FINANSTILSYNET
THE FINANCIAL SUPERVISORY
AUTHORITY OF NORWAY

Risk-based supervision

Liquidity Risk Module

Evaluation of liquidity risk level

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SECTION/DEPARTMENT:
BANK

Contents

INTRODUCTION

The liquidity risk module consists of a guidance on Finanstilsynet's assessment of financial institutions' liquidity risk level and a guidance on Finanstilsynet's assessment of the institution's system for the management and control of liquidity risk. The guidance on the assessment of the institutions' liquidity risk level describes the various risk level indicators and assessments emphasised by Finanstilsynet.

The liquidity risk module is based on Regulations on sound liquidity management (Liquidity Regulations), Regulations on capital requirements and national adaptation of CRR/CRD IV (CRR/CRD IV Regulations) and recommendations (guidelines) in this field prepared by the Basel Committee and the European Banking Authority (EBA), including the EBA's template for the Supervisory Review and Evaluation Process (SREP)[1].

The module has been prepared as an aid in Finanstilsynet's supervision of banks, mortgage companies, finance companies and holding companies, hereinafter referred to as institutions. Finanstilsynet's assessments of the liquidity risk level are based on the following two main elements:

- The institutions' liquidity buffer (described in Chapter 1)
- The long-term perspective and diversification of the institutions' funding (described in Chapter 2)

Finanstilsynet's assessments of the institutions are inter alia based on comparisons. The individual mortgage company and finance company is assessed against an average of all companies in the same category, while the individual bank is compared with 'all banks' and with reference groups based on total assets.

Liquidity risk is described on Finanstilsynet's website[2]. Forms for CRD IV reporting are also available here[3]. These forms and the reporting to the ORBOF financial database constitute the basis for Finanstilsynet's off-site supervision and are a source for the indicators and assessments described in chapters 1 and 2. In addition, data are collected at the end of the year for the largest institutions and in connection with inspections of other institutions. Furthermore, emphasis is placed on the institutions' "Internal Liquidity Adequacy Assessment Process" (ILAAP), cf. Circular 12/2016 on Finanstilsynet's methodologies for assessing risk and capital needs[4].

The EBA has developed a number of risk indicators, inter alia for liquidity and funding risk. Finanstilsynet is in the process of assessing these indicators as well as the institutions' reporting of Additional Liquidity Monitoring Metrics (ALMM) from a supervisory perspective. The introduction of new indicators will require no new reporting from the institutions.

[1] Cf.https://www.eba.europa.eu/documents/10180/2282666/Revised+Guidelines+on+SREP+%28EBA-GL-2018-03%29.pdf

[2] https://www.finanstilsynet.no/tilsyn/arkiv-fellessider-tilsyn/modul-for-likviditetsrisiko/ (in Norwegian only)

[3] More information on the reporting and the forms used can be found here: https://www.finanstilsynet.no/en/reporting/?id=

[4] https://www.finanstilsynet.no/en/news-archive/circulars/2016/finanstilsynets-methodologies-for-assessing-risk-and-capital-needs/

SUMMARY

Liquidity buffer	Chap.	Level for supervisory follow-up
LCR	1.1	100 (regulatory minimum requirement)
Relative OMF[5] potential and refinancing capacity under stress	1.2	Qualitative (assessment of the bank's policy) supported by an indicative calculation model
Other liquidity reserves – securities and investments	1.3	Qualitative
Unused and granted credit facilities	1.4	Qualitative

Long-term perspective and diversification	Chap.	Level for supervisory follow-up
NSFR	2.1	100
Deposit-to-loan ratio "solo" and incl. covered-bond-issuing entities	2.2	Negative deviation from the reference group average*
Deposit composition	2.3	Negative deviation from the reference group average*
Large deposits	2.4	Mainly qualitative
Debt to other financial institutions	2.5	Negative deviation from the reference group average*
Share of market funding	2.6	Negative deviation from the reference group average*
Maturity composition of market funding	2.7	Negative deviation from the reference group average*
Average maturity of long-term market funding (more than a year)	2.8	Negative deviation from the reference group average*

* Fixed reference values may be introduced at a later date.

