Basel Committee
on Banking Supervision

Regulatory Consistency Assessment Programme (RCAP)

Assessment of Basel NSFR regulations – Korea

December 2024

BIS

Note that this report refers to the RCAP grades prior to October 2025. The grade 'materially non-compliant (MNC)', ie one notch above the lowest grade, has since been renamed to 'partially non-compliant (PNC)' for greater clarity

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Contents

Glossary

ASF	Available stable funding
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
C	Compliant (grade)
DRSBB	Detailed Regulations on Supervision of Banking Business
D-SIBs	Domestic systemically important banks
FAQ	Frequently asked question
FSS	Korean Financial Supervisory Service
FSC	Korean Financial Services Commission
G-SIBs	Global systemically important banks
HQLA	High-quality liquid assets
KRW	Korean won
LC	Largely compliant (grade)
LCR	Liquidity Coverage Ratio
MDB	Multilateral development banks
MNC	Materially non-compliant (grade)
NC	Non-compliant (grade)
NDB	National development bank
NSFR	Net Stable Funding Ratio
PSE	Public sector entity
RCAP	Regulatory Consistency Assessment Programme
RSBB	Regulations on Supervision of Banking Business
RSF	Required stable funding
RWA	Risk-weighted assets

Preface

The Basel Committee on Banking Supervision (Basel Committee) places a high priority on the implementation of regulatory standards underpinning the Basel III framework. The prudential benefits from adopting Basel standards can only fully accrue if these are implemented in a full, timely and consistent manner by all member jurisdictions. The Committee established the Regulatory Consistency Assessment Programme (RCAP) to monitor, assess and evaluate its members' implementation of the Basel III framework.[1]

This report presents the findings of an RCAP Assessment Team (Assessment Team) on the adoption status of the Basel Net Stable Funding Ratio (NSFR) standard in Korea on 30 September 2024. The assessment focused on the completeness and consistency of the Korean NSFR regulations with the Basel NSFR standard and relied on the information provided by the Korean authorities. The main counterpart for the assessment was the Korean Financial Supervisory Service (FSS).

The Assessment Team was led by Mr Derek Nesbitt, Senior Adviser, Banking Policy, Prudential Policy Directorate, Bank of England Prudential Regulation Authority (PRA), and comprised technical experts from the Commission de Surveillance du Secteur Financier (CSSF), the Financial Stability Institute (FSI), the Indonesia Financial Services Authority (OJK) and the Japanese Financial Services Agency (JFSA) (see Annex 1). The work was coordinated by the Basel Committee Secretariat with support from PRA staff.

The assessment began in October 2023 and comprised: (i) a self-assessment by the FSS (October 2023 to March 2024); (ii) an assessment phase (March to September 2024); and (iii) a review phase (in October 2024) including a technical review of the Assessment Team's findings by a separate RCAP Review Team and the Basel Committee. The assessment report ultimately reflects the view of the Basel Committee.

The Assessment Team acknowledges the cooperation received from the FSS throughout the assessment process.

1 See www.bis.org/bcbs/implementation.htm.

Executive summary

In Korea, the Basel III NSFR standard is implemented through the Regulations on Supervision of Banking Business (RSBB) and the Detailed Regulations on Supervision of Banking Business (DRSBB), which came into effect on 31 January 2018 and 26 January 2018, respectively. The NSFR requirements apply to all Korean banks, including all internationally active banks, except the Export-Import Bank of Korea.

Overall, as of 30 September 2024, the NSFR regulations in Korea are assessed as compliant with the Basel NSFR standard. This is the highest possible grade. All four components of the Basel NSFR standard – scope, minimum requirement and application issues; available stable funding (ASF); required stable funding (RSF); and disclosure requirements – are also assessed as compliant. No findings were identified.

The report recommends one issue for a follow-up assessment relating to the identification of eligible multilateral development banks (MDBs) (see Annex 5).

