GUIDELINES ON

"LIQUIDITY AND FUNDING IN RESOLUTION"[1]

Bank of Albania
2023

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CONTENTS

1. Purpose and objectives

Banks are likely to face liquidity stress in resolution because of the reluctance of market participants, businesses and households, to roll-over or provide funding to a bank in crisis. Even after a successful execution of the resolution strategy, liquidity stress tests may persist for some time due to the asymmetry of information regarding the viability of the resolved bank's business model.

As outlined in Annex 2 of the Regulation No 31, dated 4.4.2018 "On resolution plans", as amended, in line with "Objective C", in this Annex, the bank should (i) develop methodologies to estimate ex-ante the liquidity needs for the implementation of the resolution strategy; (ii) be able to measure, report and forecast their liquidity position and relevant liquidity metrics during the resolution process; (iii) and be able to identify and mobilise assets (especially of lower quality and less liquid) that could be used as collateral to obtain liquidity in resolution anticipating any legal, regulatory and operational obstacles to their mobilisation under stressed conditions.

This guidance focuses on the first dimension (on the estimation of liquidity needs) aiming at enhancing the bank's ability to guarantee resolvability and its preparedness for resolution.

In meeting these expectations, the bank should employ on any capability already developed for supervisory purposes (e.g. recovery planning). However, the bank is expected to also address the resolution-specific aspects described in this document.

2. Scope of application and phase-in

In line with the scope outlined in Annex 2 of the Regulation No.31, dated 4.4.2018 "On resolution plans", as amended (hereafter Regulation No.31/2018), this guideline addresses the steps to be undertaken by each bank, for which the strategy is resolution. The bank may be requested to provide information and specific analysis in line with this guidance, where this is relevant to progress on resolution planning and for the purpose of improving the resolvability of the bank pursuant to the respective cycle. Meeting the objectives laid down in Annex 2 of the Regulation No.31/2018, is subject of a gradual phase-in, according to the relevant phase-in deadlines communicated by the Resolution Authority.

This guidance also applies to expectations on liquidity and funding in resolution, which are expected to be fully met by the end of 2023. This guidance is meant to complement the content of the above-stated Annex of the Regulation, by providing clear guidelines to meet the requirements of document. This guidance is structured in sections covering separately each of the areas as follows:

a. Section 1 focuses on the identification of key liquidity entities (KLEs) and main liquidity flows in resolution.

b. Section 2 focuses on the assessment of the key drivers of the liquidity position in resolution.
c. Section 3 focuses on the methodologies for the estimation of the liquidity position in resolution.
d. Section 4 provides guidance for the implementation of the scenario analysis to perform during the year.

This guidance is compiled to support the bank's first-time implementation of the liquidity policy over the annual resolution planning cycle and will be subject to updates over time as deemed necessary (e.g. after the review of the information as reported from banks).

3. Operational guidance

3.1. Identification of key liquidity entities (KLEs)

1. The bank identifies the key liquidity entities (KLEs) in resolution and explains why these entities are expected to be relevant for liquidity in resolution, or not. The bank ensures that the scope of the key liquidity entities analysis comprises:
    a. All relevant legal entities within the meaning of the context in the Regulation No. 72, dated 6.12.2017 "On recovery planning". These entities are: (i) entities which provide critical functions, or (ii) considerably contribute to: the total risk-weighted assets, total exposure or the income of the resolution group;
    b. Other entities or organisational forms that could be relevant for liquidity in resolution.
    c. Particular attention is given to:
        i. significant branches, especially outside Albania;
        ii. special purpose vehicles (SPV) or issuing vehicles (e.g. for covered bonds); subsidiaries which do not provide critical functions or do not provide a considerable contribution in income and assets, but provide access to markets of strategic importance (e.g. the market of foreign currencies);
        iii. insurance and re-insurance companies;
        iv. leasing and factoring companies;
        v. pension fund management companies;
        vi. asset management companies;
        vii. broker-dealer entities;
        viii. custodian and depository institutions.
    d. In principle, for an entity or organisational form to be classified as a key liquidity entity and be included at least in one of the three scenarios below in resolution, it should:
        i. provide liquidity to other resolution group entities in order for them to perform their activities;
        ii. depend on liquidity received from other resolution group entities to perform its activities; or

iii. perform liquidity management functions for one or more entities of the resolution bank group.

