

Liquidity Coverage Ratio (LCR) Disclosure - Quarter ending 30 September 2023

<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)	95,449,615,536	95,449,615,536
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	29,473,729,564	2,947,372,956
3	<i>Stable deposits</i>	0	0
4	<i>Less stable deposits</i>	29,473,729,564	2,947,372,956
5	Unsecured wholesale funding, of which:	131,836,927,705	57,813,296,520
6	<i>Operational deposits (all counterparties)</i>	0	0
7	<i>Non-operational deposits (all counterparties)</i>	131,836,927,705	57,813,296,520
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>	12,962,636,121	2,300,326,119
14	Other contractual funding obligations	0	0
15	Other contingent funding obligations	4,342,764,784	1,524,750,639
16	TOTAL CASH OUTFLOWS	178,616,058,173	64,585,746,234
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	0	0
18	Inflows from fully performing exposures	45,373,605,982	43,572,135,896
19	Other cash inflows	1,384,502,079	1,384,502,079
20	TOTAL CASH INFLOWS	46,758,108,061	44,956,637,974
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		95,449,615,536
22	TOTAL NET CASH OUTFLOWS		19,629,108,259
23	LIQUIDITY COVERAGE RATIO (%)		486%
24	QUARTERLY AVERAGE OF DAILY HQLA²	89,652,263,547	

¹ The quarterly average of monthly observations is based on July to September 2023 month end figures.

² The quarterly average of daily HQLA is based on close of day figures over the 1st July 2023 to 30th September 2023 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 2023 stood at 486% (425% for Q/E June 2023), driven by an excess HQLA stock of MUR 75.8bn 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), 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 2023 was MUR 89.7bn.

As at 30 September 2023, the bank's HQLA stock position was MUR 106.1bn, made up of cash and unrestricted balances with Central Bank MUR 8.9bn (HQLA 1), Government of Mauritius and Bank of Mauritius Securities MUR 18.5bn (HQLA 1) and FCY Government Securities MUR 78.7bn (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 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.