Response from the Korean authorities

Korea's supervisory authorities have been communicating and collaborating with the Basel Committee over the years to ensure effective implementation of and compliance with the Basel standards. We strongly support the implementation of a globally consistent NSFR standard and welcome the Basel Committee's efforts to accomplish this goal.

The FSS deeply appreciates the Assessment Team led by Mr Derek Nesbitt for its dedication and high level of expertise, which facilitated robust discussions throughout the review of the implementation of NSFR. We would also like to express our appreciation to the Secretariat for its efforts in supporting this process.

Throughout the RCAP process in 2024, Korea's banking supervisors were able to exchange constructive views and ideas with the RCAP Assessment Team. In particular, the assessment has given Korea's banking supervisors opportunities for an in-depth comparative review of the Basel III NSFR standards and the standards adopted by Korea. It has brought greater clarity to our domestic NSFR regime. We believe the RCAP is a very useful and important instrument that ensures consistency and transparency among cross-jurisdictional regulatory frameworks.

We welcome the Korea RCAP-NSFR Assessment Report's overall assessment of "Compliant". As the assessment results demonstrate, the FSS concurs that Korea's NSFR standards are consistent with the Basel standards.

Finally, Korea's supervisory authorities remain committed to the work of the Basel Committee and consistent implementation of the Basel standards. We will continue to embrace proposals and measures put forth by the Basel Committee to improve the consistency of banking standards across jurisdictions and work closely with the Basel Committee to further ensure strong banking standards.

1 Assessment context

1.1 Regulatory system

The Financial Services Commission (FSC) and the Financial Supervisory Service (FSS) are the two primary supervisory authorities in Korea. As Korea's principal supervisory authority empowered by the Act on the Establishment of Financial Services Commission, the FSC is given a broad statutory mandate to carry out two main functions: (i) deliberation and resolution of financial policies; and (ii) guidance and oversight of the FSS. The FSS acts as the executive supervisory authority for the FSC and its key functions include supervision and examination of financial firms, along with other enforcement and supervision activities.

The FSC and FSS have the statutory authority to draft and amend financial laws and regulations. The FSC is in charge of the implementation of the Regulations on Supervision of Banking Business (RSBB) and the FSS is in charge of the implementation of the Detailed Regulations on Supervision of Banking Business (DRSBB). These regulations stipulate matters delegated by higher laws such as the Banking Act and the Enforcement Decree of the Banking Act. All the regulations are legally binding on all applicable financial institutions.

1.2 Status of NSFR implementation

The FSC and FSS are responsible for implementing Basel III standards in Korea. The Basel III NSFR standard is stipulated in the RSBB and DRSBB.

The NSFR regulations in the RSBB and DRSBB came into effect on 31 January 2018 and 26 January 2018 respectively, and some revisions were made on 27 January 2022. Additionally, the FSS has issued a business reporting form under the DRSBB, and banks report NSFR data every quarter according to this form.

The NSFR requirements apply to all banks, including all internationally active banks, except the Export-Import Bank of Korea.

1.3 Scope of the assessment

The Assessment Team considered the NSFR requirements applicable to a sample of internationally active banks in Korea as of 30 September 2024. The assessment had two dimensions:

- a comparison of Korean regulations with the Basel NSFR standard to ascertain that all the required provisions have been adopted (*completeness* of the regulations); and
- whether there are any differences in substance between Korean regulations and the Basel NSFR standard and, if so, their significance (*consistency* of the regulations).

In its assessment, the Assessment Team considered all binding documents that effectively implement the Basel NSFR standard in Korea. Annex 2 lists the Basel standards used as the basis for the assessment. The assessment did not evaluate the adequacy of liquidity or the resilience of the banking system in Korea or the supervisory effectiveness of the Korean authorities.

The outcome of RCAP assessments is based on the findings and their materiality as described in Section 2.2 and summarised in Table A.3 in Annex 4. Regarding the Korean NSFR regulation, however, no findings were identified.

