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बैंक तथा वित्तीय संस्था नियमन विभाग

पत्र संख्या : बै.वि.नि.वि./नीति/सूचना/१२/०८१/८२

मिति: २०८१/१२/०१

सम्पूर्ण सरोकारवाला व्यक्ति तथा निकायहरु,

विषयः राय/सुझाव उपलब्ध गराउने सम्बन्धमा।

Basel III Liquidity Framework अन्तर्गतको Liquidity Coverage Ratio तथा Net Stable Funding Ratio सम्बन्धमा तयार गरिएको **"Basel III Framework on liquidity Standards"** को मस्यौदा यस बैंकको वेबसाइट www.nrb.org.np/category/notices/ मा राखिएको व्यहोरा अनुरोध छ।

संलग्न मस्यौदामा तहाँको राय/सुझाव २०८१ चैत मसान्तसम्म यस बैंकमा लिखित रुपमा अथवा इमेल मार्फत् **nrbbfirdppd@nrb.org.np** मा उपलब्ध गराई दिनहुन अनुरोध छ।

भवदीय,

कार्यकारी निर्देशक

BASEL III Framework
On
Liquidity Standards

Nepal Rastra Bank

Banks & Financial Institutions Regulation Department

2025

Basel III Framework on Liquidity Standards

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

1. Introduction

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) introduced a series of proposed reforms aimed at reinforcing global capital and liquidity regulations. These reforms are intended to foster a more resilient banking sector. With respect to liquidity, the Basel III rules text titled – *"Basel III: International framework for liquidity risk measurement, standards and monitoring"* was published in December 2010, which outlined the specifics of global regulatory standards for liquidity. The Basel Committee established two minimum standards for funding liquidity, viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), for achieving two separate but complementary objectives.

In January 2013, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS) endorsed the Basel III Liquidity Rule on LCR as the global minimum standard for liquidity risk. Further, the 'Liquidity Coverage Ratio Disclosure Standards' have been published by the BCBS in January 2014. At the time of issuing the December 2010 document, the Basel Committee had put in place a rigorous process to review the standard and its implications for financial markets, credit extension and economic growth and agreed to review the development of the NSFR over an observation period. These guidelines are based on the final rules text on NSFR published by the BCBS in October 2014 and take into account the Nepalese conditions.

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by requiring banks to fund their activities with more stable sources of funding on an ongoing basis.

BCBS recommendations on liquidity requirement are important guiding frameworks for the banking industry all over the world and Nepal is no exception. Realizing the significance of liquidity management in the banks and the banking system, at large, Nepal Rastra Bank (NRB) has developed and enforced Basel III Framework on Liquidity Standards based on international practices with an appropriate level of customization based on domestic state of market developments. Nepal has started phase wise implementation of BASEL III standards from 2015 A.D., and for the smooth migration to BASEL III, transitional arrangements related to Liquidity standards was introduced by NRB with target to migrate to Pillar I by mid July 2025.

2. Objective

2.1 The **LCR** standard aims:

- To ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day under a significantly severe liquidity stress scenario specified in this framework.

- To enable the bank to survive until day 30, at minimum, of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.
- To improve the banking sector's ability to absorb shocks arising from financial and economic stress, regardless of the source, thereby reducing the risk of contagion from the financial sector to the real economy.

2.2 The **NSFR** standard aims:

- To reduce funding risk over a longer time horizon by requiring BFIs to fund their activities with sufficiently stable sources of funding.
- To limit overreliance on short-term wholesale funding, encourage better assessment of funding risk across all on- and off-balance sheet items, and promote funding stability.
- To reduce the probability of erosion of a bank's liquidity position due to disruptions in a bank's regular sources of funding that would increase the risk of its failure and potentially lead to broader systemic stress.

3. Scope

Initially, this Liquidity framework shall be applicable uniformly to "A[1]" Class financial institutions and Infrastructure Development Bank licensed to conduct banking business in Nepal under the Bank and Financial Institution Act, 2073 on a stand-alone basis as well as on a consolidated basis, where the bank is member of a consolidated banking group. For this purpose, consolidated bank means a group of financial entities, parent or holding company of which a bank is a subsidiary.

4. Transitional Arrangement and Implementation Approach

The LCR and NSFR requirement would be binding on banks from Mid-July, 2025. With a view to provide a transition time for BFIs, they should start monitoring the ratios and report under this guideline from the month ending mid Jan 2025.

In case of LCR, minimum level of 100% shall be reached by the banks in next 3 years, as per the time-line given below:

Particulars	Mid July 2025	Mid July 2026	Mid July 2027
Minimum LCR	70%	85%	100%

With effect from Mid july, 2027, i.e. after the phase-in arrangements are complete, the LCR should be minimum 100% (i.e. the stock of HQLA should at least equal total net cash outflows) on an

[1] "A" class financial institutions refers to "Commercial Banks"

ongoing basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress. During a period of financial stress, however, banks may use their stock of HQLA, and thereby falling below 100%. Banks should immediately report to Bank Supervision Dept. of NRB regarding such use of stock of HQLA along with reasons for such usage and corrective steps initiated to rectify the situation.

Banks should, however, strive to achieve a higher ratio than the minimum prescribed above as an effort towards better liquidity risk management.

5. Liquidity Coverage Ratio (LCR)

5.1 Computation of LCR

The LCR has two components:

(a) Stock of high quality liquid assets (HQLAs); and

(b) Total net cash outflows over the next 30 calendar days

The computation of LCR shall be based on the following formula:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

LCR should be minimum 100% (i.e. the stock of HQLA should at least equal total net cash outflows) on an ongoing basis because the stock of unencumbered HQLA is intended to serve as a defense against the potential onset of liquidity stress.

5.2 Stress scenario under LCR

The stress scenario specified by the BCBS for LCR incorporates many of the shocks experienced during the crisis that started in 2007 into one significant stress scenario for which a bank would need sufficient liquidity on hand to survive for up to 30 calendar days. The scenario, thus, entails a combined idiosyncratic and market-wide shock that would result in:

a) The run-off of a proportion of individual deposits;

b) A partial loss of institutional deposit;

c) A partial loss of secured, short-term financing with certain collateral and counterparties;

d) Additional contractual outflows that would arise from a downgrade in the bank's public credit rating by up to three notches, including collateral posting requirements;

e) Increases in market volatilities that impact the quality of collateral or potential future exposure of derivative positions and thus require larger collateral haircuts or additional collateral, or lead to other liquidity needs;

f) Unscheduled draws on committed but unused credit and liquidity facilities that the bank has provided to its clients; and

g) The potential need for the bank to buy back debt or honour non-contractual obligations in the interest of mitigating reputational risk.

