



SINCE 1908

YOUR WEALTH MANAGEMENT BANK

BANK OF COMMUNICATIONS CO., LTD.

HONG KONG BRANCH

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

**FINANCIAL
DISCLOSURE STATEMENT**

**30 September 2019
(Unaudited)**

Bank of Communications Co., Ltd. Hong Kong Branch

Unit B B/F & G/F, Unit C G/F, 1-3/F, 16/F Rm01 & 18/F Wheelock House, 20 Pedder Street, Central, Hong Kong
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**FINANCIAL DISCLOSURE STATEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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

	30 Sep 2019	30 Jun 2019
	HK\$'000	HK\$'000
Quarterly average liquidity coverage ratio ("LCR")	172.74%	128.71%
Total available stable funding	252,096,219	239,404,568
Total required stable funding	222,358,514	221,785,969
Net stable funding ratio ("NSFR")	113.37%	107.94%

LIQ1: Liquidity Coverage Ratio – for category 1 institution

The Branch's LCR and HKD HQLA Level 1 average LCR are above the regulatory requirement for the period.

In the third quarter of year 2019, the Branch's average LCR increased as a result of an increase in wholesale loan matured within 30 days, thus an increase in cash inflow.

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, 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's major liquidity profile is captured in the LCR calculation.

The Branch's 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 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
 22 November 2019

I. Liquidity information (Continued)

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

2019 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 2019: (77)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		102,582,043
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,966,812	182,126
3.	<i>Stable retail deposits and stable small business funding</i>	119,454	5,973
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,675,707	167,571
4a.	<i>Retail term deposits and small business term funding</i>	171,651	8,582
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	194,989,736	108,250,524
6.	<i>Operational deposits</i>	7,097,568	1,741,615
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	185,654,810	104,271,551
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,237,358	2,237,358
9.	Secured funding transactions (including securities swap transactions)		892,103
10.	Additional requirements, of which:	40,101,261	8,806,938
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	11,292,783	4,335,506
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>	28,808,478	4,471,432
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,669,811	5,669,811
15.	Other contingent funding obligations (whether contractual or non-contractual)	41,112,181	786,621
16.	Total Cash Outflows		124,588,123
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	113,104,786	55,268,843
19.	Other cash inflows	7,149,971	7,149,971
20.	Total Cash Inflows	120,254,757	62,418,814
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		102,582,043
22.	Total Net Cash Outflows		62,169,309
23.	LCR (%)		172.74%

I. Liquidity information (Continued)

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

2019 Second 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 Jun 2019: (71)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		99,565,628
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,829,586	169,687
3.	<i>Stable retail deposits and stable small business funding</i>	107,544	5,377
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,564,157	156,416
4a.	<i>Retail term deposits and small business term funding</i>	157,885	7,894
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	189,438,797	103,461,137
6.	<i>Operational deposits</i>	4,469,624	1,096,520
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	184,380,832	101,776,276
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	588,341	588,341
9.	Secured funding transactions (including securities swap transactions)		1,064,304
10.	Additional requirements, of which:	48,445,398	9,977,102
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	11,820,334	4,692,880
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>	36,625,064	5,284,222
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,638,988	6,638,988
15.	Other contingent funding obligations (whether contractual or non-contractual)	13,586,253	805,200
16.	Total Cash Outflows		122,116,418
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	38,445,461	38,140,330
19.	Other cash inflows	6,309,682	6,309,682
20.	Total Cash Inflows	44,755,143	44,450,012
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		99,565,628
22.	Total Net Cash Outflows		77,666,406
23.	LCR (%)		128.71%