



Liquidity Coverage Ratio: Sep 30, 2018

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 Sep 30, 2018 at the consolidated level was at 107.32% which is well above the regulatory threshold of 90%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended Sep 30, 2018 and June 30, 2018.

		Average Q2 2018-2019		Average Q1 2018-2019	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		42,218		41,145
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	16,541	827	15,696	785
	(ii) Less stable deposits	96,742	9,674	89,772	8,977
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	64,000	35,432	64,001	36,162
	(iii) Unsecured debt	5,348	5,277	4,592	4,559
4	Secured wholesale funding		903		998
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	13,331	12,930	11,556	11,143
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	3,122	358	3,276	444
6	Other contractual funding obligations	3,226	3,226	3,036	3,036
7	Other contingent funding obligations	74,150	2,973	72,284	2,890
8	Total Cash Outflows		71,600		68,994
Cash Inflows					
9	Secured lending (e.g. reverse repos)	4,640	-	6,006	-
10	Inflows from fully performing exposures*	38,742	31,604	36,764	28,767

		Average Q2 2018-2019		Average Q1 2018-2019	
11	Other cash inflows	1,319	659	1,477	739
12	Total Cash Inflows	44,700	32,263	44,248	29,506
13	TOTAL HQLA		42,218		41,145
14	Total Net Cash Outflows		39,337		39,488
15	Liquidity Coverage Ratio (%)		107.32%		104.20%

*Incl. Derivative inflows