4. For entities in the group which are deemed relevant for the purpose of compiling recovery plans, but are not deemed as key liquidity entities, the bank justifies why such entities do not impact liquidity management and the position of the group in resolution and how the liquidity of these entities would be managed in the event of resolution.

5. Based on the identified KLEs, the bank conducts an analysis/map of the liquidity and funding set-up for the group in resolution, covering the following main aspects:
    a. The key differences between their business as usual and the resolution funding set up;
    b. The role of each key liquidity entity (e.g. liquidity receiver vs. provider) and its level of autonomy in managing liquidity, accessing wholesale markets and central bank funding;
    c. The main activities providing/receiving liquidity, differentiating between maturity (i.e. short and long term) and relevant currencies for each key liquidity entity;
    d. The changes to the links and dependencies (i.e. intragroup funding arrangements) between the key liquidity entities that take place in resolution (especially for cross-border groups).

Box 1: "In resolution'

The expression "in resolution" is used throughout this document to emphasise the specific circumstances to be considered when carrying out the analysis detailed in this guidance. "In resolution" addresses the need to take into account the following resolution phases, along with the suggested dimensions, which are neither limited nor exhaustive:

1. The run-up to resolution: (weeks/month before resolution):

    a. Significant deterioration of the bank's situation as recovery does not take place;
    b. Recovery options are mostly exhausted and/or have proven ineffective;
    c. The behaviour of markets, intermediaries and counterparties discounts/prices in the uncertainty surrounding the prospects of survival and the risks of unsecured exposures to an institution on the brink of failure;
    d. Key drivers of liquidity needs in resolution materialise.

2. The resolution day/weekend:

    a. The bank is declared failing-or-likely-to-fail and the preferred resolution strategy is executed;

b. Depending on the preferred resolution strategy, the contractual maturity profile (e.g. cancelling of coupon payments of written-down/bailed-in debt instruments) and overall liquidity profile of the institution is expected to be impacted.

3. The stabilisation phase (weeks/months following the resolution day/weekend):

   a. Because of the asymmetry of information regarding the viability of the resolved institution, the liquidity and funding situation remains fragile and as a result of the crisis, accessing external funding is reduced;
   b. Key drivers of liquidity needs in resolution persist particularly during the first weeks/months after the resolution day/weekend.

3.2. Identification of the key drivers of the liquidity position in resolution

6. Key drivers of the liquidity position in resolution are factors that are expected to trigger a substantial deterioration of a bank's liquidity position in resolution. This deterioration may take place in the form of an increase in outflows, a decrease in the inflows or a decrease in the liquidity value of the counterbalancing capacity.

7. The bank provides a list of key drivers of the liquidity position in resolution at the level of the resolution group and at the level of the main KLEs, under different time horizons. The bank engages on an ongoing basis with the Resolution Authority to determine the Key Liquidity Entities, taking into account their relative importance and the complexity of the group.

8. The objective of this assessment is to perform a qualitative identification of the drivers of liquidity, where the bank describes the liquidity dynamics that could arise in resolution, complementing the exercise regarding the estimation of the liquidity position in resolution described in sections 3 and 4 of this guidance.

9. In performing this assessment, the bank applies a comprehensive approach, addressing all the liquidity dynamics triggered by the resolution event without considering a specific scenario, but identifying the main drivers of the liquidity position in resolution based on its business and funding structure.

10. The bank identifies the main drivers that impact the components of the liquidity position (i.e. inflows, outflows and the counterbalancing capacity) in the different resolution phases:
    a. In the run-up to resolution (i.e. weeks/month(s) ahead of the resolution weekend);
    b. In the short-term after resolution (i.e. week(s) and during the stabilisation phase, thus at least for a period of six months after resolution).

11. The bank performs this assessment considering different time buckets before and after the resolution weekend (e.g. to be adapted with changes to Table 1 below, on a weekly basis when closer to the resolution weekend and monthly otherwise).

12. Every identified key driver of the liquidity position is estimated in relation to each specific time bucket by assigning an individual relative score (e.g. high/medium/low). This individual score represents the relative importance of each driver for the liquidity position of the bank for each specific time bucket, taking into account both the relative size/importance and the probability of occurrence. The output should consist of a detailed assessment, which could be complemented by an overview table, like the example below in Table 1.

13. The bank includes in its assessment, inter alia:
    a. an explanation of the methodology used for the quantitative assigning scores;
    b. a description of the evolution of the magnitude of each liquidity driver over the time horizon considered;
    c. an analysis on the drivers of the liquidity position for each relevant currency.

