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

Liquidity Coverage Ratio Disclosure as on June 30, 2022

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.

As per the RBI directive, Bank has updated its LCR computation methodology, which was audited by the Bank's statutory auditor on 30.05.2020,after that Bank has been calculated LCR as per the revised computation methodology.

The average LCR for the quarter ended June 2022 was 182.36% comfortably above RBI prescribed minimum requirement i.e.100%. Average cash outflows were Rs.1413.38 Crore, Average cash inflows were Rs.260.84 Crores. Average High Quality Liquid Assets were Rs.2101.77 Crores of the quarter ended June 2022

(Amount in ₹ crore)

		Q1 2022-2023	
		Total Unweighted Value (average)	**Total Weighted Value (average)**
High Quality Liquid Assets			
1.	Total High Quality Liquid Assets (HQLA)	2101.77	**2101.77**
Cash Outflows			
2.	Retail deposits and deposits from small business customers, of which:	5525.70	354.17
(i)	Stable deposits	3967.93	198.40
(ii)	Less stable deposits	1557.77	155.78
3.	Unsecured wholesale funding, of which:	1523.75	815.07
(i)	Operational deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1523.75	815.07
(iii)	Unsecured debt	0.00	0.00
4.	Secured wholesale funding	0.00	0.00
5.	Additional requirements, of which	578.42	31.57
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	578.42	31.57
6.	Other contractual funding obligations	208.78	208.78
7.	Other contingent funding obligations	126.30	3.79
8.	Total Cash Outflows	**7962.95**	**1413.38**
Cash Inflows			
9.	Secured lending (e.g. reverse repos)	0.00	0.00

10.	Inflows from fully performing exposures	176.64	172.99
11.	Other cash inflows	175.70	87.85
12.	Total Cash Inflows	**352.34**	**260.84**
			Total Adjusted Value
13	Total HQLA	**2101.77**	**2101.77**
14.	Total Cash Outflows less Total Cash Inflows	**7610.61**	**1152.54**
15.	25% of Total Cash outflows	**1990.74**	**353.35**
16.	Total Net Cash Outflows [Higher of 14 or 15]	**7610.61**	**1152.54**
17.	Liquidity Coverage Ratio (%)(HQLA/Total net Cash Outflows)		**182.36%**

Submitted for kind perusal.

Sachin Kumar
Chief Risk Officer

Enclosed: LCR calculation sheet attached