



INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED
中國工商銀行（亞洲）有限公司
(於香港註冊成立之有限公司)

STANDARD TEMPLATES FOR DISCLOSURES IN RELATION TO
LIQUIDITY COVERAGE RATIO

2018 2ND QUARTER

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this template: (73)		HK\$ equivalent	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value	Weighted value
		(average)	(average)
A. HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		74,826,216
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	143,806,486	13,694,617
3	Stable retail deposits and stable small business funding	9,814,474	295,415
4	Less stable retail deposits and less stable small business funding	133,992,012	13,399,202
4a	Retail term deposits and small business term funding	-	-
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	278,929,475	150,939,567
6	Operational deposits	19,614,070	4,826,469
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	254,908,676	141,706,369
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	4,406,729	4,406,729
9	Secured funding transactions (including securities swap transactions)		5,860,434
10	Additional requirements, of which:	43,268,892	8,073,222
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	4,182,611	4,165,657
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	-	-
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	39,086,281	3,907,565
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,222,031	1,222,031
15	Other contingent funding obligations (whether contractual or non-contractual)	613,302,992	1,119,167
16	TOTAL CASH OUTFLOWS		180,909,038
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	1,957,613	-
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	163,579,610	130,917,337
19	Other cash inflows	12,015,145	8,712,705
20	TOTAL CASH INFLOWS	-	139,630,042
D. LIQUIDITY COVERAGE RATIO			Adjusted value
21	TOTAL HQLA		74,826,216
22	TOTAL NET CASH OUTFLOWS		50,127,499
23	LCR (%)		150.74%

Liquidity Coverage Ratio

The Liquidity Coverage Ratio(' LCR ') throughout the half year of 2018 meets regulatory requirement and maintains at a high level.

(i) Composition of High Quality Liquid Assets (“HQLA”)

The Bank holds a portfolio of unencumbered HQLA which can be readily liquidated to meet cash flow obligations under stress scenarios, as defined in the LCR rules. These liquid assets consist primarily of Level 1 HQLA, such as the Hong Kong Exchange Fund bills and notes as well as the US Treasuries, supplemented by Level 2A and 2B HQLA, such as bonds issued by highly rated corporate issuers.

(ii) Concentration of funding sources

The Bank maintains a diversified funding base composed mainly by retail and corporate customer deposits, supplemented by wholesale funding including but not limited to issuance of certificates of deposit and term debts. Short-term interbank money market borrowing is also used from time to time to meet temporary funding need.

The Bank continues to expand and diversify its deposit base, and to increase the proportion of stable deposits in its overall funding pool.

(iii) Derivative Exposures

The Bank closely monitors all its exchange traded and over-the-counter derivative exposures arising from customer transactions and their corresponding hedging activities. Such derivative contracts comprise mainly of foreign exchange forwards, interest rate and cross currency swaps. Collateral may be required to be posted to counterparties depending on the marked-to-market of the derivative contracts.

(iv) Currency mismatch

The Bank’s customer deposits are mainly denominated in HKD. To meet customer loan demand, the Bank swaps surplus HKD funding into USD and other foreign currencies. This represents the major currency mismatch of the Bank.

On the other hand, as the supply of HKD denominated HQLA is relatively limited, the Bank covers its HKD mismatch by holding HQLA denominated in USD. This is in line with the LCR alternative liquidity approach option elected by the HKMA.

(v) Centralization of liquidity management

The Bank has a wholly owned subsidiary in the Mainland China, namely China Mercantile Bank ("CMB"), which has set up its own liquidity risk management policy and managed liquidity risk in accordance with its local regulatory requirements. CMB calculates its own LCR, which would then be consolidated with the Bank’s LCR to reflect the liquidity position on a Group basis.

(vi) Approach to liquidity risk management

The Bank has established a comprehensive liquidity risk management framework in accordance with the HKMA requirements and BCBS guidance. The Board-level Risk Management Committee is ultimately responsible for liquidity risk management, with the support from senior management committees including the Risk Management Committee and the Asset and Liability Management Committee. Policies and procedures are in place, with properly approved limits and indicators in order to identify, measure and monitor liquidity risk. Stress tests are conducted regularly, and the Bank has readied the Contingent Funding Plan which details the procedures in dealing with a potential liquidity crisis.