[5] OMF (obligasjoner med fortrinnsrett) = covered bonds

1 LIQUIDITY BUFFER

Liquidity buffer is a collective term for the various liquidity reserves institutions may hold. This chapter describes Finanstilsynet's evaluation of institutions' liquidity buffers.

The CRR/CRD IV Regulations require that the institutions[6] have a stock of liquid assets, expressed in terms of the Liquidity Coverage Ratio, LCR. The LCR is reported to Finanstilsynet monthly. Finanstilsynet may require more frequent reporting.

In addition to the LCR level, Finanstilsynet gives weight to the composition of the institution's liquidity buffers. Furthermore, the institution's potential for issuing and/or selling own holdings of covered bonds is assessed. The institution's undrawn credit facilities are also included in the liquidity buffer assessment.

1.1 Liquidity coverage requirement (LCR)

The purpose of the evaluation is to consider institutions' compliance with the LCR, cf. Section 8 of the CRR/CRD IV Regulations. LCR indicates the percentage of an assumed net liquidity outflow that the institution can cover by high-quality liquid assets during a 30-day period under given stress assumptions. LCR is calculated at the consolidated and solo level (consolidated, sub-consolidated and unconsolidated), in total and per significant currency[7]. Since 31 December 2017, the minimum LCR requirement has been 100 per cent.

The minimum LCR requirement in other significant currencies than Norwegian kroner is 100 per cent. If institutions have the euro or the US dollar as a significant currency, a minimum LCR requirement in Norwegian kroner of 50 per cent applies. If institutions have neither the euro nor the US dollar as a significant currency, there is no minimum LCR requirement in Norwegian kroner[8]. Finanstilsynet monitors the institutions' adaptations as part of its ongoing supervision.

Required information

- Monthly reported LCR values in total, in NOK alone and in any other significant currencies on an unconsolidated, sub-consolidated and consolidated basis.
- Daily LCR values on request. The information may be presented as charts.
- The level of recovery indicators in recovery plans.

Assessments and conclusions

- Total LCR, i.e. in aggregate for all currencies, consolidated, sub-consolidated and unconsolidated, measured against the minimum requirement defined above.

[6] Banks, mortgage companies and financial holding companies that are not insurance groups.
[7] Currencies that separately account for more than 5 per cent of an institution's total liabilities are considered to be significant currencies, cf Part IV, Section 8 of the CRR/CRD IV Regulations. The reason for this is that institutions with a high level of debt in foreign currency may be subject to liquidity risk if there is a mismatch in foreign currency cash flows.
[8] Consequently, there is no minimum LCR requirement in *NOK* for institutions that, for example, have SEK as a significant currency (although the minimum LCR requirement in SEK is 100 per cent), nor for institutions that only have NOK as a significant currency.

- LCR in Norwegian kroner (LCR NOK) and, if applicable, LCR in euros and US dollars (LCR EUR and LCR USD) as well as other significant currencies, measured against the levels indicated above.
- Developments and variations in levels over time.

1.2 Relative OMF potential and refinancing capacity under stress

The purpose of the evaluation is to assess the bank's[9] liquidity buffer in a wider context than the LCR, i.e. in terms of the ability to issue more covered bonds (OMF). This can be illustrated by the *relative OMF potential and refinancing capacity under stress.* Low utilisation of the OMF potential today may offer greater opportunities for new long-term funding in the future, while high utilisation may be an indication that the institution will be in a vulnerable funding situation during a stress period. A low proportion of well-secured mortgages (low loan-to-value ratio – LTV) on the parent bank's balance sheet may be manifested in a credit risk premium on the bank's senior bonds and a need to offer higher deposit rates. Furthermore, Finanstilsynet assesses whether the bank has appropriate limits and a well-founded policy for determining the share of lending to be posted in covered-bond-issuing entities rather than the bank's own balance sheet.

