



Anthony Dickman
SECRETARY

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Ms Casey Mazzarella
Inquiry Secretary
House Standing Committee on Economics
Department of the House of Representatives
Parliament House
CANBERRA ACT 2600

By email – economics.reps@aph.gov.au

Dear Casey

Public hearing – Reserve Bank of Australia – 6 August 2021

I refer to the Reserve Bank's appearance before the Standing Committee on Economics on 6 August. I am writing to supplement evidence given by the Deputy Governor in response to Dr Leigh's questions about the Committed Liquidity Facility (CLF).

The current size of the banks' self-securitisations are larger than the current size of their CLFs in almost every case. At the same time, banks' holdings of CLF-eligible assets are even larger. These include securities issued by other banks, which include residential mortgage-backed securities (RMBS). Around 80 per cent of CLF-eligible assets are self-securitisations, with most of the remaining 20 per cent being securities issued by other banks and asset-backed securities, such as RMBS. The table below provides more detail. APRA has limits on the amount of credit one bank can extend to another (through loans, securities, etc.), which constrains the amount of exposure one bank can have to another to mitigate contagion risk.

**CLF Banks' Holdings of CLF-eligible Collateral
at end June 2021**

Collateral type	Share of total holdings of CLF eligible collateral (per cent)
Marketed securities	22
- of which: supras	1
- of which: bank-issued securities	15
- of which: asset-backed securities	6
Self-securitised RMBS	78

Source: APRA; RBA

Yours sincerely