

BANK OF AMERICA, N.A., BANGKOK BRANCH

Bank of America, N.A. Bangkok Branch

Liquidity Coverage Ratio Disclosures

Reported as of December 31, 2018

Quantitative Disclosure:

1. Liquidity Coverage Ratio (LCR)

	Unit: Million Baht	
	Quarter 4/2018 (average)	Quarter 4/2017 (average)
(1) Total high-quality liquid assets (HQLA)	21,551	18,374
(2) Total net cash outflows within the 30-day time horizon	8,257	5,124
(3) LCR (%)	281	360
Minimum LCR as specified by the Bank of Thailand (%)	80	70

2. LCRs of the preceding quarters (for comparison)

	Unit : %	
	2018 (average)	2017 (average)
3rd quarter	240	297
4th quarter	281	360

Commercial banks are 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 (B.E.2559), and increased by 10% each year until it reaches 100% in 2020 (B.E.2563).

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

The average LCR for the 4th quarter of 2018 (B.E.2561) of the “Bank” is 281%, which is 201% higher than the minimum LCR as specified by the Bank of Thailand. This LCR is the average of LCRs as at the end of October – 295%, November – 357% and December – 192%. The average LCR for the 4th quarter of 2018 was significantly decreased from the same period of prior year 2017 due to the

growth in total net cash outflows increased more than the growth in high-quality liquid assets increased.

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 4th quarter of 2018 (B.E.2561) is 21,551 million Baht compared with the same period of prior year which was 18,374 million Baht (100% of which is Level 1 assets, namely government bonds and cash). On this, the “Bank” holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA. The average high-quality liquid assets for the 4th quarter of 2018 was increased from the same period of prior year 2017 mainly from Treasury started to purchase US Treasury Bill to deploy USD surplus.

2. The amount of net cash outflows (net COF) 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 COF of the “Bank” for the 4th quarter of 2018 (B.E.2561) is 8,257 million Baht, which is the average of net cash outflows within the 30-day time horizon as at the end of October – December. The expected cash outflows on which the “Bank” focuses under the severe liquidity stress scenarios are the run-off of unsecured wholesale funding, contractual obligations, others contractual obligations 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. The average net COF for the 4th quarter of 2018 was significantly increased from the same period of prior year 2017 due to the net from transactions between companies in the same financial business group shown as net inflow in 2017 but shown as net outflow in 2018.

In addition, the “Bank” also regularly examines its “liquidity risk framework”, “liquidity reporting”, and “liquidity metrics and indicators”, 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.

Overall Bank Position Disclosure:

The Bank of America overall position is disclosed via Investor Relation website as <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-irhome#fbid=5D9pKc9f8VO>