



BANKING COMMISSION

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Majuro, Marshall Islands 96960

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INSTRUCTIONS AND REPORTING FORM 14

MATURITIES SCHEDULE

PURPOSE

The Maturities Schedule return assists the Banking Commission in assessing a bank's management of its day-to-day liquidity and its ability to cover withdrawals of deposits and drawdowns on commitments as they occur.

This Instructions and Reporting Form 14 updates and revises the Instructions and Reporting Form 14 dated 14 June 2007 to provide more detailed guidance for completing Form 14, Maturities Schedule. In particular, this updated Instructions and Reporting Form 14:

- (i) clarifies the treatment of loans required to be placed on non-accrual in accordance with Directive 2, Accounting for Non-performing Credits, for purposes of completing Lines 2.a. and 2.b. of the Maturities Schedule; and
- (ii) provides guidance on estimating maturity amounts for deposit categories/types that do not have a contractual or otherwise stated maturity as required to be reported in Lines 8 of the Maturities Schedule..

STATUTORY REFERENCE

Under Section 137 (1) of the Banking Act the Commissioner is obligated to notify banks in writing of regulatory reporting requirements intended to strengthen supervision of the RMI banks.

Instruction 14 represents the official reference source applicable for the Maturities Schedule return, for use by bank personnel with responsibility for regulatory reporting.

Banks that fail to submit timely and accurate Maturities Schedule returns may be subject to fines under Section 137 (3) of the Banking Act.

FREQUENCY/SUBMISSION DATE

All licensed banks are required to submit at the end of each calendar quarter a report on Maturities Schedule of assets and liabilities as at the end of each quarter of and lodge it within 30 days with the Banking Commission.

RECIPIENT

Banking Commission, MIDB Building, Floor 5 Room 501, Majuro.

Phone: (692) 625-6310; Fax: (692) 625-6309; E-mail: bankcomm@ntamar.net

SIGNING AUTHORITY

The Senior RMI Officer of the institution concerned, or in his absence a designated officer must sign the completed return, to certify the accuracy of the information submitted.

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MATURITIES SCHEDULE

GENERAL DEFINITIONS

Instruction 14 represents the general reference source for the quarterly Maturities Schedule return.

Valuation of assets:

Maturity profile analysis emphasizes the potential cash flows associated with banks' balance sheets and commitments. For this reason, the return asks banks to **value to market all assets other than those for which the market is thin or infrequent**. For example, foreign securities which have a value that can be determined from a listing on a recognized international securities exchange reported at their current fair market values. These might overstate "fire sale" values, but we believe that market values provide the most relevant information under normal trading conditions. Of course, market valuation for liquidity management purposes carries no implications about the calculation of profits or asset revaluation reserves.

Treatment of assets held for prudential requirements:

Assets held to meet prudential or statutory reserve requirements are not available – in their totality – to meet on-going liquidity needs. Only assets in excess of such requirements provide immediate liquidity support. This applies to the liquid assets held by banks as required under Section 122 of the Banking Act, and any reserve requirements imposed by other supervisory authorities. The proposed approach is that banks would show all liquid assets on the maturity schedule. In its calculations of cumulative mismatch positions, the Banking Commission would then deduct from total "Next Day" assets an amount equivalent to the minimum prudential requirements of the bank.

COLUMN INSTRUCTIONS

(a) Overdue:

- On liabilities, show all items due for payment, but not effected.
- If on any reporting date an asset, or part of it, has passed the due date for repayment by 14 days or more, the amount which is in arrears should be entered in the "overdue" column. Only that part of the loan or asset which is actually overdue and not any unmatured installments should be reported in this Column, unless (i) the whole of the loan or asset has been declared in default within the terms of the contract or (ii) the loan or asset is otherwise required to be placed on non-accrual in accordance with Directive 2, Accounting for Non-Performing Credits, in which case the entire outstanding balance of the loan or asset should be reported in the Overdue column.

(b) Next Day:

- The maturity next day comprises every liability and asset due, available or maturing on the

next day after the reporting date.

