

Liquidity Coverage Ratio (LCR) Disclosure - Quarter ending 30 September 2019

<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)	46,409,289,101	46,135,096,079
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	0	0
3	<i>Stable deposits</i>	0	0
4	<i>Less stable deposits</i>	19,551,393,186	1,955,139,319
5	Unsecured wholesale funding, of which:	0	0
6	<i>Operational deposits (all counterparties)</i>	0	0
7	<i>Non-operational deposits (all counterparties)</i>	90,070,508,002	44,169,398,822
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>	801,236,877	66,839,477
14	Other contractual funding obligations	0	0
15	Other contingent funding obligations	998,662,214	557,809,310
16	TOTAL CASH OUTFLOWS	111,421,800,279	46,749,186,928
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	42,266,788,337	40,978,713,422
19	Other cash inflows	518,558,928	518,558,928
20	TOTAL CASH INFLOWS	42,785,347,265	41,497,272,351
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		46,135,096,079
22	TOTAL NET CASH OUTFLOWS		11,687,296,732
23	LIQUIDITY COVERAGE RATIO (%)		395%
24	QUARTERLY AVERAGE OF DAILY HQLA²	37,292,618,979	

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

² The quarterly average of daily HQLA is based on close of day figures over the 1st July 2019 to 30th September 2019 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 80% and will increase to 100% as from 31st January 2020.

AfrAsia's average LCR for the quarter ending 30th September 2019 stood at 395% (338% for Q/E June 2019), driven by an excess HQLA stock of MUR 34.4bn 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 30th September 2019 was MUR 37.2bn.

As at 30th September 2019, the bank's HQLA stock position was MUR 53.7bn, made up of cash and unrestricted balances with Central Bank MUR 3.7bn (HQLA 1), Government of Mauritius and Bank of Mauritius Securities MUR 18.5bn (HQLA 1), US Treasury Bills MUR 30bn (HQLA 1) and qualifying non-financial corporate bonds MUR 1.5bn (HQLA 2).

The bank calculates and reports LCR for MUR, its material foreign currencies (USD and EUR) and on a consolidated basis, monthly 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 who 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