



Central Bank of Trinidad and Tobago

Liquidity Coverage Ratio

Instructions for the Completion of the CB120 LCR

September 2025

Glossary

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I. General Instructions

Purpose

These instructions are intended to support the completion of the Liquidity Coverage Ratio (LCR) Reporting Template (**CB120 LCR**), which will determine the liquidity position of licensees and financial holding companies (hereafter collectively referred to as ‘reporting institutions’) in line with the requirements of the Central Bank of Trinidad and Tobago’s Liquidity Coverage Ratio (LCR) Guideline (“LCR Guideline”).

Accordingly, in completing the CB120 LCR reporting institutions should be guided by these instructions together with the detailed guidance provided in the LCR Guideline.

Calculation of the LCR

Reporting institutions should follow the calculation methodology set out by the Central Bank of Trinidad and Tobago (Central Bank) in the Financial Institutions (Liquidity) Regulations, 2025 (“Liquidity Regulations”) and the LCR Guideline in determining the values of the respective reporting items.

Scope of Reporting

Reporting on the LCR is required from applicable licensees on both an individual and consolidated basis and from financial holding companies on a consolidated basis only, in accordance with the rules specified in regulation 4 of the Liquidity Regulations and the Central Bank’s Consolidated Prudential Reporting Guideline.

Frequency of Reporting

Applicable licensees are required to submit their LCR reports monthly and licensees and FHCs are required to submit consolidated reports quarterly.

The CB120 LCR is to be submitted to the Central Bank within ten (10) business days of the last day of the month for which the report is due on an individual basis and fifteen (15) business days after the end of each quarter on the consolidated basis, except during the twelve (12) month transition period outlined in regulation 11 of the Liquidity Regulations and section 5 of the LCR Guideline.

Unit of Measure and Reporting Values

Reporting institutions must report all values in thousands of Trinidad and Tobago dollars (TTD \$000s). For the worksheets which determine the LCR by significant currencies, reporting institutions must complete the data for the respective currency in thousands of dollars and provide the value of the exchange rate applied, as requested in the respective worksheet.

Liquidity Coverage Ratio

The minimum LCR of 100% must be met in aggregate in Trinidad and Tobago dollars. Therefore, all High Quality Liquid Assets (HQLA), cash outflows and cash inflows denominated in all other currencies must be converted into TT dollars when calculating the LCR. The HQLA, cash outflows and cash inflows for this calculation must be reported in Worksheets 1 to 3 respectively. Worksheet 4 will automatically calculate the effective aggregate LCR of the reporting institution.

Liquidity Coverage Ratio by Significant Currency

While the LCR is required to be met in aggregate TT dollars, in order to better capture potential currency mismatches, the LCR should be monitored in significant currencies. As the LCR by significant currency is not a standard but a Liquidity Monitoring Tool, it does not have an internationally defined minimum required threshold.

A significant currency is one for which the aggregate liabilities denominated in that currency amounts to 5% or more of the licensee's total liabilities. The HQLA, cash outflows and cash inflows for this calculation must be reported in Worksheets 5 to 7, 9 to 11 and 13 to 15. Worksheets 8, 12 and 16 will automatically calculate the LCR by significant currency of the reporting institution.

Worksheets 5 to 16 replicate the content of worksheet 1 to 4 but instead capture data for the currencies identified as significant according to the definition. Additional worksheets may be inserted, if necessary, when the reporting institution operates in other significant currencies.

Cells and Validations

Reporting Institutions must adhere to the following:

- i. Data should be entered into the tabs 'HQLA', 'Cash Outflows', and 'Cash Inflows'. Data should be entered in the white coloured cells only. Except for the white coloured cells, the cells must not be edited. Institutions must not delete or insert rows or columns in any worksheet. Data must not be entered in grey cells.
- ii. Where applicable, balances reported should be consistent with values of similar items reported to the Central Bank through other returns.
- iii. As required in guidance provided by the Central Bank, double counting is not permitted. That is, if an asset is included as part of the stock of HQLA, the associated cash inflows on that asset cannot be counted as 'Cash Inflows' for the purpose of the LCR. In addition, if there is the potential that an item could be counted in multiple outflow categories, an institution should assume and report the maximum potential outflow for that item.