For the assessment of materiality, a sample of eight Korean banks was provided (see Table A.4 in Annex 4). Together, these banks comprise about 80% of the assets of internationally active banks in Korea.

The outcome of the assessment is summarised using a four-grade scale, both for each of the four key components of the Basel NSFR standard and for the overall assessment of compliance. The four grades are compliant (C), largely compliant (LC), materially non-compliant (MNC) and non-compliant (NC).

2 Assessment findings

2.1 Assessment grades and summary of findings

Overall, the Assessment Team finds the implementation of the NSFR in Korea to be compliant with the Basel standard. No findings were identified.

Assessment grades

Table 1

Component of the Basel NSFR framework	Grade
Overall grade	C
Scope, minimum requirement and application issues	C
Available stable funding (numerator)	C
Required stable funding (denominator)	C
NSFR disclosure requirements	C

Assessment scale: C (compliant), LC (largely compliant), MNC (materially non-compliant) and NC (non-compliant).

2.1.1 Scope, minimum requirement and application issues

This component is assessed as compliant with the Basel NSFR standard. No findings were identified.

There is one observation regarding the scope of application of the NSFR standards in Korea, which includes all banks in Korea except the Export-Import Bank of Korea. Moreover, internet-only banks in Korea are not subject to the NSFR standards during their first two years in business due to their simple business model and small size in terms of assets.

2.1.2 Available stable funding

This component is assessed as compliant with the Basel NSFR standard. No findings were identified.

There is one observation regarding retail term deposits that receive a 100% ASF factor. Specifically, the Korean NSFR standard is not explicit that the application of a 100% ASF factor to retail term deposits with a residual maturity longer than one year is limited to those which cannot be withdrawn early without a significant penalty, as clarified by an FAQ of the Basel NSFR standard.

2.1.3 Required stable funding

This component is assessed as compliant with the Basel standard. No findings were identified.

The Assessment Team made two observations. The first relates to the RSF factor applied to central bank reserves. Given that there is currently no long-term reserve requirement in Korea, the Korean regulation does not specify that supervisors may discuss and agree with the central bank on the RSF factor to be assigned to long-term required reserves. The second concerns identification of multilateral development banks (MDBs). Under the Basel NSFR, exposures to a specific set of MDBs listed in the Basel credit risk framework are eligible for a preferential RSF factor. The Korean credit risk regulation, which is cross-referenced in the Korean NSFR regulation, could potentially result in Korean banks assigning a preferential RSF factor to MDBs that are not included in the list in the Basel credit risk framework. In practice, however, this has not occurred.

2.1.4 Disclosure requirements

This component is assessed as compliant with the Basel standard. No findings were identified.

2.2 Detailed assessment findings

All components were assessed to be compliant with the Basel standard. No findings were identified.

2.3 Observations

The following observations highlight certain special features of the regulatory implementation of the Basel NSFR standard in Korea. These are presented to provide additional context and information. Observations are considered compliant with the Basel standards and do not have a bearing on the assessment outcome. Note that all references to the Basel standards or domestic regulations are to the documents listed in Annex 2.

2.3.1 Scope, minimum requirement and application issues

Basel paragraph number	50: Scope of application
Reference in the domestic regulation	RSBB Article 26 ①. 4., RSBB Article 94 ①. RSBB Addendum <2018-3>
Observation	The NSFR requirements apply to all banks in Korea, including all internationally active banks, except the Export-Import Bank of Korea. The Export-Import Bank of Korea is excluded from the application of the NSFR regulations because it is a government-backed export credit agency and, unlike other banks, it does not take deposits. For internet-only banks, which do not fall into the category of internationally active banks, the application of the NSFR regulations is postponed until the end of the fiscal year following the second anniversary of their business start date. The grace period was provided to allow these banks to stabilise their new business, while its impact on the banking system is assessed as minimal given their restricted business model and small size in terms of total assets. Liquidity risks that may arise in internet-only banks during the grace period are managed through monitoring the LCR and other regulatory liquidity ratios such as the loan-to-deposit ratio. Currently, the grace period is not being applied to any bank, as the three internet-only banks in Korea started business more than two years ago (K Bank started online banking services in April 2017, KakaoBank in July 2017, and Toss Bank in October 2021).

