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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 June 2019
(Unaudited)**

Bank of Communications Co., Ltd. Hong Kong Branch

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**FINANCIAL DISCLOSURE STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 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”).

SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)

I. Profit and loss information

	30 Jun 2019	30 Jun 2018
	(6 months)	(6 months)
	HK\$'000	HK\$'000
Interest income	7,064,755	6,614,321
Interest expense	(5,249,899)	(4,266,895)
Net interest income	1,814,856	2,347,426
Commission and fees income	725,514	631,822
Commission and fees expenses	(27,043)	(24,081)
Net commission and fees income	698,471	607,741
Gains less losses arising from trading in foreign currencies	157,744	217,686
Gains less losses on securities held for trading purposes	144,970	10,470
Gains less losses from other trading activities	104,611	(80,674)
Others	75,432	53,155
Other operating gains less losses	482,757	200,637
	2,996,084	3,155,804
Operating expenses		
Staff and rental expenses	(526,822)	(540,941)
Other operating expenses	(196,058)	(195,443)
Write back of impairment allowances for loans and receivables	195,376	167,470
(Charge) / write back of other impairment allowances	(35,264)	10,872
Gains less losses from revaluation of investment properties	38,279	23,094
Profit before taxation	2,471,595	2,620,856
Income tax expense	(387,613)	(436,112)
Profit after taxation	2,083,982	2,184,744

II. Balance sheet information

	30 Jun 2019 HK\$'000	31 Dec 2018 HK\$'000
Assets		
Cash and balances with banks	21,704,293	41,152,826
Amount due from Exchange Fund repayable or callable within one month	1,989,550	965,042
Placements with banks with residual maturity between one and twelve months	38,915,990	45,104,910
Amount due from overseas offices	63,721,915	48,632,745
Trade bills	18,286,714	21,585,225
Certificates of deposit held	43,626,584	50,143,884
Securities held for trading purposes	11,328,603	6,686,387
Loans and receivables	158,520,990	146,089,314
Investment securities	137,898,766	106,585,280
Other investments	537,402	470,410
Property, plant and equipment and investment properties	794,664	677,417
Total assets	497,325,471	468,093,440
Liabilities		
Amount due to Exchange Fund	40,000	40,000
Deposits and balances from banks	43,608,897	61,917,851
Deposits from customers		
– Demand deposits and current accounts	6,615,008	6,373,786
– Saving deposits	29,610,543	30,106,073
– Time, call and notice deposits	246,363,723	241,868,836
Amount due to overseas offices	44,166,724	28,199,541
Certificates of deposit issued	27,759,537	18,628,128
Debt securities issued	53,380,563	45,727,151
Other liabilities	45,721,890	35,145,475
Provisions	58,586	86,599
Total liabilities	497,325,471	468,093,440

III. Additional balance sheet information

(i) Loans and receivables

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Loans and receivables		
Loans and advances to customers	145,612,165	130,727,587
Loans and advances to banks	–	3,526,296
Accrued interest and other accounts	13,850,216	12,858,275
	159,462,381	147,112,158
Less: Impairment allowances for impaired loans and receivables		
Stage 1 and Stage 2 provision for Expected Credit Loss (“ECL”)		
– for loans and advances to customers	(566,095)	(611,896)
– for loans and advances to banks	–	(749)
– for accrued interest and other accounts	(16,322)	(9,927)
Stage 3 provision for ECL		
– for loans and advances to customers	(254,736)	(350,500)
– for accrued interest and other accounts	(104,238)	(49,772)
	(941,391)	(1,022,844)
	158,520,990	146,089,314

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2019 and 31 Dec 2018.

(ii)(a) Impaired loans and advances

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Gross impaired loans and advances to customers	408,016	625,159
As percentage of total loans and advances to customers	0.28	0.48
Stage 3 provision for ECL	254,736	350,500

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis.

III. Additional balance sheet information (Continued)

(ii)(b) Impaired loans and advances by geographical area

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Hong Kong	214,334	216,367
People's Republic of China	155,753	408,792
Other Countries	37,929	–
	408,016	625,159

Impaired loans and advances to customers by geographical area are classified according to the location of counterparties after taking into account the transfer of risk. In general, risk transfer applies when the loans and advances are guaranteed by a party located in an area that is different from that of the counterparty.

