



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 2023 (Unaudited)



CREATE SHARED VALUE
創造共同價值

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 2023	30 Jun 2023*
	HK\$'000	HK\$'000
Quarterly average liquidity coverage ratio (“LCR”)	165.06%	156.89%
Total available stable funding	177,028,773	164,978,504
Total required stable funding	147,727,501	145,826,887
Net stable funding ratio (“NSFR”)	119.83%	113.13%

* 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 period ended 30 September 2023 was 160.81%.

In the third quarter of year 2023, the Branch’s average LCR increased compared with previous quarter as a result of increase in total HQLA and decrease in customer deposits maturing within LCR period.

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)

2023 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 2023: (74)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		62,329,747
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,564,502	139,813
3.	<i>Stable retail deposits and stable small business funding</i>	95,716	4,786
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,231,764	123,176
4a.	<i>Retail term deposits and small business term funding</i>	237,022	11,851
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	85,540,116	53,122,387
6.	<i>Operational deposits</i>	4,037,515	983,229
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	79,448,948	50,085,505
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,053,653	2,053,653
9.	Secured funding transactions (including securities swap transactions)		2,442,871
10.	Additional requirements, of which:	21,357,426	6,294,452
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	9,766,027	4,980,853
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>	11,591,399	1,313,599
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	20,395,462	20,395,462
15.	Other contingent funding obligations (whether contractual or non-contractual)	30,835,479	330,174
16.	Total Cash Outflows		82,725,159
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	61,206,914	31,654,732
19.	Other cash inflows	32,447,625	12,889,422
20.	Total Cash Inflows	93,654,539	44,544,154
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		62,329,747
22.	Total Net Cash Outflows		38,181,005
23.	LCR (%)		165.06%