

The Nainital Bank Ltd.

LIQUIDITY COVERAGE RATIO DISCLOSURE AT SEPTEMBER 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 2014. 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 July 2016, August 2016 and September 2016.

The average LCR was at **501.12%** during the three months ended September 2016.

The average HQLA were **Rs.660.81 Crores**. HQLA primarily included 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.

The average Cash Outflows were **Rs.527.46 Crores** which mainly includes Retail Deposit, Unsecured Wholesale Funding, Funding from other legal entity customers, Undrawn Committed Credit & Liquidity Facilities, Guarantees Letter Of Credit & Trade Finance, and Other Contractual Outflows.

The average Cash Inflows for the period were **Rs.886.97 Crores** which mainly includes 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.

Particulars	Total unweighted value (average)*	In Crore Total weighted value (average)*
High Quality Liquid Assets		
Total High Quality Liquid Assets (HQLA)		660.81
Cash Outflows		
Retail deposits and deposits from small business customers, of which:	3207.00	243.66

Stable deposits	1540.78	77.04
Less stable deposits	1666.22	166.62
Unsecured wholesale funding, of which:	586.30	149.04
Operational deposits (all counterparties)		
Non-operational deposits (all counterparties)	586.30	149.04
Unsecured debt		
Secured wholesale funding		
Additional requirements, of which	565.40	34.82
Outflows related to derivative exposures and other collateral requirement		
Outflows related to loss of funding on debt products		
Credit and liquidity facilities	565.40	34.82
Other contractual funding obligation	97.40	97.40
Other contingent funding obligations	84.60	2.54
Total Cash Outflows	4540.70	527.46
Cash Inflows		
Secured lending (e.g. reverse repo)	-	-
Inflows from fully performing exposures	827.91	622.07
Other cash inflows	324.89	264.90
Total Cash Inflows	1152.80	886.97
TOTAL HQLA		660.81
Total Net Cash Outflows		131.87
Liquidity coverage ratio (%)		501.12

* The average weighted and unweighted amounts are calculated taking their simple average for the months of July 2016, August 2016 and September 2016.