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DIRECTIVE Nº 01/2018 OF 15/02/ 2018 ON THE COMPUTATION OF THE LIQUIDITY RATIOS

Pursuant to Law Nº 48/2017 of 23/09/2017 governing the Central Bank of Rwanda, especially in its Articles 8, 9 and 10;

Pursuant to Law Nº 47/2017 of 23 /09/2017 governing the organization of banking, especially in its articles 19, 55, 61, 63, 66, 67 and 117;

Pursuant to Regulation Nº 07/2017 of 19/05/2017 on the Liquidity requirements for banks, especially in its article 15;

The National Bank of Rwanda, hereafter referred to as" Central Bank", decrees:

Article one: Purpose of the Directive

This Directive aims at establishing the guidance on computation of liquidity rations notably the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) of licensed banks.

Article 2: Definition

In this "Directive", unless defined otherwise, the terms used shall have the same meaning as those the law governing the organisation of banking and the Regulation Nº 07/2017 of 19/05/2017 on the Liquidity requirements for banks.

Article 3: Application

The requirements of this Directive apply on a standalone ("Solo") level including overseas operations. Subsequently, for the banks incorporated in Rwanda, the scope is extended to the consolidated ("Group") level.

Article 4: Liquidity requirements and computation

Notwithstanding the regulation no. 03/2012/ of 30/04/2012 on risk management, banks shall assess, plan and maintain liquidity requirements that commensurate with the risk program of the bank in accordance with the guideline annexed to this Directive.

Article 5: Internal control and independent reviews

The bank must conduct periodic reviews of its liquidity assessment and risk management process to ensure its integrity, accuracy, and reasonableness. Effective control of the liquidity computation and reporting requirements shall be reviewed by independent internal control, compliance, internal and external audit functions of the bank.

Article 6: Reporting and Monitoring

Notwithstanding the electronic reports submitted through the automated data flow process, a bank must prepare and submit the appropriate liquidity returns set out in the guideline at the following time.

a) not later than two working days after the end of the reference week, for the for the LCR;
b) not later than 10 calendar days after the last day of each quarter, for the NSFR;

In addition to the liquidity standards, banks will be required to submit liquidity monitoring reports on a monthly and quarterly basis as prescribed in the guideline to enable the Central Bank to monitor effectively the liquidity positions at banks and to take appropriate and timely action at early signs of a liquidity stress.

Article 7: Disclosure requirements

Banks are required to comply with the disclosure requirements set out in the guideline. Banks must publish this disclosure at the same frequency as, and concurrently with, the publication of their financial statements, irrespective of whether the financial statements are audited (i.e. typically quarterly, semi-annually or annually).

Disclosures must either be included in banks' published financial reports or, at a minimum, provide a direct and prominent link to the completed disclosure on the banks' websites or in publicly available regulatory reports.

Article 8: Remedial measures

When the Central Bank determines that a bank is not in compliance with this Directive, it may impose any or all of the corrective actions prescribed in the Regulation on Liquidity requirements of banks.

Article 9: Administrative sanctions

Where the Central Bank determines that a bank is not in compliance with this Directive, it may impose any or all administrative sanctions specified in the law governing the organisation of banking and in the Regulation on Liquidity requirements of banks.

<u>Article 10</u>: Attached guidelines

Guidelines attached hereunder are part and parcel of this Directive.

<u>Article 11</u>: Repealing provisions

All prior provisions contrary to this Directive are hereby repealed.

<u>Article 12</u>: Commencement

This Directive shall come into force on the date of its signature.

Done at Kigali, on 15/ 02/2018

(sé)

RWANGOMBWA John
Governor

GUIDELINES ON THE COMPUTATION OF LIQUIDITY STANDARDS

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1. OVERVIEW

1.1 Introduction

1.1.1 This document provides guidance on the calculation and reporting of the LCR and NSFR (as applicable) for prudential reporting purposes.

1.1.2 The Guideline shall be read together with the Basel Committee on Banking Supervision's (BCBS) *Principles for Sound Liquidity Risk Management and Supervision* as attached in Appendix 1 and NBR's *Guideline on Risk Management (particularly on the section of Liquidity Risk Management)*.

1.1.3 The Basel Committee on Banking Supervision (BCBS) issued the Basel III rules on liquidity risk measurement, standards and monitoring on 16.12.2010. Two minimum standards, viz., the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), were prescribed by BCBS.

1.1.4 LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR goes beyond measuring the need for liquid assets over the next 30 days in a normal environment.

1.1.5 The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on-and off-balance sheet items.

1.1.6 BNR has adopted these Basel III Liquidity Standards with the view to further strengthen liquidity risk management, better comparison with international best practices, facilitate entity rating, Sovereign rating and international fund raising activities.

1.1.7 The Guideline also reflect the prudential reporting of LCR and NSFR for banks, as well as other regulatory report for monitoring.

1.1.8 In the event of any further clarifications on this guideline and or completing the attached returns, please contact the Banking Supervision Department at the Bank on the telephone number below or speak to your persons of contact in the Supervision Department.

Contact Telephone: +250788199000

1.2: Definitions and clarifications

1.2.1 In this Guideline, unless reasonably implied by contextual usage, the following expressions and words are clarified or shall mean:

Definitions:

1. **Available stable funding** or "ASF": the portion of capital and liabilities held by a bank that is expected to be reliable over one year;
2. **Bank:** financial institutions regulated and supervised under banking law**;**
3. **Banks within the same cooperative network**: a group of legally autonomous banks with a statutory framework of cooperation with common strategic focus and brand where specific functions are performed by central institutions or specialized service providers;
4. **Cash:** notes and coins which are legal tender in Rwanda and any other currency freely negotiable and transferable in international exchange markets;
5. **Carrying value**: the amount at which a liability or equity instrument is recorded before the application of any regulatory deductions, filters or other adjustments;
6. **Cash management activity:** the remittance of payments, collection and aggregation of funds, payroll administration, and control over the disbursement of funds in the context of a relationship where the bank provides products and services to a customer to manage his or its cash flows, assets and liabilities, and conducts financial transactions necessary to the customer's affairs or operations;
7. **Central Bank:** the National Bank of Rwanda;
8. **Clearing activity:** the transmission, reconciliation and confirmation of payment orders; daylight overdraft, overnight financing and maintenance of post-settlement balances; and determination of intra-day and final settlement positions in the context of a relationship where the bank provides a service that enables customers to transfer funds (or securities) through direct participants in domestic settlement systems to final recipient;
9. **Committed facilities**: explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties and only include contractually irrevocable or conditionally revocable agreements to extend funds in the future;
10. **Custody activity**: the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, the provision of custody related cash management services, the receipt of dividends and other income, client subscriptions and redemptions, asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer and agency services, including payment and settlement services (excluding correspondent banking), and depository receipts*;* in the context of a relationship where the bank provides services for the safekeeping, reporting, processing of assets or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets;
11. **Encumbered assets:** assets that are pledged to secure, collateralize or credit-enhance any transaction. Encumbered assets include but are not limited to assets backing securities or covered bonds and assets pledged in securities financing transactions or collateral swaps. "Unencumbered assets" means assets that are free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign the asset;
12. **High Quality Liquid Assets (HQLA):** the assets that satisfy the requirements of Chapter 2 of this guideline;

13. **Internal Liquidity Adequacy Assessment (ILAA):** a bank's own assessment of its liquidity profile and needs for High Quality Liquid Assets prepared in accordance with the requirements of this guideline;
14. **Intragroup banking entities**: means the bank's head office; subsidiaries of the bank's head office; and bank subsidiaries/parent of the bank's head office which is not licensed in Rwanda.
15. **Less stable deposits**: deposits that are not fully covered by an effective deposit guarantee scheme or sovereign deposit guarantee, high-value deposits, deposits from sophisticated or high net worth individuals, deposits that can be withdrawn quickly and foreign currency deposits. Buckets of less stable deposits apply a run-off rate of 25%;
16. **Liquidity**: the capacity of a bank to gather or obtain sufficient cash or its equivalent at the right time and at a reasonable price in order to be able to meet its daily financial obligations;
17. **Liquidity facility** is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (eg pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units, etc);
18. **Operational deposits:** deposit that is functionally necessary to provide the operational services such as trust, clearing or custody, settlement, asset management and cash management services. Deposits are provided pursuant to a legally binding agreement, the termination of which is subject to a minimum 30 calendar day notice period or significant switching costs to be borne by the customer;
19. **Rehypothecation:** re-pledging the practice of spending a borrowed security that is ostensibly assigned as collateral in a lending arrangement;
20. **Required stable funding** or "RSF" is the minimum amount of stable funding an ADI is required to hold and is a function of the liquidity characteristics and residual maturities of the various assets held by a bank, including its off-balance sheet ("OBS") exposures;
21. **Retail funding:** deposits placed with a bank by individuals or natural persons and small businesses;
22. **Significant currency** a currency where the aggregate liabilities of the bank denominated in that currency as at the end of the month amounts to 5% or more of the bank's total liabilities;
23. **Stable deposits**: the amount of the retail deposits that are fully insured by an effective deposit guarantee scheme or by a public guarantee that provides equivalent protection and where: the depositors have other established relationships with the bank that make deposit withdrawal highly unlikely; or the deposits are in transactional accounts (eg accounts where salaries are automatically deposited);
24. **Small business customer** or **"SME":** "small and medium sized business enterprise" defined as an unlisted company, unincorporated enterprise such as partnership or sole proprietorship with equity investment of not more than 75 million RWFs;
25. **Trade date:** the date when an order to purchase, sell or otherwise acquire a security is performed. The trade date can apply to the purchase, sale or transfer of bonds, equities, foreign exchange instruments, commodities, futures or any other tradable instrument;.
26. **Wholesale funding**: liabilities and general obligations that are raised from legal persons (ie legal entities-including sole proprietorships and partnerships, non-financial corporates and sovereigns, central banks, multilateral development banks, and Public Sector Entities). Includes secured

(transactions backed by High Quality Liquid Assets or with the bank's domestic sovereign, Public Sector Entities or central bank) and unsecured funding that is callable within the LCR's horizon of 30 days or that has its earliest possible contractual maturity date situated within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity. Wholesale funding that is callable by the funds provider subject to a contractually defined and binding notice period surpassing the 30-day horizon is not included.

Clarification:

1. Where a bank has banking presence (branch or subsidiary) in jurisdictions that adopt the Alternative Liquidity Approaches (ALA), the bank may include the HQLA recognized in these jurisdictions for its calculation of the LCR, up to the amount of the bank's stressed net cash outflows stemming from the bank or its subsidiary's operations in these jurisdictions.
2. Assets approved as "liquid assets" shall include HQLA:
   a) notes and coins which are legal tender in Rwanda and any other currency freely negotiable and transferable in international exchange markets;
   b) balances held at the Central Bank for cash reserves and clearing purposes;
   c) money at call and balances at banks in Rwanda, other than the Central Bank, after deducting balances owed to those banks;
   d) Rwanda treasury bills maturing within a period not exceeding 12 months;
   e) marketable government securities that are held by a bank for trading purposes;
   f) Uncommitted balances at banks outside Rwanda denominated in freely negotiable and transferable currencies withdrawable on demand and money at call outside Rwanda after deducting the balances owed to banks outside Rwanda. However balances held at banks outside of Rwanda will only be considered eligible for inclusion in liquid assets, to the extent that they are held in currencies that are freely convertible.
   g) Commercial bills and promissory notes which are eligible for discount by commercial banks or the Central Bank under the Law governing the National Bank of Rwanda.
   h) Any other asset that shall be approved by the Central Bank.
3. Valuation of Liquid Assets**:** When computing the minimum amount of liquid assets to be held by it on any maintenance day, a bank shall use the following methods to value its liquid assets:
   (a) in the case of its bills of exchange, the book value of those bills of exchange; and
   (b) in the case of its liquid assets (other than bills of exchange), the marked-to-market value of those liquid assets as of the computation day to which that maintenance day relates.
4. All reporting of amounts shall be of the Rwanda francs amount, in round thousands. Currencies shall be translated into the Rwanda francs at the closing spot mid-price on the reporting date.
5. The following provides guidance in course of filling or reporting required information in the monitoring reports by this guideline:
   a) The Central Bank analyses banks' assets and liabilities maturity mismatch into 7 separate time-bands: sight - 8 days; over 8 days - 14 days; 14 days-1 month; over 1 month - 3 months; over 3 months – 6 months; over 6 months - 1 year; and over 1 year.
   b) Reporting of customers: Where the same depositor/lender has made more than one deposit/loan, these shall be aggregated for the purposes of this guideline. Where

deposits/loans have been made by a group of connected depositors, they too shall be aggregated and treated on reporting as one deposit/loan. Fiduciary/agency funds received from another bank/institution shall where possible be reported according to the originator of those deposits.

c) Banks must avoid double counting: Specifically, cash inflows relating to assets that have been recognised as HQLA must not be recognised as inflows. This is most important when considering inflows but shall also be considered when assessing outflows and banks shall seek to identify situations where this principle is breached and consider the guidance provided herein regarding how to deal with the breach; and any assets which have been pledged as collateral are excluded from the ladder; similarly any assets held by institutions as collateral must be excluded. Similar considerations arise with forward sales and purchases. Swaps, forward rate agreements and futures shall be reported according to the cash flows expected to arise.

d) Netting of debts and claims: All claims and liabilities shall be reported gross for liquidity purposes. Reporting institutions are not permitted to net (or offset) claims on counterparties or groups of counterparties against debts owed to those counterparties or groups of counterparties, even where a legal right of set off exists. Where the maturity of the claims and debts falls within the same time band, the claims and debts will automatically offset each other on the return in the calculation of the mismatch.

e) Maturity: Unless otherwise stated, all references to cashflow and maturity reports for the purpose of reporting refer to residual maturity calculated from the return's reporting date.

(i) For supervisory monitoring, the Central Bank will normally wish to gauge the bank's liquidity position on a "worst-case" basis. Therefore cash outflows shall be assumed to occur at their earliest contractual maturity while cash inflows shall be assumed to occur at their latest contractual maturity.

(ii) For deposit liabilities, the earliest repayment date means the first roll-over date or the shortest period of notice required to call or exercise a break clause, where applicable.

(iii) On the other hand loans by the reporting bank are to be entered according to their final maturity.

(iv) Where the bank holds a security where the issuer has the option to repay over a range of dates, the last repayment date shall be taken as the date of repayment, unless notice has been given of redemption at an earlier date. Where the bank has issued such a security the first repayment date shall be taken as the date of repayment, unless notice has been given of redemption at a later date.

(v) Spot foreign exchange deals may, for the time being, be reported on a trade or settlement date basis also include details from previous days which have yet to settle. However, in the future, the Authority would expect all institutions to move toward the adoption of the trade date basis as the norm for reporting such transactions.

(vi) Where a bank has entered into a forward deal where it is fully committed (e.g. a loan/deposit with a start date of two days forward and a spot foreign exchange trade) and the cashflows will take place within the "Sight - 1 week" time band, it shall be reported on the return as such. However, where the bank intends to enter into an

agreement in two days time but has not committed itself, this shall not be reported as this return is intended to be snapshot at the end of the quarter.

(vii) Cashflows arising or assets/liabilities maturing on a non-business day shall be reported as taking place on the following business day.

(viii) Funds callable at one day's notice shall be entered as two-day maturity unless notice has been received or given on the reporting date.

