



Bangkok Bank Public Company Limited

Basel III - Pillar 3 Disclosures

As at June 30, 2021

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Introduction

Bangkok Bank (“the Bank”) recognizes that effective risk management and good corporate governance are essential to the stability and sustainable credibility of the Bank and its subsidiaries in the Group (“the Group”). The Bank therefore places great emphasis on continually improving risk management processes and on having a sufficient level of capital to support business operations, at both the Bank level and the Group level.

The use of market discipline is deemed to be an important driver in the enhancement of the risk management system. Therefore, disclosures of information regarding capital, risk exposures, risk assessment processes, and capital adequacy are provided at both the Bank level (Solo Basis) and the Group level (Full Consolidation Basis). The disclosures are in accordance with the disclosure requirements of the Bank of Thailand (“BOT”).

The complete disclosure report of information regarding capital management in accordance with Basel III - Pillar 3 is provided, of which the quantitative information regarding key prudential metrics, capital structure, capital adequacy, minimum capital requirements for credit risk, market risk, operational risk and Liquidity Coverage Ratio (LCR) is disclosed semi-annually. As for the disclosure of qualitative information, it is updated annually or when there is a material change in the risk management policy. Disclosures will be made for information that the Bank considers to be of material nature. The Pillar 3 disclosure reports will be made available on the Bank’s website under the section “Investor Relations” within four months after the end of relevant period.

Scope of Application

The disclosure report covers information at both the Bank level (Solo Basis) and the Group level (Full Consolidation Basis). There are 13 companies in the Group consisting of;

- Bangkok Bank Public Company Limited engaged in commercial banking (as the parent company)
- Bangkok Bank Berhad engaged in commercial banking
- Bangkok Bank (China) Company Limited engaged in commercial banking
- PT Bank Permata Tbk engaged in commercial banking
- Bualuang Securities Public Company Limited engaged in securities business
- BBL Asset Management Company Limited engaged in fund management
- Bangkok Capital Asset Management Company Limited engaged in fund management
- Sinsuptawee Asset Management Company Limited engaged in asset management
- Bualuang Ventures Limited engaged in venture capital
- BSL Leasing Company Limited engaged in leasing business
- BBL (Cayman) Limited engaged in finance business
- BBL Nominees (Tempatan) Sdn. Bhd engaged in supporting business
- PT Sahabat Finansial Keluarga engaged in finance business

The scope of consolidation for accounting and regulatory purposes has no difference (See Table 7).

1. Key Prudential Metrics

Table 1: Quantitative Disclosure of Key Prudential Metrics

Items	The Group		The Bank		
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	
Capital (Unit : Million Baht)					
1	Common Equity Tier 1 Capital (CET1)	415,274	407,621	416,715	404,418
1A	Common Equity Tier 1 Capital (CET1) after ECL ^{1/} (Fully loaded ECL CET1)	415,274	407,621	416,715	404,418
2	Tier 1 Capital	439,040	431,381	440,307	428,010
2A	Tier 1 Capital after ECL (Fully loaded ECL Tier1)	439,040	431,381	440,307	428,010
3	Total Capital	507,451	502,067	508,033	497,849
3A	Total Capital after ECL (Fully loaded ECL Total Capital)	507,451	502,067	508,033	497,849
Risk Weighted Assets (Unit : Million Baht)					
4	Total Risk Weighted Assets (RWA)	2,762,026	2,737,481	2,528,610	2,477,026
Capital to Risk Weighted Assets Ratio (%)					
5	Common Equity Tier1 Capital Ratio	15.04	14.89	16.48	16.33
5A	Common Equity Tier1 Capital Ratio after ECL (Fully loaded ECL CET1 Ratio)	15.04	14.89	16.48	16.33
6	Tier 1 Capital Ratio	15.90	15.76	17.41	17.28
6A	Tier 1 Capital Ratio after ECL (Fully loaded ECL Tier1 Ratio)	15.90	15.76	17.41	17.28
7	Total Capital Ratio	18.37	18.34	20.09	20.10
7A	Total Capital Ratio after ECL (Fully loaded ECL Total Capital Ratio)	18.37	18.34	20.09	20.10
Capital Buffer Ratio (%)					
8	Conservation Buffer Ratio	2.50	2.50	2.50	2.50
9	Countercyclical Buffer Ratio	-	-	-	-
10	High Loss Absorbency Ratio	1.00	1.00	1.00	1.00
11	Total Capital Buffer (Total Transaction 8 -10)	3.50	3.50	3.50	3.50
12	Common Equity Tier 1 Ratio Remaining after Minimum Requirement ^{2/}	9.87	9.76	11.41	11.28
Liquidity Coverage Ratio (LCR) (%)			Average Value for the second quarter		
			Year 2021	Year 2020	
13	Total High-Quality Liquid Assets (Unit : Million Baht)		1,062,464	927,743	
14	Total Expected Net Cash Outflows within the next 30 days (Unit : Million Baht)		375,517	323,834	
15	LCR (%)		283	287	

