



Liquidity Coverage Ratio: Dec 31, 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 Dec 31, 2018 at the consolidated level was at 124.83% which is well above the regulatory threshold of 90%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended Dec 31, 2018 and Sep 30, 2018.

		Average Q3 2018-2019		Average Q2 2018-2019	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		53,088		42,218
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	17,413	871	16,541	827
	(ii) Less stable deposits	1,05,184	10,518	96,742	9,674
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	68,933	36,665	64,000	35,432
	(iii) Unsecured debt	4,821	4,785	5,348	5,277
4	Secured wholesale funding		679		903
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	11,959	11,772	13,331	12,930
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	3,588	406	3,122	358
6	Other contractual funding obligations	3,567	3,567	3,226	3,226
7	Other contingent funding obligations	74,571	2,990	74,150	2,973
8	Total Cash Outflows		72,254		71,600

		Average Q3 2018-2019		Average Q2 2018-2019	
Cash Inflows					
9	Secured lending (e.g. reverse repos)	6,621	-	4,640	-
10	Inflows from fully performing exposures*	36,336	28,902	38,742	31,604
11	Other cash inflows	1,643	821	1,319	659
12	Total Cash Inflows	44,600	29,724	44,700	32,263
13	TOTAL HQLA		53,088		42,218
14	Total Net Cash Outflows		42,530		39,337
15	Liquidity Coverage Ratio (%)		124.83%		107.32%

*Incl. Derivative inflows