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**REPUBLIC OF ALBANIA  
BANK OF ALBANIA  
SUPERVISORY COUNCIL**

**DECISION**

**No. 27, dated 28.3.2019**

**ON**

**APPROVAL OF REGULATION**

**“ON THE LIQUIDITY COVERAGE RATIO”**

Pursuant to Article 3, paragraph 3; Article 12, letter "a"; and Article 43, letter "c" of the Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended; Article 26, paragraph 1 letter “a” and Article 66 of the Law No. 9662, dated 18.12.2006, “On banks in the Republic of Albania”, as amended, upon the proposal by the Supervision Department, the Supervisory Council of the Bank of Albania,

**DECIDED:**

1. To adopt the Regulation “On the liquidity coverage ratio”, in accordance to the text attached to this Decision.
2. The Regulation “On the liquidity coverage ratio” shall enter into force on 1 March 2020, with the exceptions defined in article 30, paragraphs 2, 3 and 4.
3. Until the entry into force of the Regulation “On the liquidity coverage ratio”, the banks shall take the necessary measures and establish the necessary conditions to implement the requirements of the Regulation. They shall report at the Bank of Albania regarding the progress of the implementation of the measures.
4. The Supervision Department and the Financial Statistics Department of the Bank of Albania shall be responsible for monitoring the implementation of this Decision.
5. The Governor's Office and the Research Department shall be responsible for the publication of this Decision, in the Official Journal of the Republic of Albania and in the Official Bulletin of the Bank of Albania, respectively.

This Decision shall enter into force 15 days after its publication in the Official Journal of the Republic of Albania.

**SECRETARY**

**Elvis Çibuku**

**CHAIR**

**Gent Sejko**

**REGULATION**  
**“ON THE LIQUIDITY COVERAGE RATIO”**

(Adopted with decision No. 27, dated 28.3.2019 and amended by the Decision No.46,  
dated 1.9.2021 of the Supervisory Council of the Bank of Albania)

**CHAPTER I**  
**GENERAL PROVISIONS**

**Article 1**  
**Purpose**

1. The purpose of this Regulation shall be the definition of:
  - a) the criteria and rules for the calculation of the liquidity coverage ratio; and
  - b) the minimum level of the liquidity coverage ratio.

**Article 2**  
**Subjects**

The entities subject to this Regulation shall be the banks and branches of foreign banks, licensed to exercise banking and/or financial activities in the Republic of Albania, which for the sake of simplicity, and hereinafter shall be referred in this Regulation as the “bank”.

**Article 3**  
**Legal basis**

This Regulation shall be issued on the basis and for the implementation of:

- a) Article 3, paragraph 3; Article 12, letter “a”; and Article 43, letter “c” of the Law No. 8269, dated 23.12.1997, “On the Bank of Albania”, as amended; and
- b) Article 26, paragraph 1, letter “a”; and Article 66 of the Law No. 9662, dated 18.12.2006 “On Banks in the Republic of Albania”, as amended, which hereinafter shall be referred in this Regulation as the Law “On Banks”.

**Article 4**  
**Definitions**

1. The terms used in this Regulation shall have the same meaning as those defined in the Law “On Banks” and in the Regulation No. 48, dated 31.07.2013, “On the Capital Adequacy Ratio (which for simplicity, shall be referred in this Regulation as “the Regulation on capital adequacy”.
2. In addition to paragraph 1 of this Article, for the purpose of implementing this Regulation, the following terms shall have these meanings:

- a) “*level 1 assets*” - shall be assets with very high liquidity and credit quality, as defined in Article 11 of this Regulation;
- b) “*level 2 assets*” - shall be assets with high liquidity and credit quality, composed by level 2A and level 2B assets, as defined in Chapter III of this Regulation;
- c) “*liquid assets*” - shall be the sum of level 1 and level 2 assets;
- d) “*liquidity buffer*” - shall be the sum of liquid assets that the bank includes in the calculation of the liquidity coverage ratio, in accordance with the requirements of this Regulation;
- e) “*net liquidity outflows*” - shall be the difference between bank’s outflows and inflows, in accordance with the requirements of this Regulation;
- f) “*significant currency*”<sup>1</sup> - shall be any currency in which liabilities denominated and payable in this currency shall constitute at least 5% of bank’s total liabilities excluding equity items and off-balance sheet items;
- g) “*assets coverage requirement*” - shall be the ratio of assets to liabilities, as defined by the relevant legislation of the country where the issuer is registered, for credit enhancement purposes, in relation to covered bonds;
- h) “*small and medium enterprises (SME)*” - shall be enterprises as defined in Article 4 of the Regulation on capital adequacy;
- i) “*deposit*” - shall have the same meaning as defined in Article 4, paragraph 5 of the Law on banks;
- j) “*retail deposit*” - shall be the deposit of an individual (natural person) or a small or medium enterprise, where the individual or the small or medium enterprise shall qualify for the retail exposure class, as defined in the Regulation on capital adequacy and the aggregate deposits of the individual or enterprise and related parties shall not exceed ALL 50 million;
- k) “*wholesale deposit*” - shall be any deposit not included in the retail deposits category;
- l) “*funding*” - shall be the liability in the form of debt/loan, which is not included in the deposit category;
- m) “*secured funding*” - shall be liabilities of the bank secured with legal rights on specifically designed assets, owned by the borrowing bank, in case of bankruptcy, insolvency, liquidation or resolution;
- n) “*trade finance*” - shall be the funding, including guarantees as well, related with the exchange of goods and services, through financial products with a defined short-term maturity, overall less than one year, without automatic renewal. Trade finance

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<sup>1</sup> Amended upon the Supervisory Council decision no. 46, dated 1.9.2021.

includes documentary credit, guarantees and commitments, irrevocable letters of credit, etc., as defined in Annex 2 of the Regulation on capital adequacy;

- o) “*financial customer*” - shall be an entity, whose own main activities are one or more of the activities listed in Article 54 of the Law on banks, or is one of the following entities:
- i. bank,
  - ii. savings and loan association and union of savings and loan association,
  - iii. investment company,
  - iv. securitisation special purpose entity (SSPE),
  - v. collective investment undertaking (CIU),
  - vi. insurance company,
  - vii. reinsurance company,
  - viii. financial holding company, or
  - ix. any legal person that carries out financial activities, within or outside the Republic of Albania;
- p) “*stress*” - shall be the situation of immediate or significant deterioration of bank’s solvency or liquidity position, due to changes in the conditions of the market or specific factors of the bank, which may lead to the inability of the bank to meet its commitments falling due within 30 calendar days;
- q) “*collateral swap*” - shall be the lending of liquid assets (e.g., government securities), in exchange for borrowing less liquid collaterals, for which the borrower of liquid assets pays a commission to the lender, to compensate for the risk deriving from holding less liquid assets.

## **CHAPTER II**

### **LIQUIDITY COVERAGE REQUIREMENTS**

#### **Article 5**

##### **Liquidity coverage ratio**

1. The banks shall calculate the liquidity coverage ratio (LCR) as a ratio of the liquidity buffer of the bank, with net liquidity outflows, during a stress period of 30 calendar days, expressed in percentage, on individual and consolidated basis, according to the following formula:

$$\text{Liquidity Coverage Ratio (\%)} = \frac{\text{Liquidity Buffer}}{\text{Net Liquidity outflows over a 30 calendar day stress period}}$$

2. The banks shall ensure at any time a liquidity coverage ratio of at least 100% in total and at least 80% for the total of significant foreign currencies.

3. The banks, in accordance with their risk appetite/tolerance, shall define in their internal policies, limits for the liquidity coverage ratio for the domestic currency (ALL) and for any significant foreign currency, and they shall monitor continuously the compliance with these limits.
4. The banks, without prejudice to paragraph 2 of this Article, may monetise their liquid assets, to cover net outflows during stress periods, even if this monetisation of liquid asset may result in the decline of the liquidity coverage ratio below the level defined in paragraph 2 of this Article, during these stress periods.
5. The bank shall notify immediately the Bank of Albania and present to it a plan for restoring the liquidity coverage ratio to the levels required by this Regulation, if this ratio has fallen or is expected to fall below the level defined in paragraph 2 of this Article. The bank shall report daily to the Bank of Albania, until the liquidity coverage ratio shall be restored to the level defined in paragraph 2 of this Article, unless otherwise determined by the Bank of Albania. The Bank of Albania may allow a lower reporting frequency than the one defined above, taking into account the size and complexity of the bank.
6. The Bank of Albania shall monitor the plan for restoring the liquidity coverage ratio at the level defined in paragraph 2 of this Article and may require to the bank the restore of this ratio to the required levels, in a shorter timeline than what the bank had defined in the plan.
7. The banks shall calculate and monitor their liquidity coverage ratio according to the definitions in the Annexes of this Regulation.
8. For the purposes of reporting on a consolidated basis, as defined by paragraph 1 of this Article, the bank shall also take into account the following requirements:
  - a) the assets of the subsidiary/branch of the bank in a foreign country, which comply with the requirements defined in Chapter III of this Regulation, shall not be considered as liquid assets for consolidation purposes, if they shall not qualify as liquid assets in accordance with the legal/regulatory requirements of that country, which define the liquidity coverage requirement;
  - b) the liquidity outflows of the subsidiary/branch of the bank in a foreign country, which according to the legal/regulatory requirements of that country, define the liquidity coverage requirement, are subject to higher outflow rates than what defined in Chapter IV of this Regulation, for consolidation purposes, shall be subject to these higher outflow rates;
  - c) the liquidity inflows of the subsidiary/branch of the bank in a foreign country, which according to the legal/regulatory requirements of that country, define the liquidity coverage requirement, are subject to lower inflow rates than what defined in Chapter

IV of this Regulation, for consolidation purposes, shall be subject to these lower inflow rates;

- d) for the subsidiary/branch of the bank in a foreign country, where are applied different legal/regulatory requirements from the liquidity coverage ratio requirements defined in this Regulation, the calculation for consolidation purposes shall be carried out in accordance with the requirements of this Regulation.

## **Article 6**

### **Stress scenarios for the purposes of calculating the liquidity coverage ratio**

1. The bank, to calculate the liquidity coverage ratio, shall consider as indicator/signal of the circumstances in which it shall be in a stress situation, scenarios such as:
  - a) the run-off of a significant/considerable proportion of retail deposits;
  - b) a total or partial loss of capacity by the bank to ensure wholesale unsecured funding, including wholesale deposits and other sources of contingent funding, such as received credit or liquidity lines;
  - c) a total or partial loss of secured, short-term funding;
  - d) additional liquidity outflows, as a result of a bank's credit rating downgrade of up to three notches;
  - e) increased market volatility, which affects the value of collateral or its quality, or additional collateral needs;
  - f) unscheduled draws on liquidity and credit facilities, that bank has granted to its customers;
  - g) potential obligation to buy-back debt or to honour non-contractual obligations, in order to reduce reputational risk;
  - h) etc.

## **CHAPTER III**

### **LIQUIDITY BUFFER**

#### **SUBCHAPTER I GENERAL REQUIREMENTS**

## **Article 7**

### **Composition of the liquidity buffer**

1. The bank, in order to calculate the liquidity coverage ratio, shall include in the liquidity buffer the liquid assets that shall meet each of the following requirements:
  - a) general requirements, defined in Article 8 of this Regulation;
  - b) operational requirements, defined in Article 9 of this Regulation;

- c) the respective eligibility criteria, for their classification as level 1 or level 2 assets, in accordance with Subchapter II of this Chapter.

## **Article 8**

### **General requirements for liquid assets**

1. The bank shall include in liquid assets, those assets that meet the requirements defined in paragraphs 2 to 6 of this Article.
2. Liquid assets shall be in the form of a right, entitlement or interest held by the bank, and must be free of any encumbrance. The bank shall consider an asset free from any encumbrance, if there is not any legal/regulatory, contractual or other restriction that prevents the sale, transfer or cession of the rights that derive from the ownership right, or in general, the removal of such activity from the bank portfolio, through outright sale or through repurchase agreement, within the next 30 calendar days (i.e., assets, which are available for immediate use as collateral, in order to secure additional funds for the bank, through approved but not yet used credit lines; the assets that the bank has received as collateral for credit risk mitigation purposes, in reverse repurchase agreements or securities financing transactions through, which the bank may sell; etc.).
3. Liquid assets shall not be issued by the bank itself, by its shareholder (except when the shareholder is a public sector entity, but not a bank), by one of its subsidiaries or another subsidiary of its shareholder, or a securitisation special purpose entity (SSPE), with which the bank is a related party.
4. Liquid assets shall not be issued by:
  - a) another bank, except when the asset is a covered bond, as defined in Article 12, paragraph 1, letter “b” of this Regulation;
  - b) an investment company;
  - c) an insurance company;
  - d) a reinsurance company;
  - e) a financial holding company;
  - f) any other entity that performs financial activities.

For the purposes of this Article, SSPEs shall not be included in the above mentioned entities.

5. The value of liquid assets shall be defined based on market prices, widely disseminated and easily available, or in the absence of these market prices, the value shall be defined based on a simple formula that uses published data and is based on realistic assumptions.

6. Liquid assets shall be listed in a recognised stock exchange or are tradable in generally accepted repurchase markets, through outright sales or through simple repurchase agreements. The bank shall assess these criteria separately for each market. An asset accepted for trading in an organised market, which is not a recognised stock exchange, shall be considered liquid only if this market shall be active and of significant size for outright asset sales. The bank, for the purposes of this paragraph, shall consider a market being active and of significant size based on the following criteria:
- a) historical data on market liquidity (breadth and depth of the market), proven by low bid-ask spreads, high volume of transactions and a large and diversified number of market participants;
  - b) the presence of a robust market infrastructure.
7. The requirements defined in paragraphs 5 and 6 of this Article shall not be applied for:
- a) coins and banknotes, as defined in Article 11, paragraph 1, letter “a” of this Regulation; and
  - b) exposures to central banks, as defined in Article 11, paragraph 1, letters “b” and “d” and Article 12, paragraph 1, letter “a” of this Regulation.
8. The bank shall exclude from the calculations, the liquidity inflows related to a liquid asset, if the asset is included in the liquidity buffer.

## **Article 9**

### **Operational requirements**

1. The banks shall draft internal policies and define limits, to ensure at any time a properly diversified liquidity buffer, which shall consider the diversification among the several categories of liquid assets as well as within the same category of liquid assets, as defined in Subchapter II of this Chapter, by different types of issuers, counterparties, or by geographic location of these issuers and counterparties.
- The Bank of Albania may impose specific restrictions or requirements on banks, in order to ensure compliance with the requirements of this paragraph.
2. The requirements of paragraph 1 of this Article, unless otherwise provided in this Regulation, shall not apply to the following categories of level 1 assets:
- a) coins and banknotes, as defined in Article 11, paragraph 1, letter “a” of this Regulation;
  - b) exposures to central banks, as defined in Article 11, paragraph 1, letters “b” and “d” of this Regulation;
  - c) assets representing claims on or guaranteed by the central governments, referred in Article 11, paragraph 1, letters “c” and “d” of this Regulation;

- d) assets representing claims on or guaranteed by multilateral development banks and international organisations as defined in Article 11, paragraph 1, letter “e” of this Regulation.
3. Banks shall have ready access to the liquid assets that they own and may monetise these assets at any time, during the stress period of 30 calendar days, through outright sale or repurchase agreements, in generally accepted repurchase markets.
  4. For the purposes of paragraph 3 of this Article, banks shall consider that a liquid asset shall be readily accessible, in the following cases, respectively:
    - a) when there are no legal or practical barriers on the ability of the bank to timely monetise this asset (assets that are used to ensure the credit enhancement in structured transactions or to cover operational costs of the bank, shall not be considered readily accessible to the bank);
    - b) when assets held in a foreign country, where there are restrictions to their free transferability, are used by the bank to cover the liquidity outflows in that country;
    - c) when assets held in a non-convertible currency, are used by the bank to cover the liquidity outflows in that currency.
  5. The bank shall put liquid assets under the control of the function responsible for liquidity management, which has the authority and the legal and operational ability to monetise any liquid assets that are part of the liquidity buffer. The exercise of control shall be tested through:
    - a) the placement of liquid assets under the direct management of this function, only for the purpose of using them as a source of contingent funds, including also during stress periods;
    - b) putting in place internal and control systems, as well as drafting policies and procedures that allow this function, an effective operational control of liquidity, to monetise the holdings of liquid assets at any point during the 30 calendar days stress period and to access contingent funds, without directly conflicting with any existing business or risk management strategy. In particular, an asset shall not be included in the liquidity buffer, where its sale without replacement during the entire stress period of 30 calendar days would remove a hedge that would create an open risk position in excess of the internal limits of the bank; or
    - c) a combination of the definitions of letters “a” and “b” of this paragraph.
  6. The bank, for test purposes, periodically and at least once a year, shall monetise a sufficiently representative sample (percentage) of its holdings of liquid assets, through outright sale or through simple repurchase agreement in a generally accepted repurchase

market. The bank shall define in its internal policies, the size of the representative sample, as well as draft strategies for the sale of the samples, which shall be adequate to:

- a) test the access to the market and the usability of these assets;
  - b) check that the bank's processes for the timely monetisation of assets are effective;
  - c) minimise the risk of sending a negative signal to the market as a result of the bank's monetising its assets during liquidity stress periods.
7. The requirement defined in paragraph 6 of this Article shall not apply to level 1 assets as defined in Article 11 of this Regulation.
8. The requirements defined in paragraphs 3 and 4 of this Article shall not prevent banks from hedging the market risk associated with their liquid assets, provided that the following conditions are met:
- a) the bank shall draft internal procedures in accordance with paragraphs 3 to 5 of this Article, ensuring that these assets are readily available and under the control of the liquidity management function;
  - b) the bank, during the valuation of the relevant asset in accordance with Article 10 of this Regulation, shall consider the net liquidity outflows and inflows that would result in the event of an early close-out of the hedge (in the event of the sale of the liquid asset).

## **Article 10**

### **Valuation of liquid assets**

The bank, for the purposes of calculating the liquidity coverage ratio, shall use the market value of its liquid assets. The market value of the liquid assets shall be reduced in accordance with the haircuts defined in Subchapter II of this Chapter and as defined in Article 9, paragraph 8, letter “b”, where applicable.

## **SUBCHAPTER II**

### **LIQUID ASSETS**

## **Article 11**

### **Level 1 assets**

1. The bank shall include in level 1 assets, those assets that are classified in one or more of the following categories and that meet in each case the eligibility criteria defined herein:
- a) cash (coins and banknotes);
  - b) the following exposures to central banks:

- i. assets representing claims on or guaranteed by the Bank of Albania, different from the assets stipulated in subparagraph “iii” of this letter,
  - ii. assets representing claims on or guaranteed by central banks of foreign countries, provided that exposures to the central bank or central government of these countries are assigned a credit quality step 1 by a nominated ECAI, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy,
  - iii. the mandatory reserve held in the Bank of Albania, to the extent allowed to use it, as defined by the by-laws of the Bank of Albania, as well as for subsidiaries and branches of the bank in foreign countries, the mandatory reserve held in central banks provisioned in subparagraph “ii” of this letter, to the extent allowed to use it, as defined by the respective central bank;
- c) assets representing claims on or guaranteed by the following central or regional governments, or local authorities:
  - i. the Albanian government, denominated and funded in the national currency,
  - ii. the Albanian government, denominated and funded in foreign currencies, up to the amount of net liquidity outflows in that foreign currency, corresponding to the activities of the bank in Albania,
  - iii. the central government of a foreign country, provided that it is assigned a credit quality step 1 by a nominated ECAI, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy,
  - iv. regional governments or local authorities in foreign countries, provided that they are treated as exposures to the central government, in accordance with Article 13 of the Regulation on capital adequacy and they are assigned a credit quality step 1 from a nominated ECAI;
- d) assets representing claims on or guaranteed by the central government or central bank of a foreign country, denominated in the domestic currency of that country, where the bank exercises its activity through a branch or a subsidiary, which has not been assigned a credit quality step 1, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy, provided that in this event the bank may include the asset in level 1 assets, for the purposes of covering the net liquidity outflows in that jurisdiction.
 

In the event the asset is not denominated in the domestic currency of the foreign country where the bank exercises its activity through a branch or subsidiary, the bank shall include the asset in level 1 assets, up to the amount of net liquidity outflows in that foreign currency, that corresponds to its activities in that jurisdiction;
- e) assets representing claims on or guaranteed by multilateral development banks and international organisations as defined in Article 15, paragraph 3 and Article 16 of the Regulation on capital adequacy.

2. The bank, on the market value of the assets defined in paragraph 1, letter “c”, point “i” of this Article, shall apply a 10% haircut and on the market value of the assets defined in paragraph 1, letter “c”, point “ii” of this Article shall apply a 15% haircut.

## **Article 12**

### **Level 2A assets**

1. The bank shall include in level 2A assets, those assets that are classified in one or more of the following categories and that meet in each case the eligibility criteria defined herein:
  - a) assets representing claims on or guaranteed by the central government or central bank, by regional governments, or local authorities of a foreign country, provided that such exposures are assigned a 20% risk weight, in accordance with Article 12 and 13 of the Regulation on capital adequacy;
  - b) exposures in the form of covered bonds, issued by banks in foreign countries, which fulfil all the following requirements:
    - i. they are covered bonds, in accordance with the relevant legislation of the foreign country, which must define these bonds as debt securities, issued by banks, or by a bank’s wholly-owned subsidiary, which guarantees the issue and are secured by a cover pool of assets, on which the bond holder shall have a direct recourse for the repayment of the principal and the interest, having priority in the event of bankruptcy of the issuer;
    - ii. the issuer and the covered bonds, in accordance with the relevant legislation of the foreign country, shall be subject to specific public oversight aimed at hedging the bond holders, as well as to the supervision and regulatory framework applied in the foreign country;
    - iii. they are secured by one or more of the assets defined in Article 26, paragraph 1, letters “b”, “d” and “e”, of the Regulation on capital adequacy. If the cover pool shall be composed by loans secured by real estate, the minimum requirements defined in Annex 1 of the Regulation on capital adequacy, must be fulfilled;
    - iv. exposures to institutions in the cover pool fulfil the requirements provisioned in Article 26, paragraph 1, letter “c”, of the Regulation on capital adequacy;
    - v. the bank that invests in covered bonds and the issuers fulfil the following transparency requirements, in relation with the information on the investment portfolio, that the issuer shall make available to the investing bank each quarter, which contains the following information:
      - the value of the cover pool and outstanding covered bonds;
      - geographical distribution and type of assets that secure covered bonds, loan size, interest rate and exchange rate risk;

- maturity structure of the covered bonds and of the assets that secure these bonds, and
- percentage of loans that are more than 90 days overdue;
- vi. the covered bonds are assigned a credit quality step 1 by a nominated ECAI, in accordance with the Regulation on capital adequacy, an equivalent assessment in the event of a short-term credit assessment, or in the absence of a credit quality assessment, the covered bonds are assigned a 10% risk weight in accordance with the Regulation on capital adequacy;
- vii. the cover pool fulfils at any time an asset coverage requirement of at least 7% higher than the amount required to fulfil the requirements related to covered bonds. However, when the total value of covered bonds issue is at least EUR 500 million (or equivalent amounts in the domestic currency), they shall be subjects of a minimum asset coverage requirement of 2%;
- c) corporate debt securities that fulfil all the following requirements:
  - i. they have been assigned a credit quality step 1, by a nominated ECAI, in accordance with the Regulation on capital adequacy or an equivalent assessment in the event of a short-term credit assessment;
  - ii. the total value of securities issue is at least EUR 250 million (or equivalent amounts in the domestic currency);
  - iii. the maximum time to maturity of these securities at the moment of the issuance is 10 years.
- 2. The bank shall apply a haircut of at least 15% on the market value of level 2A assets defined in paragraph 1 of this Article.