5.3 High quality liquid assets (HQLAs)

5.3.1 Definition of High quality liquid assets (HQLAs)

HQLA are assets that satisfy all the following conditions:

a) can be easily and immediately converted into cash at little or no loss of value,

b) can be readily sold or used as collateral to obtain funds in a range of stress scenarios, and

c) are unencumbered, i.e., without legal, regulatory or operational impediments.

5.3.2 Characteristics of HQLA

In determining HQLA, banks shall consider the fundamental characteristics and market related characteristics of such assets.

a) Fundamental Characteristics

i. Low risk: assets that are less risky tend to have higher liquidity. High credit standing of the issuer and a low degree of subordination increase an asset's liquidity. Low duration, low legal risk, low inflation risk and denomination in a convertible currency with low foreign exchange risk all enhance an asset's liquidity.

ii. Ease and certainty of valuation: an asset's liquidity increases if market participants are more likely to agree on its valuation. Assets with more standardized, homogenous and simple structures tend to be more fungible, promoting liquidity. The pricing formula of a high-quality liquid asset must be easy to calculate and not depend on strong assumptions. The inputs into the pricing formula must also be publicly available. In practice, this should rule out the inclusion of most structured or exotic products.

iii. Low correlation with risky assets: the stock of HQLA should not be subject to wrong-way (highly correlated) risk. For example, assets issued by financial institutions are more likely to be illiquid in times of liquidity stress in the banking sector.

iv. Listed on a developed and recognized exchange: being listed increases an asset's transparency

b) Market-related characteristics

i. Active and sizable market: the asset should have active outright sale or repo markets at all times. This means that:

(a) There should be historical evidence of market breadth and market depth. This could be demonstrated by low bid-ask spreads, high trading volumes, and a large and diverse number of market participants. Diversity of market participants reduces market concentration and increases the reliability of the liquidity in the market.

(b) There should be robust market infrastructure in place. The presence of multiple committed market makers increases liquidity as quotes will most likely be available for buying or selling HQLA.

ii. Low volatility: Assets whose prices remain relatively stable and are less prone to sharp price declines over time will have a lower probability of triggering forced sales to meet liquidity requirements. Volatility of traded prices and spreads over benchmarks are simple proxy measures of market volatility. There should be historical evidence of relative stability of market terms (e.g. prices and haircuts) and volumes during stressed periods.

iii. Flight to quality: Historically, the market has shown tendencies to move into these types of assets in a systemic crisis.

5.3.3 Operational requirements

All assets in the stock of liquid assets must be managed as part of that pool by the bank and shall be subject to the following operational requirements:

- must be available at all times to be converted into cash,
- should be unencumbered,
- should not be co-mingled / used as hedges on trading position; designated as collateral or credit enhancement in structured transactions; designated to cover operational costs,
- should be managed with sole intent for use as a source of contingent funds,
- should be under the control of specific function/s charged with managing liquidity risk of the bank, e.g. ALCO.

Banks should periodically monetize a proportion of assets through repo or outright sale to test the salability of these assets and to minimize the risk of negative signaling during period of stress. Banks are also expected to maintain liquid assets consistent with distribution of their liquidity needs by currency.

If an eligible liquid asset becomes ineligible (e.g. due to downgrade), banks will be allowed to keep the asset in their stock of liquid assets for an additional 30 calendar days in order to have sufficient time to adjust the stock / replace the asset.

5.3.4 Categories of HQLA

HQLA are categorized into two broad categories viz. Level 1 and Level 2 assets. Level 2 assets are sub-divided into Level 2A and Level 2B assets on the basis of their price-volatility. Assets to be included in each category are those that the bank is holding on the first day of the stress period.

A. Level 1 assets

Level 1 assets comprise of the following and these assets can be included in the stock of liquid assets without any limit as also without applying any haircut:

i. Cash in hand

ii. Balance with NRB in excess of required CRR, investment in Deposit collection with NRB including Standing Deposit Facility,

iii. Investment in Nepalese Government Securities,

iv. Investment in securities issued by NRB including reverse repo.

v. Marketable debt securities issued or guaranteed by Foreign Government, Foreign Central Bank, BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) satisfying all the following conditions:

(a) Assigned a 0% risk weight under Capital Adequacy Framework 2015;

(b) Traded in large, deep and active repo or cash markets characterized by a low level of concentration; and

(c) Proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions.

Note : Securities pledged for repo should be included and securities received for reverse repo should be excluded .

B. Level 2 assets

Level 2 assets comprises Level 2A assets and Level 2B assets up to a maximum of 40% of total HQLA.

a) Level 2A Assets

A minimum 15% haircut should be applied to the current market value of each Level 2A asset held in the stock. Level 2A assets are limited to the following:

i. Marketable debt securities representing claims on or claims guaranteed by sovereigns or multilateral development banks that are assigned a 20% risk weight under Capital Adequacy Framework 2015 and provided that they are not issued by a bank/financial institution or any of its affiliated entities.

ii. Corporate bonds/debentures, not issued by a bank/financial institution or any of its affiliated entities, which have been rated AAA by a Credit Rating Agency.

b) Level 2B Assets

A minimum 50% haircut should be applied to the current market value of each Level 2B asset held in the stock. Further, Level 2B assets should comprise no more than 15% of the total stock of HQLA. They must also be included within the overall Level 2 assets. Level 2B assets are limited to the following:

i. Marketable debt securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50% as per Capital Adequacy Framework 2015.

ii. Corporate bonds/debentures, not issued by a bank/financial institution or any of its affiliated entities, which have been rated A- or above by a Credit Rating Agency.

iii. Common Equity Shares which satisfy all of the following conditions:

a) not issued by a bank/financial institution or any of its affiliated entities;

b) listed in NEPSE

c) Readily available for sale i.e. having no restriction for sale (e.g. Minimum lock-in period etc.) under prevailing law and regulations.

Assets to be included in Stock of HQLA with the applicable factors and limitations are summarized below.

