



Liquidity Coverage Ratio (LCR) DISCLOSURE

BNP PARIBAS BANGKOK BRANCH

For the quarterly period ended 30 June 2022

REGULATOR : Bank of Thailand

VALIDATION DATE : 12 October 2022

BNP PARIBAS BANGKOK BRANCH maintains its **Liquidity Coverage Ratio (LCR)** in accordance with the BNP Paribas Group's liquidity management policy and the Bank of Thailand's Policy Guidance on Liquidity Risk Management of Financial Institutions.

The LCR guidelines aim for commercial banks to have adequate liquidity to support short-term severe liquidity stress by requiring commercial banks to maintain an adequate stock of unencumbered High-Quality-Liquid Assets (HQLA) to meet its liquidity needs, specifically to cover total net cash outflows for a 30-calendar day severe liquidity stress scenario according to the Bank of Thailand's computation methodology.

Minimum requirement on LCR as prescribed by the Bank of Thailand, commercial bank shall maintain its LCR with phase-in period from 60% by 1 January 2016 and addition of 10% each year until reach 100% by 1 January 2020.

The LCR components:

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

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. HQLA generally include cash, central bank reserves and certain marketable securities issued and backed by governments and central bank.

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. Example of Cash Outflows are deposits and borrowings, funding, contractual obligations. Cash inflows are loans and contractual obligations.

This LCR disclosure meets the requirement under the Notification of the Bank of Thailand Sor Nor Sor 2/2561 "The Disclosure of Liquidity coverage ratio disclosure standards" dated 25 January 2018. The average value of the LCR and related components is calculated as the simple average of the three month-end measures over a particular quarter.

BNP PARIBAS BANGKOK BRANCH's quarterly LCR ratio

LIQUIDITY COVERAGE RATIO (LCR)

In millions of THB	Simple Average ⁽¹⁾	
	2022 2nd Quarter	2021 2nd Quarter
Total High-quality liquid assets (HQLA)	15,981	11,582
Estimated total Net Cash Outflows over 30 days (Net COF)	6,079	7,506
Liquidity coverage ratio (%) ⁽²⁾	274%	154%
Bank of Thailand minimum requirement LCR ratio (%)	100%	100%

⁽¹⁾ Value calculated by simple average of the ending balance of Apr, May and Jun

⁽²⁾ 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 ⁽¹⁾	
	2022	2021
1st Quarter	293%	149%
2nd Quarter	274%	154%

⁽¹⁾ Value calculated by simple average of the ending balance of Jan, Feb and Mar for the 1st Quarter and Apr, May and Jun for the 2nd Quarter

For the 2nd quarter period ended 30 June 2022, the average LCR was at 274% remained well above the BOT's minimum requirement of 100%. The ratio 274% calculated from the average LCR at end of Apr (at 373%), May (at 253%) and Jun (at 198%). The LCR level in 2022 was upper than in 2021 at the same period (2021: at 154%) because the upper average HQLA THB 4,399 million and the lower average net cash outflows over 30 days THB 1,427 million.

The average HQLA was THB 15,981million, mainly consisted of Level 1 assets which was bond issued by Thailand Government and Bank of Thailand THB 12,647 million and the committed facilities from BNPP Group THB 2,432 million.

The average net COF was THB 6,079 million. The expected cash outflows mainly driven by 30-day deposits and borrowings outflow THB 9,888 million and the unsettled trade bond payable THB 1,585 million, while the majority of the expected cash inflows under the 30-day liquidity regulatory stress scenario were from Intragroup THB 3,959 million, unsettled trade bond receivable THB 1,876 million and repayment of loans THB 2,998 million, respectively.

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 LIQUIDITY COVERAGE RATIO (LCR) information is disclosed under part 5 in the 2021 Universal Registration Document <https://invest.bnpparibas.com/en/registration-documents-annual-financial-reports>. (see Liquidity coverage ratio)