- iv. The HQLA reported should represent the stock of unencumbered assets according to the specific descriptions given for each level of HQLA.
- v. Cash outflows and inflows should be reported on a gross absolute basis (i.e. with a positive sign), unless otherwise stated.
- vi. Sovereign and corporate ratings used to determine the eligibility of securities as HQLA are to be based on credit ratings from the eligible credit rating agencies as defined in the Financial Institutions (Capital Adequacy) Regulations, 2020 and announced by the Central Bank¹.

II. Specific Instructions

A. Worksheets 1, 5, 9, and 13 - 'HQLA'

In completing this worksheet, reporting institutions must consider the following:

- i. This worksheet collects information on the assets that are admitted as HQLA (Level 1, Level 2A and Level 2B).
- ii. An asset can only be included in the stock of HQLA if it satisfies all the conditions set out in the guidance provided by the Central Bank.
- iii. Securities included as HQLA must be reported at their market value. 'Coins and banknotes', and 'central bank reserves' are to be reported at their face/nominal value.
- iv. The *Adjustment to stock of HQLA for 15% cap on Level 2B assets (reference code 141)* calculates the amount of Level 2B assets held in excess of the admissible cap of 15%.
- v. The *Adjustment to stock of HQLA for 40% cap on Level 2 assets (reference code 142)* calculates the amount of Level 2 assets held in excess of the admissible cap of 40%.

B. Worksheets 2, 6, 10 and 14 - 'Outflows'

In completing this worksheet, reporting institutions must consider the following:

- i. Retail deposits are to be assigned to the 'stable' or 'less stable' categories.

¹ The Bank's list of eligible credit rating agencies can be accessed on the website at <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/recognized-credit-rating-agencies-and-ratings-equivalency-table.pdf>

- ii. 'Stable retail deposits' (item 212) and 'stable small business customers' (item 221) refers to deposits covered by the Deposit Insurance Corporation that also satisfy the conditions set out in the guidance provided by the Central Bank. When a reporting institution reports the LCR on a consolidated basis, deposits held by entities abroad covered by the respective qualifying deposit insurance scheme will be included, provided such deposits also satisfy the criteria set out in the guidance provided by the Central Bank.
- iii. Stable retail deposits in foreign currency (items 2122, 2124 and 2126) and stable small business customer deposits in foreign currency (items 2212, 2214, and 2216) comprise qualifying deposits held by a subsidiary or entity abroad, and these cells will only be completed when a reporting institution reports the LCR on a consolidated basis. Deposits provided by institutions in Trinidad and Tobago denominated in foreign currencies (i.e., any currency other than TT dollars) are not covered by the Deposit Insurance Corporation and therefore do not qualify as 'stable'.
- iv. In the case of 'Stable retail deposits' (item 212) and 'stable small business customers' (item 221), reporting institutions will report the deposit balances up to the deposit insurance limit. Any amount in excess of the deposit insurance limit must be treated as "less stable".
- v. In the case of qualifying operational deposits (Item 224), the portion that is fully covered by a deposit insurance scheme may receive the same treatment as "stable" retail deposits and, therefore, a 5% run off rate will apply (item 2242). Any amount in excess of the deposit insurance limit is to be treated and reported as "not covered by deposit insurance" (item 2241).
- vi. Funding provided by non-financial corporates and sovereigns, central banks, multilateral development banks, and Public Sector Entities (PSEs) will receive a 20% run-off rate only when the entire amount of the deposit is fully covered by an effective deposit insurance scheme (item 2251). If the items are partially covered by such scheme or not covered, the 40% run-off rate applies (item 2252).

C. Worksheets 3, 7, 11 and 15 - 'Inflows'

In completing this worksheet, reporting institutions must consider the following:

- i. Cash inflows are broken down into four broad categories: Secured Lending Inflows; Inflows Relating to Committed Facilities; Inflows from Specified Counterparties; and Other Cash Inflows, as set out in the guidance provided by the Central Bank.

- ii. Reporting institutions must only include contractual inflows, including interest payments, from outstanding exposures that are fully performing and for which the reporting institution has no reason to expect a default within the 30-day time horizon.
- iii. Contingent inflows, including facilities obtained from a central bank or other party must not be included in total net cash inflows.

D. Worksheets 4, 8, 12 and 16 - 'LCR Calculation'

No data is to be entered by the reporting institution in this worksheet. Items in this worksheet are automatically calculated based on the data provided by the reporting institutions in the previous worksheets.

The worksheet summarizes the key elements of the LCR numerator and denominator (Items 4.1 to 4.4) and automatically calculates the LCR as the ratio between the HQLA and the net cash outflows (item 4.5).