



SINCE 1908 YOUR WEALTH MANAGEMENT BANK

BANK OF COMMUNICATIONS CO., LTD.

HONG KONG BRANCH

(Incorporated in the People's Republic of China)

**FINANCIAL
DISCLOSURE STATEMENT**

**31 March 2019
(Unaudited)**

Bank of Communications Co., Ltd. Hong Kong Branch

20 Pedder Street, Central, Hong Kong

www.bankcomm.com.hk

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**FINANCIAL DISCLOSURE STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2019
(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

	31 Mar 2019	31 Dec 2018
	HK\$'000	HK\$'000
Quarterly average liquidity coverage ratio (“LCR”)	132.57%	130.27%
Total available stable funding	251,535,092	235,843,533
Total required stable funding	220,463,631	218,215,871
Net stable funding ratio (“NSFR”)	114.09%	108.08%

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

The Branch’s LCR is above the regulatory requirement for the period.

The Branch’s average LCR for the period is 132.57%. It is well above the regulatory requirement of 100%. The quarter start LCR and the quarter end LCR are similar.

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, other funding source include certificates of deposit and medium term notes etc.

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

The Branch HKD LCR is 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 the amendment of regulatory framework for supervision of major currency’s liquidity risk under LM-1 by the 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. The Branch 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 regular liquidity management reports to head office and participates in the group liquidity stress test.

Wang Feng, Chief Executive

24 May 2019

I. Liquidity information (Continued)

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

2019 First 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 31 March 2019: (73)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		92,275,622
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,807,665	166,639
3.	<i>Stable retail deposits and stable small business funding</i>	97,300	4,865
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,525,119	152,512
4a.	<i>Retail term deposits and small business term funding</i>	185,246	9,262
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	175,555,081	96,095,495
6.	<i>Operational deposits</i>	4,438,949	1,095,036
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	169,374,270	93,258,597
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,741,862	1,741,862
9.	Secured funding transactions (including securities swap transactions)		575,872
10.	Additional requirements, of which:	45,066,245	8,805,157
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	10,218,260	3,781,705
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>	34,847,985	5,023,452
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,516,092	6,516,092
15.	Other contingent funding obligations (whether contractual or non-contractual)	40,650,762	803,382
16.	Total Cash Outflows		112,962,637
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	89,917,482	37,172,746
19.	Other cash inflows	5,933,794	5,933,794
20.	Total Cash Inflows	95,851,276	43,106,540
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		92,275,622
22.	Total Net Cash Outflows		69,856,097
23.	LCR (%)		132.57%

I. Liquidity information (Continued)

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

2018 Fourth 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 31 December 2018: (75)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		87,025,051
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,692,029	156,064
3.	<i>Stable retail deposits and stable small business funding</i>	87,011	4,351
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,429,227	142,923
4a.	<i>Retail term deposits and small business term funding</i>	175,791	8,790
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	183,320,508	100,601,183
6.	<i>Operational deposits</i>	9,201,575	2,288,228
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	173,556,512	97,750,534
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	562,421	562,421
9.	Secured funding transactions (including securities swap transactions)		1,891,420
10.	Additional requirements, of which:	45,177,955	8,937,177
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	9,902,548	3,638,381
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>	35,275,407	5,298,796
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,903,569	5,903,568
15.	Other contingent funding obligations (whether contractual or non-contractual)	41,882,005	820,525
16.	Total Cash Outflows		118,309,937
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	94,608,798	44,083,626
19.	Other cash inflows	6,157,871	6,157,871
20.	Total Cash Inflows	100,766,669	50,241,497
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		87,025,051
22.	Total Net Cash Outflows		68,068,440
23.	LCR (%)		130.27%