(ii)(c) Market value of collateral related to impaired loans and advances to customers

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Market value of collateral related to impaired loans and advances to customers	190,921	386,204

(iii) Trade bills

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Gross trade bills	18,322,433	21,676,429
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(24,108)	(46,898)
Stage 3 provision for ECL	(11,611)	(44,306)
	(35,719)	(91,204)
	18,286,714	21,585,225

(iv) Investment securities

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Gross investment securities	137,901,627	106,587,254
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(2,861)	(1,974)
Stage 3 provision for ECL	–	–
	137,898,766	106,585,280

No impairment allowances for investment securities maintained at our head office as at 30 Jun 2019 and 31 Dec 2018.

III. Additional balance sheet information (Continued)

(v)(a) Analysis of gross amount of loans and advances to customers classified into the following industry categories

	30 Jun 2019 HK\$'000	% of secured loans and advances	31 Dec 2018 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	17,646,844	9.81	17,611,216	10.67
– Property investment	6,800,319	81.53	4,743,365	95.69
– Financial concerns	42,837,793	1.39	37,455,188	1.57
– Stockbrokers	2,542,645	28.05	2,387,767	10.16
– Wholesale and retail trade	2,925,451	22.54	2,501,383	24.90
– Manufacturing	5,461,712	0.33	4,204,286	0.69
– Transport and transport equipment	1,585,875	70.08	1,806,628	76.92
– Recreational activities	–	–	–	–
– Information technology	421,886	7.49	30,850	100.00
– Others	22,177,915	35.99	19,279,888	35.02
Individuals:				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	–	–	–	–
– Loans for the purchase of other residential properties	–	–	–	–
– Credit card advances	–	–	–	–
– Others	–	–	–	–
Sub-total	102,400,440		90,020,571	
Trade finance	2,437,597	12.34	2,144,675	14.53
Loans and advances for use outside Hong Kong	40,774,128	30.01	38,562,341	29.27
Total	145,612,165	21.24	130,727,587	21.16

III. Additional balance sheet information (Continued)

(v)(b) Gross loans and advances to customers by geographical area

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
Hong Kong	99,939,685	99,243,119
People's Republic of China	37,427,782	24,920,160
Other countries	8,244,698	6,564,308
	145,612,165	130,727,587

The gross amount of loans and advances to customers by countries or geographical segment is in accordance with the location of the counterparties after taking into account the transfer of risk. In general, a transfer of risk arises if the loans or advances of a customer are guaranteed by a party in a country which is different from that of the customer. Countries or geographical segment, constituting 10% or more of the Branch's total amount of loans and advances to customers after taking into account any recognized risk transfer, are disclosed above.

(vi) International claims

The information on international claims are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Countries or geographical segments, constituting 10% or more of the Branch's total international claims after taking into account any recognized risk transfer, are disclosed below.

Equivalent in millions of HK\$	Bank	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
As at 30 Jun 2019					
Developing Asia-Pacific	174,395	24,920	12,416	26,128	237,859
of which: People's Republic of China	170,661	23,670	12,416	25,601	232,348
Offshore centres	12,168	1,748	23,965	37,706	75,587
of which: Hong Kong	11,423	1,748	21,155	36,181	70,507
As at 31 Dec 2018					
Developing Asia-Pacific	179,397	11,060	9,764	23,385	223,606
of which: People's Republic of China	174,775	10,312	9,764	22,812	217,663
Offshore centres	21,394	1,304	22,022	34,309	79,029
of which: Hong Kong	20,737	1,304	19,646	32,721	74,408

III. Additional balance sheet information (Continued)

(vii)(a) Overdue loans and advances to customers

	30 Jun 2019 HK\$'000	% of total loans and advances to customers	31 Dec 2018 HK\$'000	% of total loans and advances to customers
Gross loans and advances to customers that have been overdue for periods of:				
More than 3 months but not more than 6 months	45,633	0.03	–	–
More than 6 months but not more than 1 year	109,962	0.08	–	–
More than 1 year	214,408	0.15	469,090	0.36
	370,003	0.26	469,090	0.36

	30 Jun 2019 HK\$'000	31 Dec 2018 HK\$'000
Market value of collateral held against the secured overdue loans and advances	162,583	437,116
Secured overdue loans and advances	152,992	386,204
Unsecured overdue loans and advances	217,011	82,886
Stage 3 provision for ECL	254,652	194,430
Overdue loans and advances to customers by geographical area		
Hong Kong	214,250	60,298
People's Republic of China	155,753	408,792
	370,003	469,090

Overdue loans and advances to customers by geographical area are classified according to the location of counterparties after taking into account the transfer of risk. In general, risk transfer applies when the loans and advances are guaranteed by a party located in an area that is different from that of the counterparty.