^{1/} Expected Credit Loss (ECL) as prescribed in TFRS9 Financial Instruments (TFRS9) of the Federation of Accounting Professions

^{2/} CET1 ratio remaining after minimum capital, it is not necessarily equal to the difference between the CET1 ratio in the 5th and the 4.5% minimum CET1 ratio requirement. Due to the CET1 ratio may be applied to maintain a minimum Tier1 ratio requirement of 6% and/or minimum total capital ratio requirement of 8.5%.

2. Capital Structure and Capital Adequacy

2.1 Capital Structure

The Bank's capital structure according to the regulations on capital requirements under the principles of BOT's Basel III, is revised into Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

- Common Equity Tier 1 Capital comprises
 - 1) Paid-up Share Capital
 - 2) Premium (discount) on Common Share
 - 3) Legal Reserves
 - 4) Reserves appropriated from net profit
 - 5) Retained earnings after appropriations
 - 6) Non-controlling Interest classified as Common Equity Tier 1 Capital
 - 7) Other Reserves
 - 8) Deductions such as goodwill, intangible assets and deferred tax assets
- Additional Tier 1 Capital consists of
 - 1) Long-term subordinated debt instrument with claims subordinated to depositors, general creditors and other subordinated debts, including debt instruments qualified as Tier 2 Capital.
 - 2) Non-controlling Interest classified as Additional Tier 1 Capital
- Tier 2 Capital consists of
 - 1) Long-term subordinated debt instrument with claims subordinated to depositors and general creditors
 - 2) General Provisions for normal assets not exceeding 1.25 percent of credit risk-weighted assets
 - 3) Non-controlling Interest classified as Tier 2 Capital

In adopting Basel III, the BOT relaxes for subordinated debt instruments classified as Tier 2 capital of which the criteria do not meet qualifications under Basel III regarding capability for loss absorbency of the Bank at the point of non-viability i.e. no conversion feature to common shares or written off upon the authority's decision to make financial support to the Bank, the BOT requires phasing out capital at 10 percent p.a. starting from 2013 to 2022.

Table 2: Capital Structure

Unit : Million Baht

Capital	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Common Equity Tier 1 Capital	415,274	407,621	416,715	404,418
Tier 1 Capital	439,040	431,381	440,307	428,010
Tier 2 Capital	68,411	70,686	67,726	69,839
Total Capital	507,451	502,067	508,033	497,849

2.2 Capital Adequacy

The objective of the Bank's and the Group's capital management policy is to maintain an adequate level of capital to support growth strategies within an acceptable risk framework, as well as to meet regulatory requirements and market expectations.

In compliance with the BOT's supervisory review process guidelines, the Bank's capital management process assesses the overall risk and capital adequacy under the Internal Capital Adequacy Assessment Process (ICAAP). The process covers projected assessments of all substantial risks to the Bank's operations, so that the Bank can effectively manage its risks and has a sound capital base for business operations under normal and stress scenarios. Therefore, the capital management process covers the Group level.

The Standardised Approach (SA) is used to measure credit risk, market risk, and operational risk for computing regulatory capital requirements under BOT's Basel III at both the Bank level and the Group level.

Under the principles of Basel III, the BOT requires that commercial banks registered in Thailand and their groups must maintain three minimum capital adequacy ratios: a Common Equity Tier 1 Capital adequacy ratio of no less than 4.50 percent, a Tier 1 Capital adequacy ratio of no less than 6.00 percent, and a Total Capital adequacy ratio of no less than 8.50 percent. The aforementioned minimum ratios have yet to include the Capital Conservation Buffer of more than 2.50 percent. Moreover, the BOT requires the Bank, which is classified as a Domestic Systemically Important Bank (D-SIB), to have additional capital to meet the Higher Loss Absorbency (HLA) requirement by 1.00 percent. Consequently, from January 1, 2020, Common Equity Tier 1 Ratio, Tier 1 Ratio and Total Capital Ratio must be more than 8.00, 9.50 and 12.00 percent, respectively, of the total risk-weighted assets.

