



NET STABLE FUNDING RATIO (NSFR)-31.03.2023

Qualitative disclosure

NSFR = Amount of available stable funding (ASF) ÷ amount of required stable funding (RSF). NSFR indicates that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and promotes funding stability i.e. resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding, on an on-going basis.

ASF is defined as the portion of capital and liabilities, expected to be reliable over the time horizon considered by NSFR, which extends to one year. RSF is a function of the liquidity characteristics and residual maturity of various assets (including off-balance sheet exposures) held. RBI has mandated that minimum NSFR of 100% is to be maintained with effect from October 01, 2021.

NSFR standard is structured to:

- a) Ensure that investment banking inventories, off-balance sheet exposures, securitization pipelines and other assets and activities are funded with at-least a minimum amount of stable liabilities;
- b) Avoid over-reliance on wholesale funding during times of buoyant market liquidity;
- c) Counterbalance the cliff-effects of the liquidity coverage ratio approach;
- d) Offset incentives for institutions to fund their stock of liquid assets with short-term funds that mature just outside the supervisory defined horizon for LCR; and
- e) Require stable funding for all illiquid assets and securities held, including those held in HFT/AFS i.e. reckon illiquidity and not the assumed execution turnover period.

The following assumptions are used by RBI in the calibration of NSFR:

- Longer-term liabilities are assumed to be more stable than short-term liabilities;
- Short-term (maturing in less than one year) deposits provided by retail customers and funding provided by small business customers are behaviourally more stable than wholesale funding of the same maturity from other counterparties;
- For the sake of continuity and resilience of credit creation, stable funding for some proportion of lending to the real economy is required;
- Banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships;
- Short-dated assets (maturing in less than one year) require a smaller proportion of stable funding because these could be allowed to mature without rolling-over;
- Unencumbered, high-quality assets that can be securitized or traded or used as collateral to secure additional funding, do not need to be wholly financed with stable funding; and
- At least a small portion of the potential calls on liquidity arising from off-balance sheet commitments and contingent funding obligations need to be met by stable funding.

NSFR is measured on a quarterly basis and advanced techniques such as stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.

Quantitative disclosure

The following table sets out the details of NSFR of the Bank

(Rs. in Millions)

| NSFR Disclosure Template – 31.03.2023 | | | | | | |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------|----------------------|----------|----------------|
| | | Unweighted value by Residual Maturity | | | | Weighted Value |
| | | No Maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | |
| ASF Item | | | | | | |
| 1 | Capital: (2+3) | 84,232 | - | - | 4,870 | 89,102 |
| 2 | Regulatory capital | 84,232 | - | - | - | 84,232 |
| 3 | Other capital instruments | - | - | - | 4,870 | 4,870 |
| 4 | Retail deposits and deposits from small business customers: (5+6) | - | - | 442,253 | - | 408,972 |
| 5 | Stable deposits | - | - | 218,892 | - | 207,947 |
| 6 | Less stable deposits | - | - | 223,361 | - | 201,025 |
| 7 | Wholesale funding: (8+9) | 27,474 | 74,397 | 53,827 | 216,160 | 255,805 |
| 8 | Operational deposits | - | - | - | - | - |
| 9 | Other wholesale funding | 27,474 | 74,397 | 53,827 | 216,160 | 255,805 |
| 10 | Other liabilities: (11+12) | 23,255 | - | - | - | - |
| 11 | NSFR derivative liabilities | - | - | - | - | - |
| 12 | All other liabilities and equity not included in the above categories | 23,255 | - | - | - | - |
| 13 | Total ASF (1+4+7+10) | | | | | 753,879 |
| RSF Item | | | | | | |
| 14 | Total NSFR high-quality liquid assets (HQLA) | | | | | - |
| 15 | Deposits held at other financial institutions for operational purposes | - | - | - | - | - |
| 16 | Performing loans and securities: (17+18+19+21+23) | 350 | 125,397 | 86,021 | 447,526 | 485,364 |
| 17 | Performing loans to financial institutions secured by Level 1 HQLA | - | - | - | - | - |
| 18 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 1,559 | 679 | 34,024 | 34,597 |

| | | | | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------|--------|---------|----------------|
| 19 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | - | 118,487 | 74,469 | 341,936 | 384,003 |
| 20 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | 10,213 | 2,920 | 32,713 | 21,263 |
| 21 | Performing residential mortgages, of which: | - | 18 | 5,118 | 59,426 | 45,059 |
| 22 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | - | - | 50,506 | 39,395 |
| 23 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | 350 | 5,333 | 5,755 | 12,140 | 21,705 |
| 24 | Other assets: (sum of rows 25 to 29) | 256,973 | | - | - | 60,812 |
| 25 | Physical traded commodities, including gold | - | - | - | - | - |
| 26 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | 3,486 | - | - | - | 2,963 |
| 27 | NSFR derivative assets | 49 | - | - | - | 49 |
| 28 | NSFR derivative liabilities before deduction of variation margin posted | - | - | - | - | - |
| 29 | All other assets not included in the above categories | 253,438 | | - | - | 57,800 |
| 30 | Off-balance sheet items | 53,242 | - | - | - | 2,662 |
| 31 | Total RSF | - | - | - | - | 548,838 |
| 32 | Net Stable Funding Ratio (%) | | | | | 137.36% |