There are no loans and advances to banks which are overdue for more than 3 months, nor are there any rescheduled loans and advances to banks.

(vii)(b) Overdue assets

	30 Jun 2019 HK\$'000	% of trade bills	31 Dec 2018 HK\$'000	% of trade bills
Gross trade bills that have been overdue for periods of:				
More than 3 months but not more than 6 months	–	–	–	–
More than 6 months but not more than 1 year	–	–	–	–
More than 1 year	11,611	0.06	44,306	0.20
	11,611	0.06	44,306	0.20

There are no debt securities that have been overdue for more than 3 months as at 30 Jun 2019 and 31 Dec 2018.

III. Additional balance sheet information (Continued)

(vii)(b) Overdue assets (Continued)

	30 Jun 2019 HK\$'000	31 Dec 2018 HK\$'000
Secured overdue assets	–	–
Unsecured overdue assets	11,611	44,306
Stage 3 provision for ECL	11,611	44,306
Overdue assets by geographical area		
United States	349	350
Hong Kong	11,262	11,287
Singapore	–	32,669
	11,611	44,306

(vii)(c) Rescheduled loans

There are no rescheduled loans to customers net of overdue more than 3 months as at 30 Jun 2019 and 31 Dec 2018.

(vii)(d) Repossessed assets

There are no repossessed assets held as at 30 Jun 2019 and 31 Dec 2018.

(viii) Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Mainland Activities.

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
As at 30 Jun 2019			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	83,066,947	18,576,412	101,643,359
2. Local governments, local government-owned entities and their subsidiaries and JVs	9,022,966	1,182,682	10,205,648
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	19,032,684	3,478,724	22,511,408
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	–	211,599	211,599
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,194,294	–	1,194,294
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	112,316,891	23,449,417	135,766,308
Total assets after provisions	497,266,885		
On-balance sheet exposures as percentage of total assets	22.59%		

III. Additional balance sheet information (Continued)

(viii) Non-bank Mainland exposures (Continued)

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
As at 31 Dec 2018			
1. Central government, central government-owned entities and their subsidiaries and JVs	74,527,259	15,893,099	90,420,358
2. Local governments, local government-owned entities and their subsidiaries and JVs	7,373,203	340,133	7,713,336
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	15,615,546	1,956,463	17,572,009
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	–	352,189	352,189
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	722,456	–	722,456
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	98,238,464	18,541,884	116,780,348
Total assets after provisions	468,006,841		
On-balance sheet exposures as percentage of total assets	20.99%		

III. Additional balance sheet information (Continued)

(ix) Foreign currency exposures

The information concerning the foreign currency exposures of the Branch arising from trading and non-trading positions are disclosed below:

Equivalent in millions of HK\$	Chinese Renminbi	US Dollars	Total
As at 30 Jun 2019			
Spot assets	47,978	256,162	304,140
Spot liabilities	(59,289)	(228,554)	(287,843)
Forward purchases	193,072	253,259	446,331
Forward sales	(177,341)	(281,607)	(458,948)
Net options position*	511	(804)	(293)
Net long (short) position	4,931	(1,544)	3,387
As at 31 Dec 2018			
Spot assets	49,867	244,983	294,850
Spot liabilities	(46,542)	(243,271)	(289,813)
Forward purchases	200,731	305,792	506,523
Forward sales	(199,814)	(307,787)	(507,601)
Net options position*	102	(134)	(32)
Net long (short) position	4,344	(417)	3,927

* Delta equivalent approach is adopted.

Except for the above foreign currencies, we do not disclose other foreign currency exposures arising from trading and non-trading positions, which constitutes less than 10% of the total net position in all foreign currencies as above. There is no net structural position in any foreign currencies.