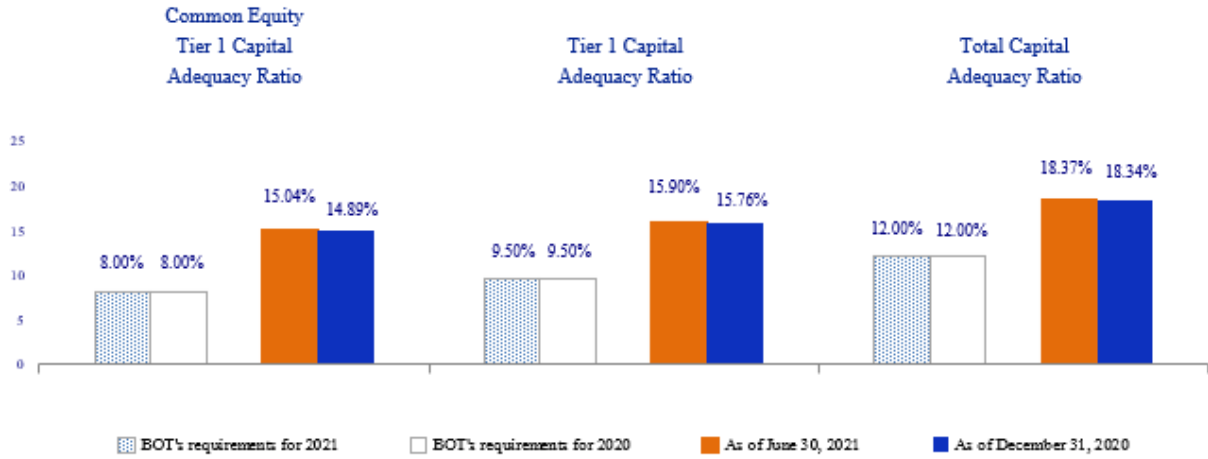
Moreover, the BOT may require banks to maintain additional capital for Countercyclical Buffer at maximum 2.50 percent. As at June 30, 2021, the Bank and the Group has adequate capital for such buffers.

Table 3: Capital Adequacy

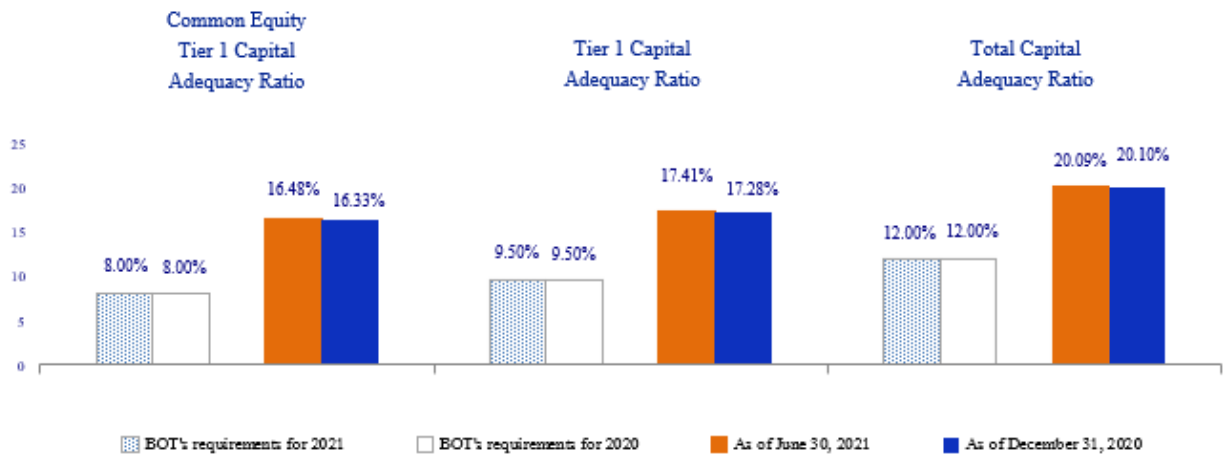
Capital	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Common Equity Tier 1 Capital	15.04%	14.89%	16.48%	16.33%
Tier 1 Capital	15.90%	15.76%	17.41%	17.28%
Tier 2 Capital	2.47%	2.58%	2.68%	2.82%
Total Capital	18.37%	18.34%	20.09%	20.10%

Capital Adequacy Ratio

Group Level (Full Consolidation Basis)



Bank Level (Solo Basis)



Remark: The BOT requires commercial banks to maintain an additional Capital Conservation Buffer reaches more than 2.5 percent. The BOT also requires commercial banks to have additional capital requirement for Higher Loss Absorbency (HLA) requirement by 1 percent.

