

Net Stable Funding Ratio

As on June 30, 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 30th June 2025, maintained ASF of ₹36,326 crore and RSF of ₹31,034 crore. The Bank’s NSFR as on 30th June 2025 was at 117.05% as against RBI minimum requirement of 100%.

The table below sets out the NSFR of ESFBL for quarter ended June 30, 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)	6,576	-	-	-	6,576
2	Regulatory capital	6,576	-	-	-	6,576
3	Other capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	9,261	7,401	9,802	27	24,098
5	Stable Deposits	1,513	1,789	1,776	-	4,824
6	Less stable deposits	7,748	5,612	8,026	27	19,274
7	Wholesale funding: (8+9)	1,025	1,008	6,566	1,352	5,652
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	1,025	1,008	6,566	1,352	5,652
10	Other Liabilities (11+12)	12,680	-	-	-	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	12,680	712	-	-	-
13	Total ASF (1+4+7+10)					36,326
Required Stable Funding (RSF) Item						
14	Total NSFR high-quality liquid assets (HQLA)					510
15	Deposits held at other financial institutions for operational purposes	558	250	69	2	440
16	Performing loans and securities: (17+18+19+21+23)	102	4,325	4,411	25,132	25,046
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	102	337	693	240	652
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:	-	3,933	3,621	21,818	22,306
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	9	8	83	62
21	Performing residential mortgages, of which:	-	55	57	3,074	2,054

22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	51	53	2,725	1,823
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	40	-	34
24	Other assets: (sum of rows 25 to 29)	4,804	434	2	7	5,014
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	97	-	-	-	83
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,707	434	2	7	4,931
30	Off-balance sheet items	-	489	1	11	24
31	Total RSF (14+15+16+24+30)	5,464	5,498	4,483	25,152	31,034
32	Net Stable Funding Ratio (%)					117.05%