

IndusInd Bank

BASEL III DISCLOSURE – NET STABLE FUNDING RATIO : As on Mar 31, 2023

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. NSFR standard require banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress, thereby ensures reduction in funding risk over a longer time horizon. For both funding and assets, long term is mainly defined as more than one year, with lower requirements applying to anything between six months and a year to avoid the cliff-edge effect. Banks must maintain a ratio of 100% to meet the standards.

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.

$$\text{NSFR} = \frac{\text{Available Stable Funding (ASF)}}{\text{Required Stable Funding (RSF)}} \geq 100\%$$

The Bank has maintained NSFR well above the minimum regulatory requirements during the FY 2022-23. NSFR maintained by the Bank as on March 31, 2023 was at 128.03% against 130.45% as on Mar 31, 2022.

The Available Stable Funding (ASF) is primarily driven by the total regulatory capital as per Basle III Capital Adequacy guidelines stipulated by RBI and deposits from retail customers, small business customers and non-financial corporate customers. Under the Required Stable Funding (RSF), the primary drivers are unencumbered performing loans with residual maturities of one year or more, excluding loans to financial institutions.

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 / regulator.

(Rs.in Crore)		As on December 31, 2022					As on March 31, 2023				
		Unweighted value by residual maturity				Weighted Value	Unweighted value by residual maturity				Weighted Value
		No Maturity	<6 Months	6 Months to < 1 year	>= 1 Year		No Maturity	<6 Months	6 Months to < 1 year	>= 1 Year	
ASF Item											
1	Capital: (2+3)	55,355	-	-	2,800	58,155	57,455	-	-	2,800	60,255
2	Regulatory capital	53,200	-	-	-	53,200	55,224	-	-	-	55,224
3	Other capital instruments	2,156	-	-	2,800	4,956	2,231	-	-	2,800	5,031
4	Retail deposits and deposits from small business customers: (5+6)	51,101	86,629	63	175	1,24,573	51,665	91,054	143	159	1,29,133
5	Stable deposits*	7,682	-	-	-	7,298	7,962	-	-	-	7,564
6	Less stable deposits	43,420	86,629	63	175	1,17,275	43,702	91,054	143	159	1,21,569
7	Wholesale funding: (8+9)	85,484	89,482	26,987	28,557	1,01,719	83,381	94,739	29,334	31,133	1,08,640
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	85,484	89,482	26,987	28,557	1,01,719	83,381	94,739	29,334	31,133	1,08,640
10	Other liabilities: (11+12)	-	13,830	2,330	3,135	4,270	-	14,379	99	3,256	3,305
11	NSFR derivative liabilities		61	57	-						
12	All other liabilities and equity not included in the above categories	-	13,768	2,273	3,135	4,270		14,379	99	3,256	3,305
13	Total ASF (1+4+7+10)					2,88,717					3,01,333
14	Total NSFR high-quality liquid assets (HQLA)					3,569					3,762

15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	37,208	81,026	38,409	1,29,228	1,93,951	34,007	90,219	47,427	1,37,730	2,05,004
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-		3,494			349
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	3,805	15,636	4,211	11,644	16,974	4,396	13,644	5,299	12,650	19,246
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:	33,403	64,913	34,196	1,14,452	1,74,459	29,612	69,159	42,123	1,22,914	1,83,090
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for creditRisk	-	-	15,112	12,230	-	-	-	15,772	17,419	-
21	Performing residential mortgages, of which:	-	-	-	1,728	1,123	-	-	-	997	648
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for creditRisk	-	-	1	1,728	-	-	-	-	997	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	477	2	1,404	1,394	-	3,921	4	1,169	1,670
24	Other assets: (sum of rows 25 to 29)	-	22,831	2,687	4,882	20,402	-	22,704	324	4,348	18,087
25	Physical traded commodities, including gold	-				-					
26	Assets posted as initial margin for derivative contracts and		-	-	-	-					

	contributions to default funds of CCPs										
27	NSFR derivative assets		-	-	571	453		90	56	123	269
28	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-					
29	All other assets not included in the above categories	-	22,831	2,687	4,311	19,949		22,614	268	4,225	17,818
30	Off-balance sheet items			2,00,565		8,431			2,01,056		8,505
31	Total RSF (14+15+16+24+30)					2,26,354					2,35,358
32	Net Stable Funding Ratio (%)					127.55%					128.03%