Table 4: Component of Capital

Unit : Million Baht

Component of Capital	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Tier 1 Capital	439,040	431,381	440,307	428,010
Common Equity Tier 1 Capital	415,274	407,621	416,715	404,418
Paid-up Share Capital	19,088	19,088	19,088	19,088
Premiums on Share Capital	56,346	56,346	56,346	56,346
Legal Reserves	25,500	25,000	25,500	25,000
Reserves appropriated from net profit	111,500	111,500	111,500	111,500
Net profit after appropriations	184,550	185,859	169,427	170,314
Other comprehensive income	57,561	47,386	57,433	53,184
Deductions from Common Equity Tier 1 Capital	(39,271)	(37,558)	(22,579)	(31,014)
Additional Tier 1 Capital	23,766	23,760	23,592	23,592
Subordinated Debenture	23,592	23,592	23,592	23,592
Non-controlling Interest	174	168	-	-
Tier 2 Capital	68,411	70,686	67,726	69,839
Subordinated Debenture*	39,639	42,593	39,639	42,593
General Provision	28,730	28,053	28,087	27,246
Non-controlling Interest	42	40	-	-
Total Capital	507,451	502,067	508,033	497,849

***Component of Capital subject to Phasing in (out)**

Unit : Million Baht

As at June 30, 2021	The Group		The Bank	
	Classified As Capital	Outstanding Balance for Phasing In (Out)	Classified As Capital	Outstanding Balance for Phasing In (Out)
Phasing in (out) at 10 percent p.a. beginning 2013 - 2022				
Subordinated Debenture	39,639	(2,953)	39,639	(2,953)

Unit : Million Baht

As at December 31, 2020	The Group		The Bank	
	Classified As Capital	Outstanding Balance for Phasing In (Out)	Classified As Capital	Outstanding Balance for Phasing In (Out)
Phasing in (out) at 10 percent p.a. beginning 2013 - 2022				
Subordinated Debenture	42,593	(5,907)	42,593	(5,907)

Table 5: Minimum Capital Requirements for Each Type of Risks

Unit : Million Baht

Type of Risks	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Minimum Capital Requirements for Credit Risk	208,670	206,609	193,352	188,587
Performing	205,932	203,724	190,842	185,958
- Sovereigns and central banks, Multilateral development banks (MDBs ¹), and Provincial organizations/ Government entities/ State enterprises (PSEs ²) which have the same risk weight as Sovereigns	2,855	2,566	2,856	2,737
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	7,968	9,530	8,893	9,827
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	153,676	148,961	132,084	127,844
- Retail	12,125	12,873	10,018	10,857
- Residential mortgage loans	9,519	9,339	8,844	8,797
- Other assets	19,789	20,455	28,147	25,896
Non-Performing	2,738	2,885	2,510	2,629
Minimum Capital Requirements for Market Risk	6,778	6,748	6,041	5,986
- Interest Rate Risk	4,263	4,088	3,874	3,905
- Equity Price Risk	147	480	-	-
- Foreign Exchange Risk	2,368	2,180	2,167	2,081
- Commodity Price Risk	-	-	-	-
Minimum Capital Requirements for Operational Risk	19,325	19,329	15,539	15,973
Total Minimum Capital Requirements	234,773	232,686	214,932	210,546

