

LCR Disclosure of Oversea-Chinese Banking Corporation Limited – Bangkok Branch (the “Branch”)

Disclosure of quantitative data

1. Liquidity Coverage Ratio (LCR)

	Unit: In million Baht	
	Quarter 4 - 2021 (average)	Quarter 4 - 2020 (average)
(1) Total high-quality liquid assets (HQLA)	16,206	18,702
(2) Total net cash outflows within the 30-day time horizon	12,166	15,388
(3) LCR (%)	136	122
Minimum LCR as specified by the Bank of Thailand (%)	100	100

2. LCRs of the preceding quarters (for comparison)

	Unit: %	
	2021 (average)	2020 (average)
3 rd quarter	114	127
4 th quarter	136	122

Disclosure of descriptions for quantitative data

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 2021 (B.E.2564) of the Branch is 136%, which is higher than the minimum LCR as specified by the Bank of Thailand at 100%. This LCR is the average of LCRs as at the end of October – 110%, November – 161% and December – 135%. 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 Branch for the 4th quarter of 2021 (B.E.2564) is 16,206 million Baht (70.0% of which is Level 1 assets, namely government bonds, cash and deposit at central bank), which is the average of HQLA as at the end of October – December. On this, the Branch holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA.

In addition, starting from July 2018, the Branch has included the undrawn committed line from Head Office as liquid asset up to 40% of the minimum requirement.

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 Branch for the 4th quarter of 2021 (B.E.2564) is 12,166 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 Branch focuses under the severe liquidity stress scenarios are the run-off of interbank, financial institution and intragroup borrowings 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 interbank and financial institution placements and also from loan repayments from high-quality non-financial corporate customers, to which the inflow rates as specified by the Bank of Thailand have been assigned.

In addition, the Branch also regularly examines its liquidity gaps and funding concentrations, which is part of the assessment and analysis of liquidity risk, to ensure that it has adequate liquidity to support the business. Moreover, as the Branch, with guideline from Head Office, has developed risk-monitoring tools in accordance with the international standards and business directions so that the Branch can better manage its liquidity positions.