(ix) Where the period to remaining maturity is to be entered in months, it shall be calculated on a calendar month basis starting from the reporting date.

f) Qualifying: Where used in this guideline, the term means qualifying for inclusion as marketable assets or deposit.

g) Marketable securities/assets: Although banks shall normally apply "worst case" assumptions about the timing of inflows and outflows of funds, some categories of asset are clearly marketable and could be readily converted into cash where necessary. The highest quality liquid assets are typically those which can be offered for discount at a central bank; and for all marketable assets a deep and liquid market and a short settlement period are essential characteristics. Discounts/haircuts are applied to reflect that bank may realize less than the market price quoted for an asset; where the bank is seeking to realize assets quickly because of liquidity problems pertaining either to itself, or to general market conditions, or both. The value net of discounts shall be recorded. Where these characteristics apply, and the requirements for such assets set out in the guidelines are met, and where the Central Bank is satisfied that they can be readily sold or repo'd in a deep and liquid market in any conditions (for cash settlement on the day of trade or the following business day) the asset will qualify to be placed in the "Sight - 1 week" time band-for the maturity mismatch report, generally at a discount to its recorded value.

h) Off balance sheet cashflows: For forward sales and purchases, when the bank sells forward-an asset, that particular asset can continue to be reported marketable assets until the date of the forward sale, when the asset leaves the bank's ownership. The inflow of the cash and the outflow of the asset shall still be reported in respect of the "residual maturity" of the deal. Other treatments include.

(i) Swaps, Forward rate agreements (FRAs) and futures shall be reported according to the cashflows they entail. Fixed legs of swaps shall be recorded as the amount of the known cashflow; floating legs of swaps, FRAs and futures will be recorded according to the cashflow implied by their market value at the reporting date.

- Banks shall report all projected flows associated with a swap (including any bullet payments) during the periods where they report on a cashflow basis. Interest amounts on swaps shall only be reported in the cashflow section.
- With currency swaps, where an exchange of principal is effected at the start or maturity of the swap, the two amounts shall be treated as a forward foreign exchange contract and reported in both the cashflow and maturity analysis reporting.
- For interest rate swaps, e.g. a 5-year fixed rate against a 3 month LIBOR swap, banks shall report the known amount of the fixed leg of the cashflow out to the last cashflow time band.

- For fixed legs, the known amount of the fixed leg shall be entered. For floating legs, the amount of the cashflow to be received shall be derived from the swap's present value at yields prevailing at the reporting date and entered as an inflow in the relevant time band. Where the floating leg has been agreed in advance for a specific period, banks shall report the cashflow according to this rate.
- Cashflows arising from FRAs shall only be reported in the cashflow section, NOT in the maturity analysis section. The present marked-to-market value of the FRA, or the settlement amount post fixing, shall be recorded in the time period based on the actual settlement date of the FRA, i.e. when the bank makes a payment or receives funds.

(ii) The treatment of repos, reverse repos, stock lending and stock borrowing is essentially analogous to that of forward sales and purchases. Stock lending and borrowing is treated as being analogous to repo and reverse repo where ownership of the items borrowed and loaned is transferred under the transaction; the item borrowed is then available for sale immediately by the borrowing bank. The following treatment shall therefore be applied:

- The borrowed item shall be reported as marketable securities; the loaned item shall cease to be reported as marketable securities/instruments.
- Report the discounted value of the loaned item as an inflow; report the discounted value of the borrowed item as an outflow in the "Repo/Reverse Repo" line at the maturity of the transaction where both are marketable assets.
- Shall either asset be classed as "non-marketable", the relevant adjustments shall be made to the non-marketable assets.

(iii) Many of the approaches documented herein rely, in part, on contractual cashflow projections. Three issues are addressed here:

- On-demand loans. Where banks extend loans on terms that include the ability of the bank to demand immediate repayment, this shall not be reflected unless the security is in the form of HQLA.
- Interest payments. Interest payments shall only be included on the date, they are due. If banks cannot determine these cashflows, they shall be excluded; and
- Impairments. Items shall be reported net of specific provisions. Where assets or other items giving rise to cashflows are non-performing, poorly performing or there is reasonable doubt about the certainty of receipt of inflows of funds pertaining to them, cashflows arising from them shall not be included as receivable in the time band columns. Where impairment is only identified at portfolio level, the impairment level shall be applied pro-rata to all inflows relating to that portfolio.

i) Deposits considered in this guideline and for the purpose of reporting, shall mean all deposits and accrued interest due to customers (individuals, small business, non-financial or financial corporates) of the bank denominated in the relevant currency or currencies, computed on a gross basis. This include current account deposits, time deposits, savings deposits, call deposits and such other liabilities as the Central Bank may determine.

j) "undrawn commitment" means any arrangement of a bank with any person (including other branches of the bank) which would pose liquidity risk to the bank in the event the person or a third party in whose favour the arrangement is made, utilises or calls upon the commitment,

such as any unutilised portion of a guarantee, any standby letter of credit, any warranty, any standby credit facility, any forward asset purchase, any underwriting arrangements, any credit protection sold by the bank and any liquidity facilities granted by the bank, but does not include any arrangement where the drawdown or utilisation is subject to the approval of the bank at the point of drawdown, and the bank has the unconditional right to refuse drawdown.

k) Liquidity and credit facilities. For the purpose of this guideline, the amount of the commitment to be treated as a liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility. Any additional capacity of the facility (ie the remaining commitment) would be treated as a committed credit facility with its associated drawdown rate as specified in this guideline. General working capital facilities for corporate entities (eg revolving credit facilities in place for general corporate or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

2. COMPUTATION OF LCR

2.1 Minimum Ratio

2.1.1 Every bank must calculate the LCR and meet the minimum requirements taking into account all currencies in which their assets, liabilities and off-balance sheet business are denominated.

2.1.2 The ratio of a bank's stock of high quality liquid assets to its net cash outflows over the 30 day period must not be less than 100 percent at any time.

2.1.3 The Central Bank may require the bank to maintain higher minimum liquidity holdings and or LCR ratios if it has concerns about the bank's liquidity risk profile or the quality of its liquidity risk management.

2.2 High Quality Liquid Assets (HQLA): Characteristics

2.2.1 A bank's high quality liquid assets are those assets which are liquid in markets during stress, because they have:

(a) fundamental characteristics including being low risk, easily valued, having a low correlation with risky assets and being listed on a developed and recognized exchange; high quality liquid assets will also normally be eligible for purchase (or for sale and repurchase transactions) by the Central Bank; and

(b) Market-related characteristics such as being traded in active outright sale or sales and repurchase markets at all times, having low volatility and being those assets in to which the market has tended to move in a systemic crisis.

(c) Operational characteristics, such that there are no operational restrictions on the availability of assets that can prevent them being converted into cash at little or no loss of value in private markets during stressed conditions.

2.3 High Quality Liquid Assets: Eligibility for the LCR

2.3.1 A bank shall include the following category of assets in the calculation of their LCR. HQLA shall comprise of Level 1 or Level 2 HQLA (Level 2A+Level 2B).

2.3.2 A bank shall periodically monetise a representative proportion of the assets in the stock through repo or outright sale, in order to test its access to the market, the effectiveness of its processes for monetisation, the availability of the assets, and to minimise the risk of negative signaling during a period of actual stress.

2.3.3 In calculating the value of HQLA, banks must apply the following factors to each category of eligible asset:

A. Level 1 assets

(a) Cash (LCY+ FCY): **100 percent**

(b) Balance at the Central Bank including claims held to meet the Central Bank's cash reserve requirement (LCY+ FCY, excluding lien): **100 percent**

(c) Marketable securities issued by and being claims on the Government of Rwanda, Central Banks, Multilateral Development banks:

(i) securities having a residual maturity of one year or less: **98 percent**

(ii) securities having a residual maturity of more than one year: **95 percent**

(d) Other qualifying marketable securities with a 0% risk weight: **90 percent**

B. Level 2A assets (maximum of 25% of HQLA)

(a) Qualifying marketable securities with a 20% risk weight: **85 percent**

(b) Qualifying corporate debt securities (including commercial paper and promissory notes): **85 percent**

(c) Qualifying investments in gilt unit trust backed by Government of Rwanda securities: **85 percent**

C. Level 2B assets (maximum of 15% of HQLA)

(a) Qualifying corporate debt securities (including commercial paper and promissory notes) with an External Credit Rating between A+ to BBB- : **50 percent**

(b) Qualifying non-financial common equity shares: **50 percent**

2.3.4 Where a liquid asset can be categorised into different categories of HQLA, a bank shall categorise the liquid asset into the HQLA category with the highest haircut except where expressively provided, or where the bank has obtained the approval of the Central Bank to do otherwise. A bank may apply to the Central Bank for such approval with evidence supporting the less conservative treatment.

2.3.5 A bank shall calculate the cap on Level 2A HQLA and Level 2B HQLA after the application of the required haircuts, and after taking into account the unwinding of short-term securities financing transactions and collateral swap transaction maturing within 30 calendar days that involve the exchange of HQLA. In this context, short term transactions are transactions with a maturity date up to and including 30 calendar days.

2.3.6 Level 2A assets are limited to the following conditions for inclusion on the stock of HQLA:

a) Marketable securities representing claims on or guaranteed by sovereigns, central banks, PSEs or multilateral development banks that satisfy the following conditions:
   (i) assigned a 20% risk weight under the Directive on computation of capital charge for credit risk;
   (ii) have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions (ie maximum decline of price not exceeding 10% or increase in haircut not exceeding 10 percentage points over a 30-day period during a relevant period of significant liquidity stress); and
   (iii) not an obligation of the bank or any of its affiliated entities.

b) Corporate debt securities (including commercial paper) and covered bonds that satisfy the following conditions:
   (i) in the case of corporate debt securities: not issued by the bank or any of its affiliated entities;
   (ii) in the case of covered bonds: not issued by the bank itself or any of its affiliated entities. Covered bonds are bonds issued and owned by a bank and are subject by law to special public supervision designed to protect bond holders.
   (iii) either (i) have a long-term credit rating from a recognized external credit assessment institution (ECAI) of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating; or (ii) do not have a credit assessment by a recognized ECAI but

are internally rated as having a probability of default (PD) corresponding to a credit rating of at least AA-;

(iv) have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions: ie maximum decline of price or increase in haircut over a 30-day period during a relevant period of significant liquidity stress not exceeding 10%.

2.3.7 Level 2B assets are limited to the following conditions for inclusion on the stock of HQLA:

a) Corporate debt securities (including commercial paper) that satisfy the following conditions may be included in Level 2B, subject to a 50% haircut:
   (i) not issued by the bank or any of its affiliated entities;
   (ii) either (i) have a long-term credit rating from a recognized ECAI between A+ and BBB- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating; or (ii) do not have a credit assessment by a recognized ECAI and are internally rated as having a PD corresponding to a credit rating of between A+ and BBB-;
   (iii) have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions, ie a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress.
b) Common equity shares that satisfy the following conditions may be included in Level 2B, subject to a 50% haircut:
   (i) not issued by the bank or any of its affiliated entities;
   (ii) exchange traded and centrally cleared;
   (iii) a constituent of the stock that is listed on the Rwanda Stock Market;
   (iv) denominated in the domestic currency;
   (v) have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions, ie a maximum decline of share price not exceeding 40% or increase in haircut not exceeding 40 percentage points over a 30-day period during a relevant period of significant liquidity stress.

2.3.8 If a liquid asset no longer qualifies as HQLA, (e.g. due to rating downgrade), a bank is permitted to keep such liquid assets as HQLA for an additional 30 calendar days. This would allow the bank additional time to adjust its HQLA as needed or replace the liquid asset.

2.4. Utilisation of HQLA

2.4.1 A bank shall notify the Central Bank in writing of its intent to utilise its HQLA, where it will cause its LCR to fall below the prevailing minimum requirements as described in section 2.1, in a liquidity stress situation prior to the utilization. The bank shall ensure that the notification is accompanied with the following information;

a) provide its justification for the utilisation of HQLA;
b) set out the cause of the liquidity stress situation and to provide supporting documents, where available; and
c) detail the steps which it has taken and is going to take to resolve the liquidity stress situation, to the Central Bank within one business day after the utilisation of its HQLA.

2.4.2 A bank shall also keep the Central Bank informed of material developments during the liquidity stress situation.

2.5 Treatment of high quality Liquid Assets: Additional assets eligible for the LCR

2.5.1 The Central Bank may vary the type of assets when deemed appropriate or permit banks to include other assets in their calculation of high quality liquid assets for the purposes of the LCR provided that it is satisfied that the asset has the characteristics of high quality liquid assets set out in section 2.1.

2.5.2 Where it has decided to recognize an additional type of asset as high quality liquid asset, the Central Bank shall establish a factor, which may not be greater than the factor applicable to securities issued by the government of Rwanda, by which the value of the asset must be multiplied before it shall be included in the calculation of the LCR. The Central Bank may in addition set a limit on the share of the total stock of high quality liquid assets which the asset type may represent.

2.5.3 The Central Bank shall issue an instruction on its decision to vary the asset types or the condition for inclusion of the asset in the LCR.

2.6 Calculation of Net cash outflows for the purposes of the LCR

2.6.1 Banks shall calculate their total net cash outflows for the purposes of the LCR as:

(a) total expected cash outflows calculated in accordance with section 2.7 minus

(b) total expected cash inflows calculated in accordance with section 2.8.

2.6.2 The total expected cash inflows that may be included in the calculation may not exceed 75 percent of the total cash outflows such that at least 25 percent of expected cash outflows are to be met by high quality liquid assets.

Net cash outflows over the next 30 calendar days = Total expected cash outflows – Min {total expected cash inflows; 75percent of total expected cash outflows}

2.6.3 Except where otherwise stated, expected cash outflows and inflows are computed by multiplying the outflow and inflow rates respectively to the outstanding balances of the outflow and inflow items due within 30 days from the computation date.

2.6.4 A bank shall not double count assets and liabilities in the computation of the LCR. If a liquid asset is included as part of HQLA, the cash inflows associated with that liquid asset cannot be counted as part of the total expected cash inflows.

2.6.5 Where transactions can be categorised into multiple categories with different inflow or outflow factors, a bank shall adopt the higher outflow factor or lower inflow factor, as the case may be, except where expressly provided otherwise or where the bank has obtained the approval of the Central Bank to do otherwise.

2.7 Calculation of Total cash outflows

2.7.1 Banks shall calculate the total expected cash outflows by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments due within 30 days, by the rates at which they are expected to run off or be drawn down.