### **Article 13**

#### **Level 2B assets**

1. The bank shall include in level 2B assets, those assets that are classified in one or more of the following categories and that meet in each case the eligibility criteria defined herein:
  - a) assets representing claims on or guaranteed by the central government or central bank of a foreign country, when these exposures are assigned at least a credit quality step 3 by a nominated ECAI, in accordance with Article 12 of the Regulation on capital adequacy;
  - b) corporate debt securities that fulfil all the following requirements:
    - i. they have been assigned at least a credit quality step 3, by a nominated ECAI, or an equivalent assessment in the event of a short-term credit assessment;
    - ii. the total value of securities issue is at least EUR 250 million (or equivalent amounts in the domestic currency);
    - iii. the maximum time to maturity of these securities at the time of the issuance is 10 years.
2. The bank shall apply a haircut of at least 50% on the market value of level 2B assets defined in paragraph 1 of this Article.

**Article 14**  
**Composition of the liquidity buffer by asset level**

1. The bank, in any case, shall fulfil the following requirements on the composition of the liquidity buffer, for the total, the domestic currency and for the total of significant foreign currencies:
  - a) at least 60% of the liquidity buffer is composed of level 1 assets; and
  - b) up to 15% of the liquidity buffer may be held in level 2B assets.
2. The requirements of paragraph 1 of this Article shall apply after the adjustment of the liquid assets value, with the liquid assets value that shall be exchanged in short-term secured funding transactions, short-term secured lending transactions and short-term collateral swaps transactions, where these transactions mature within 30 calendar days, as well as considering any applicable haircuts and provided that the bank shall fulfil the operational requirements defined in Article 9 of this Regulation.
3. The bank shall define the composition of the liquidity buffer in accordance with the formulas presented in Annex 1 of this Regulation.

**Article 15**  
**Breach of requirements**

1. In the event that a liquid asset does not meet anymore any of the general requirements defined in Article 8, the operational requirements defined in paragraphs 3 and 4 of Article 9, or any eligibility criteria defined in this Subchapter, the bank shall cease to recognise this asset as a liquid asset, within 30 calendar days from the moment when the breach of requirements occurred.

**CHAPTER IV**  
**LIQUIDITY OUTFLOWS AND INFLOWS**

**SUBCHAPTER I**  
**NET LIQUIDITY OUTFLOWS**

**Article 16**  
**Calculation of net liquidity outflows**

1. The bank shall calculate the net liquidity outflows as the difference between the sum of liquidity outflows, defined in letter “a”, and the sum of liquidity inflows, defined in letter “b”, which shall be calculated as follows:
  - a) the sum of liquidity outflows, as defined in Subchapter II of this Chapter;

- b) the sum of liquidity inflows, as defined in Subchapter III of this Chapter, calculated as the lowest value, between liquidity inflows and 75% of liquidity outflows.
- 2. The bank shall evaluate the liquidity inflows and outflows, over a stress period of 30 calendar days, under the assumption of a combined stress scenario, including specific and systemic events, as defined in Article 6 of this Regulation.
- 3. The bank shall carry out the calculation defined in paragraph 1 of this Article, in accordance with the formula set out in Annex 2 of this Regulation.

### **Article 17**

#### **Requirements for assessing the effect of collateral received in derivatives transactions**

- 1. The bank shall calculate liquidity outflows and inflows expected over a 30 calendar day period for the contracts listed in Annex 4 of the Regulation on capital adequacy, on a net basis by counterparty, subject to the bilateral netting agreements, in accordance with Article 134 of the Regulation on capital adequacy.
- 2. For the purposes of this Article, calculations on a net basis shall consider the adjustment of the value of the exposure with the value of the collateral, provided that the collateral shall qualify as a liquid asset in accordance with Chapter III of this Regulation. Outflows and inflows arising from foreign currency derivative transactions, that involve a full exchange of principal amounts on a simultaneous basis (or within the same day) shall be calculated on a net basis, even where those transactions are not covered by a bilateral netting agreement.

## **SUBCHAPTER II LIQUIDITY OUTFLOWS**

### **Article 18**

#### **Calculation of liquidity outflows**

- 1. The bank shall calculate the liquidity outflows, by multiplying the outstanding balance of each liability and off-balance sheet commitment, by the rates at which these liabilities/commitments are expected to run off or be drawn-down, as defined in this Subchapter.
- 2. Liquidity outflows defined in paragraph 1 of this Article, shall include the following elements, which in each case shall be multiplied by the relevant rate:

- a) the current outstanding amount for stable retail deposits and other retail deposits, as defined in Articles 20 and 21 of this Regulation;
- b) the current outstanding amount for other liabilities that become due, which may be called for pay-out by the issuer or by the provider of funding, or entail an expectation by the provider of funding that the bank would repay the liability during the next 30 calendar days, as defined in Articles 22 and 23 of this Regulation;
- c) additional outflows, as defined in Article 24 of this Regulation;
- d) the maximum amount that can be drawn over the next 30 calendar days, from undrawn committed credit and liquidity facilities that the bank has provided, as defined in Article 25 of this Regulation;
- e) additional outflows assessed for other products and services, as defined in Article 19 of this Regulation.

## **Article 19**

### **Additional outflows for other products and services**

1. The bank shall assess regularly the likelihood (probability) and potential volume of liquidity outflows during 30 calendar days for products or services that are not provisioned in Articles 22 to 25 of this Regulation, which the bank offers or guarantees, or which, potential buyers may consider associated with them. These products or services shall include, but not be limited to, the liquidity outflows resulting from the following obligations, on which the bank shall apply at least the following outflow rates:
  - a) 10% for guarantees provided by the bank;
  - b) 10% for the amount of undrawn credit lines, which may be cancelled unconditionally at any time and without notice;
  - c) 5% for the amount of undrawn credit cards, when they may be considered as unconditionally cancellable;
  - d) 7% for the amount of undrawn overdrafts, when they may be considered as unconditionally cancellable;
  - e) 100% for the amount of loans guaranteed with real estate, approved, but not yet disbursed/drawn down;
  - f) 100% for the amount of planned outflows related to the renewal or extension of new retail or wholesale loans, where planned outflows shall be assessed over a stress period of 30 calendar days;
  - g) 100% for the amount of planned payments related to derivatives, where planned outflows shall be assessed over a stress period of 30 calendar days;
  - h) 5% for products related with off-balance sheet items of trade finance.
2. The bank shall assess the outflows defined in paragraph 1 of this Article, under the assumption of a combined idiosyncratic and systemic stress scenario, as defined in Article 6 of this Regulation. For this assessment, the bank shall also consider the

material reputational damage that may result from not supporting with liquidity these products or services.

3. The bank shall report at least once a year at the Bank of Albania, in accordance with Form 6 of Annex 4 of this Regulation, the products and services for which the likelihood and potential volume of liquidity outflows, as defined in paragraph 1 of this Article, shall be material, as well as the applicable rates by the bank for these products and services.

## **Article 20**

### **Outflows from stable retail deposits**

1. The bank, with the exemption when the criteria for higher outflow rates are fulfilled, in accordance with paragraphs 2, 3 or 9 of Article 21 of this Regulation, shall categorize the amount of retail deposits insured by the deposit insurance scheme as defined by the Albanian legislation in force for deposit insurance and equivalent schemes of deposit insurance in foreign countries, as a stable retail deposit and shall apply a 5% outflow rate in the event the deposit shall be:
  - a) part of an established relationship with the bank, making deposit withdrawal highly unlikely; or
  - b) held in the form of a current (transactional) account.
2. For the purposes of paragraph 1, letter “a”, of this Article, a retail deposit shall be considered to be part of an established relationship, in the event the depositor meets at least one of the following criteria:
  - a) has an active contractual relationship with the bank of at least 12 months duration;
  - b) has a borrowing relationship with the bank, in the form of a loan guaranteed by residential real estate collateral or other long-term loans;
  - c) has at least one other active product with the bank, other than the loan.
3. For the purposes of paragraph 1, letter “b”, of this Article, retail deposits shall be considered as being held in a current (transactional) account, where salaries, income or transactions, respectively, shall be credited and debited regularly against that account.

## **Article 21**

### **Outflows from other retail deposits**

1. The bank, without prejudice to the provisions of paragraph 2 of this Article, shall apply the outflow rate of 10% for other retail deposits, including the part of retail deposits not covered by the provisions of Article 20 of this Regulation.

2. The bank shall implement higher outflows rates for other retail deposits, as defined by paragraph 3 of this Article, if the following conditions are met:
  - a) total deposit balance, including customer deposit accounts in this bank or in the banking group the bank belongs to, shall exceed ALL 12.5 million;
  - b) the deposit is an account only usable/accessible through internet;
  - c) the deposits offers an interest rate that fulfils one of the following conditions:
    - i. the interest rate significantly exceeds the average rate for similar retail products;
    - ii. the interest rate is defined by the return rate of a market index or a set of market indexes;
    - iii. the interest rate is defined by other market factors, other than a variable interest rate;
  - d) the deposit was originally placed as a fixed-term deposit, where the maturity date falls within 30 calendar days or the deposit has a defined notification period for funds' withdrawal by the depositor, shorter than 30 calendar days, in accordance with contractual arrangements, with the exception of deposits that qualify for the treatment defined in paragraph 8 of this Article;
  - e) the depositor is non-resident in Albania or the deposit is denominated in a foreign currency. For subsidiaries or branches of the bank in foreign countries, the depositor is non-resident in the foreign country or the deposit is denominated in a different currency than the currency of the foreign country.
3. The bank shall apply a higher outflow rate defined in the following:
  - a) when the retail deposits fulfil the criterion defined in letter "a" or two of the criteria defined in letters "b" to "e" of paragraph 2 of this Article, the bank shall apply an outflow rate of 15%;
  - b) when the retail deposits fulfil the criterion defined in letter "a" and at least another criterion defined in letters "b" to "e" of paragraph 2 of this Article, or three or more criteria defined in letter "b" to "e" of paragraph 2 of this Article, the bank shall apply an outflow rate of 20%;
4. The Bank of Albania may require the application of a higher outflow rate, according to the specific circumstances of the bank.
5. The bank may exclude from the calculation of expected outflows, the outflows related to time retail deposits, with residual maturity or notification period for funds' withdrawal, longer than 30 days, if the depositor has no legal/contractual right to withdraw deposits within 30 days or if early withdrawal would result in a considerable penalty, which is materially higher than the loss of interest accrued up to the withdrawal date.

6. If the bank shall allow the depositor to withdraw the deposits defined in paragraph 5 of this Article, without applying the relevant penalties, or despite the clause that defines that the depositor has no legal/contractual right to withdraw the deposit, all the category of these deposits shall be considered as demand deposits (despite residual maturity, the deposit shall be subject to outflow rates as defined in Articles 20 and 21 of this Regulation.
7. If a portion of the time deposit, defined in paragraph 5 of this Article, may be withdrawn without penalties, only that part shall be treated as a demand deposit and the rest shall be treated as a time deposit as defined in paragraph 5 of this Article.
8. The bank shall apply an outflow rate of 100% for deposits that it (the bank) has been notified that will be withdrawn within 30 calendar days (despite the maturity date).
9. The bank, without prejudice to paragraphs 1 to 8 of this Article and Article 20 of this Regulation, multiplies the retail deposits that it has taken in foreign countries, by a higher outflow rate, if such a rate is provided by the relevant legal/regulatory framework, which sets out the liquidity requirements in these countries.

## **Article 22**

### **Outflows from operational deposits**

1. The bank shall multiply by 25%, the liabilities deriving by the following deposits held by the bank for the purposes of operational activities of the depositors:
  - a) deposits held by the depositor in order to obtain clearing, custody, cash management, or other comparable services in the context of an established operational relationship with the bank;
  - b) deposits held by the depositor in the context of an established operational relationship with the bank, other than that defined in letter “a” of this paragraph.
2. The bank, without prejudice to paragraph 1 of this Article, shall multiply by 5% the portion of liabilities resulting from the deposits defined in paragraph 1, letter “a”, covered by the deposit guarantee schemes, as defined in Article 20 of this Regulation.
3. Clearing, custody, cash management, or other comparable services referred in paragraph 1, letter “a”, of this Article, shall include these services up to the extent that they are provided, in the context of an established relationship, which is important to the depositor. Deposits defined in letters “a” and “b” of paragraph 1 of this Article, shall provide for significant legal/contractual or operational limitations, which would make a

considerable withdrawal within 30 days unlikely. Funds in excess to the required amount for operational services shall be treated as non-operational deposits.

4. The bank, for deposits created as a result of a relationship with a correspondent bank or from the provision of prime brokerage services for particular customers, shall not treat them as operational deposits and shall apply a 100% outflow rate.
5. The deposits provisioned in paragraph 1, letter “b” of this Article, in order to qualify for the treatment provided in paragraph 1, shall meet all the following conditions:
  - a) the deposit is held by a non-financial customer;
  - b) the deposit is not a time deposit or a saving account;
  - c) the interest rate is at least 5 basis points under the actual rate for bank’s wholesale deposits, with comparable characteristics, which shall not be negative in any case;
  - d) the deposit is held in dedicated (particular) accounts and priced without creating economic incentives for the depositor to maintain funds, in excess of what is needed for the operational relationship;
  - e) the deposit is credited and debited regularly for significant transactions of the customers; as well as
  - f) one of the following conditions:
    - i. the relationship with the depositor has existed for at least 24 months,
    - ii. the deposit has been used for at least two active services. These services may include direct or indirect access for national or international payment services, security trading or depository services.

The bank shall treat as operational deposit, only that part of the deposit which is necessary to make use of the service for which the deposit is established. The excess part of the deposit shall be treated as non-operational deposit.

## **Article 23**

### **Outflows from other liabilities**

1. The bank shall multiply by 40%, the liabilities deriving from non-financial depositors, central government, central banks, multilateral development banks or public sector entities, to the extent they do not fall under the deposits defined in Article 22 of this Regulation.
2. The bank, without prejudice to paragraph 1 of this Article, shall multiply by 20%, the liabilities provisioned in paragraph 1, in the event they are covered by the deposit guarantee schemes, as defined in Article 20 of this Regulation.

3. The bank shall multiply by 100%, the liabilities deriving from operating expenses, which shall be paid within 30 calendar days and by the rate it shall deem appropriate, those operating expenses which predicts that may not be paid within 30 calendar days.
4. The bank shall multiply the liabilities deriving from secured lending transactions or from capital market-driven transactions, which mature within 30 calendar days, as defined in the Regulation on capital adequacy, by:
  - a) 0%, when collateralised by level 1 assets, in accordance with the definitions of Article 11 of this Regulation, or if the lender is a central bank;
  - b) 15%, when collateralised by level 2A assets, in accordance with the definitions of Article 12 of this Regulation;
  - c) 25%, when collateralised with assets that shall not classify as liquid assets, in accordance with Articles 11 and 12 of this Regulation and the lender is the central government, a multilateral development bank or a public sector entity, which has been assigned a risk weight of 20% or lower, in accordance with Article 14 of the Regulation on capital adequacy;
  - d) 50%, when collateralised by level 2B assets, in accordance with the definitions of Article 13 of this Regulation;
  - e) 100% when collateralised with assets that shall not be classified as liquid assets in accordance with Chapter III of this Regulation, except for the transactions defined in letter “c” of this paragraph or if the lender is a central bank.
5. Collateral swaps due within the next 30 days shall cause an outflow, to the extent of the difference between the liquidity value of borrowed assets and the liquidity value of lent assets, except in the event the counterparty is a central bank, where it shall be applied a 0% outflow.
6. The bank shall apply an outflow rate of 100% on all bonds and other debt securities issued by banks, except when the bond is exclusively sold in the retail market and held in a retail account. In these events, these instruments shall be treated in accordance with the respective category of retail deposits, on the condition these instruments are bought and held only by retail customers.

## **Article 24**

### **Additional outflows**

1. The bank shall calculate additional outflows of 20% of the value, for collaterals posted by the bank for the contracts provided in Annex 4 of the Regulation on capital adequacy and credit derivatives, except for cash collaterals and the assets defined in Article 11 of this Regulation.

2. The bank shall calculate and notify the Bank of Albania, no later than the reporting date, as defined in this Regulation, on the additional outflows and the requests for additional collateral, for all the contracts, whose contractual requirements shall bring the need/requirement for these additional outflows, within 30 calendar days and that result from a significant/material deterioration of the bank's credit quality.
3. When the Bank of Albania considers the outflows defined in paragraph 2 of this Article material, it shall accept the bank's additional outflows for these contracts, which correspond to the requirement/need for additional collateral or cash outflows, resulting from a material deterioration of the bank's credit quality, which corresponds to a downgrade in the bank's external credit assessment by three notches, as well as shall require the bank to apply a rate of 100% on additional collaterals or cash outflows. The bank shall review regularly the significance of this deterioration and inform the Bank of Albania on the results of this review.
4. The bank shall calculate additional outflows that correspond to the requirement/need for additional collateral, which shall result from the impact of a negative market scenario on derivative transactions of the bank, financing transactions and other material contracts.
5. The bank shall calculate on a net basis, the expected inflows and outflows over 30 calendar days, which derive from the contracts provided in Annex 4 of the Regulation on capital adequacy, in accordance with Article 17 of this Regulation. In the event the calculations shall result in a net outflow, the bank shall multiply the result with an outflow rate of 100%. The bank shall exclude from the calculations, the liquidity requirements that result from the implementation of paragraphs 1 to 4 of this Article.
6. The bank shall calculate an additional outflow that corresponds to 100% of the market value of securities or other assets sold short and that must be delivered within 30 calendar days. This outflow shall not be applied if the bank owns the securities to be delivered or has borrowed them on terms that require the delivery after more than 30 calendar days and the securities are not part of the liquid assets of the bank. If this short position is being covered by a collateralised securities financing transaction, the bank shall presume that this position shall be maintained throughout the 30 calendar day period and shall apply a 0% outflow rate.
7. The bank shall calculate an additional outflow rate that corresponds to 100% of:
  - a) the additional collaterals held by the bank, that may be required at any time by the counterparty, in accordance with the contractual conditions;
  - b) the collateral that is due to be posted to a counterparty within 30 calendar days;

- c) the collateral that is qualified as liquid asset for the purposes of Chapter III of this Regulation, which may be substituted without the consent of the bank with an asset that does not qualify as liquid asset for the purposes of Chapter III.
8. Deposits accepted as collaterals shall not be considered as liabilities, for the purposes of Article 22 of this Regulation, but shall be subject to the requirements of paragraphs 1 to 7 of this Article, where applicable.
  9. The bank, for assets borrowed on an unsecured basis and maturing within 30 calendar days, shall assume that they will run-off in full and shall apply a 100 % outflow rate, except when the bank owns the securities and they do not form part of the liquidity buffer of the bank.

## **Article 25**

### **Outflows from liquidity and credit facilities**

1. For the purposes of this Article, a liquidity facility shall be considered any committed undrawn back up facility, which shall be used to rollover the liabilities of a client in the situation where such a client is unable to rollover its debt in financial markets. The amount of liquidity facility shall be calculated as the current outstanding of the debt of the client maturing within 30 calendar days and backstopped by this liquidity facility. The portion of the facility that is backing a debt that shall not mature within 30 calendar days shall be excluded from the scope of the definition of the liquidity facility. Any additional amount of the facility shall be treated as a committed credit facility with the associated drawdown rate as specified in this Article. The bank shall not classify as liquidity facilities, the working capital facilities for corporates, but as credit facilities.
2. The bank shall calculate the outflows from liquidity and credit facilities by multiplying the amount of the facility with the respective outflow rates defined in paragraphs 3 to 5 of this Article. Outflows from committed liquidity and credit facilities shall be determined as a percentage of the maximum amount that can be drawn down within 30 calendar days, net of any liquidity requirement applicable for off-balance sheet items of trade finance, in accordance with Article 19 of this Regulation and net of any collateral made available to the bank, valued in accordance with Article 10 of this Regulation, provided that the collateral fulfils the following conditions:
  - a) it may be reused by the bank;
  - b) it is held in the form of liquid assets, but is not recognised as part of the liquidity buffer; and
  - c) the asset is not issued by the counterparty of the facility or affiliated entities with the counterparty.

In the event the necessary information is available to the bank, the maximum amount that may be drawn down from the facility, shall be determined as the maximum amount that could be drawn down, based on the counterparty's obligations or on the pre-defined contractual drawdown schedule coming due over 30 calendar days.

