

NET STABLE FUNDING RATIO

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.

The following table sets out the unweighted and weighted value of the NSFR components of the HDFC Bank Group as at March 31, 2023.

Consolidated Net Stable Funding Ratio (NSFR) as at March 31, 2023						
(₹ millions)						
Particulars		Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 Months	6 months to < 1yr	≥ 1yr	
1	Capital: (2+3)	32,09,668.0	-	-	4,000.0	32,13,668.0
2	Regulatory capital	32,09,668.0	-	-	-	32,09,668.0
3	Other capital instruments	-	-	-	4,000.0	4,000.0
4	Retail deposits and deposits from small business customers: (5+6)	62,98,156.3	64,61,708.5	-	-	1,16,76,816.2
5	Stable deposits	24,62,648.1	13,96,108.7	-	-	36,65,819.0
6	Less stable deposits	38,35,508.2	50,65,599.8	-	-	80,10,997.2
7	Wholesale funding: (8+9)	14,18,102.1	35,43,998.4	16,51,126.1	16,37,546.4	29,89,967.4
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	14,18,102.1	35,43,998.4	16,51,126.1	16,37,546.4	29,89,967.4
10	Other liabilities: (11+12)	9,79,863.0	64,311.4	11.3	53,487.6	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	9,79,863.0	64,311.4	11.3	53,487.6	-
13	Total ASF (1+4+7+10)					1,78,80,451.6
14	Total NSFR high-quality liquid assets (HQLA)					2,44,856.5
15	Deposits held at other financial institutions for operational purposes	1,52,324.2	16,499.7	16,605.8	109.9	92,545.1
16	Performing loans and securities:(17+18+19+21+23)	26.4	7,95,786.1	43,29,901.8	1,12,85,483.0	1,17,17,256.0
17	Performing loans to financial institutions secured by Level 1 HQLA	-	4,55,275.4	-	-	45,527.5
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,40,510.7	1,59,521.9	146.5	1,38,809.7

Classification - Internal

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:	-	1,35,331.4	42,76,855.9	1,05,11,876.4	1,06,94,143.6
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	25,62,246.1	16,65,460.0
21	Performing residential mortgages, of which:	-	-	-	9,46,565.1	6,15,267.3
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	9,46,565.1	6,15,267.3
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	26.4	-	-	2,62,924.0	2,23,507.9
24	Other assets: (sum of rows 25 to 29)	17,35,365.4	29,555.5	2,814.5	8,40,209.5	25,91,468.5
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,09,842.9	-	-	-	93,366.5
27	NSFR derivative assets	26,879.3	-	-	-	26,879.3
28	NSFR derivative liabilities before deduction of variation margin posted	3,242.5	-	-	-	3,242.5
29	All other assets not included in the above categories	15,95,400.7	29,555.5	2,814.5	8,40,209.5	24,67,980.2
30	Off-balance sheet items	79,05,031.9	-	-	12,896.8	3,63,199.2
31	Total RSF (14+15+16+24+30)					1,50,09,325.3
32	Net Stable Funding Ratio (%)					119.13%

The following table sets out the unweighted and weighted value of the NSFR components of the HDFC Bank Group as at December 31, 2022.

Consolidated Net Stable Funding Ratio (NSFR) as at December 31, 2022						
(₹ millions)						
Particulars		Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 Months	6 months to < 1yr	≥ 1yr	
1	Capital: (2+3)	2,848,757.4	-	-	4,000.0	2,852,757.4
2	Regulatory capital	2,848,757.4	-	-	-	2,848,757.4
3	Other capital instruments	-	-	-	4,000.0	4,000.0
4	Retail deposits and deposits from small business customers: (5+6)	5,895,181.9	5,293,601.4	-	-	10,770,082.0
5	Stable deposits	2,372,520.6	1,309,482.2	-	-	3,497,902.7
6	Less stable deposits	3,522,661.3	3,984,119.2	-	-	7,272,179.3
7	Wholesale funding: (8+9)	1,750,468.5	2,770,142.6	2,098,113.1	1,151,577.2	2,929,662.8
8	Operational deposits	567,091.9	-	-	-	283,545.9
9	Other wholesale funding	1,183,376.7	2,770,142.6	2,098,113.1	1,151,577.2	2,646,116.9
10	Other liabilities: (11+12)	1,078,641.0	61,275.9	15.9	51,176.0	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	1,078,641.0	61,275.9	15.9	51,176.0	-
13	Total ASF (1+4+7+10)					16,552,502.2
14	Total NSFR high-quality liquid assets (HQLA)					239,483.0
15	Deposits held at other financial institutions for operational purposes	143,203.7	7,744.3	19,350.5	2,504.9	86,178.1
16	Performing loans and securities:(17+18+19+21+23)	26.4	344,624.3	4,721,145.8	10,969,210.4	11,839,192.6
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	-	344,624.3	160,756.0	163.5	137,981.2

