



SINCE 1908 YOUR WEALTH MANAGEMENT BANK

BANK OF COMMUNICATIONS CO., LTD.
HONG KONG BRANCH

(Incorporated in the People's Republic of China)

**FINANCIAL INFORMATION
DISCLOSURE STATEMENT**

30 September 2018
(Unaudited)

Bank of Communications Co., Ltd. Hong Kong Branch

20 Pedder Street, Central, Hong Kong

www.bankcomm.com.hk

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The following disclosures contained all disclosures required by the Banking (Disclosure) Rules and disclosure templates issued by the HKMA.

I. Liquidity information

	2018-09-30 HK\$'000	2018-06-30 HK\$'000
Quarterly average liquidity coverage ratio ("LCR")	132.31%	165.96%
Total available stable funding	247,944,625	247,309,995
Total required stable funding	224,153,780	234,629,408
Net stable funding ratio ("NSFR")	110.61%	105.40%

LIQ1: Liquidity Coverage Ratio ("LCR") – for category 1 institution

The cornerstone of the Branch's funding sources is customer deposit. The Branch strives to build up core deposits while diversifying funding sources via various funding channels to enhance financing capacity. The Branch actively participates in the money market, issues certificates of deposit and medium term notes to sustain both short term and medium to long term funding. Regarding liquidity arrangement with Head Office, the Branch performs regular funding transfer with Head Office to preserve prompt intragroup backup funding supply if necessary. Monitoring and control on intragroup funding transactions are in line with those of third parties. Moreover, Head Office has set up groupwide internal limits to control the Branch's reliance on Head Office's funding.

The majority of the liquidity risk of the Branch arises from maturity mismatch of assets and liabilities. Therefore, regular cash flow analysis and projections on both on- and off-balance sheet items falling within different maturity buckets is performed to ensure funding need. Moreover, the Branch closely monitors off-balance sheet funding obligations (such as commitments or letters of guarantee) and assesses their impact to our liquidity capacity. Furthermore, the Branch strives to maintain high marketability of the asset portfolio to allow prompt monetization in case of unforeseeable liquidity crunch in the market.

Level 1 HQLA is the major component of the Branch's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills/Notes and unencumbered sovereign bonds. The branch also holds a portion of Level 2A and Level 2B HQLA, which include corporate bonds with high credit rating.

LCR net cash outflow arising from off-balance-sheet derivatives and additional collateral provision is not material.

The Branch holds Level 1 HQLA denominated in foreign currencies (mainly RMB and USD) to cover respective LCR net cash outflow in foreign currency. The foreign currency LCR mismatch is bolstered mainly by our HKD-denominated HQLA through FX contracts. The Branch has established internal monitoring limit on Level 1 HQLA LCR for foreign major currencies according to the amendment of regulatory framework for supervision of major currency's liquidity risk under LM-1 by HKMA.

The Branch has established internal limit and management action trigger level on LCR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite.

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I. Liquidity information (Continued)

LIQ1: Liquidity Coverage Ratio (“LCR”) – for category 1 institution (Continued)

2018 third quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 September 2018 : (76)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		85,404,512
B. Cash outflows			
2.	Retail deposits and small business funding, of which:	1,657,986	153,737
3.	<i>Stable retail deposits and stable small business funding</i>	77,556	3,878
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,416,750	141,675
4a.	<i>Retail term deposits and small business term funding</i>	163,680	8,184
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	183,539,329	97,249,824
6.	<i>Operational deposits</i>	14,801,692	3,691,373
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	168,503,670	93,324,484
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	233,967	233,967
9.	Secured funding transactions (including securities swap transactions)		347,441
10.	Additional requirements, of which:	36,694,888	7,612,786
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	6,273,839	3,070,828
12.	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13.	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	30,421,049	4,541,958
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	7,922,538	7,922,538
15.	Other contingent funding obligations (whether contractual or non-contractual)	34,406,998	799,639
16.	Total Cash Outflows		114,085,965
C. Cash Inflows			
17.	Secured lending transactions (including securities swap transactions)	-	-
18.	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	96,702,128	42,637,782
19.	Other cash inflows	6,084,622	6,084,622
20.	Total Cash Inflows	102,786,750	48,722,404
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		85,404,512
22.	Total Net Cash Outflows		65,363,561
23.	LCR (%)		132.31%

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I. Liquidity information (Continued)

LIQ1: Liquidity Coverage Ratio (“LCR”) – for category 1 institution (Continued)

2018 second quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 June 2018 : (73)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		104,817,748
B. Cash outflows			
2.	Retail deposits and small business funding, of which:	1,761,207	164,872
3.	<i>Stable retail deposits and stable small business funding</i>	69,313	3,466
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,536,226	153,623
4a.	<i>Retail term deposits and small business term funding</i>	155,668	7,783
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	258,886,096	115,665,292
6.	<i>Operational deposits</i>	89,020,488	22,254,324
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	168,216,054	91,761,414
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,649,554	1,649,554
9.	Secured funding transactions (including securities swap transactions)		587,030
10.	Additional requirements, of which:	21,250,503	5,310,477
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	2,908,209	2,331,446
12.	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13.	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	18,342,294	2,979,031
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,096,193	5,096,193
15.	Other contingent funding obligations (whether contractual or non-contractual)	35,891,379	805,114
16.	Total Cash Outflows		127,628,978
C. Cash Inflows			
17.	Secured lending transactions (including securities swap transactions)	-	-
18.	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	93,765,616	55,706,346
19.	Other cash inflows	7,382,012	7,382,012
20.	Total Cash Inflows	101,147,628	63,088,358
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		104,817,748
22.	Total Net Cash Outflows		64,540,620
23.	LCR (%)		165.96%

Liu Wang Kit, Alan, Alternate Chief Executive
23 November 2018