

Bank of Communications Co., Ltd. Hong Kong Branch

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BANK OF COMMUNICATIONS CO., LTD. HONG KONG BRANCH
(A joint stock company incorporated in the People's Republic of China with limited liability)
REGULATORY DISCLOSURE STATEMENT (UNAUDITED)

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The following disclosures contained all disclosures required by the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

I. Liquidity information

	30 Sep 2020	30 Jun 2020*
Quarterly average liquidity coverage ratio (“LCR”)	183.72%	161.95%
Total available stable funding	274,810,187	269,987,368
Total required stable funding	214,722,943	240,885,452
Net stable funding ratio (“NSFR”)	127.98%	112.08%

*Standard disclosure template (LIQ1) of comparative information can be found in the Regulatory Disclosures Section of our website www.bankcomm.com.hk.

LIQ1: Liquidity Coverage Ratio – for category 1 institution

The Branch’s LCR and HKD Level 1 HQLA LCR were above the regulatory requirement for the period.

The Branch’s average LCR for the first three quarters of 2020 was 176.56%.

In the third quarter of year 2020, the Branch’s average LCR increased as a result of an increase in HQLA.

Level I 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 2 HQLA, which include corporate bonds with high credit rating. The main drivers of net cash outflows are wholesale funding and loans during the quarter. Deposit is the major funding source of the Branch, whereas other funding sources include certificates of deposit and medium term notes etc.

LCR net cash outflow arising from off-balance-sheet derivatives and additional collateral provision are not material. The Branch’s major liquidity profile is captured in the LCR calculation.

The Branch’s HKD LCR was above the regulatory requirement for the period. The Branch holds Level 1 HQLA denominated in foreign currencies (mainly CNY 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 LCR for foreign major currencies according to LM-1 issued by the HKMA.

The Branch has established internal limit and management action trigger level on LCR and NSFR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite. The Branch’s daily liquidity management is governed by liquidity management requirement of head office and there is considerable level of interaction between members of the parent group. The Branch submits liquidity management reports to head office regularly and participates in the group liquidity stress test.

Wang Feng, Chief Executive
Bank of Communications Co., Ltd. Hong Kong Branch
 25 November 2020

I. Liquidity information (Continued)

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

2020 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 Sep 2020: (78)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		107,507,730
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	2,089,369	191,608
3.	<i>Stable retail deposits and stable small business funding</i>	130,248	6,512
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,742,791	174,280
4a.	<i>Retail term deposits and small business term funding</i>	216,330	10,816
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	250,888,207	136,252,541
6.	<i>Operational deposits</i>	11,012,843	2,714,364
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	238,078,180	131,740,993
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,797,184	1,797,184
9.	Secured funding transactions (including securities swap transactions)		248,186
10.	Additional requirements, of which:	35,591,631	8,389,118
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	10,930,818	4,463,367
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>	24,660,813	3,925,751
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	10,156,567	10,156,567
15.	Other contingent funding obligations (whether contractual or non-contractual)	41,982,642	668,455
16.	Total Cash Outflows		155,906,475
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	143,229,179	87,751,899
19.	Other cash inflows	7,255,643	7,255,643
20.	Total Cash Inflows	150,484,822	95,007,542
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		107,507,730
22.	Total Net Cash Outflows		61,190,956
23.	LCR (%)		183.72%