2.7.2 Banks shall include the following in their calculation of outflows. In calculating the value of the outflows, banks shall apply a run-off or draw down factor to each of the following outflow category items, being the rate at which the relevant liabilities are expected to run off or be drawn down:

(a) Demand and savings deposits and term deposits by retail up to and including 30 days:
  (i) Stable deposits: deposits from retail or natural person, where the deposit is insured by the Rwanda Deposit Insurance Fund or the deposits are in transactional accounts (e.g. account where salaries are automatically credited): **3 percent**
  (ii) Less stable deposits: deposits from other retail that are not stable or in excess of deposit insurance limit: **10 percent**

(b) Unsecured wholesale funding:
  (i) Demand and term deposits (less than 30 days maturity) provided by small business customers:
    – Stable deposits: **3 percent**
    – Less stable deposits: **10 percent**
  (ii) Operational deposits generated by banks for clearing, custody and cash management activities: **25 percent, 5 percent for portion covered by deposit insurance fund**
  (iii) Cooperative banks in an institutional network: **25 percent**
  (iv) Deposits from non-financial corporates, sovereigns, central banks, PSEs, multilateral development banks (maturing in up to and including 30 days): **40 percent, 20 percent for entire amount fully covered by deposit insurance scheme**
  (v) Due to banks, insurance companies, pension funds, funds from local and abroad (maturing in 30 days): **100 percent**
  (vi) Any other legal entity customers not included above: **100 percent**

(c) Committed credit and liquidity facilities by customers (maturing within a 30 day):
  (i) Retail and small business customers: **5 percent**;
  (ii) Non-financial corporate, sovereigns and central banks, multilateral development banks, and PSEs: **10 percent for credit, 30 percent for liquidity**
  (iii) Bank subject to prudential supervision: **40 percent**
  (iv) Other financial institutions (include securities firms, insurance companies): **40 percent for credit, 100 percent for liquidity**
  (v) Other legal entity customers, credit and liquidity facilities: **100 percent**

(d) Other contingent funding liabilities (such as revocable credit and liquidity facilities, guarantees, letters of credit, etc):
  (i) Trade finance**: 5 percent**
  (ii) Customer short positions covered by other customers' collateral: **50 percent**
  (iii) Others**: 100 percent**

(e) Net derivatives cash outflows (sum of all net cash outflows due within 30 days): **100 percent**

(f) All other contractual cashflows (maturing in 30 days): **100 percent**

(g) Secured funding:

(i) Secured funding transactions with central bank counterparty or backed by level 1 HQLA with any counterparty: **0 percent**

(ii) Secured funding transactions backed by level 2A HQLA, with any counterparty: **15 percent**

(iii) Secured funding transactions backed by non-level 1 or non-level 2A HQLA, with domestic sovereigns, multilateral development banks, or domestic PSEs with risk weight of 20% or lower as a counterparty: **25 percent**

(iv) All other secured funding transactions: **100 percent**

2.7.3 Where a bank has a branch or subsidiary in other jurisdictions carrying on banking business, the bank shall apply the cash flow rates outlined in this guideline when it calculates its LCR except for deposits from retail and small business customers where the bank shall follow the relevant treatment adopted in the host jurisdiction where the branch or subsidiary operates, subject to the requirements of the Basel Committee's global framework for liquidity risk, shall be interpreted according to the host jurisdiction's equivalent LCR rules.

Retail and small business deposits

2.7.4 Deposits from individuals and SMEs is treated the same way as retail deposits.

2.7.5 Deposits from legal entities: Corporates or partnerships and other legal entities are captured in the wholesale funding categories.

2.7.6 Retail deposits are divided into "stable" and "less stable" as described below.

a) Stable deposits

2.7.7 Stable deposits are those which are fully insured by the Rwanda Deposit Guarantee Fund scheme for banks and microfinance institutions, where:

(i) The depositors have established relationships with the bank such that the deposits highly unlikely to be withdrawn ("established relationships"); or

(ii) The deposits are in transactional accounts (e.g. account commonly used for customers' day-to-day or where salaries are automatically credited).

2.7.8 Where a bank has a branch or subsidiary in other jurisdictions carrying on banking business, and has stable deposits that are fully insured by other effective government deposit insurance schemes, the bank shall follow the relevant treatment adopted in the host jurisdiction where the branch or subsidiary operates.

b) Less stable deposits

2.7.9 Less stable deposits are deposits that are not stable deposits.

2.7.10 Certain types of deposits are considered more likely to be withdrawn in a time of stress. The following criteria for use to establish the less stable deposit accounts by customers:

Criteria	Score
Deposit balance is greater than any deposit guarantee limit where it exists and, in its absence, where the deposit balance is greater than the equivalent of RWFs 500,000 (High-value deposits)	2
Deposits where the internet and other mobile access channels is integral to the design, marketing and usage of the account (Deposit is an on-line account)	2
Depositors that have been attracted to the bank primarily due to the interest rate on offer: Deposits with introductory/promotional interest rates/benefits (Deposit is heavily rate-driven)	2
Deposits from customers who do have established relationships with the bank that would make the deposit withdrawal unlikely (Have an established customer relationship for the last 12 months)	1
'Transactional accounts' are those commonly used for customers' day-to-day banking requirements.	1

Where the total score allocated to the account or product deposit outflow is more than 1 is classified as "Less stable" and assigned a run-off rate of 10 percent.

Treatment of unsecured wholesale funding cash outflows

2.7.11 "Unsecured wholesale funding" is defined as those liabilities and general obligations of persons who are not natural persons and such liabilities and general obligations that are not secured by legal rights to specifically designated assets owned by the person in the event of the bankruptcy, insolvency, liquidation or resolution of the person. Liabilities and obligations related to derivative contracts are explicitly excluded from this definition.

2.7.12 The unsecured wholesale funding included in the LCR is defined as all funding that is callable within 30 calendar days or that has its earliest possible contractual maturity date situated within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity, and includes all funding with options that are exercisable at the counterparty's discretion within 30 calendar days. For options exercisable at the bank's discretion, the bank shall consider reputational factors that may limit the bank's ability not to exercise the option and its impact on unsecured wholesale funding cash outflows.

2.7.13 Unsecured wholesale funding that is callable by such counterparties subject to a contractually defined and binding notice period surpassing the horizon of 30 calendar days is not included.

2.7.14 Unsecured wholesale funding provided by small business or sole proprietor customers is treated the same way as retail deposits i.e. on the same basis as determining stable and less stable deposits and associated cash outflow rates apply.

Treatment of operational deposits generated by clearing, custody and cash management activities

2.7.15 Only operational deposits from customers with qualifying clearing, custody and cash management accounts with the bank ("qualifying operational deposits") are allocated a cash outflow rate of 40%. The portion of operational deposits generated by clearing, custody and cash management activities that is fully covered by any deposit insurance scheme shall receive the same treatment as "stable" retail deposits. To ensure that the banks utilising this treatment are conducting the clearing, custody and cash management activities at the level indicated, banks shall obtain the approval of the Authority to utilise the cash outflow rates set out in this paragraph.

2.7.16 Qualifying clearing, custody or cash management activities shall meet the following criteria:

a) the customer is reliant on the bank to perform these services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days. For example, this condition would not be met if the bank is aware that the customer has adequate back-up arrangements;
b) the bank is providing these services under a legally binding agreement to customers; and
c) the customer may only terminate such agreements either by giving prior notice of at least 30 days or paying significant switching costs (such as those related to transaction, information technology, early termination or legal costs) if the operational deposits are withdrawn before 30 days.

2.7.17 Qualifying operational deposits generated from the qualifying clearing, custody and cash management activities shall meet the following criteria:

a) the deposits are by-products of the underlying services provided by the bank and not sought out in the wholesale market in the sole interest of offering interest income; and
b) the deposits are held in specifically designated accounts and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, such accounts are likely to be non-interest bearing. A bank shall be particularly aware that during prolonged periods of low interest rates, excess balances (as defined below) could be significant.

2.7.18 Any excess balances that may be withdrawn while still leaving sufficient funds to fulfil the qualifying clearing, custody and cash management activities do not qualify as operational deposits.

2.7.19 A bank shall determine the methodology for identifying excess deposits that are excluded from this category. A bank shall conduct the assessment based on the methodology at a sufficiently granular level to adequately assess the risk of withdrawal in an idiosyncratic stress. The methodology shall take into account relevant factors such as the likelihood that wholesale customers have above average balances in advance of specific payment needs, and consider appropriate indicators (e.g. ratios of account balances to payment or settlement volumes or to assets under custody) to identify those customers that are not actively managing account balances efficiently.

2.7.20 Operational deposits would receive a 0% inflow assumption for the depositing bank given that these deposits are required for operational reasons, and are therefore not available to the depositing bank to repay other outflows.

2.7.21 Notwithstanding the inclusion of a deposit into the operational deposit category, if the deposit under consideration arises out of correspondent banking or from the provision of prime brokerage services, a

bank shall treat the deposit as if there were no operational activity for the purpose of determining cash outflow rates.

Treatment of deposits in institutional networks of cooperative banks

2.7.22 An institutional network of cooperative (or otherwise named) banks is a group of legally autonomous banks, and SACCOs with a statutory framework of cooperation with common strategic focus and brand where specific functions are performed by central institutions or specialised service providers. A cash outflow rate of 40% may be applied to the amount of deposits of member institutions with the central institution or specialised central service providers that are placed arising from statutory minimum deposit requirements or in the context of common task sharing and legal, statutory or contractual arrangements so long as both the bank that has received the monies and the bank that has deposited the monies participate in the same institutional network's mutual protection scheme against illiquidity and insolvency of its members. As with other operational deposits, these deposits would receive a cash inflow rate of 0% for the depositing bank, as these funds are considered to remain with the centralised institution.

2.7.23 A bank shall seek the Central Bank's approval before applying the treatment in previous paragraph. The bank shall not include its correspondent banking activities in this category and such banking activities shall to receive a cash outflow rate of 100%, as would funds placed at the central institutions or specialised service providers for any other reason other than those outlined in the previous paragraph above, or for clearing, custody, or cash management activities.

Treatment of deposits contractually pledged to a bank as collateral to secure other transactions

2.7.24 Notwithstanding the previous sections, if a deposit is contractually pledged to a bank as collateral to secure a credit facility or loan granted by the bank ("pledged deposit") that will not mature or settle within the next 30 days, the pledged deposit may be excluded from the LCR only if all the following conditions are met:

a) the loan or credit facility is not maturing in the next 30 days;
b) there is a legally enforceable contract disallowing withdrawal of the pledged deposit before the loan is fully settled or repaid; and
c) the amount of deposit that is excluded from the LCR does not exceed the outstanding balance of the loan or drawn portion of the credit facility.

2.7.25 This shall not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.

Treatment of unsecured wholesale funding provided by non-financial corporate and sovereigns, central banks, multilateral development banks and PSEs

2.7.26 A bank shall apply a cash outflow rate of 20% on unsecured wholesale funding provided by corporate customers which are not financial institutions, sovereigns, central banks, multilateral development banks, and PSEs, that also do not qualify as operational deposits if the entire amount of the deposit is fully covered by an effective deposit insurance scheme or by a public guarantee that provides equivalent

protection. Otherwise, the bank shall apply a cash outflow rate of 100% on such unsecured wholesale funding.

Treatment of unsecured wholesale funding provided by other customers which are not natural persons

2.7.27 A bank shall apply a cash outflow rate of 100% on all deposits and other funding from other institutions (including banks, securities firms, insurance companies), fiduciaries, beneficiaries, conduits and special purpose vehicles, affiliated entities of the bank and other entities that are not specifically held for operational purposes (as defined above) and not included in the paragraph 2.7.4 to 2.7.26. Outflows from unsecured wholesale funding over the 30-day LCR horizon and provided by intragroup banking entities may be computed on a net basis with inflows from unsecured wholesale funding over the 30-day LCR horizon provided by intragroup banking entities.

2.7.28 All notes, bonds and other debt securities issued by the bank are to be included in this category regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts (including small business customer accounts), in which case a bank may include the notes, bonds or debt securities in the appropriate retail or small business customer deposit category provided that limitations are placed on the instrument by the bank such that those instruments cannot be bought and held by parties other than retail or small business customers.

Treatment of secured funding cash outflows

2.7.29 A bank shall include as secured funding cash outflows any liabilities and general obligations that are collateralized by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. The bank shall include forward repurchase transactions and collateral swaps that start prior to, but mature within the 30-day LCR horizon in this category.

2.7.30 A bank shall treat collateral swaps as a combination of a repurchase and reverse repurchase agreement, as shall any other transaction which involves an exchange of non-cash assets. The net outflow for collateral swaps is computed based on the net cash outflow that will result from an equivalent repurchase and reverse repurchase transaction, floored at 0%. The bank shall treat collateral lent to the bank's customers to effect short positions as a form of secured funding.

2.7.31 A bank shall apply the applicable factors to all outstanding secured funding transactions with maturities within the 30 calendar day stress horizon, including customer short positions that do not have a specified contractual maturity. The amount of outflow is calculated based on the amount of funds raised through the transaction, and not the value of the underlying collateral.

2.7.32 If a pool of assets is used as collateral for a secured funding transaction, and a bank is unable to determine specifically which assets are used to collateralize the transaction, it shall assume that the assets are encumbered in the following order: Level 1 HQLA, Level 2A HQLA, non-HQLA eligible assets.

Treatment of cash outflows from derivative contracts

2.7.33 The sum of all net cash outflows shall be assigned a cash outflow rate of 100%. A bank shall calculate, in accordance with its existing valuation methodologies, expected cash inflows and outflows from its derivative contracts. A bank may calculate its cash flows with its counterparty on a net basis (i.e. derivative inflows within the 30-day LCR horizon can offset derivative outflows within the 30-day LCR horizon), where it has entered into a valid master netting agreement with that counterparty. In determining its all currency LCR, a bank may calculate its cash flows on a net basis for foreign exchange derivative contracts not covered by a master netting agreement, where it involves a full exchange of principal amounts within the same day. The bank shall exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements or falls in value of collateral posted.

2.7.34 Options shall be assumed to be exercised at the point when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows are calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. The bank shall treat outflows from options with delivery settlement as secured borrowing transactions, where the delivered assets are treated as collateral in secured transactions or collateral swaps, with the appropriate outflow factors assigned in paragraph 2.7.29 to 2.7.33. If contractual arrangements allow for both physical delivery and cash settlement, cash settlement may be assumed. For physical delivery, where not otherwise stated in the derivative contract, delivery of the least value security ("cheapest to deliver") may be assumed.

Treatment of drawdowns on committed credit and liquidity facilities

2.7.35 Committed facilities are defined as explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties, which are contractually irrevocable or conditionally revocable agreements. A bank shall classify facilities that are unconditionally cancellable by the bank (in particular, those without a precondition of a material change in the credit condition of the borrower) as other contingent funding obligations as outlined in paragraph 2.7.43. Irrevocable or conditionally revocable facilities or funding commitments can have long or short-term maturities, with short-term facilities frequently renewing or automatically rolling-over. In a stressed environment, it will likely be difficult for customers drawing on facilities of any maturity, even short-term maturities, to be able to quickly pay back the borrowings. Therefore, for purposes of this guideline, all such facilities that are assumed to be drawn as outlined in this section shall remain outstanding at the amounts assigned throughout the 30-day period in computing the net outflows for the LCR, regardless of maturity.

2.7.36 The currently undrawn portion of these committed facilities is calculated net of any HQLA which have already been posted as collateral by the counterparty to secure the facilities, or that are contractually obliged to be posted when the counterparty draws down the facility. (e.g. a liquidity facility structured as a repo facility). This is provided that the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and 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 facility to the extent that this collateral is not already counted in the stock of HQLA.

2.7.37 A committed liquidity facility is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (e.g. pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units). For the purpose of this Notice, the amount of the commitment to be treated as a committed liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30-day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility.

2.7.38 Any additional capacity of the committed liquidity facility in the previous paragraph (i.e. the remaining commitment) would be treated as a committed credit facility with its associated drawdown rate as specified in paragraph 2.7.40. General working capital facilities for corporate entities (e.g. revolving credit facilities in place for general corporate or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

2.7.39 Notwithstanding paragraphs 2.7.35 to 2.7.38, any committed facilities provided to hedge funds, money market funds and special purpose funding vehicles or conduits, or other vehicles used to finance the bank's own assets, are to be captured in their entirety as a committed liquidity facility to other legal entities.