3. The bank shall multiply with 5%, the maximum amount that could be drawn down over 30 calendar days, from the undrawn portion of committed liquidity and credit facilities, in the event these facilities qualify for the retail deposit exposure class.
4. The bank shall multiply with 10%, the maximum amount that could be drawn down over 30 calendar days, from the undrawn portion of committed credit facilities, in the event these facilities fulfil the following conditions:
  - a) they do not qualify for the retail deposit exposure class;
  - b) they are given to non-financial customers, which include corporates, governments, central banks, multilateral development banks and public sector entities;
  - c) they are not provided for the purposes of replacing client funding, in the situations where the client is unable to obtain funding in financial markets.
5. The bank shall multiply with 30%, the maximum amount that could be drawn down over 30 calendar days, from the undrawn portion of committed liquidity facilities, in the event these facilities fulfil the conditions provided in paragraph 4, letters "a" and "b" of this Article.
6. The bank shall multiply the maximum amount that may be drawn down within 30 calendar days from other liquidity and credit facilities with respective outflows rates as follows:
  - a) 40% for credit and liquidity facilities granted to banks, as well as for credit facilities granted to other regulated financial institutions, including insurance companies, investment companies or collective investment undertakings (CIU);
  - b) 100% for liquidity and credit facilities granted to a financial customer, not referred in letter "a" of this paragraph, as well as in paragraphs 1 to 5 of this Article.
7. The banks shall multiply with 100% any liquidity outflow, resulting from liabilities maturing within 30 calendar days, other than those referred in Articles 19 to 25 of this Regulation.

### SUBCHAPTER III LIQUIDITY INFLOWS

## **Article 26**

### **Inflows**

1. The bank shall assess liquidity inflows during a period of 30 calendar days. Inflows shall include only contractual inflows deriving from exposures which are classified as “standard”, in accordance with the Regulation “On credit risk management from banks and branches of foreign banks”, and for which the bank does not expect any change in classification within 30 calendar days.
2. The bank shall apply a 100% liquidity inflow rate, for the following inflows:
  - a) monies due from central banks and financial customers. In particular, for financial customers, inflows from the following transactions shall also be treated as subject to a 100% inflow rate:
    - i. securities’ transactions maturing within 30 calendar days;
    - ii. short-term trade finance transactions with a residual maturity of less than 30 calendar days;
  - b) monies due from positions in major indexes of equity instruments, provided there is no double counting, as liquid assets and as liquidity inflows. These monies include rights due within 30 calendar days, in accordance with the conditions defined in the contract, such as cash dividends from these major indexes and accounts receivables (cash due) from such equity instruments sold but not yet settled, if they are not recognised as liquid assets in accordance with Chapter III of this Regulation.
3. Without prejudice to paragraph 2 of this Article, inflows defined in this paragraph shall be subject to the following requirements:
  - a) monies due from non-financial customers shall be reduced for the purposes of principal payments by 50% of their value or by the contractual commitments to those customers to extend funding, whichever is higher. For the purposes of this letter, non-financial customers shall include retail customers, corporates, central governments, multilateral development banks and public sector entities;
  - b) monies due from secured lending and capital market-driven transactions, as defined in the Regulation on capital adequacy, collateralized by liquid assets, shall not be taken into account up to the value of liquid assets, net of haircuts applicable, in accordance with Chapter III of this Regulation. The residual amount due, or in the event the amount is secured by assets that do not qualify as liquid assets in accordance with Chapter III of this Regulation, shall be taken into account in full. The bank shall not calculate inflows, if the collateral shall be used to cover a short position in accordance with Article 24, paragraph 6 of this Regulation;

- c) collateral swaps that mature within 30 calendar days that shall lead to an inflow, as for the difference between the liquidity value of the lent assets and the liquidity value of the borrowed assets;
  - d) in the event the collateral is obtained through reverse repos, securities borrowing or collateral swaps, which matures within 30 days, is used to cover short positions that may exceed 30 days, the bank shall assume that reverse repos or securities borrowing contracts will be rolled-over and shall not generate inflows, reflecting its need to continue to cover the short position or to re-purchase the relevant securities;
  - e) any undrawn commitment of credit or liquidity facilities, as well as any other commitment received by other entities, except from central banks, shall not be considered as an inflow;
  - f) monies due from securities issued by the bank itself or by a related entity shall be taken into account on a net basis, with an inflow rate based on the inflow rate applied to the underlying asset, in accordance with this Article;
  - g) for the assets with an undefined contractual maturity date, shall be applied a 20% inflow rate, provided that the contract allows the bank to withdraw or to request payment within 30 days.
4. The bank shall not implement the requirements of paragraph 3, letter “a” of this Article for the amounts due to secured lending and capital market-driven transactions, as defined in the Regulation on capital adequacy, collateralized with liquid assets in accordance with Chapter III of this Regulation, as defined in paragraph 3, letter “b” of this Article.
  5. The bank shall calculate on a net basis the expected outflows and inflows over 30 calendar days, which derive from the contracts provided in Annex 4 of the Regulation on capital adequacy, in accordance with Article 17 of this Regulation. In the event the calculation shall result into a net inflow, the bank shall multiply the result with an inflow rate of 100%.
  6. The bank shall not take into account, the inflows that derive from liquid assets defined in Chapter III of this Regulation other than payments due on assets that are not reflected in the market value of the asset.
  7. The bank shall not take into account inflows deriving from new contracts that will be signed within the next 30 calendar days.
  8. The bank shall take into account the liquidity inflows received from foreign countries, which apply transfer restrictions or are denominated in non-convertible currencies, up to the extent that they correspond to outflows in the foreign country or in the relevant currency.

**Article 27**  
**Cap on inflows**

1. The bank shall limit the recognition of liquidity inflows, up to 75% of total liquidity outflows, as defined in Subchapter II of this Chapter;
2. The banks shall calculate the amount of net liquidity outflows, after applying the cap on inflows, in accordance with the formula presented in Annex 2 of this Regulation.

**CHAPTER V**  
**FINAL PROVISIONS**

**Article 28**  
**Reporting requirements**

1. Banks shall report on a monthly basis at the Supervision Department of Bank of Albania, no later than 10 (ten) calendar days after the end of the reporting period, the liquidity coverage ratio on individual basis, for the total and for the total of significant foreign currencies, in accordance with the forms in Annex 3, attached and integral part of this Regulation.
2. Banks, for monitoring purposes by the Bank of Albania, shall report on a monthly basis, in accordance to the requirements defined in paragraph 1 of this Article, the liquidity coverage ratio for the domestic currency (lek) and for each of the significant foreign currencies, in accordance with Annex 3 of this Regulation.
3. Banks shall report on a monthly basis at the Supervision Department of Bank of Albania, no later than 60 (sixty) calendar days after the end of the reporting period, the liquidity coverage ratio on consolidated basis, for the total and for the total of significant foreign currencies, in accordance with the forms in Annex 3, attached and integral part of this Regulation.

**Article 29**  
**Supervisory measures**

The Bank of Albania, in case of failure to comply with the obligations laid down in this Regulation, shall implement the supervisory and/or penalizing measures defined in the Law on banks.

**Article 30**  
**Entry into force**

1. This Regulation shall enter into force on 1 March 2020, with the exceptions defined in paragraphs 2, 3 and 4 of this Article.
2. By derogation from the requirements defined in Article 5, paragraph 2 of this Regulation on the minimum liquidity coverage ratio for the total significant foreign currencies, the banks shall apply the following limits and timeframes:
  - a) at least 50% (starting from 1 March 2020);
  - b) at least 70% (starting from 1 January 2021); and
  - c) at least 80% (starting from 1 January 2022).
3. Banks shall apply the requirements of this Regulation on the liquidity coverage ratio, for the total and for the total of significant foreign currencies, on consolidated basis, starting from 1 January 2022.
4. Banks shall report to the Bank of Albania the liquidity coverage ratio, for the total and total of significant foreign currencies, in accordance with the forms in Annex 3 and by the following timeframes:
  - a) on quarterly basis, for the period June 2019 - September 2019; and
  - b) on monthly basis, for the period October 2019 - February 2020.

**Article 31**  
**Final provision**

The attached annexes are an integral part of this Regulation.

**CHAIRMAN OF THE SUPERVISORY COUNCIL**

**Gent SEJKO**

## ANNEX 1

### I.1 Formula for the calculation of the liquidity coverage ratio

The bank calculates the liquidity coverage ratio according to the following formula:

$$\text{Liquidity Coverage Ratio (\%)} = \frac{\text{Liquidity buffer}}{\text{Net Liquidity Outflows over a 30 calendar day stress period}}$$

### I.2 Formula for the determination of the liquidity buffer composition

1. The bank uses the formula presented in this Annex to determine the composition of the liquidity buffer.
2. Liquidity buffer calculation:

**Liquidity buffer** = Level 1 Assets + Level 2A Assets + Level 2B Assets – Adjustments for 15% cap – Adjustments for 40% cap

where,

**Adjustments for 15% cap** = Max (Adjusted Level 2B Assets - 15/85 \* (Adjusted Level 1 Assets + Adjusted Level 2A Assets), Adjusted Level 2B Assets - 15/60 \* Adjusted Level 1 Assets, 0)

**Adjustments for 40% cap** = Max ((Adjusted Level 2A Assets + Adjusted Level 2B Assets - Adjustments for 15% cap) - 2/3 \* Adjusted Level 1 Assets, 0)

3. In this Annex is presented the method of the calculation of the cap of level 2 assets (including also level 2B), in relation to short-term securities financing transactions.
  - a) The calculation of the 40% cap for level 2 assets should also take into account the impact on the liquidity buffer, of level 1 and level 2 assets included in secured funding transactions, secured lending transactions and collateral swaps due within 30 calendar days. The maximum amount of adjusted level 2 assets in the liquidity buffer is equal to two thirds of the adjusted amount of level 1 assets, after the haircuts have been applied. The calculation of the 40% cap for level 2 assets will take into account any reduction in eligible level 2B assets due to the 15% cap for level 2B assets.
  - b) The calculation of the 15% cap for level 2B assets should also take into account the impact on liquidity buffer of assets part of liquidity buffer, included in secured funding transactions, secured lending transactions and collateral swaps that mature

within 30 calendar days. The maximum amount adjusted level 2B assets in the liquidity buffer is equal to  $15/85$  of the adjusted amount of level 1 and level 2A assets, or if the 40% cap is mandatory, up to the maximum limit of  $1/4$  of the amount of adjusted level 1 assets, both after the haircuts have been applied.

4. The value of adjusted level 1 assets is defined as the amount of level 1 assets after taking into account short-term secured funding transactions, short-term secured lending transactions and short-term collateral swaps, that include the exchange of any asset that qualifies as a liquid asset, with level 1 assets (including also cash) that meet or should meet, if they are unencumbered, the operational requirements for liquid assets defined in this Regulation.
5. The value of adjusted level 2A assets is defined as the amount of level 2A assets after taking into account short-term secured funding transactions, short-term secured lending transactions and short-term collateral swaps, that include the exchange of any asset that qualifies as a liquid asset, with level 2A assets that meet or should meet, if they are unencumbered, the operational requirements for liquid assets defined in this Regulation.
6. The value of adjusted level 2B assets is defined as the amount of level 2B assets after taking into account short-term secured funding transactions, short-term secured lending transactions and short-term collateral swaps, that include the exchange of any asset that qualifies as a liquid asset, with level 2B assets that meet or should meet, if they are unencumbered, the operational requirements for liquid assets defined in this Regulation.
7. In this context, the above mentioned short-term transactions are transactions maturing within 30 calendar days.
8. The bank applies the haircuts, before calculating the respective caps.

## ANNEX 2

### I.1 Formula for the calculation of net liquidity outflows

The bank shall use the following formula to calculate the net liquidity outflows:

$$\text{Net liquidity outflows} = \text{Total outflows} - \text{Min} (\text{Total inflows}; 0.75 * \text{Total outflows})$$

## ANNEX 3

### LIQUIDITY COVERAGE RATIO

LIQUIDITY FORMS		
Form number	Form code	Form name
1	F 1	Form 1 - LIQUID ASSETS
2	F 2	Form 2 - OUTFLOWS
3	F 3	Form 3 - INFLOWS
4	F 4	Form 4 - COLLATERAL SWAPS
5	F 5	Form 5 - CALCULATIONS

<i>Note:</i>	1. Banks should not complete the grey coloured cells, in the Forms F1 - F5.	
	2. Banks, shall respect at any time, the liquidity coverage ratio provisioned in Article 5 of this Regulation and report to the Bank of Albania, the data in accordance with the Forms F1 - F5, on individual and consolidated basis, for:	
		- total liquidity coverage ratio
		- liquidity coverage ratio for the total of significant foreign currencies
	3. Banks, for monitoring purposes, shall report to the Bank of Albania, the data in accordance with the Forms F1 - F5 for:	
		- the liquidity coverage ratio for the domestic currency (lek)
		- the liquidity coverage ratio for each significant foreign currency

F 1 - LIQUIDITY COVERAGE - LIQUID ASSETS							
Currency							
Row	Code	Item	Reference	Amount/Market value	Standard weight	Applicable weight	Value according to Article 10 of Regulation
				010	020	030	040 040=010*030
010	1	<b>TOTAL UNADJUSTED LIQUID ASSETS</b>		0			0
020	1.1	<b>Total unadjusted level 1 assets</b>		0			0
030	1.1.1	Coins and banknotes	Article 11/1/a		1.00		0
040	1.1.2	Central bank reserves, up to the allowed withdrawal limit	Article 11/1/b/iii		1.00		0
050	1.1.3	Assets representing claims on or guaranteed by the central banks	Article 11/1/b/i & ii		1.00		0
060	1.1.4	Assets representing claims on or guaranteed by the Albanian government (in domestic currency)	Article 11/1/c/i		0.90		0
070	1.1.5	Assets representing claims on or guaranteed by the Albanian government (in foreign currency)	Article 11/1/c/ii		0.85		0
080	1.1.6	Assets representing claims on or guaranteed by the central governments of foreign countries	Article 11/1/c/iii		1.00		0
090	1.1.7	Assets representing claims on or guaranteed by regional governments or local authorities in foreign countries	Article 11/1/c/iv		1.00		0
100	1.1.8	Recognisable assets of central governments or central banks of foreign countries, which are not assigned a credit quality step 1 (in the domestic currency of that country)	Article 11/1/d		1.00		0
110	1.1.9	Recognisable assets of central governments or central banks of foreign countries, which are not assigned a credit quality step 1 (in foreign currency)	Article 11/1/d		1.00		0
120	1.1.10	Assets representing claims on or guaranteed by the multilateral development banks and international organisations	Article 11/1/e		1.00		0
130	1.2	<b>Total unadjusted level 2 assets</b>		0			0
140	1.2.1	<b>Total unadjusted Level 2A assets</b>		0			0
150	1.2.1.1	Assets representing claims on or guaranteed by the central government or the central bank (foreign country, risk weight 20%)	Article 12/1/a		0.85		0
160	1.2.1.2	Assets representing claims on or guaranteed by the regional government or local authorities (foreign country, risk weight 20%)	Article 12/1/a		0.85		0
170	1.2.1.3	Covered bonds issued by foreign countries' banks (credit quality step 1)	Article 12/1/b		0.85		0
180	1.2.1.4	Corporate debt securities (credit quality step 1)	Article 12/1/c		0.85		0
190	1.2.2	<b>Total unadjusted Level 2B assets</b>		0			0
200	1.2.2.1	Assets representing claims on or guaranteed by the central government or the central bank (foreign country, at least credit quality step 3)	Article 13/1/a		0.50		0
210	1.2.2.2	Corporate debt securities (at least credit quality step 3)	Article 13/1/b		0.50		0
<b>MEMORANDUM ITEMS</b>							
220	2	<b>Adjustments made to assets related to net liquidity outflows, deriving from early close-out of hedges</b>	Article 9/8/b				
230	3	<b>Adjustments made to assets related to net liquidity inflows, derived from early close-out of hedges</b>	Article 9/8/b				
240	4	<b>Level 1/2A/2B assets excluded due to currency reasons</b>	Article 11/1/d				
250	5	<b>Level 1/2A/2B assets excluded for operational reasons, except for currency reasons</b>	Article 9				

## F 2 - LIQUIDITY COVERAGE - OUTFLOWS

Currency

			Reference	Amount	Market value of collateral extended	Value of collateral extended, according to Article 10 of Regulation	Standard Weight	Applicable Weight	Outflow
Row	Code	Item		010	020	030	040	050	060 060=010*050
010	1	<b>OUTFLOWS</b>		0					0
020	1.1	<b>Outflows from unsecured transactions/deposits</b>		0					0
030	1.1.1	Retail deposits	Article 20, 21	0					0
040	1.1.1.1	deposits for which the bank has been notified that will be withdrawn within 30 calendar days	Article 21/8				1.00		0
050	1.1.1.2	deposits subject to higher outflows	Article 21/2 and 3	0					0
060	1.1.1.2.1	category 1	Article 21/3/a				0.15		0
070	1.1.1.2.2	category 2	Article 21/3/b				0.20		0
080	1.1.1.3	stable deposits (secured part)	Article 20				0.05		0
090	1.1.1.4	deposits in foreign countries where a higher outflow is applied	Article 21/9						0
100	1.1.1.5	other retail deposits	Article 21/1				0.10		0
110	1.1.2	Operational deposits	Article 22	0					0
120	1.1.2.1	deposits maintained for clearing, custody, cash management or other comparable services in the context of an established operational relationship		0					0
130	1.1.2.1.1	covered by deposits guarantee scheme	Article 22/1/a and 22/2 and 22/3				0.05		0
140	1.1.2.1.2	not covered by deposits guarantee scheme	Article 22/1/a and 22/3				0.25		0
150	1.1.2.2	deposits maintained in the context of an established operational relationship (other) with non-financial customers	Article 22/1/b, 22/3 and 22/5				0.25		0
160	1.1.3	Non-operational deposits		0					0
170	1.1.3.1	correspondent banking and provisions of prime brokerage deposits	Article 22/4				1.00		0
180	1.1.3.2	deposits by financial customers	Article 25/7				1.00		0
190	1.1.3.3	deposits by other customers		0					0
200	1.1.3.3.1	covered by deposits guarantee scheme	Article 23/2				0.20		0
210	1.1.3.3.2	not covered by deposits guarantee scheme	Article 23/1				0.40		0
220	1.1.4	Additional outflows		0					0
230	1.1.4.1	for collaterals other than Level 1 assets, posted for derivative contracts	Article 24/1				0.20		0
240	1.1.4.2	material outflows due to deterioration of bank's credit quality	Article 24/2 and 3				1.00		0
250	1.1.4.3	outflows resulting from the impact of an adverse market scenario on derivatives, financing transactions and other important contracts	Article 24/4						
260	1.1.4.4	outflows from derivative contracts	Article 24/5				1.00		0
270	1.1.4.5	short positions		0					0
280	1.1.4.5.1	covered by collateralized securities financing transactions	Article 24/6				0.00		0
290	1.1.4.5.2	other					1.00		0
300	1.1.4.6	excess collateral held by the bank that can be called at any time by the counterparty	Article 24/7/a				1.00		0
310	1.1.4.7	collateral that is due to be posted to counterparty	Article 24/7/b				1.00		0
320	1.1.4.8	liquid asset collateral that can be substituted without the consent of the bank, by assets that would not qualify as liquid assets	Article 24/7/c				1.00		0
330	1.1.4.9	assets borrowed on an unsecured basis	Article 24/9				1.00		0

340	1.1.5	Committed facilities		0					0
350	1.1.5.1	credit facilities		0					0
360	1.1.5.1.1	to retail customers	Article 25/3				0.05		0
370	1.1.5.1.2	to non-financial customers, other than retail customers	Article 25/4				0.10		0
380	1.1.5.1.3	to banks	Article 25/6/a				0.40		0
390	1.1.5.1.4	to other regulated financial institutions, other than banks	Article 25/6/a				0.40		0
400	1.1.5.1.5	to other financial customers	Article 25/6/b				1.00		0
410	1.1.5.2	liquidity facilities		0					0
420	1.1.5.2.1	to retail customers	Article 25/3				0.05		0
430	1.1.5.2.2	to non-financial customers, other than retail customers	Article 25/5				0.30		0
440	1.1.5.2.3	to banks	Article 25/6/a				0.40		0
450	1.1.5.2.4	to other financial customers	Article 25/6/b				1.00		0
460	1.1.6	Other products and services	Article 19/1	0					0
470	1.1.6.1	guarantees provided	Article 19/1/a				0.10		0
480	1.1.6.2	undrawn amounts of credit lines	Article 19/1/b				0.10		0
490	1.1.6.3	credit cards	Article 19/1/c				0.05		0
500	1.1.6.4	overdrafts	Article 19/1/d				0.07		0
510	1.1.6.5	mortgage loans that have been agreed but not yet drawn down	Article 19/1/e				1.00		0
520	1.1.6.6	planned outflows related to renewal or extension of new retail or wholesale loans	Article 19/1/f	0					0
530	1.1.6.6.1	to non-financial customers		0					0
540	1.1.6.6.1.1	to retail customers					1.00		0
550	1.1.6.6.1.2	to corporates					1.00		0
560	1.1.6.6.1.3	to central governments, multilateral development banks and public sector entities					1.00		0
570	1.1.6.6.1.4	to other legal entities (not included in any of the above rows)					1.00		0
580	1.1.6.6.2	to other customers					1.00		0
590	1.1.6.7	planned derivatives payables	Article 19/1/g				1.00		0
600	1.1.6.8	trade finance off-balance sheet related products	Article 19/1/h				0.05		0
610	1.1.6.9	others	Article 19/1						0
620	1.1.7	Other liabilities		0					0
630	1.1.7.1	liabilities resulting from operating expenses	Article 23/3						0
640	1.1.7.2	in the form of debt securities, if not treated as retail deposits	Article 23/6				1.00		0
650	1.1.7.3	others (not included in any of the above rows)	Article 25/7				1.00		0

