

## Liquidity Coverage Ratio (LCR) Disclosure - Quarter ended 31 March 2024

<i>(Consolidated in MUR)</i>		TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations) <sup>1</sup>	TOTAL WEIGHTED VALUE (quarterly average of monthly observations) <sup>1</sup>
<b>HIGH-QUALITY LIQUID ASSETS</b>			
1	Total high-quality liquid assets (HQLA)	110,386,012,554	110,386,012,554
<b>CASH OUTFLOWS</b>			
2	Retail deposits and deposits from small business customers, of which:	34,374,949,254	3,437,494,925
3	<i>Stable deposits</i>	-	-
4	<i>Less stable deposits</i>	34,374,949,254	3,437,494,925
5	Unsecured wholesale funding, of which:	138,214,606,112	61,689,161,596
6	<i>Operational deposits (all counterparties)</i>	-	-
7	<i>Non-operational deposits (all counterparties)</i>	138,214,606,112	61,689,161,596
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	-	-
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	-	-
12	<i>Outflows related to loss of funding on debt products</i>	-	-
13	<i>Credit and liquidity facilities</i>	15,101,137,948	1,873,077,468
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	4,313,985,649	1,890,968,627
16	<b>TOTAL CASH OUTFLOWS</b>	<b>192,004,678,964</b>	<b>68,890,702,617</b>
<b>CASH INFLOWS</b>			
17	Secured funding (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	44,035,169,294	41,721,385,719
19	Other cash inflows	1,762,655,364	1,762,655,364
20	<b>TOTAL CASH INFLOWS</b>	<b>45,797,824,659</b>	<b>43,484,041,084</b>
		TOTAL ADJUSTED VALUE	
21	<b>TOTAL HQLA</b>		<b>110,386,012,554</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>		<b>25,406,661,533</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>434%</b>
24	<b>QUARTERLY AVERAGE OF DAILY HQLA<sup>2</sup></b>	<b>110,465,456,175</b>	

<sup>1</sup> The quarterly average of monthly observations is based on January to March 2024 month end figures.

<sup>2</sup> The quarterly average of daily HQLA is based on close of day figures over the 1<sup>st</sup> January 2024 to 31<sup>st</sup> March 2024 period.

## **Comments**

### **LCR requirements and movements**

In accordance with the Bank of Mauritius Guideline on Liquidity Risk Management, banks are required to maintain a minimum liquidity coverage ratio ("LCR"). The LCR's objective is to ensure that banks have an adequate stock of High Quality Liquid Assets ("HQLA") to meet their 30 day liquidity requirements under a stress scenario. The regulatory LCR requirement is 100%.

AfrAsia Bank Limited's (the "Bank") average LCR for the quarter ended 31 March 2024 stood at 434% (December 2023: 357%), driven by an excess HQLA stock of MUR 85.0bn over its total net cash outflows ("NCO"). The main drivers of the LCR are:

- (i) Movements in HQLA stock;
- (ii) Movements in customer loans and deposits;
- (iii) Interbank borrowing and funding;
- (iv) Contingent funding obligations;
- (v) Derivatives cash flows falling within the 30-day horizon.

### **HQLA stock and components**

The Bank's HQLA stock is made up of cash, including unrestricted balances with Central Bank (as aligned to the revised Cash Reserve Ratio framework, effective 31 January 2023), and government and central bank securities.

The daily simple average HQLA stock over the quarter ended 31 March 2024 was MUR 110.5bn.

As at 31 March 2024, the Bank's HQLA stock position was MUR 112.6bn, made up of cash and unrestricted balances with Central Bank MUR 7.9bn, Government of Mauritius and Bank of Mauritius Securities MUR 18.5bn and FCY Government Securities MUR 86.2bn.

The Bank calculates and reports LCR for MUR, its material foreign currencies (USD and EUR) and on a consolidated basis, fortnightly to the Bank of Mauritius. The excess USD denominated HQLA stock is used to cater for the LCR requirements of its other material foreign currencies. The Bank also has access to the swap market for its short-term currency mismatch requirements.

### **Funding mix and concentration monitoring**

The Bank's funding sources are mainly in the form of customer current, savings and term deposit accounts from global business companies, multi-nationals, financial institutions and individuals. Funding concentration risks are regularly monitored through internally developed metrics and the funding strategy is aligned to its asset funding requirements.

### **Liquidity Risk Management framework**

The Bank's liquidity risk management principles are guided by its Liquidity Risk Policy and the Bank of Mauritius Guideline on Liquidity Risk Management. Liquidity and funding risks management are the responsibility of the Bank's Asset and Liability Management (ALM) team which is also responsible of ensuring tactical excess liquidity deployment and balance sheet optimization. The ALM team assists management by monitoring liquidity and funding risks on a daily basis and providing a comprehensive set of reports on a monthly basis to the Asset and Liability Committee (ALCO) to facilitate strategic decision making.

The Treasury Fixed Income and Liquidity Management desk is responsible for the operational aspect of daily liquidity management by ensuring short-term cash and funding requirements are met.