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PART A: INTRODUCTION**1. OVERVIEW**

- 1.1 In an effort to enhance liquidity management in Islamic banking institutions, Bank Negara Malaysia (the Bank) introduced the Liquidity Framework in 1998 to replace the liquid asset ratio requirement.
- 1.2 The Framework sets out to:
- (i) create awareness among Islamic banking institutions of their funding structure and their ability to handle short to medium-term liquidity problems;
 - (ii) adopt a more efficient and on going liquidity measurement and management for Islamic banking institutions; and
 - (iii) provide the Bank with a better means of assessing the present and future liquidity position of Islamic banking institutions.
- 1.3 The Framework aims to address both institutional and market liquidity concerns:
- (i) The ability of Islamic banking institutions to meet all maturing obligations is assessed through the projection of the Islamic banking institutions' inflows; and
 - (ii) The Framework gauges the ability of Islamic banking institutions to access funding from the market particularly under stress scenarios.

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2. APPLICABILITY AND LEGAL PROVISION

- 2.1 The Liquidity Framework is applicable to all Islamic banking institutions licensed under the Islamic banking Act 1983 (IBA) and Islamic banking windows established under Banking and Financial Institutions Act 1989 (BAFIA).

- 2.2 The Liquidity Framework is issued pursuant to Section 16 of the Islamic banking Act 1983 (IBA) and Section 126 of the Banking and Financial Institutions Act 1989 (BAFIA).

PART B: POLICY REQUIREMENTS**3. THE BROAD CONCEPT**

3.1 The main thrust of the Framework's approach to liquidity management is the projection up to 1 year of the maturity profile of an Islamic banking institution's assets, liabilities and off-balance sheet commitments from a given position. The focus is on the ability of an Islamic banking institution to match its short-term liquidity requirement arising from maturing obligations with maturing assets, followed by a medium-term assessment of liquidity up to 1 year. The analysis will also be supported by some indicative ratios on the Islamic banking institution's funding structure, which serves to monitor whether or not an Islamic banking institution is becoming over reliant on a particular funding source.

3.2 Liquidity is assessed from three levels:

- (i) The first level assesses the sufficiency of an Islamic banking institution's liquidity in the normal course of its business over the next few months.
- (ii) The second level assesses whether or not an Islamic banking institution has the capacity to withstand liquidity withdrawal shocks.
- (iii) The third level assesses an Islamic banking institution's general funding structure, in particular, to assess the degree of dependency on certain known volatile markets.

4. LIQUIDITY MEASUREMENT

4.1 First level liquidity measurement

4.1.1. The liquidity measurement framework begins with a maturity ladder profile of five maturity bands beginning from “up to 1 week” to a “6 to 12 month” band. Islamic banking institutions’ assets, liabilities and off-balance sheet commitments are slotted into the relevant time bands according to the period they are expected to mature or be called upon.

Table 1 Maturity buckets for Islamic banking institutions

Maturity buckets
Up to 1 week
1 week to 1 month
1 to 3 months
3 to 6 months
6 months to 1 year
More than 1 year

4.1.2. The primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallize. Nevertheless, a number of assets and liabilities experience premature upliftments or, conversely, regular rollover characteristics in their normal course of business, thus deviating in reality from their contractual maturity. Adjustments are permitted for these asset and liabilities to reflect instead their “behavioural” maturity.

4.1.3. Behavioural maturity – As a guide to Islamic banking institutions, the Bank provides a list of recommended treatment to arrive at the behavioural maturity of financings, deposits and undrawn commitments. Nevertheless, Islamic banking institutions will be permitted to employ their own in-house method (if available) provided they are able to justify to the Bank that their

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method provides a more accurate alternative. To ensure that due diligence is applied to the projection of behavioural maturity, the Bank will require that the method and assumptions employed by the Islamic be considered and endorsed by the Islamic banking institution's Asset-Liability Management Committee (ALCO) before seeking the approval of the Bank. The methods approved should be used consistently and any subsequent changes should also be endorsed by the Islamic banking institution's ALCO and approved by the Bank.

4.1.4. The objective of the assessment of liquidity at this level is to arrive at a projected net maturity mismatch profile of an Islamic banking institution stretching from 1 week to 1 year.

4.2 Second level liquidity measurement

4.2.1 At the second level, the focus of assessment is whether an Islamic banking institution has sufficient liquidity surplus and reserves to sustain a sudden liquidity withdrawal shock arising from an Islamic banking institution specific crisis.

4.2.2 Building on the net maturity mismatch profile earlier, liquidity measurement at this level takes into account the additional emergency funds that can be quickly realized from the sale of liquefiable assets (that is to bring forward their maturity date) or drawn upon from formally available credit lines.

4.2.3 On average, the Bank expects Islamic banking institutions to sustain heavy withdrawals up to a period of 1 month. The compliance requirement as described in paragraph 6.5 reflects the typical rate of heavy withdrawals that the Bank expects to take place during a crisis.

4.2.4 To test the Islamic banking institution's ability to withstand the crisis, the adjusted maturity profile is then compared with the potential amount of "heavy withdrawals" that can take place during a crisis. In other words, the available cumulative mismatch to accommodate liquidity shocks has to be greater than the compliance requirement.

4.2.5 The actual quantum varies for the respective Islamic banking institutions depending on their funding structure and will be a matter to be agreed between the Bank and the Islamic banking institution on a case-by-case basis. Islamic banking institutions will normally be expected to demonstrate the availability of liquidity surplus and reserves that can support such fall in deposits.