Remark

¹ Multilateral Development Bank

² Non-central Government Public Sector Entity

Table 6: Main Features of Regulatory Capital Instruments

	Ordinary Share	Subordinated Debenture	Subordinated Debenture	Subordinated Debenture
Issuer	Bangkok Bank Public Company Limited	Bangkok Bank Public Company Limited Hong Kong branch	Bangkok Bank Public Company Limited Hong Kong Branch	Bangkok Bank Public Company Limited Hong Kong Branch
ISIN Code	TH0001010006	USY06072AD75 (Reg S) US06000BAA08 (Rule 144A)	USY0606WBQ25 (Reg S) US059895AH54 (144A)	USY0606WCA63 (Reg S) US059895AT92 (Rule 144A)
Regulatory treatment				
Instrument type	Common Equity Tier 1	Additional Tier 1	Tier 2 Capital	Tier 2 Capital
Qualified Basel III	Qualified	Qualified	Non-qualified	Qualified
Non-qualified Basel III features	N/A	N/A	No loss absorption features	N/A
Phased-out or full-amount	Full-amount	Full-amount	Phased-out at 10% p.a.	Full-amount (Phased-out 20% p.a. after year 10)
Eligible at solo/group level	Group & Solo	Group & Solo	Group & Solo	Group & Solo
Amount recognized in regulatory capital (Net of phasing out) (Unit: THB Million)	19,088	23,592	2,953	36,686
Par value	10 Baht	1,000 U.S. Dollar	1,000 U.S. Dollar	1,000 U.S. Dollar
Accounting classification	Shareholder's equity	Amortized-cost debt	Financial liabilities Measured at Fair Value Through Profit or Loss	Amortized-cost debt
Original date of issuance	Multiple	September 23, 2020	January 28, 1999	September 25, 2019
Perpetual or dated	Perpetual	Perpetual	Dated	Dated
Original maturity date	No maturity	No maturity	March 15, 2029	September 25, 2034
Issuer's authority to call subject to prior supervisory approval	No	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval
Optional call date, contingent call date and redemption amount	N/A	The Bank has the option to redeem the subordinated notes: (i) on the First Call Date (being 5 years from the Issue Date) and every Distribution Payment Date thereafter, on the revolving Principal Amount or the Optional Redemption Amount, plus accrued but not cancelled Distribution subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event; and (ii) at any time upon the occurrence of Tax or Regulatory Events, at their Prevailing Principal Amount plus accrued but not cancelled Distribution subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event, in any case, subject to approval from the Bank of Thailand and subject to the Terms and Condition of the Additional Tier 1 Subordinated Notes.	The Bank has the option to redeem the subordinated notes if there are changes in or amendments to the tax laws or regulations of Thailand and/or Hong Kong resulted that the Bank has additional amount to pay in respect to the withholding tax. The redemption amount of the notes shall be equal to total outstanding principal plus accrued interest.	The Bank has the option to redeem the subordinated notes at year 10, or upon certain Tax or Regulatory Events, subject to approval from the Bank of Thailand. The redemption amount of the notes shall be equal to total outstanding principal plus accrued interest subject to adjustment following the occurrence of a Non-Viability Event.

Table 6: Main Features of Regulatory Capital Instruments (Continued)

	Ordinary Share	Subordinated Debenture	Subordinated Debenture	Subordinated Debenture
Subsequent call dates, if applicable	N/A	First Call Date and every Distribution Payment Date thereafter (or any time upon the occurrence of Tax or Regulatory Events), subject to approval from the Bank of Thailand	Any date after original date of issuance	N/A
Coupons / dividends				
Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed rate until the First Call Date and thereafter reset to Reset Distribution Rate every five-year according to the Terms and Condition of the Additional Tier 1 Subordinated Notes	Fixed rate	Fixed rate
Coupon rate and any related index	Distributable profit that has been declared as dividend	5.000% p.a. until the First Call Date and thereafter reset to Reset Distribution Rate according to the Terms and Condition of the Additional Tier 1 Subordinated Notes	9.025 % p.a.	3.733 % p.a.
Existence of a dividend stopper	No	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory by the BOT	Mandatory by BOT
Existence of step up or other incentive to redeem	No	No	No	No
Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
Write-down feature	No	Yes	No	Yes
Position in subordination hierarchy in liquidation	The ordinary shareholders shall of the return of capital in a winding-up at the last position.	The subordinated noteholders' rights to payment of principal and Distribution (if any) on the Additional Tier 1 Subordinated Notes rank senior to rights of claims in respect of the Issuer's shares and obligations which by their terms or by operation of law rank junior to the Additional Tier 1 Subordinated Notes and junior to rights of claims in respect of all other types of the Issuer's creditors.	The subordinated noteholders shall of the return of capital in a winding-up after preferred shareholders, depositors and general creditors.	The Subordinated Noteholders' rights to receive their debt payments in a winding-up rank behind depositors and all creditors in respect of debts/liabilities which by their terms rank senior to the Subordinated Notes.

