



Liquidity Coverage Ratio: June 30, 2016

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.

Effective January 2016, LCR is applicable at consolidated level and the minimum LCR requirement is 70%. 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, 2016 at the consolidated level was at 78.75%.

The following table sets out the average LCR of the Bank for quarter ended June 30, 2016 and March 31, 2016 at the consolidated level.

		Average Q1 2016-2017		Average Q4 2015-2016	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		27,118		27,868
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	10,183	509	9,800	490
	(ii) Less stable deposits	60,590	6,059	58,185	5,818
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	47,376	27,498	49,187	28,423
	(iii) Unsecured debt	4,186	4,186	3,542	3,542
4	Secured wholesale funding		1,007		1,204
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	6,559	6,188	9,044	8,670
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	3,159	475	3,067	395
6	Other contractual funding obligations	2,531	2,531	2,927	2,927
7	Other contingent funding obligations	60,004	2,349	59,898	2,548

		Average Q1 2016-2017		Average Q4 2015-2016	
8	Total Cash Outflows		50,802		54,018
Cash Inflows					
9	Secured lending (e.g. reverse repos)	2,165	-	3,431	-
10	Inflows from fully performing exposures*	20,876	15,676	23,315	18,552
11	Other cash inflows	1,384	692	1,217	608
12	Total Cash Inflows	24,424	16,368	27,962	19,161
13	TOTAL HQLA		27,118		27,868
14	Total Net Cash Outflows		34,434		34,857
15	Liquidity Coverage Ratio (%)		78.75%		79.95%

*Incl. Derivative inflows

Note:

- RBI amendments to LCR vide circular dated Mar 23, 2016 has been effected from February 2016.