4.3 Third level liquidity measurement

4.3.1 The third level of measurement consists of a series of broad ratios and supplementary information designed to indicate the extent of which an Islamic banking institution is dependent on a particular market for its funding sources. The coverage includes:

- (i) large customer deposits
- (ii) interbank market
- (iii) offshore market

4.3.2 This information will allow the Islamic banking institutions to assess its exposure to liquidity risk in the event of disruptions in the relevant markets.

5. LIQUEFIABLE ASSETS AND FORMALLY AVAILABLE CREDIT LINES

- 5.1 The maintenance of liquefiable assets and formally available credit lines hold value for an Islamic banking institution in coping with unexpected heavy withdrawals. This fact is taken into account under the second level liquidity measurement as explained in paragraph 4.1.4.
- 5.2 Definition of liquefiable assets – There is no explicit definition as to what constitutes liquefiable assets. Under the previous liquid asset ratio framework, some assets were granted “liquid asset status” for purpose of promoting the primary purchases of the assets rather than for their actual liquidity value. To ensure that the determination of liquefiable assets is on a more consistent and objective manner, a set of “qualifying characteristics” for the recognition of liquefiable assets has been identified under the Liquidity Framework. The qualifying characteristics for liquefiable assets are as follows:
- (i) assets easily convertible in large sums into cash at short notice;
 - (ii) low counter-party credit risks;
 - (iii) free from any encumbrances that restricts its sale or SBBA capability (for example, not pledged to third parties or under SBBA agreements); and
 - (iv) have sufficiently deep secondary market or SBBA market which continue to exist during tight liquidity situations, or which the Bank is prepared to purchase, lend or allowed for SBBA in the course of its money market or liquidity support operation.
- 5.3 Assets held under reverse sell and buy back agreement (SBBA) are also eligible for liquefiable asset status for the period under the reverse SBBA. Assets sold under SBBA will not be eligible only for the period under SBBA.
- 5.4 To reflect a more conservative value of funds that can be raised from the sale of liquefiable assets under desperate circumstances, the value of liquefiable assets will be measured at a discount to its mark-to-market value.

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- 5.5 Assets that fulfill the qualifying characteristics specified in paragraph 5.2 are known as Class-1 liquefiable assets.
- 5.6 It is also recognized that a number of other debt instruments which are subject to individual issuer credit consideration and thus with less assured liquidity quality can assist in raising funds for Islamic banking institutions experiencing short-term liquidity problem either through outright sale or SBBA transactions. These assets may also be considered as liquefiable assets although for valuation purposes, they will be subject to higher discounts. These assets are known as Class-2 liquefiable assets.
- 5.7 Formally available credit lines are arranged irrevocable credit facilities which the Islamic banking institution has paid a consideration for. The undrawn portion provides a reserve which the Islamic banking institution can draw upon during liquidity crisis. To qualify:
- (i) the facilities must be irrevocably available for at least the next 3 months;
 - (ii) the funds must be available for immediate drawdown at any time. They must not be subject to availability of funds clause; and
 - (iii) the provider of the facility must be Islamic banking institutions that are normally capable of providing large volume of funds at short notice.
- 5.8 To avoid over-reliance on Class-2 liquefiable assets and from formally available credit lines as the primary source of reserve liquidity, the total amount allowable to be recognised should not comprise more than 50% of the Class-1 liquefiable assets¹.
- 5.9 The stock of liquefiable assets that may be drawn upon when coping with unexpected heavy withdrawals are listed in Part 4 of Appendix 1, along with the respective forced sale discount factors to be applied.

¹ With effect from 3 September 2004. Previously, the limit was 30%.

PART C: POLICY REQUIREMENTS**6. STANDARD SETTING AND COMPLIANCE REQUIREMENT**

- 6.1 Unlike the previous liquid asset ratio regime, the current liquidity framework does not emphasise on rigid compliance with a particular ratio. Its flexible nature provides a platform where the liquidity profile of an Islamic banking institution can be systematically projected for analysis between the Bank and the Islamic banking institution concerned. This enables the Bank to discuss with the Islamic banking institution concerned and arrest in advance any disturbing trend that may affect the future liquidity positions of the Islamic banking institution. The discussion with the Islamic banking institution will assist the Bank in determining the appropriate compliance requirement to be observed by the individual Islamic banking institution.
- 6.2 The Bank will look towards the Islamic banking institution's ALCO as the body primarily responsible for the management of liquidity.
- 6.3 As a minimum standard, however, Islamic banking institutions are required to maintain sufficient cash flows to cope with events of unusually heavy withdrawals. Islamic banking institutions are required to maintain a specified minimum surplus in the cumulative net maturity mismatch of the "1 week" and "1 month" liquidity buckets as measured under the second level liquidity measurement enumerated in paragraph 4.1.4.
- 6.4 The available cumulative mismatch to accommodate liquidity shocks should be not less than the compliance requirement as agreed with the Bank.
- 6.5 The net compliance surplus should be positive for the first two maturity buckets with the compliance requirement for specific Islamic banking institutions specified as follows:

Maturity bucket	Compliance requirement ²
Up to 1 week	3%
1 week to 1 month	5%

7. REPORTING REQUIREMENTS

7.1 Islamic banking institutions are required to submit to the Bank via the Financial Institutions Statistical System (FISS) under the Report on Liquidity Framework (RLFM) the following information:

- (i) Maturity profile of all balance sheet items and off-balance sheet items denominated in Ringgit Malaysia (RM), reported according to maturity in which have been adjusted for behavioural pattern prevailing at the reporting date;
- (ii) Maturity profile of all balance sheet and off-balance sheet items denominated in foreign currency, reported according to maturity which have been adjusted for behavioural pattern prevailing at the reporting date;
- (iii) Maturity profile of all balance sheet items and off-balance sheet items denominated in RM reported according to pure contractual maturity (no behavioural adjustment);
- (iv) Maturity profile of all balance sheet items and off-balance sheet items denominated in foreign currency, reported according to pure contractual maturity (no behavioural adjustment);
- (v) Supplementary information on funding structure; and
- (vi) Stock of liquefiable assets.

