Liquidity Coverage Ratio (LCR) Disclosure Policy – Bangkok Branch

A. Rationale

According to Bank of Thailand notification no. SorNorSor. 2/2561 Re: Liquidity Coverage Ratio Disclosure Standards, the LCR is one of key information that the market participants use to assess liquidity risk of the commercial banks, therefore, the disclosure of LCR data would promote market discipline, in addition to their own internal control and supervision by the Bank of Thailand, as well as it would also promote transparency in the disclosure of risk information in accordance with internal standards. The essence of the Notification is that commercial banks are required to disclose 3 sets of LCR data, namely (1) LCR ratio; (2) total liquid assets; and (3) net cash outflows within the 30-day time horizon, as well as descriptions of the disclosed LCR data and liquidity risk management framework on their websites on a half-yearly basis.

B. LCR Monitoring

At the country level, local Treasury is responsible for overall liquidity risk management of the Bank including proposing liquidity risk limits – in line with the tolerance/risk appetite applied by LRM – for approval by the Asset & Liability Committee (ALCO). Day-to-day funding and cash management of the branch and other Bank subsidiaries is undertaken by Treasury Markets Pool (Pool) acting within the parameters set by ALCO.

Ongoing liquidity management is discussed as a regular item at the local ALCO meeting, which takes place as stated in the ALCO Terms of Reference (ToR). At each ALCO meeting, the liquidity position, the limit utilization, changes in exposure and liquidity policy compliance are presented to the committee.

For LCR Monitoring Framework, please refer to Liquidity Policy – Deutsche Bank AG, Bangkok under Section 3 Regulatory Liquidity.

C. Disclosure Requirements

C.1   Contents

Section I: Scope of disclosure

Locally registered banks must disclose the data according to this Notification on a solo basis only (bank only), while foreign bank branches shall disclose the data for Thai branch and, also disclose the data source for the overall positions of the banks (foreign banks) so that the data users can refer to such data.

Section II: Quantitative data

Deutsche Bank – Bangkok Branch discloses 3 sets of LCR quantitative data on a quarterly basis, namely (1) LCR ratio; (2) total liquid assets; and (3) net cash outflows within the 30-day time horizon, as well as the LCR data of the previous year, minimum LCR ratio according to the guidelines as specified by the Bank of Thailand, and LCR ratios of the preceding quarters.

First half: disclose LCR data for the 2nd quarter of the current year and previous year, as well as the data for the 1st quarter of the current year and previous year.

Second half: disclose LCR data for the 4th quarter of the current year and previous year, as well as the data for the 3rd quarter of the current year and previous year.

The disclosure of LCR data for the previous year is for the purpose of data comparison. Commercial banks shall calculate LCR data on a quarterly basis, which is equal to the (simple) average of data over a particular quarter, and the data points are the data at the end of each month, and the disclosed data must be in Baht only.

Section III: Description for quantitative data

Deutsche Bank – Bangkok Branch discloses descriptions for quantitative data so that the data users have understanding of LCR guidelines and key components of LCR, which is one of the important tools that the commercial banks use for managing their liquidity risk under the supervision of the Bank of Thailand. The descriptions for quantitative data should at least include:

1 The Liquidity Coverage Ratio (LCR)

Brief descriptions of LCR guidelines, objectives of LCR ratio, calculation methods, and the number of data points used in the calculation.

2 High-quality liquid assets (HQLA)

Brief descriptions of HQLA, which should cover the following details:
2.1. Characteristics and qualifications of HQLA, such as basic qualifications and marketability of HQLA.
2.2. Components of HQLA – by specifying types and amounts or proportions of significant asset classes.
2.3. Requirements on the calculation of HQLA to which the haircuts or holding limits (caps) will be applied, as well as the number of data points used in the calculation.

3 Net cash outflow

Brief descriptions of the calculation of net cash outflows within the 30-day time horizon under liquidity stress scenarios, which should cover the following details:

3.1 Principles for determining expected cash outflows and expected cash inflows, which is limited to 75% of total expected cash outflows, as well as the number of data points used in the calculation.

3.2 Types of cash outflows and cash inflows that may significantly affect the LCR.

4   Disclosure of other data

Deutsche Bank – Bangkok Branch may provide additional details of their liquidity risk profiles and liquidity risk management frameworks, as well as other information that will benefit the data users.

C.2   Frequency

Semi-annual basis data from the reporting period ending on 30 June 2018 (B.E.2561) onwards.

Deutsche Bank - Bangkok Branch will disclose all required information within 4 months from the period ending.

Deutsche Bank - Bangkok Branch will retain the data as disclosed according to this Notification for no less than 5 years from the end of the accounting period for the examination by the Bank of Thailand.

C.3   Disclosure Monitoring

Currently local Finance will prepare for the information of disclosure. The preparer officer will prepare the LCR disclosure and reviewed by its supervisor.

The reviewed LCR disclosure will be reviewed and approved by Asset and Liability Committee (ALCO) and Branch Management Board (BMB) before uploading into our website.

This policy will subject to review on a yearly basis.

D. Disclosure Channel

Disclosure can be found under website:
 https://www.db.com/thailand/en/content/Liquidity-coverage-ratio-disclosure-standards.html

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