

MAS NOTICE 653

28 December 2017

Last revised on 7 August 2019

NOTICE TO BANKS

BANKING ACT, CAP 19

NET STABLE FUNDING RATIO (“NSFR”) DISCLOSURE

Introduction

- 1 This Notice is issued pursuant to section 10B of the Banking Act (Cap. 19) (“the Act”) and applies to a Reporting Bank incorporated in Singapore which is an internationally active bank or which has been notified by the Authority that it is a domestic systemically important bank (“D-SIB”).

[MAS Notice 653 (Amendment) 2019]

- 2 This Notice sets out requirements for a Reporting Bank to disclose quantitative and qualitative information about its Net Stable Funding Ratio (“NSFR”) –
 - (a) in the case of a D-SIB incorporated in Singapore and whose head office or parent bank is incorporated in Singapore, or an internationally active bank, on a consolidated level, which consolidates the assets and liabilities of all its banking group entities, other than those of the following banking group entities, if any:
 - (i) an insurance subsidiary; or
 - (ii) any other entity, where such non-consolidation of assets and liabilities of the entity is expressly permitted under the Accounting Standards. For the avoidance of doubt, the exemption in paragraph 4(a) of Singapore Financial Reporting Standards 110 (“SFRS 110”) Consolidated Financial Statements^A shall not apply for the purposes of complying with this paragraph;
 - (b) in the case of a D-SIB incorporated in Singapore that is not an internationally active bank and whose head office or parent bank is incorporated outside Singapore, and the D-SIB 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 entity level; and

^A Paragraph 4(a) of SFRS 110 exempts a parent from presenting consolidated financial statements, subject to certain conditions.

[MAS Notice 653 (Amendment) 2019]

- (c) in the case of a D-SIB incorporated in Singapore that is not an internationally active bank and whose head office or parent bank is incorporated outside Singapore, and the D-SIB 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.

[MAS Notice 653 (Amendment) 2019]

2A A Reporting Bank need not comply with the requirements in this Notice if it is a subsidiary of –

- (a) another Reporting Bank which is subject to the requirements in this Notice; or
- (b) a financial holding company which is subject to requirements similar to that set out in this Notice.

[MAS Notice 653 (Amendment) 2019]

Definitions

3 In this Notice –

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

“parent bank” has the same definition as in paragraph 1 of the Fifth Schedule of the Banking Act.

[MAS Notice 653 (Amendment) 2019]

[Deleted by MAS Notice 653 (Amendment) 2019]

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 paragraphs 1A and 17 of MAS Notice 649 and paragraph 3 of MAS Notice 652.

[MAS Notice 653 (Amendment) 2019]

Public Disclosure of Quantitative and Qualitative Information

5 A Reporting Bank shall publish semi-annually –

- (a) quantitative information relating to its NSFR in the format of the NSFR Disclosure Template¹ in accordance with the instructions provided in Annex 2; and

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

- (b) qualitative information² relating to its NSFR for the purposes of facilitating users' understanding of its results and the accompanying data.

[MAS Notice 653 (Amendment) 2019]

6 For reporting periods ending otherwise than at the close of an annual reporting period –

- (a) a Reporting Bank which issues quarterly financial statements shall publish the quantitative and qualitative information referred to in paragraph 5 concurrently with the publication of its quarterly financial statements, and in any case, no later than 45 days after the end of the reporting period; and
- (b) a Reporting Bank which does not issue quarterly financial statements shall publish the quantitative and qualitative information referred to in paragraph 5 no later than 45 days after the end of the reporting period.

[MAS Notice 653 (Amendment) 2019]

6A For reporting periods ending at the close of an annual reporting period –

- (a) a Reporting Bank which issues an annual report shall publish the quantitative and qualitative information referred to in paragraph 5 concurrently with the publication of its annual report or financial statements, and in any case, no later than 4 months after the end of the reporting period; and
- (b) a Reporting Bank which does not issue an annual report shall publish the quantitative and qualitative information referred to in paragraph 5 no later than 4 months after the end of the reporting period.