2.7.40 Any contractual and estimated loan drawdowns from committed facilities within the 30-day period shall be fully reflected as cash outflows with the following outflow rates:

(a) Committed credit and liquidity facilities to retail and small business customers: A bank shall assume a cash outflow rate of 5% of the undrawn portion of these facilities;

(b) Committed credit facilities to non-financial corporates, sovereigns and central banks, PSEs and multilateral development banks: A bank shall assume a cash outflow rate of 10% of the undrawn portion of these credit facilities;

(c) Committed liquidity facilities to non-financial corporates, sovereigns and central banks, PSEs, and multilateral development banks: A bank shall assume a cash outflow rate of 30% of the undrawn portion of these liquidity facilities;

(d) Committed credit and liquidity facilities extended to banks subject to prudential supervision: A bank shall assume a cash outflow rate of 40% of the undrawn portion of these facilities;

(e) Committed credit facilities to other financial institutions including securities firms, insurance companies, fiduciaries, and beneficiaries: A bank shall assume a cash outflow rate of 40% of the undrawn portion of these credit facilities;

(f) Committed liquidity facilities to other financial institutions including securities firms, insurance companies, fiduciaries, and beneficiaries: A bank shall assume a cash outflow rate of 100% of the undrawn portion of these liquidity facilities; or

(g) Committed credit and liquidity facilities to other legal entities (including SPEs, conduits and special purpose vehicles, and other entities not included in the prior categories): A bank shall assume a cash outflow rate of 100% of the undrawn portion of these facilities.

Treatment of contractual obligations to extend funds within a 30-day period

2.7.41 Any contractual lending obligations to financial institutions not captured elsewhere in this notice are to be captured here at a cash outflow rate of 100%.

2.7.42 If the total of all contractual obligations to extend funds to retail and non-financial corporate clients within the next 30 calendar days not captured in the prior paragraphs exceeds 50% of the total contractual inflows due in the next 30 calendar days from these clients, the difference shall be reported as a cash outflow rate of 100%.

Treatment of other contingent funding obligations

2.7.43 These contingent funding obligations may be either contractual or non-contractual and are not lending commitments. Non-contractual contingent funding obligations include associations with, or sponsorship of, products sold or services provided that may require the support or extension of funds in the future under stressed conditions. Non-contractual obligations may be embedded in financial products and instruments sold, sponsored, or originated by the bank that can give rise to unplanned balance sheet growth arising from support given for reputational risk considerations. These include products and instruments for which the customer or holder has specific expectations regarding the liquidity and marketability of the product or instrument and for which failure to satisfy customer expectations in a commercially reasonable manner would likely cause material reputational damage to the bank or otherwise impair ongoing viability. The full amount of the obligations that is expected to materialise will receive a cash outflow rate of 100%.

2.7.44 Some of these contingent funding obligations are explicitly contingent upon a credit or other event that is not always related to the liquidity events simulated in the stress scenario, but may nevertheless have the potential to cause significant liquidity drains in times of stress. Where applicable, the bank shall inform the Central Bank not later than the last calendar day of each year of such new contingent funding obligations that they have assumed.

2.7.45 Non-contractual contingent funding obligations related to potential liquidity draws from joint ventures or investments in entities, which are not consolidated, are to be captured in the first paragraph of this section-where there is the expectation that the bank will be the main liquidity provider when the entity is in need of liquidity. The methodology for quantifying such potential liquidity draws, in particular, those arising from the need to support investments in times of stress out of reputational concerns for the purpose of calculating the LCR standard, shall be agreed between the bank and the Central Bank.

Treatment of trade finance cash outflows

2.7.46 Trade finance instruments consist of trade-related obligations, directly underpinned by the movement of goods or the provision of services, such as:

(i) documentary trade letters of credit, documentary and clean collection, import bills and export bills; and

(ii) guarantees directly related to trade finance obligations, such as shipping guarantees.

2.7.47 For contingent funding obligations stemming from trade finance instruments, a bank shall apply a cash outflow rate of 3%.

2.7.48 Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from the above treatment and a bank shall apply the cash outflow rates specified for drawdowns in paragraph 2.7.40 for such commitments.

Treatment of non-contractual obligations where customer short positions are covered by other customers' collateral

2.7.49 A bank shall apply a cash outflow rate of 50% on such contingent obligations where the bank has internally matched client assets against other clients' short positions, where the collateral does not qualify as Level 1 or Level 2 HQLA, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals.

Treatment of other contractual cash outflows

2.7.50 Any other contractual cash outflows within the next 30 calendar days shall be captured in this Notice, such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, with explanation given as to what comprises this bucket. A bank shall apply a cash outflow rate of 100% to these contractual cash outflows. A bank however does not need to include outflows related to operating costs.

Treatment of fixed term deposits

2.7.51 A bank shall exclude the cash outflow related to a retail fixed or term deposit with a residual maturity or withdrawal notice period of greater than 30 days from the total expected cash outflows, if the depositor has no legal right to withdraw the deposit within the 30-day LCR horizon, or if early withdrawal results in a significant penalty that is materially greater than the loss of interest.

2.7.52 If a bank allows a depositor to withdraw such deposits within the 30-day LCR horizon without applying any penalty that is materially greater than the loss of interest, notwithstanding a clause that says the depositor has no legal right to withdraw, the entire category of such deposits would then have to be treated as either stable or less stable deposits depending on their fulfilment of the criteria in paragraph 2.7.7 (a) (i) & (ii) above.

2.8 Calculation of Total cash inflows

2.8.1 Banks shall calculate the total expected cash inflows by multiplying the outstanding balances of various categories of contractual receivables due within 30 days, by the rates at which they are expected to flow in up to an aggregate cap of 75% of the total expected cash outflows.

2.8.2 When considering its available cash inflows, a bank shall only include contractual inflows (including interest payments) from outstanding exposures that are fully performing and for which the bank has no

reason to expect a default within the next 30 calendar days. The bank shall not include contingent inflows in total net cash inflows.

2.8.3 A bank shall not also include the following items as contractual cash inflows:

(a) any cash inflow related to non-financial revenues;

(b) any forward repurchase, forward reverse repurchase agreements or forward collateral swap that starts and matures within the 30-day LCR horizon;

(c) any forward repurchase, forward reverse repurchase agreements or forward collateral swap that starts prior to and matures after the 30-day LCR horizon;

(d) any forward sales of HQLA.

2.8.4 Banks must include the following in their calculation of inflows. In calculating the value of the inflows which they may include, banks must apply the following factors to each category of inflow items:

(a) Maturing secured lending transactions, including reverse repos and securities borrowing backed by the following collateral

(i) Level 1 HQLA: **0 percent**

(ii) Level 2A HQLA: **15 percent**

(iii) Other level HQLA or non-HQLA: **50 percent**

(iv) Margin lending backed by all other collateral: **50 percent**

(v) All other assets: **100 percent**

(b) Inflows from fully performing loans and advances by counterparty (includes interest payments and instalments) maturing in up to and including 30 days

(i) Retail and small businesses: **50 percent**

(ii) Amount to be received from wholesale counterparties; non-financial corporates, sovereigns, multilateral development banks, and PSEs, with transactions other than those listed in above inflow categories: **50 percent**

(iii) Amounts due from financial institutions (banks-including due from abroad, insurance companies, pension funds) and Central Banks, from transactions other than those listed in above inflow categories: **100 percent**

(iv) Operational deposits held at other financial institutions (include deposits held at centralized institution of network of cooperative banks): **0 percent**

(c) Credit or liquidity facilities provided to the reporting bank: **0 percent**

(d) Net derivative cash inflows: **100 percent**

(e) Other contractual cash inflows not included above: **0 percent**

Treatment of secured lending, including reverse repos and securities borrowing

2.8.5 For maturing reverse repurchase or securities borrowing agreements:

(a) if the agreement is secured by Level 1 HQLA, a cash inflow rate of 0% shall be assumed;

(b) if the agreement is secured by Level 2A HQLA, a cash inflow rate equivalent to 15% shall be assumed; or

(c) if the agreement is secured by non-HQLA, a cash inflow rate of 50% shall be assumed.

2.8.6 Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") are to receive 50% of contractual inflows (i.e. a cash inflow rate of 50%) from maturing margin loans made against collateral which would not be considered as HQLA.

2.8.7 As an exception to the above paragraph, if the collateral obtained through reverse repurchase, securities borrowing, or collateral swaps is used to cover short positions that could be extended beyond 30 days, a bank shall assume that such reverse repurchase or securities borrowing arrangements will be rolled-over and will not give rise to any cash inflows (i.e. a cash inflow rate of 0%), reflecting its need to continue to cover the short position or to re-purchase the relevant securities.

2.8.8 In the case of a bank's short positions, if the short position is being covered by an unsecured security borrowing, the bank shall assume the unsecured security borrowing of collateral from financial market participants would run-off in full, leading to a 100% outflow of either cash or HQLA to secure the borrowing, or cash to close out the short position by buying back the security. This shall be recorded as a 100% other contractual outflow. If, however, the bank's short position is being covered by a collateralised securities financing transaction, the bank shall assume the short position will be maintained throughout the 30-day period and receive a cash inflow rate of 0%.

2.8.9 If a pool of assets is used as collateral for a secured lending transaction, and a bank is unable to determine specifically which assets are used to collateralise the transaction, it shall assume that the assets are encumbered in the following order: Level 1 HQLA, Level 2A HQLA, non-HQLA eligible assets.

2.8.10 Notwithstanding the roll-over assumptions in paragraphs 2.8.5 and 2.8.6 of this section, a bank shall manage its collateral such that it is able to fulfil obligations to return collateral whenever the counterparty decides not to roll-over any reverse repo or securities lending transaction.

2.8.11 A bank shall include forward reverse repurchase transactions and collateral swaps that start prior but mature within the 30-day LCR horizon in this category.

2.8.12 The above considerations shall not apply to any transaction where there is a possibility of the inflow occurring after 30 days.

Treatment of committed facilities

2.8.13 Credit facilities, liquidity facilities or other contingent funding facilities that the bank holds at other institutions for its own purposes receive a cash inflow rate of 0%.

Treatment of inflows from fully performing loans and advances by counterparty

2.8.14 For loan payments, a bank shall only include cash inflows from fully performing loans. In addition, a bank shall only include cash inflows at the latest possible date, based on the contractual rights available to counterparties. For revolving credit facilities, the bank shall assume that the existing loan will be rolled over and any remaining balances are treated as a committed facility according to paragraph 2.7.15.

2.8.15 Cash inflows from loans that have no specific maturity shall not be included, except for minimum payments of principal, fee or interest associated with an open maturity loans that are contractually due within 30 days. An exception to this would be minimum payments of principal, fee or interest associated with an open maturity loan, provided that such payments are contractually due within 30 days. These minimum payment amounts are captured as inflows at the rates prescribed in (a) and (b).

(a) Retail and small business customer inflows

2.8.16 A bank shall assume that all payments (including interest payments and instalments) from retail and small business customers that are fully performing and contractually due within the next 30 calendar days will be received in full. At the same time, the bank shall assume that it will continue extending loans to retail and small business customers at a rate of 50% of contractual inflows. This results in a net cash inflow rate of 50% of the contractual amount.

(b) Other wholesale inflows

2.8.17 A bank shall assume that all payments (including interest payments and instalments) received from wholesale customers that are fully performing and contractually due within the next 30 calendar days will be received in full. In addition, the bank is to assume to continue extending loans to wholesale customers with a cash inflow rate of 100% for financial institutions and central banks, and a cash inflow rate of 50% for all others, including non-financial corporates, sovereigns, multilateral development banks, and PSEs. This will result in a cash inflow rate of:

(i) 100% for financial institutions and central bank counterparties; and

(ii) 50% for non-financial wholesale counterparties.

2.8.18 Inflows from securities maturing within 30 days not included in HQLA shall receive a cash inflow rate of 100%.

Treatment of operational deposits of a bank held at other financial institutions for operational purposes

2.8.19 Operational deposits of a bank held at other financial institutions for operational purposes are to receive a cash inflow rate of 0%. Similarly, deposits held at the centralized institution in a cooperative banking network, which are assumed to stay at the centralized institution, are to receive a cash inflow rate of 0%. A bank shall assess operational deposits according to the methodology in paragraphs 2.7.15 to 2.7.21. A deposit that has been classified by a receiving bank or financial institution, as the case may be, as operational shall also be considered by a depositing bank or financial institution, as the case may be as an operational deposit.

2.8.20 Inflows from intragroup banking entities may be computed on a net basis with outflows from intragroup banking entities.

Treatment of cash inflows from derivative contracts

2.8.21 Cash inflows from derivative contracts: the sum of all net cash inflows shall be assigned a cash inflow rate of 100%. Where derivatives are collateralised by HQLA, a bank shall calculate the cash inflows for the derivatives net of any corresponding cash or contractual collateral outflows. The bank shall not double-count liquidity inflows or outflows. The amounts of cash inflows from derivative contracts shall be calculated in accordance to the methodology described in paragraph 2.7.33. A bank shall treat inflows from an option with a delivery settlement as a secured lending transaction, with the appropriate inflows assigned as per paragraph 2.8.5. If the contractual arrangements allow for both physical delivery and

cash settlement, cash settlement may be assumed. For physical delivery, where not otherwise stated in the derivative contract, delivery of the least value security ("cheapest to deliver") may be assumed.

Treatment of other cash inflows

2.8.22 Other contractual cash inflows: All other contractual cash inflows shall receive a cash inflow rate of 0%. A bank shall include any other contractual cash inflows not captured in any other earlier category here, with an explanation as to what has been included in this category.

LCR for banks with significant foreign currency business

2.8.23 Additional requirements shall apply to banks with significant business in currencies (5 percent or more of the bank's total liabilities) other than the Rwandan Franc.

2.8.24 Banks with business denominated in foreign currencies must monitor their LCR for each significant currency. Banks shall:

(a) identify those currencies which are significant for the purposes of this requirement, which is any currency where the bank's aggregate liabilities denominated in that currency amount to 5 percent or more of the bank's total liabilities;

(b) calculate its high quality liquid assets and net cash outflows denominated in that currency in accordance with section 2.3 and 2.6 of this guideline;

(c) Calculate an LCR in accordance with section 2 of this guideline.

2.8.25 Where a bank does not have high quality liquid assets sufficient to meet its net cash flows for a significant currency and the shortfall is not due to temporary causes.

2.8.26 A bank shall submit report in Appendix IV on significant currencies on a standalone and banking group level, if any. A bank may, in consultation with the Banking Supervision, determine an alternate methodology to determine its significant currencies if the default methodology in this section does not properly reflect the funding structure of the bank.

3. COMPUTATION OF NSFR

3.1 Minimum ratio for NSFR

3.1.1 The computation of NSFR shall be based on the following formula.

(Available stable funding-ASF)/(Required stable funding-RSF)≥100percent

3.1.2 Banks must calculate their NSFR using two components:

a) Available stable funding-ASF is determined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.

b) The amount of stable funding required ("Required stable funding"-RSF) of a specific bank is a function of the liquidity characteristics and residual maturities of the various assets held by the bank as well as those of its off-balance sheet (OBS) exposures.

3.1.3 The Central Bank may require the bank to maintain higher NSFR ratio if it has concerns about the bank's liquidity risk profile or the quality of its liquidity risk management.

3.2 Criteria and Assumption of ASF

3.2.1 Banks are required to measure the amount of available stable funding (ASF) based on the broad characteristics of the relative stability of the bank's funding sources, including the contractual maturity of its liabilities and the differences in the propensity of different types of funding providers to withdraw their funding.

3.2.1 Banks shall consider the following criteria in determining the appropriate amounts of the stable liabilities:

a) Funding tenor – The NSFR is generally calibrated such that longer-term liabilities are assumed to be more stable than short-term liabilities.

b) Funding type and counterparty – The NSFR is calibrated under the assumption that short-term (maturing in less than one year) deposits provided by retail customers and funding provided by small business customers are behaviorally more stable than wholesale funding of the same maturity from other counterparties.

3.3 Criteria and Assumption of RSF

3.3.1 Banks are required to measure the amount of required stable funding based on the broad characteristics of the liquidity risk profile of the bank's assets and OBS exposures.