Stock of HQLA	
Item	**Factor**
Level 1 assets (A)	100%
Level 2 assets (maximum of 40% of HQLA) (B=C+D)	
Level 2A assets (C)	85%
Level 2B assets (maximum of 15% of HQLA) (D)	50%
Total value of stock of HQLA (E=A+B)	

5.4 Total net cash outflows

The total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Total net cash outflows over the next 30 days = Outflows - Min (inflows; 75% of outflows).

The various items of assets (inflow) and liabilities (outflow) along with their respective run-off rates and the inflow rates are specified in Appendix I of this Framework.

Banks will not be permitted to double count items, i.e. if an asset is included as part of the "stock of HQLA" (i.e. the numerator), the associated cash inflows cannot also be counted as cash inflows (i.e. part of the denominator). Where there is potential that an item could be counted in multiple outflow categories, (e.g. committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank only has to assume up to the maximum contractual outflow for that product.

5.5 Calculation of LCR

As stated in the definition of LCR, it is a ratio of two factors, viz, the Stock of HQLA and the Net Cash Outflows over the next 30 calendar days.

The formula for the calculation of the stock of HQLA is as follows:

Stock of HQLA = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap

Where:

Adjustment for 15% cap = Max [{Level 2B – 15/85*(Adjusted Level 1 + Adjusted Level 2A)}, {Level 2B - 15/60*Adjusted Level 1}, 0]

Adjustment for 40% cap = Max {(Adjusted Level 2A + Level 2B – Adjustment for 15% cap - 2/3*Adjusted Level 1 assets), 0}

Calculation of the stock of HQLA requires computations of adjusted Level 1 and Level 2 assets. Level 2 assets cannot exceed 40% of the overall stock of liquid assets after haircuts have been applied and Level 2B assets cannot exceed 15% of the total stock of HQLA after haircuts have been applied. However, there may be instances when assets classified under a lower level may get temporarily converted into an asset classified under a higher level or vice-versa (e.g. borrowing/lending cash, a Level 1 asset, by repo/reverse repo of Corporate Bonds, a Level 2A asset). Therefore, the calculation of 40% cap on Level 2 assets and 15% cap on Level 2B assets should take into account the impact of such secured funding transactions on the stock of HQLA to be categorized under a particular Level. In order to ensure this while calculating the eligible amounts of HQLAs under Level 1 and Level 2, any repo / reverse repo transactions undertaken in repo-eligible Level 2 assets up to and including 30 days needs to be reversed i.e., adjusted. The required adjustments are shown below:

Adjusted Level 1 assets are, therefore, arrived at by adding back the amount of cash lent (reverse repo) and by subtracting the amount of cash borrowed (repo).

S.No.	**Particulars**	**Amount**	**Factor**	**Adjusted Amount (Amount*Factor)**
1	Total Level 1 Asset		100%	
2	Adjustments required:			
	(i) Add: Amount lent under a reverse repo transaction with Level 1 assets placed as collateral		100%	
	(ii) Deduct: Amount borrowed under a repo, SLF and OLF transaction with Level 1 assets placed as collateral		100%	
3	Total Adjusted Level 1 Assets {1 + 2 (i) - 2 (ii)}			

Similarly, following adjustments are required in Level 2A assets also:

S.No.	**Particulars**	**Amount**	**Factor**	**Adjusted Amount (Amount*Factor)**
1	Total Level 2A Asset		85%	
2	Adjustments required:			

	(i) Add Amount lent under a reverse repo transaction undertaken for up to 30 days with Level 2A assets placed as collateral.		85%	
	(ii) Deduct: Amount borrowed under a repo transaction undertaken for up to 30 days with Level 2A assets placed as collateral		85%	
3	Total Adjusted Level 2A Assets {1 + 2 (i) - 2 (ii)}			

As no repoable securities like corporate bonds are included under Level 2B assets, the adjusted Level 2B assets would be same as unadjusted Level 2B assets.

5.6 LCR reporting requirements

BFIs are required to submit following reports to Bank Supervision Department starting from the month/quarter ending Mid Jan, 2025.

S.No.	Name of the LCR report	Frequency of submission	Deadline for submission of Report
1	Statement on Liquidity Coverage Ratio (LCR)- APPENDIX I	Monthly	within 15 days
2	Statement on Liquidity Coverage Ratio by Significant Currency - APPENDIX II	Monthly	within 15 days

5.7 LCR Disclosure Standards

Banks are required to disclose information on their LCR in their annual financial statements under Notes to Accounts, starting with the financial year ending Mid July, 2025, for which the LCR related information needs to be furnished only for the quarter ending Mid July, 2025. However, in subsequent annual financial statements, the disclosure should cover all the four quarters of the relevant financial year. The disclosure format is given in the Appendix III.

In addition to the disclosures required by the format given in Appendix III, banks should provide sufficient qualitative discussion (in their annual financial statements under Notes to Accounts) around the LCR to facilitate understanding of the results and data provided. For example, where significant to the LCR, banks could discuss:

(a) the main drivers of their LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;

(b) intra-period changes as well as changes over time;

(c) the composition of HQLA;

(d) concentration of funding sources;

(e) derivative exposures and potential collateral calls;

(f) currency mismatch in the LCR;

(g) a description of the degree of centralization of liquidity management and interaction between the group's units; and

(h) other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

6. Net Stable Funding Ratio (NSFR)

6.1 Computation of NSFR

The computation of NSFR shall be based on the following formula:

$$NSFR = \frac{(\text{available amount of stable funding(ASF)})}{(\text{ required amount of stable funding(RSF)})} * 100\%$$

NSFR should be equal to at least 100% on an ongoing basis. However, the NSFR would be supplemented by supervisory assessment of the stable funding and liquidity risk profile of a bank. On the basis of such assessment, NRB may require an individual bank to adopt more stringent standards to reflect its funding risk profile and its compliance with the Sound Principles.

6.2 Available Stable Funding (ASF)

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.

6.3 Required stable funding (RSF)

The amount of 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.

6.4 Off-balance Sheet Exposures (OBS)

Many potential OBS exposures do not require immediate funding but can lead to significant liquidity drain over a longer time horizon. NSFR assigns RSF factors to various OBS exposures in order to ensure that banks hold stable funding for the portion of OBS exposures that may be expected to require funding within any one-year horizon.

6.5 Criteria and Assumptions for computation of ASF and RSF

The amounts of ASF and RSF specified in the standard are calibrated to reflect the presumed degree of stability of liabilities and liquidity of assets.

