



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 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

	31 Mar 2024	31 Dec 2023*
	HK\$'000	HK\$'000
Quarterly average liquidity coverage ratio ("LCR")	165.63%	179.39%
Total available stable funding	182,025,707	183,144,964
Total required stable funding	155,382,016	156,150,336
Net stable funding ratio ("NSFR")	117.15%	117.29%

* 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 31 March 2024 was 165.63%.

In the first quarter of year 2024, the Branch's average LCR decreased compared with previous quarter as a result of increase in non-HQLA investments.

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 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 2024: (73)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		66,884,345
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,442,819	128,838
3.	<i>Stable retail deposits and stable small business funding</i>	87,571	4,379
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,133,941	113,394
4a.	<i>Retail term deposits and small business term funding</i>	221,307	11,065
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	102,838,219	64,104,523
6.	<i>Operational deposits</i>	3,754,272	912,025
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	96,064,922	60,173,473
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	3,019,025	3,019,025
9.	Secured funding transactions (including securities swap transactions)		1,729,119
10.	Additional requirements, of which:	20,351,914	6,931,814
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	11,993,150	5,824,006
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>	8,358,764	1,107,808
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	18,396,054	18,396,054
15.	Other contingent funding obligations (whether contractual or non-contractual)	46,740,190	310,935
16.	Total Cash Outflows		91,601,283
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	73,146,127	42,347,568
19.	Other cash inflows	27,686,905	8,134,553
20.	Total Cash Inflows	100,833,032	50,482,121
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		66,884,345
22.	Total Net Cash Outflows		41,119,162
23.	LCR (%)		165.63%