3.3.1 Banks shall consider the following criteria in determining the appropriate amounts of required stable funding for various assets:

a) Resilient credit creation – The NSFR requires stable funding for some proportion of lending to the real economy in order to ensure the continuity of this type of intermediation.

b) Bank behaviour – The NSFR is calibrated under the assumption that banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships.

c) Asset tenor – The NSFR assumes that some short-dated assets (maturing in less than one year) require a smaller proportion of stable funding because banks would be able to allow some proportion of those assets to mature instead of rolling them over.

d) Asset quality and liquidity value – The NSFR assumes that unencumbered, high-quality assets that can be securitised or traded, and thus can be readily used as collateral to secure additional funding or sold in the market, do not need to be wholly financed with stable funding.

3.4 Calculation of ASF

3.4.1 Banks must calculate the amount of required stable funding by first assigning the carrying value of the bank's assets to the categories listed in the following paragraphs.

3.4.1 The carrying amount of each liability and capital item is assigned to the relevant category, then multiplied by each ASF factor below, and the total ASF is the sum of the weighted amounts. The carrying value represents the amount of a liability or equity instrument before application of any regulatory deductions, filters or other adjustments.

a) Liabilities and capital instruments
   - (i) Total regulatory capital, before the application of capital deductions, as defined in the Regulation on capital requirements (excluding Tier 2 instruments with residual maturity of less than one year) : **100 percent**
   - (ii) Other capital instruments and liabilities not included in (i) that has an effective residual maturity of one year or more: **100 percent**
   - (iii) the total amount of secured and unsecured borrowings and liabilities (including term deposits) with effective residual maturities of one year or more qualify for the 100%. Cash flows falling below the one-year horizon but arising from liabilities with a final maturity greater than one year do not qualify for the 100% ASF factor.

b) Liabilities by retail and small businesses with residual maturity of less than one year
   - (i) Stable, non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by retail and small business customers: **95 percent**
   - (ii) Less stable, non-maturity deposits and term deposits with residual maturity of less than one year provided by retail and small business customers: **90 percent**

c) Liabilities for corporates, sovereign and financial institutions with residual maturity of less than one year.
   - (i) Funding with residual maturity of less than one year provided by non-financial corporate customers: **50 percent**
   - (ii) Operational deposits (as explained in paragraph 2.7.15) will be assigned: **50 percent**
   - (iii) Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral and national development banks: **50 percent**
   - (iv) Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions (banks- including banks within the same cooperative network, insurance, pension, securities): **50 percent**

d) Other liabilities

(i) All other liabilities and equity not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests): **0 percent**

(ii) Other liabilities without a stated maturity will be assigned **0 percent**. This category may include short positions and open maturity positions.

Two exceptions can be recognised for liabilities without a stated maturity:

- first, deferred tax liabilities, which shall be treated according to the nearest possible date on which such liabilities could be realised; and
- second, minority interest, which shall be treated according to the term of the instrument, usually in perpetuity.

For such liabilities would be assigned either a 100% ASF factor if the effective maturity is one year or greater, or 50%, if the effective maturity is between six months and less than one year;

(iii) Derivative liabilities net of derivative assets if derivative liabilities are greater than derivative assets**: 0 percent**

(iv) "Trade date" payables arising from purchases of financial instruments, foreign currencies and commodities: **0 percent**

3.5 Calculation of RSF

3.5.1 Banks must include the following in their calculation of RSF. The amount of required stable funding is calculated by first assigning the carrying value to the bank's assets categories below.

3.5.1 The amount assigned to each asset category is then multiplied by each RSF factor below, and the total RSF is the sum of the weighted amounts.

a) On-balance sheet exposures

(i) Coins and banknotes: **0 percent**

(ii) All central bank reserves (including required reserves and excess reserves) : **0 percent**

(iii) All claims on central banks with residual maturities of less than six months: **0 percent**

(iv) "Trade date" receivables arising from sales of financial instruments, foreign currencies and commodities that (i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or (ii) have failed to, but are still expected to, settle: **0 percent**.

(v) Unencumbered HQLA as defined in section 2.2, excluding coins, banknotes and central bank reserves: **5 percent.**

(vi) Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against HQLA (Level 1) as defined in section 2.2, and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan: **10 percent**

(vii) All other unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories: **15 percent**

(viii) Qualifying HQLA encumbered for a period of six months or more and less than one year: **50 percent**

(ix) Loans to financial institutions and central banks with residual maturities between six months and less than one year: **50 percent**

(x) Deposits held at other financial institutions for operational purposes: **50 percent**

(xi) All other assets not included in the above categories with residual maturity of less than one year, including loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs: **50 percent**

(xii) Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75% under the Directive on Capital requirement: **65 percent**

(xiii) Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50% under the Directive on Capital requirement: **65 percent**

(xiv) Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party: **85 percent**

(xv) Other unencumbered performing loans with risk weights greater than 50% under the Directive on Capital requirement and residual maturities of one year or more, excluding loans to financial institutions: **85 percent**

(xvi) Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities: **85 percent**

(xvii) Physical traded commodities, including gold: **85 percent**

(xviii) All assets that are encumbered for a period of one year or more: **100 percent**

(xix) derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities: **100 percent**

(xx) All other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities: **100 percent**

b) Off balance sheet

3.5.1 A bank must apply the RSF factor to the currently undrawn portion of the following OBS exposure categories in order to ensure that it hold stable funding for the portion of OBS exposures that may be expected to require funding within a one-year horizon.

(i) Irrevocable and conditionally revocable credit and liquidity facilities to any client: **5 percent**

(ii) Unconditionally revocable credit and liquidity facilities: **5 percent**

(iii) Trade finance-related obligations (including guarantees and letters of credit): **1 percent**

(iv) Guarantees and letters of credit unrelated to trade finance obligations: **1 percent**

(v) Other non-contractual obligations: **1 percent**

- potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities.
- structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).

- managed funds that are marketed with the objective of maintaining a stable value.

3.6 Interdependent assets and liabilities

3.6.1 The Central Bank may determine that certain asset and liability items, on the basis of contractual arrangements, are interdependent such that the liability cannot fall due while the asset remains on the balance sheet, the principal payment flows from the asset cannot be used other than for repaying the liability, and the liability cannot be used to fund other assets.

3.6.2 For the purposes of the above paragraph, BNR will only make a determination, on a case-by-case basis, in exceptional circumstances. As part of any determination, a bank must, at a minimum, be able to demonstrate that the criteria in following paragraph are met in full.

3.6.3 If BNR determines asset and liability items to be interdependent in accordance with this section then BNR may, at its discretion, adjust the RSF and ASF factors relating to those asset and liability items to zero per cent, subject to the following criteria:

a) the individual interdependent asset and liability items are clearly identifiable;
b) the maturity and principal amount of both the liability and its interdependent asset are the same;
c) The bank is acting solely as a pass-through unit to channel the funding received (the interdependent liability) into the corresponding interdependent asset;
d) The counterparties for each pair of interdependent liabilities and assets shall not be the same.

3.7 Treatment of maturity: funding and assets

3.7.1 In order to determine the maturity of a funding instrument with an option or a deposit with a withdrawal notice period, a bank must, for the purposes of the NSFR, assume the maturity date as being the earliest date at which the funds may be redeemed. For long-dated liabilities, only that portion of cash flows falling on or after the six-month and one-year time horizons may be treated as having an effective residual maturity of six months or more and one year or more, respectively.

3.7.2 To determine the maturity of an asset, a bank must, for the purposes of the NSFR, assume the maturity date as being the latest possible date at which the asset may mature. A bank must assume that for an asset with an option to extend maturity, the option will be exercised.

3.7.3 Where an asset does not have a defined maturity or the maturity is subject to periodic review, a bank must, for NSFR purposes, classify the asset as having a residual maturity of greater than or equal to one year and assign the relevant RSF factor on this basis.

3.7.4 For an amortising loan, or a loan with minimum contractual payments, that portion that falls due within the one-year time horizon may be included in the less than one year residual maturity category.

3.8 Treatment of unencumbered assets

3.8.1 A bank must maintain an adequate cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios.

3.8.2 Assets pledged to the central bank or a PSE, but not used, are considered unencumbered. Encumbered assets on the balance sheet receive a 100% RSF, unless there is less than a year remaining in the encumbrance period. In that case, the assets are treated as 'unencumbered' and receive a 50% RSF factor.

3.8.3 Assets that have less than six months remaining in the encumbrance period, receive the same RSF factor as an equivalent asset that is unencumbered. Assets that are encumbered for exceptional central bank liquidity operations receive a 0% RSF factor.

3.9 Treatment of derivative assets and liabilities

3.9.1 Banks with derivative assets or liabilities must calculate first the replacement cost for derivative contracts (obtained by marking to market) where the contract has a positive or negative value. When an eligible bilateral netting contract is in place that meets the conditions as specified in Section 1.2, clarification on paragraph 48 of the Guideline on computation of risk weighted assets, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost.

3.9.2 Banks must deduct from the negative replacement cost amount, the collateral posted in the form of variation margin in connection with derivative contracts, regardless of the asset type.

3.9.3 Banks shall not offset the positive replacement cost amount with the collateral received in connection with derivative contracts, regardless of whether or not netting is permitted under the bank's operative accounting or risk-based framework, unless it is received in the form of cash variation margin.

3.9.4 However, any remaining balance sheet liability associated with variation margin received or initial margin received must offset derivative assets and shall be assigned a 0% ASF factor.

3.9.5 In calculating NSFR derivative liabilities, a bank must deduct any collateral posted in the form of variation margin in connection with derivative contracts, regardless of the asset type, from the negative replacement cost amount.

3.9.6 When determining its RSF, a bank must not include an asset on its balance sheet associated with collateral posted as variation margin where the asset is deducted from the replacement cost amount of a derivative contract for the purposes of the NSFR.

3.10 Treatment of the secured financing transactions

3.10.1 Banks must exclude from their assets, securities which they have borrowed in securities financing transactions (such as reverse repos and collateral swaps) where they do not have beneficial ownership.

3.10.2 In contrast, banks shall include securities they have lent in securities financing transactions where they retain beneficial ownership. Banks shall also not include any securities they have received through collateral swaps if those securities do not appear on their balance sheets.

3.10.3 Where banks have encumbered securities in repos or other securities financing transactions, but have retained beneficial ownership and those assets remain on the bank's balance sheet, the bank shall allocate such securities to the appropriate RSF category.

3.10.4 Securities financing transactions with a single counterparty are measured on net basis provided that the transactions that give rise to the cash receivables and cash payables have the same explicit final settlement date.

4: TOOLS FOR MONITORING LIQUIDITY POSITION

4.1 Minimum requirements

4.1.1 The following are the tools that a bank shall utilise at a minimum, in addition to the minimum liquidity standards, to measure its liquidity position. A bank must establish appropriate internal guidelines on the level of the ratio. The Central Bank shall require the bank to effect remedial action if the ratio for the period varies considerably from the existing ratio trend for the bank.

4.1.2 The bank may use other appropriate indicators to further measure liquidity which shall be described in their liquidity policy.

4.1.3 The assumptions and their basis and any other indicators used must be outlined in the bank's liquidity risk management policy.

4.2 Monitoring Tools

Maturity Mismatch Analysis

4.2.1 While the cash flow mismatch position for medium to long term time buckets/bands is important in providing an early warning of potential future liquidity problems the main emphasis of mismatch analysis shall be on the short term cash flows positions. The net cumulative funding requirement for short term cash flows shall be limited to an amount that the bank can confidently fund in the market.

4.2.2 Each bank shall use maturity mismatch ladders to compare cash inflows and outflows daily and over a series of time-bands as illustrated in the appendix VIII. The maturity mismatch ladder shows the net future cash flows of the bank's operations in various timebands.

4.2.3 A bank's net funding requirements are determined by analysing its present and future cash flows at selected maturity dates, based on assumptions of the behaviour of assets, liabilities and off-balance sheet items. Calculations will include the cumulative net excess or shortfall over the time frame of the liquidity assessment.

4.2.4 Cash inflows shall be ranked by the day on which assets mature or the day a conservative estimate of when credit lines can be drawn down. Cash outflows shall be ranked by the date on which they fall due, the earliest date a liability holder can present such for repayment, or the earliest date on which contingencies can be called. Significant interest and other cash flows must be considered.

4.2.5 The main emphasis is on the short and medium term, the period up to one month and one month to one year respectively. The period of up to one year is important as it may provide an early warning of potential liquidity problems and useful information from which to base strategic decisions for future funding sources. Each bank is to identify time-bands for its maturity mismatch ladders as appropriate to its business operations.

4.2.6 As part of maturity mismatch analysis, each bank must include in its in-house liquidity risk management policy:

a) Maturity Mismatch Limits

4.2.7 The likely impact of the normal business operations and crisis scenarios shall be analysed and limits for a liquidity position under the two scenarios shall be set by the bank in their liquidity policy.

4.2.8 Maturity mismatch limits shall be appropriate to the size, business and financial condition of the bank. There must be specifically defined and a detailed list of scenarios, procedures and approvals necessary if exceptions to these limits or to other aspects of the bank's in-house liquidity policy are made.

b) Scenario Analysis

4.2.9 As the determination of a bank's liquidity is reliant on the behaviour of cash flows under different scenarios; two scenarios based on normal business operations and on crisis scenarios shall be utilised to examine how funding requirements evolve. It is expected that liquidity will be managed under going-concern circumstances or normal business operations, however contingencies must also be considered.

4.2.10 A normal business scenario is where a bank operates without difficulties in a stable banking system, earns sufficient profit and shows no danger of running into insolvency. By establishing a normal business scenario benchmark, a bank can manage its net funding requirements under normal business operations, so that it minimises the occurrence of being faced with a very large mismatch.

4.2.11 Liquidity crisis scenario occurs where the bank is unable to meet all or a portion of its liabilities at maturity and displays signs of public loss of confidence in the viability of both or either the institution or the financial system, which may cause it to run into insolvency. A liquidity crisis maturity mismatch ladder provides a view of actions to take given an "abnormal" situation.

4.2.12 In a crisis scenario, the following questions shall be considered when making assumptions:

(i) Which sources of funds will remain with the bank in the event of a crisis?
(ii) Which sources of funds are likely to run off and at what rate?
(iii) Which maturing liabilities or liabilities with early withdrawal options are likely to run off immediately?
(iv) Are there any back-up facilities that the bank can rely on?

4.2.13 Mismatches based on the normal business operations and crisis scenario maturity mismatch ladders shall be graphed for comparisons and for a more insightful review. Maturity mismatch ladders and graphs are to be prepared at a frequency determined by ALCO.

4.2.14 Each bank must demonstrate that it can meet its obligations and commitments under normal business operations. For any deficit mismatches in the short term (the period up to one month) under the normal business operations maturity mismatch ladder, the bank must ensure that it can fund these mismatches in the short term under normal business operations.

4.2.15 A bank must be in a position to justify the assumptions utilised for determining cash flows and maturities for assets and liabilities underlying the going-concern and crisis scenarios.

4.2.16 The bank must prepare liquidity reports on scenario analysis conducted under maturity mismatch ladders and provide this to the Central Bank more frequently as may be required. Shall a bank be experiencing liquidity problems it will be required to submit both the normal business operations and crisis scenario maturity mismatch ladders for supervisory review process.

Cash Flow Projections

4.2.17 Banks shall prepare cash flow projections on a regular basis for measuring and managing their net refinancing risk. Projections shall cover cash flows for assets and liabilities and also consider cash flows from planned future activities.

4.2.18 Cash flow projections shall be calculated on a monthly basis and will be assessed in the course of off and on-site examinations.

4.2.19 Each bank is to prepare on a monthly basis, a statement of assets and liabilities, with items classed according to its liquidity level. This can be used by the bank as a useful management tool for monitoring operations.

Stock of Liquid Assets

4.2.20 Holdings of liquid assets minimize constraints in selling assets at a substantial loss and acquiring funds at higher rates of interest than the bank's operations can maintain.

