

MAS 653

NOTICE TO BANKS

BANKING ACT, CAP 19

NET STABLE FUNDING RATIO (“NSFR”) DISCLOSURE

Introduction

- 1 This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) (“the Act”) and applies to every bank incorporated in Singapore which has been notified by the Authority that it is a domestic systemically important bank (“D-SIB”).
- 2 This Notice sets out requirements for a D-SIB to disclose quantitative and qualitative information about its Net Stable Funding Ratio (“NSFR”) –
 - a) in the case of a D-SIB that is incorporated in Singapore and whose group is headquartered in Singapore, at the consolidated group level;
 - b) in the case of a D-SIB that is incorporated in Singapore and whose group is headquartered outside Singapore and which has not obtained the approval of the Authority pursuant to paragraph 4 of MAS Notice 649 to comply with the requirements set out in that Notice on a country-level group basis, at the bank standalone (“solo”) level; and
 - c) in the case of a D-SIB that is incorporated in Singapore and whose group is headquartered outside Singapore and which has obtained the approval of the Authority pursuant to paragraph 4 of MAS 649 to comply with the requirements set out in that Notice on a country-level group basis, at the country-level group level.

Definitions

- 3 In this Notice –

“NSFR Disclosure Template” refers to the template set out in Table 1 of Annex 1; and

“regulatory report” means any publicly available report (including returns) which the D-SIB is required to submit to any public authority or publish pursuant to any written law or law of a foreign country.

- 4 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meaning as in the Act and in MAS Notice 652.

Public Disclosure of Quantitative and Qualitative Information

- 5 A D-SIB shall publish –

- a) information relating to its NSFR in the format of the NSFR Disclosure Template¹ (“quantitative information”) in accordance with the instructions provided in Annex 2; and
- b) qualitative information² relating to its NSFR for the purpose of facilitating market participants’ understanding of its results and the accompanying data,

at the same time as the publication of its financial statements, irrespective of whether the financial statements are audited.

- 6 A D-SIB shall –

- a) publish the quantitative information and qualitative information in its published financial statements; or
- b) provide a direct and prominent link in its published financial statements to the quantitative information and qualitative information –
 - i) on its website; or
 - ii) in any of its regulatory reports.

- 7 A D-SIB shall make available on its website, or in its regulatory reports, an archive of all quantitative information it has published for a period of not less than 5 years.

- 8 A D-SIB bank shall present the quantitative information in the NSFR Disclosure template in the same currency as its published financial statements.

¹ Explanations for the respective items in the NSFR Disclosure Template are set out in Table 2 in Annex 1.

² Examples of the qualitative information are –

- a) The drivers of their NSFR results and the reasons for intra-period changes as well as the changes over time (eg changes in strategies, funding structure, circumstances etc); and
- b) the composition of the bank’s interdependent assets and liabilities (as defined in paragraph 40 of MAS Notice 652) and to what extent these transactions are interrelated.

- 9 A D-SIB shall present the data as at the last day of –
- a) each quarter, if it is reporting on a quarterly basis;
 - b) each of the two preceding quarters, if it is reporting on a semi-annual basis; or
 - c) each of the four preceding quarters, if it is reporting on an annual basis.
- 10 A D-SIB shall disclose both unweighted and weighted values of the NSFR components unless otherwise indicated. Weighted values are calculated as the values after ASF or RSF factors are applied. See Annex 2 for more details.

Effective Date

- 11 This Notice shall take effect on 1 January 2018. A D-SIB shall comply with this Notice from the date of the first reporting period after 1 January 2018.

Table 1

NSFR Disclosure Template

		Unweighted value by residual maturity				Weighted value
		No maturity ³	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	<i>Regulatory capital</i>					
3	<i>Other capital instruments</i>					
4	Retail deposits and deposits from small business customers:					
5	<i>Stable deposits</i>					
6	<i>Less stable deposits</i>					
7	Wholesale funding:					
8	<i>Operational deposits</i>					
9	<i>Other wholesale funding</i>					
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	<i>NSFR derivative liabilities</i>					
13	<i>All other liabilities and equity not included in the above categories</i>					
14	Total ASF					
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:					
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>					
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>					
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>					
21	<i>With a risk weight of less than or equal to 35% under MAS Notice</i>					

³ Items to be reported in the 'no maturity' time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.

	637's standardised approach to credit risk					
22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under MAS Notice 637's standardised approach to credit risk</i>					
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>					
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	<i>Physical trade commodities, including gold</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29	<i>NSFR derivative assets</i>					
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31	<i>All other assets not included in the above categories</i>					
32	Off-balance sheet items					
33	Total RSF					
34	Net Stable Funding Ratio (%)					