14. To identify the key drivers of the liquidity position in resolution, the bank relies on the risk identification performed in the ILAAP and in the Recovery Plan. However, the bank considers how risks identified in a going concern (*business as usual*) framework will change in a resolution scenario, reflecting the effects of the failure of the bank and the resolution actions.

Box 2: Non-exhaustive list of key drivers of the liquidity position in resolution

a. Deposit outflows: broken down by type to reflect different level of liquidity risks (time and demand deposits, insured deposits, escrow accounts or not, etc.).
b. Drawdowns on committed facilities: corporate loans liquidity and credit lines, overdrafts, credit cards;
c. Liquidity and/or collateral requirements for Financial Markets Infrastructure (FMIs);
d. Loss of access to wholesale funding (repos, unsecured funding, short-term paper) and whether issuances are with short maturities (the need to roll-over is more frequent);
e. Rating downgrades: impact of rating downgrade close to or non-investment grade;
f. Derivative-related outflows: e.g. maturing FX swaps (including intraday liquidity needs), collateral-related outflows;
g. Contractual obligations triggered in resolution, such as clauses for accelerated repayments;
h. Resolution-related costs, such as restructuring costs;
i. Reduced inflows following resolution: defaults of creditors and investors affected by resolution (who in turn cease their payments on the asset side), lower share price (less scope for the bank to fund itself through equity);

j. Cessation of intra-group funding;
k. Deterioration of the overall counterbalancing capacity.

Table 1. Key drivers of the liquidity position in resolution (examples)

Drivers of liquidity needs in resolution	1 week ahead resolution	Resolution weekend	1st week	2nd week	3rd week	4th week	2 months	...	6 months
Deposit outflows (business)	H		M	M	M	M	M		L
Deposit outflows (households)	H		H	H	M	M	L		L
Drawdowns of committed corporate loans	M		M	M	L	L	L		L
FMI requirements	H		H	H	M	L	L		L
...									
Non-availability of wholesale funding	H		H	H	M	M	M		M

15. The bank develops methodologies to estimate ex ante, under different assumptions, the liquidity and funding needed for the implementation of the resolution strategy. In developing such methodologies, the existing capability already developed may be employed as well (e.g. internal stress testing, recovery planning, liquidity risk framework developed for supervision purposes, etc.). However, these methodologies should be resolution-specific. The objectives and the key characteristics of developing such methodologies are described in Annex 2 of the Regulation No.31/2018. In this regard, this guideline aims at providing additional clarity to banks as to which aspects these methodologies are expected to address (Principle C.1).

16. In line with the objective of this assessment, the bank evidences the capability to run these analyses capturing all the relevant dimensions and by identifying the dynamics and the most contributing factors to the estimation of the liquidity position. In this context, the bank takes into account that this is not a pass/fail exercise and that the identification of a negative liquidity position is an acceptable outcome.

17. In relation to the above, the bank develops a methodological framework for the estimation of the liquidity position in resolution taking into account, where relevant, the following list:

3.3. Counterparties' behaviour in resolution

18. The bank calibrates its methodologies to consider behavioural factors impacting non-contractual items, such as:
    a. open maturity items (deposit outflows, REPOs);

b. the roll-over of existing funding and the obtainment of new funding;
c. drawdown of committed credit lines.

The bank justifies the calibration of relevant parameters (the run-off rates, rollover assumptions, haircuts, etc.) for the above aspects.

3.4. Financial obligations related to access to critical Financial Markets Infrastructure

19. The bank leverages the work performed as part of the FMI contingency planning to account for FMIs liquidity needs in resolution. The bank performs an aggregated estimation of liquidity needs for FMIs and estimates the maximum liquidity that may be required to ensure continuity of access to FMIs, the relevant intermediaries and other related service providers.

20. In developing FMI contingency plans, the bank specifies in what form the increased liquidity needs are expected to materialise (e.g. increased market demand for liquidity, increased margins, additional default fund contributions, pre-funding, better quality collateral), as well as the assumptions and models underpinning the calculation of the estimated liquidity needs under stress. The bank maps such requirements to the relevant Key Liquidity Entities.

21. The assessment of the bank should be consistent with the metrics reported in the Form "Membership in Financial Markets Infrastructure", where items as: credit lines, peak of (intraday) liquidity, collateral requirements, and estimated additional liquidity or collateral requirements in a stress situation, should be provided.