4.2.21 Each bank must maintain adequate holdings of liquid assets and avoid extreme fluctuations in their ratios. The Central Bank may require a bank to hold a specified amount of high quality liquid assets or securities for Real Time Gross Settlement intra-day arrangements or for any other reason, and will notify the institution in writing of any such requirement and the reasons behind such requirement. The adequateness of the holdings of liquid assets will be assessed against mismatches under the normal business operations maturity mismatch ladder.

Diversification of Liabilities

4.2.22 As part of its liquidity risk management strategies, a bank shall seek to:

(i) maintain a diversified and stable funding base; and

(ii) establish strong and long lasting relationships with depositors and other liability holders.

Reliance on parent and other subsidiaries

4.2.23 A foreign incorporated bank must incorporate in its liquidity risk management policy, the extent of its reliance on head office and other subsidiaries for funding.

4.2.24 The effectiveness and willingness to provide liquidity support by parent and other subsidiaries or branches, in the event of a crisis must be addressed.

5. DISCLOSURE STANDARDS

5.1 Disclosure requirements

5.2.1 Banks are required to comply with the disclosure requirements set out below:

5.2 Disclosure requirement for LCR

5.2.1 The disclosure of quantitative information about the LCR shall follow the common template set out in the Appendix IX. The LCR information must be calculated on a consolidated basis and presented in a single currency.

Slotting rules:

1. Data must be presented as simple averages of monthly observations over the quarter (i.e. the average is calculated over a period of typically 3 months). Moreover, banks must publish the number of data points used in calculating the average figures in the template. Further, banks must publish the simple average of their daily HQLA over the quarter.
2. For most data items, both unweighted and weighted values of the LCR components must be disclosed. The unweighted value of inflows and outflows is to be calculated as the outstanding balances of various categories or types of liabilities, off-balance sheet items or contractual receivables. The "weighted" value of HQLA is to be calculated as the value after haircuts are applied. The "weighted" value for inflows and outflows is to be calculated as the value after the inflow and outflow rates are applied.
3. Total HQLA and total net cash outflows must be disclosed as the adjusted value, where the "adjusted" value of HQLA is the value of total HQLA after the application of both haircuts and any applicable caps on HQLA 2 assets. The adjusted value of net cash outflows is to be calculated after the cap on inflows is applied, if applicable.
4. In addition to the common template, banks shall provide sufficient qualitative discussion around the LCR to facilitate understanding of the results and data provided. For example, where significant to the LCR, banks could discuss:
   a. the main drivers of their LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;
   b. intra-period changes as well as changes over time;
   c. the composition of HQLA;
   d. concentration of funding sources;
   e. derivative exposures and potential collateral calls;
   f. currency mismatch in the LCR;
   g. a description of the degree of centralization of liquidity management and interaction between the group's units; and
   h. other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

5.3 Disclosure requirement for NSFR

5.3.1 The disclosure of quantitative information about the NSFR shall follow the common template in Appendix X. The NSFR information must be calculated on a consolidated basis and presented in a single currency.

Slotting rules:

1. Data must be presented as quarter-end observations.
2. Figures entered in the template shall be the quarter-end observations of individual line items.
3. Figures entered for each RSF line item shall include both unencumbered and encumbered amounts.
4. Figures entered in unweighted columns are to be assigned on the basis of residual maturity. When determining the maturity of an equity or liability instrument, investors are assumed to redeem a call option at the earliest possible date.
5. Items to be reported in the 'no maturity' time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.
6. Both unweighted and weighted values of the NSFR components must be disclosed unless otherwise indicated. Weighted values are calculated as the values after ASF or RSF factors are applied (See Appendix X for more details).
7. In addition to the common template, banks shall provide a sufficient qualitative discussion around the NSFR to facilitate an understanding of the results and the accompanying data. For example, where significant to the NSFR, banks could discuss:

a. the drivers of their NSFR results and the reasons for intra-period changes as well as the changes over time (eg changes in strategies, funding structure, circumstances etc); and
b. the composition of the bank's interdependent assets and liabilities and to what extent these transactions are interrelated. Interdependence aims to determine whether certain asset and liability items, on the basis of contractual arrangements, are interdependent such that the liability cannot fall due while the asset remains on the balance sheet, the principal payment flows from the asset cannot be used for something other than repaying the liability, and the liability cannot be used to fund other assets.

Done at Kigali, on 15/02/2018

(sé)

RWANGOMBWA John
Governor

Appendices:

Appendix I: Principles for Sound Liquidity Risk Management and Supervision

Fundamental principle for the management and supervision of liquidity risk	
Principle 1	A bank is responsible for the sound management of liquidity risk. A bank shall establish a robust liquidity risk management framework that ensures it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Supervisors shall assess the adequacy of both a bank's liquidity risk management framework and its liquidity position and shall take prompt action if a bank is deficient in either area in order to protect depositors and to limit potential damage to the financial system.
Governance of liquidity risk management	
Principle 2	A bank shall clearly articulate a liquidity risk tolerance that is appropriate for its business strategy and its role in the financial system.
Principle 3	Senior management shall develop a strategy, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the bank maintains sufficient liquidity. Senior management shall continuously review information on the bank's liquidity developments and report to the board of directors on a regular basis. A bank's board of directors shall review and approve the strategy, policies and practices related to the management of liquidity at least annually and ensure that senior management manages liquidity risk effectively.
Principle 4	A bank shall incorporate liquidity costs, benefits and risks in the internal pricing, performance measurement and new product approval process for all significant business activities (both on- and off-balance sheet), thereby aligning the risk-taking incentives of individual business lines with the liquidity risk exposures their activities create for the bank as a whole.

Measurement and management of liquidity risk	
Principle 5	A bank shall have a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process shall include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons.
Principle 6	A bank shall actively monitor and control liquidity risk exposures and funding needs within and across legal entities, business lines and currencies, taking into account legal, regulatory and operational limitations to the transferability of liquidity.
Principle 7	A bank shall establish a funding strategy that provides effective diversification in the sources and tenor of funding. It shall maintain an ongoing presence in its chosen funding markets and strong relationships with funds providers to promote effective diversification of funding sources. A bank shall regularly gauge its capacity to raise funds quickly from each source. It shall identify the main factors that affect its ability to raise funds and monitor those factors closely to ensure that estimates of fund raising capacity remain valid.
Principle 8	A bank shall actively manage its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contribute to the smooth functioning of payment and settlement systems.
Principle 9	A bank shall actively manage its collateral positions, differentiating between encumbered and unencumbered assets. A bank shall monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner.
Principle 10	A bank shall conduct stress tests on a regular basis for a variety of short-term and protracted institution-specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and

	to ensure that current exposures remain in accordance with a bank's established liquidity risk tolerance. A bank shall use stress test outcomes to adjust its liquidity risk management strategies, policies, and positions and to develop effective contingency plans.
Principle 11	A bank shall have a formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations. A CFP shall outline policies to manage a range of stress environments, establish clear lines of responsibility, include clear invocation and escalation procedures and be regularly tested and updated to ensure that it is operationally robust.
Principle 12	A bank shall maintain a cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios, including those that involve the loss or impairment of unsecured and typically available secured funding sources. There shall be no legal, regulatory or operational impediment to using these assets to obtain funding.
Public disclosure	
Principle 13	A bank shall publicly disclose information on a regular basis that enables market participants to make an informed judgement about the soundness of its liquidity risk management framework and liquidity position.
The role of supervisors	
Principle 14	Supervisors shall regularly perform a comprehensive assessment of a bank's overall liquidity risk management framework and liquidity position to determine whether they deliver an adequate level of resilience to liquidity stress given the bank's role in the financial system.
Principle 15	Supervisors shall supplement their regular assessments of a bank's liquidity risk management framework and liquidity position by monitoring a combination of internal reports, prudential reports and market information.

Principle 16	Supervisors shall intervene to require effective and timely remedial action by a bank to address deficiencies in its liquidity risk management processes or liquidity position.
Principle 17	Supervisors shall communicate with other supervisors and public authorities, such as central banks, both within and across national borders, to facilitate effective cooperation regarding the supervision and oversight of liquidity risk management. Communication shall occur regularly during normal times, with the nature and frequency of the information sharing increasing as appropriate during times of stress.

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

This appendix seeks to clarify the appropriate method for the calculation of the cap on Level 2 (including Level 2B) assets with regard to short-term securities financing transactions.

The calculation of the 40% cap on Level 2 assets shall take into account the impact on the stock of HQLA of the amounts of Level 1 and Level 2 assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2 assets in the stock of HQLA is equal to two-thirds of the adjusted amount of Level 1 assets after haircuts have been applied. The calculation of the 40% cap on Level 2 assets will take into account any reduction in eligible Level 2B assets on account of the 15% cap on Level 2B assets.

Further, the calculation of the 15% cap on Level 2B assets shall take into account the impact on the stock of HQLA of the amounts of HQLA assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2B assets in the stock of HQLA is equal to 15/85 of the sum of the adjusted amounts of Level 1 and Level 2 assets or, in cases where total Level 2 assets exceed 40% of Level 1 assets, up to a maximum of 1/4 of the adjusted amount of Level 1 assets, both after haircuts have been applied.

The adjusted amount of Level 1 assets is defined as the amount of Level 1 assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 1 assets (including cash) that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2A assets is defined as the amount of Level 2A assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2A assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2B assets is defined as the amount of Level 2B assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2B assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

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

Formula

The formula for the calculation of the stock of HQLA is as follows:
Stock of HQLA = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap.
Where:
Adjustment for 15% cap = Higher of:

- Adjusted Level 2B – 15/85 * (Adjusted Level 1 + Adjusted Level 2A);
- Adjusted Level 2B - 1/4 * Adjusted Level 1; and 0.

Adjustment for 40% cap = Higher of:

- (Adjusted Level 2A + Adjusted Level 2B –Adjustment for 15% cap)–2/3 * Adjusted Level 1 assets; and 0.

Appendix III: Reporting requirements-LCR

	STATEMENT FOR THE LIQUIDITY COVERAGE RATIO (LCR)			
	NAME OF THE INSTITUTION :			
	BANK CODE :			
	REPORTING FREQUENCY:	**Weekly**		
	STATEMENT FOR THE PERIOD (DD/MM/YYYY):			
		Amount in thousands of RWFs		
S/NO	**PARTICULARS**	**Carrying Amount**	**Factor**	**Weighted Amount**
a	**b**	**c**	**d**	**(e)= (b)*(c)**
	High Quality Liquid Assets (HQLA)			
A.	**Level 1 assets**			
I.	Cash (notes and coins)		100%	0
II	Balances with National Bank of Rwanda (incl. minimum reserve requirement)		100%	0
III	Government securities maturing in One year		98%	0
IV	Government securities with maturity of more than one year		95%	0
V	Other qualifying marketable securities with a 0% risk weight		90%	0
B.	**Level 2A assets (maximum of 25% of HQLA)**			
I	Qualifying marketable securities with a 20% risk weight:		85%	0
II	Qualifying corporate debt securities (including commercial paper and promissory notes)		85%	0
III	Qualifying investments in gilt unit trust backed by Government of Rwanda securities		85%	0
C.	**Level 2B assets (maximum of 15% of HQLA)**			
I	Qualifying corporate debt securities (including commercial paper and promissory notes) with an External Credit Rating between A+ to BBB-		50%	0
II	Qualifying non-financial common equity shares		50%	0
D.	**Total High Quality Liquid Assets-HQLA [A+B+C-Adjustments on 15 and 40% cap]**	**0**		**0**
	Cash Outflows			
I	Demand deposits, savings deposits and term deposits maturing in 30 days (retail and small businessses):			
	- Stable deposits (insured by deposit insurance scheme)		3%	0
	- Less stable deposits (not insured by deposit insurance scheme)		10%	0
II	Operational deposits generated by banks for clearing, custody and cash management activities:			
	-portion not covered by deposit insurance scheme		25%	0
	-portion covered by deposit insurance scheme		3%	0
III	Cooperative banks in an institutional network		25%	0
IV	Deposits from non-financial corporates, sovereigns, central banks, PSEs, multilateral development banks (maturing in up to and including 30 days):			
	-portion not covered by deposit insurance scheme		40%	0
	-portion covered by deposit insurance scheme		20%	0
V	Due to banks, insurance companies, pension funds, funds from local and abroad (maturing in 30 days)		100%	0
VI	Any other legal entity customers not included above (maturing in 30 days)		100%	0
VII	Net Derivatives cash outflows (sum of all net cash outflows due within 30 days)		100%	0
VIII	All other contractual cash outflows (maturing in 30 days)		100%	0
IX	Committed credit and liquidity facilities by customers (maturing within a 30 day):			
	-Retail and small business customers		5%	0
	-Non-financial corporate, sovereigns and central banks, multilateral development banks, and PSEs		10%	0
	-Bank subject to prudential supervision		40%	0
	-Other financial institutions (include securities firms, insurance companies)		40%	0
	-Other legal entity customers, credit and liquidity facilities		100%	0
X	Other contingent funding liabilities (such as revocable credit and liquidity facilities, guarantees, letters of credit, etc-maturing in 30 days)			
	-Trade finance		5%	0
	-Customer short positions covered by other customers' collateral		50%	0
	-Others		100%	0
XI	Secured funding transactions (maturing in 30 days)			
	-backed by level 1 HQLA with any counterparty		0%	0
	-backed by level 2A HQLA, with any counterparty		15%	0
	-backed by with domestic sovereigns, multilateral development banks, or domestic PSEs with risk weight of 20% or lower as a counterparty		25%	0
	-All other secured funding transactions		100%	0
E.	**Total cash outflows**	**0**		**0**
	Cash Inflows			
I	Secured lending transactions (maturing in 30 days), including reverse repos and securities borrowing backed by			
	-Level 1 HQLA		0%	0
	-Level 2A HQLA		15%	0
	-Other level HQLA or non-HQLA		50%	0
	-Margin lending backed by all other collateral		50%	0
	-All other assets		100%	0
II	Loans and advances by counterparties (maturing within 30 days)			
	-Retail and small businesses		50%	0
	-wholesale counterparties; non-financial corporates, sovereigns, multilateral development banks, and PSEs		50%	0
	-due from financial institutions (banks-including due from abroad, insurance companies, pension funds) and Central Banks		100%	0
III	Operational deposits held at other financial institutions and centralized institution of network of cooperative banks		0%	0
IV	Credit or liquidity facilities		0%	0
V	Net derivatives cash inflows (sum of all net cash inflows due within 30 days)		100%	0
VI	Other contractual cash inflows not included above		0%	0
F.	**Total cash inflows**	**0**		**0**
G.	**Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows [E-min(F,E*0.75]**			**0**
H.	**Liquidity Coverage Ratio =(Total high quality liquid assets)/(Total net cash outflows) [D/G]**			**#DIV/0!**
	Denote			
(green)	Cells that require data input			
(yellow)	Calculated cells (Cells that do not require data input)			

Appendix IV: Monitoring Report requirements-LCR (significant currency)

STATEMENT FOR THE LIQUIDITY COVERAGE RATIO (LCR) BY SIGNIFICANT CURRENCY

A currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities – This statement should include only those assets and liabilities including contingent liabilities which are denominated in the specific 'significant' foreign currency. For preparing this ratio, types of HQLAs, haircuts, adjustments, cash outflow and inflow items and their run-off rates would be same as in the case of LCR