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision

The Group Capital		Unit : Million Baht		
Item	30 June 2021	31 December 2020	References Based on Balance Sheet under the Consolidated Supervision	
	Amount	Amount		
Tier 1 Capital				
Common Equity Tier 1 Capital				
Paid-up Common Shares	19,088	19,088	A	
Premiums on Share Capital	56,346	56,346	B	
Legal Reserves	25,500	25,000	C	
Reserves Appropriated from Net Profit	111,500	111,500	D	
Net Profit after Appropriation	184,550	185,859	E	
Other Comprehensive Income				
Revaluation Surplus on Land Building and Condominium Appraisal	31,243	31,737	F	
Revaluation Surplus on Investments	28,237	27,035	G	
Foreign Currency Translation	(2,218)	(11,954)	H	
Cash flow hedges reserve	297	565	I	
Other Owner Changes Items	2	3	J	
Total CET1 Capital before Regulatory Adjustments and Deduction	454,545	445,179		
Regulatory Adjustments on CET1	-	-		
Regulatory Deduction on CET1				
Goodwill	(20,905)	(29,563)	K	
Intangible Assets	(14,530)	(2,503)	L	
Deferred Tax Assets	(3,836)	(5,492)	M	
Total Regulatory Deduction on CET1	(39,271)	(37,558)		
Total CET1	415,274	407,621		
Additional Tier 1 Capital				
Subordinated Debenture	23,592	23,592	N	
Non-controlling Interest	174	168	O	
Total Tier 1 Capital	439,040	431,381		
Tier 2 Capital				
Subordinated Debenture	39,639	42,593	P	
General Provision	28,730	28,053	Q	
Non-controlling Interest	42	40	R	
Total Tier 2 Capital	68,411	70,686		
Total Regulatory Capital	507,451	502,067		

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision (Continued)

Balance Sheet under the Consolidated Supervision ¹

Unit : Million Baht

Items	30 June 2021	31 December 2020	References for the Group Capital Items
	Amount	Amount	
Assets			
Cash	62,956	73,886	
Interbank and Money Market Items, net	805,307	519,036	
Financial Assets Measured at Fair Value Through Profit or Loss	71,991	57,936	
Derivatives Assets	44,488	67,561	
Investments, net	752,776	758,482	
Investments in Subsidiaries and Associates, net	904	911	
Loans to Customers and Accrued Interest Receivables, net	2,225,733	2,189,102	
Qualified as Capital	28,730	28,053	Q
Properties for Sale, net	9,422	9,754	
Premises and Equipment, net	64,631	65,050	
Goodwill and Other Intangible Assets, net	35,435	32,308	
Deduction from Capital	(35,435)	(32,066)	K, L
Deferred Tax Assets	6,027	7,940	
Deduction from Capital	(3,836)	(5,492)	M
Collateral Placed with Financial Counterparties	16,528	12,833	
Other assets, net	25,763	28,161	
Total Assets	4,121,961	3,822,960	
Liabilities			
Deposits	3,046,985	2,810,863	
Interbank and Money Market Items	253,407	219,149	
Liability Payable on Demand	7,057	7,257	
Financial Liabilities Measured at Fair Value Through Profit or Loss	20,374	19,257	
Debt Instruments that are qualified as capital	2,953	5,907	P
Derivatives Liabilities	50,417	57,128	
Debt Issued and Borrowings	145,503	136,177	
Qualified as Additional Tier 1 Capital	23,592	23,592	N
Qualified as Tier 2 Capital	36,686	36,686	P
Provisions	27,164	27,306	
Deferred Tax Liabilities	2,191	2,447	
Other Liabilities	99,583	93,129	
Total Liabilities	3,652,681	3,372,713	

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision (Continued)

Balance Sheet under the Consolidated Supervision¹		Unit : Million Baht	
Items	30 June 2021	31 December 2020	References for the Group Capital Items
	Amount	Amount	
Owner' Equity			
Share Capital			
Registered Share Capital			
Preferred Shares	17	17	
Common Shares	39,983	39,983	
Issued and Paid-up Share Capital			
Common Shares	19,088	19,088	A
Premium on Common Shares	56,346	56,346	B
Other Reserves			
Qualified as Capital	57,561	47,386	F, G, H, I, J
Retained Earnings			
Appropriated			
Legal Reserve	25,500	25,000	C
Others	111,500	111,500	D
Unappropriated			
Qualified as Capital	184,550	185,859	E
Total Bank's Equity	467,837	449,014	
Non-controlling Interest			
Qualified as Additional Tier 1 Capital	174	168	O
Qualified as Tier 2 Capital	42	40	R
Total Shareholders' Equity	469,280	450,247	
Total Liabilities and Shareholders' Equity	4,121,961	3,822,960	

Remark
¹ The scope of consolidation for accounting and regulatory purposes has no difference.