3.5. Intraday liquidity needs

22. The methodology of the bank should include an estimation of intraday liquidity metrics in the different phases of resolution at an aggregated level and at main currencies level. In line with the relevant standards, such metrics of liquidity consist in indicators used by the bank in its business as usual, as follows:
    a. Daily maximum intraday liquidity usage;
    b. Available intraday liquidity at the start of the business day;
    c. Total value of gross daily payments made and received.

3.6. Financial obligations related to operational continuity

23. The bank guarantees that its estimation takes into account the financial means necessary to continue providing services needed to support the performance of critical functions and core business lines. The bank considers, among others, payments to critical and essential suppliers, shared service centres, payment of salaries, and fees, licences or other expenses to keep critical and essential IT systems fully operational.

3.7. Impact of rating agencies' actions

24. The bank considers the impact of rating downgrades on the liquidity position (e.g. additional requirements from counterparties, FMIs, etc.) and its ability to obtain funding via regular market transactions. In practice, ECAIs (External Credit Assessment Institutions) might assign different rating downgrades, however, the default assumption is that, in the run-up to the resolution phase, the rating will be non-investment grade.

3.8. Liquidity value of different asset classes

25. The methodology of the bank provides the estimation of assets that can be used to generate liquidity in resolution. The bank estimates the liquidity value to be generated from marketable and non-marketable assets either through the sales of the assets, through repurchasing agreements or pledged as collateral in central bank, as part of ordinary monetary operations.

26. The bank develops automated processes to calculate and estimate the liquidity need after the application of haircuts to the different asset classes. The framework used to calculate the liquidity value should be flexible enough to facilitate changing haircut parameters at short notice. For central bank eligible assets, the bank shall rely on the haircuts communicated as published by the latter. For all the other assets, the bank builds on the experience from past crises, liquidity stress testing and consequently use expert judgement to define the haircuts. Haircuts should be conservative enough in order to consider the special conditions of resolution and the reluctance that investors could have to engage with the bank in these circumstances. The bank pays particular attention to capabilities to estimate the liquidity that may be generated from non-marketable assets with due regard to the characteristics of these assets (e.g. credit quality, currency, type of customer, etc.)

3.9. Legal, regulatory and operational obstacles to the transferability of liquidity between Key Liquidity Entities

27. In developing a framework for the estimation of the liquidity position in resolution, the bank considers potential obstacles to the transfer of liquidity between KLEs, in particular when located in different countries, due to local regulatory requirements (e.g. prudential liquidity requirements at individual level, intragroup large exposure limits), legal (e.g. ordinary company law, reserve requirements and prohibition on transferring liquidity available locally out of the country) or operational obstacles (e.g. access to FMIs, local liquidity needs to ensure continuity of their critical functions).

28. The bank, while drafting the relevant methodologies, considers the above-mentioned aspects, by applying a conservative approach whenever uncertainty (e.g. the actions of local regulators) prevents a precise determination of the availability of a specific liquidity source.

3.10. Legal and operational obstacles to pledge available collateral in a timely manner

29. In developing a framework for the estimation of the liquidity position in resolution, the bank considers any legal and operational obstacles to pledge collateral (e.g. consent of the debtor, non-recognition of the law of the contract). The bank considers the timing required to mobilise different asset classes and be able to reflect this impact in the estimation of their liquidity position. The bank applies a conservative approach whenever uncertainty prevents a precise determination of the availability of collateral.

3.11. Contractual suspension or termination that counterparties may exercise

30. In developing a framework for the estimation of the liquidity position in resolution, the bank considers potential liquidity needs arising from the suspension or termination of contracts in resolution (e.g. termination of a contractual netting set for derivatives). In particular, the bank assesses the risk of additional liquidity needs arising in resolution following the termination of OTC derivatives (OTCD) or Securities Financing Transactions (SFT) contracts under third-country laws in the absence of a contractual recognition of the resolution authorities' powers to suspend termination rights.

4. Guidance for the liquidity scenario exercise

31. Over the course of the year, the bank should develop a methodology to estimate the liquidity position in resolution and applies it to a minimum of two resolution scenarios: a slow-moving and a fast-moving scenario, triggered by an idiosyncratic event, involving a mix of solvency and liquidity depletion.

32. The bank uses the expert's judgement, experience from previous crises and relevant literature to calibrate specific assumptions for each scenario. Benchmark references on run-off rates and haircuts to be implemented can be retrieved from liquidity stress-tests taking place for financial stability purposes. However, the bank should keep in mind that this methodology despite reflecting an adverse stress situation, it does not reflect a resolution situation and as such needs to be adapted to the resolution context.

