

Liquidity Coverage Ratio (LCR) Disclosure - Quarter ended 30 June 2024

(Consolidated in MUR)

TOTAL UNWEIGHTED VALUE **TOTAL WEIGHTED VALUE**
(quarterly average of monthly observations)¹ (quarterly average of monthly observations)¹

HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)	108,969,799,278	108,596,473,554
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	37,018,702,877	3,701,870,288
3	Stable deposits	-	-
4	Less stable deposits	37,018,702,877	3,701,870,288
5	Unsecured wholesale funding, of which:	141,992,988,567	62,896,336,059
6	Operational deposits (all counterparties)	1,170,686,378	292,671,594
7	Non-operational deposits (all counterparties)	140,822,302,189	62,603,664,465
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	17,640,380,290	2,165,987,173
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	3,571,441,059	1,038,446,874
16	TOTAL CASH OUTFLOWS	200,223,512,793	69,802,640,394
CASH INFLOWS			
17	Secured funding (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	40,805,118,976	39,540,683,252
19	Other cash inflows	904,139,727	904,139,727
20	TOTAL CASH INFLOWS	41,709,258,703	40,444,822,979
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		108,596,473,554
22	TOTAL NET CASH OUTFLOWS		29,357,817,415
23	LIQUIDITY COVERAGE RATIO (%)		370%
24	QUARTERLY AVERAGE OF DAILY HQLA²	100,752,170,566	

¹ The quarterly average of monthly observations is based on April to June 2024 month end figures.² The quarterly average of daily HQLA is based on close of day figures over the 1 April 2024 to 30 June 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 30 June 2024 stood at 370% (March 2024: 434%), driven by an excess HQLA stock of MUR 79.3bn 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 and Government and Central Bank securities.

The daily simple average HQLA stock over the quarter ended 30 June 2024 was MUR 100.8bn.

As at 30 June 2024, the Bank's HQLA stock position was MUR 113.7bn, made up of cash and unrestricted balances with Central Bank, Government of Mauritius and Bank of Mauritius securities, foreign currency Government securities, securities issued by multilateral development banks (MDBs) and qualifying non-financial corporate debt securities rated AA- or better.

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.