The list of eligible liabilities and determining the Minimum Cash Balance (MCB) liability base

Table 1 below shows the list of liabilities that are needed to calculate the items in the reporting template. The liabilities are identified, where possible, by referring to the monthly financial returns reports of the banks and finance companies.

Some of the required items do not have the necessary counterpart in the financial returns reports. The typical reasons for this are:

(i)   the lack of breakdown between liabilities to non-banks and liabilities to banks and finance companies,

(ii)   the inclusion of accrued interest/profit

(iii)   the lack of breakdown between liabilities with a maturity of less than 2 years and above.

The banks are responsible to report the data in the reporting template accurately. In doing so, they must produce the data for the missing items. The Authority will apply the necessary calculus on the value of the items defined in the reporting template to derive the MCB base. If the reporting bank found it impossible to produce (some of) the items that are not in the financial returns report then the Authority will calculate the MCB base using the principle that the resulting MCB base cannot be lower than the actual one assuming all data are known.

This principle, in practice, means that the bank must report the next available broader data category for liabilities to be included and the next available narrower data category for liabilities to be excluded from the MCB base and the Authority will use these in its calculation. The paragraphs below show a few examples for the use of the principle.

(i)   If there were no data for liabilities to banks and finance companies in a certain liability category then the bank must report zero for the respective liability category and the Authority will use the total liabilities for that category to be included in the MCB base.

(ii)   If there were data only for liabilities to financial institutions (a broader category than banks and finance companies) but not specifically to banks and finance companies then the bank must report zero for this category as the Authority will not exclude the liabilities to financial institutions from the MCB base.

(iii)   If there were data for both liabilities to financial institutions and liabilities to banks then the bank must report the liabilities to banks and the Authority will exclude liabilities to banks from the MCB liability base

Table 1: The list of eligible liabilities and determining the MCB liability base for banks

Title in MCB template	Line codes in Financial Returns monthly report, (where applicable)	Comments
Total deposits	1.1.1.2.1.0.0 + 1.1.1.2.2.0.0	
Liabilities owed to the Authority		No appropriate lines exist for this entry in the monthly Financial Returns report. To only consider balance in B$ and FC account maintained by BDCB with the bank for operational purposes.
Total deposits of institutions subject to MCB regulation	1.1.1.2.2.1.0 + 1.1.1.2.2.2.0 + deposits of finance companies	
Total borrowing, with an original maturity below 2 years, w/o repo	1.1.1.2.3.0.0 − 1.1.1.2.3.1.5 − 1.1.1.2.3.2.5 − 1.1.1.2.3.3.7	Only items with an original maturity below 2 years must be considered here. There is no breakdown for this in the monthly Financial Returns report.
Total borrowing from institutions subject to MCB regulation, with an original maturity below 2 years, w/o repo	1.1.1.2.3.1.2 + 1.1.1.2.3.1.3 (see comments) + 1.1.1.2.3.1.4 + 1.1.1.2.3.2.2 + 1.1.1.2.3.2.3 (see comments) + 1.1.1.2.3.2.4	In the case of items 1.1.1.2.3.1.3 and 1.1.1.2.3.2.3, consider only the items from local banks and finance companies. Only items with an original maturity below 2 years must be considered here. There are no breakdowns for these in the monthly Financial Returns report.
Debt securities issued by the reporting bank, with an original maturity below 2 years	Debt securities issued by the reporting institution at notional value	No appropriate lines exist for this entry in the monthly Financial Returns report. Only items with an original maturity below 2 years must be considered here. There is no breakdown for this in the monthly Financial Returns report. At nominal value.

Debt securities, held by the reporting bank with an original maturity below 2 years, of each of the other banks and the finance companies	1.1.1.1.2.1.5 + 1.1.1.1.2.2.5 + 1.1.1.1.3.1.5 + 1.1.1.1.3.2.5	Only the debt securities issued by MCB reporting institutions must be considered. Only items with an original maturity below 2 years must be considered here. There are no breakdowns for these in the monthly Financial Returns report. At nominal value.
Total stock of reverse repo	1.1.1.2.3.1.5 + 1.1.1.2.3.2.5 + 1.1.1.2.3.3.7	
Total stock of reverse repo, with institutions subject to MCB regulation	1.1.1.2.3.1.5 + 1.1.1.2.3.2.5 + 1.1.1.2.3.3.7	The line codes are the same as above but only items with local banks and finance companies must be considered here. There is no breakdown for this in the Financial Returns report.