660	1.2	Outflows from secured lending and capital market-driven transactions		0					0
670	1.2.1	Counterparty is central bank		0					0
680	1.2.1.1	collateralized by level 1 assets	Article 23/4/a				0.00		0
690	1.2.1.2	collateralized by level 2A assets	Article 23/4/a				0.00		0
700	1.2.1.3	collateralized by level 2B assets	Article 23/4/a				0.00		0
710	1.2.1.4	collateralized by non-liquid assets	Article 23/4/a				0.00		0
720	1.2.2	Counterparty is non-central bank		0					0
730	1.2.2.1	collateralized by level 1 assets	Article 23/4/a				0.00		0
740	1.2.2.2	collateralized by level 2A assets	Article 23/4/b				0.15		0
750	1.2.2.3	collateralized by level 2B assets	Article 23/4/d				0.50		0
760	1.2.3.4	collateralized by non-liquid assets		0					0
770	1.2.3.4.1	the counterparty is a central government, multilateral development bank or a public sector entity (risk weight <=20%)	Article 23/4/c				0.25		0
780	1.2.3.4.2	other counterparties	Article 23/4/e				1.00		0
790	1.3	Total outflows from collateral swaps							0
<b>MEMORANDUM ITEMS</b>									
800	2	Retail bonds with a residual maturity of less than 30 days	Article 23/6						
810	3	Retail deposits exempted from the calculation of outflows	Article 21/5						
820	4	Operational deposits maintained for clearing, custody, cash management or other comparable services in the context of an established operational relationship							
830	4.1	provided by banks							
840	4.2	provided by financial customers, other than banks							
850	4.3	provided by central governments, central banks, multilateral development banks and public sector entities							
860	4.4	provided by other customers							
870	5	Non-operational deposits maintained by financial customers and other customers							
880	5.1	provided by banks							
890	5.2	provided by financial customers, other than banks							
900	5.3	provided by central governments, central banks, multilateral development banks and public sector entities							
910	5.4	provided by other customers							
920	6	Funding commitments to non-financial customers	Article 26/3/a						
930	7	Level 1 assets, posted as collateral for derivatives							
940	8	Securities financing transactions monitoring							
950	9	Foreign currency outflows							
960	10	Outflows in foreign countries - with transfer restrictions or non-convertible currencies							

F 3 - LIQUIDITY COVERAGE - INFLOWS									
<div>Currency</div>									
			Reference	Amount	Market value of collateral received	Standard Weight	Applicable Weight	Value of collateral received, according to Article 10 of Regulation	Inflows
				Subject to the 75% cap on inflows	Subject to the 75% cap on inflows		Subject to the 75% cap on inflows	Subject to the 75% cap on inflows	Subject to the 75% cap on inflows
Row	Code	Item		010	020	030	040	050 050=020*040	060 Unsecured =010*040 Secured =010-050
010	1	TOTAL INFLOWS		0					0
020	1.1	Inflows from unsecured transactions/deposits		0					0
030	1.1.1	monies due from non-financial customers (except for central banks)		0					0
040	1.1.1.1	monies due (interests and commissions) from non-financial customers (except for central banks), not corresponding to principal repayment	Article 26/3/a			1.00			0
050	1.1.1.2	monies due from non-financial customers (except for central banks), corresponding to principal repayment	Article 26/3/a	0					0
060	1.1.1.2.1	monies due from retail customers	Article 26/3/a			0.50			0
070	1.1.1.2.2	monies due from corporates				0.50			0
080	1.1.1.2.3	monies due from central governments, multilateral development banks and public sector entities				0.50			0
090	1.1.1.2.4	monies due from other legal entities (not included in any of the above rows)				0.50			0
100	1.1.2	monies due from central banks and financial customers							
110	1.1.2.1	monies due from central banks and financial customers not being classified as operational deposits		0					0
120	1.1.2.1.1	monies due from central banks	Article 26/2/a			1.00			0
130	1.1.2.1.2	monies due from financial customers	Article 26/2/a			1.00			0
140	1.1.3	monies due from trade financing transactions	Article 26/2/a/i			1.00			0
150	1.1.4	monies due from securities maturing within 30 calendar days	Article 26/2/a/i			1.00			0
160	1.1.5	assets with an undefined contractual end date	Article 26/3/g			0.20			0
170	1.1.6	monies due from positions in major index equity instruments, provided that there is no double counting with liquid assets	Article 26/2/b			1.00			0
180	1.1.7	inflows from undrawn credit or liquidity facilities and any other commitments provided by central banks, provided that there is no double counting with liquid assets	Article 26/3/e			1.00			0
190	1.1.8	inflows from derivative contracts	Article 26/5			1.00			0
200	1.1.9	other inflows (not included in any of the above rows)	Article 26/2			1.00			0
210	1.2	Inflows from secured lending and capital market-driven transactions		0					0
220	1.2.1	collateralized by liquid assets		0	0			0	0
230	1.2.1.1	collateralized by level 1 assets	Article 26/3/b			1.00		0	0
240	1.2.1.2	collateralized by level 2A assets	Article 26/3/b			0.85		0	0
250	1.2.1.3	collateralized by level 2B assets	Article 26/3/b			0.50		0	0
260	1.2.2	collateral is used to cover a short position	Article 26/3/b						
270	1.2.3	collateralized by assets that do not qualify as a liquid assets	Article 26/3/b			1.00			0
280	1.3	Total inflows from collateral swaps							0
290	1.4	(Difference between total weighted inflows and total weighted outflows arising from transactions in foreign countries where there are transfer restrictions or which are denominated in non-convertible currencies)	Article 26/8						
MEMORANDUM ITEMS									
300	2	Foreign currency inflows							
310	3	Inflows within a group		0					0
320	3.1	From secured transactions							
330	3.2	Monies due from securities maturing within 30 days							
340	3.3	Inflows from undrawn credit or liquidity facilities, provided by other entities of the banking/financial group							

F 4 - LIQUIDITY COVERAGE - COLLATERAL SWAPS													
		Currency											
Row	Code	Item	Reference	Market value of collateral lent	Liquidity value of collateral lent	Market value of collateral borrowed	Liquidity value of collateral borrowed	Outflows	Inflows subject to the 75% cap on inflows	Collateralised derivatives only			
				010	020	030	040	050 (050-040-020)	060 (060-020-040)	Market value of collateral lent	Liquidity value of collateral lent	Market value of collateral borrowed	Liquidity value of collateral borrowed
010	1	TOTAL COLLATERAL SWAPS & COLLATERALISED DERIVATIVES	Article 23/5 and Article 26/3	0	0	0	0	0	0	0	0	0	0
020	1.1	Totals for transactions in which Level 1 assets are lent and the following collateral is borrowed:	Article 23/5 and Article 26/3	0	0	0	0	0	0	0	0	0	0
030	1.1.1	Level 1 assets											
040	1.1.2	Level 2A assets											
050	1.1.3	Level 2B assets											
060	1.1.4	Non-liquid assets											
070	1.2	Totals for transactions in which Level 2A assets are lent and the following collateral is borrowed:	Article 23/5 and Article 26/3	0	0	0	0	0	0	0	0	0	0
080	1.2.1	Level 1 assets											
090	1.2.2	Level 2A assets											
100	1.2.3	Level 2B assets											
110	1.2.4	Non-liquid assets											
120	1.3	Totals for transactions in which Level 2B assets are lent and the following collateral is borrowed:	Article 23/5 and Article 26/3	0	0	0	0	0	0	0	0	0	0
130	1.3.1	Level 1 assets											
140	1.3.2	Level 2A assets											
150	1.3.3	Level 2B assets											
160	1.3.4	Non-liquid assets											
170	1.4	Totals for transactions in which Non-liquid assets are lent and the following collateral is borrowed:	Article 23/5 and Article 26/3	0		0	0	0	0	0		0	0
180	1.4.1	Level 1 assets											
190	1.4.2	Level 2A assets											
200	1.4.3	Level 2B assets											
210	1.4.4	Non-liquid assets											
MEMORANDUM ITEMS													
220	2	Total collateral swaps (all counterparties) where borrowed collateral has been used to cover short positions											
230	3	Total collateral swaps with counterparties, entities of the group											
240	4	Total collateral swaps with central bank counterparties											

F 5 - LIQUIDITY COVERAGE - CALCULATIONS				
Currency				
Row	Code	Item	Value / Percentage 010	Notes
CALCULATIONS				
Numerator, denominator, ratio				
010	1	Liquidity buffer	0	
020	2	Net liquidity outflows	0	
030	3	Liquidity coverage ratio (%)		
Numerator calculations				
040	4	Level 1 assets (value according to Article 10): unadjusted	0	A = From Form F1
050	5	Outflows from level 1 collateral, within 30 days	0	B= From Form F3 and F4
060	6	Inflows from level 1 collateral, within 30 days	0	C= From Form F2 and F4
070	7	Cash outflows within 30 days, from secured transactions	0	D= From Form F2
080	8	Cash inflows within 30 days, from secured transactions	0	E= From Form F3
090	9	Level 1 assets (adjusted value before cap application)	0	F = A-B+C-D+E
100	10	Level 2A assets (value according to Article 10): unadjusted	0	G = From Form F1
110	11	Outflows from level 2A collateral, within 30 days	0	H= From Form F3 and F4
120	12	Inflows from level 2A collateral, within 30 days	0	I= From Form F2 and F4
130	13	Level 2A assets (adjusted value before cap application)	0	J= G-H+I
140	14	Level 2B assets (value according to Article 10): unadjusted	0	K = From Form F1
150	15	Outflows from level 2B collateral, within 30 days	0	L= From Form F3 and F4
160	16	Inflows from level 2B collateral, within 30 days	0	M= From Form F2 and F4
170	17	Level 2B assets (adjusted value before cap application)	0	N= L-M+N
180	18	Adjustments for cap 15%	0	O=MAX (N-15/85*(F+J), N-15/60*F,0)
190	19	Adjustments for cap 40%	0	P=MAX ((J+N-O)-2/3*F,0)
200	20	Liquidity buffer	0	Q=F+J+N-O-P
Denominator calculations				
210	21	Total outflows	0	FD= From Form F2
220	22	Inflows subject to 75% cap	0	FH= From Form F3
230	23	Net liquidity outflows	0	FDN=FD-MIN(FH,0.75*FD)

## ANNEX 4

### ADDITIONAL OUTFLOWS FOR OTHER PRODUCTS AND SERVICES

**Form 6**

F6 ADDITIONAL LIQUIDITY OUTFLOWS FROM OTHER PRODUCTS AND SERVICES (to be reported once a year, with reference to 31 December)													
Details of cash outflows													
Name of the product or service according to Article 19 of this Regulation	Outflow rate applied by the bank	Whether the likelihood and potential volume of the liquidity outflows of the product or service for next 30 days (since the date of reporting) are assessed to be material, state "Yes" or "No".	Describe briefly the assumptions used for assessment of liquidity outflows as 'material' or 'non-material'.	Actual outflows experienced by the bank (including all entities within the scope of consolidation) (as a percentage of off balance-sheet exposure, at the beginning of the month)									
				Maximum amount of actual outflows in a month, during the last year	Name of the month/year and the description of the factors responsible for this large outflow (the bank fills it only when the amount reported in column (040), exceeds 2 standard deviations)	Maximum amount of actual outflows in a month, during the last three years	Name of the month/year and the description of the factors responsible for this large outflow (the bank fills it only when the amount reported in column (060), exceeds 2 standard deviations)	Maximum amount of actual outflows in a month, until the date of reporting	Name of the month/year and the description of the factors responsible for this large outflow (the bank fills it only when the amount reported in column (080), exceeds 2 standard deviations)	Moving average of monthly actual outflows (since the date of entry into force of this Regulation)			
				010	020	030	040	050	060	070	080	090	100
<b>1</b>	Guarantees provided by the bank												
<b>2</b>	Credit lines that can be canceled unconditionally												
<b>3</b>	Credit cards												
<b>4</b>	Overdrafts												
<b>5</b>	Mortgage loans that have been agreed but not yet drawn down												
<b>6</b>	Planned outflows related to renewal or extension of new retail or wholesale loans												
	- to retail customers												
	- to corporates												
	- to central governments, multilateral development banks and public sector entities												
	- to other legal entities (not included in any of the above rows)												
<b>7</b>	Planned derivatives payables												
<b>8</b>	Trade finance off-balance sheet related products												
<b>9</b>	Others												
<p><i>Notes:</i></p> <p><b>Column 020 and 030:</b> The assessment should be made by the bank on a monthly basis and the reporting to the Bank of Albania, will be done once a year.</p> <p><b>Column 040 and 050:</b> The calculations will be based on less than 12 months of data during the first year from the date of entry into force of the Regulation. The first reporting under Column 040 should start as for the data of December 31, 2020.</p> <p><b>Column 060 and 070:</b> The calculations will be based on less than 36 months of data during the first three years from the date of entry into force of the Regulation. The first reporting under Column 060 should start as for the data of December 31, 2022.</p> <p><b>Column 080 and 090:</b> The calculations will be based on all monthly data of the bank, since the date of entry into force of the Regulation. The first reporting will start as for the data of December 31, 2022.</p> <p><b>Date for reporting of this Form:</b> Within two months, after the reference date.</p>													

## **EXPLANATORY INSTRUCTIONS TO FILL THE FORMS OF ANNEX 3 FORMS**

### **FORM F1: LIQUID ASSETS**

#### **General remarks**

1. Form F1 is a summary form, which contains information about the assets of the bank for the purpose of reporting the liquidity coverage requirement, as defined in this Regulation. Cells which do not need to be completed by the bank are coloured grey.
2. Assets reported in this Form must fulfil the requirements defined in Chapter III of this Regulation.
3. The banks shall report this Form by respective currencies, as defined in Article 28 of this Regulation.
4. In accordance with Article 10 of this Regulation, the bank should report, where relevant, the market amount/value of liquid assets, taking into account net liquidity outflows and inflows that result from an early close-outs of hedges defined in Article 9, paragraph 8 and in accordance with the respective haircuts defined in Chapter III of this Regulation.
5. In this Regulation, the word “weight” refers to a number between 0 and 1, which is multiplied with the amount/value, calculating the weighted amount or value, respectively, in accordance with Article 10 of this Regulation.
6. The bank shall not report twice the items within and between sections 1.1, 1.2.1 and 1.2.2.
7. In this Form are also included some memorandum items. These items shall be completed by the bank, although they are not necessary for the calculation of the liquidity coverage ratio. These items shall provide the necessary data for the Bank of Albania to precisely evaluate the compliance of the bank with the liquidity requirements. In some cases, they provide a more granular breakdown of the items included in the main sections of the forms, while in other cases they reflect additional sources of liquidity that the bank may have.

#### **Specific remarks on settlement and forward starting transactions**

8. All assets in accordance with Articles 8, 9 and 10 of this Regulation, which are on the bank's assets stock at the reporting date, shall be reported on the relevant line in the Form F1, even if they are sold or used in forward starting transactions. Likewise, no liquid asset shall be reported in Form F1, from forward starting transactions, referring to contractually agreed, but not yet settled, liquid asset purchases, as well as forward purchases of liquid assets.

## Instructions related to specific columns

Column	Regulation's references and instructions for completing
010	<p><b>Amount / market value</b></p> <p>The bank shall report in column 010 the market value, or the amount (when applicable) of the liquid assets defined in Chapter III of this Regulation.</p> <p>The amount/ market value reported in column 010 shall:</p> <ul style="list-style-type: none"> <li>-take into account net liquidity outflows and inflows, in the event of early close-out of hedges, defined in Article 9, paragraph 8 of this Regulation;</li> <li>-not take into account the haircuts defined in Chapter III of this Regulation;</li> </ul> <p>Referring to Article 9, paragraph 8 of this Regulation, the bank shall consider net cash flows, which may be inflows or outflows that would result in the event of a close-out of the hedge on the reporting date. The bank in this case shall not consider future changes in the value of the asset.</p>
020	<p><b>Standard weight</b></p> <p>Column 020 contains the rates (weights) reflecting the amount obtained after the application of the respective haircuts defined in Chapter III of this Regulation. The weights aim to reflect the reduction of the value of liquid assets after the application of the relevant haircuts.</p>
030	<p><b>Applicable weight</b></p> <p>The bank shall report in column 030 the applicable weight on the liquid assets defined in Chapter III of this Regulation. The applicable weight may result in weighted average values and shall be reported in decimal terms (i.e. 1.00 for a 100% applicable weight, or 0.50 for a 50% applicable weight). The applicable weights may reflect, but not be limited to, the specific characteristics of the bank or country.</p>
040	<p><b>Value according to Article 10 of the Regulation</b></p> <p>The bank shall report in column 040 the value of liquid assets, in accordance with the definitions of Article 10 of this Regulation. This is the amount market/value that considers net liquidity outflows and inflows, in the event of early close-out of hedges, multiplied by the applicable weight.</p>

### Instructions related to specific rows

Row	Regulation's references and instructions for completing
010	<p><b>1. Total unadjusted liquid assets</b></p> <p><i>Chapter III of the Regulation</i></p> <p>The bank shall report the total amount/market value of liquid assets, in column 010</p> <p>The bank shall report the total value of liquid assets in accordance with Article 10 of this Regulation, in column 040.</p>
020	<p><b>1.1 Total unadjusted level 1 assets</b></p> <p><i>Article 11 of the Regulation</i></p> <p>Assets reported in this section are clearly identified as level 1 assets, in accordance with the requirements of this Regulation.</p> <p>The bank shall report the total amount/ market value of level 1 assets, in column 010.</p> <p>The bank shall report the total value of level 1 assets, in accordance with Article 10 of this Regulation, in column 040.</p>
030	<p><b>1.1.1 Cash (coins and banknotes)</b></p> <p><i>Article 11, paragraph 1, letter "a" of the Regulation</i></p> <p>Total amount of cash, including coins and banknotes.</p>
040	<p><b>1.1.2 Central bank reserves, up to the allowed withdrawable limit</b></p> <p><i>Article 11, paragraph 1, letter "b", subparagraph "iii" of the Regulation</i></p> <p>The total amount of reserves, withdrawable at any time during stress periods, to the extent of its allowed use by the Bank of Albania, as well as for subsidiaries or branches of a bank in foreign countries, by the central bank of that country, provided that exposures to the central bank or the central government of that country has been assigned a credit quality step 1 by a nominated ECAI, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy.</p>
050	<p><b>1.1.3 Assets that represent claims on or guaranteed by central banks</b></p> <p><i>Article 11, paragraph 1, letter "b", subparagraphs "i" and "ii" of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the Bank of Albania and by foreign central banks, provided that exposures to the central bank or central government of these</p>

	countries is assigned a credit quality step 1 by a nominated ECAI, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy.
060	<p><b>1.1.4 Assets that represent claims on or guaranteed by the Albanian government (in domestic currency)</b></p> <p><i>Article 11, paragraph 1, letter “c”, subparagraph “i” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the Albanian government, provided that they are denominated and funded in the domestic currency (lek).</p>
070	<p><b>1.1.5 Assets that represent claims on or guaranteed by the Albanian government (in foreign currency)</b></p> <p><i>Article 11, paragraph 1, letter “c”, subparagraph “ii” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the Albanian government, denominated and funded in foreign currencies, up to the amount of net liquidity outflows in that foreign currency, corresponding to the activities of the bank in Albania.</p>
080	<p><b>1.1.6 Assets that represent claims on or guaranteed by the central governments of foreign countries</b></p> <p><i>Article 11, paragraph 1, letter “c”, subparagraph “iii” of the Regulation</i></p> <p>Assets representing claims on or are guaranteed by the central government of a foreign country, provided that it is assigned a credit quality step 1 by a nominated ECAI, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy;</p>
090	<p><b>1.1.7 Assets that represent claims on or guaranteed by regional governments or local authorities of foreign countries</b></p> <p><i>Article 11, paragraph 1, letter “c”, subparagraph “iv” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the regional governments or local authorities in foreign countries, provided that they are treated as exposures to the central government, in accordance with Article 13 of the Regulation on capital adequacy and they are assigned a credit quality step 1 from a nominated ECAI.</p>

100	<p><b>1.1.8 Recognisable assets of central governments or central banks of foreign countries that are not assigned a credit quality step 1 (in the domestic currency of that country)</b></p> <p><i>Article 11, paragraph 1, letter “d” of the Regulation</i></p> <p>Assets representing claims or guaranteed by the central government or central bank of a foreign country, denominated in the domestic currency of that country, where the bank exercises its activity through a branch or a subsidiary, which (the central government or the central bank) has not been assigned a credit quality step 1, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy, where the bank may include in level 1 assets, for the purposes of net liquidity outflows coverage, in that jurisdiction.</p>
110	<p><b>1.1.9 Recognisable assets of central governments or central banks of foreign countries that are not assigned a credit quality step 1 (in foreign currency)</b></p> <p><i>Article 11, paragraph 1, letter “d” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the central government or central bank of a foreign country, that are not denominated in the domestic currency of that country, where the bank exercises its activity through a branch or a subsidiary, which (the central government or central bank) has not been assigned a credit quality step 1, in accordance with Article 12, paragraph 2 of the Regulation on capital adequacy, where the bank may include in level 1 assets, up to the amount of the net liquidity outflows in that currency, that corresponds to its activities in that jurisdiction.</p>
120	<p><b>1.1.10 Assets that represent claims on or guaranteed by multilateral development banks and international organisations</b></p> <p><i>Article 11, paragraph 1, letter “e” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by multilateral development banks and international organisations as defined in Article 15, paragraph 3, and Article 16 of the Regulation on capital adequacy.</p>
130	<p><b>1.2 Total unadjusted level 2 assets</b></p> <p><i>Articles 12 and 13 of the Regulation</i></p> <p>Assets reported in this section are clearly identified as level 2A or level 2B assets in accordance with the requirements of this Regulation.</p> <p>The bank reports the total amount/market value of level 2 assets in column 010.</p>

	<p>The bank reports the total value of level 2 liquid assets, in accordance with Article 10 of this Regulation, in column 040.</p>
140	<p><b>1.2.1 Total unadjusted level 2 assets</b></p> <p><i>Article 12 of the Regulation</i></p> <p>Assets reported in this sub-section are clearly identified as level 2A assets in accordance with the requirements of this Regulation.</p> <p>The bank reports in column 010 the amount of the total market value of level 2A assets, unadjusted in accordance with the requirement of Article 14 of this Regulation.</p> <p>The bank reports in column 040 the sum of the total weighted amount of level 2A assets, unadjusted in accordance with the requirement of Article 14 of this Regulation.</p>
150	<p><b>1.2.1.1 Assets that represent claims on or are guaranteed by the central government or the central bank (foreign country, risk weight 20%)</b></p> <p><i>Article 12, paragraph 1, letter “a” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the central government or central bank of a foreign country, where such exposures shall be assigned a risk weight of 20%, in accordance with the Regulation on capital adequacy.</p>
160	<p><b>1.2.1.2 Assets that represent claims on or are guaranteed by regional governments or local authorities (foreign country, risk weight 20%)</b></p> <p><i>Article 12, paragraph 1, letter “a” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by regional governments or local authorities of a foreign country, where such exposures shall be assigned a risk weight of 20%, in accordance with the Regulation on capital adequacy.</p>
170	<p><b>1.2.1.3 Covered bonds issued by foreign countries’ banks (credit quality step 1)</b></p> <p><i>Article 12, paragraph 1, letter “b” of the Regulation</i></p> <p>Assets representing exposures in the form of covered bonds, issued by banks of foreign countries, which fulfil the requirements of Article 12, paragraph 1, letter “b” of the Regulation, provided they have been assigned a credit quality step 1 from a nominated ECAI, in accordance with the Regulation on capital adequacy.</p>

