

Liquidity Coverage Ratio (LCR) Disclosure - Quarter ending 30 September 2020

<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)	51,784,150,784	51,255,249,190
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	20,610,779,422	2,061,077,942
3	<i>Stable deposits</i>	0	0
4	<i>Less stable deposits</i>	20,610,779,422	2,061,077,942
5	Unsecured wholesale funding, of which:	109,380,542,639	54,714,005,740
6	<i>Operational deposits (all counterparties)</i>	0	0
7	<i>Non-operational deposits (all counterparties)</i>	109,380,542,639	54,714,005,740
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>	908,572,023	70,638,488
14	Other contractual funding obligations	0	0
15	Other contingent funding obligations	2,770,289,092	2,440,203,372
16	TOTAL CASH OUTFLOWS	133,670,183,176	59,285,925,542
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	41,598,795,209	40,268,743,879
19	Other cash inflows	2,488,416,209	2,488,416,209
20	TOTAL CASH INFLOWS	44,087,211,418	42,757,160,088
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		51,255,249,190
22	TOTAL NET CASH OUTFLOWS		16,528,765,454
23	LIQUIDITY COVERAGE RATIO (%)		310%
24	QUARTERLY AVERAGE OF DAILY HQLA²	41,749,751,013	

¹ The quarterly average of monthly observations is based on July to September 2020 month end figures.

² The quarterly average of daily HQLA is based on close of day figures over the 1st July 2020 to 30th September 2020 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 30th September 2020 stood at 310% (349% for Q/E June 2020), driven by an excess HQLA stock of MUR 34.7bn 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 2020 was MUR 41.7bn.

As at 30th September 2020, the bank's HQLA stock position was MUR 51.4bn, made up of cash and unrestricted balances with Central Bank MUR 6.8bn (HQLA 1), Government of Mauritius and Bank of Mauritius Securities MUR 17.9bn (HQLA 1), US Treasury Bills MUR 24.3bn (HQLA 1) and qualifying non-financial corporate bonds MUR 1bn (HQLA 2).

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