2.3.2 Available stable funding

Basel paragraph number	21: Liabilities and capital receiving a 100% ASF factor and FAQ 22: Treatment of retail term deposits
Reference in the domestic regulation	DRSBB [Appendix 3-10] 9
Observation	The Basel NSFR standard states that term deposits with effective residual maturities of one year or more receive a 100% ASF factor. FAQ 22 clarifies that retail term deposits with a residual maturity greater than one year can only receive a 100% ASF factor if they cannot be withdrawn early without a significant penalty. The Korean regulation has not incorporated FAQ 22 and therefore does not explicitly prevent the application of a 100% ASF factor to retail term deposits with a residual maturity greater than one year which can be withdrawn early without a significant penalty.

	However, the FSS confirmed that all retail term deposits with a residual maturity greater than one year that allow early withdrawal are subject to what they consider to be significant penalty provisions. In the case of early withdrawal, the deposit will become subject to an early termination interest rate which can be as low as the rate for demand deposits. This was confirmed by Korean banks that were part of the sample. The FSS explained that, considering that the early termination rates applied to term deposits of one year or longer at major banks are low (around 1%), it considers that the interest loss compared to the existing contractual interest rate constitutes a significant penalty for depositors withdrawing early. The Assessment Team notes that the term "significant penalty" is not defined in the FAQ. In the absence of such a definition, the Assessment Team is not in a position to assess whether the loss of interest described above constitutes a "significant penalty" or not. Currently, the Korean authority checks whether an early termination rate is imposed when reviewing the terms and conditions of a bank's term deposit product. The FSS has informed the Assessment Team that, in future, it plans to review whether the FAQ should be reflected in the regulation in case any retail term deposits with a residual maturity greater than one year were to be offered to customers without an early termination rate that constitutes a significant penalty. This issue is an observation since, according to the RCAP Handbook and consistent with the assessment of NSFR regulations in other jurisdictions, the lack of incorporation of an FAQ cannot be cited as the sole source of a deviation.[2]

2.3.3 Required stable funding

Basel paragraph number	36(b) footnote 17: RSF factor assigned to required central bank reserves
Reference in the domestic regulation	DRSBB [Appendix 3-10] 19-B
Observation	The Basel NSFR standard assigns a 0% RSF factor to all central bank reserves (including required reserves and excess reserves). Footnote 17 complements this requirement by indicating that "supervisors may discuss and agree with the relevant central bank on the RSF factor to be assigned to required reserves, based in particular on consideration of whether or not the reserve requirement must be satisfied at all times and thus the extent to which reserve requirements in that jurisdiction exist on a longer-term horizon and therefore require associated stable funding". The Korean regulation specifies that all central bank reserves receive a 0% RSF factor. Currently there is no *long-term* reserve requirement in Korea, but if such a requirement were to be introduced, the long-term reserves might benefit from the 0% RSF factor under the current regulation. That is, the 0% RSF factor might be applied in such circumstances without footnote 17 of paragraph 36(b) of the Basel NSFR standard being considered. The FSS has informed the Assessment Team that, in future, should the Bank of Korea introduce a long-term reserve requirement, it plans to review how these long-term reserves should be reflected in the NSFR regulation.
Basel paragraph number	37: Assets assigned a 5% RSF factor
Reference in the domestic regulation	DRSBB [Appendix 3-10] 20-A and [Appendix 3] 34-B
Observation	The Basel NSFR standard applies a 5% RSF factor to marketable securities representing claims on or guaranteed by multilateral development banks (MDBs) that are assigned a 0% risk weight under the Basel standardised approach for credit risk. The Korean NSFR regulation also applies a 5% RSF factor to marketable securities representing claims on or guaranteed by MDBs that receive a 0% risk weight in the Korean standardised approach for credit risk. The list of MDBs that are risk-weighted at