180	<p><b>1.2.1.4 Corporate debt securities (credit quality step 1)</b></p> <p><i>Article 12, paragraph 1, letter “c” of the Regulation</i></p> <p>The corporate debt securities that fulfil the requirements provided in Article 12, paragraph 1, letter “c” of the Regulation.</p>
190	<p><b>1.2.2 Total unadjusted level 2B assets</b></p> <p><i>Article 13 of the Regulation</i></p> <p>Assets reported in this sub-section are clearly identified as level 2B assets, in accordance with the requirements of this Regulation.</p> <p>The bank reports in column 010 the sum of total market value amount of level 2B assets, unadjusted according to the requirements of Article 14 of this Regulation.</p> <p>The bank reports in column 040 the sum of total weighted amount of level 2B assets, unadjusted according to the requirements of Article 14 of this Regulation.</p>
200	<p><b>1.2.2.1 Assets that represent claims on or guaranteed by the central government or the central bank (foreign country, at least credit quality step 3)</b></p> <p><i>Article 13, paragraph 1, letter “a” of the Regulation</i></p> <p>Assets representing claims on or guaranteed by the central government or central bank of a foreign country, in the event these exposures have been assigned at least a credit quality step 3 by a nominated ECAI, in accordance with the Regulation on capital adequacy.</p>
210	<p><b>1.2.2.2 Corporate debt securities (at least credit quality step 3)</b></p> <p><i>Article 13, paragraph 1, letter “b” of the Regulation</i></p> <p>The corporate debt securities that fulfil the requirements provided in Article 13, paragraph 1, letter “b” of the Regulation.</p>
<b>Memorandum Items:</b>	
220	<p><b>2. Adjustments made to assets related to net liquidity outflows, deriving from early close-out of hedges</b></p> <p><i>Article 9, paragraph 8, letter “b” of the Regulation</i></p> <p>The bank reports the total amount of adjustments made to liquid assets, reported in the sections for level 1, 2A and 2B assets, regarding net cash outflows, resulting from early close-out of hedges, in accordance with Article 9, paragraph 8, letter “b” of the Regulation.</p>

230	<p><b>3. Adjustments made to assets, regarding net liquidity inflows caused by early close-out of hedges</b></p> <p><i>Article 9, paragraph 8, letter “b” of the Regulation</i></p> <p>The bank reports the total amount of adjustments made to liquid assets, reported in the sections for level 1, 2A and 2B assets, regarding net cash inflows, resulting from early close-out of hedges, in accordance with Article 9, paragraph 8, letter “b” of the Regulation.</p>
240	<p><b>4. Level 1/2A/2B assets excluded due to currency reasons</b></p> <p><i>Article 11, paragraph 1, letter “d” of the Regulation</i></p> <p>The bank shall report the portion of assets that fulfil the requirements of Article 11, paragraph 1, letter “d”, that are not recognised by the bank, in accordance with the provision of this Article.</p>
250	<p><b>5. Level 1/2A/2B assets excluded for operational reasons, except for currency reasons</b></p> <p><i>Article 9 of the Regulation</i></p> <p>The bank reports the assets that fulfil the requirements of Article 8 of the Regulation, but that not fulfil the requirements defined in Article 9, provided that are not reported in row 210 for currency reasons.</p>

## **FORM F2: OUTFLOWS**

### **General remarks**

1. Form F2 is a summary form, which contains information about liquidity outflows, measured during the next 30 calendar days, for the purpose of reporting the liquidity coverage requirement, as defined in this Regulation. Cells which do not need to be completed by banks are coloured grey.
2. The banks shall report this Form by respective currencies, as defined in Article 28 of this Regulation.
3. In this Form are also included several memorandum items. These items shall be completed by banks, although they are not necessary for the calculation of the liquidity coverage ratio. These items shall ensure the necessary data to the Bank of Albania, to precisely evaluate the compliance of the bank with the liquidity requirements. In some cases, they provide a more granular breakdown of the items included in the main sections of the forms, while in other cases they reflect additional sources of liquidity that the bank may have.
4. In accordance with Article 18, paragraph 1 of the Regulation, liquidity outflows shall:
  - a) include the categories defined in Article 18, paragraph 2 of the Regulation; and
  - b) be calculated by multiplying the outstanding balance of the different categories of liabilities and off-balance sheet commitments, by the rates they are expected to run off or be drawn down, as defined in this Regulation.
5. In this guideline, the concept “outflows” in accordance with column 060, is used as an overall term to indicate the amount calculated after the application of the respective rates and any other additional instructions (in the case of secured lending and secured funding).
6. Liquidity outflows shall be reported only once in this Form, except where are applied additional outflows in accordance with Article 24 of this Regulation or where the respective item is also a memorandum item. The reporting of memorandum items shall not affect the liquidity outflows calculations.
7. When the bank reports in a significant foreign currency, it shall fulfil the following requirements:
  - reports only items and flows denominated in that currency;
  - in the event of mismatches between the legs of a transaction, shall be reported only the leg in that currency;
  - in the event netting is allowed in accordance with this Regulation, it may apply only to flows in that currency;

- where a flow has the option of several currencies, the bank shall assess the currency in which the flow is likely to occur and report the items only in that significant currency.
8. The standard weights in column 040 of Form F2 are the weights defined in this Regulation.
  9. The Form contains information on collateralized liquidity flows, referred as “secured lending and capital market-driven transactions”, and for the calculation of the liquidity coverage ratio, as defined in this Regulation.
  10. A separate Form exists for collateral swaps, Form F4 of Annex 3 of this Regulation. Collateral swaps, which are “collateral-versus-collateral” exchange transactions, shall not be reported in Form F2 - Outflows, since this Form covers only “cash-versus-collateral” exchange transactions.

### **Specific remarks on settlement and forward starting transactions**

11. The bank reports outflows deriving from repos, reverse repos and collateral swaps that start within a 30 calendar day period and mature after the 30 calendar day period, where the initial leg produces an outflow. In the case of a reverse repo, the amount to be lent to the counterparty shall be considered as an outflow and reported on item 1.1.7.3 of this Form after deducting the market value of the asset that shall be received as collateral, and after applying the relevant haircut (if the asset qualifies as a liquid asset). If the amount that will be lent is lower than the market value of the asset (after the application of the haircut) that will be received as collateral, the difference will be reported as an inflow in Form F3. If the received collateral is not a liquid asset, outflows will be reported in full. In the case of a repo, where the market value of the asset that will be lent as collateral, after the application of the relevant haircut (if the asset qualifies as a liquid asset), is larger than the cash amount to be received, the difference shall be reported as an outflow in the above-mentioned row. For collateral swaps, where the net impact of the initial swap of liquid asset (taking into account relevant haircuts) creates an outflow, this outflow shall be reported in the above-mentioned row.

Repos, reverse repos and forward collateral swaps that start and mature within 30 calendar days, do not have any impact on the liquidity coverage ratio of the bank, hence may not be taken into account.

## Instructions related to specific columns

Column	Regulation's references and instructions for completing
010	<p><b>Amount</b></p> <p><u>1.1 Instructions for outflows by unsecured transactions/deposits:</u></p> <p>The bank reports in this column, the outstanding balance of various categories of liabilities and off-balance sheet commitments, as defined in Articles 18 to 25 of this Regulation.</p> <p><u>1.2 Instructions for collateralized lending transactions and capital market-based transactions</u></p> <p>The bank reports in this column, the outstanding balance of the liabilities in accordance with Article 18, paragraph 2 of this Regulation, which represents the portion of secured transactions corresponding to cash.</p>
020	<p><b>The market value of the collateral extended</b></p> <p><u>Instructions for secured lending transactions and capital market-driven transactions</u></p> <p>The bank reports in this column, the market value of the extended collateral, calculated as the current gross market value (before applying the haircut), after taking into account flows that result from the close-out of hedge, in accordance with Article 9, paragraph 8 of the Regulation, which have to fulfil the following conditions:</p> <ul style="list-style-type: none"> <li>- the bank reports in this column only the extended collateral that refers to level 1, 2A and 2B assets, which would qualify upon the maturity of the transaction as liquid assets, in accordance with Chapter III of the Regulation. When the collateral is a level 1, 2A and 2B asset but does not qualify as liquid asset in accordance with Chapter III of this Regulation, it shall be reported as non-liquid asset. Similarly, when the bank recognises only a portion of the assets in foreign or domestic currency of the central government or central bank as part of the liquidity buffer, only the recognised portion shall be reported within level 1, 2A and 2B assets (in accordance with Article 11, paragraph 1, letter “d”). When an asset is used as collateral, but with a higher value than the value that may be recognised within liquid assets, the excess amount shall be reported in the section of non-liquid assets.</li> </ul>
030	<p><b>Value of collateral extended, according to Article 10 of the regulation</b></p> <p><u>Instructions for secured lending transactions and capital market-driven transactions</u></p> <p>The bank reports in this column, the value of the extended collateral, in accordance with Article 10 of the Regulation. The value shall be calculated by multiplying column 020 of Form F2 of Annex 3, by the applied haircut, in accordance with Form F1 of this Annex,</p>

	corresponding to the respective type of asset. Column 030 of Form F2 of Annex 3 is used to calculate the adjusted amount of liquid assets in Form 5 of this Annex.
040	<b>Standard weight</b>  <i>Articles 19-25 of the Regulation</i>  The standard weights in column 040 refer to the weights defined in this Regulation.
050	<b>Applicable weight</b>  <u>For secured and unsecured transactions:</u>  The bank reports in this column its applicable weights. These weights are those defined in Articles 18 to 25 of this Regulation. The applicable weights may result in weighted average values and will be reported in decimal terms (i.e. 1.00 for a 100% applied rate, or 0.50 for a 50% applied rate). The applicable weight may reflect, but are not limited to, the specific characteristics of the bank or the country.
060	<b>Outflows</b>  <u>For secured and unsecured transactions:</u>  The bank reports in this column the outflows. Outflows are calculated by multiplying column 010 of Form F2 of Annex 3, by column 050 of Form F2.

#### Instructions related to specific rows

Row	Regulation's references and instructions for completing
010	<b>1. Outflows</b>  <i>Sub-chapter II of Chapter IV of the Regulation</i>  The bank reports in this row, liquidity outflows, in accordance with requirements of Sub-chapter II of Chapter IV of this Regulation.
020	<b>1.1 Outflows from unsecured transactions/deposits</b>  <i>Articles 16 to 25 of the Regulation</i>  The bank reports in this row, outflows in accordance with Article 16 to 25 of this Regulation, with the exception of outflows defined in Article 23, paragraphs 4 and 5 of this Regulation.

030	<p><b>1.1.1 Retail deposits</b></p> <p><i>Articles 20 and 21 of the Regulation</i></p> <p>The bank reports in this row, the retail deposits, as defined in Article 4 of this Regulation.</p> <p>In accordance with Article 23, paragraph 6 of the Regulation, the bank shall also report, in the relevant category of retail deposits, the amount of bonds and other debt securities issued by the bank and sold exclusively in the retail market and held in a retail account. The bank shall consider for this category of liabilities, the application of the outflow weight defined in this Regulation for the various categories of retail deposits.</p>
040	<p><b>1.1.1.1 Deposits for which the bank has been notified that will be withdrawn within 30 calendar days</b></p> <p><i>Article 21, paragraph 8 of the Regulation</i></p> <p>The bank, in accordance with Article 21, paragraph 8 of this Regulation, shall report in this row, the deposits (despite the maturity date) on which the bank has been notified that will be withdrawn within 30 calendar days.</p>
050	<p><b>1.1.1.2 Deposits subject to higher outflows</b></p> <p><i>Article 21, paragraphs 2 and 3 of the Regulation</i></p> <p>The banks report in this row, the full outstanding balance of deposits, which are subject to higher liquidity outflow rates, in accordance with Article 21, paragraphs 2 and 3 of this Regulation.</p>
060	<p><b>1.1.1.2.1 Category 1</b></p> <p><i>Article 21, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, the full outstanding balance of each retail deposit that fulfils the criterion defined in letter “a”, or two of the criteria defined in letters “b” to “e” of Article 21, paragraph 2, except in the event these deposits are taken in foreign countries, where a higher liquidity outflow rate is applied, in accordance with Article 21, paragraph 9 (the bank shall report the latter in row 090).</p>
070	<p><b>1.1.1.2.2 Category 2</b></p> <p><i>Article 21, paragraph 3 of the Regulation</i></p> <p>The bank shall report in this row the full outstanding balance of each retail deposit that fulfils the criterion defined in letter “a”, and at least one of the criteria defined in letters “b” to “e” of Article 21, paragraph 2, or three or more criteria defined in this paragraph, except in the event these deposits are taken in foreign countries, where a higher liquidity</p>

	outflow rate is applied, in accordance with Article 21, paragraph 9 (the bank shall report the latter in row 090).
080	<p><b>1.1.1.3 Stable deposits (secured part)</b></p> <p><i>Article 20 of the Regulation</i></p> <p>The bank shall report in this row, the part of retail deposits secured by the deposit insurance scheme, as defined by the Albanian legislation in force for deposit insurance and by equivalent deposit insurance schemes in foreign countries and which are, either part of an established relationship with the bank that makes deposits withdrawal highly unlikely, or are held in the form of a current (transactional) account, in accordance with Article 20, paragraphs 2 and 3 of this Regulation, and where:</p> <ul style="list-style-type: none"> <li>• these deposits do not fulfil the criteria for a higher outflow rate, in accordance with paragraphs 2, 3 and 9 of Article 21 of this Regulation, in which case these deposits shall be reported as deposits subject to higher outflow rates; or</li> <li>• these deposits have not been taken in foreign countries where higher outflow rates apply, in accordance with paragraph 9 of Article 21, in which case these deposits shall be reported within this category.</li> </ul>
090	<p><b>1.1.1.4 Deposit taken in foreign countries where a higher outflow rate is applied</b></p> <p><i>Article 21, paragraph 9 of the Regulation</i></p> <p>The bank reports in this row, the amount of retail deposits taken in foreign countries, where a higher outflow rate is applied, in accordance with the relevant legislation of these countries, which sets out the liquidity requirements in these countries.</p>
100	<p><b>1.1.1.5 Other retail deposits</b></p> <p><i>Article 21, paragraph 1 of the Regulation</i></p> <p>The bank reports in this row, the amount of other retail deposits, different from retail deposits reported in the above rows.</p>
110	<p><b>1.1.2 Operational deposits</b></p> <p><i>Article 22 of the Regulation</i></p> <p>The bank reports in this row, the operational deposits in accordance with Article 22 of this Regulation, with the exception of deposits that derive from a relationship with a correspondent bank or from the provision of prime brokerage services, which are</p>

	considered as non-operational deposits, in accordance with the requirements of Article 22, paragraph 4 of the Regulation.
120	<p><b>1.1.2.1 Deposits maintained for clearing, custody, cash management, or other comparable services in the context of an established operational relationship with the bank</b></p> <p><i>Article 22, paragraph 1, letter “a”, paragraphs 2 and 3 of the Regulation</i></p> <p>The bank reports in this row, the deposits held by the depositors in order to obtain clearing, custody, cash management, or other comparable services in the context of an established operational relationship with the bank (in accordance with Article 22, paragraph 1, letter “a” of this Regulation), which is very important for the depositors (in accordance with Article 22, paragraph 3); the funds in excess to the required amount for the provision of operational services, the bank shall treat as non-operational deposits (in accordance with Article 22, paragraph 3 of the Regulation).</p> <p>The bank reports only the deposits with significant legal/contractual or operational limitations, which would make impossible a considerable withdrawal within 30 calendar days (in accordance with Article 22, paragraph 3).</p> <p>The bank reports separately, in accordance with Article 22, paragraph 2 of the Regulation, the amount of operational deposits defined in Article 22, paragraph 1, letter “a”, which are secured and unsecured by deposit insurance schemes, in accordance with the provisions of Article 20 of the Regulation.</p>
130	<p><b>1.1.2.1.1 Covered by the deposit insurance scheme</b></p> <p><i>Article 22, paragraph 1, letter “a”, paragraphs 2 and 3 of the Regulation</i></p> <p>The bank reports in this row, the portion of outstanding balance of operational deposits held in the context of an established operational relationship, which fulfils the requirement defined in Article 22, paragraph 1, letter “a”, and paragraph 3, of this Regulation, which is secured/covered by the deposit insurance scheme, as defined in the Albanian legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries.</p>
140	<p><b>1.1.2.1.1 Uncovered by the deposit insurance scheme</b></p> <p><i>Article 22, paragraph 1, letter “a”, paragraphs 2 and 3 of the Regulation</i></p> <p>The bank reports in this row, the portion of outstanding balance of operational deposits held in the context of an established operational relationship, which fulfils the requirement defined in Article 22, paragraph 1, letter “a”, and paragraph 3, of this Regulation, which is not secured/covered by the deposit insurance scheme, as defined in the Albanian</p>

	legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries.
150	<p><b>1.1.2.2 Deposits maintained in the context of (another) established operational relationship by non-financial customers</b></p> <p><i>Article 22, paragraph 1, letter “b”, paragraphs 3 and 5 of the Regulation</i></p> <p>The bank reports in this row, the outstanding balance of deposits held/taken by non-financial customers in the context of an established operational relationship, different from that mentioned in Article 22, paragraph 1, letter “a” of the Regulation and that is subject to the requirements defined in Article 22, paragraph 5.</p> <p>The bank reports only the deposits that have significant legal/contractual or operational limitations, which would make impossible a considerable withdrawal within 30 calendar days (in accordance with Article 22, paragraph 3).</p>
160	<p><b>1.1.3 Non-operational deposits</b></p> <p><i>Article 22, paragraph 4, and Article 23, paragraph 1 of the Regulation</i></p> <p>The bank reports in this row, unsecured deposits as referred to in Article 23, paragraph 1 of the Regulation, as well as deposits created as a result of a relationship with a correspondent bank or from the provision of prime brokerage services in accordance with Article 22, paragraph 4 of the Regulation.</p> <p>The bank reports separately, in accordance with the definitions in the following points of the instructions, the amount of non-operational deposits covered and not covered by the deposit insurance scheme, as defined by the Albanian legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries, with the exemption of liabilities deriving by relationships with correspondent banks or from the provision of prime brokerage services in accordance with Article 22, paragraph 4 of this Regulation.</p>
170	<p><b>1.1.3.1 Correspondent banking and provisions of prime brokerage deposits</b></p> <p><i>Article 22, paragraph 4 of the Regulation</i></p> <p>The bank reports in this row, the outstanding balance of deposits that have been created as a result of relationships with correspondent banks or from the provision of prime brokerage services, in accordance with Article 22, paragraph 4 of this Regulation</p>
180	<p><b>1.1.3.2 Deposits by financial customers</b></p> <p><i>Article 25, paragraph 7 of the Regulation</i></p>

	<p>The bank reports in this row, the outstanding balance of deposits held by financial customers, to the extent that they are not considered as operational deposits in accordance with Article 22 of this Regulation.</p> <p>The banks includes in this row, also the amount of funds that exceed the amount needed for the provision of operational services, in accordance with Article 22, paragraph 3 of this Regulation.</p>
190	<p><b>1.1.3.3 Deposits by other customers</b></p> <p><i>Article 23, paragraphs 1 and 2 of the Regulation</i></p> <p>The bank reports in this row, the deposits held by other customers (other than financial customers and retail deposits' customers), in accordance with Article 23, paragraphs 1 and 2 of the Regulation, provided that they are not considered as operational deposits in accordance with Article 22.</p> <p>This row will also include:</p> <ul style="list-style-type: none"> <li>- funds in excess of the value required for the provision of operational services, in accordance with Article 22, paragraph 3 of the Regulation, provided that these funds are not received from financial customers; and</li> <li>- the excess part of deposits, in accordance with Article 22, paragraph 5 of the Regulation.</li> </ul> <p>These deposits should be reported in two separate rows, depending on the amount of the deposit secured/covered or unsecured/uncovered (by the deposit insurance scheme, as defined in the Albanian legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries).</p>
200	<p><b>1.1.3.3.1 Covered by the deposit insurance scheme</b></p> <p><i>Article 23, paragraph 2 of the Regulation</i></p> <p>The bank reports in this row, the outstanding balance of deposits held by other customers and secured/covered by the deposit insurance scheme, as defined in the Albanian legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries, in accordance with Article 23, paragraph 2 of the Regulation.</p>
210	<p><b>1.1.3.3.2 Uncovered by the deposit insurance scheme</b></p> <p><i>Article 23, paragraph 1 of the Regulation</i></p>

	<p>The bank reports in this row, the outstanding balance of deposits held by other customers and unsecured/uncovered by the deposit insurance scheme, as defined in the Albanian legislation in force on deposit insurance and by equivalent deposit insurance schemes in foreign countries, in accordance with Article 23, paragraph 1 of the Regulation.</p>
220	<p><b>1.1.4 Additional outflows</b></p> <p><i>Article 24 of the Regulation</i></p> <p>The bank reports in this row additional outflows, as defined in Article 24 of the Regulation. In accordance with Article 24, paragraph 8 of the Regulation, deposits accepted as collaterals shall not be considered as liabilities, for the purposes of Article 22 of this Regulation, but shall be subject to the requirements of paragraphs 1 to 7 of Article 24, where applicable.</p>
230	<p><b>1.1.4.1 For collaterals other than level 1 assets, posted for derivative contracts</b></p> <p><i>Article 24, paragraph 1 of the Regulation</i></p> <p>The bank reports in this row, the market value of collaterals posted for the contracts defined in Annex 4 of the Regulation on capital adequacy and for credit derivatives, with the exemption of collaterals in the form of level 1 assets.</p>
240	<p><b>1.1.4.2 Significant outflows due to a material deterioration of bank's credit quality</b></p> <p><i>Article 24, paragraphs 2 and 3 of the Regulation</i></p> <p>The bank reports in this row, the additional outflows that has calculated and for which has notified the Bank of Albania, in accordance with Article 24 paragraph 2 of the Regulation. The banks that are part of foreign banking groups, also report in this row the additional outflows resulting by a material deterioration of the credit quality of the parent bank.</p> <p>If an amount (value), subject to outflows due to the deterioration of credit quality, is reported in another row with a lower rate than 100%, then, in accordance with Article 24, paragraphs 2 and 3, an amount (value) shall be reported also in row 240, so that the total amount of outflows will be 100% of the value of the transaction.</p>
250	<p><b>1.1.4.3 Outflows resulting from the impact of an adverse market scenario on derivatives, financing transactions and other important contracts</b></p> <p><i>Article 24, paragraph 4 of the Regulation</i></p> <p>The bank reports in this row, the amount of additional outflows, in accordance with the requirement of Article 24, paragraph 4 of the Regulation.</p>