NAME OF THE INSTITUTION :	
BANK CODE :	
REPORTING FREQUENCY:	**Weekly**
STATEMENT FOR THE PERIOD (DD/MM/YYYY):	
Currency	

Amount in thousands of RWFs

S/NO	PARTICULARS	Carrying Amount	Factor	Weighted Amount
a	b	c	d	(e)= (b)*(c)
	High Quality Liquid Assets (HQLA)			
A.	**Level 1 assets**			
I.	Cash (notes and coins)		100%	0
II	Balances with National Bank of Rwanda (incl. minimum reserve requirement)		100%	0
III	Government securities maturing in One year		98%	0
IV	Government securities with maturity of more than one year		95%	0
V	Other qualifying marketable securities with a 0% risk weight		90%	0
B.	**Level 2A assets (maximum of 25% of HQLA)**			
I	Qualifying marketable securities with a 20% risk weight:		85%	0
II	Qualifying corporate debt securities (including commercial paper and promissory notes)		85%	0
III	Qualifying investments in gilt unit trust backed by Government of Rwanda securities		85%	0
C.	**Level 2B assets (maximum of 15% of HQLA)**			
I	Qualifying corporate debt securities (including commercial paper and promissory notes) with an External Credit Rating between A+ to BBB-		50%	0
II	Qualifying non-financial common equity shares		50%	0
D.	**Total High Quality Liquid Assets-HQLA [A+B+C-Adjustments on 15 and 40% cap]**	**0**		**0**
	Cash Outflows			
I	Demand deposits, savings deposits and term deposits maturing in 30 days (retail and small businessses):			
	- Stable deposits (insured by deposit insurance scheme)		3%	0
	- Less stable deposits (not insured by deposit insurance scheme)		10%	0
II	Operational deposits generated by banks for clearing, custody and cash management activities			
	-portion not covered by deposit insurance scheme		25%	0
	-portion covered by deposit insurance scheme		3%	0
III	Cooperative banks in an institutional network		25%	0
IV	Deposits from non-financial corporates, sovereigns, central banks, PSEs, multilateral development banks (maturing in up to and including 30 days)			
	-portion not covered by deposit insurance scheme		40%	0
	-portion covered by deposit insurance scheme		20%	0
V	Due to banks, insurance companies, pension funds, funds from local and abroad (maturing in 30 days)		100%	0
VI	Any other legal entity customers not included above (maturing in 30 days)		100%	0
VII	Net Derivatives cash outflows (sum of all net cash outflows due within 30 days)		100%	0
VIII	All other contractual cash outflows (maturing in 30 days)		100%	0
IX	Committed credit and liquidity facilities by customers (maturing within a 30 day)			
	-Retail and small business customers		5%	0
	-Non-financial corporate, sovereigns and central banks, multilateral development banks, and PSEs		10%	0
	-Bank subject to prudential supervision		40%	0
	-Other financial institutions (include securities firms, insurance companies)		40%	0
	-Other legal entity customers, credit and liquidity facilities		100%	0
X	Other contingent funding liabilities (such as revocable credit and liquidity facilities, guarantees, letters of credit, etc-maturing in 30 days)			
	-Trade finance		5%	0
	-Customer short positions covered by other customers' collateral		50%	0
	-Others		100%	0
XI	Secured funding transactions (maturing in 30 days)			
	-backed by level 1 HQLA with any counterparty		0%	0
	-backed by level 2A HQLA, with any counterparty		15%	0
	-backed by with domestic sovereigns, multilateral development banks, or domestic PSEs with risk weight of 20% or lower as a counterparty		25%	0
	-All other secured funding transactions		100%	0
E.	**Total cash outflows**	**0**		**0**
	Cash Inflows			
I	Secured lending transactions (maturing in 30 days), including reverse repos and securities borrowing backed by			
	-Level 1 HQLA		0%	0
	-Level 2A HQLA		15%	0
	-Other level HQLA or non-HQLA		50%	0
	-Margin lending backed by all other collateral		50%	0
	-All other assets		100%	0
II	Loans and advances by counterparties (maturing within 30 days)			
	-Retail and small businesses		50%	0
	-wholesale counterparties; non-financial corporates, sovereigns, multilateral development banks, and PSEs		50%	0
	-due from financial institutions (banks-including due from abroad, insurance companies, pension funds) and Central Banks		100%	0
III	Operational deposits held at other financial institutions and centralized institution of network of cooperative banks		0%	0
IV	Credit or liquidity facilities		0%	0
V	Net derivatives cash inflows (sum of all net cash inflows due within 30 days)		100%	0
VI	Other contractual cash inflows not included above		0%	0
F.	**Total cash inflows**	**0**		**0**
G.	**Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows [E-min(F,E*0.75]**			**0**
H.	**Liquidity Coverage Ratio =(Total high quality liquid assets)/(Total net cash outflows) [D/G]**			**#DIV/0!**

Denote

Colour	Meaning
Green	Cells that require data input
Orange	Calculated cells (Cells that do not require data input)

Appendix V: Reporting requirements-NSFR

	STATEMENT FOR THE NET STABLE FUNDING RATIO (NSFR)			
	NAME OF THE INSTITUTION :			
	BANK CODE :			
	REPORTING FREQUENCY:	**Quarterly**		
	STATEMENT FOR THE PERIOD:			
		Amount in thousands of RWFs		
S/NO	**PARTICULARS**	**Carrying Amount**	**Factor**	**Weighted Amount**
a	**b**	**c**	**d**	**(e)= (b)*(c)**
A	**Available Stable Funding (ASF)**			
I	Regulatory/Core capital, before the application of capital deductions		100%	
II	Supplementary Capital with an effective residual maturity of more than one year		100%	
III	Secured and unsecured borrowings and liabilities with maturities of one year or more		100%	
IV	Demand deposits, savings deposits and term deposits with a maturity of less than one year (retail and small businesses)			
	- Stable deposits (insured by Deposit Insurance Board)		95%	
	- Less stable deposits (not insured by Deposit Insurance Board)		90%	
V	Funding (secured and unsecured) with residual maturity of less than one year provided by non-financial corporates		50%	
VI	Funding with residual maturity of less than one year from operational deposits		50%	
VII	Funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks		50%	
VIII	Other funding maturing within a period of six months to one year and not included in the line items above, including funding provided by central banks and financial institutions, including banks within the same cooperative network		50%	
IX	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests)		0%	
X	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets		0%	
XI	"Trade date" payables arising from purchases of financial instruments, foreign currencies		0%	
B	**Total Available Stable Funding (ASF) [sum (i)-(XI)]**			
C	**Required Stable Funding (RSF)**			
	On-balance sheet			
I	Coins and banknotes		0%	
II	Central Bank reserves		0%	
III	All claims on central banks with residual maturities of less than six months		0%	
IV	"Trade date" receivables arising from sales of financial instruments, foreign currencies and commodities.		0%	
V	Unencumbered Level 1 assets, excluding coins, banknotes and central bank reserves		5%	
VI	Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, where bank has the ability to freely rehypothecate the received collateral		10%	
VII	All other unencumbered loans with a residual maturity of one year or more, excluding loans to financial institutions, not included in the above categories		15%	
VIII	HQLA encumbered for a period of six months or more and less than one year		50%	
IX	Loans to financial institutions and central banks with residual maturities between six months and less than one year		20%	
X	Deposits held at other financial institutions for operational purposes		50%	
XI	Unencumbered loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs with residual maturity of less than one year		50%	
XII	Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75% under the Directive on Capital requirement		65%	
XIII	Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50% under the Directive on Capital requirement		65%	
XIV	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party		85%	
XV	Other unencumbered performing loans with risk weights greater than 50% under the Directive on Capital requirement and residual maturities of one year or more, excluding loans to financial institutions		85%	
XVI	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities		85%	
XVII	Physical traded commodities, including gold		85%	
XVIII	All other assets that are encumbered for a period of one year or more		100%	
XIX	Derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities		100%	
XX	All other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual		100%	
	Off-balance sheet			
XXI	Irrevocable and conditionally revocable credit and liquidity facilities to any client		5%	
XXII	Unconditionally revocable credit and liquidity facilities		5%	
XXIII	Trade finance-related obligations (including guarantees and letters of credit)		1%	
XXIV	Guarantees and letters of credit unrelated to trade finance obligations		1%	
XXV	Other non-contractual obligations		1%	
D	**Total Required Stable Funding (RSF) [sum (i)-(XXV)]**			**0**
E	**Net Stable Funding Ratio = (Total availble stable funding)/(Total required stable funding) [B/D]**			**#DIV/0!**

Appendix VI: Monitoring Report requirements-Concentration

a) Concentration by Instrument/Product

	STATEMENT FOR THE FUNDING CONCENTRATION		
	NAME OF THE INSTITUTION :		
	BANK CODE :		
	REPORTING FREQUENCY:	Quarterly	
	STATEMENT FOR THE PERIOD (DD/MM/YYYY):		
		Amount in thousands of RWFs	
Part B	Funding Concentration based on instrument/product		
B1	Significant instrument/product(**)		
Sr. No.	Name of the instrument/product	Amount	% of Total liabilities
1			
2			

	Total		

(**) A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the bank's total liabilities. Example of funding instruments/products - wholesale deposits, certificates of deposits, long term bonds, etc.

b) Concentration by Counterparty

	STATEMENT FOR THE FUNDING CONCENTRATION						
	NAME OF THE INSTITUTION :						
	BANK CODE :						
	REPORTING FREQUENCY:	Quarterly					
	STATEMENT FOR THE PERIOD (DD/MM/YYYY):						
		Amount in thousands of RWFs					
Part A	Funding Concentration based on Counterparty						
A1	Significant Counterparty (*) – from Deposits and other direct borrowings, both secured and unsecured						
A2	Large Counterparties (including depositors)	Types of Deposits			Other direct borrowings	Total	% of Total liabilities
Sr No.	Name of the Counterparties	Current	Savings	Term			
1							

20							
	Total						

(*)A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the bank's total liabilities.

Appendix VII: Monitoring Report requirements-Unencumbered assets

	STATEMENT FOR THE UNENCUMBERED ASSETS(*)				
	NAME OF THE INSTITUTION :				
	BANK CODE :				
	REPORTING FREQUENCY:	**Quarterly**			
	STATEMENT FOR THE PERIOD:				
				Amount in thousands of RWFs	
Available unencumbered assets that are marketable as collateral in secondary markets and/or eligible for central bank's standing facilities					
1	2	3	4	5	6
Sr No.	Value (RWFs)	Type of Asset	Location	Estimated haircut required by the secondary market (in Thousand RWFs)	Expected monetised value of the collateral (in Thousand RWFs)
1					
2					
----					
n					
Available unencumbered assets that are marketable as collateral in secondary markets and/or eligible for central bank's standing facilities by significant currency (**)					
Sr No.	Type of Asset	Value (RWFs)	Location	Estimated haircut required by the secondary market (in Thousand RWFs)	Expected monetised value of the collateral (in Thousand RWFs)
1					
2					
----					
n					

(*) In case of investments which are marked to market, market value may be indicated. Otherwise, book value to be indicated

(**) A currency is considered "significant" if the aggregate stock of available unencumbered

Appendix VIII: Monitoring Report requirements-Maturity mismatch

STATEMENT FOR CONTRACTUAL MATURITY MISMATCH

NAME OF THE INSTITUTION :	
BANK CODE :	
REPORTING FREQUENCY:	Monthly
STATEMENT FOR THE PERIOD:	

	Cash flow Residual Maturity (days/months)							No Maturity	Total
	Sight - 8 days	over 8-14 days	over 14 days - 1 month	over 1 month - 3 months	over 3 months – 6 months	over 6 months - 1 year	over 1 year		
ASSETS (Inflows)									
1. CASH AND BALANCES WITH BANKS	0	0	0	0	0	0	0	0	0
Cash in hand									0
Balance with the National Bank of Rwanda									0
Balance with banks and inter-bank loans									0
Inter-group operations (Parent, Subsidiaries and Branches)									0
Receivables in transit									0
2. FINANCIAL INSTRUMENTS	0	0	0	0	0	0	0	0	0
Financial instruments held for trading									0
Financial instruments available for sale									0
Financial instruments held to maturity									0
Equity investments and subsidiaries investments									0
Derivative instruments									0
3. CASH COLLATERAL GIVEN									0
4. LOANS AND ADVANCES TO CLIENTS (INCLUDING OTHER FINANCIAL INSTITUTIONS)	0	0	0	0	0	0	0	0	0
Loans-Other than mortgages									0
Loans-Mortgages									0
5. FIXED ASSETS	0	0	0	0	0	0	0	0	0
Intangible fixed assets									0
Tangible fixed assets									0
6.OTHER ASSETS									0
A. Cash Inflows from Assets	0	0	0	0	0	0	0	0	0
LIABILITIES (Outflows)									
1. BORROWINGS FROM BANKS	0	0	0	0	0	0	0	0	0
Central Bank									0
Due to banks and inter-bank borrowings									0
Inter-group operations with parent, subsidiaries and branched									0
Payables in transit									0
2. FINANCIAL INSTRUMENTS	0	0	0	0	0	0	0	0	0
Financial instruments held for trading									0
Derivative instrument									0
Issued debt securities									0
Guarantees on securities									0
3. DEPOSITS WITH CLIENTS (INCLUDING OTHER FINANCIAL INSTITUTIONS)	0	0	0	0	0	0	0	0	0
Deposits – Retail and small business									
Deposits – Wholesale									
4. COLLATERAL DEPOSITS (INCLUDING CASH COLLATERAL RECEIVED)									0
5. PROVISIONS FOR CONTINGENT LIABILITIES									0
6. OTHER LIABILITIES									0
B. Cash Outflows from Liabilities	0	0	0	0	0	0	0	0	0
CAPITAL ITEMS									
7. Core Capital									0
8. Tier 2 (including subordinated debts)									0
C. Total Shareholders' Equity	0	0	0	0	0	0	0	0	0
D. Cash Outflows from Total Liabilities and Shareholders' Equity	0	0	0	0	0	0	0	0	0
COLLATERAL SECURITIES									
1. Pledging and Encumbrances - Derivative and Clearing									0
2. Reverse Repo (R.Repo) Collateral In									0
3. Repo Collateral Out									0
E. Cashflows from Collateral	0	0	0	0	0	0	0	0	0
OFF BALANCE SHEET COMMITMENTS									
1. Commitments									0
Credit Facilities Undrawn/committed to clients									0
Liquidity Facilities Undrawn/committed to or from Fis									0
Liquidity Facilities Drawn									0
2. Contingent liabilities									0
LC/Guarantees given									0
LC/Guarantees received									0
Cashflows from Off Balance Sheet Commitments	0	0	0	0	0	0	0	0	0
NET CASH FLOWS (TOTAL) (A-B)	0	0	0	0	0	0	0	0	0
NET ADJUSTED MISMATCH	0	0	0	0	0	0	0	0	0
CUMULATIVE MISMATCH	0	0	0	0	0	0	0	0	0
CUMULATIVE OUTFLOW	0	0	0	0	0	0	0	0	0
NET ADJUSTED MISMATCH AS PERCENTAGE OF NET CUMULATIVE OUTFLOW [(A-B)/X]	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Slotting rules

1. A maturity mismatch profile, shall be constructed based on contractual terms. The contractual flows resulting from legally binding agreements shall be reported according to the provisions of these legal agreements (i.e. residual maturity from the reporting date).
2. Slotting rules for contractual maturity mismatch reporting.
   a) All contractual flows shall be reported, including all material cash-flows from non-financial activities such as taxes, bonuses, dividends and rents.
   b) Interest outflows and inflows from all on and off balance sheet instruments shall be included in all relevant items, respectively and further aggregated and reported in the contractual template.
   c) Cash flows from unsettled assets and liabilities shall be reported, in the short period before settlement, in the appropriate rows and buckets.
   d) All report balances treated or reported in the non-maturity buckets shall be attributed no liquidity value.
   e) Items where the bank has no underlying business, such as where it has no deposits of a certain category, shall be completed with a zero.
   f) Assets
      (i) Cash and Balances with central bank
      - Cash balance and the excess balance over the daily Cash Reserve Requirement (CRR) shall be shown in the first day bucket;
      - The amount representing the cash reserve shall be distributed among the various time bands corresponding to the period during which these will be available upon maturity of the underlying deposits.
      - The banks shall indicate the manner in which the CRR has been distributed across maturity buckets.