2 Although FAQ 22 was integrated into the NSFR standard during the consolidation of the Basel Framework in 2019 (Basel Framework (bis.org)), for consistency over time, all NSFR RCAPs are based on the version of the Basel standards listed in Annex 2. Thus, for the purpose of this RCAP, FAQ 22 is treated as an FAQ and not as part of the NSFR standard.

	0% in paragraph 34-B in [Appendix 3] of the DRSBB is the same as the list provided in the Basel standardised approach for credit risk. The Korean regulation, however, also permits MDBs that meet five criteria to be risk-weighted at 0%. This aspect of the Korean regulation creates two differences with the Basel standard: • First, the five criteria in the Korean regulation are similar to, but not the same as, the criteria that the Basel Committee uses to determine whether MDBs will qualify for the 0% risk weight. For example, the first criterion in the Basel standardised approach for credit risk is that the MDBs have "very high-quality long-term issuer ratings, ie a majority of an MDB's external ratings must be AAA", whereas the equivalent criterion in paragraph 34-B(1) of the Korean regulation only requires that "Debtor's credit ratings shall be AAA". • Second, the Basel standardised approach for credit risk states that the criteria need to be fulfilled "to the Committee's satisfaction" and that it is up to the Basel Committee "to evaluate eligibility on a case-by-case basis". By contrast, paragraph 34-B of the Korean regulation states that the risk weight may be set at 0% for exposures to MDBs that meet the eligibility criteria. This could imply that Korean authorities, or Korean banks, can decide on their own whether an MDB meets the criteria for receiving a 0% risk weight without any Basel Committee decision. The above differences could potentially result in Korean banks assigning a 0% risk weight to MDBs that are not included in the list of MDBs set out in the Basel standardised approach for credit risk. This, in turn, could result in the MDBs receiving an RSF factor of 5% under the NSFR, despite not being eligible under the Basel standard. However, the FSS confirmed that this issue has not arisen in practice, ie no MDBs that are not on the Basel list are being assigned a 0% risk weight (and therefore a 5% RSF factor). This is an observation and flagged as an item for follow-up for future RCAP assessments where the Korean standardised approach for credit risk is reviewed (see Annex 5). The reason for this issue being treated as an observation is that the difference originates from the standardised approach for credit risk in Korean regulation, rather than from the Korean NSFR regulation.

Annexes

Annex 1: RCAP Assessment Team and Review Team

Assessment Team Leader

Mr Derek Nesbitt	Bank of England Prudential Regulation Authority

Assessment Team members

Mr Bahrudin	Indonesia Financial Services Authority
Mr Joé Schumacher	Commission de Surveillance du Secteur Financier
Mr Jean-Philippe Svoronos	Financial Stability Institute
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Supporting members

Ms Ozgu Ozen	Bank of England Prudential Regulation Authority
Ms Yuka Kanai	Basel Committee Secretariat
Mr Carsten Folkertsma	Basel Committee Secretariat
Mr Olivier Prato (until 30 April 2024)	Basel Committee Secretariat
Mr Noel Reynolds (from 1 May 2024)	Basel Committee Secretariat

Review Team members

Mr Mohammed S Alghorayyeb	Saudi Central Bank
Mr Jurgen Janssens	National Bank of Belgium
Ms Emily Yang	Federal Reserve Bank of New York
Ms Joanne Marsden	Basel Committee Secretariat

Annex 2: List of Basel standards and implementing regulations issued by the Korean authorities

The following Basel standards were used as the basis of this RCAP assessment:[3]