[MAS Notice 653 (Amendment) 2019]

6B Notwithstanding paragraph 5, a Reporting Bank that has not been notified by the Authority that it is a D-SIB and whose head office or parent bank is incorporated outside Singapore may publish the quantitative and qualitative information referred to in paragraph 5 on an annual basis.

[MAS Notice 653 (Amendment) 2019]

² Examples of the qualitative information are –

- (a) the drivers of the Reporting Bank's NSFR results and the reasons for intra-period changes as well as the changes over time (e.g. changes in strategies, funding structure, circumstances, etc); and
- (b) the composition of the Reporting Bank's interdependent assets and liabilities (as defined in paragraph 41 of MAS Notice 652) and the extent to which these transactions are interrelated.

[MAS Notice 653 (Amendment) 2019]

- 7 A Reporting Bank shall publish the quantitative and qualitative information referred to in paragraph 5 in the standalone Pillar 3 report required under paragraph 11.2.7 of MAS Notice 637.

[MAS Notice 653 (Amendment) 2019]

- 8 A Reporting Bank shall make available on its website an archive of all quantitative and qualitative information referred to in paragraph 5 that it has published for a period of not less than 5 years.

[MAS Notice 653 (Amendment) 2019]

- 9 A Reporting Bank shall present the quantitative information referred to in paragraph 5 in the same currency as its published financial statements.

[MAS Notice 653 (Amendment) 2019]

- 10 A Reporting Bank shall present the quantitative information referred to in paragraph 5 as at the last day of each of the two preceding quarters.

[MAS Notice 653 (Amendment) 2019]

- 11 A Reporting Bank 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.

[MAS Notice 653 (Amendment) 2019]

- 11A A Reporting Bank shall present narrative commentaries to supplement the disclosure of quantitative information referred to in paragraph 5 in a format at the Reporting Bank's discretion to explain any significant changes between reporting periods and any other issues of interest to users.

[MAS Notice 653 (Amendment) 2019]

- 11B A Reporting Bank may omit the disclosure of any information required in this Notice if the omitted information is –

(a) proprietary or confidential in nature as defined in paragraph 11.2.13 of MAS Notice 637; or

(b) assessed not to be meaningful or relevant to users.

[MAS Notice 653 (Amendment) 2019]

- 11C Where a Reporting Bank omits a disclosure under paragraph 11B(a), the Reporting Bank shall identify the information that it has omitted to disclose in a narrative commentary and provide a reason for the omission. The Reporting Bank shall also disclose general qualitative information about the subject matter of the disclosure requirement.

[MAS Notice 653 (Amendment) 2019]

- 11D Where a Reporting Bank omits a disclosure under paragraph 11B(b), the Reporting Bank shall state clearly in a narrative commentary why the information that it has omitted to disclose is assessed not to be meaningful or relevant to users.

[MAS Notice 653 (Amendment) 2019]

- 11E A Reporting Bank shall ensure that the disclosure of quantitative and qualitative information referred in paragraph 5 is subject, at a minimum, to the same level of internal review and internal control processes as the information provided by the Reporting Bank for its financial reporting, if applicable, and the level of assurance shall be the same as for information provided within the management discussion and analysis part of its annual report.

[MAS Notice 653 (Amendment) 2019]

- 11F A Reporting Bank shall take into consideration the disclosures required under this Notice in formulating its disclosure policy in accordance with paragraphs 11.2.17 and 11.2.18 of MAS Notice 637.

[MAS Notice 653 (Amendment) 2019]

- 11G A Reporting Bank may disclose information in addition to those required under this Notice to provide users with a broader picture of the Reporting Bank's risk position and promote market discipline. If a Reporting Bank discloses additional quantitative information, the Reporting Bank should also disclose sufficient meaningful or relevant information to enable users to understand and analyse the quantitative information disclosed, accompanied by a qualitative discussion.

[MAS Notice 653 (Amendment) 2019]

- 11H A Reporting Bank should apply the principles in paragraph 11.1.2 of MAS Notice 637 in making its disclosures.

[MAS Notice 653 (Amendment) 2019]

Effective Date

- 12 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.

