

Title

Basel III Observation Period Reporting (Revised)

Issuance Date

29-Jul-2013

Effective Date

29 July 2013

Applicability

FSA

IFSA

Summary

The Bank is reissuing the Basel III Observation Period Reporting Guidelines to replace the existing reporting guidelines which was issued on 14 June 2012. The revised reporting guidelines reflect revisions made by the Basel Committee on Banking Supervision (BCBS) on the Basel III Liquidity Coverage Ratio (LCR) in January 2013. The key changes made to the reporting guidelines include the expansion of the range of assets eligible for inclusion in the stock of high quality liquid assets (HQLA) and recalibration of the stress assumptions for certain cash-flow items. Minor adjustments were also made to facilitate more granular assessment of banking institutions' liquidity positions. Both the reporting of leverage ratio and net stable funding ratio (NSFR) shall remain unchanged under the revised reporting guidelines.

For avoidance of doubt, banking institutions are required to report their liquidity positions based on the information required in the reporting template provided and frequency outlined in the table under paragraph 5.6 of the reporting guidelines. Banking institutions should note that the Survey and Quantitative Impact Study (QIS) on Quantitative Measures for Liquidity Risk Management in Institutions Offering Islamic Financial Services (IIFS) issued by the Islamic Financial Services Board (IFSB) through the Regulatory Handbook on 4 July 2013 is a one-off separate exercise, which is only applicable to Islamic banks and Islamic banking scheme. In this respect, Islamic banks and Islamic banking scheme are therefore required to submit(i) the Basel III Observation Period Reporting to the Bank; and (ii) the QIS reports directly to the IFSB.

All completed Basel III Observation Period reports must be submitted to the Bank through the Financial Institutions Network (FINET) no later than one month from each reporting date. Hardcopy submissions are not required.

Issuing Department

Islamic Banking and Takaful

Prudential Financial Policy



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Basel III Observation Period Reporting (Revised)

Issued on: 29 July 2013

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PART A OVERVIEW

1. Introduction

- 1.1 As part of the implementation of Basel III in Malaysia, an observation period has been initiated by Bank Negara Malaysia (the Bank) for the purpose of monitoring the Basel III leverage and liquidity positions of banking institutions prior to the formal implementation of these standards¹. This will allow the Bank to identify transitioning issues and assess any potential impact of the new standards on the financial system².
- 1.2 The Bank had previously issued a set of Basel III Observation Period Reporting Guidelines on 14 June 2012. Following this, the Basel Committee on Banking Supervision (BCBS) released a revised version of the Basel III Liquidity Coverage Ratio (LCR) in January 2013. The Bank is reissuing the Basel III Observation Period Reporting Guidelines to reflect revisions made by the BCBS to the LCR framework. The Reporting Guidelines detail out a revised set of reporting instructions and provides guidance on the interpretation of key reporting items.

2. Applicability

- 2.1 This reporting requirement is applicable to banking institutions licensed under section 10 of the FSA and Islamic banks under section 10³ of

¹ For the avoidance of doubt, the reporting of Basel III capital positions does not fall under the scope of this exercise.

² Data collected is primarily intended for monitoring by the Bank. The Bank may further disseminate aggregated industry-wide information (but not individual-bank data) gathered to other parties (e.g. to the Basel Committee).

³ Except for licensed international Islamic banks.

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the IFSA⁴ (collectively referred to as 'banking institutions' in these guidelines).

- 2.2 This reporting requirement supersedes the Basel III Observation Period Reporting issued on 14 June 2012.

3. Legal provisions

- 3.1 The reporting requirements for this "observation period" are specified pursuant to section 144 of the Financial Services Act 2013 (FSA) and section 156 of the Islamic Financial Services Act 2013 (IFSA).

4. Issuance date

- 4.1 29 July 2013.

⁴ This includes banking institutions previously licensed under the repealed Banking and Financial Institutions Act 1989 (BAFIA) and Islamic Banking Act 1983 (IBA), which are deemed to be granted a license under the FSA and IFSA.

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PART B INSTRUCTIONS

5. General Instructions

- 5.1 Banking institutions are required to report their leverage and liquidity positions to the Bank based on the frequency and the reporting templates provided in these guidelines. However, compliance with the minimum requirements is not expected before the standards are formally implemented⁵. The guidance provided as part of this exercise is intended to assist banking institutions in interpreting the parameters set out by the BCBS for purposes of completing the templates and **are not necessarily indicative of the final requirements that will be adopted by the Bank**. A final determination of the parameters underpinning the standards will be made for the Liquidity Coverage Ratio before 2015, and the Net Stable Funding and Leverage Ratio before 2018.
- 5.2 For purposes of completing the reporting templates⁶, banking institutions are required to refer to the guidance provided by the Bank in paragraph 6.1, as well as the following documents published by the BCBS:
- (a) Instructions for Basel III monitoring⁷; and
 - (b) Frequently asked questions on Basel III monitoring⁸.
- 5.3 All completed reporting templates must be submitted to the Bank

⁵ For the avoidance of doubt, banking institutions will continue to be subject to the Bank's existing Liquidity Framework until the individual elements of the Basel III framework are formally implemented. Existing regulatory reporting requirements under the Liquidity Framework will also remain unchanged during this period, unless otherwise informed.