7.2 An illustration of the statistical returns is detailed in Appendix 1.

² With effect from 30 September 1999.

PART D: APPENDICES

APPENDIX 1 - LIQUIDITY REPORTING FORM

List of statistical returns

Part 1-RM	Maturity profile of all balance sheet items and off-balance sheet items denominated in Ringgit Malaysia (RM), reported according to maturity which have been adjusted for behavioural pattern prevailing at the reporting date
Part 1-F\$	Maturity profile of all balance sheet items and off-balance sheet items denominated in foreign currency; reported according to maturity which have been adjusted for behavioural pattern prevailing at the reporting date
Part 2-RM	Maturity profile of all balance sheet items and off-balance sheet items denominated in RM reported according to pure contractual maturity (no behavioural adjustment)
Part 2-F\$	Maturity profile of all balance sheet items and off-balance sheet items denominated in foreign currency, reported according to pure contractual maturity (no behavioural adjustment)
Part 3	Supplementary information on funding structure
Part 4	Stock of liquefiable assets

Name of institution :

Reporting date :

SUMMARY OF MATURITY MISMATCH REPORTING

Maturity Tenor Buckets	up to 1 wk	>1 wk - 1 mth	>1 - 3 mths	>3 - 6 mths	>6 mths - 1 yr	> 1 year	Total
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CORE (NON-TRADING) BANKING ACTIVITIES

1	Net Maturity Mismatch (A1.31) - Part 1-RM	-	-	-	-	-	-
2	Net Maturity Mismatch (B1.31) - Part 1-F\$	-	-	-	-	-	-

ADD**TREASURY AND CAPITAL MARKET ACTIVITIES**

3	Net Maturity Mismatch (A2.24) - Part 1-RM	-	-	-	-	-	-
4	Net Maturity Mismatch (B2.24) - Part 1-F\$	-	-	-	-	-	-

EQUALS

5	Total Net Maturity Mismatch Under Normal Circumstances	-	-	-	-	-	-
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ADD

6	Discounted value of liquefiable securities & Undrawn portion of formally available credit lines (4) - Part 4	-					
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LESS**To eliminate double counting of liquefiable securities**

7	"Securities Held" (asset) entries as reported in Part I return belonging to securities qualifying as liquefiable assets (excl. SBBA-ed securities)						
8	"Reverse SBBA" (asset) entries as reported in Part I return involving securities qualifying as liquefiable assets						

LESS**To recognise SBBA-ed securities as liquefiable assets upon maturity of SBBA**

9A	"Securities Held" (asset) entries as reported in Part I return belonging to repoed securities that would have qualified as liquefiable assets upon maturity of the SBBA						
9B	"SBBA" (liability) entries as reported in Part I return involving securities that would have qualified as liquefiable assets upon maturity of the SBBA						

EQUALS

10	Available net mismatch to accommodate liquidity shocks						
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CONVERT TO CUMULATIVE PROFILE

11	Available cumulative mismatch to accommodate liquidity shocks						
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LESS

12	Compliance requirement as agreed with BNM	Note 1	Note 2
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EQUALS

13	Net compliance surplus/(shortfall)		
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Note 1 : Report 3% of total outstanding deposits (current-*i*, savings-*i*, general investment -*i* and special investment-*i* deposit accounts) as at reporting date

Note 2 : Report 5% of total outstanding deposits (current-*i*, savings-*i*, general investment -*i* and special investment-*i* deposit accounts) as at reporting date

Note 3 : Round all figures to the nearest RM Million

Note 4 : All outflows should be reported in brackets ()

Signature :

