THE NAINITAL BANK LIMITED (Regd. Office: G.B.Pant Road, Nainital)

LIQUIDITY COVERAGE RATIO DISCLOSURE AS ON MARCH 31, 2023

It is submitted that The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60%	70%	80%	90%	100%

Further due to Covid 19 pandemic RBI has revised the LCR guidelines w.e.f. 17.04.2020, details as given below:

From date of circular to September 30, 2020	80%
Oct 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards	100%

The LCR has two components:

- (a) The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.
- (b) Total net cash outflows: The term "Total net cash outflows" is defined as "Total expected cash outflows" minus "Total expected cash inflows" in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

LCR = Stock of High Quality Liquid Assets/Total Net Cash Outflows over the next 30 calendar days >=100%

High Quality Liquid Assets (HQLA):

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal, regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.

Bank's composition of HQLA mainly consists of government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI. Level 2 HQLA primarily consisted of AA- and above rated corporate bonds and commercial papers.

Bank's Cash Outflow mainly consists of Retail Deposit, Unsecured Wholesale Funding, and Funding from other legal entity customers, Undrawn Committed Credit & Liquidity Facilities, Guarantees Letter Of Credit & Trade Finance, and Other Contractual Outflows.

The cash Inflow mainly consists of amount received from Retail & Small Business Counterparties, amount to be received from Non-Financial Wholesale Counterparties, amount to be received from Financial Institutions & RBI, and from Other Contractual Cash Inflows.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities as well as to undrawn commitments, partially offset by inflows from assets maturing within 30 days.

The average LCR for the quarter ended March 2023 was 195.76% comfortably above RBI prescribed minimum requirement i.e.100%. Average cash outflows were Rs.1398.01 Crore, Average cash inflows were Rs.339.19 Crores. Average High Quality Liquid Assets were Rs.2072.73 Crores of the quarter ended March' 2023.

(Amount in ₹ crore)

		Q1 2022-2023		Q2 2022-2023		Q3 2022-23		(in ₹ crore) Q4 2022-23	
	Total Total			Total Total		Total Total		Total Total	
		Unweighted						Unweighted	
		Value	Value	Value	Value	Value	Value	Value	Value
		(average)	(average)	(average)	(average)	(average)	(average)	(average)	(average)
High	h Quality Liquid	_							
Asse	ets								
1.	Total High	2101.77	2101.77	2137.46	2137.46	2072.11	2072.11	2072.73	2072.73
	Quality Liquid								
	Assets (HQLA)								
Cas	h Outflows								
2.	Retail deposits	5525.70	354.17	5530.74	364.94	5545.53	406.06	5607.84	411.68
	and deposits								
	from small								
	business								
	customers, of								
	which:	20.17.02	100.10		10011		1.10.10		
(i)	Stable deposits	3967.93	198.40	3762.74	188.14	2969.77	148.49	2982.17	149.11
(ii)	Less stable	1557.77	155.78	1768.01	176.80	2575.76	257.58	2625.67	262.57
	deposits	1522.75	015.07	1526.07	01415	1415 44	604.00	1400 44	747.00
3.	Unsecured	1523.75	815.07	1526.97	814.15	1415.44	684.23	1490.44	747.23
	wholesale funding, of								
	which:								
(i)	Operational	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1)	deposits (all	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	counterparties)								
(ii)	_	1523.75	815.07	1526.97	814.15	1415.44	684.23	1490.44	747.23
	deposits (all								
	counterparties)								
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Secured	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	wholesale								
	funding								
5.	Additional	578.42	31.57	649.14	35.90	890.93	51.61	886.08	50.80
	requirements, of								
	which								
(i)	Outflows related	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	to derivative								
	exposures and								
	other collateral								
	requirements								

(ii)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	to loss of funding on debt products								
(iii)	Credit and	578.42	31.57	649.14	35.90	890.93	51.61	886.08	50.80
	liquidity facilities								
6.	Other contractual	208.78	208.78	180.11	180.11	149.58	149.58	185.08	185.08
	funding								
7	obligations	126.20	2.70	120.76	2.96	101.70	2.65	107.55	2.22
7.	Other contingent funding	126.30	3.79	128.76	3.86	121.72	3.65	107.55	3.23
	obligations								
8.	Total Cash	7962.95	1413.38	8015.72	1398.96	8123.21	1295.14	8276.98	1398.01
	Outflows								
	h Inflows								
9.	Secured lending (e.g. reverse	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
	repos)								
10.		176.64	172.99	276.37	260.23	377.45	275.59	405.87	283.24
	fully performing exposures								
11.	Other cash	175.70	87.85	151.06	75.53	128.54	64.27	111.91	55.96
	inflows	1,0,,0	07.00	101100	70.00	120.0	0.1.27	111,71	20.70
12.	Total Cash	352.34	260.84	427.43	335.76	505.99	339.86	517.78	339.19
	Inflows								
			Total		Total		Total		
			Adjusted		Adjusted		Adjusted		
13	Total HQLA	2101.77	Value 2101.77	2137.46	Value 2137.46	2072.11	Value 2072.11	2072.73	2072.73
13	Total Cash	7610.61	1152.54	7588.29	1063.20	7617.23	955.28	7759.20	1058.82
14.	Outflows less								
	Total Cash								
	Inflows								
15.	25% of Total Cash outflows	1990.74	353.35	2003.93	349.74	2030.80	323.78	2069.25	349.50
16.		7610.61	1152.54	7588.29	1063.20	7617.23	955.28	7759.20	1058.82
	Outflows								
	[Higher of 14 or								
17.	15] Liquidity		182.36%		201.04%		216.91%		195.76%
1/.	Coverage Ratio		104.3070		201.0470		410.7170		173.1070
	(%)(HQLA/Total								
	net Cash								
	Outflows)								

Sachin Kumar Chief Risk Officer