

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).

$LCR = \text{Stock of High Quality Liquid Assets} / \text{Total Net Cash Outflows over the next 30 calendar days}$
 $\geq 100\%$

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.

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

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