



**Liquidity Coverage Ratio (LCR) DISCLOSURE**

**BNP PARIBAS BANGKOK BRANCH**

**For the quarterly period ended 31 December 2019**

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**REGULATOR : Bank of Thailand**

**VALIDATION DATE : 23<sup>rd</sup> APRIL 2020**



**BNP PARIBAS BANGKOK BRANCH** maintains its **Liquidity Coverage Ratio (LCR)** in accordance with the Group's liquidity management policy and the Notification of the Bank of Thailand No. SorNorSor. 9/2558 Re: Guidelines on Liquidity Coverage Ratio (LCR) dated 27 May 2015 and the Bank of Thailand's Policy Guidance Re: Policy Guidance on Liquidity Risk Management of Financial Institutions dated 28 January 2010.

LCR guidelines aim for commercial banks to have adequate liquidity to support short-term severe liquidity stress by requiring commercial banks to maintain high quality liquid assets that are unencumbered and can be converted into cash without significant change in value. Banks shall have enough liquid assets to support estimated cash outflows over 30 days under acute stressed scenarios in accordance with the guidelines by the Bank of Thailand. The minimum LCR requirement with phase-in period from 60% by 1 January 2016 and addition of 10% each year until reach 100% by 1 January 2020.

$$\text{LCR} = \frac{\text{High-quality liquid assets (HQLA)}}{\text{Estimated net cash outflows over a 30-day period under acute stressed scenario}}$$

There are 2 key components of LCR as followings.

**1. High-quality liquid assets (HQLA)** means unencumbered high quality liquid assets that can be converted to cash quickly without significant change of value even under acute stressed scenarios. In addition, the HQLA shall be applied the haircut to the value of eligible liquid assets and is capped following to the BOT's guideline.

**2. Estimated net Cash Outflows (Net COF)** commercial banks shall deduct the expected cash inflows over 30 days from the expected cash outflow over 30 days under acute stressed scenarios. Cash outflows and Cash inflows shall be applied the Bank of Thailand's run-off rate and inflow rate guideline. In addition, the expected cash inflows subject to 75% cap of the expected cash outflows.

**BNP PARIBAS BANGKOK BRANCH** has its average LCR for the 3<sup>rd</sup> quarter period ended **30 September 2019** at 166% remained well above the BOT's minimum requirement of 90%. The ratio calculated from the average LCR at end of Jul (at 184%), Aug (at 142%) and Sep (at 172%). The LCR level in 2019 was higher than in 2018 at the same period (2018 : at 129%) because the decreased average HQLA THB 802 million and the decreased average net cash outflow THB 2,551 million.

**The average HQLA** was THB 10,674 million, calculated from HQLA at the end of Jul, Aug and Sep. These HQLA mainly consisted of bond issued by Thailand Government and Bank of Thailand THB 8,030 million and committed facilities from BNPP Group THB 2,258 million.

**The average net COF** was THB 6,271 million, calculated from net cash outflows at end of Jul, Aug and Sep. The expected cash outflows mainly driven by 30-day deposits and borrowings outflow THB 7,829 million, intragroup net outflow transactions THB 2,801 million and unsettled trade bond payable THB 4,587 million, while the majority of the expected cash inflows under the 30-day liquidity regulatory stress scenario were from the repayment of loans THB 4,042 million and unsettled trade bond receivable THB 6,213 million, respectively.

The average LCR for the 4<sup>th</sup> quarter period ended **31 December 2019** at 157% remained well above the BOT's minimum requirement of 90%. The ratio 157% calculated from the average LCR at end of October (at 151%), November (at 130%) and December (at 191%). The LCR level in 2019 was higher than in 2018 at the same period (2018 : at 132%) because the decreased average HQLA THB 1,625 million and the decreased average net cash outflows THB 2,579 million.

**The average HQLA** was THB 10,093 million, calculated from HQLA at the end of October, November and December. These HQLA mainly consisted of Level 1 assets which were bond issued by Thailand Government and Bank of Thailand THB 7,571 million and committed facilities from BNPP Group THB 2,379 million.

**The average net COF** was THB 6,608 million, calculated from net cash outflows at end of October, November and December. The expected cash outflows mainly driven by 30-day deposits and borrowings outflow THB 9,523 million and unsettled trade bond payable THB 2,290 million, while the majority of the expected cash inflows under the 30-day liquidity regulatory stress scenario were from unsettled trade bond receivable THB 3,687 million and repayment of loans THB 3,761 million, respectively.

**BNP PARIBAS BANGKOK BRANCH** 's quarterly LCR which is an average of month-end value in each quarter is shown below.

#### LIQUIDITY COVERAGE RATIO (LCR)

In millions of THB	Simple Average <sup>(1)</sup>	
	3-mth ended 30 Sep 2019	3-mth ended 30 Sep 2018
Total High-quality liquid assets (HQLA)	10,674	11,477
Estimated total Net Cash Outflows over 30 days (Net COF)	6,271	8,823
Liquidity coverage ratio (%) <sup>(2)</sup>	166%	129%
Bank of Thailand minimum requirement LCR ratio (%)	90%	80%

<sup>(1)</sup> Value calculated by simple average of the ending balance of Jul, Aug, Sep

<sup>(2)</sup> The LCR is computed as an average of the observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and Net COF disclosed in the table.

#### LIQUIDITY COVERAGE RATIO (LCR)

In millions of THB	Simple Average <sup>(1)</sup>	
	3-mth ended 31 Dec 2019	3-mth ended 31 Dec 2018
Total High-quality liquid assets (HQLA)	10,093	11,718
Estimated total Net Cash Outflows over 30 days (Net COF)	6,608	9,187
Liquidity coverage ratio (%) <sup>(2)</sup>	157%	132%
Bank of Thailand minimum requirement LCR ratio (%)	90%	80%

<sup>(1)</sup> Value calculated by simple average of the ending balance of Oct, Nov and Dec

<sup>(2)</sup> The LCR is computed as an average of the observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and Net COF disclosed in the table.

#### COMPARISON OF LIQUIDITY COVERAGE RATIO

(%)	Simple Average <sup>(1)</sup>	
	2019	2018
4th Quarter period ended Dec	157%	132%
3rd Quarter period ended Sep	166%	129%

<sup>(1)</sup> Value calculated by simple average of the ending balance of Jul, Aug and Sep for the 3rd Quarter and Oct, Nov and Dec for the 4th Quarter



The **BNP PARIBAS Group's** liquidity management policies are to secure a balanced financing structure for the development of BNP Paribas business activities, and to ensure it is sufficiently robust to cope with crisis situations. The BNP Paribas Group's regulatory intelligence includes monitoring of all anticipated developments with respect to liquidity and long-term funding.

The liquidity risk management framework relies on :

- a) Management indicators :
  - (i) By volume, to ensure that business or activities comply with their liquidity targets set in line with the Group's funding capacity,
  - (ii) By price, via internal liquidity pricing
- (b) The definition of monitoring indicators which enable assessment of the BNP PARIBAS Group's liquidity position under normal conditions and in crisis situations, the efficiency of actions undertaken and compliance with regulatory ratios
- (c) The implementation of liquidity risk management strategies based on diversification of funding sources with maturities in line with needs, and the constitution of liquidity reserves.

The BNP Paribas Group LIQUIDTY COVERATE RATIO (LCR) information is disclosed under part 5 within the 2019 Registration Document [https://invest.bnpparibas.com/sites/default/files/documents/bnp2019\\_urd\\_en\\_20\\_03\\_13.pdf](https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf) (see 5.8 Liquidity Risk, Table 93 : Short-term Liquidity Ratio (LCR) on page 422)