Relative OMF potential (ROP): There are three components that make up the 'OMF potential'. The first is the available cover pool in the bank's wholly/partially owned covered-bond-issuing entities. The second is the value of property loans on the bank's balance sheet eligible for inclusion in the cover pool. The third is the value of unencumbered covered bonds that are not LCR-eligible, including "own" covered bonds[10] held by the bank, in other words covered bonds that are not already included in the LCR[11]. The *relative OMF potential* shows the 'OMF potential' as a percentage of the covered-bond-issuing entity's total cover pool (alternatively the bank's share if the entity is partially owned). In other words, the relative OMF potential has certain similarities with overcollateralisation, but allows for differences between business models where the bank holds much of the reserves on its own balance sheet and models where the bank has largely transferred eligible residential mortgages to a covered-bond-issuing entity.

Refinancing capacity under stress (RUS): Refinancing capacity under stress is based on the OMF potential, but takes account of a drop in house prices[12]. The OMF potential after a drop in house prices is compared with the maturity of senior bonds and commercial paper, as well as subordinated loans and additional Tier 1 instruments reaching maturity from one month to one year ahead in time and from one month to two years ahead in time, respectively. Maturities from zero to one month are covered by the LCR.

[9] Chapter 1.2 applies primarily to banks.
[10] Covered bonds that cannot be included in the LCR because they are issued by a covered-bond-issuing entity in the same group as the bank.
[11] Covered bonds that cannot be included in the LCR due to LCR haircuts for covered bonds may also be included.
[12] In previous versions of the indicator, the bank's results for the LCR and liquidity indicator 1 were entered as positive or negative adjustment factors. This has been excluded to make the calculation more intuitive, and to reflect that the LCR has become a minimum requirement and that liquidity indicator 1 can no longer be easily calculated.

Finanstilsynet expects all institutions to consider and establish an appropriate framework/policy for the distribution of residential and possibly commercial mortgages between the bank's balance sheet and the balance sheet of the wholly or partially owned covered-bond-issuing entity. The decision, which should be taken at board level, must take into account the statutory overcollateralisation requirement for the cover pool of 102 per cent and any rating requirements, as well as the fact that house prices may fall, creating a need to replenish the covered-bond-issuing entity's cover pool with property loans. It is pointed out that an increase in non-performing loans can be expected during a prolonged stress period with falling house prices. Non-performing loans have an additional negative effect on the cover pool and should also be reflected in the institution's assessments. The same may apply to ties and agreements between the parent company and subsidiaries.

Required information

Reference is made to the attachment and to Finanstilsynet's website: https://www.finanstilsynet.no/tilsyn/arkiv-fellessider-tilsyn/modul-for-likviditetsrisiko/ (in Norwegian only)

Assessments and conclusions

High positive figures for both the *relative OMF potential* (ROP) and the *refinancing capacity under stress* (RUS) indicate that the institution has a flexible liquidity situation. No reference value has been established for the ROP, but the higher the figure, the better (the indicator cannot be negative). With respect to the RUS, a figure above 100 will be satisfactory because it indicates that the bank is able to refinance all senior and subordinated loans reaching maturity by covered bonds. A low or negative RUS figure indicates that the institution may face problems in a stressed situation.

It should be noted that the financial institutions need to have an active approach to risk associated with the encumbrance/collateralisation of assets and consider what is a reasonable proportion of loans to be transferred to covered-bond-issuing entities (and other types of asset encumbrance). The institutions' assessments of such risk are followed up by Finanstilsynet.

1.3 Other liquidity reserves – securities and deposits

The purpose of the evaluation is to assess whether the institution has other liquid assets than those mentioned under Chapter 1.1 and 1.2 which may be relevant to take into account in a liquidity buffer context.