Breakdown by Behavioural Maturity Profile - Ringgit

REF:	I. CORE (NON-TRADING) BANKING ACTIVITIES			up to 1 wk	> 1 wk - 1 mth	> 1 mth - 3 mths	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
	INFLOWS (ASSETS)									
	On-Balance Sheet									
A1.1	Financing :	Non-individuals	- Fixed Term Financing- <i>i</i>							-
A1.2			- Revolving Credit Facility- <i>i</i>							-
A1.3			- Cash Line Facility- <i>i</i>							-
A1.4			- Others							-
A1.5		Individuals	- House Financing- <i>i</i>							-
A1.6			- Credit Card- <i>i</i>							-
A1.7			- Cash Line Facility- <i>i</i>							-
A1.8			- Others							-
	Miscellaneous									
A1.9	Cash holdings									-
A1.10	SRR									-
A1.11	Other assets									-
	OUTFLOWS (LIABILITIES)									
	On-Balance Sheet									
A1.12	Deposits :	Non-individuals	- General Investment- <i>i</i>							-
A1.13			- Special Investment- <i>i</i>							-
A1.14			- Savings- <i>i</i>							-
A1.15			- Current- <i>i</i>							-
A1.16		Individuals	- General Investment- <i>i</i>							-
A1.17			- Special Investment- <i>i</i>							-
A1.18			- Savings- <i>i</i>							-
A1.19			- Current- <i>i</i>							-
	Miscellaneous									
A1.20	Islamic Debt securities issued									-
A1.21	Funds raised through securitisation with recourse									-
A1.22	Shareholders' funds and other liabilities									-
	Off-Balance Sheet									
	<i>Credit and other commitments-with certain cash flows</i>									
A1.23	Undrawn financing facility									-
A1.24	Others									-
	<i>Credit and other commitments - with uncertain cash flows</i>									
A1.25	Underwriting obligation :	debt								-
A1.26		equity								-
A1.27	Undrawn OD facilities given									-
A1.28	Undrawn portion of revolving credit facilities given									-
A1.29	Guarantees/Standby Letter of Credits									-
A1.30	Undrawn portion of other credit facilities given									-
A1.31	Net Maturity Mismatch			-	-	-	-	-	-	-
REF:	II. TREASURY AND CAPITAL MARKET ACTIVITIES			up to 1 wk	> 1 wk - 1 mth	> 1 mth - 3 mths	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
	INFLOWS (ASSETS)									
	On-Balance Sheet									
A2.1	Interbank lending/deposits									-
A2.2	Reverse SBBA									-
A2.3	Islamic Debt securities : Government papers/BNM bills/Cagamas papers									-
A2.4			Financial institution papers (incl. INIs)							-
A2.5			Trade papers (Islamic accepted bills)							-
A2.6		Corporate debts :	(govt-guaranteed)							-
A2.7			(bank-guaranteed)							-
A2.8			(non-guaranteed)							-
	Off-Balance Sheet									
	<i>Derivatives(Long RM Positions)- with certain cash flows</i>									
A2.9	Foreign exchange contracts receivable (spot/forward/swap)									-
A2.10	Equity-linked derivative contracts receivable									-
	<i>Derivatives(Long RM Positions)- with uncertain cash flows</i>									
A2.11	FX options (delta equiv.): purchase (bought)									-
A2.12			written (sold)							-
A2.13	Other derivatives (delta equiv.) receivable									-
	OUTFLOWS (LIABILITIES)									
	On-Balance Sheet									
A2.14	Interbank borrowings/deposits									-
A2.15	Interbank SBBAs									-
A2.16	Non-interbank SBBAs									-
A2.17	INIs issued									-
A2.18	AB-i payable									-
	Off-Balance Sheet									
	<i>Derivatives(Short RM Positions)- with certain cash flows</i>									
A2.19	Foreign exchange contracts payable (spot/forward/swap)									-
A2.20	Equity-linked derivative contracts payable									-
	<i>Derivatives(Short RM Positions)- with uncertain cash flows</i>									
A2.21	FX options (delta equiv.): purchase (bought)									-
A2.22			written (sold)							-
A2.23	Other derivatives (delta equiv.) payable									-
A2.24	Net Maturity Mismatch			-	-	-	-	-	-	-
	Net Total Maturity Mismatch (A1.31 + A2.24)									

Note : (1) Round all figures to the nearest RM million
 (2) All outflows should be reported in brackets ()

PART 1-F\$

Breakdown by Behavioural Maturity Profile - Foreign Currency

REF: I. CORE (NON-TRADING) BANKING ACTIVITIES			up to 1 wk	> 1 wk - 1 mth	> 1 mth - 3 mths	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
INFLOWS (ASSETS)									
On-Balance Sheet									
B1.1	Financing : Non-individuals	- Fixed Term Financing-i							-
B1.2		- Revolving Credit Facility-i							-
B1.3		- Cash Line Facility-i							-
B1.4		- Others							-
B1.5	Individuals	- House Financing-i							-
B1.6		- Credit Card-i							-
B1.7		- Cash Line Facility-i							-
B1.8		- Others							-
Miscellaneous									
B1.9	Cash holdings								-
B1.10	SRR								-
B1.11	Other assets								-
OUTFLOWS (LIABILITIES)									
On-Balance Sheet									
B1.12	Deposits : Non-individuals	- General Investment-i							-
B1.13		- Special Investment-i							-
B1.14		- Savings-i							-
B1.15		- Current-i							-
B1.16	Individuals	- General Investment-i							-
B1.17		- Special Investment-i							-
B1.18		- Savings-i							-
B1.19		- Current-i							-
Miscellaneous									
B1.20	Islamic Debt securities issued								-
B1.21	Funds raised through securitisation with recourse								-
B1.22	Shareholders' funds and other liabilities								-
Off-Balance Sheet									
Credit and other commitments-with certain cash flows									
B1.23	Undrawn financing facility								-
B1.24	Others								-
Credit and other commitments - with uncertain cash flows									
B1.25	Underwriting obligation : debt								-
B1.26	equity								-
B1.27	Undrawn OD facilities given								-
B1.28	Undrawn portion of revolving credit facilities given								-
B1.29	Guarantees/Standby Letter of Credits								-
B1.30	Undrawn portion of other credit facilities given								-
B1.31	Net Maturity Mismatch		-	-	-	-	-	-	-
REF: II. TREASURY AND CAPITAL MARKET ACTIVITIES									
INFLOWS (ASSETS)									
On-Balance Sheet									
B2.1	Interbank lending/deposits								-
B2.2	Reverse SBBA								-
B2.3	Islamic Debt se	Government papers/BNM bills/Cagamas papers							-
B2.4		Financial institution papers (incl. INIs)							-
B2.5		Trade papers (Islamic accepted bills)							-
B2.6	Corporate debts :	(govt.-guaranteed)							-
B2.7		(bank-guaranteed)							-
B2.8		(non-guaranteed)							-
Off-Balance Sheet									
Derivatives(Long RM Positions)- with certain cash flows									
B2.9	Foreign exchange contracts receivable (spot/forward/swap)								-
B2.10	Equity-linked derivative contracts receivable								-
Derivatives(Long RM Positions)- with uncertain cash flows									
B2.11	FX options (delta equiv.) :	purchase (bought)							-
B2.12		written (sold)							-
B2.13	Other derivatives (delta equiv.) receivable								-
OUTFLOWS (LIABILITIES)									
On-Balance Sheet									
B2.14	Interbank borrowings/deposits								-
B2.15	Interbank SBBAs								-
B2.16	Non-interbank SBBAs								-
B2.17	INIs issued								-
B2.18	AB-i payable								-
Off-Balance Sheet									
Derivatives(Short RM Positions)- with certain cash flows									
B2.19	Foreign exchange contracts payable (spot/forward/swap)								-
B2.20	Equity-linked derivative contracts payable								-
Derivatives(Short RM Positions)- with uncertain cash flows									
B2.21	FX options (delta equiv.) :	purchase (bought)							-
B2.22		written (sold)							-
B2.23	Other derivatives (delta equiv.) payable								-
B2.24	Net Maturity Mismatch		-	-	-	-	-	-	-
Net Total Maturity Mismatch (B1.31 + B2.24)									

