1) Liquidity Coverage Ratio: LCR

Unit: Million Baht

	Q2 2018 (Average)	Q2 2017 (Average)
(1) Total High Quality Liquid Asset (Total HQLA)	150,024	115,505
(2) Total net cash outflows	124,922	93,655
(3) LCR (percent)	120	123
LCR as per BOT minimum requirement (percent)	80	70

2) LCR comparison

Unit: percent

	2018 (Average)	2017 (Average)
Quarter 1	127	118
Quarter 2	120	123

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 outflows 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 outflow for the subsequent 30 calendar days on 1 January 2016 and annually increasing 10% to reach 100% in 2020.

In Q2 2018, the UOBT has average of LCR at 120% which is beyond the minimum requirement required by BOT at 80%. The calculation is from the average month-end LCR which is 129% in April, 121% in May and 111% in June respectively. The liquidity coverage ratio comprises of 2 main parts as following;

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 Q2, 2018 is Baht 150,024 Million, which is classified as Level A (Government bond and Cash). The number is calculated by using the average of month-end date from April to June.

2. Total net cash outflows 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 Q2, 2018 equals to Baht 124,922 Million. The number is calculated by using the average net cash outflows for the subsequent 30 calendar days on the month-end date from April to June. 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 net cash inflows is 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.

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.