



Liquidity Coverage Ratio: Sep 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 Sep 30, 2016 at the consolidated level was at 77.42%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended Sep 30, 2016 and June 30, 2016.

		Average Q2 2016-2017		Average Q1 2016-2017	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		26,455		27,118
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	10,588	529	10,183	509
	(ii) Less stable deposits	64,715	6,471	60,590	6,059
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	45,634	27,864	47,376	27,498
	(iii) Unsecured debt	4,553	4,553	4,186	4,186
4	Secured wholesale funding		1,057		1,007
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	6,676	6,189	6,559	6,188
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	4,149	647	3,159	475
6	Other contractual funding obligations	3,014	3,014	2,531	2,531
7	Other contingent funding obligations	60,012	2,330	60,004	2,349

		Average Q2 2016-2017		Average Q1 2016-2017	
8	Total Cash Outflows		52,654		50,082
Cash Inflows					
9	Secured lending (e.g. reverse repos)	679	-	2,165	-
10	Inflows from fully performing exposures*	22,918	17,826	20,876	15,676
11	Other cash inflows	1,388	694	1,384	692
12	Total Cash Inflows	24,984	18,519	24,424	16,368
13	TOTAL HQLA		26,455		27,118
14	Total Net Cash Outflows		34,135		34,434
15	Liquidity Coverage Ratio (%)		77.50%		78.75%

*Incl. Derivative inflows