⊞ UOB

1) Liquidity Coverage Ratio: LCR

Unit: Million Baht

	Q4 2023 (Average)	Q4 2022 (Average)
(1) Total High Quality Liquid Asset (Total HQLA)	182,755	205,552
(2) Total net cash outflows (Total net cash outflows)	126,865	151,196
(3) LCR (percent)	144	137
LCR as per BOT minimum requirement (percent)	100	100

2) LCR comparison

Unit: percent

	2023 (Average)	2022 (Average)
Quarter 3	135	162
Quarter 4	144	137

3) Explanation of the LCR's components

Items	Component	Explanation
(1)	Total High Quality Liquid Asset (Total HQLA)	Total High Quality Liquid Asset (Total HQLA) is defined as the sum of liquid assets with the characteristics as specified by BOT as follows: I. Characteristics of liquid assets II. Guidelines on the calculation of liquid assets III. Minimum operational requirements IV. Diversification of liquid assets Total HQLA is the value after the application of both haircuts and caps in accordance to BOT requirement.
(2)	Total net cash outflows	Total net cash outflows is defined as the sum of expected cash outflow s for the subsequent 30 calendar days multiplied by respective run-off rates minus the sum of expected cash inflows for the subsequent 30 calendar days multiplied by respective inflow rates. Nevertheless, the total expected cash inflows is capped at 75% of total expected cash outflows. Total net cash outflows for the subsequent 30 calendar days under severe liquidity stress scenarios = Total estimated cash outflows for the subsequent 30 calendar days under severe liquidity stress scenarios − Total estimated cash inflows for the subsequent 30 calendar days under severe liquidity stress scenarios
(3)	Liquidity Coverage Ratio (LCR)	LCR is the ratio of total HQLA to total net cash outflows.

4) Description

Currently the UOB (Thai) PCL maintains the amount of high quality liquid assets to support the Liquidity Coverage Ratio following to the BOT regulatory requirement, which has the objective of promoting commercial banks to have strong liquidity position with sufficient liquidity assets to withstand the short-term severe liquidity stress. The minimum requirement of liquidity coverage ratio is at 60% of total net cash outflows for the subsequent 30 calendar days on 1 January 2016 and annually increasing 10% to reach 100% in 2020.

In Q4 2023, the UOB Thailand has average of LCR at 144% (average of month-end LCR as of October to December 2023), which is beyond the minimum requirement required by BOT at 100%. The liquidity coverage ratio comprises of 2 main parts as follows;

1.   Total High Quality Liquid Asset (HQLA) is defined as high-quality assets, high liquidity, low risk and price volatility, unencumbered which can be converted easily into cash with insignificant lost in asset values even under the market stress scenarios. Moreover, each high liquid asset requires applying the haircuts adjustment and cap-on holding level of asset class in accordance to BOT regulation. The average high quality liquid asset of UOBT in Q4 2023 is 182,755 Million Baht, which decreases 22,797 Million Baht from Q4 2022, due to decreasing in HQLA holdings. The high quality liquid assets of UOB Thailand are primarily classified as Level 1 (Government bond and cash) and the number is calculated by using the average of month-end position from October to December.

2. Total net cash outflows (NCO) is defined as the total estimated cash outflows for the subsequent 30 calendar days minus the total estimated cash inflows for the subsequent 30 calendar days under the assumption of severe liquidity stress scenarios and the total estimated cash inflows is capped at 75% of total expected cash outflows. The average of expected net cash outflows for 30 calendar days of Q4 2023 equals to 126,865 Million Baht. The number is calculated by using the average net cash outflows for the subsequent 30 calendar days on the month-end position from October to December 2023. The total expected cash outflows under the severe circumstances are deposits and borrowings withdrawal from retail, small business and wholesale clients, debt repayment from collateralized transactions on repurchase agreement (repo) with run-off rates applied in accordance with BOT regulation. While total expected cash inflows mainly from repayment of loans from fully performing borrowers, deposits at performing counterparties and matured securities with run-off rates applied as per BOT regulation. When compared total net cash outflows of Q4 2023 with Q4 2022 the number decreases by 24,332 Million Baht mainly from increasing of wholesale loan within 30 days.

In addition, the bank has regularly applied the tools i.e. liquidity gap and funding concentration to analyze and assess liquidity risk. This is to ensure there is sufficient liquidity to meet the business needs and better enhance the liquidity management.