

**The Nainital Bank Ltd.**

**LIQUIDITY COVERAGE RATIO DISCLOSURE AT JUNE 30, 2016**

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%

The Bank has been computing its LCR on a monthly basis since September. The following table sets forth the average of unweighted and weighted value of the LCR of the Bank. The averages are computed based on month end values for the months of April 2016, May 2016 and June 2016.

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 was at 454.86 % during the three months ended June 2016. The average HQLA during the three months ended June 2016 were 552.34 Crores. The average cash outflows were of 415.77 Crores. Average inflows from assets were 593.35 Crores.

Particulars	Total unweighted value (average)	In Crore Total weighted value (average)
<b>High Quality Liquid Assets</b>		
<b>Total High Quality Liquid Assets (HQLA)</b>		<b>552.34</b>
<b>Cash Outflows</b>		
Retail deposits and deposits from small business customers, of which:	3089.18	233.48
Stable deposits	1508.73	75.44
Less stable deposits	1580.45	158.05
Unsecured wholesale funding, of which:	462.47	40.84
Operational deposits (all counterparties)		
Non-operational deposits (all counterparties)	462.47	40.84
Unsecured debt		
Secured wholesale funding		
Additional requirements, of which	605.15	39.36
Outflows related to derivative exposures and other collateral requirement		

Outflows related to loss of funding on debt products		
Credit and liquidity facilities	605.15	39.36
Other contractual funding obligation	99.52	99.52
Other contingent funding obligations	86.12	2.58
<b>Total Cash Outflows</b>	<b>4342.44</b>	<b>415.77</b>
<b>Cash Inflows</b>		
Secured lending (e.g. reverse repo)	-	-
Inflows from fully performing exposures	689.99	486.33
Other cash inflows	166.25	107.02
<b>Total Cash Inflows</b>	<b>856.24</b>	<b>593.35</b>
<b>TOTAL HQLA</b>		552.34
<b>Total Net Cash Outflows</b>		121.43
<b>Liquidity coverage ratio (%)</b>		<b>454.86</b>

\* The average weighted and unweighted amounts are calculated taking their simple average for the months of April 2016, May 2016 and June 2016.