



Liquidity Coverage Ratio: March 31, 2017

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 Mar 31, 2017 at the consolidated level was at 88.98% which is well above the regulatory threshold of 80%.

The following table sets out average LCR of the Bank (Consolidated) for quarter ended Mar 31, 2017 and Dec 31, 2016.

		Average Q4 2016-2017		Average Q3 2016-2017	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		29,653		29,375
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	(i) Stable deposits	13,353	668	12,750	637
	(ii) Less stable deposits	73,926	7,393	72,003	7,200
3	Unsecured wholesale funding, of which :				
	(i) Operational deposits (all counterparties)				
	(ii) Non-operational deposits (all counterparties)	45,412	27,964	44,926	27,942
	(iii) Unsecured debt	3,976	3,976	3,604	3,604
4	Secured wholesale funding		1,426		1,536
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	12,317	11,846	8,533	8,081
	(ii) Outflows related to loss of funding on debt products				
	(iii) Credit and liquidity facilities	4,558	700	3,922	617
6	Other contractual funding obligations	3,428	3,428	3,143	3,143
7	Other contingent funding obligations	62,017	2,464	61,012	2,381
8	Total Cash Outflows		59,864		55,142

		Average Q4 2016-2017		Average Q3 2016-2017	
Cash Inflows					
9	Secured lending (e.g. reverse repos)	8,782	18	3,029	-
10	Inflows from fully performing exposures*	32,191	26,043	25,273	19,949
11	Other cash inflows	954	477	1,509	755
12	Total Cash Inflows	41,927	26,538	29,812	20,704
13	TOTAL HQLA		29,653		29,375
14	Total Net Cash Outflows		33,326		34,438
15	Liquidity Coverage Ratio (%)		88.98%		85.30%

*Incl. Derivative inflows

Note: Average LCR for Q4 2016-17 is computed using daily LCR numbers during the quarter but for Q3 2016-17, average LCR is computed using monthly average.