inflows not captured in above inflow categories													0.00
D. Excluded from Cash Inflow / Recognized as HQLA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Please specify:													
1													0.00
2													0.00
3													0.00
---													0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1/ Reconcile with FRP Schedules 39 and 39A maturing within one month

2/ Includes installments expected to be received within the 30-day LCR period from assets with residual maturities beyond one month

3/ Should be reported under Part IV-Cash Inflow, Item C.7 (Net derivatives cash inflows) plus the notional amount of derivatives due within the 30-day LCR period, if any.

**Appendix 74c/Q-44d
(Appendix to Subsec. X176.3/4176Q.3)**

**SWORN CERTIFICATION OF COMPLIANCE WITH
THE MINIMUM LIQUIDITY RATIO REQUIREMENT**

<Name of Bank or Quasi-Bank>

CERTIFICATION

Pursuant to Subsection X176.3/4176Q.3 of the Manual of Regulations for Banks/Non-Bank Financial Institutions, I/we hereby certify that —

The Bank/QB has fully complied with the twenty percent (20%) Minimum Liquidity Ratio (MLR) Requirement on all banking/business days of the month/quarter ended _____ <Year>.

The Bank/QB incurred shortfalls on the following days of the month/quarter ended _____ <Year>:

I/We further certify to the best of my/our knowledge that the above statement is true and correct.

(Signature over Printed Name of
President, or Executive Vice President and
Compliance Officer/Chief Accountant/Comptroller)

SUBSCRIBED AND SWORN TO before me this day of 20__, at, _____
Philippines affiant/s exhibiting their government-issued identification cards as follows:

NAME	GOVERNMENT- ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE

Witness my hand and notarial seal on the date and place above-written.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 20__

DEADLINE : 15 banking days after
end of reference month

SUBMISSION : Original copy to the
Supervisory Data Center

**FOR STAND-ALONE THRIFT, RURAL AND COOPERATIVE BANKS AND NON-BANK FINANCIAL INSTITUTIONS WITH
QUASI-BANKING AUTHORITY**

(Name of Bank) (Code)
(Address)

COMPUTATION OF MINIMUM LIQUIDITY RATIO

Solo Basis

As of _____ (Month-End)

REPUBLIC OF THE PHILIPPINES)

_____) S.S.

I/We solemnly swear that all matters set forth in this report and all its supporting schedules are true and correct, to the best of my/our knowledge and belief.

 (Signature over Printed Name of
 President, or Executive Vice President and Chief
 Accountant/Comptroller)

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of _____
_____, 20___, affiant exhibiting to me their Government-issued identification cards as follows:

Name	Government-Issued ID	Date of Issue	Place of Issue

 Notary Public
 Until December 31, 20 _____
 PTR No. _____
 Place: _____

Doc. No. _____
 Page No. _____
 Book No. _____
 Series of _____

Name of Bank/Quasi-Bank
Minimum Liquidity Ratio
 As of (Month-End)
 (in PHP, Absolute Amounts)

PART I. MINIMUM LIQUIDITY RATIO (MLR)			
Item	Nature of Item	Reference	Amount
A.	Stock of Liquid Assets	Part II, Item B	
B.	Qualifying Liabilities	Part III, Item B	
C.	MLR [A divided by B]		
PART II. STOCK OF LIQUID ASSETS			
Item	Nature of Item	Amount	
A.	Stock of Liquid Assets		
(1)	Cash on hand		
(2)	Bank reserves in the BSP		
(3)	Overnight and term deposits with the BSP		
(4)	Reverse repos with the BSP		
(5)	Debt securities representing claims on or guaranteed by -		
(a)	The Philippine national government (NG) and the Bangko Sentral		
(b)	Sovereigns and central banks of foreign countries with external credit ratings of at least AA- or its equivalent		
(c)	Multilateral organizations with external credit ratings of at least AA- or its equivalent		
(6)	Deposits in other banks [Sum of 6(a), 6(b) and 6(c)]	-	
(a)	Deposits in universal and commercial banks		
	Of which, P are deposited with related parties ^{1/}		
(b)	Deposits in thrift banks		
	Of which, P are deposited with related parties ^{1/}		
(c)	Deposits in rural and cooperative banks		
	Of which, P are deposited with related parties ^{1/}		
B.	Total [Sum of A(1) to A(6)]	-	
PART III. QUALIFYING LIABILITIES			
Item	Nature of Item	Amount	
A.	Qualifying Liabilities		
(1)	Total On-Balance Sheet Liabilities		
	Of which, P are deposits by related parties ^{1/}		
	Of which, P are unsecured subordinated debt		
(2)	Irrevocable obligations under off-balance sheet items: [Sum of 2(a) to 2(e)]	-	
(a)	Guarantees issued		
(b)	Trade related guarantees		
(c)	Letters of credit		
(d)	Other committed credit lines		
(e)	Others		
B.	Total [Sum of A(1) and A(2)]	-	

1/ Refer to item "n" of Subsection X141.1 of the MORB/item "(5)(a)" of Subsection 4141Q.3 of the MORNBF1 for the definition of related parties.

**SWORN CERTIFICATION OF COMPLIANCE WITH
THE FCDU/EFCDU COVER REQUIREMENT**

<Name of Bank>

CERTIFICATION

Pursuant to Section 73 of the Manual of Regulations on Foreign Exchange Transactions, as amended, we hereby certify that we have fully complied with the 100% Asset Cover Requirement for FCDU/EFCDU Liabilities on all banking days of the quarter ended _____ <Year>.

We further certify to the best of our knowledge that the above statement is true and correct.

_____ President	_____ Compliance Officer	_____ Head of Treasury Department
TIN: _____	TIN: _____	TIN: _____

SUBSCRIBED AND SWORN TO before me this day of 20__ at, _____
Philippines affiant/s exhibiting their government-issued identification cards as follows:

NAME	GOVERNMENT- ISSUED ID	DATE OF ISSUE	PLACE OF ISSUE

Witness my hand and notarial seal on the date and place above-written.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 20__