Net Stable Funding Ratio

As on Mar 31, 2025

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.

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.

Equitas Small Finance Bank Limited (ESFBL) during the quarter ended 31st Mar 2025, maintained ASF of ₹36,559 crore and RSF of ₹30,203 crore. The Bank’s NSFR as on 31st Mar 2025 was at 121.05% as against RBI minimum requirement of 100%.

The table below sets out the NSFR of ESFBL for quarter ended Mar 31, 2025.

(Rs. in Crores)

	Available Stable Funding (ASF) Item	Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 Year	
1	**Capital: (2+3)**	6,653	-	-	-	6,653
2	Regulatory capital	6,653	-	-	-	6,653
3	Other capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers: (5+6)**	9,296	6,231	10,268	65	23,542
5	Stable Deposits	1,692	1,544	1,994	-	4,968
6	Less stable deposits	7,604	4,687	8,274	65	18,574
7	**Wholesale funding: (8+9)**	885	856	8,544	1,222	6,364
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	885	856	8,544	1,222	6,364
10	**Other Liabilities (11+12)**	9,234	-	-	-	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	9,234	434	-	-	-
13	**Total ASF (1+4+7+10)**					36,559
	Required Stable Funding (RSF) Item					
14	Total NSFR high-quality liquid assets (HQLA)					457
15	Deposits held at other financial institutions for operational purposes	12	16	24	31	41
16	**Performing loans and securities: (17+18+19+21+23)**	**-**	**4,912**	**4,187**	**24,967**	**25,086**
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	-	720	143	199	379
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:	-	4,192	3,824	-	4,008
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	22,068	18,758
21	Performing residential mortgages, of which:	-	-	-	2,700	1,755

22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	220	-	187
24	**Other assets: (sum of rows 25 to 29)**	**4,353**	**499**	**0.3**	**7**	**4,596**
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	95	-	-	-	81
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,258	499	0.3	7	4,515
30	Off-balance sheet items	-	440	4	9	22
31	**Total RSF (14+15+16+24+30)**	**4,365**	**5,867**	**4,215**	**25,014**	**30,203**
32	**Net Stable Funding Ratio (%)**					121.05%