(c) 2 days to less than 8 days:

- Funds which are callable at one days notice should be entered as two days maturity and not as next day, unless the notice has been received or given on the reporting date. Funds callable at seven days notice should be entered in the “2 days to less than 8 days” columns, even if not called.

(d) Other Columns:

- As applicable for “2 days to less than 8 days”. Where a period remaining to maturity is to be entered in months, it should be calculated on a calendar month basis, starting from the reporting date.

LINE ITEM INSTRUCTIONS

1. Liquid Assets

- a. Currency and Equivalent** – Report in Column (c) the amount of cash and coin held by the bank as reported in Form 1, Monthly Statement of Assets and Liabilities, Line 1.
- b. Deposits with Banks**
 - i. Head Office/Branches** – Report in the appropriate Columns (b) through (i) the amount of deposits due from the head office or other branches of the head office according to the remaining term to maturity of each deposit. The amount reported in Column (j), Total, must equal the amounts reported in Form 1, Monthly Statement of Assets and Liabilities, Lines 2 and 3.
 - ii. Foreign Banks** – Report in the appropriate Columns (b) through (i) the amount of deposits due from foreign banks according to the remaining term to maturity of each deposit as measured from the date of the report. The amount reported in Column (j), Total, must equal the amounts reported in Form 1, Monthly Statement of Assets and Liabilities, Lines 4 and 5.
 - iii. Domestic Banks** – Report in the appropriate Columns (b) through (i) the amount of deposits due from domestic banks according to the remaining term to maturity of each deposit as measured from the date of the report. The amount reported in Column (j), Total, must equal the amounts reported in Form 1, Monthly Statement of Assets and Liabilities, Lines 6 and 7.
- c. Federal Funds Sold** – Report in the appropriate Columns (b) through (i) the amount of Fed Funds Sold according to the remaining term to maturity of each Funds Sold position as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 9.
- d. Foreign Securities**
 - i. U.S. Government** – Report in Columns (b) through (i) the amount of U.S. Government securities according to the remaining term to maturity of each security. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 10.
 - ii. Other** – Report in Columns (b) through (i) the amount of other government securities held by the bank according to the remaining term to maturity of each security. The amount reported in Column (j), Total, must equal the amount

reported in Form 1, Monthly Statement of Assets and Liabilities, Line 11.

e. Loans and Advances

- i. Government Sector** – Report in Columns (b) through (i), the total payments receivable on loans and advances to the government sector according to the remaining term to maturity of each loan. Where a loan is due in monthly payments, report the amount of monthly payments required in each maturity band. **Exclude all loans required to be placed on non-accrual in accordance with Directive 2, Accounting for Non-Performing Credits.** The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 17. less the amounts of non-performing loans as reported in Form 4, Line 5., Columns (e), (f) and (g).
- ii. Private Sector** – Report in Columns (b) through (i) the total payments receivable on loans and advances to the private sector according to the remaining term to maturity of each loan. Where a loan is due in monthly payments, report the amount of monthly payments required in each maturity band. **Exclude all loans required to be placed on non-accrual in accordance with Directive 2, Accounting for Non-Performing Credits.** The amount reported in Column (j), Total must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 25. less the amounts of non-performing loans as reported in Form 4, Line 13., Columns (e), (f) and (g).
- f. Fixed Assets** – Report in Column (b) the amount of fixed assets as reported in Form 1, Statement of Monthly Assets and Liabilities, Line 29.
- g. Other Assets** – Report in the appropriate Columns (b) through (i) the amount of all other assets according to the remaining term to maturity which will result in cash payment to the bank. Report in Column (b), regardless of maturity all other assets which will not result in the payment of cash to the bank, i.e., prepaid assets.

2. Sub-total – for each Column, total amounts reported in Lines 1.a. through g.

3. Off-Balance Sheet Items

- a. Standby Facilities** - This refers only to standby facilities that are contractually confirmed. Enter those accessible at will in the “Next Day” column, and those requiring specific periods of notice in the appropriate maturity bands.
- b. Other Commitments** – Report all other commitments which will result in the receipt of cash funds by the bank and not report elsewhere in this report.

