

# Consolidated Net Stable Funding Ratio (NSFR)

(₹ millions)

Particulars		Quarter ended September 30, 2022					Quarter ended June 30, 2022				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item											
1	Capital: (2+3)	2,635,154.0	-	-	4,000.0	2,639,154.0	2,582,567.0	-	-	4,000.0	2,586,567.0
2	Regulatory capital	2,635,154.0	-	-	-	2,635,154.0	2,582,567.0	-	-	-	2,582,567.0
3	Other capital instruments	-	-	-	4,000.0	4,000.0	-	-	-	4,000.0	4,000.0
4	Retail deposits and deposits from small business customers: (5+6)	5,755,029.9	5,314,391.4	-	-	10,140,611.2	5,588,759.8	4,955,003.0	-	-	9,658,101.7
5	Stable deposits	2,348,721.2	1,213,919.7	-	-	3,384,508.8	2,238,985.9	1,135,317.1	-	-	3,205,587.8
6	Less stable deposits	3,406,308.8	4,100,471.7	-	-	6,756,102.4	3,349,773.9	3,819,686.0	-	-	6,452,513.9
7	Wholesale funding: (8+9)	1,844,310.2	1,589,241.2	2,999,448.8	1,575,514.1	3,846,438.5	1,769,497.7	1,636,508.5	2,449,456.6	1,590,875.1	3,545,225.4
8	Operational deposits	626,312.7	-	-	-	313,156.4	643,103.6	-	-	-	321,551.8
9	Other wholesale funding	1,217,997.5	1,589,241.2	2,999,448.8	1,575,514.1	3,533,282.2	1,126,394.1	1,636,508.5	2,449,456.6	1,590,875.1	3,223,673.6
10	Other liabilities: (11+12)	1,051,092.7	58,510.4	15.6	64,709.5	-	948,251.6	55,151.3	1,015.8	64,953.3	-
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	1,051,092.7	58,510.4	15.6	64,709.5	-	948,251.6	55,151.3	1,015.8	64,953.3	-
13	Total ASF (1+4+7+10)					16,626,203.7					15,789,894.1

RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					295,447.5					291,681.0
15	Deposits held at other financial institutions for operational purposes	66,750.2	20,629.6	8,084.7	54.9	47,526.7	51,986.1	32,323.2	579.0	4.9	42,283.4
16	Performing loans and securities: (17+18+19+21+23)	26.4	248,371.7	4,473,766.5	10,384,832.2	11,170,469.9	26.4	181,003.6	4,419,484.7	9,557,595.6	10,427,979.7
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	-	248,371.7	203,057.6	163.5	143,500.5	-	181,003.6	198,188.7	163.5	127,992.6
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:	-	123,179.8	4,367,188.5	9,181,340.9	9,856,695.0	-	120,275.9	4,316,138.5	8,498,231.5	9,250,045.2
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	1,243,815.3	808,480.0	-	-	-	1,231,378.9	800,396.3
21	Performing residential mortgages, of which:	-	-	-	853,350.1	554,677.6	-	-	-	799,488.5	519,667.5
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	853,350.1	554,677.6	-	-	-	799,488.5	519,667.5
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	26.4	-	-	724,205.2	615,596.9	26.4	-	-	623,825.7	530,274.3
24	Other assets: (sum of rows 25 to 29)	1,416,611.8	30,816.1	2,221.3	488,600.9	1,926,996.2	1,015,632.6	27,565.5	1,573.2	589,072.7	1,621,506.1
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	75,025.9	-	-	-	63,772.1	82,252.6	-	-	-	69,914.7

27	NSFR derivative assets	40,745.2	-	-	-	40,745.2	27,335.7	-	-	-	27,335.7
28	NSFR derivative liabilities before deduction of variation margin posted	5,735.0	-	-	-	5,735.0	4,790.6	-	-	-	4,790.6
29	All other assets not included in the above categories	1,295,105.6	30,816.1	2,221.3	488,600.9	1,816,743.9	901,253.6	27,565.5	1,573.2	589,072.7	1,519,465.0
30	Off-balance sheet items	9,100,567.4	-	-	15,797.2	424,257.3	7,980,259.1	-	-	17,324.6	369,211.2
31	Total RSF (14+15+16+24+30)					<b>13,826,123.6</b>					<b>12,752,328.7</b>
32	Net Stable Funding Ratio (%)					<b>120.25%</b>					<b>123.82%</b>

The Net Stable Funding Ratio (NSFR) is a significant component of the Basel III reforms. In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards, viz., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives. The NSFR 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 Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board. NSFR is computed at consolidated level including subsidiaries (HDB Financial Services Limited and HDFC Securities Limited).

The guidelines for NSFR were effective from October 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. “Available stable funding” (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required (“Required stable funding”) (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.