

Liquidity Coverage Ratio: Dec 31, 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 Dec 31, 2017 at the consolidated level was at 92.92% which is well above the regulatory threshold of 80%.

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

		Average Q3 2017-2018		Average Q2 2017-2018	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		37,544		33,110
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	14,432	722	13,640	682
	(ii) Less stable deposits	80,046	8,005	77,488	7,749
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	60,539	36,012	54,672	33,136
	(iii) Unsecured debt	5,866	5,708	4,963	4,728
4	Secured wholesale funding		502		770
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	11,366	10,914	10,496	10,006
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	3,963	525	4,180	470
6	Other contractual funding obligations	2,898	2,898	2,976	3,237
7	Other contingent funding obligations	68,867	2,732	62,593	65,118
8	Total Cash Outflows		68,016		63,366

		Average Q3 2017-2018		Average Q2 2017-2018	
Cash Inflows					
9	Secured lending (e.g. reverse repos)	13,059	-	9,453	-
10	Inflows from fully performing exposures*	34,100	26,986	33,205	26,260
11	Other cash inflows	1,249	625	1,015	507
12	Total Cash Inflows	48,408	27,611	43,673	26,767
13	TOTAL HQLA		37,544		33,110
14	Total Net Cash Outflows		40,405		36,598
15	Liquidity Coverage Ratio (%)		92.92%		90.47%

*Incl. Derivative inflows