Required information

Information about the institution's:

- securities or mutual fund units that can be pledged as collateral for loans from Norges Bank (or another central bank);
- other securities and mutual fund units,
- deposits with other financial institutions that can qualify as a reserve. Information on any other liquidity reserves.

Information is collected in connection with on-site inspections.

Assessments and conclusions

- Assessments of value, negotiability, maturity date and portfolio concentration for the institution's various holdings of securities or mutual fund units in excess of the LCR-eligible assets, cf. the challenges relating to cross-ownership in the covered bond market.
- Conditions for and volume of deposits in other banks within and outside any bank alliances.

1.4 Unused and granted credit facilities

The purpose of the evaluation is to assess the significance of credit facilities to the institution's liquidity risk level and funding. Undrawn credit facilities are not given weight in the calculations of Finanstilsynet's liquidity indicators or the NSFR. In the LCR, however, both unused, i.e. credit facilities held by the institutions, and granted credit facilities have been taken into account, as they both may affect the institution's liquidity situation. In general, there is reason not to give too much weight to the institution's unused committed credit facilities, as there is a risk that the credit facilities of institutions in a liquidity crisis may be withdrawn However, some institutions may have received liquidity guarantees from financial institutions in the same alliance or the like. These reserves can be considered to be more secure, which indicates that they should be taken into consideration when assessing the institution's liquidity situation.
The credit facilities granted by the institution must also be taken into account in the assessment of the institution's liquidity risk.

Required information

For the various credit facilities that the institution holds or has granted:

- Copies of the relevant agreement(s), or a summary of the main items of the agreement(s) to clarify their purpose, counterparty, agreed maximum amount and amount drawn on the reporting date, the remaining maturity including any termination clauses, price/price structure, as well as material covenants and other additional clauses.

Information is collected in connection with on-site inspections.

Assessments and conclusions

- The impact of credit facilities held and granted by the institution on its liquidity buffers

2 THE LONG-TERM PERSPECTIVE AND DIVERSIFICATION OF THE INSTITUTION'S FUNDING

Finanstilsynet gives strong weight to the long-term perspective of the institutions' funding, cf. the Regulations on sound liquidity management, Section 5 on stable long-term funding. This chapter describes Finanstilsynet's evaluations of the long-term perspective and diversification of the institutions' funding.

Experience shows that customer deposits have been a stable and important source of funding for banks. In its assessments, Finanstilsynet has therefore attached great importance to a high deposit-to-loan ratio. However, in view of the establishment of new banks with business models that largely base their financing on deposits with high interest rates, other aspects must also be given weight when assessing the stability of the deposits. One such aspect is the interest rate sensitivity of the bank's depositors. Furhermore, it will be relevant to consider changes in customer behaviour as a result of new technological solutions, which makes it easier for depositors to compare banks.

Finanstilsynet has also developed and monitors various targets for the average remaining maturity of the institutions' debt to other financial institutions and the institutions' market funding. Furthermore, the international indicator Net Stable Funding Ratio (NSFR) is used in the supervisory follow-up of financial institutions.

2.1 Stable funding, NSFR

The purpose of Finanstilsynet's evaluation is to assess the institution's long-term funding ratio by international standards. Requirements for institutions' stable long-term funding can inter alia be found in the Capital Requirements Regulation – CRR[13], art. 413. The CRR builds largely on the recommendations in Basel III from 2013 on the Net Stable Funding Ratio (NSFR). This stable funding indicator shows the sum total of items that "*provide* stable funding" (the sum of equity and liabilities) relative to the sum of the on- and off-balance sheet items that "*require* stable funding" (loans etc.). Consequently, the NFSR has some similarities with liquidity indicators 1 and 2, which were previously calculated by Finanstilsynet[14] and therefore replaces liquidity indicators 1 and 2 as a supervisory tool. Norwegian financial institutions report their NSFRs according to a common EU template. Just like the LCR, the NSFR shall be reported in total and for each significant currency. The reporting is used by Finanstilsynet as part of its supervisory follow-up of the institutions. Thus far, no minimum NSFR requirement has been introduced, neither in the EU nor in Norway.

