

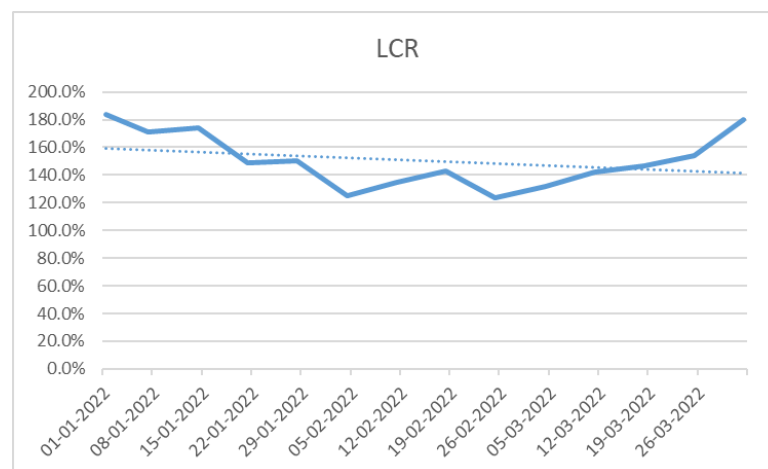
LIQUIDITY COVERAGE RATIO – QUARTER ENDED MARCH 2022

North East Small Finance Bank adheres to all the RBI regulations on the Liquidity Coverage Ratio(LCR), Liquidity Risk Monitoring Tools and the associated disclosure standards. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The bank computes LCR on a daily basis in accordance with regulatory prescriptions and has consistently maintained LCR above the prescribed regulatory minimum of 100% during the quarter ended March 2022.

The High Quality Liquid Assets of the bank comprises only of Level 1 Assets - Cash in hand, Cash reserves in excess of required CRR, Government securities in excess of the minimum SLR requirement, Government securities within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as per RBI guidelines from time to time. Bank has a diversified funding portfolio consisting of Retail customers and refinances availed from Developmental Finance Institutions such as NABARD and SIDBI and Overdraft facility against deposits from financial institutions. The bank does not have any foreign currency positions and derivative instruments in its portfolio.

The bank had an average HQLA of Rs.288.79 Crore during the period against an average Net Cash Outflow of Rs.196.20 Crore. The Level 1 Government Security Portfolio of the bank was stable over the period except for the redemption of a security in February 2022, and the change in ratio over the period is mainly attributed to the borrowing repayments due in the next 30 days. With the Excess SLR of Rs.35.35 Crore, Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL) of Rs.26.87 Crore and Overdraft Facility from Financial Institutions to the tune of Rs.99 Crore as on 31 March 2022, the bank is able to efficiently manage its liquidity so as to fund its outflows in the near term as envisaged through the Liquidity Coverage Ratio metric.

The following graph depicts the intra period change of LCR during the quarter ended March 2022 based on weekly LCR observations.



The liquidity risk management in the Bank is guided by the Asset Liability Management Policy. Asset Liability Management Committee (ALCO) is the executive level committee responsible for Asset Liability Management in the Bank. Bank's liquidity management is performed by the Treasury as per the directions of ALCO. Risk Management Department actively monitors the liquidity position of the Bank and apprises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board of Directors. The following table sets out average LCR of the Bank for the quarter ended March 31, 2022 and also for Quarter ended December 31, September 30, June 30 and March 31, 2021.

The bank does not consider any other outflows and inflows to be material for its liquidity portfolio apart from those captured in the LCR calculation.

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	Unweighted Average	Weighted Average	Unweighted Average	Weighted Average	Unweighted Average	Weighted Average	Unweighted Average	Weighted Average
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		28,879.08		33,444.41		28,330.82		30,281.24
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which :	75,717.94	5,513.88	70,921.76	5,144.64	66,952.80	4,851.53	66,522.14	4,867.77
i) Stable deposits	41,158.36	2,057.92	38,950.63	1,947.53	36,875.00	1,843.75	35,688.85	1,784.44
ii) Less stable deposits	34,559.58	3,455.96	31,971.13	3,197.11	30,077.81	3,007.78	30,833.29	3,083.33
3. Unsecured wholesale funding, of which	24,068.99	16,830.80	42,569.82	23,415.58	30,852.40	17,941.91	36,141.12	17,687.71
i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii) Non-operational deposits (all counterparties)	24,068.99	16,830.80	42,569.82	23,415.58	30,886.66	17,941.91	36,141.12	17,687.71
iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Secured Wholesale funding		12,529.59		2,683.33		3,534.43		2,957.64
5. Additional requirements, of which	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Other contractual funding obligations	1,530.79	1,530.79	688.72	688.72	579.43	579.43	488.51	488.51
7. Other contingent funding obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Total Cash Outflows		36,405.07		31,932.29		26,907.29		26,001.62
Cash Inflows								
9. Secured lending (e.g. reverse repos)	402.90	0.00	83.33	0.00	0.00	0.00	0.00	0.00
10. Inflows from fully performing exposures	89.61	89.61	39.46	39.46	79.90	79.90	150.24	150.24
11. Other cash inflows	20,871.09	16,695.44	19,454.84	17,059.36	8,545.11	7,436.61	8,159.13	6,090.31
12. Total Cash Inflows	21,363.60	16,785.06	19,577.63	17,098.82	8,625.01	7,516.51	8,309.37	6,240.55
13. TOTAL HQLA		28,879.08		33,444.41		28,330.82		30,281.24
14. Total Net Cash Outflows		19,620.01		14,833.47		19,390.78		19,761.07
15. Liquidity Coverage Ratio (%)		147.19%		225.47%		146.10%		153.24%