	<p><b>Importance (materiality) for the derivative transactions of the bank</b></p> <p>For the purposes of Article 24, paragraph 4, of this Regulation, derivative transactions of the bank shall be considered important (material) when the total notional amount of these transactions exceeds 10% of net liquidity outflows at any moment in the previous two years. For the purposes of the calculation of this row, net liquidity outflows, shall be calculated without including the additional outflows defined in Article 24, paragraph 4 of this Regulation.</p> <p><b>The calculation of the additional outflows that correspond to the needs for additional collaterals, resulting from the impact of an adverse market scenario on the derivative transactions of the bank</b></p> <p>Additional outflows that correspond to the need for additional collaterals that result from the impact of an adverse market scenario on derivative transactions of the bank, which are considered important (material), shall be equal to the higher absolute net flows of the collateral during 30 calendar days, realized during the 24 months before the date of the calculation of the liquidity coverage ratio, as defined in this Regulation. The bank may treat transactions' inflows and outflows on net basis, only if they are executed under the same master netting agreement. The net absolute flow of the collateral shall be based on realized inflows and outflows, and the netting shall be calculated at the bank's portfolio level.</p>
260	<p><b>1.1.4.4 Outflows from derivative contracts</b></p> <p><i>Article 24, paragraph 5 of the Regulation</i></p> <p>The bank reports in this row, the expected outflows over the 30 calendar days, which derive from the contracts defined in Annex 4 of the Regulation on capital adequacy, calculated in accordance with Article 17 of this Regulation.</p> <p>For reporting by significant foreign currencies, the bank shall report only the outflows occurring in that foreign currency.</p> <p>Netting by counterparties may be applied only to flows in that currency; e.g. counterparty A: inflow EUR +10 and counterparty A: outflows EUR -20, shall be reported as outflows EUR 10. The bank should not net among different counterparties in the same currency; e.g. counterparty A: inflow EUR -10 and counterparty B: inflow EUR +40, shall be reported as outflows EUR 10 (in Form F2) and inflows EUR 40 (in Form F3).</p>
270	<p><b>1.1.4.5 Short positions</b></p> <p><i>Article 24, paragraphs 6 and 9 of the Regulation</i></p> <p>The bank shall calculate an additional outflow that corresponds to 100% of the market value of securities or other assets sold short and that must be transferred within 30 calendar days, reflecting the requirement that the bank has to collateralize a borrowing, to settle a short sale. The bank shall not calculate outflows in the event the bank owns the securities</p>

	that shall be delivered, since they have been fully paid, or in the event it has borrowed them on terms that require the delivery after more than 30 calendar days and the securities are not part of the liquid assets of the bank. If this short position is covered by a collateralised securities financing transaction, the bank shall presume that this position shall be maintained throughout a 30 calendar day period and shall apply a 0% outflow rate.
280	<p><b>1.1.4.5.1 Covered by collateralised securities financing transactions</b></p> <p><i>Article 24, paragraph 6 of the Regulation</i></p> <p>The bank reports the market value of securities or other assets sold short, covered by collateralised securities financing transactions and that must be delivered within 30 calendar days, except when the bank owns the securities to be delivered or has borrowed them on terms requiring the delivery after more than 30 calendar days and the securities are not part of the liquid assets of the bank. If this short position shall be covered by a collateralised securities financing transaction, the bank shall presume that this position shall be maintained throughout a 30 calendar day period and shall apply a 0% outflow rate.</p>
290	<p><b>1.1.4.5.2 Others</b></p> <p><i>Article 24, paragraph 6 of the Regulation</i></p> <p>The bank reports the market value of securities or other assets sold short, except those covered by a collateralised securities financing transaction and that must be delivered within 30 calendar days, unless when the bank owns the securities to be delivered or has borrowed them on terms requiring the delivery after more than 30 calendar days and the securities are not part of the liquid assets of the bank.</p>
300	<p><b>1.1.4.6 Excess collateral held by the bank, that can be called at any time by the counterparty</b></p> <p><i>Article 24, paragraph 7, letter “a” of the Regulation</i></p> <p>The bank reports the market value of the excess collateral that it holds, which may be required at any time by the counterparty, in accordance with contractual conditions.</p>
310	<p><b>1.1.4.7 Collateral that is due to be posted to the counterparty</b></p> <p><i>Article 24, paragraph 7, letter “b” of the Regulation</i></p> <p>The bank reports the market value of the collateral due to be posted to the counterparty within 30 calendar days.</p>

320	<p><b>1.1.4.8 Liquid asset collateral, that can be substituted without the consent of the bank, by assets that would not qualify as liquid assets</b></p> <p><i>Article 24, paragraph 7, letter “c” of the Regulation</i></p> <p>The bank reports in this row, the market value of the collaterals that qualify as liquid assets, for the purposes of Chapter III of this Regulation, which may be replaced without consent of the bank with assets that do not qualify as liquid assets according to Chapter III.</p>
330	<p><b>1.1.4.9 Assets borrowed on an unsecured basis</b></p> <p><i>Article 24, paragraph 9 of the Regulation</i></p> <p>The bank reports in this row, the assets borrowed on an unsecured basis, maturing within 30 calendar days. These assets are assumed to run off in full, leading to a 100% outflow. This treatment aims to reflect the fact that borrowed securities against a fee are likely to be recalled in stress situations or that lenders will seek full collateralization.</p> <p>The bank must report the market value of assets borrowed on an unsecured basis, maturing within 30 days, when the bank does not own the securities and they are not part of the bank's liquidity buffer.</p>
340	<p><b>1.1.5 Committed facilities</b></p> <p><i>Article 25 of the Regulation</i></p> <p>The bank reports in this row, outflows, as defined in Article 25 of this Regulation. The maximum amount that may be withdrawn shall be assessed in accordance with Article 25, paragraph 2 of the Regulation.</p>
350	<p><b>1.1.5.1 Credit facilities</b></p> <p>The bank reports in this row, the credit facilities as defined in Article 25, paragraph 1 of this Regulation.</p>
360	<p><b>1.1.5.1.1 To retail customers</b></p> <p><i>Article 25, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, the maximum amount that may be withdrawn from the unused portion of credit facilities for retail customers, as defined in Article 4, letter "j" of the Regulation.</p>
370	<p><b>1.1.5.1.2 To non-financial customers, other than retail customers</b></p> <p><i>Article 25, paragraph 4 of the Regulation</i></p>

	<p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn credit facilities to customers that are neither financial customers as defined in Article 4, letter “n”, nor retail clients as defined in Article 4, letter “j” of the Regulation, where these credit facilities have not been granted to replace the client’s funding, in the situation when the client is unable to obtain funding in the financial markets.</p>
380	<p><b>1.1.5.3 To banks</b></p> <p><i>Article 25, paragraph 6, letter “a” of the Regulation</i></p> <p>The bank reports in this row the credit facilities granted to banks.</p>
390	<p><b>1.1.5.1.4 To other regulated financial institutions, other than banks</b></p> <p><i>Article 25, paragraph 6, letter “a” of the Regulation</i></p> <p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn portion of credit facilities, granted to regulated financial institutions, other than banks.</p>
400	<p><b>1.1.5.1.5 To other financial customers</b></p> <p><i>Article 25, paragraph 6, letter “b” of the Regulation</i></p> <p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn portion of credit facilities, granted to financial customers, other than those reported above.</p>
410	<p><b>1.1.5.2 Liquidity facilities</b></p> <p>The bank reports in this row, the liquidity facilities as defined in Article 25, paragraph 1 of this Regulation.</p>
420	<p><b>1.1.5.2.1 To retail customers</b></p> <p><i>Article 25, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn portion of liquidity facilities for retail customers, as defined in Article 4, letter “j” of the Regulation.</p>
430	<p><b>1.1.5.2.2 To non-financial customers, other than retail customers</b></p> <p><i>Article 25, paragraph 5 of the Regulation</i></p>

	<p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn portion of liquidity facilities for clients that are neither financial customers as defined in Article 4, letter “n”, nor retail clients as defined in Article 4, letter “j” of the Regulation.</p>
440	<p><b>1.1.5.2.3 To banks</b></p> <p><i>Article 25, paragraph 6, letter “a” of the Regulation</i></p> <p>The bank reports in this row the liquidity facilities granted to banks.</p>
450	<p><b>1.1.5.2.4 To other financial customers</b></p> <p><i>Article 25, paragraph 6, letter “b” of the Regulation</i></p> <p>The bank reports in this row, the maximum amount that may be withdrawn from the undrawn portion of liquidity facilities granted to financial customers, other than those reported above.</p>
460	<p><b>1.1.6 Other products and services</b></p> <p><i>Article 19, paragraph 1 of the Regulation</i></p> <p>The banks report in this row the products and services provisioned in Article 19, paragraph 1 of the Regulation.</p> <p>The reported amount is the maximum amount that may be drawn down from the products and serviced provisioned in Article 19, paragraph 1 of the Regulation.</p> <p>The rates that will be used are those provisioned in Article 19, paragraph 1 of the Regulation.</p>
470	<p><b>1.1.6.1 Guarantees provided</b></p> <p><i>Article 19, paragraph 1, letter “a” of the Regulation</i></p> <p>The bank reports in this row the amount of guarantees provided, in accordance with Article 19, paragraph 1, letter “a” of the Regulation.</p>
480	<p><b>1.1.6.2 Undrawn amounts of credit lines</b></p> <p><i>Article 19, paragraph 1, letter “b” of the Regulation</i></p> <p>The bank reports in this row the undrawn amount of credit lines, in accordance with Article 19, paragraph 1, letter “b” of the Regulation.</p>

490	<p><b>1.1.6.3 Credit cards</b></p> <p><i>Article 19, paragraph 1, letter “c” of the Regulation</i></p> <p>The bank reports in this row the undrawn amount of credit cards, in accordance with Article 19, paragraph 1, letter “c” of the Regulation.</p>
500	<p><b>1.1.6.4 Overdrafts</b></p> <p><i>Article 19, paragraph 1, letter “d” of the Regulation</i></p> <p>The bank reports in this row the amount of undrawn overdrafts, in accordance with Article 19, paragraph 1, letter “d” of the Regulation.</p>
510	<p><b>1.1.6.5 Mortgage loans that have been approved, but not yet disbursed/drawn down</b></p> <p><i>Article 19, paragraph 1, letter “e” of the Regulation</i></p> <p>The bank reports in this row the undrawn amount of mortgage loans, secured with real estate, approved, but not yet disbursed/drawn down, in accordance with Article 19, paragraph 1, letter “e” of the Regulation.</p>
520	<p><b>1.1.6.6 Planned outflows related to the renewal or extension of new retail or wholesale loans</b></p> <p><i>Article 19, paragraph 1, letter “f” of the Regulation</i></p> <p>The bank reports in this row the amount of planned outflows related to the renewal or extension of new retail or wholesale loans, in accordance with Article 19, paragraph 1, letter “f” of the Regulation.</p>
530	<p><b>1.1.6.6.1 To non-financial customers</b></p> <p>The bank reports in this row the difference between the contractual commitment to extend funding to non-financial customers and the amount that these clients owe to the bank, in accordance with Article 26, paragraph 3, letter “a” of the Regulation, in the event the funding exceeds the obligation.</p>
540	<p><b>1.1.6.6.1.1 To retail customers</b></p> <p>The bank reports in this row the difference between the contractual commitment to extend funding to retail clients and the amount that these clients owe to the bank, in accordance with Article 26, paragraph 3, letter “a” of the Regulation, in the event the funding exceeds the obligation.</p>

550	<p><b>1.1.6.6.1.2 To commercial companies</b></p> <p>The bank reports in this row the difference between the contractual commitment to extend funding to commercial companies and the amount that these companies owe to the bank, in accordance with Article 26, paragraph 3, letter “a” of the Regulation, in the event the funding exceeds the obligation.</p>
560	<p><b>1.1.6.6.1.3 To central governments, multilateral development banks or public sector entities</b></p> <p>The bank reports in this row the difference between the contractual commitment to extend funding to central governments, multilateral development banks or public sector entities and the amount that these entities owe to the bank, in accordance with Article 26, paragraph 3, letter “a” of the Regulation, in the event the funding exceeds the obligation.</p>
570	<p><b>1.1.6.6.1.4 To other legal entities (not included in any of the above rows)</b></p> <p>The bank reports in this row the difference between the contractual commitment to extend funding to other legal entities and the amount that these entities owe to the bank, in accordance with Article 26, paragraph 3, letter “a” of the Regulation, in the event the funding exceeds the obligation.</p>
580	<p><b>1.1.6.6.2 To other clients</b></p> <p>The bank reports in this row the amount of planned outflows related to the renewal or extension of new retail or wholesale loans, in accordance with Article 19, paragraph 1, letter “f” of the Regulation that are not reported in the above rows.</p>
590	<p><b>1.1.6.7 Planned derivatives payables</b></p> <p><i>Article 19, paragraph 1, letter “g” of the Regulation</i></p> <p>The bank reports in this row, planned payments related to derivatives, in accordance with Article 19, paragraph 1, letter “g” of the Regulation.</p>
600	<p><b>1.1.6.8 Trade finance off-balance sheet related products</b></p> <p><i>Article 19, paragraph 1, letter “h” of the Regulation</i></p> <p>The bank reports in this row, the amount of products or services related to trade finance, in accordance with Article 19, paragraph 1, letter “h” of the Regulation.</p>

610	<p><b>1.1.6.9 Others</b></p> <p>The bank reports in this row, the amount of other products or services that are not included in Article 19, paragraph 1 of the Regulation.</p>
620	<p><b>1.1.7 Other liabilities</b></p> <p><i>Article 23, paragraphs 3 and 6, and Article 25, paragraph 7 of the Regulation</i></p> <p>The bank reports in this row the outflows from other liabilities, in accordance with Article 23, paragraphs 3 and 6, and Article 25, paragraph 7 of this Regulation.</p>
630	<p><b>1.1.7.1 Liabilities resulting from operating expenses</b></p> <p><i>Article 23, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, the amount of liabilities related to bank's own operating expenses, as defined in Article 23, paragraph 3 of the Regulation.</p>
640	<p><b>1.1.7.2 In the form of debt securities, if not treated as retail deposits</b></p> <p><i>Article 23, paragraph 6 of the Regulation</i></p> <p>The bank reports in this row, the outstanding balance of bonds and other debt securities issued by the bank, other than those reported in the retail deposits category, as defined in Article 23, paragraph 6 of the Regulation. The reported amount shall include also the value of the coupon of these securities that will be paid in the next 30 calendar days.</p>
650	<p><b>1.1.6.6.1.4 Others (not included in any of the above rows)</b></p> <p><i>Article 25, paragraph 7 of the Regulation</i></p> <p>The bank reports in this row the amount of other liabilities that mature and should be settled in the next 30 calendar days, in accordance with Article 25, paragraph 7 of the Regulation, except those defined in Articles 19 to 25 of this Regulation, reported in other rows of this Form.</p>
660	<p><b>1.2 Outflows from secured lending and capital market-driven transactions</b></p> <p>The bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, in accordance with the Regulation on capital adequacy. Collateral swaps (which are transactions exchanging "collateral with collateral") will be reported in Form F4.</p>

670	<p><b>1.2.1 The counterparty is a central bank</b></p> <p>The bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is a central bank.</p>
680	<p><b>1.2.1.1 Collateralized by level 1 assets</b></p> <p><i>Article 23, paragraph 4, letter “a” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “a”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is a central bank and the collateral is a level 1 asset, in accordance with Article 11 of the Regulation.</p>
690	<p><b>1.2.1.2 Collateralized by level 2A assets</b></p> <p><i>Article 23, paragraph 4, letter “a” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “a”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is a central bank and the collateral is a level 2A asset, in accordance with Article 12 of the Regulation.</p>
700	<p><b>1.2.1.3 Collateralized by level 2B assets</b></p> <p><i>Article 23, paragraph 4, letter “a” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “a”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is a central bank and the collateral is a level 2B asset, in accordance with Article 13 of the Regulation.</p>
710	<p><b>1.2.1.4 Collateralized by non-liquid assets</b></p> <p><i>Article 23, paragraph 4, letter “a” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “a”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is a central bank and the collateral is a non-liquid asset.</p>
720	<p><b>1.2.2 The counterparty is non-central bank</b></p> <p>The bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is not a central bank.</p>

730	<p><b>1.2.2.1 Collateralized by level 1 assets</b></p> <p><i>Article 23, paragraph 4, letter “a” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “a”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is not a central bank and the collateral is a level 1 asset, in accordance with Article 11 of the Regulation.</p>
740	<p><b>1.2.2.2 Collateralized by level 2A assets</b></p> <p><i>Article 23, paragraph 4, letter “b” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “b”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is not a central bank and the collateral is a level 2A asset, in accordance with Article 12 of the Regulation.</p>
750	<p><b>1.2.2.3 Collateralized by level 2B assets</b></p> <p><i>Article 23, paragraph 4, letter “d” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “d”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is not a central bank and the collateral is a level 2B asset, in accordance with Article 13 of the Regulation.</p>
760	<p><b>1.2.2.4 Collateralized by non-liquid assets</b></p> <p>The bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the counterparty is not a central bank and the collateral is a non-liquid asset.</p>
770	<p><b>1.2.2.4.1 The counterparty is a central government, a multilateral development bank or a public sector entity (risk weight ≤20%)</b></p> <p><i>Article 23, paragraph 4, letter “c” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “c”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the collateral is a non-liquid asset and the counterparty is a central government, a multilateral development bank or a public sector entity, to which has been assigned a risk weight of 20% or lower, in accordance with Article 14 of the Regulation on capital adequacy.</p>

780	<p><b>1.2.2.4.2 Other counterparties</b></p> <p><i>Article 23, paragraph 4, letter “e” of the Regulation</i></p> <p>According to the definition in Article 23, paragraph 4, letter “e”, the bank reports in this row the outflows resulting from secured lending transactions and capital market-driven transactions, where the collateral is a non-liquid asset and the counterparty is not a central bank, a central government, a multilateral development bank or a public sector entity, to which has been assigned a risk weight of 20% or lower.</p>
790	<p><b>1.3 Total outflows from collateral swaps</b></p> <p>The total amount of outflows in column 050 of Form F4 shall be reported in column 060 of this Form (F2).</p>
<b>Memorandum Items</b>	
800	<p><b>2. Retail bonds with a residual maturity of less than 30 days</b></p> <p><i>Article 23, paragraph 6 of the Regulation</i></p> <p>The bank reports in this row the amount of bonds and other debt securities issued by the bank and sold exclusively in the retail market and kept in a retail account. These bonds must be also reported within the respective category of retail deposits, as explained in the description of retail deposits (instructions for rows 030-100)</p>
810	<p><b>3. Retail deposits exempted from the calculation of outflows</b></p> <p><i>Article 21, paragraph 5 of the Regulation</i></p> <p>The bank reports in this row the categories of deposits exempted from the calculation of outflows, if the conditions of Article 21, paragraph 5 are fulfilled (e.g. when the depositor has no right to withdraw the deposit within 30 calendar days or if the early withdrawal within 30 calendar days, would result in a considerable penalty, materially higher than the loss of interest accrued up to the withdrawal date).</p>
820	<p><b>4. Operational deposits maintained for clearing, custody, cash management, or other comparable services in the context of an established operational relationship with the bank</b></p> <p>The bank reports in this row the operational deposits referred to in item 1.1.2.1, provided by the following counterparties:</p> <ul style="list-style-type: none"> <li>- banks;</li> <li>- financial customers, other than banks;</li> </ul>

	<ul style="list-style-type: none"> <li>- central governments, central banks, multilateral development banks or public sector entities;</li> <li>- other customers</li> </ul>
830	<p><b>4.1 Provided by banks</b></p> <p>The bank reports the amount of outstanding balance of operational deposits provided by banks, referred to in item 1.1.2.1.</p>
840	<p><b>4.2 Provided by financial customers, other than banks</b></p> <p>The bank reports the amount of outstanding balance of operational deposits provided by financial customers, other than banks, referred to in item 1.1.2.1.</p>
850	<p><b>4.3 Provided by central governments, central banks, multilateral development banks or public sector entities</b></p> <p>The bank reports the amount of outstanding balance of operational deposits provided by central governments, central banks, multilateral development banks or public sector entities, referred to in item 1.1.2.1.</p>
860	<p><b>4.4 Provided by other customers</b></p> <p>The bank reports the amount of outstanding balance of operational deposits provided by other customers (except those mentioned above and customers that are considered for retail deposits), referred to in item 1.1.2.1.</p>
870	<p><b>5. Non-operational deposits maintained by financial customers and other customers</b></p> <p>The bank reports in this row the operational deposits defined in items 1.1.3.2 and 1.1.3.3, provided by the following counterparties:</p> <ul style="list-style-type: none"> <li>- banks;</li> <li>- financial customers, other than banks;</li> <li>- central governments, central banks, multilateral development banks or public sector entities;</li> <li>- other customers.</li> </ul>
880	<p><b>5.1 Provided by banks</b></p> <p>The bank reports the amount of outstanding balance of non-operational deposits provided by banks, referred to in item 1.1.3.2.</p>