[13] Regulation (EU) No 575/2013

[14] Finanstilsynet's liquidity indicator 1 (and 2) showed funding with a residual maturity above one year (above one month) as a share of illiquid assets. In connection with the restructuring of ORBOF, these indicators have not been calculated after 1 January 2018.

Required information

- Quarterly reporting of NSFR results in total and for each significant currency.

Assessments and conclusions

- Banks' ratios should be minimum 100 per cent, while it may be acceptable that covered-bond-issuing entities have an NSFR below 100 per cent.
- Assessments of long-term developments and stability.

2.2 Deposit-to-loan ratio

The purpose of the evaluation is to assess the deposit-to-loan ratio of the bank and the banking group in light of their business model. The deposit-to-loan ratio is customer deposits[15] as a percentage of customer lending. In addition to customer deposits, banks may have deposits from financial sector undertakings. Large deposits from other financial institutions are described in chapter 2.4.

Required information

- The bank's deposit-to-loan ratio on a solo level.
- The bank's deposit-to-loan ratio including wholly or partially owned covered-bond-issuing entities.
- High interest rates on deposits or other special measures taken by the bank to increase the volume of customer deposits.

The deposit-to-loan ratio is retrieved from ORBOF, while the measures under the third bullet point may be on the agenda during an on-site inspection based on information provided by the bank. In addition, information may be obtained from interest rate barometers etc.

Assessments and conclusions

- The figures for the individual banks are compared with the average for other banks of the same size and the banks in total.

2.3 Deposit composition

The purpose of the evaluation is to identify the proportion of the bank's deposits that is covered by the deposit guarantee scheme of the Norwegian Banks' Guarantee Fund. Deposits covered by the deposit guarantee scheme are considered to be more stable than other deposits. Deposits from financial institutions are not covered by the scheme[16]. Each quarter, Finanstilsynet estimates the proportion of total deposits covered by the deposit guarantee scheme based on ORBOF.

[15] The following sectors have been excluded from the customer definition: Norges Bank (the Norwegian central bank), mortgage companies, finance companies, foreign central banks, foreign banks and other foreign credit institutions.

[16] Not all categories of depositors defined under customer deposits are entitled to coverage under the scheme.

Required information

- Deposits within the limit of the deposit guarantee scheme (i.e. NOK 2 million)
- All other deposits

Assessments and conclusions

- The figures for the individual bank are compared with the average for other banks of the same size. In general, the bank's deposit volume is considered to be more stable if a high proportion is below the guarantee scheme limit.

2.4 Large deposits

The purpose of the evaluation is to assess the concentration risk that large deposits may represent for banks. Especially in turbulent times, there may be a risk that such funds are transferred. It is therefore relevant to assess who the counterpart is, what is the agreed fixed-term period for the deposit and the cost of not observing this term. Therefore, the volume of and terms and conditions for large deposits should be viewed in a liquidity risk perspective. A distinction is made between deposits from financial institutions and customer deposits, since the various depositors can be expected to react differently to a liquidity crisis in the financial industry.

Required information

- An overview of the institution's ten largest customer deposits.
- An overview of the institution's ten largest deposits from other financial institutions.
- Information on whether the deposits are brokered or subject to special terms and conditions.

Information must be obtained directly from the institution, e.g. in connection with an on-site inspection.

Assessments and conclusions

For the ten largest customer deposits and the ten largest deposits from other financial institutions:

- Who are the counterparts, and do they have a long-standing customer relationship with the bank? What is the fixed term for and interest rate on the deposits, and what is the "punishment" for not observing the fixed-term period?
- The total percentage distribution of total deposits on customer deposits and other deposits.
- The value of the ten largest customer deposits and deposits from other financial institutions, respectively, should be viewed against the value of total deposits. The lower this ratio, the better.