		As on June 30, 2022					As on Sep 30, 2022				
(Rs.in Crore)		Unweighted value by residual maturity				Weighted Value	Unweighted value by residual maturity				Weighted Value
		No Maturity	<6 Months	6 Months to < 1 year	>= 1 Year		No Maturity	<6 Months	6 Months to < 1 year	>= 1 Year	
ASF Item											
1	Capital: (2+3)	52,248	-	-	2,800	55,048	53,378	-	-	2,800	56,178
2	Regulatory capital	50,221	-	-	-	50,221	51,291	-	-	-	51,291
3	Other capital instruments	2,026	-	-	2,800	4,826	2,087	-	-	2,800	4,887
4	Retail deposits and deposits from small business customers: (5+6)	48,678	75,346	28	48	1,12,059	48,567	81,304	53	65	1,17,369
5	Stable deposits*	7,285	-	-	-	6,921	7,432	-	-	-	7,060
6	Less stable deposits	41,392	75,346	28	48	1,05,138	41,135	81,304	53	65	1,10,308
7	Wholesale funding: (8+9)	82,189	92,331	12,111	29,868	98,913	85,347	91,228	18,772	27,210	97,379

8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	82,189	92,331	12,111	29,868	98,913	85,347	91,228	18,772	27,210	97,379
10	Other liabilities: (11+12)	-	14,058	140	2,356	2,206	-	17,070	17	3,001	2,828
11	NSFR derivative liabilities		514	10	215			303	-	180	
12	All other liabilities and equity not included in the above categories	-	13,544	130	2,441	2,206	-	16,767	17	2,822	2,828
13	Total ASF (1+4+7+10)					2,68,226					2,73,754
14	Total NSFR high-quality liquid assets (HQLA)					3,340					3,529
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	-	-	-	-
16	Performing loans and securities: (17+18+19+21+23)	27,452	73,610	36,916	1,22,860	1,77,432	30,793	82,665	37,886	1,24,428	1,83,143
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	3,777	16,028	2,764	12,331	17,089	5,330	18,788	1,684	11,991	17,080
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:	23,675	57,388	33,667	1,07,126	1,57,502	25,463	63,816	34,483	1,10,044	1,64,017
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for creditRisk	-	-	6,586	8,175	-	-	-	10,371	10,969	-

21	Performing residential mortgages, of which:	-	-	2	1,667	1,088	-	-	-	1,676	1,090
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for creditRisk	-	-	2	1,667	-	-	-	-	1,676	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	195	484	1,736	1,758	-	62	1,719	717	1,486
24	Other assets: (sum of rows 25 to 29)	-	18,522	256	4,352	15,177	-	25,007	320	4,486	19,451
25	Physical traded commodities, including gold	-									
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-		-	-	-	-
27	NSFR derivative assets		-	-	-	37		-	78	-	20
28	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-		-	-	-	-
29	All other assets not included in the above categories		18,522	256	4,352	15,140		25,007	320	4,486	19,430
30	Off-balance sheet items			1,92,198		7,929			1,86,184		7,676
31	Total RSF (14+15+16+24+30)					2,03,878					2,14,328
32	Net Stable Funding Ratio (%)					131.56%					127.73%

* Currently, Stable Deposits under retail and small business customers include only transactional (CASA) accounts where salaries/pensions are credited & having multiple relationships with Bank. Stable Deposits shall increase to around Rs. 24,841 Crs (as on Mar. 31, 2023), considering entire transactional deposit & other deposits having multiple relationships with the Bank.