33. On the other hand, though the scenario analysis developed for recovery planning can be used as a starting point, the bank should draft and implement resolution-specific scenarios. Scenarios should be tailored to each bank's business model and should respect the principles described in the following paragraphs.

4.1. The length of the crisis affects the liquidity dynamics

34. In a slow-moving scenario, the bank assumes it will enter into resolution no earlier than 12 months after the start of the crisis. In a fast-moving scenario, the bank enters into resolution in no more than 3 months after the start of the crisis.

35. The length of the crisis affects the banking group structure before resolution, the liquidity position and balance sheet at the point of resolution especially in the way banks are able to implement recovery options:
    a. a fast-moving scenario entails that a bank has limited time to implement its recovery plan, should not assume major changes in its business model and its organisational structure. Only recovery options that strictly take less than three months to be executed shall be considered or implemented over the course of this period;
    b. a slow-moving scenario, however, means that the bank benefits from more time to implement more structural changes such as initiating, if stated as recovery options, the sale of some businesses and reorganisation.

36. The analysis simulates the liquidity position at different phases of resolution: in the run up-to resolution, at the moment of the failing-or-likely-to-fail (FOLTF) declaration, and the forecasting of the liquidity position for a period no shorter than 6 months following resolution, in all relevant currencies.

37. The length of the scenario affects the period that should be considered for the run-up to resolution:
    a. in the fast-moving scenario, this should account for the last month before the FOLTF declaration;
    b. in the slow-moving scenario, this should account for the 3 months before the FOLTF declaration.

4.2. Scenarios that lead the bank to a failing-or-likely-to-fail (FOLTF) situation

38. The bank decides on the factors to be considered as triggers of the crisis. The bank assumes that the stress factors used in the supervisory exercises (e.g. in the idiosyncratic crisis scenario of the recovery plan) take on extreme values, so that the assumed recovery options do not succeed and the bank enters into a run-up to failing-or-likely-to fail situation.

39. The bank determines a plausible scenario of failure mainly due to liquidity shortage which leads the bank to failing-or-likely-to fail situation declaration. For this purpose, the bank itself carries out an assessment that could lead to, based on expert's judgement and the criteria set under Article 21(2) of the Law 133/2016 "On the recovery and resolution of banks in the Republic of Albania".

4.3. Scenarios based on the assumption for an overall severe liquidity deterioration

40. While it is for the bank to model the exact trajectory to the FOLTF declaration, as a simplification, the bank assumes that when the FOLTF declaration takes place the relevant liquidity indicators are severely deteriorated.

41. At the point of FOLTF, the bank should have already used a significant part of their liquidity-generating actions and counterbalancing capacity. The recovery options exercised and the level of counterbalancing capacity at the point of FOLTF should reflect the characteristics of the scenario: in general, it should be expected that a slow-moving scenario would allow the bank to exercise more recovery options than a fast-moving crisis.

42. The bank, when relevant for their business or funding model, considers:
    a. high unexpected outflows of deposits, in particular in the run-up to resolution and in the days following the resolution weekend;
    b. unavailability of wholesale funding, and impossibility to issue debt in the run-up to and in the weeks after resolution;
    c. increased liquidity requirement from FMIs in the run-up to resolution;
    d. severe reduction of HQLA.

4.4. Use of recovery measures

43. In general, scenarios assume the exercise of recovery options that are compatible with the crisis scenario and with a situation of deep distress (e.g. issuance of securities should not be assumed).

44. The use of the recovery measures should be realistic and take into account the time horizon of the scenario. In principle, the recovery plan already provides information on the timing of each recovery measure. No recovery measures are assumed to be used in the days immediately before and after resolution. The bank is also invited to consider additional options not included in the recovery plan, which would be specific to resolution (e.g. discontinuation of activities).

45. The bank and the Resolution Authority discuss which recovery measures should be assumed to be exercised by the bank in the simulations and to what extent, considering not only their implementation timeframe, but also the likelihood of their successful completion under the resolution situation. A rough implementation timetable might compiled in order to consider potential interdependencies.

4.5. Scenarios takes into account the preferred resolution strategy

46. The bank estimates the liquidity needed for the implementation of the resolution strategy, by addressing also the impact of this strategy on the liquidity position at group level and for the main entities.