Note : (1) Round all figures to the nearest RM million
(2) All outflows should be reported in brackets ()

PART 2-RM

Breakdown by Pure Contractual Maturity Profile - Ringgit

REF: I. CORE (NON-TRADING) BANKING ACTIVITIES				up to 1 wk	> 1 wk - 1 mth	1 mth - 3 mth	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
INFLOWS (ASSETS)										
On-Balance Sheet										
A1.1	Financing :	Non-individuals	- Fixed Term Financing- <i>i</i>							-
A1.2			- Revolving Credit Facility- <i>i</i>							-
A1.3			- Cash Line Facility- <i>i</i>							-
A1.4			- Others							-
A1.5		Individuals	- House Financing- <i>i</i>							-
A1.6			- Credit Card- <i>i</i>							-
A1.7			- Cash Line Facility- <i>i</i>							-
A1.8			- Others							-
Miscellaneous										
A1.9	Cash holdings									-
A1.10	SRR									-
A1.11	Other assets									-
OUTFLOWS (LIABILITIES)										
On-Balance Sheet										
A1.12	Deposits :	Non-individuals	- General Investment- <i>i</i>							-
A1.13			- Special Investment- <i>i</i>							-
A1.14			- Savings- <i>i</i>							-
A1.15			- Current- <i>i</i>							-
A1.16		Individuals	- General Investment- <i>i</i>							-
A1.17			- Special Investment- <i>i</i>							-
A1.18			- Savings- <i>i</i>							-
A1.19			- Current- <i>i</i>							-
Miscellaneous										
A1.20	Islamic Debt securities issued									-
A1.21	Funds raised through securitisation with recourse									-
A1.22	Shareholders' funds and other liabilities									-
Off-Balance Sheet										
Credit and other commitments-with certain cash flows										
A1.23	Undrawn financing facility									-
A1.24	Others									-
Credit and other commitments - with uncertain cash flows										
A1.25	Underwriting obligation : debt									-
A1.26	equity									-
A1.27	Undrawn OD facilities given									-
A1.28	Undrawn portion of revolving credit facilities given									-
A1.29	Guarantees/Standby Letter of Credits									-
A1.30	Undrawn portion of other credit facilities given									-
A1.31	Net Maturity Mismatch			-	-	-	-	-	-	-

REF: II. TREASURY AND CAPITAL MARKET ACTIVITIES				up to 1 wk	> 1 wk - 1 mth	1 mth - 3 mth	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
INFLOWS (ASSETS)										
On-Balance Sheet										
A2.1	Interbank lending/deposits									-
A2.2	Reverse SBBA									-
A2.3	Islamic Debt ser: Government papers/BNM bills/Cagamas papers									-
A2.4	Financial institution papers (incl. INIs)									-
A2.5	Trade papers (Islamic accepted bills)									-
A2.6	Corporate debts : (govt.-guaranteed)									-
A2.7	(bank-guaranteed)									-
A2.8	(non-guaranteed)									-
Off-Balance Sheet										
Derivatives(Long RM Positions)- with certain cash flows										
A2.9	Foreign exchange contracts receivable (spot/forward/swap)									-
A2.10	Equity-linked derivative contracts receivable									-
Derivatives(Long RM Positions)- with uncertain cash flows										
A2.11	FX options (delta equiv.): purchase (bought)									-
A2.12	written (sold)									-
A2.13	Other derivatives (delta equiv.) receivable									-
OUTFLOWS (LIABILITIES)										
On-Balance Sheet										
A2.14	Interbank borrowings/deposits									-
A2.15	InterbankSBBAs									-
A2.16	Non-interbank SBBAs									-
A2.17	INIs issued									-
A2.18	AB-i payable									-
Off-Balance Sheet										
Derivatives(Short RM Positions)- with certain cash flows										
A2.19	Foreign exchange contracts payable (spot/forward/swap)									-
A2.20	Equity-linked derivative contracts payable									-
Derivatives(Short RM Positions)- with uncertain cash flows										
A2.21	FX options (delta equiv.): purchase (bought)									-
A2.22	written (sold)									-
A2.23	Other derivatives (delta equiv.) payable									-
A2.24	Net Maturity Mismatch			-	-	-	-	-	-	-

Net Total Maturity Mismatch (A1.31 + A2.24)

Note : (1) Round all figures to the nearest RM million
 (2) All outflows should be reported in brackets ()