The calibration reflects the stability of liabilities across two dimensions:

- Funding tenor – The NSFR is generally calibrated such that longer-term liabilities are assumed to be more stable than short-term liabilities.
- Funding type and counterparty – The NSFR is calibrated under the assumption that short-term (maturing in less than one year) deposits provided by individual customers and funding provided by small business customers are behaviorally more stable than wholesale funding of the same maturity from other counterparties.

In determining the appropriate amounts of required stable funding for various assets, the following criteria are taken into consideration, recognizing the potential trade-offs between these criteria:

a) Resilient credit creation – The NSFR requires stable funding for some proportion of lending to the real economy in order to ensure the continuity of this type of intermediation.
b) Bank behavior – The NSFR is calibrated under the assumption that banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships.
c) Asset tenor – The NSFR assumes that some short-dated assets (maturing in less than one year) require a smaller proportion of stable funding because banks would be able to allow some proportion of those assets to mature instead of rolling them over.
d) Asset quality and liquidity value – The NSFR assumes that unencumbered, high-quality assets that can be securitized or traded, and thus can be readily used as collateral to secure additional funding or sold in the market, do not need to be wholly financed with stable funding.

Additional stable funding sources are also required to support at least a small portion of the potential calls on liquidity arising from OBS commitments and contingent funding obligations.

6.6 Computation of Available Stable Funding

The amount of ASF is measured, based on the broad characteristics of the relative stability of an institution's funding sources, including the contractual maturity of its liabilities and the differences in the propensity of different types of funding providers to withdraw their funding. The amount of ASF is calculated by first assigning the carrying value of an institution's capital and liabilities to one of five categories as presented below. The amount assigned to each category is then multiplied by an ASF factor, and the total ASF is the sum of the weighted amounts. Carrying value represents the

amount at which a liability or equity instrument is recorded before the application of any regulatory deductions, filters or other adjustments.

S. No.	Components of ASF category (liability categories)	Associated ASF factor
(i)	Total regulatory capital (excluding Tier 2 instruments with residual maturity of less than one year)	100%
	Other capital instruments with effective residual maturity of one year or more	
	Other liabilities with effective residual maturity of one year or more	
(ii)	Stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by individual and small business customers	95%
(iii)	Less stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by individual and small business customers	90%
(iv)	Funding with residual maturity of less than one year provided by non-financial corporate customers	50%
	Operational deposits generated by clearing, custody and cash management activities	
	Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral development banks	
	Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions	
(v)	all other liabilities and equity categories not included in the above categories, including other funding with residual maturity of less than six months from NRB and/or other central banks and financial institutions	0%
	other liabilities without a stated maturity	
	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	

Further the ASF components are clarified as below:

6.6.1 Liabilities and capital receiving a 100% ASF factor

Liabilities and capital instruments receiving a 100% ASF factor comprise:

(a) the total amount of regulatory capital, before the application of capital deductions, excluding the proportion of Tier 2 instruments with residual maturity of less than one year;

(b) the total amount of any capital instrument not included in (a) that has an effective residual maturity of one year or more, but excluding any instruments with explicit or embedded options that, if exercised, would reduce the expected maturity to less than one year; and

(c) the total amount of secured and unsecured borrowings and liabilities (including term deposits) with effective residual maturities of one year or more. Cash flows due before the one-year horizon but arising from liabilities with a final maturity greater than one year do not qualify for the 100% ASF factor.

6.6.2 Liabilities receiving a 95% ASF factor

Liabilities receiving a 95% ASF factor comprise "stable" non-maturity (demand) deposits and/or term deposits with residual maturities of less than one year provided by individuals and small business customers.

6.6.3 Liabilities receiving a 90% ASF factor

Liabilities receiving a 90% ASF factor comprise "less stable" non-maturity (demand) deposits and/or term deposits with residual maturities of less than one year provided by individuals and small business customers.

6.6.4 Liabilities receiving a 50% ASF factor

Liabilities receiving a 50% ASF factor comprise:

- funding (secured and unsecured) with a residual maturity of less than one year provided by non-financial corporate customers;
- Operational deposits generated by clearing, custody and cash management activities;
- funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral development banks; and
- other funding (secured and unsecured) not included in the categories above with residual maturity between six months to less than one year, including funding from NRB and/or other central banks and financial institutions.

6.6.5 Liabilities receiving a 0% ASF factor

Liabilities receiving a 0% ASF factor comprise:

- all other liabilities and equity categories not included in the above categories, including other funding with residual maturity of less than six months from NRB and/or other central banks and financial institutions;
- other liabilities without a stated maturity. This category may include short positions and open maturity positions. Two exceptions can be recognized for liabilities without a stated maturity:
  - first, deferred tax liabilities, which should be treated according to the nearest possible date on which such liabilities could be realized; and
  - second, minority interest, which should be treated according to the term of the instrument, usually in perpetuity.

These liabilities would then be assigned either a 100% ASF factor if the effective maturity is one year or greater, or 50%, if the effective maturity is between six months and less than one year.

- NSFR derivative liabilities, net of NSFR derivative assets, if NSFR derivative liabilities are greater than NSFR derivative assets.

Derivative liabilities are calculated first based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a negative value. In calculating NSFR derivative liabilities, collateral posted in the form of variation margin in connection with derivative contracts, regardless of the asset type, must be deducted from the negative replacement cost amount.

Derivative assets are calculated first based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has a positive value.

6.7 Required stable funding (RSF)

The amount of required stable funding is calculated by first assigning the carrying value of an institution's assets to the categories as presented below. Unless explicitly stated otherwise in the standard, assets should be allocated to maturity buckets according to their contractual residual maturity. However, this should take into account embedded optionality, such as put or call options, which may affect the actual maturity date. The amount assigned to each category is then multiplied by its associated required stable funding (RSF) factor, and the total RSF is the sum of the weighted amounts added to the amount of OBS activity (or potential liquidity exposure) multiplied by its associated RSF factor.