890	<p><b>5.2 Provided by financial customers, other than banks</b></p> <p>The bank reports the amount of outstanding balance of non-operational deposits provided by financial customers, other than banks, referred to in item 1.1.3.2.</p>
900	<p><b>5.3 Provided by central governments, central banks, multilateral development banks or public sector entities</b></p> <p>The bank reports the amount of outstanding balance of non-operational deposits provided by central governments, central banks, multilateral development banks or public sector entities, referred to in item 1.1.3.3.</p>
910	<p><b>5.4 Provided by other customers</b></p> <p>The bank reports the amount of outstanding balance of non-operational deposits provided by other customers (except those mentioned above and customers that are considered for retail deposits), referred to in item 1.1.3.3.</p>
920	<p><b>6. Funding commitments to non-financial customers</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports the outstanding amount of contractual commitments to extend funding to non-financial customers, within 30 days.</p> <p>For the purposes of this point, contractual commitments shall only comprise those commitments that are not recognised as liquidity outflows.</p>
930	<p><b>7. Level 1 assets, posted as collateral for derivatives</b></p> <p>The bank reports the market value of the level 1 collateral, posted for the contracts defined in Annex 4 of the Regulation on capital adequacy and credit derivatives.</p>
940	<p><b>8. Monitoring of securities financing transactions</b></p> <p>The bank reports the total amount of collateral posted for securities financing transactions, where a change in the relevant exchange rate could trigger outflows of collateral from the bank, due to one leg of securities financing transaction is denominated in a different currency from the other leg.</p>
950	<p><b>9. Outflows in foreign currency</b></p> <p>This memorandum item will be reported only in the case of reporting by significant foreign currencies.</p>

	<p>For reporting by significant foreign currencies, the bank reports the part of outflows by derivatives (reported in item 1.1.4.4), that are related with outflows in foreign currency, in the respective significant currency by swaps of currencies and spot and forward exchange rate transactions that are due within a 30 day period. Netting by counterparties may be applied only for flows in that currency;</p> <p>For example: counterparty A: inflow EUR +10 and counterparty A: outflow EUR -20, shall be reported as outflow EUR 10. The bank may not net among different counterparties in the same currency; e.g. counterparty A: outflow EUR -10 and counterparty B: inflow EUR +40, shall be reported as outflow EUR 10 (in Form F2) and inflow EUR +40 (in Form F3).</p>
960	<p><b>10. Outflows in foreign countries - with transfer restrictions or denominated in non-convertible currencies</b></p> <p>The bank reports in this row the liquidity outflows from foreign countries, where there are transfers restrictions or that are denominated in non-convertible currencies.</p>

## **FORM F3: INFLOWS**

### **General remarks**

1. Form F3 is a summary form, which contains information about liquidity inflows, due during the next 30 calendar days, for the purpose of reporting the liquidity coverage requirement, as defined in this Regulation. Cells which do not need to be completed by banks are coloured grey.
2. The banks shall report this Form by respective currencies, as defined in Article 28 of this Regulation.
3. In accordance with Article 26 of the Regulation, liquidity inflows shall:
  - a) include only contractual inflows deriving from exposures that are classified in the “standard” category and for which the bank does not expect any change in classification within 30 calendar days;
  - b) be calculated by multiplying the outstanding balance of different types of contractual receivable accounts, with the rates defined in Chapter IV, Sub-chapter III of this Regulation.
4. Inflows within a group shall be reported in the respective categories. Unweighted amounts shall also be reported as memorandum items in Section 3 of the Form.
5. In accordance with Article 26, paragraph 6 of this Regulation, the bank shall not report inflows that derive from liquid assets defined in Chapter III of this Regulation, except the payments due on assets that are not reflected in the market value of the asset.
6. Inflows to be received by foreign countries, which apply transfers restrictions or are denominated in non-convertible currencies, shall be reported in the relevant rows of sections 1.1, 1.2 or 1.3. Inflows shall be reported at full value, despite the amount corresponding to outflows in this foreign country or the relevant currency.
7. Monies due from securities issued by the bank itself or by a related entity shall be taken into account on a net basis with an inflow rate based in the inflow rate applied on the underlying asset, in accordance with Article 26 of this Regulation.
8. The bank shall not report inflows deriving from any new contract that will be signed within the next 30 calendar days, in accordance with Article 26, paragraph 7 of this Regulation.
9. For transactions in significant foreign currencies, the reported balances will include only the values that are denominated in the significant currency, in order to ensure that currency gaps are correctly reflected. This implies that the relevant Form of reporting by significant foreign currency, will reflect only a part of the transaction. For example, in the case of foreign exchange derivatives, the bank may net inflows and outflows, in accordance with Article 17 of this Regulation, only if they are dominated in the same currency.

10. In accordance with Article 5, paragraph 8 of this Regulation, for the purposes of reporting on consolidated basis, the liquidity inflows of the subsidiary/branch of the bank in a foreign country, which are subject to the legal/regulatory requirement of that country, where are applied lower inflow rates than what is defined in Chapter IV, Sub-chapter III of this Regulation, the bank shall apply for these inflows, the lower rates provided in the legal/regulatory of that foreign country.
11. In this guideline, the concept “inflows”, in accordance with column 060, is used as an overall term to indicate the amount calculated after the application of weights and any other additional instructions (in the case of secured lending and secured funding).
12. Several memorandum items are also included in this Form. These items shall be completed by banks, although they are not necessary for the calculation of the liquidity coverage ratio. These items shall ensure the necessary data to the Bank of Albania, to precisely evaluate the compliance of the bank with the liquidity requirements. In some cases, they provide a more granular breakdown of the items included in the main sections of the forms, while in other cases they reflect additional sources of liquidity that the bank may have.

#### **Specific remarks regarding secured lending and capital market-driven transactions**

13. Form F3 classifies collateralized flows, by quality of underlying asset or by liquid assets eligibility. A separate Form exists for collateral swaps, Form F4 of Annex 3 of this Regulation. Collateral swaps, which are “collateral-versus-collateral” exchange transactions, shall not be reported in Form F3, since this Form covers only “cash-versus-collateral” exchange transactions.
14. For transactions in significant foreign currencies, the reported balances will include only the values that are denominated in the significant currency, in order to ensure that currency gaps are correctly reflected. This implies that the relevant Form of reporting by the significant foreign currency, will reflect only a part of the transaction. For example, a transaction of reverse repurchase agreement may result in a negative inflow. Reverse repo transactions, reported in the same item, shall be summed (positive and negative value). If the total value results positive, then this value shall be reported in the inflows Form. If the total value results negative, then this value shall be reported in the outflows Form. This approach shall be followed vice-versa for repos.
15. The bank reports only level 1, 2A and 2B assets, which qualify as liquid assets in accordance with Chapter III of the Regulation. If the collateral fulfils the criteria to qualify as a level 1, 2A and 2B asset, but does not qualify as liquid asset in accordance with Chapter III of this Regulation, it shall be reported as non-liquid asset.

Similarly, when the bank recognises as part of the liquidity buffer only a portion of the exposure to governments or central banks in the domestic or foreign currency, only the

recognised part shall be reported in the respective rows of level 1, 2A and 2B assets (see Article 11, paragraph 1, letter “d”).

In the event a specific asset is used as collateral, but its value exceeds the part recognised as a liquid asset, the surplus amount shall be reported in the non-liquid asset section.

### **Specific remarks on settlement and forward starting transactions**

16. The bank reports inflows that derive from forward starting repos, starting within a period of 30 calendar days and mature after a period of 30 calendar days. Inflows expected to be received, shall be reported in Form F3 (“other inflows (that are not included in any of the above rows)”), net of the market value of the asset to be delivered to the counterparty after the application of the relevant haircut. If the asset is not a “liquid asset”, the inflow expected to be received shall be reported in full. The asset set as collateral, shall be reported in Form F1, if the bank holds the asset in its books on the date of reporting and if the asset fulfils the relevant requirements.
17. The bank reports inflows deriving from forward starting repurchase agreements, reverse repurchase agreements and collateral swaps that start within a 30 calendar day period and mature after the 30 calendar day period, where the initial leg produces an inflow. In the case of a repo, inflows that are expected to be received, shall be reported in Form F3 (“other inflows (that are not included in any of the above rows)”), net of the market value of the asset to be delivered to the counterparty after the application of the relevant haircut. If the amount to be received is lower than the market value of the asset (after the application of the haircut) that will be lent as collateral, the difference will be reported as an outflow in Form F2. If the asset is not a “liquid asset”, the inflows expected to be received shall be reported in full. The asset set as collateral, shall be reported in Form F1, if the bank holds the asset in its books on the date of reporting and if the asset fulfils the relevant requirements. In the case of a reverse repo, where the market value of the asset to be received as collateral, after the application of the relevant haircut (if the asset qualifies as a liquid asset), is larger than the amount of money to be lent, the difference shall be reported as an inflow in the above-mentioned row. For collateral swaps, where the net impact of the initial exchange of assets (taking into account relevant haircuts) creates an inflow, this inflow shall be reported in the above-mentioned row.
18. Forward repos, forward reverse repos and forward collateral swaps that start and mature within 30 calendar day, have no impact on the liquidity coverage ratio of the bank, hence may not be taken into account.

## Instructions related to specific columns

Column	Regulation's references and instructions for completing
010	<p><b>Amount - subject to the 75% cap on inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in column 010 the total amount of assets/monies due/maximum amounts that may be withdrawn and that are subject to the 75% cap on inflows, in accordance with Article 27, paragraph 1 of this Regulation, following the relevant instructions included in this guideline.</p>
020	<p><b>Market value of the collateral received - subject to the 75% cap on inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in column 020 the market value of the collateral received in secured lending transactions and capital market-driven transactions, subject to the 75% cap on inflows, in accordance with Article 27, paragraph 1 of this Regulation.</p>
030	<p><b>Standard weight</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The standard weights in column 030 refer to the rates defined in this Regulation.</p>
040	<p><b>Applicable weight - subject to the 75% cap on inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in this column the weights applied by it. These weights are those defined in Articles 26 and 27 of this Regulation. The applicable weights may result in weighted average values and shall be reported in decimal terms (i.e. 1.00 for a 100% applied rate, or 0.50 for a 50% applied rate). The applicable weights may reflect, but not be limited to, the specific characteristics of the bank or the country.</p> <p>The bank reports in column 040 the inflow weight applied by it on the assets/monies due/maximum amounts that may be withdrawn, subject to the 75% cap on inflows, in accordance with Article 27, paragraph 1 of this Regulation, or the rate applied on the market value of the collateral received in secured lending transactions and capital market-driven transactions, subject to the 75% cap on inflows.</p>

050	<p><b>Value of collateral received, in accordance with Article 10 of the Regulation - subject to the 75% cap on inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in column 050, in accordance with Article 10 of this Regulation, the value of the collateral received in secured lending transactions and capital market-driven transactions.</p>
060	<p><b>Inflows - subject to the 75% cap on inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in column 060, the total inflows subject to the 75% cap on inflows, in accordance with Article 27, paragraph 1 of the Regulation, that are calculated by multiplying the total amount/maximum amount that may be withdrawn (column 010) with the respective weight applied by the bank (column 040).</p> <p>For rows {060}-{090}, the following procedure shall be applied:</p> <ul style="list-style-type: none"> <li>• If there are no contractual commitments or if the contractual commitments for these type of customers are less than 50% of monies due by them, reported in column 010, then monies due shall be reduced by 50% and the result will be reported in column 060. In this event, no liabilities shall be reported in Form F2.</li> <li>• If the contractual commitments to the customer are higher or equal to 50%, but not higher than 100% of monies due, reported in column 010, then monies due will be reduced by the contractual commitment to this type of customer, and the result will be reported in column 060. In this event, no liabilities will be reported in Form F2.</li> <li>• If the contractual commitments to the customer are higher than 100% of monies due, reported in column 010, then in column 060 will be reported the value “0” and the difference between the contractual commitments and the monies due will be reported in the items 1.1.6.6.1.1, 1.1.6.6.1.2, 1.1.6.6.1.3 or 1.1.6.6.1.4 of Form F2.</li> <li>• The bank ensures that these items are not double-counted in Forms F2 and F3.</li> </ul> <p>For rows {230}-{250} and row {320}, the bank reports in column 060 the total inflows that are subject to the 75% cap on inflows, as defined in Article 27, paragraph 1 of the Regulation, which are calculated by subtracting column 050 from column 010. If the result is positive, the value will be reported in column 060; if it is negative, it will be reported the value “0”.</p>

## Instructions related to specific rows

Row	Regulation's references and instructions for completing
010	<p><b>1. Total inflows</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in row 010 of Form F3:</p> <ul style="list-style-type: none"> <li>For column 010, the total amount of assets/monies due/maximum amounts that may be drawn down, calculated as the sum of assets/monies due/maximum amounts that may be drawn down from unsecured transactions/deposits and secured lending and capital market-driven transactions;</li> <li>For column 060, total inflows as sum of inflows from unsecured transactions/deposits, secured lending and capital market-driven transactions and collateral swaps minus the difference between the total weighted inflows and total weighted outflows deriving from transactions in foreign countries, where there are transfer restrictions or which are denominated in non-convertible currencies.</li> </ul>
020	<p><b>1.1 Inflows from unsecured transactions/deposits</b></p> <p><i>Articles 26 and 27 of the Regulation</i></p> <p>The bank reports in row 020 of Form F3:</p> <ul style="list-style-type: none"> <li>For column 010, the total amount of assets/monies due/maximum amount that may be withdrawn from unsecured transactions/deposits; and</li> <li>For column 060, the total inflows from unsecured transaction/deposits.</li> </ul>
030	<p><b>1.1.1 Monies due from non-financial customers (except for central banks)</b></p> <p><i>Article 26, paragraph 3, letter "a" of the Regulation</i></p> <p>The bank reports in row 030 of Form F3:</p> <ul style="list-style-type: none"> <li>For column 010, the total amount of monies due from non-financial customers (except for central banks), which do not correspond to principal payments, as well as any other amount to be received from non-financial customers; and</li> <li>For column 060, total inflows from non-financial customers (except for central banks), which do not correspond to principal payments, as well as any other inflows from non-financial customers.</li> </ul> <p>The monies due from secured lending transactions and capital market-driven transactions (as defined in Article 4, paragraphs (27) and (28) of the Regulation of capital adequacy) with a non-financial customer, which are collateralized with liquid assets in accordance with Chapter III of this Regulation, will be reported in the section 1.2 and not in section 1.1.1. The</p>

	<p>monies due from such transactions, which are collateralized with transferable securities that do not qualify as liquid assets in accordance with Chapter III of this Regulation, shall be reported in section 1.2 and not in section 1.1.1. The monies due from such transactions with non-financial customers, which are collateralized with non-transferable assets that do not qualify as liquid assets in accordance with Chapter III of this Regulation, shall be reported in the relevant row of section 1.1.1.</p> <p>Monies due from central banks shall be reported in section 1.1.2 and shall not be reported in this row.</p>
040	<p><b>1.1.1.1 Monies due (interests and commissions) from non-financial customers (except for central banks) that do not correspond to principal payments</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in this row monies to be received non-financial customers (except for central banks) that do not correspond to principal payments These inflows include interests and commissions that are expected to be received form non-financial customers (except for central banks).</p> <p>Monies due by central banks that do not correspond to principal payments, shall be reported in section 1.1.2 and not in this row.</p>
050	<p><b>1.1.1.2 Monies due from non-financial customers (except for central banks) that correspond to principal payments</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in row 050 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due from non-financial customers (except for central banks), calculated as the sum of the values that are expected to be received from non-financial customers, that correspond to principal payments and other amounts due, by counterparties; and</li> <li>• For column 060, total inflows from non-financial customers (except for central banks), calculated as the sum of inflows that correspond to principal payments and other inflows from non-financial customers, by counterparties.</li> </ul> <p>Monies due from non-financial customers (except for central banks), that do not correspond to principal payments, shall be reported in section 1.1.1.1 and not in this row.</p> <p>Monies due from central banks that correspond to principal payments and other amounts, shall be reported in section 1.1.2 and not in this row.</p>
060	<p><b>1.1.1.2.1 Monies due from retail customers</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in this row the monies due from retail customers.</p>

070	<p><b>1.1.1.2.2 Monies due from commercial companies</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in this row the monies due from commercial companies.</p>
080	<p><b>1.1.1.2.3 Monies due from central governments, multilateral development banks and public sector entities</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in this row the monies due from central governments, multilateral development banks and public sector entities.</p>
090	<p><b>1.1.1.2.4 Monies due from other legal entities (not included in any of the above rows)</b></p> <p><i>Article 26, paragraph 3, letter “a” of the Regulation</i></p> <p>The bank reports in this row the monies due by other legal entities, not included in the above rows.</p>
100	<p><b>1.1.2 Monies due from central banks and financial customers</b></p> <p><i>Article 26, paragraph 2, letter “a” of the Regulation</i></p> <p>The bank reports in row 100 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due from central banks and financial customers; and</li> <li>• For column 060, the total inflows from central banks and financial customers.</li> </ul> <p>The bank reports in the row the monies due during 30 calendar days, from central banks and financial customers that derive from exposures, which are classified as “standard” and for which the bank does not expect any change in classification within 30 calendar days.</p>
110	<p><b>1.1.2.1 Monies due from central banks and financial customers that do not classify as operational deposits</b></p> <p><i>Article 26, paragraph 2, letter “a” of the Regulation</i></p> <p>The bank reports in row 110 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due from central banks and financial customers that do not classify as operational deposits; and</li> <li>• For column 060, the total inflows from central banks and financial customers that do not classify as operational deposits.</li> </ul>

	The bank reports in this row, the monies due from central banks and financial customers that do not classify as operational deposits, in accordance with Article 22 of this Regulation.
120	<p><b>1.1.2.1.1 Monies due from central banks</b></p> <p><i>Article 26, paragraph 2, letter “a” of the Regulation</i></p> <p>The bank reports in this row the monies due from central banks.</p>
130	<p><b>1.1.1.2.1 Monies due from financial customers</b></p> <p><i>Article 26, paragraph 2, letter “a” of the Regulation</i></p> <p>The bank reports in this row, the monies due from financial customers that do not classify as operational deposits, in accordance with the definition of Article 22 of this Regulation.</p>
140	<p><b>1.1.3 Monies due from trade financing transactions</b></p> <p><i>Article 26, paragraph 2, letter “a”, point “ii” of the Regulation</i></p> <p>The bank reports in this row the monies due during the next 30 days from short-term trade finance transactions, in accordance with Article 26, paragraph 2, letter “a”, subparagraph “ii” of this Regulation.</p>
150	<p><b>1.1.4 Monies due from securities maturing within 30 calendar days</b></p> <p><i>Article 26, paragraph 2, letter “a”, point “i” of the Regulation</i></p> <p>The bank reports in this row the monies due from securities that mature within 30 days, in accordance with Article 26, paragraph 2, letter “a”, subparagraph “i” of this Regulation.</p>
160	<p><b>1.1.5 Assets with an undefined contractual end date</b></p> <p><i>Article 26, paragraph 3, letter “g” of the Regulation</i></p> <p>The bank reports in this row the assets that do not have a maturity date defined in the contract, in accordance with Article 26, paragraph 3, letter “g” of this Regulation. The bank considers these inflows, only if the contract allows the bank to withdraw or request the payment of the amount within 30 days. Interests and minimum payments that will be debited against the customer’s account within 30 days will be included in the reported amount. Interests and minimum payments from assets with an undefined contractual maturity date, which mature and give rise to an actual cash inflow within the next 30 days, will be considered as monies due and will be reported in the relevant row, following the treatment defined in Article 26 of this Regulation, for monies due. The bank does not report other accrued interests, which are neither debited against the customer’s account, nor give rise to an actual cash inflow during 30 days.</p>
170	<p><b>1.1.6 Monies due from positions in major index equity instruments, provided that there is no double counting with liquid assets</b></p> <p><i>Article 26, paragraph 2, letter “b” of the Regulation</i></p>

	<p>The bank reports in this row, the monies due from positions in the major index equity instruments, provided that they are not calculated also as liquid assets, in accordance with Article 26, paragraph 2, letter “b” of this Regulation. The positions include monies due within the next 30 days, in accordance with the conditions defined in the contract, such as cash dividends from these major index equity instruments and cash due from such equity instruments sold but not yet settled, if they are not recognised as liquid assets in accordance with Chapter III of this Regulation.</p>
180	<p><b>1.1.7 Inflows from undrawn credit or liquidity facilities, and any other commitment provided by central banks, provided that there is no double counting with liquid assets</b></p> <p><i>Article 26, paragraph 3, letter “e” of the Regulation</i></p> <p>The bank reports in this row the inflows from undrawn credit or liquidity facilities, and any other commitment provided by central banks, in accordance with Article 26, paragraph 3, letter “e” of this Regulation, provided that they are not calculated also as liquid assets.</p> <p>Undrawn credit or liquidity facilities, and any other commitment, provided by other entities, that are not central banks, shall not be considered and shall not be reported in this row.</p>
190	<p><b>1.1.8 Inflows from derivative contracts</b></p> <p><i>Article 26, paragraph 5 of the Regulation</i></p> <p>The bank reports in this row the net amounts of receivables, expected to come due over a period of 30 calendar days, from the contracts listed in Annex 4 of the Regulation on capital adequacy.</p> <p>The bank shall calculate inflows expected over a 30 calendar day period, on a net basis, by counterparty, that are subject to bilateral netting agreements, in accordance with Article 134 of the Regulation on capital adequacy.</p> <p>The calculation on a net basis also implies a deduction of the collateral value to be received, provided that it qualifies as a liquid asset in accordance with Chapter III of this Regulation.</p> <p>Outflows and inflows arising from foreign currency derivative transactions, that involve the full exchange of principal amounts on a simultaneous basis (or within the same day) shall be calculated on a net basis, even when those transactions are not covered by a bilateral netting agreement.</p> <p>For the purpose of reporting by significant foreign currencies, foreign currency transactions flows shall be separated into respective currencies. Netting by counterparties may be applied only for flows in the same currency.</p>
200	<p><b>1.1.9 Other inflows (not included in any of the above rows)</b></p> <p><i>Article 26, paragraph 2 of the Regulation</i></p>

