

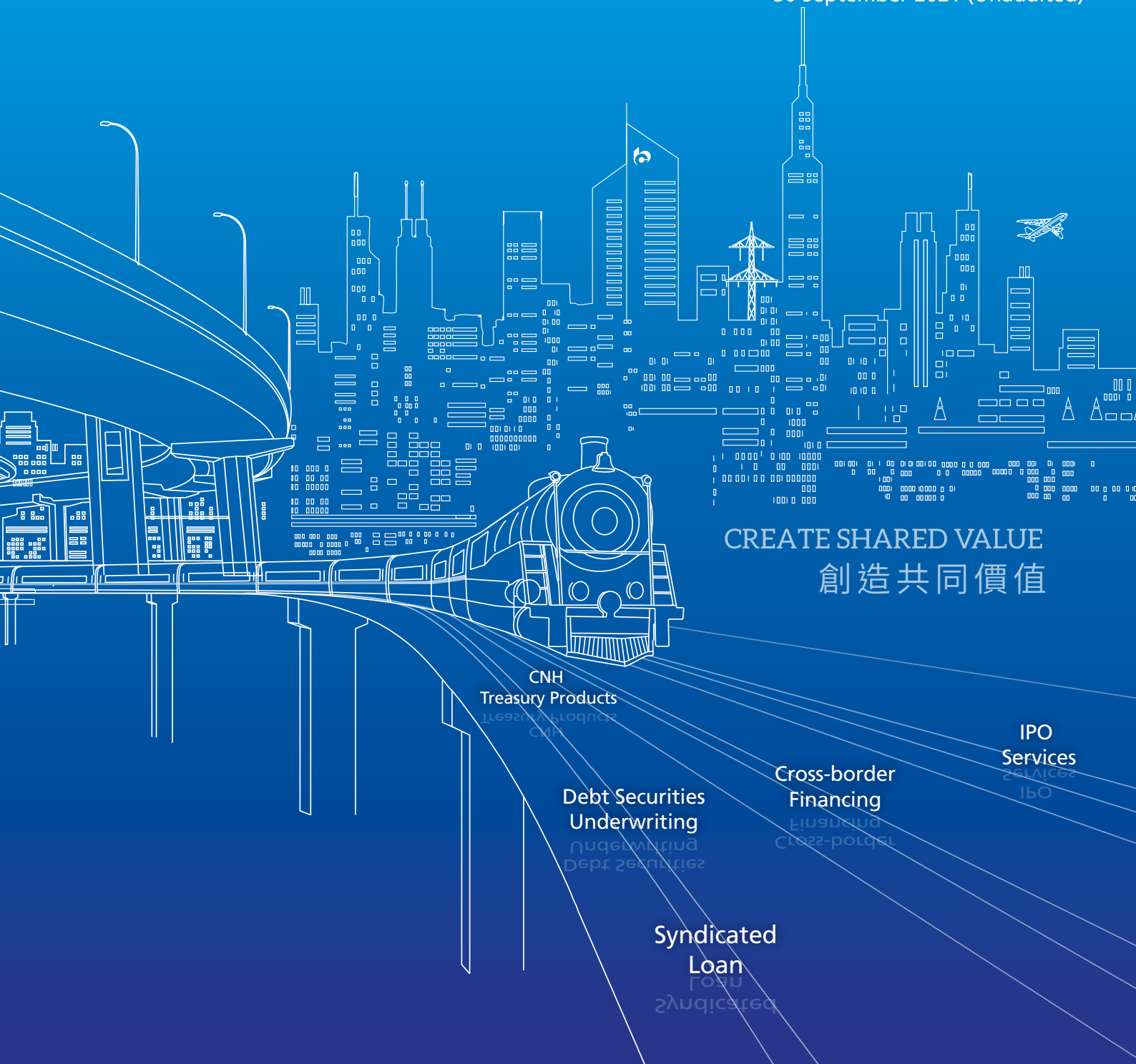


Bank of Communications Co.,Ltd. Hong Kong Branch

(A joint stock company incorporated in the People's Republic of China with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 September 2021 (Unaudited)



CREATE SHARED VALUE
創造共同價值

CNH
Treasury Products

Debt Securities
Underwriting

Syndicated
Loan

Cross-border
Financing

IPO
Services

Bank of Communications Co., Ltd. Hong Kong Branch

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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 2021 | 30 Jun 2021* |
|--|--------------------|--------------|
| Quarterly average liquidity coverage ratio (“LCR”) | 152.52% | 149.63% |
| Total available stable funding | 175,518,328 | 186,512,929 |
| Total required stable funding | 153,894,047 | 161,062,306 |
| Net stable funding ratio (“NSFR”) | 114.05% | 115.80% |

*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 HQLA Level 1 LCR were above the regulatory requirement for the period.

The Branch’s average LCR for the first three quarters of 2021 was 165.80%.

In the third quarter of year 2021, the Branch’s average LCR increased as a result of a decrease in unsecured wholesale funding matured within 30 days, thus a decrease in cash outflow.

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 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 HQLA Level 1 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 Supervisory Policy Manual 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.

I. Liquidity information (Continued)

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

2021 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 2021: (77) | | HK\$'000 | |
|--|--|----------------------------|--------------------------|
| | | Unweighted value (average) | Weighted value (average) |
| Basis of disclosure: Hong Kong office | | | |
| A. HQLA | | | |
| 1. | Total HQLA | | 78,550,389 |
| B. Cash Outflows | | | |
| 2. | Retail deposits and small business funding, of which: | 2,098,584 | 192,892 |
| 3. | <i>Stable retail deposits and stable small business funding</i> | 139,246 | 6,962 |
| 4. | <i>Less stable retail deposits and less stable small business funding</i> | 1,759,273 | 175,927 |
| 4a. | <i>Retail term deposits and small business term funding</i> | 200,065 | 10,003 |
| 5. | Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which: | 167,227,853 | 99,651,172 |
| 6. | <i>Operational deposits</i> | 9,162,970 | 2,253,473 |
| 7. | <i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i> | 157,529,740 | 96,862,556 |
| 8. | <i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i> | 535,143 | 535,143 |
| 9. | Secured funding transactions (including securities swap transactions) | | 82 |
| 10. | Additional requirements, of which: | 23,822,705 | 6,228,159 |
| 11. | <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i> | 2,577,384 | 2,469,815 |
| 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> | 21,245,321 | 3,758,344 |
| 14. | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows | 5,135,105 | 5,315,105 |
| 15. | Other contingent funding obligations (whether contractual or non-contractual) | 55,887,481 | 747,337 |
| 16. | Total Cash Outflows | | 112,134,747 |
| 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 | 94,505,572 | 53,307,177 |
| 19. | Other cash inflows | 25,873,081 | 6,426,975 |
| 20. | Total Cash Inflows | 120,378,653 | 59,734,152 |
| D. Liquidity Coverage Ratio | | | Adjusted value |
| 21. | Total HQLA | | 78,550,389 |
| 22. | Total Net Cash Outflows | | 52,400,595 |
| 23. | LCR (%) | | 152.52% |