



大華銀行

UNITED OVERSEAS BANK

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Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland
Sent by email to: baselcommittee@bis.org

28 March 2014

Dear Sirs,

**Basel Committee on Banking Supervision ("BCBS") Consultative Document:
Basel III: The Net Stable Funding Ratio**

This letter contains United Overseas Bank Limited's ("UOB") views on the Consultative Paper on Basel III Net Stable Funding Ratio issued in January 2014.

We are available to discuss further on our response. Please do not hesitate to contact the undersigned should you require further information.

Sincerely,

Chan Kok Seong
Managing Director
Chief Risk Officer

Heng Li Koon
Executive Director
Balance Sheet Risk Management

United Overseas Bank Limited
Response to BCBS Consultative Paper
Monitoring Indicators for Intraday Liquidity Management

UOB notes that the proposed changes include the recognition of operational deposits in NSFR and additional granularity for assets and liabilities with residual maturities of less than one year.

We understand the available stable funding (ASF) and required stable funding (RSF) factors are calibrated to reflect the liquidity characteristics of various balance sheet items, mainly by tenor and counterparty type. Therefore, most of the deposit and loan balances of same tenor and counterparty type are assigned same ASF and RSF factors. However, we note the inconsistency as follows:

1. Non-operational deposits from central bank and non-bank financial institutions with residual maturities of less than 6 month are applied with 0% ASF factor;
2. loans to central bank and non-bank financial institutions with residual maturities of less than 6 month are applied with 50% RSF factor

We are of the view that the liquidity characteristics of deposits and loans of central banks and non-bank financial institutions are similar hence the ASF and RSF factors should be aligned. The inconsistency is not observed for other customer segments with same tenor, for example, for the balances with banks maturing in 6 month, both ASF factor of non-operational deposits and RSF factor of loans are both 0%, while for the balances with other wholesale counterparties, the factors are both 50%.