	The bank reports in this row all other inflows in accordance with Article 26, paragraph 2 of this Regulation, which are not reported in any of the other rows of this Form.
210	<p><b>1.2 Inflows from secured lending and capital market-driven transactions</b></p> <p><i>Article 26, paragraph 3, letters “b” and “d” of the Regulation</i></p> <p>The bank reports in row 210 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due from secured lending and capital market-driven transactions (despite if the collateral qualifies as liquid asset or not); and</li> <li>• For column 060, total inflows from secured lending and capital market-driven transactions (despite if the collateral qualifies as liquid asset or not).</li> </ul>
220	<p><b>1.2.1 Collateralized by liquid assets</b></p> <p>The bank reports in row 220 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due from secured lending and capital market-driven transactions, where the collateral qualifies as liquid asset, calculated as the sum of monies due from secured lending and capital market-driven transactions, by type of collateral;</li> <li>• For column 020, the total market value of collateral received from secured lending and capital market-driven transactions, where the collateral qualifies as liquid asset, calculated as the sum of market values of collateral received from secured lending and capital market-driven transactions, by type of collateral.</li> <li>• For column 050, the total value of collateral received, assessed in accordance with Article 10 of this Regulation, from secured lending and capital market-driven transactions, where the collateral qualifies as liquid asset, calculated as the sum of values of collateral received, assessed in accordance with Article 10 of this Regulation, from secured lending and capital market-driven transactions, by type of collateral; and</li> <li>• For column 060, total inflows from secured lending and capital market-driven transactions, where the collateral qualifies as liquid asset, calculated as the sum of inflows from secured lending and capital market-driven transactions, by type of collateral.</li> </ul>
230	<p><b>1.2.1.1 Collateralized by level 1 assets</b></p> <p><i>Article 26, paragraph 3, letter “b” of the Regulation</i></p> <p>The bank reports in this row the secured lending and capital market-driven transactions, where collateral qualifies as level 1 asset.</p>
240	<p><b>1.2.1.2 Collateralized by level 2A assets</b></p> <p><i>Article 26, paragraph 3, letter “b” of the Regulation</i></p>

	The bank reports in this row the secured lending and capital market-driven transactions, where collateral qualifies as level 2A asset.
250	<p><b>1.2.1.3 Collateralized by level 2B assets</b></p> <p><i>Article 26, paragraph 3, letter “b” of the Regulation</i></p> <p>The bank reports in this row the secured lending and capital market-driven transactions, where collateral qualifies as level 2B asset.</p>
260	<p><b>1.2.2 Collateral is used to cover a short position</b></p> <p><i>Article 26, paragraph 3, letter “b” of the Regulation</i></p> <p>The bank reports in this row the secured lending and capital market-driven transactions, where collateral is used to cover a short position. The bank ensures that there shall not be double-counting.</p>
270	<p><b>1.2.3 Collateralized by assets that do not qualify as liquid assets</b></p> <p>The bank reports in row 270 of Form F3:</p> <ul style="list-style-type: none"> <li>For column 010, the total amount of monies due from secured lending and capital market-driven transactions, where the collateral does not qualify as liquid asset, calculated as the sum of monies due from secured lending and capital market-driven transactions, where the collateral is a non-liquid asset; and</li> <li>For column 060, total inflows from secured lending and capital market-driven transactions, where the collateral does not qualify as liquid asset, calculated as the sum of inflows from secured lending and capital market-driven transactions, where the collateral is a non-liquid asset.</li> </ul>
280	<p><b>1.3 Total inflows from collateral swaps</b></p> <p>The bank reports in this row the sum of total inflows from collateral swaps, calculated in column 060 of Form F4.</p>
290	<p><b>1.4 (Difference between total weighted inflows and total weighted outflows, arising from transactions with foreign countries, where there are transfer restrictions or which are denominated in non-convertible currencies)</b></p> <p><i>Article 26, paragraph 8 of the Regulation</i></p> <p>The bank reports in column 060 the sum of total weighted inflows, due from foreign countries, where transfer restrictions are applied, or which are denominated in non-convertible currencies, less the sum of total weighted outflows from foreign countries (as reported in the memorandum items of Form F2), where transfer restrictions are applied, or which are denominated in non-convertible currencies. In case the amount results negative, the bank shall report the value “0”.</p>

Memorandum Items	
300	<p><b>2. Foreign currency inflows</b></p> <p>This memorandum item will be reported only in the case of reporting by significant foreign currencies.</p> <p>For reporting by significant foreign currencies, the bank shall report the portion of inflows from derivatives (reported in section 1.1.8), that are related to foreign currency inflows, in the respective significant currency from currencies swaps and spot and forward forex transactions that mature within a 30 day period.</p> <p>Netting by counterparties may be applied only to flows in that currency.</p>
310	<p><b>3. Inflows within a group</b></p> <p>The bank reports in this row, as memorandum items, all transactions reported in section 1, where the counterparty is the parent bank or a subsidiary of the bank or a subsidiary of the parent bank.</p> <p>The bank reports in row 310 of Form F3:</p> <ul style="list-style-type: none"> <li>• For column 010, the total amount of monies due/maximum amount that may be withdrawn within a group, calculated as the sum of monies due/maximum amount that may be withdrawn within a group, by type of transaction and counterparty; and</li> <li>• For column 060, total inflows within the group, calculated as the sum of inflows within a group, by type of transaction and counterparty.</li> </ul>
320	<p><b>3.1 From secured transactions</b></p> <p>The bank reports in this row all monies due from secured lending and capital market-driven transactions, as well as total market value of received collateral, reported in section 1.2 and the value of collateral received, assessed in accordance with Article 10 of this Regulation (in column 050), where the counterparty is the parent bank, a subsidiary of the bank, or a subsidiary of the parent bank.</p>
330	<p><b>3.2 Monies due from securities maturing within 30 days</b></p> <p>The bank reports in this row all the monies due by securities that mature within 30 days, reported in section 1.1.4, where the issuer is the parent bank or a subsidiary of the bank or another subsidiary of the parent bank.</p>
340	<p><b>3.3 Inflows from undrawn credit or liquidity facilities, provided by other entities of the banking/financial group</b></p> <p>Inflows from undrawn credit or liquidity facilities, provided by other entities of the banking/financial group where the bank belongs to.</p>

## **FORM F4: COLLATERAL SWAPS**

### **General remarks**

1. In this Form shall be reported any transaction with maturity up to 30 days, in which “non-cash” assets are swapped with other “non-cash” assets. Cells which do not need to be completed by the bank are coloured grey.
2. Collateral swaps that mature within 30 days shall cause an outflow for the excess liquidity value of the assets borrowed compared to the liquidity value of the assets lent, except in the event the counterparty is a central bank, for which shall be applied a 0% outflow rate.
3. Collateral swaps that mature within 30 days shall cause an inflow, for the excess liquidity value of the assets lent compared to the liquidity value of the assets borrowed, except in the event the collateral is re-hypothecated, to cover short positions that may exceed 30 days, for which shall be applied a 0% inflow rate.
4. For liquid assets, the liquidity value is calculated in accordance with the requirements of Article 10 of the Regulation, while for non-liquid assets, the liquidity value is zero.
5. Each collateral swap transaction shall be assessed separately and the flows will be reported in the relevant row, as an inflow or outflow (on a transaction basis). If an agreement contains several types of collaterals, for the purposes of reporting, the collaterals shall be separated according to the relevant rows and assessed individually.
6. For transactions in the significant foreign currencies, the reported balances will include only the values that are denominated in the significant currency, to ensure that currency gaps are correctly reflected. This implies that the relevant Form of reporting in the significant foreign currency will reflect only one side of the transaction, with corresponding impact on the excess liquidity value.
7. The bank shall report this Form by respective currencies, as defined in Article 28 of this Regulation.
8. Collateralised derivatives flows within 30 days will be reported in this Form in columns 070-100 and not in columns 010-060.

## Specific remarks

9. The bank reports only level 1, 2A and 2B assets, which qualify as liquid assets in accordance with Chapter III of the Regulation. For collaterals lent, the bank refers to assets that classify upon maturity as liquid assets, in accordance with Chapter III and the general and operational requirements, as defined in Articles 8 and 9 of the Regulation.
10. If the collateral fulfils the criteria to qualify as level 1, 2A or 2B asset as defined in Article 11-15 of the Regulation, but does not qualify as liquid asset in accordance with Chapter III and the general and operational requirements, as defined in Article 8 and 9 of the Regulation, then it shall be reported as a non-liquid asset.
- Similarly, when the bank recognises as part of the liquidity buffer only a portion of the exposure to governments or central banks in foreign or domestic currency, only the recognisable part shall be reported in the respective rows of level 1, 2A and 2B assets (see Article 11, paragraph 1, letter “d”).
- In the event a specific asset is used as collateral, but its value exceeds the part recognised as liquid asset, the excess amount shall be reported in the non-liquid asset section.

## Instructions related to specific columns

Column	Regulation’s references and instructions for compiling
010	<b>Market value of collateral lent</b>  The market value of the collateral lent shall be reported in column 010. The market value will reflect the current market value, before the application of the haircuts and after taking into account flows that would result from unwinding the hedge related to it (Article 9, paragraph 8 of the Regulation).
020	<b>Liquidity value of collateral lent</b>  The liquidity value of the collateral lent shall be reported in column 020. For liquid assets, the liquidity value will reflect the value of the asset after the application of the relevant haircut. The applicable haircut relates to the haircut applied to the corresponding asset in Form F1. The applicable haircut should be determined by the bank itself, but in any case the bank will take into account the relevant minimum standard haircuts, defined in Chapter III of the Regulation.
030	<b>Market value of collateral borrowed</b>  The market value of collateral borrowed shall be reported in column 030. The market value will reflect the current market value, before the application of the haircuts and after taking into account flows that would result from unwinding the hedge related to it (Article 9, paragraph 8 of the Regulation).
040	<b>Liquidity value of collateral borrowed</b>  The liquidity value of collateral borrowed shall be reported in column 040. For liquid assets, the liquidity value will reflect the value of the asset after the application of the relevant

	haircut. The applicable haircut relates with the haircut applied to the corresponding asset in Form F1. The applicable haircut should be determined by the bank itself, but in any case the bank will take into account the relevant minimum standard haircuts, defined in Chapter III of the Regulation.
050	<b>Outflows</b> In the event the value of column 040 is greater than the value of column 020 (at transaction level), the difference will be reported in column 050 (outflows), unless the counterparty is a central bank, for which will be reported the value zero for outflows.
060	<b>Inflows subject to the 75% cap on inflows</b> In the event the value of column 020 is greater than the value of column 040 (at transaction level), the difference will be reported in column 060 (inflows), unless the collateral received is re-hypothecated, to cover short positions, that may exceed 30 days, for which will be reported the value zero for inflows.
070	<b>Collateralised derivatives only: Market value of collateral lent</b> The market value of the collateral lent shall be reported in column 070. The market value will reflect the current market value, before the application of the haircuts and after taking into account flows that would result from unwinding the hedge related to it (Article 9, paragraph 8 of the Regulation).
080	<b>Collateralised derivatives only: Liquidity value of collateral lent</b> The liquidity value of the collateral lent shall be reported in column 080. For liquid assets, the liquidity value will reflect the value of the asset after the application of the relevant haircut. The applicable haircut relates with the haircut applied to the corresponding asset in Form F1. The applicable haircut should be determined by the bank itself, but in any case the bank will take into account the relevant minimum standard haircuts, defined in Chapter III of the Regulation.
090	<b>Collateralised derivatives only: Market value of collateral borrowed</b> The market value of collateral borrowed shall be reported in column 090. The market value will reflect the current market value, before the application of the haircuts and after taking into account flows that would result from unwinding the hedge related to it (Article 9, paragraph 8 of the Regulation).
100	<b>Collateralised derivatives only: Liquidity value of collateral borrowed</b> The liquidity value of collateral borrowed shall be reported in column 100. For liquid assets, the liquidity value will reflect the value of the asset after the application of the relevant haircut. The applicable haircut relates with the haircut applied to the corresponding asset in Form F1. The applicable haircut should be determined by the bank itself, but in any case the bank will take into account the relevant minimum standard haircuts, defined in Chapter III of the Regulation.

## Instructions related to specific rows

Row	Regulation's references and instructions for compiling
010	<p><b>1. Total collateral swaps and collateralised derivatives</b></p> <p><i>Article 23, paragraph 5, and Article 26, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, for each column, the total value of collateral swaps and collateralised derivatives.</p>
020	<p><b>1.1 Totals for transactions in which level 1 assets are lent and the following collaterals are borrowed:</b></p> <p><i>Article 23, paragraph 5, and Article 26, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, for each column, the total value of collateral swaps and collateralised derivatives, for transactions in which level 1 assets are lent.</p>
030	<p><b>1.1.1 Level 1 assets</b></p> <p>In these transactions, the bank has swapped (lent) level 1 assets with other level 1 assets (borrowed).</p>
040	<p><b>1.1.2 Level 2A assets</b></p> <p>In these transactions, the bank has swapped (lent) level 1 assets with level 2A assets (borrowed).</p>
050	<p><b>1.1.3 Level 2B assets</b></p> <p>In these transactions, the bank has swapped (lent) level 1 assets with level 2B assets (borrowed).</p>
060	<p><b>1.1.4 Non-liquid assets</b></p> <p>In these transactions, the bank has swapped (lent) level 1 assets with non-liquid assets (borrowed).</p>
070	<p><b>1.2 Total for transactions in which level 2A assets are lent and the following collaterals are borrowed:</b></p> <p><i>Article 23, paragraph 5, and Article 26, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, for each column, the total value of collateral swaps and collateralised derivatives, for transactions in which level 2A assets are lent.</p>
080	<p><b>1.2.1 Level 1 assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2A assets with level 1 assets (borrowed).</p>

090	<p><b>1.2.2 Level 2A assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2A assets with other level 2A assets (borrowed).</p>
100	<p><b>1.2.3 Level 2B assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2A assets with level 2B assets (borrowed).</p>
110	<p><b>1.2.4 Non-liquid assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2A assets with non-liquid assets (borrowed).</p>
120	<p><b>1.3 Total for transactions in which level 2B assets are lent and the following collaterals are borrowed:</b></p> <p><i>Article 23, paragraph 5, and Article 26, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, for each column, the aggregate value of collateral swaps and collateralised derivatives, for transactions in which level 2B assets are lent.</p>
130	<p><b>1.3.1 Level 1 assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2B assets with level 1 assets (borrowed).</p>
140	<p><b>1.3.2 Level 2A assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2B assets with level 2A assets (borrowed).</p>
150	<p><b>1.3.3 Level 2B assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2B assets with other level 2B assets (borrowed).</p>
160	<p><b>1.3.4 Non-liquid assets</b></p> <p>In these transactions, the bank has swapped (lent) level 2B assets with non-liquid assets (borrowed).</p>
170	<p><b>1.4 Total transactions in which non-liquid assets are lent and the following collaterals are borrowed:</b></p> <p><i>Article 23, paragraph 5, and Article 26, paragraph 3 of the Regulation</i></p> <p>The bank reports in this row, for each column, the total value of collateral swaps and collateralised derivatives, for transactions in which non-liquid assets are lent.</p>

180	<b>1.4.1 Level 1 assets</b>  In these transactions, the bank has swapped (lent) non-liquid assets with level 1 assets (borrowed).
190	<b>1.4.2 Level 2A assets</b>  In these transactions, the bank has swapped (lent) non-liquid assets with level 2A assets (borrowed).
200	<b>1.4.3 Level 2B assets</b>  In these transactions, the bank has swapped (lent) non-liquid assets with level 2B assets (borrowed).
210	<b>1.4.4 Non-liquid assets</b>  In these transactions, the bank has swapped (lent) non-liquid assets with other non-liquid assets (borrowed).
<b>Memorandum Items</b>	
220	<b>2. Total collateral swaps (all counterparties), where borrowed collateral has been used to cover short positions</b>  The bank reports in this row the total value of collateral swaps (with all counterparties) reported in the above rows, where the borrowed collateral has been used to cover short positions, for which an outflow rate of 0% has been applied.
230	<b>3. Total collateral swaps with counterparties, the entities of the group</b>  The bank reports in this row the total collateral swaps reported in the above rows, which are with counterparties, the entities of the group.
240	<b>4. Total collateral swaps with central banks counterparties</b>  The bank reports in this row the total value of collateral swaps with central banks counterparties, reported in the above rows, for which an outflow rate of 0% has been applied.

## **FORM F5: CALCULATIONS**

### **General remarks**

1. Form F5 is a summary form, which contains data on the calculations for the purpose of reporting the liquidity coverage ratio, as defined in this Regulation. Cells which do not need to be completed by the bank are coloured grey.

### **Specific remarks**

2. References to items are presented in the format: {form; row; column}, e.g. {F1; r 130; c 040} refers to Form F1 - Liquid Assets; row 130; column 040.

### Instructions related to specific rows

Row	Regulation's references and instructions for compiling
<b><u>CALCULATIONS</u></b>	
<b><u>Numerator, Denominator, Ratio</u></b> <i>Article 5 of the Regulation</i> Numerator, denominator and the liquidity coverage ratio The bank completes the following data in column 010.	
010	<b>1. Liquidity buffer</b> The bank reports the value from {F5; r 200; c 010}.
020	<b>2. Net outflows</b> The bank reports the value from {F5; r 230; c 010}.
030	<b>3. Liquidity coverage ratio (%)</b> The bank reports the liquidity coverage ratio, calculated in accordance with Article 5 of the Regulation.  The liquidity coverage ratio is the ratio of the liquidity buffer of the bank, with net liquidity outflows, during a stress period of 30 calendar days and must be expressed in percentage.

<b><u>Numerator calculations</u></b>	
<b>Article 14 and Annex 1 of the Regulation</b>	
The formula for calculating the liquidity buffer.	
<b>Liquidity buffer</b> = <i>Level 1 Assets + Level 2A Assets + Level 2B Assets - adjustments for 15% cap - adjustments for 40% cap</i>	
The bank completes all the data in the relevant row in column 010.	
040	<b>4. Level 1 assets (value in accordance with Article 10): unadjusted</b> The bank reports the value of total unadjusted level 1 assets, from Form F1.
050	<b>5. Outflows from level 1 collateral, within 30 days</b> The bank reports outflows from collaterals in the form of level 1 assets, included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
060	<b>6. Inflows from level 1 collateral, within 30 days</b> The bank reports inflows from collaterals in the form of level 1 assets, included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
070	<b>7. Cash outflows within 30 days, from secured transactions</b> The bank reports cash outflows (level 1 asset), included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
080	<b>8. Cash inflows within 30 days, from secured transactions</b> The bank reports cash inflows (level 1 asset), included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
090	<b>9. Level 1 assets (adjusted value, before cap application)</b> The bank reports in this row, the amount of adjusted level 1 assets, before cap application. The adjusted amount takes into account the secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
100	<b>10. Level 2A assets (value according to Article 10): unadjusted</b> The bank reports the value of total unadjusted level 2A assets, from Form F1.
110	<b>11. Outflows from level 2A collateral, within 30 days</b>

	The bank reports outflows from collaterals in the form of level 2A assets, included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
120	<b>12. Inflows from level 2A collateral, within 30 days</b> The bank reports inflows from collaterals in the form of level 2A assets, included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
130	<b>13. Level 2A assets (adjusted value, before cap application)</b> The bank reports in this row, the amount of adjusted level 2A assets, before cap application. The adjusted amount takes into account the secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
140	<b>14. Level 2B assets (value according to Article 10): unadjusted</b> The bank reports the value of total unadjusted level 2B assets, from Form F1.
150	<b>15. Outflows from level 2B collateral, within 30 days</b> The bank reports outflows from collaterals in the form of level 2B assets, included in secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
160	<b>16. Inflows from level 2B collateral, within 30 days</b> The bank reports inflows from collaterals in the form of level 2B assets, included in secured funding transactions, collateralized lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
170	<b>17. Level 2B assets (adjusted value, before cap application)</b> The bank reports in this row, the amount of adjusted level 2B assets, before cap application. The adjusted amount takes into account the secured funding transactions, secured lending transactions, collateral swaps or collateralised derivatives transactions, due within 30 calendar days.
180	<b>18. Adjustments for 15% cap</b> The bank reports in this row the value that results from the calculations according to the following formula: <div style="border: 1px dashed black; padding: 5px; margin-top: 10px;"> <b>Adjustments for 15% cap</b> = Max (Adjusted Level 2B Assets - 15/85 * (Adjusted Level 1 Assets + Adjusted Level 2A Assets), Adjusted Level 2B Assets - 15/60 * Adjusted Level 1 Assets, 0) </div>

190	<p><b>19. Adjustments for 40% cap</b></p> <p>The bank reports in this row the value that results from the calculations according to the following formula:</p> <div style="border: 1px dashed black; padding: 5px;"> <p><b>Adjustments for 40% cap</b> = Max ((Adjusted Level 2A Assets + Adjusted Level 2B Assets – Adjustments for 15% cap) - 2/3 * Adjusted Level 1 Assets, 0)</p> </div>
200	<p><b>20. Liquidity buffer</b></p> <p>The bank reports in this row the liquidity buffer which is calculated as:</p> <p>Liquidity buffer =</p> <ul style="list-style-type: none"> <li>(a) Level 1 assets (adjusted value, before cap application); plus</li> <li>(b) Level 2A assets (adjusted value, before cap application); plus</li> <li>(c) Level 2B assets (adjusted value, before cap application)</li> <li>minus:</li> <li>(d) Adjustments for 15% cap;</li> <li>(e) Adjustments for 40% cap.</li> </ul>
<b>Denominator calculations</b>	
<p><i>Annex 2 of the Regulation</i></p> <p>The formula for the calculation of net liquidity outflows.</p> <p>The bank completes all the data in the relevant row, in column 010.</p> <p><i>OF = Outflows</i></p> <p><i>IF = Inflows</i></p> <p><i>NOF = Net outflows</i></p>	
210	<p><b>21. Total outflows</b></p> <p>The bank reports the value of total outflows from Form F2.</p>
220	<p><b>22. Inflows subject to 75% cap</b></p> <p>The bank reports the value of total inflows from Form F3.</p>
230	<p><b>23. Net liquidity outflows</b></p> <p>The bank reports in this row the value of net outflows that results from the calculations according to the following formula:</p> <div style="border: 1px dashed black; padding: 5px;"> <p><b>Net liquidity outflows</b> = Total outflows - Min (Total inflows; 0.75 * Total outflows)</p> </div>