⁶ Banking institutions should closely monitor developments and updates made to the following documents which are subject to periodic enhancements by the Basel Committee on Banking Supervision.

⁷ http://www.bis.org/bcbs/qis/biiiimplmoninstr_feb13.pdf, February 2013.

⁸ http://www.bis.org/bcbs/qis/biiiimplmonifag_feb13.pdf, February 2013.

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through the Financial Institutions Network (FINET) no later than one month from the reporting date. Hardcopy submissions are not required.

- 5.4 The reporting forms have included pre-programmed formulae for ease of computation. Banking institutions should not tamper with the reporting forms in any way either by adding rows and columns or changing the formulae of the cells, except where it is specifically allowed. All cells shaded in yellow must be filled. Cells shaded in green may be filled in where relevant.
- 5.5 All amounts must be translated into Malaysian Ringgit equivalents based on the prevailing exchange rates as at the reporting date.
- 5.6 For this revised observation period reporting exercise, banking institutions are required to complete an additional and separate reporting template for exposures denominated in United States Dollar (USD). For the avoidance of doubt, exposures reported under this separate template **should not be excluded** from the other reporting templates.
- 5.7 Banking institutions will be required to complete the following worksheets at the entity (domestic)⁹, entity (global)¹⁰ and consolidated¹¹ levels in accordance with the reporting frequencies and start dates specified below.

No	Level	Worksheet	Frequency	First report
1	Entity	LCR	Quarterly	September

⁹ Entity (domestic) level refers to the Malaysian operations of a banking institution.

¹⁰ Entity (global) level refers to the global operations of a banking institution (i.e. including its overseas branch operations) on a stand-alone basis, and including its Labuan banking subsidiary.

¹¹ Consolidated level includes entities covered under the entity (global) level requirement and the consolidation of the assets and liabilities of all subsidiaries, except investments in insurance/takaful subsidiaries.

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	(Domestic)	NSFR	Quarterly	2013
2	Entity (Global)	Leverage Ratio	Quarterly	September 2013
		LCR	Quarterly	
		NSFR	Quarterly	
3	Entity (Global – USD)	LCR	Quarterly	September 2013
4	Consolidated	Leverage Ratio	Quarterly	September 2013
		LCR	Half yearly	
		NSFR	Half yearly	

Note: Banking institutions are also required to complete the worksheet AddInfo on a quarterly basis.

- 5.8 All amounts must be reported in thousands ('000) of the relevant currency.

6. Specific Instructions

- 6.1 Banking institutions shall refer to the BCBS's document "Instructions for Basel III implementation monitoring" for the interpretation of all items to be reported other than that specified under paragraph 6.3 (which shall replace the BCBS's interpretation).
- 6.2 Banking institutions may direct any enquiries on the interpretation of items to basel3@bnm.gov.my.
- 6.3 Banking institutions shall follow the guidance and interpretations below with respect to the specific items identified hereunder:

Liquidity Coverage Ratio (LCR)

Row	Heading	Description	Basel III liquidity rules text reference ¹²
7	Central bank reserves; of which:	<p>Total amount held in central bank reserves (whether in Bank Negara Malaysia, or in other central banks) and in overnight deposits/placements at the same central bank. This amount may or may not exceed the minimum required central bank reserves.</p> <p>In the case of amounts held in the Bank, reserves refer to balances in Statutory Reserve Accounts to meet the Statutory Reserve Requirement, and other overnight deposits/placements including surplus placements in SPICK.</p>	
8	Part of central bank reserves that can be drawn in times of stress	<p>Total amount held in central bank reserves and overnight deposits/placements at the same central bank (as reported in line 7) which can be drawn down in times of stress.</p> <p>In the case of amounts held in the Bank, this includes the portion of balances in Statutory Reserve Accounts over-and-above the Statutory Reserve Requirement.</p> <p><u>Note:</u> Amounts required to be installed in central</p>	50(b), footnote 12

¹² *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, Basel Committee on Banking Supervision, January 2013.

Row	Heading	Description	Basel III liquidity rules text reference ¹²
		bank reserves within 30 days (e.g. any anticipated increases in the Statutory Reserve Requirement, where the requirement is typically announced in advance of the maintenance period) should be reported in line 165 of the outflows section.	
11	Issued by sovereigns	Marketable debt securities ¹³ issued by sovereigns, receiving a zero risk weight in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	50(c)
12	Guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a zero risk weight in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	50(c)
13	Issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a zero risk weight in accordance with	50(c)

¹³ For the purpose of this exercise, any reference to “marketable debt securities” in this document, the Basel Committee’s document “Instructions for Basel III implementation monitoring” and the reporting templates shall include sukuk structured based on any Shariah contract.

