Bank of China (Thai) Public Company Limited
Disclosure of quantitative data for liquidity coverage ratio (LCR)
For the six-month period ended 30 June 2019

1. Liquidity Coverage Ratio (LCR)

Unit: Million Baht

Description	Quarter 2 – 2019* (average)	Quarter 2 – 2018* (average)
(1) Total high-quality liquid assets (Total HQLA)	7,061	12,529
(2) Total net cash outflows within the 30-day time horizon (Total net cash outflows)	4,828	9,256
(3) LCR (%)	154	138
Minimum LCR as specified by the Bank of Thailand (%)	90	80

2. LCRs of the preceding quarters (for comparison)

Unit: %

Description	Year 2019* (average)	Year 2018* (average)
1st quarter	174	123
2nd quarter	154	138

*The bank has calculated the LCR by the simple average method, which is the average of data over a particular quarter.

3. Example of the disclosure of descriptions for quantitative data

Bank of china (Thai) Public Company Limit ("the Bank") is required to maintain the liquidity coverage ratio in accordance with the guidelines as specified by the Bank of Thailand. The LCR is expected to encourage commercial banks to have robust and adequate liquidity position so that they can survive short-term severe liquidity stress. The minimum LCR, which is the ratio of high-quality liquid assets to total net cash outflows within the 30-day time horizon, of

60% was introduced on 1 January 2016, and increased by 10% each year until it reaches 100% in 2020.

$$LCR = \frac{High\text{-}quality\ liquid\ assets\ (HQLA)}{Total\ net\ cash\ outflows\ within\ the\ 30\text{-}day\ time\ horizon\ under\ liquidity\ scress\ scenarios}$$

The average LCR for the 2nd quarter of 2019 of the "Bank" is 154%, which is higher than the minimum LCR 90% as specified by the Bank of Thailand. This LCR is the average of LCRs as at the end of April, May and June are 181%, 117% and 164% respectively. The LCR consists of 2 main components, namely:

1. High-quality liquid assets (HQLA) include unencumbered high-quality assets with low risk and low volatility that can be easily monetized without any significant changes to their values, even in times of liquidity stress. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by the Bank of Thailand.

The average HQLA of the Bank for the 2nd quarter of 2019 is 7,061 million Baht (it is Level 1 asset, namely government bonds and cash), which is the average of HQLA as at the end of April to June. On this, the Bank holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA.

2. The amount of net cash outflows (net cash outflows) is equal to expected cash outflows within the 30-day time horizon minus expected cash inflows within the 30-day time horizon under liquidity stress scenarios; but the expected cash inflows must not exceed 75% of the expected cash outflows.

The average net cash outflows of the Bank for the 2nd quarter of 2019 is 4,828 million Baht, which is the average of net cash outflows within the 30-day time horizon as at the end of April to June. The expected cash outflows on which the Bank focuses under the severe liquidity stress scenarios are the run-off of general customer deposits and borrowing from intra-group, to which the run-off rates as specified by the Bank of Thailand have been assigned. On the other hand, expected cash inflows are mostly from loan repayments from high-quality customers, deposits from high-quality counterparties, and maturing debt securities, to which the inflow rates as specified by the Bank of Thailand have been assigned.

In addition, the Bank also regularly examines its liquidity gaps and funding concentrations, which is part of the assessment and analysis of liquidity risk, to ensure that it has adequate liquidity to support the business. And, as the Bank has developed risk-monitoring tools in accordance with the international standards and business directions so that the Bank can better manage its liquidity positions.