- *Basel III: the Net Stable Funding Ratio*, October 2014
- *Basel III – The Net Stable Funding Ratio: frequently asked questions,* February 2017
- *Pillar 3 disclosure requirements – consolidated and enhanced framework*, March 2017
- *Implementation of Net Stable Funding Ratio and treatment of derivative liabilities*, October 2017
- *Treatment of extraordinary monetary policy operations in the Net Stable Funding Ratio,* June 2018

Table A.1 lists the regulations issued by the Korean authorities to implement the NSFR in Korea. Previous RCAP assessments of the Korean implementation of the Basel standards considered the binding nature of regulatory documents in Korea.[4] This RCAP Assessment Team did not repeat that assessment, but instead relied on the previous assessments' findings. Those assessments concluded that the types of instruments described in Table A.1 could be considered as binding on banks and supervisors for the purposes of an RCAP assessment.

Overview of relevant liquidity regulations in Korea — Table A.1

Domestic regulations	Type, version and date
Regulation on Supervision of Banking Business	Issued: 31 January 2018
Detailed Regulation on Supervision of Banking Business [Appendix 3-10] (NSFR)	Issued: 26 January 2018 Revised: 27 January 2022

Source: FSS.

[3] See Section 9 of Basel Committee on Banking Supervision, *Regulatory Consistency Assessment Programme (RCAP) - Handbook for Jurisdictional Assessments*, September 2022, www.bis.org/bcbs/publ/d540.pdf.

[4] See Section 1.2, Annex 2 and Annex 6 of Basel Committee on Banking Supervision, *Regulatory Consistency Assessment Programme (RCAP) Assessment of Basel III LCR regulations – Korea*, September 2016, www.bis.org/bcbs/publ/d379.pdf.

Annex 3: Key liquidity indicators of the Korean banking system

Overview of Korean banking sector liquidity as of end-2023 — Table A.2

Size of banking sector (KRW, millions)		
Total leverage ratio exposures of all banks operating in Korea (including off-balance sheet exposures)	4,251,602,581	
Total leverage ratio exposures of all locally incorporated internationally active banks	4,080,507,581	
Total leverage ratio exposures of locally incorporated banks to which liquidity standards under the Basel Framework are applied	4,073,366,692	
Number of banks		
Number of banks operating in Korea (excluding local representative offices)	20	
Number of G-SIBs	–	
Number of D-SIBs	5	
Number of banks which are internationally active	15	
Number of banks required to implement Basel III liquidity standards	15	
Number of banks required to implement domestic liquidity standards	19	
Breakdown of NSFR for eight RCAP sample banks (KRW, millions)	**Unweighted**	**Weighted**
Capital	212,614,853	212,614,853
Stable deposits from retail and small business customers	300,520,871	285,656,825
Less stable deposits from retail and small business customers	685,743,011	618,798,839
Unsecured funding from non-financial corporates	634,785,116	331,629,953
Unsecured funding from central banks, sovereigns, PSEs, MDBs and NDBs	314,943,151	177,242,084
Unsecured funding from financials (other legal entities)	628,005,117	202,460,342
Secured funding (all counterparties)	34,107,076	2,156,146
Other liabilities	181,422,810	8,895,371
Total available stable funding	2,992,142,005	1,839,454,413
Cash and central bank reserves	123,086,243	
Loans to financial institutions	102,511,151	30,761,651
Securities eligible as Level 1 HQLA	363,778,300	73,564,616
Securities eligible as Level 2A HQLA	36,578,083	7,529,080
Securities eligible as Level 2B HQLA	24,458,394	12,615,564
All residential mortgages	233,545,581	153,370,614
Loans, <1 year	1,102,728,775	551,281,213
Other loans, >1 year, risk weight<=35%	189,852,628	123,441,370
Loans, risk weight>35%	529,431,861	440,382,539
Derivatives	22,772,518	4,535,561
All other assets	270,987,280	166,062,378
Off-balance sheet	733,946,501	35,199,996
Total required stable funding	3,733,677,315	1,598,744,582
NSFR		114.1%

Source: FSS

Annex 4: Materiality assessment

The outcome of the RCAP assessment is based on the materiality of the findings described in section 2.2 and summarised in Table A.3. No findings were identified for the Korean NSFR regulation.