3. Liquidity Coverage Ratio (LCR)

According to the Basel III guideline, the Bank is subject to the Liquidity Coverage Ratio (LCR) requirement imposed by the BOT. This guideline aims to ensure that a bank has adequate liquidity to support short-term severe liquidity stress scenarios by requiring a bank to maintain High-Quality Liquid Asset (HQLA) to cover Total Net Cash Outflows over the next 30 calendar days under severe liquidity stress scenarios (Net COF). The BOT requires commercial banks to maintain LCR at the end of each month not less than 60%, starting from January 1, 2016. The LCR requirement is to increase by 10% yearly until it reaches 100% on January 1, 2020. The LCR calculation is as follow.

$$\text{LCR} = \frac{\text{Stock of High-Quality Liquid Assets}}{\text{Total Net Cash Outflows over the next 30 days estimated under severe liquidity stress scenarios}}$$

HQLA is unencumbered high-quality liquid asset that can be easily and immediately converted into cash at little or no loss of value even under severe liquidity stress scenarios. All high-quality liquid assets must also meet the minimum standard as stipulated by the BOT. When calculating the amount of HQLA, the value of all qualified assets must be combined and deducted by the haircut value as specified by the BOT. The caps of each class of HQLA must be considered.

Net COF is calculated by deducting the total expected cash inflow from the total expected cash outflow within the period of 30 days during the severe liquidity stress scenario. The total expected cash inflow cannot exceed 75% of the total expected cash outflow and cannot include those assets that are already qualified as HQLA. In calculating expected cash inflow and outflow, the Bank estimates the flows by applying the inflow rates and the run-off rates specified by the BOT.

The Bank's quarterly LCR which is an average of month-end value in each quarter is shown below.

Table 8: Liquidity Coverage Ratio

Items	Unit: Million Baht	
	Average Value for the second quarter ²	
	Year 2021	Year 2020
Total High-Quality Liquid Assets	1,062,464	927,743
Total expected net cash outflows within the next 30 days	375,517	323,834
LCR ¹	283%	287%
Minimum LCR required by the Bank of Thailand	100%	100%

Note

¹ The LCR is computed as an average ratio of month-end LCR in the quarter. This may not be equal to an LCR computed with the average values of HQLA and Net COF.

² Average of month-end value in the quarter.

The Bank's average LCR for the first quarter and the second quarter of 2021 in comparison with those of 2020 are shown below.

Table 9: Comparison of Liquidity Coverage Ratio

	Average LCR	Year 2021	Year 2020
The first quarter		269%	279%
The second quarter		283%	287%

For the second quarter of 2021, the Bank's average LCR was 283 percent, well above the regulatory minimum requirement of 100 percent.

The Bank's average HQLA was 1,062,464 million Baht for the second quarter of 2021. Of this amount, 95 percent was Level 1 HQLA, which included cash and qualifying debt securities issued or guaranteed by governments, central banks and state enterprises. The remaining was Level 2 HQLA, which were mainly qualifying corporate debt securities rated at least A or equivalent and promissory notes issued by Thailand's Ministry of Finance.

The Bank's average Net COF was 375,517 million Baht for the second quarter of 2021. The expected net cash outflows of the Bank were mainly driven by deposits and borrowings from retails and corporates, as well as contingent bond bought. The main drivers of the Bank's inflows were fully-performing loans, interbank placement and contingent bond sold.

The Bank assesses, monitors and controls liquidity risk through a variety of measurements, along with the LCR, such as loan-to-deposit ratio, cumulative net cash flow positions, funding concentration and Net Stable Funding Ratio. The Bank also regularly monitors the early warning indicators to detect any potential liquidity crisis. This is to ensure that the Bank has sufficient liquidity for business operation as usual and can proactively manage liquidity risk.