Table 1

S. No.	Components of RSF category	Associated RSF factor
i	Cash in hand	**0%**
	Cash Reserve Ratio (CRR) including excess CRR	
	All claims on NRB with residual maturities of less than six months	
ii	Unencumbered Level 1 assets, excluding Cash in hand and Cash Reserve Ratio (CRR) including excess CRR	**5%**
iii	Unencumbered loans to financial institutions with residual maturities of less than six months secured against Level 1 assets	**10%**
iv	All other unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories	**15%**
	Unencumbered Level 2A assets	
v	Unencumbered Level 2B assets	**50%**
	HQLA encumbered for a period of six months or more and less than one year	
	Loans to financial institutions and central banks with residual maturities between six months and less than one year	

	Deposits held at other financial institutions for operational purposes	
	All other assets not included in the above categories with residual maturity of less than one year, for example loans to non-financial corporate clients, to individual and small business customers, and loans to sovereigns and PSEs.	
vi	Unencumbered residential mortgages with a residual maturity of one year or more	**65%**
	Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more	
vii	Other unencumbered performing loans with residual maturities of one year or more, excluding loans to financial institutions	**85%**
	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	
	Physical traded commodities, including gold	
viii	All assets that are encumbered for a period of one year or more	**100%**
	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities	
	All other assets not included in the above categories	

Table 3

Sr. No.	Off-balance Sheet Items which require stable Funding	Associated RSF factor
(i)	Irrevocable and conditionally revocable credit and liquidity facilities to any client	5% of the currently undrawn portion
(ii)	Other contingent funding obligations, including products and instruments such as: • Unconditionally revocable credit and liquidity facilities • Non-contractual obligations	5% of the currently undrawn portion
(iii)	• Trade finance-related obligations (including guarantees and letters of credit)	3% of the currently undrawn portion
	• Guarantees and letters of credit unrelated to trade finance Obligations	

Further the ASF components are clarified as below:

6.7.1 Assets assigned a 0% RSF factor

Assets assigned a 0% RSF factor comprises:

a) Cash in hand;

b) CRR (including required reserves and excess reserves);

c) All claims on NRB with residual maturities of less than six months;

6.7.2 Assets assigned a 5% RSF factor

Assets assigned a 5% RSF factor comprise unencumbered Level 1 assets, excluding assets receiving a 0% RSF as specified above.

6.7.3 Assets assigned a 10% RSF factor

Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets, and where the bank has the ability to freely re-hypothecate the received collateral for the life of the loan.

6.7.4 Assets assigned a 15% RSF factor

Assets assigned a 15% RSF factor comprise:

a) unencumbered Level 2A assets.

b) all other standard unencumbered loans to financial institutions with residual maturities of less than six months excluding assets receiving a 10% RSF as specified above.

6.7.5 Assets assigned a 50% RSF factor

Assets assigned a 50% RSF factor comprise:

a) unencumbered Level 2B assets.

b) any HQLA that are encumbered for a period of between six months and less than one year;

c) all loans to financial institutions and central banks with residual maturity of between six months and less than one year;

d) deposits held at other financial institutions for operational purposes ,

e) all other non-HQLA not included in the above categories that have a residual maturity of less than one year, including loans to non-financial corporate clients, loans to individuals and small business customers, and loans to sovereigns, PSEs.

6.7.6 Assets assigned a 65% RSF factor

Assets assigned a 65% RSF factor comprise:

a) unencumbered loans secured by residential properties with a residual maturity of one year or more that would qualify for the minimum risk weight under the Capital Adequacy Framework issued by NRB.

b) other unencumbered loans not included in the above categories (including loans to sovereigns and PSEs with a residual maturity of one year or more), excluding loans to financial institutions, with a residual maturity of one year or more that would qualify for a 50% or lower risk weight under the Capital Adequacy Framework issued by NRB.

6.7.7 Assets assigned an 85% RSF factor

Assets assigned an 85% RSF factor comprise:

a) other unencumbered performing loans that do not qualify for the 50% or lower risk weight under the Capital Adequacy Framework issued by NRB and have residual maturities of one year or more, excluding loans to financial institutions;

b) unencumbered securities with a remaining maturity of one year or more and exchange-traded equities, that are not in default and do not qualify as HQLA; and

c) physical traded commodities, including gold.

6.7.8 Assets assigned a 100% RSF factor

Assets assigned a 100% RSF factor comprise:

a) all assets that are encumbered for a period of one year or more;

b) NSFR derivative assets net of NSFR derivative liabilities, if NSFR derivative assets are greater than NSFR derivative liabilities;

c) all other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, insurance assets, subsidiary interests and; and

6.7.9 RSF – Other Requirements

i) The RSF factors assigned to various types of assets are intended to approximate the amount of a particular asset that would have to be funded, either because it will be rolled over, or because it would not be monetized through sale or used as collateral in a secured borrowing transaction over the course of one year without significant expense. Under the standard, such amounts are expected to be supported by stable funding.

ii) Assets should be allocated to the appropriate RSF factor based on their residual maturity or liquidity value. When determining the maturity of an instrument, investors should be assumed to exercise any option to extend maturity. For assets with options exercisable at the bank's discretion, NRB may take into account reputational factors that may limit a bank's ability not to exercise the option and prescribe higher RSF Factor. In particular, where the market expects certain assets to be extended in their maturity, banks should assume such behavior for the purpose of the NSFR and include these assets in the corresponding RSF category. For amortizing loans and other claims, the portion that

comes due within the one-year horizon can be treated in the less-than-one-year residual maturity category.

iii) For purposes of determining its required stable funding, an institution should
   a) include financial instruments, foreign currencies and commodities for which a purchase order has been executed, and
   b) exclude financial instruments, foreign currencies and commodities for which a sales order has been executed, even if such transactions have not been reflected in the balance sheet under a settlement-date accounting model,

   Provided that
   - such transactions are not reflected as derivatives or secured financing transactions in the institution's balance sheet, and
   - the effects of such transactions will be reflected in the institution's balance sheet when settled.

iv) **Encumbered assets:** Assets on the balance sheet that are encumbered for one year or more receive a 100% RSF factor. Assets encumbered for a period of between six months and less than one year that would, if unencumbered, receive an RSF factor lower than or equal to 50%, receive a 50% RSF factor. Assets encumbered for between six months and less than one year that would, if unencumbered, receive an RSF factor higher than 50%, retain that higher RSF factor. Where assets have less than six months remaining in the encumbrance period, those assets may receive the same RSF factor as an equivalent asset that is unencumbered. In addition, for the purposes of calculating the NSFR, assets that are encumbered for exceptional central bank liquidity operations may receive RSF factor which must not be lower than the RSF factor applied to the equivalent asset that is unencumbered.