Table 2

Explanation of each row of the NSFR disclosure template		
Row number	Explanation	Relevant paragraph(s) of MAS Notice 652
1	Capital is the sum of rows 2 and 3.	
2	Regulatory capital before the application of capital deductions, as defined in Glossary at Annex 2A of MAS Notice 637. ⁴	6(a), 9(d), 11(a)
3	Total amount of any capital instruments not included in row 2.	6(b), 9(d) and 11(a)
4	Retail deposits and deposits from small business customers, as set out in footnote 2 of MAS Notice 652, are the sum of row 5 and 6.	
5	Stable deposits comprise “stable” (as set out in footnote 1 of MAS Notice 652) non-maturity (demand) deposits and/or term deposits provided by retail and small business customers.	6(c), 7(a) and (b)
6	Less stable deposits comprise “less stable” (as set out in footnote 3 of MAS Notice 652) non-maturity (demand) deposits and/or term deposits provided by retail and small business customers.	6(c), 8(a) and (b)
7	Wholesale funding is the sum of rows 8 and 9.	
8	Operational deposits: As set out in paragraph 10 of MAS Notice 652, including deposits from banks within the same cooperative network.	6(c), 9(b), 11(a) and footnote 5
9	Other wholesale funding include funding (secured and unsecured) provided by non-financial corporate customer, sovereigns, public sector entities (PSEs), multilateral and national development banks, central banks and financial institutions.	6(c), 9(a), (c) and (d) and 11(a)
10	Liabilities with matching interdependent assets.	40
11	Other liabilities are the sum of rows 12 and 13.	
12	In the unweighted cells, report NSFR derivatives liabilities as calculated according to paragraphs 15 and 16 of MAS Notice 652. There is no need to differentiate by maturities. [The weighted value under NSFR derivative liabilities is cross-hatched given that it will be zero after the 0% ASF is applied.]	11(c), 15 and 16
13	All other liabilities and equity not included in above categories.	11(a), (b) and (d)
14	Total ASF is the sum of all weighted values in rows 1, 4, 7, 10 and 11.	
15	Total HQLA as set out in paragraph 38 of MAS Notice 652 (encumbered and unencumbered): a) Encumbered assets including assets backing securities or covered bonds. b) Unencumbered means free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer or assign the asset.	31(a) and (b), 32, 34(a), 35(a) and (b), 37(a) and 39(a)
16	Deposits held at other financial institutions for operational purposes as set out in paragraph 10 of MAS Notice 652.	35(d)
17	Performing loans and securities are the sum of rows 18, 19, 20, 22 and 24.	
18	Performing loans to financial institutions secured by Level 1 HQLA, as set out in paragraphs 4 of MAS Notice 652.	33, 35(c) and 39(c)

⁴ Capital instruments reported here shall meet all requirements outlined in MAS Notice 637 and shall only include amounts after transitional arrangements have expired (i.e. in 2022).

19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions.	34(b), 35(c) and 39(c)
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs.	31(c), 35(e), 36(b), 37(b) and 39(a)
21	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs with risk weight of less than or equal to 35% under MAS Notice 637.	31(c), 35(e), 36(b) and 39(a)
22	Performing residential mortgages.	35(e), 36(a), 37(b) and 39(a)
23	Performing residential mortgages with risk weight of less than or equal to 35% under MAS Notice 637.	35(e), 36(a) and 39(a)
24	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	35(e), 37(c) and 39(a)
25	Assets with matching interdependent liabilities.	40
26	Other assets are the sum of rows 27 to 31.	
27	Physical traded commodities, including gold.	37(d)
28	Cash, securities or other assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	37(a)
29	In the unweighted cell, report NSFR derivative assets, as calculated according to paragraphs 28 to 30 of MAS Notice 652. There is no need to differentiate by maturities. In the weighted cell, if NSFR derivative assets are greater than NSFR derivative liabilities, (as calculated according to paragraphs 15 and 16 of MAS Notice 652), report the positive difference between NSFR derivative assets and NSFR derivative liabilities.	28, 29, 30 and 39(b)
30	In the unweighted cell, report derivative liabilities as calculated according to paragraphs 14 of MAS Notice 652, ie before deducting variation margin posted. There is no need to differentiate by maturities. In the weighted cell, report 20% of derivatives liabilities unweighted value (subject to 100% RSF).	15 and 39(d)
31	All other assets not included in the above categories.	31(d) and 39(c)
32	Off-balance sheet items.	41 and 42
33	Total RSF is the sum of all weighted value in rows 15, 16, 17, 25, 26 and 32.	
34	Net stable funding ratio (%), as stated in paragraph 9 of this document.	3

Instructions for Completing the NSFR Disclosure Template

- Rows in the template are set and compulsory for all banks. Table 2 in Annex 1 provides a table that sets out an explanation of each line of the common template, with references to the relevant paragraph(s) of the MAS Notice 652. Key points to note about the common template are:
 - Each dark grey row introduces a section of the NSFR template.
 - Each light grey row represents a broad subcomponent category of the NSFR in the relevant section.
 - Each unshaded row represents a subcomponent within the major categories under ASF and RSF items.⁵ The relevant subcomponents to be included in the calculation of each row are specified in Table 2 in Annex 1.
 - No data should be entered for the cross-hatched cells.

- Figures entered in the template should be the quarter-end observations of individual line items.

- Figures entered for each RSF line item should include both unencumbered and encumbered amounts.

- Figures entered in unweighted columns are to be assigned on the on the basis of residual maturity and in accordance with paragraphs 12 – 14 and 20 – 22 of MAS Notice 652.

⁵ As an exception, rows 21 and 23 are subcomponents of rows 20 and 22, respectively. As indicated in Table 2 in Annex 1, row 17 is the sum of rows 18, 19, 20, 22 and 24.