Annex 1

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 corporates, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:</i>					
21	<i>With a risk weight of less than or equal to 35% under paragraphs 7.3.13 to 7.3.20 and 7.3.24 to 7.3.26 of MAS Notice 637</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.

22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637</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 traded 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 (%)					

[MAS Notice 653 (Amendment) 2019]

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 paragraph 3 of MAS Notice 652.	6(a), 9(d) and 11(a)
3	Total amount of any capital instruments not included in row 2.	6(b), 9(d) and 11(a)
4	Retail deposits, as set out in footnote 3 of MAS Notice 652, and deposits from small business customers are the sum of row 5 and 6.	
5	Stable deposits comprise “stable”, as set out in footnote 2 of MAS Notice 652, non-maturity (demand) deposits and/or term deposits provided by retail and small business customers.	6(c), 6(d), 7(a), 7(b) and 7(c)
6	Less stable deposits comprise “less stable”, as set out in footnote 4 of MAS Notice 652, non-maturity (demand) deposits and/or term deposits provided by retail and small business customers.	6(c), 6(d), 8(a), 8(b) and 8(c)
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 8
9	Other wholesale funding include funding (secured and unsecured) provided by non-financial corporates, sovereigns, PSEs, multilateral and national development banks, central banks and financial institutions.	6(c), 9(a), 9(c), 9(d) and 11(a)
10	Liabilities with matching interdependent assets.	41
11	Other liabilities are the sum of rows 12 and 13.	
12	In the unweighted cells, report NSFR derivative liabilities as calculated according to paragraphs 16 and 17 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), 16 and 17
13	All other liabilities and equity not included in above categories.	11(a), 11(b) and 11(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 39 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.	32(a), 32(b), 33, 35(a), 36(a), 36(b), 38(a) and 40(a)
16	Deposits held at other financial institutions for operational purposes as set out in paragraph 10 of MAS Notice 652.	36(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.	34, 36(c) and 40(c)
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions.	35(b), 36(c) and 40(c)

20	Performing loans to non-financial corporates, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs.	32(c), 36(e), 37(b), 38(b) and 40(a)
21	Performing loans to non-financial corporates, 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 paragraphs 7.3.13 to 7.3.20 and paragraphs 7.3.24 to 7.3.26 of MAS Notice 637.	32(c), 36(e), 37(b) and 40(a)
22	Performing residential mortgages.	36(e), 37(a), 38(b) and 40(a)
23	Performing residential mortgages with risk weight of less than or equal to 35% under paragraph 7.3.29 of MAS Notice 637.	36(e), 37(a) and 40(a)
24	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	36(e), 38(c) and 40(a)
25	Assets with matching interdependent liabilities.	41
26	Other assets are the sum of rows 27 to 31.	
27	Physical traded commodities, including gold.	38(d)
28	Cash, securities or other assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	38(a)
29	In the unweighted cell, report NSFR derivative assets, as calculated according to paragraphs 29 to 31 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 16 and 17 of MAS Notice 652, report the positive difference between NSFR derivative assets and NSFR derivative liabilities.	29, 30, 31 and 40(b)
30	In the unweighted cell, report derivative liabilities as calculated according to paragraph 16 of MAS Notice 652, ie before deducting variation margin posted. There is no need to differentiate by maturities. In the weighted cell, report 5% of derivative liabilities unweighted value (subject to 100% RSF). ⁴	16 and 40(d)
31	All other assets not included in the above categories.	32(d) and 40(c)
32	Off-balance sheet items.	42 and 43
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

[MAS Notice 653 (Amendment) 2019]

⁴ As set out in paragraph 47 of MAS Notice 652, the Required Stable Funding add-on for derivative liabilities shall take effect on 1 October 2019. Before this takes effect, report 0 in the weighted cell.

[MAS Notice 653 (Amendment) 2019]

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 basis of residual maturity and in accordance with paragraphs 12 – 14 and 21 – 23 of MAS Notice 652.

[MAS Notice 653 (Amendment) 2019]

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.

*** Notes on History of Amendments**

1. MAS Notice 653 (Amendment) 2019 dated 7 August 2019 with effect from 1 October 2019.