PART 2-F\$

Breakdown by Pure Contractual Maturity Profile - Foreign Currency

REF: I. CORE (NON-TRADING) BANKING ACTIVITIES			up to 1wk	> 1wk-1mth	> 1 - 3mths	> 3 - 6mths	> 6 mths - 1 yr	> 1 year	Total
INFLOWS (ASSETS)									
On-Balance Sheet									
B1.1	Financing :	Non-individuals - Fixed Term Financing- <i>i</i>							-
B1.2		- Revolving Credit Facility- <i>i</i>							-
B1.3		- Cash Line Facility- <i>i</i>							-
B1.4		- Others							-
B1.5	Individuals	- House Financing- <i>i</i>							-
B1.6		- Credit Card- <i>i</i>							-
B1.7		- Cash Line Facility- <i>i</i>							-
B1.8		- Others							-
Miscellaneous									
B1.9	Cash holdings								-
B1.10	SRR								-
B1.11	Other assets								-
OUTFLOWS (LIABILITIES)									
On-Balance Sheet									
B1.12	Deposits :	Non-individuals - General Investment- <i>i</i>							-
B1.13		- Special Investment- <i>i</i>							-
B1.14		- Savings- <i>i</i>							-
B1.15		- Current- <i>i</i>							-
B1.16	Individuals	- General Investment- <i>i</i>							-
B1.17		- Special Investment- <i>i</i>							-
B1.18		- Savings- <i>i</i>							-
B1.19		- Current- <i>i</i>							-
Miscellaneous									
B1.20	Islamic Debt securities issued								-
B1.21	Funds raised through securitisation with recourse								-
B1.22	Shareholders' funds and other liabilities								-
Off-Balance Sheet									
<i>Credit and other commitments-with certain cash flows</i>									
B1.23	Undrawn financing facility								-
B1.24	Others								-
<i>Credit and other commitments :</i>									
B1.25	Underwriting obligation :	debt							-
B1.26		equity							-
B1.27	Undrawn OD facilities given								-
B1.28	Undrawn portion of revolving credit facilities given								-
B1.29	Guarantees/Standby Letter of Credits								-
B1.30	Undrawn portion of other credit facilities given								-
B1.31	Net Maturity Mismatch		-	-	-	-	-	-	-

REF: II. TREASURY AND CAPITAL MARKET ACTIVITIES			up to 1 wk	> 1 wk - 1 mth	1 mth - 3 mth	> 3 - 6 mths	> 6 mths - 1 yr	> 1 year	Total
INFLOWS (ASSETS)									
On-Balance Sheet									
B2.1	Interbank lending/deposits								-
B2.2	Reverse SBBA								-
B2.3	Islamic Debt se	Government papers/BNM bills/Cagamas papers							-
B2.4		Financial institution papers (incl. INIs)							-
B2.5		Trade papers (Islamic accepted bills)							-
B2.6	Corporate debts :	(govt.-guaranteed)							-
B2.7		(bank-guaranteed)							-
B2.8		(non-guaranteed)							-
Off-Balance Sheet									
<i>Derivatives(Long RM Positions)- with certain cash flows</i>									
B2.9	Foreign exchange contracts receivable (spot/forward/swap)								-
B2.10	Equity-linked derivative contracts receivable								-
<i>Derivatives(Long RM Positions)- with uncertain cash flows</i>									
B2.11	FX options (delta equiv.):	purchase (bought)							-
B2.12		written (sold)							-
B2.13	Other derivatives (delta equiv.) receivable								-
OUTFLOWS (LIABILITIES)									
On-Balance Sheet									
B2.14	Interbank borrowings/deposits								-
B2.15	Interbank SBBA								-
B2.16	Non-interbank SBBA								-
B2.17	INIs issued								-
B2.18	AB-i payable								-
Off-Balance Sheet									
<i>Derivatives(Short RM Positions)- with certain cash flows</i>									
B2.19	Foreign exchange contracts payable (spot/forward/swap)								-
B2.20	Equity-linked derivative contracts payable								-
<i>Derivatives(Short RM Positions)- with uncertain cash flows</i>									
B2.21	FX options (delta equiv.):	purchase (bought)							-
B2.22		written (sold)							-
B2.23	Other derivatives (delta equiv.) payable								-
B2.24	Net Maturity Mismatch		-	-	-	-	-	-	-

Net Total Maturity Mismatch (B1.31 + B2.24)

Note : (1) Round all figures to the nearest RM million
(2) All outflows should be reported in brackets ()

PART 3

Supplementary Information

Distribution profile of customer (or group of related customers) deposits/SBBAs/INIs which accounts I. for 1% or more of total deposit (Saving- <i>i</i> , Current- <i>i</i> , General Investment- <i>i</i> and Special Investment- <i>i</i> , non-interbank SBBAs and non-interbank INIs)					
	1 - 2% of TD	2 - 3% of TD	3 - 5% of TD	5 - 10-% of TD	> 10% of TD
Number of customers (group of customers)					

TD : Total Deposit

	Weekend Average for the month (%)
II. Concentration of Funding Sources	
Adjusted financing/deposit ratio	
Net offshore acceptance / Total domestic deposit liabilities	
Net domestic interbank acceptance / Total domestic deposit liabilities	
Total net domestic overnight interbank acceptance / Total gross domestic interbank acceptance less overnight domestic interbank lending	
Short term gross domestic interbank acceptance / Short term domestic total funding	

Part 4

Stock of Liquefiable Assets³

	(1)	(2)	(3)	(4)
	Market value of securities reported in books (excl. securities sold under SBBA) (RM m)	Market value of securities received under reverse SBBA (excl. securities re-sold under SBBA) (RM m)	"Forced Sale" Discount to be Applied Based on Yield Slippage (%)	Total Value of Securities After Discount (RM m)
Liquefiable Securities				
Class-1 liquefiable assets				
RM Marketable securities/papers issued by Federal Government or BNM (including papers issued by Khazanah Malaysia) ⁴			2	
RM Marketable securities/papers guaranteed by Federal Government or BNM			3	
Danaharta bonds ⁵			3	
Danamodal bonds ⁶			4	
Cagamas bonds and notes (both conventional and Islamic) issued before 4 September 2004			4	
RM-denominated bonds issued by Multilateral Development Banks or Multilateral Financial Institutions ⁷			6	
ABF Malaysia Bond Index Fund ⁸			3	
Subtotal – Class-1 liquefiable assets				

³ Short-term rating (P1, P2, MARC1 and MARC2) only apply to papers with remaining maturity less than 1 year.