2.5 Debt to other financial institutions

The purpose of the evaluation is to assess the institution's dependence on funding from other financial institutions. The calculation illustrates the diversification of the institution's funding. Based on ORBOF, Finanstilsynet estimates the proportion of the institution's balance sheet that represents debt to other financial institutions in Norway and abroad, and the proportion of the

total debt that falls due within one year. It is vital to clarify whether the financial institution that has granted the loan(s) is also an owner (including cross-border groups).

Required information

- Debt to other financial institutions in Norway and abroad as a percentage of the institution's total assets.
- The proportion of the debt that is due within one year.
- Information on who is the lender.

The information under the first bullet point is obtained from ORBOF while the institution itself must provide the information under the other bullet points.

Assessments and conclusions

- The result for each institution is viewed in light of its business model, function and ownership structure. For example, financial institutions that are part of a large international group will often have considerable debt to the parent bank, i.e. "financial institutions abroad".
- Assessments of long-term stability.

2.6 Share of market funding

The purpose of the evaluation is to assess the institution's dependence on capital market funding. Market funding is defined as the issuance of commercial paper, bonds, subordinated loans and additional Tier 1 instruments. Along with deposits (only for banks), equity and liabilities to other financial institutions, cf. chapter 2.5, such issuances constitute the institutions' primary source of funding. Just as in chapter 2.7, the legal entity is used as a starting point, whereby banks and covered-bond-issuing entities are only shown separately.

Required information

- The institution's outstanding bond and short-term paper debt, subordinated loans and additional Tier 1 instruments in per cent of the institution's total assets.

The information is obtained from ORBOF.

Assessments and conclusions

- The individual institution's share of market funding is assessed against comparable institutions. A high share *may* indicate that the relevant institution is too dependent on market funding.
- Assessments of long-term developments.

2.7 Maturity composition of market funding

The purpose of the evaluation of maturity composition is to assess whether the market funding may be considered to be too short-term. The institution's maturity composition of market funding appears from its reporting to ORBOF. In this context, market funding includes the institution's issued bonds, commercial paper, subordinated loans and additional Tier 1 instruments, but not debt to other financial institutions, which is assessed separately, see chapter

2.5. Please note that ORBOF is reported according to legal entity, which means that loans issued by banks and covered-bond-issuing entities are shown only for the respective institutions.

Required information

- A distribution per quarter end of *market funding* in the intervals "less than one year", "one to three years", "three to five years", "five to ten years" and "more than ten years".
- The proportion of market funding issued in foreign markets.

Assessments and conclusions

- The institution's maturity composition viewed against comparable institutions.
- Assessments of the composition over time.

2.8 Average maturity for long-term market funding (more than one year)

The purpose of the evaluation is to assess the long-term perspective of the institution' market funding with a maturity of more than one year. The reporting to ORBOF enables a simplified calculation of the average maturity of funding of *more than* one year. This calculation takes account of the timing of interest and instalment payments, but is not an advanced duration calculation. In Finanstilsynet's opinion, it is important that this weighted average figure is as high as possible. The legal entity is used as a starting point, whereby banks and covered-bond-issuing entities are only shown separately[17].

Required information

- Weighted maturity composition of market funding, measured in number of years. The weighting is based on how much of the market funding falls within the different intervals, where "one to three years" is "2", "three to five years" is "4", "five to ten years" is "7.5" and "over ten years" is "12".

Assessments and conclusions

- The institution's average maturity viewed against comparable institutions.
- Assessments of long-term stability.

OVERALL ASSESSMENT OF LIQUIDITY RISK LEVEL

An assessment of the liquidity buffer and the long-term perspective and diversification of the funding shall be made, along with an overall assessment of the liquidity risk level. In the assessment, main emphasis shall be placed on quantitative targets and indicators.

