



# 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

31 March 2020 (Unaudited)



Bank of Communications Co., Ltd. Hong Kong Branch

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**REGULATORY DISCLOSURE STATEMENT (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

	<b>31 Mar 2020</b>	31 Dec 2019
Quarterly average liquidity coverage ratio (“LCR”)	<b>183.02%</b>	166.85%
Total available stable funding	<b>278,784,669</b>	257,578,742
Total required stable funding	<b>249,204,234</b>	230,601,539
Net stable funding ratio (“NSFR”)	<b>111.87%</b>	111.70%

### LIQ1: Liquidity Coverage Ratio – for category 1 institution

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

The Branch’s average LCR for the period is 183.02%.

In the first quarter of year 2020, the Branch’s 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, 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 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.

**Wang Feng, Chief Executive**  
**Bank of Communications Co., Ltd. Hong Kong Branch**  
 26 May 2020

## I. Liquidity information (Continued)

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

2020 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 Mar 2020: (74)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
<b>A. HQLA</b>			
1.	Total HQLA		121,717,837
<b>B. Cash Outflows</b>			
2.	Retail deposits and small business funding, of which:	2,043,421	187,035
3.	<i>Stable retail deposits and stable small business funding</i>	133,559	6,678
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,697,274	169,728
4a.	<i>Retail term deposits and small business term funding</i>	212,588	10,629
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	222,502,275	114,392,586
6.	<i>Operational deposits</i>	8,667,454	2,131,704
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	210,773,186	109,199,247
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	3,061,635	3,061,635
9.	Secured funding transactions (including securities swap transactions)		239,740
10.	Additional requirements, of which:	38,622,280	9,394,349
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	12,146,558	5,675,801
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>	26,475,722	3,718,548
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	7,146,822	7,146,822
15.	Other contingent funding obligations (whether contractual or non-contractual)	47,205,342	674,476
16.	<b>Total Cash Outflows</b>		132,035,008
<b>C. Cash Inflows</b>			
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	117,547,857	54,710,973
19.	Other cash inflows	8,349,530	8,349,530
20.	<b>Total Cash Inflows</b>	125,897,387	63,060,503
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21.	<b>Total HQLA</b>		121,717,837
22.	<b>Total Net Cash Outflows</b>		68,974,505
23.	<b>LCR (%)</b>		183.02%

## I. Liquidity information (Continued)

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

2019 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 Dec 2019: (75)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
<b>A. HQLA</b>			
1.	Total HQLA		121,860,633
<b>B. Cash Outflows</b>			
2.	Retail deposits and small business funding, of which:	2,036,164	186,584
3.	<i>Stable retail deposits and stable small business funding</i>	127,359	6,368
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,695,511	169,551
4a.	<i>Retail term deposits and small business term funding</i>	213,294	10,665
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	215,027,571	117,321,672
6.	<i>Operational deposits</i>	7,589,589	1,864,270
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	206,365,814	114,385,234
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,072,168	1,072,168
9.	Secured funding transactions (including securities swap transactions)		892,721
10.	Additional requirements, of which:	39,353,271	7,991,761
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	10,740,120	3,796,698
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>	28,613,151	4,195,063
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	7,320,582	7,320,582
15.	Other contingent funding obligations (whether contractual or non-contractual)	43,896,951	793,717
16.	<b>Total Cash Outflows</b>		134,507,037
<b>C. Cash Inflows</b>			
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	101,910,029	54,834,401
19.	Other cash inflows	5,764,607	5,764,607
20.	<b>Total Cash Inflows</b>	107,674,636	60,599,008
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21.	<b>Total HQLA</b>		121,860,633
22.	<b>Total Net Cash Outflows</b>		73,908,029
23.	<b>LCR (%)</b>		166.85%