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	
14	Issued or guaranteed by PSEs	<p>Marketable debt securities issued or guaranteed by non-central government PSEs, receiving a zero risk weight in accordance with paragraph 2.22 of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.26 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).</p> <p><u>Note:</u> PSEs refer to regional governments and local authorities, as well as administrative bodies responsible to central governments, regional governments or to local authorities and other non-commercial undertakings.</p>	50(c)
15	Issued or guaranteed by BIS, IMF, ECB and European Community, or MDBs	<p>Marketable debt securities issued or guaranteed by:</p> <p>(a) the Bank for International Settlements;</p> <p>(b) the International Monetary Fund;</p> <p>(c) the European Central Bank and European Commission; or</p> <p>(d) multilateral development banks (MDBs) receiving a zero risk weight in accordance with paragraph 2.23 of the</p>	50(c)

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.27 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	
17	Sovereign or central bank debt securities issued in domestic currency by the sovereign or central bank in the country in which the liquidity risk is taken or in the bank's home country	<p>Debt securities¹⁴ issued by the sovereign or central bank in the domestic currency of that country that are not eligible for inclusion in line items 11 or 13 because of the non-zero risk weight of that country as determined in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).</p> <p>Banking institutions are only permitted to include debt issued by sovereigns or central banks of their home jurisdictions or, to the extent of the liquidity risk taken in other jurisdictions, of those jurisdictions (e.g. Malaysian Government Securities/ Government Investment Issues held by Malaysian operations, or Indonesian Government Bonds held by Indonesian operations).</p>	50(d)

¹⁴ For the purpose of this exercise, any reference to “debt securities” in this document, Basel Committee’s document “Instructions for Basel III implementation monitoring” and the monitoring workbook shall include sukuk structured based on any Shariah contract.

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
18	Domestic sovereign or central bank debt securities issued in foreign currencies, to the extent that holding of such debt matches the currency needs of the bank's operations in that jurisdiction	Debt securities issued by the domestic sovereign or central bank in foreign currencies that are not eligible for inclusion in line items 11 or 13 because of the non-zero risk weight of that country, as determined in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) to the extent that the holding of such debt securities matches the currency needs of the banking institution's operations in that jurisdiction (e.g. bonds/sukuk issued by the Government of Malaysia in a foreign currency held to meet the same foreign currency's liquidity needs of the Malaysian operation of a banking institution).	50(e)
25	Issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 20% risk weight in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	52(a)
26	Guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 20% risk weight in accordance with Appendix III of the Capital	52(a)

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	
27	Issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 20% risk weight in accordance with Appendix III of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.22 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	52(a)
28	Issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by non-central government PSEs, receiving a 20% risk weight in accordance with paragraphs 2.19 to 2.22 of Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.26 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	52(a)
29	Issued or guaranteed by MDBs	Marketable debt securities issued or guaranteed by MDBs, receiving a 20% risk weight in accordance with paragraph 2.23 of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or paragraph 2.32 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).	52(a)

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
30	Rated AA- or better	<p>Non-financial corporate bonds/sukuk satisfying the conditions listed in paragraph 52(b) of the Basel III liquidity rules text, and:</p> <p>(a) having a credit assessment by a recognised international ECAI of at least AA- (or an equivalent internal rating if not externally rated) if issued in non-ringgit; or</p> <p>(b) having a credit assessment by a recognised domestic ECAI of at least AA-/AA3/P1/MARC1 rating if issued in ringgit.</p> <p>For the purpose of this exercise, a financial institution refers to any entity, whether incorporated in Malaysia or otherwise, engaged substantively in any of the following activities: banking, securities broking, fund management, asset management, leasing and factoring and similar activities that are ancillary to the conduct of these activities. The financial institution may or may not be subject to formal supervision or regulation.</p>	52(b)
37	Residential mortgage-backed securities (RMBS), rated	<p>RMBS satisfying the conditions listed in paragraph 54(a) of the Basel III liquidity rules text, and:</p> <p>(a) having a credit assessment by a recognised international ECAI of AA or</p>	54(a)

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
	AA or better	higher (or an equivalent internal rating if not externally rated) if issued in non-ringgit; or (b) having a credit assessment by a recognised domestic ECAI of at least AA/AA2/P1/MARC1 rating if issued in ringgit.	
38	Non-financial corporate bonds, rated BBB- to A+	Non-financial corporate bonds/sukuk satisfying the conditions listed in paragraph 54(b) of the Basel III liquidity rules text, and: (a) having a credit assessment by a recognised international ECAI of between A+ and BBB- (or an equivalent internal rating if not externally rated) if issued in non-ringgit; or (b) having a credit assessment by a recognised domestic ECAI of between A+/A1/P2/MARC2 and BBB-/BBB3/P3/MARC3 rating if issued in ringgit.	54(b)
39	Non-financial common equity shares	Non-financial common equity shares satisfying the conditions listed in paragraph 54(c) of the Basel III liquidity rules text.	54(c)
67-77	Alternative treatment	To be excluded from this exercise.	58-62
Note: When completing rows 83 to 105, 111 to 134 and 137 to 166, banking institutions are reminded that the full outstanding amount of all callable			