[17] In annual reports from financial services groups, for example, the average maturity of the group's funding will be a mix of, among other things, bonds issued by the bank and covered bonds issued by residential mortgage companies.

APPENDIX:

Calculation model for the relative OMF potential and refinancing capacity under stress, cf. chapter 1.2.
See also https://www.finanstilsynet.no/tilsyn/arkiv-fellessider-tilsyn/modul-for-likviditetsrisiko/ (in Norwegian only)

Relative OMF potential and refinancing capacity under stress

Finanstilsynet expects all banks to consider and establish an appropriate framework or policy for the distribution of residential and commercial mortgages between the bank's balance sheet and the balance sheet of the wholly or partially owned covered-bond-issuing entity. The bank's internal frameworks and/or policy shall be briefly described in the table below (use fields f.1, f.2, g.1 and g.2).

The ***relative OMF potential*** (ROP) is the OMF potential as a percentage of the cover pool (alternatively the bank's share if the entity is partially owned). The OMF potential is defined as the sum total of (i) mortgages on the bank's balance sheet *eligible for* inclusion in the covered-bond-issuing entity's cover pool, (ii) the covered-bond-issuing entity's available cover pool (alternatively the bank's share) given rating requirements, and (iii) the bank's holding of covered bonds not eligible for inclusion in the LCR.

The ***refinancing capacity under stress*** (RUS) highlights the impact of a sharp drop in house prices. RUS is a fraction in which the numerator represents the bank's holding of property loans that even after a 30 per cent price drop qualifies for the issuance of covered bonds and can be transferred to the covered-bond-issuing entity. Moreover, the value of the available cover pool, given a 30 per cent decline in property prices, is included, as well as the value of the bank's holding of covered bonds that are not LCR-eligible. The denominator represents the maturity of the bank's senior loans (bonds and commercial paper) as well as subordinated loans and additional Tier 1 instruments.

In addition to property loans, the cover pool may include additional collateral. The calculations of ROP and RUS are based on the assumption that there is a stable volume of additional collateral. Consequently, the fall in property prices will only affect the value of mortgages secured on residential property, holiday homes and commercial property.

Fill in *only* the white cells in the tables below.
Do *not* fill in c.1–d.4 and g.1–g.2 if the entity is *not* the full or part owner of a covered-bond-issuing entity holding commercial mortgages.
All amounts should be stated in NOK million with one decimal. The calculations in the grey cells are based on Finanstilsynet's liquidity risk module.

Name of bank:			Information as at:
Relative OMF potential, residential mortgages:	#DIV/0!	% = (a.3 + b.3 + h.1) / b.1	
Relative OMF potential, total	#DIV/0!	% = (a.3 + b.3 + c.3 + d.3 + h.1 + i.1) / (b.1 + d.1)	Contact person:
Refinancing capacity under stress, one year:	#DIV/0!	% = (a.4 + b.4 + c.4 + d.4 + h.1 + i.1) / e.1	
Refinancing capacity under stress, two years:	#DIV/0!	% = (a.4 + b.4 + c.4 + d.4 + h.1 + i.1) / (e.1 + e.2)	

Residential property, holiday homes etc.*	Total loans secured on residential property, holiday homes etc. on the bank's balance sheet*	Loans secured on residential property and holiday homes etc. on the bank's balance sheet that can quickly be transferred to a covered-bond-issuing entity without being in breach of internal minimum requirements	Loans secured on residential property and holiday homes etc. on the bank's balance sheet that can quickly be transferred to a covered-bond-issuing entity without being in breach of terms set by a rating company	Stress test for a (sudden) property price drop of 30 per cent: The value of a.3 after stress
	a.1	a.2	a.3	a.4
Amounts in NOK million				