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:	-	127,222.7	4,660,590.7	9,582,784.8	10,367,406.1
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	1,155,856.1	751,306.5
21	Performing residential mortgages, of which:	-	-	-	902,965.8	586,927.8
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	902,965.8	586,927.8
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	26.4	-	-	878,653.0	746,877.5
24	Other assets: (sum of rows 25 to 29)	1,431,410.1	32,121.7	3,102.2	313,512.5	1,764,339.4
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	105,380.3	-	-	-	89,573.3
27	NSFR derivative assets	35,974.1	-	-	-	35,974.1
28	NSFR derivative liabilities before deduction of variation margin posted	4,080.7	-	-	-	4,080.7
29	All other assets not included in the above categories	1,285,974.9	32,121.7	3,102.2	313,512.5	1,634,711.3
30	Off-balance sheet items	9,022,432.2	-	-	8,749.1	419,350.5
31	Total RSF (14+15+16+24+30)					14,310,035.9
32	Net Stable Funding Ratio (%)					115.67%

The following table sets out the unweighted and weighted value of the NSFR components of the HDFC Bank Group as at September 30, 2022.

Consolidated Net Stable Funding Ratio (NSFR) as at September 30, 2022						
(₹ millions)						
Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
1	Capital: (2+3)	2,635,154.0	-	-	4,000.0	2,639,154.0
2	Regulatory capital	2,635,154.0	-	-	-	2,635,154.0
3	Other capital instruments	-	-	-	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	Stable deposits	2,348,721.2	1,213,919.7	-	-	3,384,508.8
6	Less stable deposits	3,406,308.8	4,100,471.7	-	-	6,756,102.4
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
8	Operational deposits	626,312.7	-	-	-	313,156.4
9	Other wholesale funding	1,217,997.5	1,589,241.2	2,999,448.8	1,575,514.1	3,533,282.2
10	Other liabilities: (11+12)	1,051,092.7	58,510.4	15.6	64,709.5	-
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	-
13	Total ASF (1+4+7+10)					16,626,203.7
14	Total NSFR high-quality liquid assets (HQLA)					295,447.5
15	Deposits held at other financial institutions for operational purposes	66,750.2	20,629.6	8,084.7	54.9	47,526.7
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
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loan 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

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
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
21	Performing residential mortgages, of which:	-	-	-	853,350.1	554,677.6
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
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
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
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
27	NSFR derivative assets	40,745.2	-	-	-	40,745.2
28	NSFR derivative liabilities before deduction of variation margin posted	5,735.0	-	-	-	5,735.0
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
30	Off-balance sheet items	9,100,567.4	-	-	15,797.2	424,257.3
31	Total RSF (14+15+16+24+30)					13,826,123.6
32	Net Stable Funding Ratio (%)					120.25%

The following table sets out the unweighted and weighted value of the NSFR components of the HDFC Bank Group as at June 30, 2022.

Consolidated Net Stable Funding Ratio (NSFR) as at June 30, 2022						
(₹ millions)						
Particulars		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
1	Capital: (2+3)	2,582,567.0	-	-	4,000.0	2,586,567.0
2	Regulatory capital	2,582,567.0	-	-	-	2,582,567.0
3	Other capital instruments	-	-	-	4,000.0	4,000.0
4	Retail deposits and deposits from small business customers: (5+6)	5,588,759.8	4,955,003.0	-	-	9,658,101.7
5	Stable deposits	2,238,985.9	1,135,317.1	-	-	3,205,587.8
6	Less stable deposits	3,349,773.9	3,819,686.0	-	-	6,452,513.9
7	Wholesale funding: (8+9)	1,769,497.7	1,636,508.5	2,449,456.6	1,590,875.1	3,545,225.4
8	Operational deposits	643,103.6	-	-	-	321,551.8
9	Other wholesale funding	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)	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	948,251.6	55,151.3	1,015.8	64,953.3	-
13	Total ASF (1+4+7+10)					15,789,894.1
14	Total NSFR high-quality liquid assets (HQLA)					291,681.0
15	Deposits held at other financial institutions for operational purposes	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	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	-	181,003.6	198,188.7	163.5	127,992.6

Classification - Internal

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:	-	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	-	-	-	1,231,378.9	800,396.3
21	Performing residential mortgages, of which:	-	-	-	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	-	-	-	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	-	-	623,825.7	530,274.3
24	Other assets: (sum of rows 25 to 29)	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	82,252.6	-	-	-	69,914.7
27	NSFR derivative assets	27,335.7	-	-	-	27,335.7
28	NSFR derivative liabilities before deduction of variation margin posted	4,790.6	-	-	-	4,790.6
29	All other assets not included in the above categories	901,253.6	27,565.5	1,573.2	589,072.7	1,519,465.0
30	Off-balance sheet items	7,980,259.1	-	-	17,324.6	369,211.2
31	Total RSF (14+15+16+24+30)					12,752,328.7
32	Net Stable Funding Ratio (%)					123.82%