Row	Heading	Description	Basel III liquidity rules text reference ¹²
<p>deposits/funding, as well as any term deposits/funding maturing in the next 30 days, should be reported here (For the avoidance of doubt, a deposit/funding instrument would only be deemed to have a contractual maturity if it meets the requirements spelt out in paragraphs 82 to 84, and 86 to 87 of the Basel III liquidity rules text). For example, a ringgit fixed deposit issued in Malaysia with a stated remaining maturity of three months would be deemed as callable (given the absence of restrictions or penalties for early withdrawals), and as such be subject to run-off rates no different from a similar fixed deposit with a stated remaining maturity of 30 days or less.</p>			
84	Insured retail deposits of which:	For the purpose of rows 84 to 99, insured retail deposits ¹⁵ shall refer to the portion of retail deposits held in domestic currencies (e.g. Malaysian ringgit deposits for Malaysian operations, Singapore dollar for Singaporean operations) with full coverage under a deposit insurance scheme. The insured ¹⁶ portion of promotional deposits in domestic currency should be reported in row 102.	75, 78
85	In transactional accounts	Insured retail deposits in transactional account (e.g. account where salaries are automatically credited). For the purpose of this exercise, please provide an explanatory note on any	75, 78

¹⁵ For the purpose of this exercise, any reference to “deposits” in this document, the Basel Committee’s document “Instructions for Basel III monitoring” and the reporting templates shall include deposits and investment accounts based on any Shariah contracts.

¹⁶ Please refer to <http://www.pidm.gov.my/About-Deposit-Insurance/Coverage.aspx> to determine the eligibility of a deposit accepted in Malaysia.

Row	Heading	Description	Basel III liquidity rules text reference ¹²
		additional factors/criteria/assumptions used to determine amounts included in this line, which were defined as transactional by the banking institution in row 111 of the AddInfo tab.	
92	In non-transactional accounts with established relationship that make withdrawal highly unlikely	<p>Insured retail deposits in non-transactional accounts where the customer has another relationship with the banking institution that would make deposit withdrawal highly unlikely (e.g. credit cards and loans¹⁷ with auto debit facilities).</p> <p>For the purpose of this exercise, please provide an explanatory note on any additional factors/criteria/assumptions used to determine amounts included in this line, which were defined as established relationship by the banking institution in row 112 of the AddInfo tab.</p>	75, 78
100	Uninsured deposits	The portion of retail deposits held in domestic currencies without full coverage under a deposit insurance scheme (i.e. all retail deposits not reported in lines 85 to 99). The uninsured portion of promotional deposits in domestic currency should be reported in row 102.	79

¹⁷ For the purpose of this exercise, any reference to “loans” in this document, Basel Committee’s document “Instructions for Basel III implementation monitoring” and the monitoring workbook shall include financing based on any Shariah contract.

Row	Heading	Description	Basel III liquidity rules text reference ¹²
102	Category 1	<p>Promotional deposits in domestic currencies</p> <p>Deposits in domestic currencies accepted as part of a special promotion (e.g. with teaser rates).</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	79
103	Category 2	<p>Insured foreign currency deposits</p> <p>The portion of retail deposits held in foreign currencies (e.g. Singapore dollar deposits accepted by Malaysian operations) with full coverage under a deposit insurance scheme.</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	79
104	Category 3	<p>Uninsured foreign currency deposits</p> <p>The portion of retail deposits held in foreign currencies (e.g. Singapore dollar deposits accepted by Malaysian operations) without full coverage under a deposit insurance scheme.</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	79
105	Term deposits (treated as	Retail deposits with a residual maturity or withdrawal notice period greater than 30	82-84

Row	Heading	Description	Basel III liquidity rules text reference ¹²
	having >30 day remaining maturity); of which	<p>days where the depositor/investment account holder has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in significant penalty that is materially greater than the loss of interest.</p> <p>For the avoidance of doubt, the marketing of a deposit as a term/time/fixed deposit would not necessarily qualify it for inclusion in this row. For example, ringgit fixed deposits/General Investment Account in Malaysia which can be early withdrawn without penalty do not qualify as a “fixed-term deposit” under the LCR, and should therefore be slotted (and disregarding their stated “maturities”) accordingly in rows 84 to 104. Negotiable Instruments of Deposits (NIDs)/Islamic Negotiable Instruments (INIs)* held by individuals with a remaining maturity of greater than 30 days may be slotted here, to the extent that an early withdrawal is subject to restrictions in accordance with paragraph 82 and 83 of the Basel III liquidity rules text.</p> <p>*Please note that structured investment products held by individuals with a remaining maturity of greater than 30 days should be slotted in row 259 (‘structured products’).</p>	

