



COURSE: COMESA WORKSHOP ON BASEL III

TOPIC : • NET STABLE FUNDING RATIO (NSFR)

DATE: JULY 14, 2016

VENUE: KENYA SCHOOL OF MONETARY STUDIES

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AGENDA

- Net Stable Funding Ratio (NSFR)
- NSFR Numerator
- NSFR Denominator

B). NET STABLE FUNDING RATIO

Net Stable Funding Ratio (NSFR)

Available amount of stable funding

————— $\geq 100\%$

Required amount of stable funding

- To be met assessed continuously
- 1 year time-horizon
- Reduce maturity mismatch between funding and business activities.



B). NET STABLE FUNDING RATIO

(NSFR) Numerator: Available Stable Funding

Source of Funding	%
Tier 1 & 2 Capital Instruments	100%
Other preferred shares and capital instruments in excess of Tier 2 allowable amount with maturity \geq 1yr	100%
Other liabilities \geq 1yr	100%
Stable deposits of retail and small business customers (non-maturity or residual maturity $<$ 1yr)	90%
Less stable deposits of retail and small business customers (non-maturity or residual maturity $<$ 1yr)	80%
Unsecured wholesale funding provided by non-financial corporate customers, Sov., CB, MDBs and PSEs (non-maturity or residual maturity $<$ 1yr)	50%
All other liabilities and equity not included above	0%



B). NET STABLE FUNDING RATIO

NSFR denominator: Required Stable Funding

Source of Funding	%
Cash	0%
Short-term unsecured actively-traded instruments (< 1 yr)	0%
Securities with exactly offsetting reverse repo	0%
Securities, remaining maturity < 1 yr	0%
Non-renewable loans to financials, remaining maturity < 1 yr	0%
Debt issued or guaranteed by sovereigns, central banks, BIS, IMF, EC, non-central government, multilateral development banks with 0% risk weight, maturity >=1yr	5%



B). NET STABLE FUNDING RATIO

NSFR denominator: Required Stable Funding

Stable Funding	%
Unencumbered non-financial senior unsecured corporate bonds or covered bonds, rated at least AA-, maturity \geq 1yr; and Debt securities issued by governments, central banks, and PSEs with risk-weighting of 20%, maturity \geq 1yr	20%
Unencumbered equity listed on stock exchange and included in major index	50%
Gold	50%
Non-financial corporate loans with maturity $<$ 1 yr	50%
Unencumbered residential mortgages with maturity \geq 1 yr and SA risk weight \leq 35%; Other unencumbered loans (not issued by FIs) with maturity \geq 1 yr and SA risk weight \leq 35%	65%



B). NET STABLE FUNDING RATIO

NSFR denominator: Required Stable Funding

Stable Funding	%
Retail loans with maturity < 1yr	85%
All other assets	100%
Undrawn amount of committed credit and liquidity facilities	5%
Other contingent obligations	National Discretion



Q & A



THANK YOU