

Liquidity information disclosures

Liquidity coverage ratio

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this table		For the quarter ended 31 December 2015: 75 data points		For the quarter ended 30 September 2015: 76 data points	
Basis of disclosure: consolidated		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
A. HIGH QUALITY LIQUID ASSETS					
1	Total high quality liquid assets (HQLA)		42,888,329		38,197,134
B. CASH OUTFLOWS					
2	Retail deposits and small business funding, of which:	97,581,388	7,592,561	102,243,689	7,740,264
3	Stable retail deposits and stable small business funding	20,328,593	1,016,430	23,143,654	1,157,183
4	Less stable retail deposits and less stable small business funding	42,245,235	4,224,523	39,233,250	3,923,325
5	Retail term deposits and small business term funding	35,007,560	2,351,608	39,866,785	2,659,756
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	80,118,816	45,233,047	75,025,345	43,977,194
7	Operational deposits	6,108,280	1,349,688	6,022,608	1,320,346
8	Unsecured wholesale funding (other than small business funding) not covered in Row 7	74,010,536	43,883,359	69,002,737	42,656,848
9	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period				
10	Secured funding transactions (including securities swap transactions)				
11	Additional requirements, of which:	22,253,815	5,252,707	52,281,515	8,317,711
12	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collaterals requirements	2,393,461	2,393,461	2,760,779	2,760,779
13	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions				
14	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	19,860,354	2,859,246	49,520,736	5,556,932
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,432,519	2,432,519	1,516,765	1,516,765
16	Other contingent funding obligations (whether contractual or non-contractual)	109,910,102	4,419,659	75,248,386	4,967,107
17	TOTAL CASH OUTFLOWS		64,930,493		66,519,041
C. CASH INFLOWS					
18	Secured lending transactions (including securities swap transactions)	1,789,980	1,789,980	1,596,133	1,596,133
19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	30,787,085	21,887,357	30,966,712	22,337,845
20	Other cash inflows	9,248,571	5,338,878	12,527,677	8,647,299
21	TOTAL CASH INFLOWS	41,825,636	29,016,215	45,090,522	32,581,277
D. LIQUIDITY COVERAGE RATIO					
22	TOTAL HQLA		42,888,329		38,196,844
23	TOTAL NET CASH OUTFLOWS		35,914,278		33,937,764
24	LCR (%)		120.02%		114.10%

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Liquidity coverage ratio (continued)

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this table		For the quarter ended 30 June 2015: 71 data points		For the quarter ended 31 March 2015: 73 data points	
		UNWEIGHTED AMOUNT (Average Value) HK\$'000	WEIGHTED AMOUNT (Average Value) HK\$'000	UNWEIGHTED AMOUNT (Average Value) HK\$'000	WEIGHTED AMOUNT (Average Value) HK\$'000
Basis of disclosure: consolidated					
A. HIGH QUALITY LIQUID ASSETS					
1	Total high quality liquid assets (HQLA)		36,851,316		37,147,019
B. CASH OUTFLOWS					
2	Retail deposits and small business funding, of which:	107,381,623	7,975,859	106,654,853	7,950,161
3	<i>Stable retail deposits and stable small business funding</i>	24,884,132	1,244,207	25,454,625	1,272,731
4	<i>Less stable retail deposits and less stable small business funding</i>	37,509,051	3,750,905	35,801,204	3,580,120
5	<i>Retail term deposits and small business term funding</i>	44,988,440	2,980,747	45,399,024	3,097,310
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	70,570,235	42,555,662	79,530,131	48,545,660
7	<i>Operational deposits</i>	5,090,923	1,113,292	4,719,313	1,020,094
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	65,479,312	41,442,370	74,810,818	47,525,566
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>				
10	Secured funding transactions (including securities swap transactions)				
11	Additional requirements, of which:	10,288,076	4,399,996	12,247,169	2,159,003
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collaterals requirements</i>	3,581,080	3,581,080	622,315	622,315
13	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>				
14	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	6,706,996	818,916	11,624,854	1,536,688
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,479,940	1,479,940	1,458,110	1,458,110
16	Other contingent funding obligations (whether contractual or non-contractual)	106,868,363	3,337,275	99,034,444	2,637,411
17	TOTAL CASH OUTFLOWS		59,748,732		62,750,345
C. CASH INFLOWS					
18	Secured lending transactions (including securities swap transactions)	2,485,438	2,485,438	2,598,613	2,505,712
19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	44,231,834	28,957,447	40,222,332	27,742,799
20	Other cash inflows	9,213,400	5,365,073	5,671,703	1,787,411
21	TOTAL CASH INFLOWS	55,930,672	36,807,958	48,492,648	32,035,922
D. LIQUIDITY COVERAGE RATIO					
22	TOTAL HQLA		36,851,316		37,147,019
23	TOTAL NET CASH OUTFLOWS		22,940,774		30,714,423
24	LCR (%)		163.68%		123.70%

Liquidity information disclosures

Liquidity coverage ratio (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In 2015, the Group has maintained a healthy liquidity position, the LCR remained stable and there was no material change throughout the year. The average LCR of the first, second, third and fourth quarter were 123.70%, 163.68%, 114.10% and 120.02% respectively. The average HKD level 1 HQLA to HKD net cash outflow ratio of 2015 was 216.24%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the 2015, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HKD denominated HQLA in the market is relatively limited, the Group swaps surplus HKD funding into USD and other foreign currencies, part of funding are deployed to investment in HQLA.