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
106	With a supervisory run-off rate	To be excluded from this exercise.	84
112	Total funding provided by small business customers	<p>For purposes of rows 112 to 136, a small business customer shall include sole-proprietorships, partnerships or small and medium-sized enterprises in accordance with the definition set out in paragraphs 2.29 or 3.30 of the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or footnote 16 of paragraph 2.36 of the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets).</p> <p>For the purpose of this monitoring exercise, banking institutions are encouraged to provide additional information as described in page 39 below.</p>	89-92
113	Insured deposits; of which:	For the purpose of rows 113 to 128, insured retail deposits shall refer to the portion of small business customer deposits held in domestic currencies (e.g. Malaysian ringgit deposits for Malaysian operations, Singapore dollar for Singaporean operations) with full coverage under a deposit insurance scheme. The insured portion of promotional deposits in domestic currency should be reported in row 131.	89, 75-78

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
114	In transactional accounts	<p>Insured small business customer deposits in transactional accounts (e.g. accounts where salaries are paid out from).</p> <p>For the purpose of this exercise, please provide an explanatory note on any additional factors/criteria/assumptions used to determine amounts included in this line, which were defined as transactional by the banking institution in row 111 of the AddInfo tab.</p>	89. 75-78
121	In non-transactional accounts with established relationships that make deposit withdrawal highly unlikely	<p>Insured small business customer deposits in non-transactional accounts where the customer has another relationship with the banking institution that would make deposit withdrawal highly unlikely (e.g. overdraft or term loans with auto debit facilities).</p> <p>For the purpose of this exercise, please provide an explanatory note on any additional factors/criteria/assumptions used to determine amounts included in this line, which were defined as established relationship by the banking institution in row 112 of the AddInfo tab.</p>	89, 75, 78
129	Uninsured deposits	The portion of small business customer deposits held in domestic currencies without full coverage under a deposit	89, 79

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		insurance scheme (i.e. all small business deposits not reported in lines 113 to 128). The uninsured portion of promotional deposits in domestic currency should be reported in row 131.	
131	Category 1	<p>Promotional deposits in domestic currencies</p> <p>Deposits in domestic currencies accepted as part of a special promotion over a defined period of time (e.g. with teaser rates).</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	79, 89-92
132	Category 2	<p>Insured foreign currency deposits</p> <p>The portion of small business customer deposits held in foreign currencies (e.g. Singapore dollar deposits accepted by Malaysian operations) with full coverage under a deposit insurance scheme.</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	79, 89-92
133	Category 3	<p>Uninsured foreign currency deposits</p> <p>The portion of small business customer deposits held in foreign currencies (e.g. Singapore dollar deposits accepted by Malaysian operations) without full coverage</p>	79, 89-92

Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<p>under a deposit insurance scheme.</p> <p>For the purpose of this exercise, this item is subject to a 10% run-off rate.</p>	
134	Term deposits (treated as having >30 day maturity); of which:	<p>Small business deposits with a residual maturity or withdrawal notice period greater than 30 days where the depositor/investment account holder has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in significant penalty that is materially greater than the loss of interest.</p> <p>For the avoidance of doubt, the marketing of a deposit as a term/time/fixed deposit would not necessarily qualify it for inclusion in this row. For example, ringgit fixed deposits/General Investment Account in Malaysia which can be early withdrawn without penalty do not qualify as a “fixed-term deposit” under the LCR, and should therefore be slotted (and disregarding their stated “maturities”) accordingly in rows 113 to 133. Negotiable Instruments of Deposits (NIDs)/Islamic Negotiable Instruments (INIs)* held by small business customers with a remaining maturity of greater than 30 days may be slotted here, to the extent that an early withdrawal is subject to restrictions in accordance with paragraphs 82 and 83 of</p>	92, 82-84

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<p>the Basel III liquidity rules text.</p> <p>*Please note that structured investment products held by small business customers with a remaining maturity of greater than 30 days should be slotted in row 259 ('structured products').</p>	
135	With a supervisory run-off rate	To be excluded from this exercise.	92, 84
137	Total operational deposits; of which:	<p>The portion of unsecured wholesale funding with operational relationships as defined above in paragraphs 93-104 of the Basel III liquidity rules text.</p> <p>For the purpose of this exercise, please provide an explanatory note on any additional factors/criteria/assumptions used to determine amounts included in this line, which were defined as operational relationship by the banking institution in row 113 of the AddInfo tab.</p>	93-104
163	Provided by other financial institutions and other legal entities	Such funds provided by financial institutions other than banks (e.g. securities firms, insurance companies and takaful operators), and other legal entities, which include fiduciaries, beneficiaries, conduits and special purpose vehicles, affiliated	93-104

Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<p>entities of the banking institution and other entities.</p> <p><u>Note:</u> Fiduciaries are legal entities that are authorised to manage assets on behalf of a third party. Fiduciaries include asset management entities such as hedge funds, pension funds (e.g. Kumpulan Wang Simpanan Pekerja), trustees and other collective investment vehicles (e.g. Tabung Haji, Kumpulan Wang Persaraan).</p>	
165	Additional balances required to be installed in central bank reserves	Amounts to be installed in central bank reserves within 30 days (e.g. any anticipated increases in the Statutory Reserve Requirement, where the requirement is typically announced in advance of the maintenance period). Funds reported in this line should not be included in line 158.	Extension of 50(b)
213-220	N/A	For purposes of this exercise, a master netting agreement should be assumed to exist and as such, inflows and outflows of transactions executed should be treated on a net basis.	116-122
221	Increased liquidity needs relating to	Any potential liquidity needs deriving from full collateralisation of mark-to-market exposures on derivative and other	123

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
	market valuation changes on derivatives or other transactions	transactions. The bank should calculate any outflow generated by increased needs related to market valuation changes by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months, where the absolute net collateral flow is based on both realised outflows and inflows. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis.	
<p>Note: The Bank intends to determine the significance of each type of contingent funding and as such will determine the appropriate run-off rates based on information submitted during the observation period. For the purpose of this exercise, a 100% run-off rate on the banking institution's expectation on the potential call on guarantees and letters of credit shall apply, as presently specified within the existing Liquidity Framework.</p>			
253	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	To be excluded from this exercise.	137
254	Unconditionally revocable "uncommitted"	Any commitments that are unconditionally and immediately cancellable and revocable by the banking institution or that effectively	140

Row	Heading	Description	Basel III liquidity rules text reference ¹²
	credit and liquidity facilities	<p>provide for automatic cancellation due to deterioration in a borrower's creditworthiness (for example, corporate overdrafts and other facilities). The banking institution must demonstrate that legally, it has the ability to cancel these facilities and that its internal control systems and monitoring practices are adequate to support timely cancellations which the banking institution does effect in practice upon evidence of a deterioration in a borrower's creditworthiness. Banking institutions should also be able to demonstrate that such cancellations have not exposed the banking institution to legal actions, or where such actions have been taken, the courts have decided in favour of the banking institution.</p> <p>For the purpose of this exercise, this item will not be subject to any run-off rates.</p>	
255	Trade finance-related obligations (including guarantees and letters of credit)	<p>Trade finance instruments consist of trade-related obligations directly underpinned by the movement of goods or the provision of services. Amounts to be reported here include items such as:</p> <ul style="list-style-type: none"> o outstanding documentary trade letters of credit, documentary and clean collection, import bills, and export bills; and 	138, 139

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<ul style="list-style-type: none"> ○ outstanding guarantees directly related to trade finance obligations, such as shipping guarantees. <p>Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and reported in lines 228 to 238.</p>	
256	Guarantees and letters of credit unrelated to trade finance obligations	<p>Amount to be reported will be based on a banking institution's expectation of the potential call on guarantee or the standby letter of credit and not the outstanding balances.</p> <p>For the purpose of this exercise, this item will be subject to a 100% run-off rate.</p>	140
258	Debt-buy back requests (incl related conduits)	<p>Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities. In case debt amounts qualify for both line 258 and line 262, please enter them in just one of these lines.</p> <p>For the purpose of this exercise, this item will not be subject to any run-off rates.</p>	140
259	Structured products	Structured products where customers anticipate ready marketability, such as	140

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<p>adjustable rate notes and variable rate demand notes (VRDNs).</p> <p>For the purpose of this exercise, this item will not be subject to any run-off rates.</p>	
260	Managed funds	<p>Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment funds etc.</p> <p>For the purpose of this exercise, this item will not be subject to any run-off rates.</p>	140
261	Other non-contractual obligation	<p>Any other non-contractual obligation not entered above.</p> <p>For the purpose of this exercise, this item will not be subject to any run-off rates.</p>	140
262	Outstanding debt securities with remaining maturity > 30 days	<p>For issuers with an affiliated dealer or market maker, there may be a need to include an amount of the outstanding debt securities (unsecured and secured, term as well as short term) having maturities greater than 30 calendar days, to cover the potential repurchase of such outstanding securities. In case debt amounts qualify for both line 258 and line 262, please enter them in just one of these lines.</p>	140

Row	Heading	Description	Basel III liquidity rules text reference ¹²
		For the purpose of this exercise, this item will not be subject to any run-off rates.	
263	Non-contractual obligations where customer short positions are covered by other customers' collateral	Amount of contingent obligations related to instances where banks have internally matched client assets against other clients' short positions where the collateral does not qualify as Level 1 or Level 2, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals. Instances where the collateral qualifies as Level 1 or Level 2 should be reported in the appropriate line of the secured funding section (lines 191 to 205).	140
265	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	Any other contractual cash outflows within the next 30 calendar days should be captured here, such as dividends and contractual interest payments, with explanation given in row 114 of the AddInfo tab. Excluding outflows related to operating costs.	141, 147
304	Central banks	All payments (including interest payments and installments) from central banks on fully performing loans. Term deposits with the central bank where the term expires within	154

