

Net Stable Funding ratio (NSFR)

RBI vide its draft circular dated May 28, 2015 has prescribed norms for introduction of Net Stable Funding Ratio (NSFR), for funding liquidity as prescribed by the Basel Committee for achieving two separate but complementary objectives. The LCR promotes short-term resilience of Banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The NSFR provides the resilience over longer term time horizon.

The final guidelines on "Net Stable Funding Ratio (NSFR) " under the Basel III Framework on Liquidity Standards was issued by RBI on May 17, 2018. However, due to the Covid-19 outbreak, RBI on various dates has extended the implementation of NSFR guidelines. As per RBI circular on 05.02.2021, the NSFR guidelines have been implemented from 01.10.2021.

The NSFR guidelines ensure reduction in funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. It promotes resilience over a longer-term time horizon by requiring Banks to fund their activities with more stable sources of funding on an ongoing basis. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. The Bank is maintaining NSFR of above 100%, which is the minimum requirement prescribed by RBI.

$$\text{Net Stable Funding Ratio} = \frac{\text{Available Stable funding (ASF)}}{\text{Required stable funding (RSF)}} \geq 100\%$$

The NSFR Disclosure for the quarter ended 31.12.2023 is given below,

| NSFR Disclosure for the Quarter ended 31.12.2023 | | | | | | |
|---|---|---|----------------------|-----------------------------|--------------|-----------------------|
| (₹ in Crore) | | Un - weighted value by residual maturity | | | | Weighted value |
| | | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| ASF Item | | | | | | |
| 1 | Capital: (2+3) | 7550.30 | 0.00 | 0.00 | 0.00 | 7550.30 |
| 2 | Regulatory capital | 7550.30 | - | - | - | 7550.30 |
| 3 | Other capital instruments | - | - | - | - | - |
| 4 | Retail deposits and deposits from small business customers: (5+6) | 12316.74 | 11926.57 | 12050.96 | 2829.04 | 33396.45 |
| 5 | Stable deposits | 7249.53 | 3002.73 | 4379.93 | 689.50 | 13900.58 |
| 6 | Less stable deposits | 5067.21 | 8923.84 | 7671.03 | 2139.54 | 19495.87 |
| 7 | Wholesale funding: (8+9) | 2720.74 | 1385.08 | 4173.15 | 314.30 | 4139.49 |
| 8 | Operational deposits | - | - | - | - | - |
| 9 | Other wholesale funding | 2720.74 | 1385.08 | 4173.15 | 314.30 | 4139.48 |
| 10 | Other liabilities: (11+12) | 9060.74 | 0 | 0 | 6162.78 | 6162.78 |

| | | | | | | |
|-----------------|---|--------------|-----------------|----------------|-----------------|-----------------|
| 11 | NSFR derivative liabilities | - | - | - | - | - |
| 12 | All other liabilities and equity not included in the above categories | 9060.74 | - | - | 6162.78 | 6162.78 |
| 13 | Total ASF (1+4+7+10) | | | | | 51249.01 |
| RSF Item | | | | | | |
| 14 | Total NSFR high-quality liquid assets (HQLA) | | | | | 609.37 |
| 15 | Deposits held at other financial institutions for operational purposes | - | - | - | - | - |
| | Performing loans and securities: (17+18+19+21+23) | 44.17 | 14870.27 | 13699.5 | 17727.27 | 15304.54 |
| 16 | Performing loans to financial institutions secured by Level 1 HQLA | - | - | - | - | - |
| 17 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | - | 578.69 | 46.64 | 893.05 | 110.12 |
| 18 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | 44.17 | 14160.00 | 13609.05 | 14852.98 | 13906.61 |
| 19 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 129.68 | 269.75 | 2743.14 | |
| 20 | Performing residential mortgages, of which: | | 131.58 | 43.81 | 1981.24 | 1287.81 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | - | 1.28 | 3.29 | 1284.07 | - |
| 22 | Securities that are not in default and do not qualify as HQLA, including exchange- traded equities | - | - | - | - | - |
| 23 | Other assets: (sum of rows 25 to 29) | 8966.90 | - | - | - | 19264.69 |
| 24 | Physical traded commodities, including gold | - | - | - | - | - |
| 25 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | 2576.69 | - | - | - | 2190.19 |
| 26 | NSFR derivative assets | 10.30 | - | - | - | 10.30 |
| 27 | NSFR derivative liabilities before deduction of variation margin posted | 13.98 | - | - | - | 0.70 |
| 28 | All other assets not included in the above categories | 6365.93 | - | - | 12946.42 | 17063.51 |
| 29 | Off-balance sheet items | 6609.18 | - | - | - | 318.45 |
| 30 | Total RSF | | | | | 35497.05 |
| 31 | Net Stable Funding Ratio (%) | - | - | - | - | 144.38% |