



Liquidity Coverage Ratio: June 30, 2017

Liquidity Coverage Ratio (LCR) is aimed at measuring and promoting short-term resilience of banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive net cash outflows over next 30 days under stress conditions.

High quality liquid assets (HQLA) under LCR are divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, excess SLR securities and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

Kotak Mahindra Bank has implemented LCR framework across all its group companies since Jan 2016 and the average LCR for the quarter ended June 30, 2017 at the consolidated level was at 92.86% which is well above the regulatory threshold of 80%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended June 30, 2017 and Mar 31, 2017.

		Average Q1 2017-2018		Average Q4 2016-2017	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		32,473		29,653
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	13,154	658	13,353	668
	(ii) Less stable deposits	74,489	7,449	73,926	7,393
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	49,837	30,010	45,412	27,964
	(iii) Unsecured debt	4,550	4,400	3,976	3,976
4	Secured wholesale funding		823		1,426
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	8,789	8,325	12,317	11,846
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	5,008	734	4,558	700
6	Other contractual funding obligations	2,976	2,976	3,428	3,428
7	Other contingent funding obligations	62,593	2,476	62,017	2,464
8	Total Cash Outflows		57,852		59,864

		Average Q1 2017-2018		Average Q4 2016-2017	
Cash Inflows					
9	Secured lending (e.g. reverse repos)	13,200	0	8,782	18
10	Inflows from fully performing exposures*	28,733	21,965	32,191	26,043
11	Other cash inflows	1,254	627	954	477
12	Total Cash Inflows	43,198	22,592	41,927	26,538
13	TOTAL HQLA		32,743		29,653
14	Total Net Cash Outflows		35,259		33,326
15	Liquidity Coverage Ratio (%)		92.86%		88.98%

*Incl. Derivative inflows