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Row	Heading	Description	Basel III liquidity rules text reference ¹²
		<p>30 days should be reported here.</p> <p>For the purpose of this exercise, this item is subject to a 100% inflow rate.</p> <p><u>Note:</u> Central bank reserves and overnight deposits held at the central bank(s) where the minimum required central bank reserves are held should be included in lines 7 or 8 and be excluded from this line.</p>	
317	Other contractual cash inflows	Any other contractual cash inflows to be received within the next 30 days that are not already included in any other item of the LCR framework with explanation given in row 115 of the AddInfo tab. Cash inflows related to non-financial revenues are not to be included, since they are not taken into account in the calculation of LCR. Any non-contractual contingent inflows should not be reported, as they are not included in the LCR.	160
326-437	Collateral swaps	To be excluded from this exercise.	48, 113, 146, Annex 1

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Net Stable Funding Ratio (NSFR)

Row	Heading	Description	Basel III liquidity rules text reference
<p>Note:</p> <p>1) For purposes of calculating the NSFR under this exercise, banking institutions should generally adopt the interpretation guidance provided for the LCR (e.g. definition of a non-financial corporate bond/sukuk), unless specified otherwise.</p> <p>2) Some of the items are excluded from this exercise (i.e. hidden rows). Please disregard the instruction for those items in the <i>instruction for Basel III monitoring</i> document.</p>			
6	Tier 1 and Tier 2 capital (Basel III 2022)	<p>The total amount of capital, including both Tier 1 and Tier 2, after any deductions have been made and transitional arrangements have expired under fully implemented Basel III rules (i.e. as in 2022).</p> <p>Items that are deducted from capital under Basel III rules do not attract any required stable funding and should be reported in row 169 which receives a 0% weighting.</p> <p>Following the finalisation of the Basel III capital rules in Malaysia, the deductions, transitional arrangements, and rules governing Tier 1 and Tier 2 capital should be guided by the Capital Adequacy Framework (Capital Components) / Capital Adequacy Framework for Islamic Banks (Capital Components).</p>	124(a), 128, 134, footnote 29

Row	Heading	Description	Basel III liquidity rules text reference
185	Unconditionally revocable "uncommitted" credit and liquidity facilities	Balances of undrawn credit and liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities. For the purpose of this exercise, this item will be subject to a Required Stable Funding (RSF) factor of 0%.	136
186	Guarantees	Amount to be reported will be based on a banking institution's expectation of the potential call on guarantees and not the balances of outstanding guarantees. For the purpose of this exercise, this item will be subject to an RSF factor of 100%.	136
187	Letters of credit	Amount to be reported will be based on a banking institution's expectation of the potential call on standby letters of credit. For the purpose of this exercise, this item will be subject to an RSF factor of 100%.	136
188	Other trade finance instruments	Balances of other outstanding trade finance instruments, other than guarantees and letters of credit. For the purpose of this exercise, this item will be subject to an RSF factor of 0%.	136

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Row	Heading	Description	Basel III liquidity rules text reference
190	Debt-buy back request (incl related conduits)	<p>Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities.</p> <p>For the purpose of this exercise, this item will be subject to an RSF factor of 0%.</p>	136
191	Structured products	<p>Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).</p> <p>For the purpose of this exercise, this item will be subject to an RSF factor of 0%.</p>	136
192	Managed funds	<p>Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment fund, etc.</p> <p>For the purpose of this exercise, this item will be subject to a RSF factor of 0%.</p>	136
193	Other non-contractual obligations	<p>Other non-contractual obligations not entered above.</p> <p>For the purpose of this exercise, this item will be subject to an RSF factor of 0%.</p>	136

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Row	Heading	Description	Basel III liquidity rules text reference
194	All other off balance-sheet obligations not included in the above categories	All other off balance-sheet obligations not reported in lines 184 to 193 above. For the purpose of this exercise, this item will be subject to an RSF factor of 0%.	

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Leverage Ratio

Cells	Heading	Description	Basel III leverage ratio rules text reference
<p>Note:</p> <p>1) Some of the items are excluded from this exercise (i.e. hidden columns and rows). Please disregard the instruction for those items in the <i>instruction for Basel III monitoring</i> document.</p> <p>2) For references made to the Basel II Framework in the <i>Instructions for Basel III monitoring</i> document, please refer to the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) / Capital Adequacy Framework for Islamic Banks (Risk-weighted Assets) accordingly.</p>			
J120	Tier 1 Capital	Amount of Tier 1 Capital after the application of regulatory adjustments as reported under the Capital Adequacy Framework (Capital Components) / Capital Adequacy Framework for Islamic Banks (Capital Components).	154
J122	Regulatory adjustments	Amount of regulatory adjustments (i.e. deductions) applied in the calculation of Tier 1 Capital as reported under the Capital Adequacy Framework (Capital Components) / Capital Adequacy Framework for Islamic Banks (Capital Components).	155
C16	Other assets	For the avoidance of doubt, for Islamic banks, assets cannot be reduced even when it is funded by Investment Accounts that are recognised as risk absorbent.	157-158

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Additional Information (AddInfo)

A and E) Funding sources by Shariah contracts (to be completed by Islamic banks only)

