



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 2024 (Unaudited)



CREATE SHARED VALUE

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 2024	30 Jun 2024*
	HK\$'000	HK\$'000
Quarterly average liquidity coverage ratio ("LCR")	225.47%	183.54%
Total available stable funding	173,030,456	174,369,803
Total required stable funding	148,945,886	148,616,426
Net stable funding ratio ("NSFR")	116.17%	117.33%

* 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 2024 was 191.97%.

In the third quarter of year 2024, the Branch's LCR increased as a result of decrease in money market placement beyond 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 the Head Office and there is considerable level of interaction between members of the parent group. The Branch submits liquidity management reports to the Head Office regularly and participates in the group liquidity stress test.

I. Liquidity information (Continued)

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

2024 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 2024: (76)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		76,183,000
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,373,965	122,527
3.	<i>Stable retail deposits and stable small business funding</i>	81,609	4,081
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,076,572	107,657
4a.	<i>Retail term deposits and small business term funding</i>	215,784	10,789
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	87,645,784	59,292,048
6.	<i>Operational deposits</i>	3,631,550	883,500
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	81,265,097	55,659,411
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,749,137	2,749,137
9.	Secured funding transactions (including securities swap transactions)		3,146,991
10.	Additional requirements, of which:	25,294,072	10,366,001
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	19,362,460	9,534,993
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>	5,931,612	831,008
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	14,291,275	14,291,275
15.	Other contingent funding obligations (whether contractual or non-contractual)	43,200,782	323,077
16.	Total Cash Outflows		87,541,919
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	71,883,552	44,813,947
19.	Other cash inflows	27,434,581	7,935,196
20.	Total Cash Inflows	99,318,133	52,749,143
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		76,183,000
22.	Total Net Cash Outflows		34,792,776
23.	LCR (%)		225.47%