⁴ Includes Sukuk Bank Negara Malaysia – Ijarah with effect from 7 February 2006.

⁵ With effect from 13 November 1998.

⁶ With effect from 13 November 1998.

⁷ With effect from 6 October 2004.

⁸ With effect from 18 July 2005.

Class-2 liquefiable assets & available credit lines⁹			
Accepted Bills-i (excluding own BAs) issued by at least AA/P2/MARC2 rated institutions			4
Accepted Bills-i (excluding own BAs) issued by non-AA/P2/MARC2 rated institutions			6
INIs (excluding own-issued INIs) issued by at least AA/P2/MARC2 rated institutions			6
Cagamas bonds and notes (both conventional and Islamic) issued after 4 September 2004 ¹⁰			6
RM Islamic Corporate bonds and papers with at least AAA/P1/MARC1 rating or its equivalent			10 ¹¹
Residential mortgaged-backed securities with AAA rating ¹²			6
Undrawn portion of formally available credit lines (please provide detailed breakdown below)			
Subtotal – Class-2 liquefiable assets and & available credit lines (restrict to 50% of Class-1 liquefiable assets)			
Total			

Formally Available Credit Lines

Name of providers	Undrawn Portion (RM m)	Drawn Portion (RM m)
Total (please carry forward undrawn amount to table above)		

Note : Round all figures to the nearest RM million

⁹ Institutions should limit the reporting of Class-2 liquefiable assets and undrawn credit lines to not more than 50% of the Class-1 liquefiable assets reported. Any excess liquefiable assets will not qualify and should not be reported here.

¹⁰ With effect from 4 September 2004.

¹¹ With effect from 3 September 2004. Previously, the forced sale discount was set at 8%.

¹² With effect from 17 September 2004.

APPENDIX 2 - ADDITIONAL NOTES ON COMPLETING STATISTICAL RETURNS**1. Part 1 Return: behavioural maturity profile**

- 1.1. All balance sheet assets and liabilities must be reported. Items A&B1.1 to A&B1.11 plus A&B2.1 to A&B2.15 less A1.19 must equal to total assets as reported in **item 30000** of the FISS return.
- 1.2. Items A&B1.12 to A&B1.20 plus A&B2.21 to A&B2.31 less A1.19 must be equal to total liabilities and capital (shareholders' fund) as reported in **item 40000** of the FISS return.
- 1.3. Items on each line should be slotted into the relevant time bucket which they are expected to mature. In most cases, these are based on their contractual maturity. However, certain items, in particular financings, deposits and credit commitments do not normally experience maturing cash flows in accordance to their contractual maturity. Financings, for example, may be rolled over when due rather than repaid or go into default. Deposits, on the other hand, are subject to premature withdrawal and renewal characteristics. For such items, they should be slotted instead according to their perceived behavioural maturity.
- 1.4. To arrive at the appropriate treatment for each item, Appendix 3 contains a list of recommended treatment for allocating the cash flow items in their relevant time buckets. Nevertheless, Islamic banking institutions are permitted to differ and employ their own in-house method (if available) provided they are able to justify to the Bank that they provide a more accurate alternative. Any variation to the recommended method should be agreed with the Bank before they are incorporated.

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2. Part 2 Return: contractual maturity profile

- 2.1. All balance sheet assets and liabilities must be reported. Items A&B1.1 to A&B1.11 plus A&B2.1 to A&B2.15 less A1.19 must be equal to total assets as reported in item 30000 of the FISS return.
- 2.2. Items A&B1.12 to A&B1.20 plus A&B2.21 to A&B2.31 less A1.19 must be equal to total liabilities and capital (shareholders' fund) as reported in item 40000 of the FISS return.
- 2.3. All cash flow items should be slotted into the relevant time buckets according to their strict contractual maturity regardless of their actual behaviour. Liabilities repayable on demand such as demand and saving deposits should be slotted into the "up to 1 week" bucket), while assets that have no strict contractual maturity such as investment in property should be slotted in the "more than 1 year" bucket.

3. Part 3 Return: supplementary information

- 3.1. The supplementary information encompasses all RM and foreign currency denominated items (foreign currency denominated items are reported in their RM equivalent). They are as follows:

- | | |
|---------|--|
| Item I | To report distribution profile of deposits from a customer or group of related customers which account for more than 1% of an institution's total deposit base (Savings, Current, General Investment and Specific Investment accounts <u>plus</u> non-interbank SBBAs and non-interbank INIs); and |
| Item II | Concentration of funding sources – comprises a set of financial ratios to be calculated as below. Please report the weekend average ratio for the month. |

3.2. Ratio 1: Adjusted Financing/Deposit Ratio

Adjusted Financings	Gross financings <u>less</u> BA payable
Adjusted Deposit	All deposits, non-interbank SBBAs and non-interbank INIs (less percentage set aside for SRR) <u>plus</u> shareholders' funds <u>plus</u> other hybrid Tier-2 capital instruments (e.g. ICULS, preference shares) <u>plus</u> subordinated term-financings issued <u>plus</u> financings sold to Cagamas <u>plus</u> ECR/BNM refinancing.