Residential property, holiday homes etc.*	Total loans secured on residential property, holiday homes etc in the covered-bond-issuing entity's cover pool (alternatively the bank's share if the entity is partially owned).	Available cover pool in the covered-bond-issuing entity (the bank's share) in excess of the entity's overcollateralisation requirement	Available cover pool in the covered-bond-issuing entity (the bank's share) in excess of the overcollateralisation requirement set by a rating company (if no such requirement exists, the statutory requirement of 102% applies)	Stress test for a (sudden) property price drop of 30 per cent: The value of b.3 after stress (negative figure if there is a need for replacement assets because the available cover pool falls below zero).
	b.1	b.2	b.3	b.4
Amounts in NOK million				

Commercial property**	Total loans secured on commercial property on the bank's balance sheet**	Loans secured on commercial property on the bank's balance sheet that can quickly be transferred to a covered-bond-issuing entity without being in breach of internal minimum requirements	Loans secured on commercial property on the bank's balance sheet that can quickly be transferred to a covered-bond-issuing entity without being in breach of terms set by a rating company.	Stress test for a (sudden) property price drop of 30 per cent: The value of c.3 after stress
	c.1	c.2	c.3	c.4
Amounts in NOK million				

	Total loans secured on commercial property in the covered-bond-issuing entity's cover pool (alternatively the bank's share if the entity is partially owned).	Available cover pool in the covered-bond-issuing entity (the bank's share) in excess of the entity's overcollateralisation requirement	Available cover pool in the covered-bond-issuing entity (the bank's share) in excess of the overcollateralisation requirement set by a rating company (if no such requirement exists, the statutory requirement of 102% applies)	Stress test for a (sudden) property price drop of 30 per cent: The value of d.3 after stress (negative figure if there is a need for replacement assets because the available cover pool free falls below zero).
Commercial property**	d.1	d.2	d.3	d.4
Amounts in NOK million				

	The bank's issued bonds, commercial paper, subordinated loans and additional Tier 1 instruments reaching maturity during the period 1 February–31 December this year#	The bank's issued bonds, commercial paper, subordinated loans and additional Tier 1 instruments reaching maturity during the period 1 January–31 December next year#
	e.1	e.2
Amounts in NOK million		

* The collateral is the key element, not whether it is a personal or corporate customer.
** Only to be filled in if the commercial mortgage company is wholly or partially owned by the bank.
#For calculations as at 31 Dec. 2018, for example, the year will be 2019. For calculations at the middle of the year, it will be 11 months ahead *after* the first month. The first month is omitted because it is covered in the LCR calculation. ## Applies to the period from month 13 to month 24 ahead in time. For calculations as at 31 Dec. 2018, for example, "next year" will be 2020.

	The bank's holding of covered bonds issued by its residential mortgage company that are not LCR-eligible and other covered bonds that are not LCR-eligible (based on residential property)	The bank's holding of covered bonds issued by its commercial mortgage company that are not LCR-eligible and other covered bonds that are not LCR-eligible (based on commercial property)
	h.1	i.1
Amounts in NOK million		

Information about the bank's maximum limit for the transfer of residential mortgages etc. to covered-bond-issuing entities (use the field below "Comments and specifications" to explain the limit):	Comments and specifications: Including: is the share transferred in% of total res. mortgages, in % of remaining res. mortgages, in % of the total personal cust. market or other)	Information about the bank's maximum limit for the transfer of commercial mortgages. to covered-bond-issuing entities (use the field below "Comments and specifications" to explain the limit):	Comments and specifications:
f.1	f.2	g.1	g.2
%		%	

Transfer rate, res. property:	#DIV/0!	% = b.1 / (a.1 + b.1)
ansfer rate, comm. property:	n.a.	% = d.1 / (c.1 + d.1)

No "best practice" has been established for the relative OMF potential *level, as calculated in this spreadsheet*. The same is the case for the transfer rate. *The general rule is that the institutions themselves should determine the transfer rate.*
Refinancing capacity under stress, one year, is satisfactory for values above 100 given that the bank has a normal volume of loans reaching maturity one year ahead in time.