

Liquidity Coverage Ratio (LCR) Disclosure - Quarter ending 30 September 2022

<i>(Consolidated in MUR)</i>		TOTAL UNWEIGHTED VALUE (quarterly average of monthly observations) ¹	TOTAL WEIGHTED VALUE (quarterly average of monthly observations) ¹
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)	68,858,688,003	68,858,688,003
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	29,401,033,494	2,940,103,349
3	<i>Stable deposits</i>	0	0
4	<i>Less stable deposits</i>	29,401,033,494	2,940,103,349
5	Unsecured wholesale funding, of which:	147,255,120,637	74,489,298,922
6	<i>Operational deposits (all counterparties)</i>	0	0
7	<i>Non-operational deposits (all counterparties)</i>	147,255,120,637	74,489,298,922
8	<i>Unsecured debt</i>	0	0
9	Secured wholesale funding	0	0
10	Additional requirements, of which:	0	0
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	0	0
12	<i>Outflows related to loss of funding on debt products</i>	0	0
13	<i>Credit and liquidity facilities</i>	2,773,725,568	300,842,977
14	Other contractual funding obligations	0	0
15	Other contingent funding obligations	1,787,988,057	1,165,778,698
16	TOTAL CASH OUTFLOWS	181,217,867,756	78,896,023,946
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	64,838,223,713	62,785,475,049
19	Other cash inflows	1,199,849,203	1,199,849,203
20	TOTAL CASH INFLOWS	66,038,072,916	63,985,324,252
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		68,858,688,003
22	TOTAL NET CASH OUTFLOWS		19,724,005,986
23	LIQUIDITY COVERAGE RATIO (%)		349%
24	QUARTERLY AVERAGE OF DAILY HQLA²	71,582,823,323	

¹ The quarterly average of monthly observations is based on July to September 2022 month end figures.

² The quarterly average of daily HQLA is based on close of day figures over the 1st July 2022 to 30 September 2022 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 current regulatory minimum LCR requirement is 100%.

AfrAsia's average LCR for the quarter ending 30 September 2022 stood at 349% (248% for Q/E June 2022), driven by an excess HQLA stock of MUR 49.1bn 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, government and central bank securities and highly liquid qualifying investment grade corporate bonds.

The bank's daily simple average HQLA stock over the Q/E 30 September 2022 was MUR 71.6bn.

As at 30 September 2022, the bank's HQLA stock position was MUR 67.4bn, made up of cash and unrestricted balances with Central Bank MUR 15.3bn (HQLA 1), Government of Mauritius and Bank of Mauritius Securities MUR 22.6bn (HQLA 1) and FCY Government Securities MUR 29.5bn (HQLA 1).

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 bank's 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 bank's 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 Liquidity desk is responsible for the operational aspect of daily liquidity management by ensuring short-term cash and funding requirements are met.