      (ii) Balances with banks, placements, etc. in Rwanda or abroad and interbank loans
      - Current Account: the amount representing minimum balance must be shown in the sight-8 days' time band. If any, stipulated in the account opening agreement may be shown in the respective bands.
      - Money at call and short notice, term deposits, long term deposits and other placements shall be collapsed within the various time bands in accordance with the date of maturity.
      - Interbank loans shall be shown in the time buckets corresponding to the date of maturity.
      - Committed lines available from banks in the group / parent or outside the group. The unavailed balance under committed lines shall be shown in the time buckets taking into consideration the notice period if any prescribed under the agreement.

      (iii) Securities issued by Government of Rwanda and BNR
      - All securities must be shown as per the residual maturity with the exception of the following:
      - Securities which are marked to market shall be shown on the sight-8 days' time bands irrespective of the date of maturity,
      - Securities held in the banking book up to an amount equivalent the borrowing quota of each individual bank under the Overnight Facility of the BNR shall be shown in the sight-8 days bucket. The remaining balance shall be in accordance with their maturity.

(iv) Securities issued by the Government or Central Bank in OECD Countries and Central Bank and Governments of other countries shall be shown as per the date of maturity.

(v) Derivative financial instrument: the amount shall be shown as per the date of maturity. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. Options shall be assumed to be exercised when they are 'in the money' to the option buyer. This is in line with the principle that banks shall not double count liquidity inflows and outflows.

(vi) Loans & Advances (performing) including interest inflows shall be shown as per the scheduled repayment dates.

- For loans and advances with no specific maturity, report balance and contractual minimum payments in each period- Minimum payments are recognized as inflows in the payment time buckets.
- For open maturity loans that have no contractual minimum payments, report balance in the non-maturity time bucket.
- Non-Performing loans &Advances (net of provisions, interest suspense) shall be shown in the non-maturity bucket.

(vii) Allowance for credit impairment shall be shown in the non-maturity time bucket.

(viii) Bills purchased and discounted shall be shown as per the residual date of maturity.

(ix) Investments (net of provision), intangible (Goodwill, etc), tangible assets, fixed assets (property plant and equipment, etc), deferred tax and other assets shall be classified as non-maturity items.

g) Liabilities

(i) Deposits shall include interest payment outflow and be shown as per the contractual maturity.

- Retail and small business deposits are assumed to renew with a portion of the remaining deposit balance to be run off every time a renewal is assumed to take place. Any run off occurring in the first four weeks shall be based on an equivalent monthly run-off rates applied in this guideline. Small business is defined as business customer in the guideline on the calculation of RWA.
- Demand deposits are assumed to be renewed weekly for the first month and monthly from months 2 to 12 with a portion of the remaining balance to be run off based on rates of the appropriate deposit type. Report balance only for each type of demand deposit.
- Wholesale deposits, other than unsecured term deposits, are assumed to renew with a portion of the remaining deposit balance to be run off every time a renewal is to take place. Any run off occurring in the first four weeks shall be based on an equivalent monthly run-off rates applied in this guideline.

(ii) Certificates of Deposit, Borrowings and Bonds from banks, interbank loans, borrowing from banks abroad, subordinated debt, Bills Payable and lease obligations shall be shown as per the due date.

(iii) Committed lines: The unavailed balance under committed lines shall be shown in the time buckets taking into consideration the notice period if any prescribed under the agreement. In the absence of any notice period the unavailed balance must be shown in the sight-8 days' time band.

(iv) Provisions other than for loan loss and depreciation in investments, other liabilities shall be shown in the non-maturity column.

h) Off balance sheet items

(i) Lines of Credit committed / available must be shown in the sight-8 days' time band.

(ii) Contingent Liabilities: outstanding Letters of Credit / Guarantees (net of margins) shall be distributed amongst various time buckets.

i) Collateral

If the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received, shall treat the following:

(i) A bank shall report separately the customer collateral received that the bank is permitted to rehypothecate as well as the amount of such collateral that is rehypothecated at each reporting date, shall be distributed amongst various time buckets.

(ii) For securities that have been pledged as collateral for derivative related liabilities (DRL) or any encumbered assets cleared through clearing system for the Central Counterparties (CCP) and held for the benefit of the bank in accordance with such rules of CCP, report balance and inflows upon contractual maturity of the related derivative (both at market value of collateral) in the **collateral – pledging and encumbrances – derivative and clearing (D/C)** section. Collateral balances are treated as cash outflows in the first time bucket (i.e. week one) after the appropriate haircut is applied- **see case 1 for Illustration**

(iii) For DRLs that are collateralized with cash, report balance of net cash collateral pledged and inflows when cash margins becomes unencumbered under **Collateral Deposit** (**cash collateral pledged**). The balance is recognized as an outflow in the first time bucket (i.e. week 1) and inflows are recognized in time buckets when cash margins become unencumbered- **see case 2 for Illustration**.

(iv) If collateral (cash or security) inflows cannot be matched with the related DRL maturity, banks shall discuss action plans to address this limitation with the Central Bank on a bilateral basis and in the interim report collateral inflows in the over 1 year bucket after the appropriate haircut. The methodology adopted by the reporting for DRA and DRL shall be consistent.

(v) For securities pledged as collateral (repo, swaps and any collateralized stock lending/borrowing), report balance and inflows upon contractual maturity of collateral swaps (both at market value of collateral) in the **collateral – repo collateral out** section. Collateral balances (reverse repo) are treated as cash outflows in the first time bucket (i.e. week 1) after the appropriate haircut- **see case 3 and 4 for Illustration.**

(vi) Collateral inflows are recognized in the contractual maturity buckets after the appropriate haircut.

j) Capital items

Core capital must be shown in non-maturity bucket, while Tier 2 capital items shall be distributed amongst various time buckets.

Illustrations on the treatment of collateral as security in the maturity mismatch reporting

Case 1: Securities that have been pledged as collateral for DRL position marked to market at RWF100M as at reporting date, maturing in week 3 and 1.5% hair cut

Liabailities	Balance	Sight - 8 days	over 8-14 days	over 14 days - 1 month	over 1 month - 2 months	over 2 months – 6 months	over 6 months - 1 year	over 1 year
Other DRL	100			100				
Total shareholders' equity	-100							
Collateral – Pledging and encumbrances – Derivative and Clearing (D/C)-inflow				98.5				
Collateral – Pledging and encumbrances – Derivative and Clearing (D/C)-outflow	100	98.5						

Case 2: Cash that have been pledged as collateral for DRL position marked to market at RWF100M as at reporting date, maturing in week 3 and 1.5% hair cut

Assets	Balance	Sight - 8 days	over 8-14 days	over 14 days - 1 month	over 1 month - 2 months	over 2 months – 6 months	over 6 months - 1 year	over 1 year
Cash	-100	-100						
Liabilities								
Other DRL	100			100				
Total shareholders' equity	-100							
Cash Collateral – Pledging and encumbrances – Derivative and Clearing (D/C)-inflow	100			100				

Case 3: Term reverse repo for securities collateral received marked to market at RWF100M as at reporting date, maturing in week 3 and 1.5% hair cut

Assets	Balance	Sight - 8 days	over 8-14 days	over 14 days - 1 month	over 1 month - 2 months	over 2 months – 6 months	over 6 months - 1 year	over 1 year
Demand Deposits at other banks	100	100						
Liabilities								
Repo and Securities Lent (SL)	-100			-100				
Collateral - Repo Collateral-Outflow	-100	-98.5		98.5				

Case 4: Term reverse repo for securities collateral received marked to market at RWF100M as at reporting date, maturing in week 3 and 1.5% hair cut

Assets	Balance	Sight - 8 days	over 8-14 days	over 14 days - 1 month	over 1 month - 2 months	over 2 months – 6 months	over 6 months - 1 year	over 1 year
Demand Deposits at other banks	-100	-100						
Reverse Repo (R.Repo) and Securities Borrowed (SB)	100			100				
Collateral - Reverse Repo (R.Repo)	100	98.5		-98.5				

Appendix IX: Disclosure requirement for LCR

S/NO	PARTICULARS	Amount in thousands of RWFs	
		Unweighted Amount (Average)	Weighted Amount (Average)
	High Quality Liquid Assets (HQLA)		
A.	**Level 1 assets**		
I.	Cash (notes and coins)		
II	Balances with National Bank of Rwanda (incl. minimum reserve requirement)		
III	Government securities maturing in One year		
IV	Government securities with maturity of more than one year		
V	Other qualifying marketable securities with a 0% risk weight		
B.	**Level 2A assets (maximum of 25% of HQLA)**		
I	Qualifying marketable securities with a 20% risk weight:		
II	Qualifying corporate debt securities (including commercial paper and promissory notes)		
III	Qualifying investments in gilt unit trust backed by Government of Rwanda securities		
C.	**Level 2B assets (maximum of 15% of HQLA)**		
I	Qualifying corporate debt securities (including commercial paper and promissory notes) with an External Credit Rating between A+ to BBB-		
II	Qualifying non-financial common equity shares		
D.	**Total High Quality Liquid Assets-HQLA [A+B+C]**		
E.	**Cash Outflows**		
I	Demand deposits, savings deposits and term deposits maturing in 30 days (retail and small businessses):		
	- Stable deposits (insured by Deposit Insurance Board)		
	- Less stable deposits (not insured by Deposit Insurance Board)		
II	Operational deposits generated by banks for clearing, custody and cash management activities		
	-portion not covered by deposit insurance scheme		
	-portion covered by deposit insurance scheme		
III	Cooperative banks in an institutional network		
IV	Deposits from non-financial corporates, sovereigns, central banks, PSEs, multilateral development banks (maturing in up to and including 30 days)		
	-portion not covered by deposit insurance scheme		
	-portion covered by deposit insurance scheme		
V	Due to banks, insurance companies, pension funds, funds from local and abroad (maturing in 30 days)		
VI	Any other legal entity customers not included above (maturing in 30 days)		
VII	Net Derivatives cash outflows (sum of all net cash outflows due within 30 days)		
VIII	All other contractual cash outflows (maturing in 30 days)		
IX	Committed credit and liquidity facilities by customers (maturing within a 30 day)		
	-Retail and small business customers		
	-Non-financial corporate, sovereigns and central banks, multilateral development banks, and PSEs		
	-Bank subject to prudential supervision		
	-Other financial institutions (include securities firms, insurance companies)		
	-Other legal entity customers, credit and liquidity facilities		
X	Other contingent funding liabilities (such as revocable credit and liquidity facilities, guarantees, letters of credit, etc)		
	-Trade finance		
	-Customer short positions covered by other customers' collateral		
	-Others		
XI	Secured funding transactions (maturing in 30 days)		
	-backed by level 1 HQLA with any counterparty		
	-backed by level 2A HQLA, with any counterparty		
	-backed by with domestic sovereigns, multilateral development banks, or domestic PSEs with risk weight of 20% or lower as a counterparty		
	-All other secured funding transactions		
F.	**Total cash outflows**		
G.	**Cash Inflows**		
I	Maturing secured lending transactions, including reverse repos and securities borrowing backed by		
	-Level 1 HQLA		
	-Level 2A HQLA		
	-Other level HQLA or non-HQLA		
	-Margin lending backed by all other collateral		
	-All other assets		
II	Loans and advances by counterparties (maturing within 30 days)		
	-Retail and small businesses		
	-wholesale counterparties; non-financial corporates, sovereigns, multilateral development banks, and PSEs		
	-due from financial institutions (banks-including due from abroad, insurance companies, pension funds) and Central Banks		
III	Operational deposits held at other financial institutions and centralized institution of network of cooperative banks		
IV	Credit or liquidity facilities		
V	Net derivatives cash inflows (sum of all net cash inflows due within 30 days)		
VI	Other contractual cash inflows not included above		
			Total Adjusted Value
H.	**Total cash inflows**		
I.	**Total net cash outflows = Total cash outflows minus the lower of total cash inflows and 75% of gross outflows [F-min(H,F*0.75]**		
J.	**Liquidity Coverage Ratio =(Total high quality liquid assets)/(Total net cash outflows) [D/I]**		

Appendix X: Disclosure requirement for NSFR

S/NO	PARTICULARS	Amount in thousands of RWFs				
		Unweighted Amount				Weighted Amount
		< 6 months	> 6 months & < 1 yr	> = 1 yr	No maturity	
A	**Available Stable Funding (ASF)**					
I	Regulatory/Core capital, before the application of capital deductions					
II	Supplementary Capital with an effective residual maturity of more than one year					
III	Secured and unsecured borrowings and liabilities with maturities of one year or more					
IV	Demand deposits, savings deposits and term deposits with a maturity of less than one year (retail and small businesses)					
	- Stable deposits (insured by Deposit Insurance Board)					
	- Less stable deposits (not insured by Deposit Insurance Board)					
V	Funding (secured and unsecured) with residual maturity of less than one year provided by non-financial corporates					
VI	Funding with residual maturity of less than one year from operational deposits					
VII	Funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks					
VIII	Other funding maturing within a period of six months to one year and not included in the line items above, including funding provided by central banks and financial institutions, including banks within the same cooperative network					
IX	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests)					
X	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets					
XI	"Trade date" payables arising from purchases of financial instruments, foreign currencies					
B	**Total Available Stable Funding (ASF)**					
C	**Required Stable Funding (RSF)**					
	On-balance sheet					
I	Coins and banknotes					
II	Central Bank reserves					
III	All claims on central banks with residual maturities of less than six months					
IV	"Trade date" receivables arising from sales of financial instruments, foreign currencies and commodities.					
V	Unencumbered Level 1 assets, excluding coins, banknotes and central bank reserves					
VI	Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, where bank has the ability to freely rehypothecate the received collateral					
VII	All other unencumbered loans with a residual maturity of one year or more, excluding loans to financial institutions, not included in the above categories					
VIII	HQLA encumbered for a period of six months or more and less than one year					
IX	Loans to financial institutions and central banks with residual maturities between six months and less than one year					
X	Deposits held at other financial institutions for operational purposes					
XI	Unencumbered loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs with residual maturity of less than one year					
XII	Unencumbered residential mortgages with a residual maturity of one year or more and with a risk weight of less than or equal to 75% under the Directive on Capital requirement					
XIII	Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 50% under the Directive on Capital requirement					
XIV	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a Central Counter Party					
XV	Other unencumbered performing loans with risk weights greater than 50% under the Directive on Capital requirement and residual maturities of one year or more, excluding loans to financial institutions					
XVI	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities					
XVII	Physical traded commodities, including gold					
XVIII	All other assets that are encumbered for a period of one year or more					
XIX	Derivative assets net of derivative liabilities if derivative assets are greater than derivative liabilities					
XX	All other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual					
	Off-balance sheet					
XXI	Irrevocable and conditionally revocable credit and liquidity facilities to any client					
XXII	Unconditionally revocable credit and liquidity facilities					
XXIII	Trade finance-related obligations (including guarantees and letters of credit)					
XXIV	Guarantees and letters of credit unrelated to trade finance obligations					
XXV	Other non-contractual obligations					
D	**Total Required Stable Funding (RSF) [sum (i)-(xvii)]**					**0.00**
E	**Net Stable Funding Ratio = (Total availble stable funding)/(Total required stable funding) [B/D]**					**#DIV/0!**