6.8 NSFR Reporting Requirements

The NSFR should be reported to the Bank Supervision Department in the prescribed format (Appendix IV) within 15 days from the end of each quarter starting from quarter ending Mid-Jan 2025.

6.9 NSFR Disclosure Standards

6.8.1 Banks are required to publish their NSFRs according to template provided in Appendix V to promote the consistency and usability of disclosures related to the NSFR and to enhance market discipline. Banks must publish this disclosure along with the publication of their financial statements irrespective of whether the financial statements are audited or not.

6.8.2 Banks must either include the disclosures required by this document in their published financial reports or at least provide a direct link to the complete disclosure published on their websites or in publicly available regulatory reports. Banks must also make available on their websites, or through publicly available regulatory reports, an archive of all templates relating to prior reporting periods. Irrespective of the location of the disclosure, the minimum disclosure requirements must be in the format required by this document.

6.8.3 Data must be presented as quarter-end observations. Both unweighted and weighted values of the NSFR components must be disclosed unless otherwise indicated. Weighted values are the values calculated after applying ASF or RSF factors.

6.8.4 In addition to the prescribed common template, banks should provide a sufficient qualitative discussion about the NSFR to facilitate an understanding of the results and the accompanying data. For example, where significant to the NSFR, banks could discuss the drivers of their NSFR results and the reasons for intra-period changes as well as the changes over time (e.g. changes in strategies, funding structure, circumstances etc.).

ANNEXURES: Basel III Liquidity Returns

APPENDIX 1

Statement on Liquidity Coverage Ratio (LCR)				
Name of the Bank				
Reporting Frequency		Monthly		
Position as on		(Amount in Rs. Crore)		
I	**II**	**III**	**IV**	**V (III*IV)**
	Panel I			
S.No.	**High Quality Liquid Assets (HQLA)[1]**	**Unweighted Amount**	**Factor to be Multiplied**	**Weighted Amount**
	Level 1 Assets			
1	Cash in hand		100%	
2	Balance with NRB in excess of required CRR		100%	
3	Investment in Deposit collection with NRB,		100%	
4	Investment in Nepalese Government Securities and securities issued by NRB		100%	
5	Marketable debt securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach		100%	
6	Total Level 1 Assets (1+2+3+4+5)			
7	**Add** Amount lent under a reverse repo transaction with Level 1 assets placed as collateral		100%	
8	**Deduct** Amount borrowed under a repo, SLF and OLF transaction with Level 1 assets placed as collateral		100%	
9	**Total Adjusted Level 1 Assets (6 + 7 - 8)**			
	Level 2 Assets			
	Level 2A Assets			
10	Marketable debt securities representing claims on or claims guaranteed by sovereigns or multilateral development banks that are assigned a 20% risk weight under Capital Adequacy Framework 2015 and provided that they are not issued by a bank/financial institution or any of its affiliated entities.		85%	
11	Corporate bonds/debentures, not issued by a bank/financial institution or any of its affiliated entities, which have been rated AAA by a Credit Rating Agency.		85%	
12	**Total Level 2A Assets (10+11)**			
	Level 2B Assets			

[1] 1 HQLAs included in this Statement must meet all the respective criteria stipulated for them in the circular.

13	Marketable debt securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50% as per Capital Adequacy Framework 2015.		50%	
14	Corporate bonds/debentures, not issued by a bank/financial institution or any of its affiliated entities, which have been rated A- or above by a Credit Rating Agency.		50%	
15	Common Equity Shares not issued by a bank/financial institution or any of its affiliated entities, listed in NEPSE and readily available for sale under prevailing law and regulations.		50%	
16	**Total Level 2B Assets (13 +14+ 15)**			
17	Total Stock of HQLAs = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap Where: Adjustment for 15% cap = Max (Level 2B – 15/85*(Adjusted Level 1 + Adjusted Level 2A), Level 2B - 15/60*Adjusted Level 1, 0) Adjustment for 40% cap = Max ((Adjusted Level2A + Level 2B – Adjustment for 15% cap) -2/3*Adjusted Level 1 assets, 0) **[Note – Only Weighted Amounts of various assets to be taken for this formula]**			
	Panel II			
S.No.	**Net Cash outflows over the 30 days period**	**Unweighted Amount**	**Run-off Factors**	**Weighted Amount**
A	**Cash Outflows**			
1	***Individual Deposits [(i) + (ii)]***			
(i)	Stable Deposits		5%	
(ii)	Less Stable Deposits		10%	
2	***Unsecured Institutional funding [(i) + (ii) + (iii) + (iv)]***			
(i)	Demand and term deposits (less than 30 days maturity) provided by small business customers		10%	
(ii)	Operational deposits generated by clearing, custody and cash management activities		25%	
(iii)	Non-financial corporates, sovereigns, central banks, multilateral development banks, and PSEs		40%	

(iv)	Funding from other legal entity customers		100%	
3	***Secured Funding [(i) + (ii) + (iii) + (iv)]:***			
(i)	Secured funding transaction with central bank or backed by Level 1 assets with any counterparty		0%	
(ii)	Backed by Level 2A assets with any counterparty		15%	
(iii)	Backed by Level 2B assets with any counterparty		50%	
(iv)	Any other secured funding		100%	
4	***Additional requirements [(i)+(ii)+(iii)+(iv)]***			
(i)	Net derivative cash outflows		100%	
(ii)	Currently undrawn committed credit and liquidity facilities provided to [(a)+(b)+(c)+(d)+(e)+(f)+(g)]			
(a)	Individual and small business customer		5%	
(b)	Non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs – Credit facilities		10%	
(c)	Non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs –Liquidity facilities		30%	
(d)	Banks and Financial Institutions		40%	
(e)	Other financial institutions (including securities firms, insurance companies) – Credit facilities		40%	
(f)	Other financial institutions (including securities firms, insurance companies) – Liquidity facilities		100%	
(g)	Other legal entity customers, credit and liquidity facilities		100%	
(iii)	Other contingent funding liabilities [(a) + (b) +(c)]			
(a)	Guarantees, Letters of credit and Trade Finance		5%	
(b)	Revocable credit and liquidity facilities		5%	
(c)	Any other		5%	
(iv)	Any other contractual outflows not captured elsewhere in this template		100%	
B	**Total Cash Outflows** (1+2+3+4+5+6+7)			

