Liquidity Coverage Ratio: December 31, 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 Dec 31, 2016 at the consolidated level was at 85.30%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended Dec 31, 2016 and Sep 30, 2016.

			Average Q3 2016-2017		**Average Q2 2016-2017**	
High Quality Liquid Assets						
1	Total High Quality Liquid Assets (HQLA)			29,375		26,455
Cash Outflows						
2	Retail deposits and deposits from small business customers, of which:					
	(i)	Stable deposits	12,750	637	10,588	529
	(ii)	Less stable deposits	72,003	7,200	64,715	6,471
3	Unsecured wholesale funding, of which :					
	(i)	Operational deposits (all counterparties)				
	(ii)	Non-operational deposits (all counterparties)	44,926	27,942	45,634	27,864
	(iii)	Unsecured debt	3,604	3,604	4,553	4,553
4	Secured wholesale funding			1,536		1,057
5	Additional requirements, of which					
	(i)	Outflows related to derivative exposures and other collateral requirements	8,533	8,081	6,676	6,189
	(ii)	Outflows related to loss of funding on debt products				
	(iii)	Credit and liquidity facilities	3,922	617	4,149	647
6	Other contractual funding obligations		3,143	3,143	3,014	3,014
7	Other contingent funding obligations		61,012	2,381	60,012	2,330
8	**Total Cash Outflows**			**55,142**		**52,654**

		Average Q3 2016-2017		Average Q2 2016-2017	
Cash Inflows					
9	Secured lending (e.g. reverse repos)	3,029	-	679	-
10	Inflows from fully performing exposures*	25,273	19,949	22,918	17,826
11	Other cash inflows	1,509	755	1,388	694
12	**Total Cash Inflows**	**29,812**	**20,704**	**24,984**	**18,519**
13	**TOTAL HQLA**		**29,375**		**26,455**
14	**Total Net Cash Outflows**		**34,438**		**34,135**
15	**Liquidity Coverage Ratio (%)**		**85.30%**		**77.50%**

*Incl. Derivative inflows