The sample of banks to be used for assessing materiality of any identified findings are listed in Table A.4.

Number of deviations by component — Table A.3

Component	Not material	Potentially material	Material
Scope, minimum requirement and application issues	0	0	0
Available stable funding (numerator)	0	0	0
Required stable funding (denominator)	0	0	0
NSFR disclosure requirements	0	0	o

RCAP sample banks — Table A.4

Banking group	Share of banks' assets in the total assets of the internationally active banks in the Korean banking system (in per cent)
Kookmin Bank	14.2
Shinhan Bank	13.8
KEB Hana Bank	13.7
Woori Bank	12.3
Industrial Bank of Korea	11.6
NongHyup Bank	11.0
Busan Bank	2.0
Daegu Bank	1.9

For this purpose, banking assets are based on the measure of total exposures used in the leverage ratio, which includes both on- and off-balance sheet exposures.

Source: FSS.

Annex 5: Issues for follow-up RCAP assessments

The Assessment Team identified the following issue for future RCAP assessments of Korea:

Basel paragraph 37 - Assets assigned a 5% RSF factor

The Basel NSFR standard applies a 5% RSF factor to marketable securities representing claims on or guaranteed by MDBs that are assigned a 0% risk weight under the Basel standardised approach to credit risk. As explained in Section 2.3.3, the Korean regulation could potentially permit the risk weight to be set to 0% for MDBs that are outside of the list of eligible MDBs specified in the Basel III standardised approach for credit risk.

The Assessment Team suggests following up on this observation to check whether the Korean implementation of the Basel III standardised approach for credit risk correctly reflects that the eligible MDBs are only those included in the list published by the Committee.

Annex 6: Elements of the NSFR subject to national discretion

Implementation of national discretions by the Korean authorities — Table A.5

Basel paragraph	Description	National implementation
25(a)	Treatment of deposits between banks within the same cooperative network	Not applicable.
31	Treatment of excess collateral in a covered bond collateral pool allowing for multiple issuance	Not applicable.
31, 36	Treatment of central bank operations	– Required stable funding (RSF) factor for required reserves: 0%. – The FSS allows reduced RSF factors to be applied to assets that are unencumbered in the case of exceptional central bank liquidity operations. Additionally, a lower RSF factor can apply to claims against the central bank acquired due to the central bank's exceptional liquidity absorption measures, while claims on central banks with a residual maturity of more than six months that arise from exceptional central bank liquidity-absorbing operations must be assigned a 5% or higher RSF factor. – The FSS allows that derivative transactions with central banks arising from short-term monetary policy or liquidity operations with a maturity of less than six months at the time of the initial contract may be excluded when calculating the NSFR.
43	RSF factor for derivative liabilities	The FSS assigns a 5% RSF factor for derivative liabilities.
45	Treatment of interdependent assets and liabilities	The FSS allows a 0% RSF or ASF factor to be applied to interdependent assets and liabilities if they meet the qualifying criteria. However, no such case has materialised to date.
47	RSF factors for other contingent funding obligations	The FSS specifies the RSF factors applying to other contingent funding obligations, including products and instruments such as unconditionally revocable credit and liquidity facilities; and trade finance-related obligations: – 3% for trade finance-related obligations; – 5% for guarantees and letters of credit that are not related to trade finance obligations; and – 10% for non-contractual obligations.
50	Scope of application of NSFR and scope of consolidation of entities within a banking group	All national and commercial banks (except the Export-Import Bank of Korea) on a consolidated basis.

Source: FSS.