47. The bank assesses the impact of the preferred strategy and the relevant resolution tool on the liquidity flows where relevant (e.g. due to the cancellation of future coupons/interests payments on bailed-in liabilities) under the envisaged scenarios and the reactions of relevant counterparties (e.g. FMIs, funding providers, depositors, etc.).

48. For banks with a transfer tool as preferred resolution strategy, a successful implementation may lead to a complete or partial sale of business or asset separation, with remaining parts being wound down. The primary focus should be on building capabilities to estimate liquidity needs to ensure a successful transfer of the assets/shares of the bank to the buyer. In the post-resolution period, after successful execution of the sale of business, the entity may cease to exist and/or become part of another group, and the projections regarding, for instance, the balance sheet position or inflows/outflows will depend on the buyer. This process has an impact on key liquidity risk driver analysis, and on the liquidity projections post resolution.

49. For banks with the bail-in strategy as preferred resolution strategy, the bank estimates its liquidity position in the post-resolution phase with more detail (than in the case of assets transfer and sale strategy). Also, in this case, the bank assumes that liquidity risk is likely to be higher after the application of bail-in compared to a sale of business strategy when the buyer is expected to provide liquidity support post resolution.

4.6. Scenarios takes into account post-resolution context

50. The methodologies of the bank enable the forecast of the liquidity position for 6 months after the resolution weekend. Thus, the bank describes the expected counterparty behaviours post resolution, based on the expert's judgement and the banking sector's experience over the previous financial crises. To this end, the bank analyses the counterparties' behaviours observed in past crises and tailor them to this scenario. Also, the bank elaborates the post-resolution counterparties' behaviours (outflows rates, haircut rates and conditions attached to secured funding, etc.).

51. The bank considers the following assumptions during this process:
    a. After the implementation of the preferred resolution strategy (during the stabilisation phase) the bank undertakes some initiatives to ensure the long-term continuation of the institution, while maintaining the critical functions provided by the bank. This point should be part of the bank's Business Reorganisation Plan.
    b. The scenario considers possible actions that can be implemented to improve the overall liquidity situation of the institution (i.e. recovery options that would remain available). The bank also considers measures that were not addressed as relevant for the recovery, but which could be for resolution (e.g. discontinuation of activities or winding down of certain entities).

c. Notwithstanding the successful resolution, due to the asymmetry of information regarding the sustainability of its business model and/or the quality of its asset portfolios, the bank remains under stress for some time after resolution (e.g. access to unsecured debt markets is expected to remain limited).
d. All (partially) bailed-in instruments are assumed to be downgraded to 'defaulted' and the issuer rating should be assumed to be downgraded to 'sub-investment' grade immediately after resolution. Potential rating upgrade over time should be considered subject to an improving liquidity position, while acknowledging potential LCR breach post resolution.

4.7. Presentation of the results of the estimation

52. The bank delivers an analytical note presenting the outcome of the simulations for the two scenarios. At this stage, the guideline provides no predefined template for the bank to choose. However, the bank tailors a presentation of the liquidity position simulation which displays its main quantitative elements.

53. The bank is encouraged to employ as a starting point the existing liquidity templates with maturity ladders, as an orienting basis in terms of item granularity and maturity buckets (detailing sources of outflows, inflows and counterbalancing capacity).

54. For reporting purposes, the various maturity buckets should be aligned with those used for the assessment of the key liquidity drivers. For each of these maturity buckets, the bank provides details regarding:
    a. outflows by type: liabilities from securities issued, from secured lending and capital market transactions, covered and non-covered deposits for each customer type, committed facilities, FX-swaps and derivatives, among others – for both contractual and open-maturity items;
    b. inflows by type: inflows from secured lending and capital market transactions, loans and advances for each customer type, FX-swaps and derivatives, among others – for both contractual and open-maturity items;
    c. counterbalancing capacity by type: cash, reserves at central bank, level 1, 2A and 2B assets, etc.

55. The outcome of the simulations[2] include for each scenario:
    a. the evolution across the three resolution phases of the liquidity position and its main components (inflows, outflows and the counterbalancing capacity) for each maturity bucket;
    b. a tailored balance sheet for each scenario across the three resolution phases;
    c. the evolution of the main liquidity indicators (e.g. the LCR) and the liquidity required to restore the ratios;

[2] The previous year is the reference period.

d. an analysis on how the main KLEs contribute to the net liquidity position;
e. an elaboration of the evolution of liquidity needs in various currencies.