ANNEXURES: Basel III Liquidity Returns

C	**Cash Inflows**[2]			
1	Maturing secured lending transactions backed by the following collaterals [(i) + (ii) + (iii)+(iv)+(v)]			
(i)	With Level 1 assets		0%	
(ii)	With Level 2A assets		15%	
(iii)	With Level 2B assets		50%	
(iv)	All other assets		100%	
2	Lines of credit – Credit or liquidity facilities or other contingent funding facilities that the bank holds at other institutions for its own purpose		0%	
3	Other inflows by counterparty [(i) + (ii) + (iii)]			
(i)	Individual and small business counterparties		50%	
(ii)	Amounts to be received from non-financial institutional counterparties, from transactions other than those listed in above inflow categories		50%	
(iii)	Amounts to be received from financial institutions and central banks, from transactions other than those listed in above inflow categories		100%	
4	Net derivatives cash inflows		100%	
5	Other contractual cash inflows		50%	
D	Total Cash Inflows [1 + 2 + 3 + 4 + 5]			
E	Total Cash Outflows less Total Cash Inflows [B-D]			
F	25% of Total Cash outflows [B*0.25]			
G	Total Net Cash Outflows [Higher of E or F]			

[2] Banks should include only such contractual inflows from the outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30 day time horizon

ANNEXURES: Basel III Liquidity Returns

Liquidity Coverage Ratio =	
$$\frac{\text{Total Stock of High Quality Liquid Assets(Item 20 in Panel I)} * 100}{\textit{Total Net Cash Outflows (Item G in Panel 2)}}$$	

EXPLANATORY NOTES:

Explanation for calculating the cash inflows and cash outflows relating to some items are givenbelow:

(a) **Individual Deposits:** All demand and term deposits (irrespective of maturity) including foreign currency deposits placed with a bank by a natural person. However, in case of deposits of Rs.1 crore and above by a natural person where banks product strictly restrict the premature withdrawal of deposit before maturity date, such bulk deposits of residual maturity of more than 30 days may be excluded.

(ii) **Stable deposits:** These are guaranteed deposits i.e. to the extent covered by DCGF.

(iii) **Less Stable deposits:** Other than stable deposits.

(b) **Unsecured Institutional funding:** The Institutional funding is defined as all funding (Deposits, debt and other obligations) from non-natural persons, i.e. legal entities, that is callable within the LCR's horizon of 30 days or that has its earliest possible contractual maturity date situated within this horizon (such as maturing term deposits and unsecured debt securities) as also funding with an undetermined maturity

(c) **Small Business Customers:** Small Business Customers are the non-natural person legal entities having deposit/loan of Rs.1 Crore or below and annual turnover of less than Rs. 50 crore.

(d) **Operational deposits:** Financial and non-financial customer deposits placed with a bank, in order to facilitate their access and ability to use payment and settlement systems or make payments. These services must be provided under a legally binding agreement in addition to the account mandate to institutional customers (e.g. Vostro Accounts and collection accounts).

(e) **Secured Funding:** "Secured funding" is defined as those liabilities and general obligations that are collateralized by legal rights to specifically designated assets owned by the borrowing institution. For calculating 'cash outflow', it will include all outstanding secured funding transactions with maturities within the 30 calendar day stress horizon. The amount of outflow is calculated based on the amount of funds raised through the transaction, and not the value of the underlying collateral.

(f) **Derivatives cash outflows**: Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty,

only where a valid master netting agreement exists. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements or falls in value of collateral posted. Options should be assumed to be exercised when they are ‘in the money’ to the option buyer. Where derivative payments are collateralized by HQLA, cash outflows should be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. This is in line with the principle that banks should not double count liquidity inflows and outflows.

(g) Cash Inflow

Maturing secured lending transactions backed by the following collateral:

Backed by Level 1 assets Amounts extended through secured lending or reverse repo transactions maturing within 30 days, in which the bank has extended cash and obtained collateral in the form of Level 1 (where collateral obtained not re-used).

Backed by Level 2A Assets Amounts extended through secured lending or reverse repo transactions maturing within 30 days, in which the bank has extended cash and obtained collateral in the form of Level 2A (where collateral obtained not re-used).

Backed by Level 2B Assets Amounts extended through secured lending or reverse repo transactions maturing within 30 days, in which the bank has extended cash and obtained collateral in the form of Level 2B (where collateral obtained not re-used).

Backed by all other assets Amounts extended through such transactions in which the bank has obtained collateral in another form than Level 1 or Level 2 assets.

Note: This statement is to be furnished separately for domestic and overseas operations. In case of overseas operations, the reporting may be done jurisdiction wise.

ANNEXURES: Basel III Liquidity Returns

Appendix II

Statement on Liquidity Coverage Ratio by Significant Currency

A currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 7.5 per cent or more of the bank's total liabilities – This statement should include only those assets and liabilities including contingent liabilities which are denominated in the specific 'significant' foreign currency. For preparing this ratio, types of HQLAs, haircuts, adjustments, cash outflow and inflow items and their run-off rates would be same as in the case of LCR in NPR.

Name of the Bank			
Reporting Frequency		Monthly	
Position as on			
		(Amount in million in foreign currency)	
	Panel I - Details of HQLAs	Unweighted	Weighted
1	Total Level 1 assets		
2	Total adjusted Level 1 assets		
3	Total Level 2 A assets		
4	Total adjusted Level 2 A assets		
5	Total Level 2B assets		
6	Total Stock of HQLAs		
	Panel 2 - Net cash outflows over the 30 days period		
A	Total cash outflows		
B	Total cash inflows		
C	Total Cash Outflows less Total Cash Inflows [A-B]		
D	25% of Total Cash outflows [A*0.25]		
	Total Net Cash Outflows [Higher of C or D]		

Foreign Currency Liquidity Coverage Ratio =

$$\frac{\text{Total Stock of High Quality Liquid Assets in Foreign Currency} * 100}{Total\ Net\ Cash\ Outflows\ over\ the\ 30 day\ time\ period\ in\ that\ currency}$$