Islamic banks are expected to submit additional information on types of funding sources accepted for both LCR and NSFR purposes, based on the following instructions:

Row	Column	Heading	Description
Funding Sources			
Note: The Bank requires information by Shariah contracts to enable identification of sensitivity of each of the funding sources which may be influenced by the type of Shariah contract used. For example, the funding profile of equity contracts may be different than the funding based on commodity murabahah or wadiah.			
6-31, 35-90, 92-98 and 137-150	D	General Investment Account (GIA) structured under Islamic Banking Act (IBA)	General Investment Account or investment accounts with general/unrestricted investment mandate based on Mudarabah, Wakalah or other similar contracts which are structured under the IBA. However, rows 28 to 30 and 58 to 60 should be filled in with information on INIs structured based on Mudarabah or other similar contracts, to the extent that early withdrawal is subject to restrictions in accordance with paragraphs 82 and 83 of the Basel III liquidity rules text.
	E	Unrestricted Investment Account (URIA) structured	This refers to investment accounts with an unrestricted investment mandate based on Mudarabah, Musharakah, Wakalah or other similar contracts which are structured and defined as 'investments' under the IFSA.

Row	Column	Heading	Description
		under IFSA ¹⁸	However, rows 28 to 30 and 58 to 60 should be filled in with information on INIs structured based on Mudarabah or other similar contracts, to the extent that early withdrawal is subject to restrictions in accordance with paragraphs 82 and 83 of the Basel III liquidity rules text.
	F	Specific Investment Account (SIA) structured under the IBA	Specific Investment Account or investment accounts with specific/restricted investment mandate based on Mudarabah, Musharakah, Wakalah or other similar contracts which are structured under the IBA.
	G	Restricted Investment Account (RIA) structured under the IFSA	This refers to investment accounts with restricted investment mandate based on Mudarabah, Musharakah, Wakalah or other similar contracts which are structured and defined as 'investments' under the IFSA. ¹⁹
	H	Commodity Murabahah	This refers to funding that is structured based on commodity murabahah contract. However, rows 28 to 30 and 58 to 60 should be filled in with information on INIs structured based on Commodity Murabahah, if any, to the extent that early withdrawal is subject to

¹⁸ These investment accounts should fulfill all of the requirements under the *Investment Account Framework Concept Paper (CP)*.

¹⁹ For purposes of this reporting template, RIA will still be included although they fulfill the redemption restrictions under the *Investment Account Framework CP*, which results in the elimination of liquidity risk for Islamic banks.

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Row	Column	Heading	Description
			restrictions in accordance with paragraphs 82 and 83 of the Basel III LCR standards.
	I	Others (including Wadiah & Qard)	This refers to other types of funding that are not reported in columns D to H, including demand deposits, savings accounts and Accepted Bills-i.

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B) Definition of small business customers

Row	Heading	Description	Basel III liquidity rules text reference
<p>Note: Basel III defines a small business customer by the size of its liabilities (i.e. funding sources) while paragraphs 2.29 or 3.30 of the Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation) and paragraph 2.36 of the Capital Adequacy Framework for Islamic Banks define a small business customer based on other factors (e.g. number of employees, sales). For the purpose of this exercise, the Bank intends to assess whether there is a significant difference between small business customers identified under these two definitions.</p>			
103	BNM RWCAF (Basel II) and BCBS Basel III	Total outstanding amount and number of customers of funding sourced from small businesses which fall under the definitions of the Risk-Weighted Capital Adequacy Framework and the Capital Adequacy Framework for Islamic Banks, and the Basel III liquidity rules text.	
104	BNM RWCAF (Basel II) only	Total outstanding amount and number of customers of funding sourced from small businesses which fall under the definitions of the Risk-Weighted Capital Adequacy Framework and the Capital Adequacy Framework for Islamic Banks, but not the Basel III liquidity rules text.	
105	BCBS Basel III only	Total outstanding amount and number of customers of funding sourced from	69-71

Row	Heading	Description	Basel III liquidity rules text reference
		small businesses which fall under the definitions of the Basel III liquidity rules text, but not the Risk-Weighted Capital Adequacy Framework and the Capital Adequacy Framework for Islamic Banks.	

C) Explanatory information

Row	Heading	Description	Basel III liquidity rules text reference
Note: Please explain in the following cells if additional factors/criteria/assumptions were used by banking institutions to determine amounts for these items:			
79	Rows 76 and 93: Transactional accounts		
80	Rows 77 and 94: Established relationship		
81	Row 104: Operational deposits		
82	Row 189: Other contractual cash outflows		
83	Row 230: Other contractual cash inflows		

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D) Derivatives cash inflows and outflows (gross basis)

Note: The Basel III rules allow for the reporting of derivatives cash outflows and inflows on a net basis where a valid master netting agreement exists. For the “LCR” worksheet, banking institutions are required to report these cash flows on a net basis. Additionally, in rows 88-89 of the “AddInfo” worksheet, banking institutions should report these items on a gross basis.