3.3. Ratio 2: Net offshore Acceptance / Total domestic deposit liabilities

Net offshore acceptance	All deposits, INIs, SBBAs and interbank acceptance (including vostro accounts) in both RM and F\$ from non-residents
	<u>Less</u>
	Deposits placed, INIs held, reverse SBBAs and interbank placement (including nostro accounts) in both RM and F\$ with non-residents.
Total domestic deposit liabilities	All deposits, non-interbank SBBAs and non-interbank INIs in both RM and F\$ from domestic residents.

3.4. Ratio 3: Net domestic interbank acceptance / Total domestic deposit liabilities

Net domestic interbank acceptance	Interbank acceptance, interbank SBBAs and interbank INIs in both RM and F\$ from resident banks
	<u>Less</u>
	Interbank placement, interbank reverse SBBA and INIs held in both RM and F\$ with resident banks.
Total domestic deposit liabilities	All deposits, non-interbank SBBAs and non-interbank INIs in both RM and F\$ from domestic residents.

3.5. *Ratio 4: Total net domestic overnight interbank acceptance / Total gross domestic interbank acceptance less overnight domestic interbank placement*

Total net overnight acceptance	Total overnight interbank acceptance from the domestic market less total overnight interbank placement to the domestic market.
Total gross domestic interbank acceptance less overnight domestic interbank placement	Total interbank acceptance, interbank SBAs and interbank INIs from the domestic market <u>less</u> overnight interbank placement to the domestic market.

3.6. *Ratio 5: Short term gross domestic interbank acceptance / Short term domestic total funding*

Short-term gross domestic interbank acceptance	Total interbank acceptance, interbank SBAs and interbank INIs from the domestic market with <u>remaining maturity of up to 1 month</u> .
Short-term domestic total funding	All deposits, SBAs and INIs, and interbank acceptance from domestic residents with <u>remaining maturity of up to 1 month</u> .

4. Part 4 Return: Stock of liquefiable assets

- 4.1. The amount of Class-2 liquefiable assets (and undrawn formally available credit lines) reported here should not exceed 50% of reported Class-1 liquefiable assets. The balance of excess Class-2 liquefiable assets (if any) will continue to be reported in the maturity ladder set out in Appendix 1 Part 1.
- 4.2. All securities under columns (1) and (2) must be reported at their market values.
- 4.3. To arrive at the total discounted values under column (4), the securities reported under columns (1) and (2) must be further discounted using the yield slippage provided in column (3).
- 4.4. For KLSE Main Board equities held in their proprietary book, the lower of the daily mark-to-market values subject to a force sale discount or the fair value of the equity is to be reported.

APPENDIX 3 - BENCHMARK TREATMENT**Benchmark treatment for specific items in Part 1 Return**

Ref	Items	Benchmark treatment
A1.1, 1.5 B1.1, 1.5	Fixed term & house financings	Report based on contractual maturity subject to adjustment for NPF (whose amount is to be slotted in the "> 1 year bucket"), including financings sold to Cagamas Berhad
A1.2 B1.2	Revolving credit/financings	Report according to end-date of the facility
A1.3, 1.6, 1.7 B1.3, 1.6, 1.7	Overdrafts & Credit cards	A core balance (lowest amount outstanding during period under observation) is to be identified and slotted into "> 1 year bucket". The remaining balance to be allocated evenly across the rest of the maturity buckets.
A1.10	SRR	Slot into the "> 1 year bucket" or adjust according to movements in the EL base.
A1.12 to 1.17 B1.12 to 1.17	Fixed/Savings/Current deposit account	See " <i>Benchmark process for allocating fixed/savings/current account deposits according to maturity tenor buckets under behavioural maturity process</i> "
A1.19	Funds raised through securitisation with recourse	Funds raised from Cagamas with recourse can be deemed to be rolled over upon maturity.
A1.23 to 1.29 B1.23 to 1.29 (except A/B1.28)	Undrawn credit and other commitments with uncertain drawdown	20% of undrawn amount at the reporting date is to be slotted into the "up to 1 week bucket".
A1.28 B1.28	Guarantees/Standby Letter of Credits	Amount to be reported will be based on each Islamic banking institution's expectation of potential call on the guarantees/standby letter of credits.
Balance of all other items		Report according to their contractual maturity.

Benchmark process for allocating fixed/savings/current account deposits according to maturity tenor buckets under behavioural maturity process

Step 1	Calculate the largest change that can occur within a 1 week period during the last 1 year ¹³	Calculate the largest change that can occur within a 1 month period during the last 1 year	Calculate the largest change that can occur within a 3 month period during the last 1 year	Calculate the largest change that can occur within a 6 month period during the last 1 year	Calculate the largest change that can occur within a 1 year period during the last 1 year
Step 2	Let amount of change =A%	Let amount of change =B%	Let amount of change =C%	Let amount of change =D%	Let amount of change =E%

Maturity buckets

	Up to 1 week	> 1 week to 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 1 year	> 1 year
Step 3: To determine percentage of total deposits to be reported in various maturity tenor buckets	Multiply total general investment/special investment/savings/current deposit account as at reporting date with A%	Multiply total general investment/special investment/savings/current deposit account as at reporting date with {B-A}%	Multiply total general investment/special investment/savings/current deposit account as at reporting date with {C-B}%	Multiply total general investment/special investment/savings/current deposit account as at reporting date with {D-C}%	Multiply total general investment/special investment/savings/current deposit account as at reporting date with {E-D}%	Balancing amount

¹³ Expressed as % of the opening general investment/special investment/savings/current deposit account.