4. TOTAL ASSET ITEMS - for each Column, total amounts reported in lines 1. through 3.

5. Deposit Liabilities - where a deposit category/type does not have a contractual or otherwise stated maturity, the bank should estimate the anticipated demands or other requests by accountholders for funds. It is recommended that these estimates be based on a bank's average net clearings for the calendar quarter preceding the date of the report.

- a. Deposits by Banks** - Report in the appropriate columns (c) through (i) the amount of deposits payable to other banks according to the remaining term to maturity of each Deposit by Banks as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 40.

- b. **Non-Resident NonBank** - Report in the appropriate columns (c) through (i) the amount of deposits payable to Non-Resident NonBank according to the remaining term to maturity of each Non-Resident NonBank deposit as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 44.
 - c. **Central Government** - Report in the appropriate columns (c) through (i) the amount of deposits payable the Central Government according to the remaining term to maturity of each Central Government deposit as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 51.
 - d. **Other Demand Deposits, Gross** - Report in the appropriate columns (c) through (i) the amount of all other demand deposits for which the bank anticipates demand for payment will be made. Banks should report in Column (c) the average daily demand for payment on demand deposits, this amount should then be used to calculate the amounts reported in Columns (d) through (i). The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 65.
 - e. **Time Deposits** - Report in the appropriate columns (c) through (i) the amount of all other time deposits payable according to the remaining term to maturity of each time deposit as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 75.
 - f. **Savings Deposits** - Report in the appropriate columns (c) through (i) the amount of savings deposits which the bank anticipates demand for payment will be made. Banks should report in Column (c) the average daily demand for payment on savings deposits, this amount should then be used to calculate the amounts reported in Columns (d) through (i). The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 83.
6. **Borrowings** - Report in the appropriate Columns (c) through (i) the amount of all borrowings according to the remaining term to maturity of each borrowing as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 86.
7. **Other Liabilities** - Report in the appropriate Columns (c) through (i), the amount of all other liabilities according to the remaining term to maturity of each other liability account as measured from the date of the report. The amount reported in Column (j), Total, must equal the amount reported in Form 1, Monthly Statement of Assets and Liabilities, Line 90.
8. **Sub-total** – for each Column, sub-total amounts in lines 5. through 7.
9. **Off-Balance Sheet Items (Liabilities)**
- a. **Firm Commitments** – this refers to commitments to provide funds, other than under foreign exchange contracts, which are irrevocable and known as to amount. Record these commitments in the appropriate maturity bands at their full value. The amount reported in Column (j), Total, must equal the amount reported in Form 8, Off-Balance Sheet Business, Line 7.
 - b. **Other Commitments** – this refers to commitments to provide funds, other than under

foreign exchange contracts, which are not due to be met on a particular date, e.g., undrawn overdrafts, lines of credit and commitments to make loans. Record the total of such commitment as a Memorandum Item, and give an estimate of likely drawdowns in the appropriate maturity bands. Do not include contingent liabilities unless you have estimates of the likelihood and timing of funding these obligations. The amount reported in Column (j), Total, must not exceed the amount reported in Form 8, Off-Balance Sheet Business, Line 8.

10. **TOTAL LIABILITY ITEMS** – for each Column, total amounts reported in line 8 plus lines 9.a. and 9.b.
11. **Net Position (+ / -)** – for each Column, report the sum of Line 6. minus Line 10. Where assets exceed liabilities the difference should be shown as a positive amount; where liabilities exceed assets the difference should be shown as a negative () number.
12. **Net Cumulative Position** – For each Column, report the sum of the Net Position on Line 11 plus the Net Position for all previous time bands taking into account relevant signs (positive and negative positions).

BANKING COMMISSION

JUNE 2009

(Bank/Branch)

FORM 14 – MATURITY SCHEDULE

As of the Quarter Ending

[illegible]

(b) Other Commitments									
13. Total Liability Items									
14. Net Position (+ / -)									
15. Net Cumulative Position									