ANNEXURES: Basel III Liquidity Returns

			Appendix III
Statement on other Liquidity related Information LCR Disclosure Template (LCR Form 3)			
(Rs.in Crore)		**Total Unweighted[3] Value (average)**	**Total Weighted [4]Value (average)**
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		
Cash Outflows			
2	Individual deposits and deposits from small business customers, of which:		
(i)	Stable deposits		
(ii)	Less stable deposits		
3	Unsecured wholesale funding, of which:		
(i)	Operational deposits (all counterparties)		
(ii)	Non-operational deposits (all counterparties)		
(iii)	Unsecured debt		
4	Secured wholesale funding		
5	Additional requirements, of which		
(i)	*Outflows related to derivative exposures and other collateral requirements*		
(ii)	*Outflows related to loss of funding on debt products*		
(iii)	*Credit and liquidity facilities*		
6	Other contractual funding obligations		
7	Other contingent funding obligations		
8	**TOTAL CASH OUTFLOWS**		
Cash Inflows			
9	Secured lending (e.g. reverse repos)		
10	Inflows from fully performing exposures		
11	Other cash inflows		
12	**TOTAL CASH INFLOWS**		

[3] Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template.
[4] Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

ANNEXURES: Basel III Liquidity Returns

			Total Adjusted[5] Value
13	TOTAL HQLA		
14	TOTAL NET CASH OUTFLOWS		
45	LIQUIDITY COVERAGE RATIO (%)		

[5] Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on Level 2B and Level 2 assets for HQLA and cap on inflows).

ANNEXURES: Basel III Liquidity Returns

APPENDIX IV

Statement of Net Stable Funding Ratio (NSFR)				
Name of the Bank				
Statement for the Quarter Ending				
Sr. No.	**Items**			
A.	**Components of ASF category(liability categories)**	**Associated ASF factors**	**Unweighted Amount (Rs. Crore)**	**Weighted Amount (Rs. Crore)**
i.	Total regulatory capital (excludingTier 2 instruments with residual maturity of less than one year)	100%		
ii.	Other capital instruments with effective residual maturity of one year or more	100%		
iii.	Other liabilities with effective residual maturity of one year or more	100%		
iv.	Stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by individuals and small business customers	95%		
v.	Less stable non-maturity deposits and term deposits with residual maturity of less than one year provided by individuals and small business customers	90%		
vi.	Funding with residual maturity of less than one year provided by non-financial corporate customers	50%		
vii.	Operational deposits generated by clearing, custody and cash management activities	50%		
viii.	Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral development banks	50%		
ix.	Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions	50%		
x.	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity including deferred tax liabilities and minority interests	0%		

xi.	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	0%		
B.	**Total Available Stable Funding**			
C.	**Components of RSF category**	**Associated RSF Factor**	**Un-weighted Amount in Rs.**	**Weighted Amount in Rs.**
i.	Cash in hand	0%		
ii.	Cash Reserve Ratio (CRR) including excess CRR	0%		
iii.	All claims on NRB with residual maturities of less than six months	0%		
iv.	Unencumbered Level 1 assets, excluding Cash in hand and Cash Reserve Ratio (CRR) including excess CRR	5%		
v.	Unencumbered loans to financial institutions with residual maturities of less than six months secured against Level 1 assets	10%		
viii.	All other unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories	15%		
ix.	Unencumbered Level 2A assets	15%		
x.	Unencumbered Level 2B assets	50%		
xi.	HQLA encumbered for a period of six months or more and less than one year	50%		
xii.	Loans to financial institutions and central banks with residual maturities between six months and less than one year	50%		
xiii.	Deposits held at other financial institutions for operational purposes	50%		
xiv.	All other assets not included in the above categories with residual maturity of less than one year, for example loans to non-financial corporate clients, to individual and small business customers, and loans to sovereigns and PSEs.	50%		
xv.	Unencumbered residential mortgages with a residual maturity of one year or more	65%		
xvi.	Other unencumbered loans not included in the above categories, excluding loans to financial institutions, with a residual	65%		

	maturity of one year or more			
xviii.	Other unencumbered performing loans with residual maturities of one year or more, excluding loans to financial institutions	85%		
xix.	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	85%		
xx.	Physical traded commodities, including gold	85%		
xxi.	All assets that are encumbered for a period of one year or more	100%		
xxii.	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities	100%		
xxiv.	All other assets not included in the above categories	100%		
D.	**Required Stable Funding – On Balance Sheet Assets [(i)+(ii)+…+(xxv)]**			
E.	**Off-Balance Sheet Assets**	**Associated RSF Factor**		
(i)	Irrevocable and conditionally revocable credit and liquidity facilities to any client	5% of the currently undrawn portion		
(ii)	Other contingent funding obligations, including products and instruments such as: • Unconditionally revocable credit and liquidity facilities • Non-contractual obligations	5% of the currently undrawn portion		
(iii)	Trade finance-related obligations (including guarantees and letters of credit)	3% of the currently undrawn portion		
(iv)	Guarantees and letters of credit unrelated to trade finance Obligations	3% of the currently undrawn portion		
F.	Required Stable Funding – Off			

	Balance Sheet Items (i)+(ii)+(iii)+(iv)			
G.	Total Required Stable Funding (**D**+**F**)			
H.	NSFR (B / G)			

						Appendix V
Net Stable Funding Ratio (NSFR) Disclosure Template						
(Rs.in Crore)		Unweighted value by residual maturity				Weighted value
		No maturity[17]	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)					
2	*Regulatory capital*					
3	*Other capital instruments*					
4	Individual deposits and deposits from small business customers: (5+6)					
5	*Stable deposits*					
6	*Less stable deposits*					
7	Institutional Funding: (8+9)					
8	*Operational deposits*					
9	*Other Institutional funding*					
10	Other liabilities: (11+12)					
11	*NSFR derivative liabilities*					
12	*All other liabilities and equity not included in the above categories*					
13	**Total ASF (1+4+7+10)**					
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities: (17+18+19+21+23)					
	Performing loans to financial institutions secured by Level 1					

ANNEXURES: **Basel III Liquidity Returns**

17	*HQLA*					
18	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*					
19	*Performing loans to non- financial corporate clients, loans to individuals and small business customers, and loans to sovereigns, central banks and PSEs*					
21	*Performing residential mortgages,*					
24	*Other assets: (sum of rows 25 to 29)*					
25	*Physical traded commodities, including gold*					
27	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities					
29	*All other assets not included in the above categories*					
30	*Off-balance sheet items*					
31	*Total RSF (14+15+16+24+30)*					
32	*Net Stable Funding Ratio (%)*					