IV. Off-balance sheet exposures

(i) Contingent liabilities and commitments

	30 Jun 2019	31 Dec 2018
	HK\$'000	HK\$'000
	Contract	Contract
	amount	amount
Direct credit substitutes	6,219,261	6,002,898
Trade related contingencies	7,699,807	9,120,194
Others commitments	59,442,386	58,676,710
Others	–	704,651
	73,361,454	74,504,453

(ii) Derivatives

	Contract	Fair value	Fair value
	amount	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000
As at 30 Jun 2019			
Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	548,886,512	2,666,569	3,290,008
Interest rate contracts	301,610,396	2,731,338	4,353,233
Others	–	–	–
	850,496,908	5,397,907	7,643,241
As at 31 Dec 2018			
Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	615,148,320	4,042,413	4,168,642
Interest rate contracts	217,282,033	2,617,411	2,110,197
Others	–	–	–
	832,430,353	6,659,824	6,278,839

The fair values of the derivatives do not take into account the effect of bilateral netting arrangements.

V. Liquidity information

	30 Jun 2019	30 Jun 2018
Average liquidity coverage ratio ("LCR")		
– First quarter	132.57%	195.70%
– Second quarter	128.71%	165.96%
Average liquidity coverage ratio for the period	130.67%	180.73%
Net stable funding ratio ("NSFR")		
– First quarter end	114.09%	105.63%
– Second quarter end	107.94%	105.40%

The Branch's LCR and NSFR are above the regulatory requirement for the period.

The Branch's average LCR for the period is 130.67%. The Branch's NSFR for the quarter ends of year 2019 are 114.09% and 107.94% respectively.

In the second quarter of 2019, the Branch's LCR declined as a result of an increase in unsecured wholesale funding matured within 30 days, thus an increase in net cash outflow.

In the second quarter end of year 2019, despite the overall wholesale funding had increased, the Branch's NSFR decreased due to decrease in ASF caused by net increase in short term (6 months or less) FI funding.

Level I 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 major liquidity profile is captured in the LCR calculation.

The Branch 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 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 regular liquidity management reports to head office and participates in the group liquidity stress test.

V. Liquidity information (Continued)

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

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 June 2019 : (71)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
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	38,445,462	38,140,330
19.	Other cash inflows	6,309,681	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%

V. Liquidity information (Continued)

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

2019 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 March 2019 : (73)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		92,275,622
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,807,665	166,639
3.	<i>Stable retail deposits and stable small business funding</i>	97,300	4,865
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,525,119	152,512
4a.	<i>Retail term deposits and small business term funding</i>	185,246	9,262
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	175,555,081	96,095,495
6.	<i>Operational deposits</i>	4,438,949	1,095,036
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	169,374,270	93,258,597
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,741,862	1,741,862
9.	Secured funding transactions (including securities swap transactions)		575,872
10.	Additional requirements, of which:	45,066,245	8,805,157
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	10,218,260	3,781,705
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>	34,847,985	5,023,452
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,516,092	6,516,092
15.	Other contingent funding obligations (whether contractual or non-contractual)	40,650,762	803,382
16.	Total Cash Outflows		112,962,637
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	89,917,482	37,172,746
19.	Other cash inflows	5,933,794	5,933,794
20.	Total Cash Inflows	95,851,276	43,106,540
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		92,275,622
22.	Total Net Cash Outflows		69,856,097
23.	LCR (%)		132.57%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2019 Second quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A. Available stable funding ("ASF") item						
1.	Capital:	–	–	–	–	–
2.	<i>Regulatory capital</i>	–	–	–	–	–
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–	–
4.	Retail deposits and small business funding:	–	1,888,756	2,365	–	1,707,895
5.	<i>Stable deposits</i>	–	116,710	1,010	–	111,834
6.	<i>Less stable deposits</i>	–	1,772,046	1,355	–	1,596,061
7.	Wholesale funding:	–	327,731,399	16,825,570	25,139,600	151,350,218
8.	<i>Operational deposits</i>	–	8,576,453	–	–	4,288,227
9.	<i>Other wholesale funding</i>	–	319,154,946	16,825,570	25,139,600	147,061,991
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	11,946,141	9,584,649	24,314,717	74,189,096	86,346,455
12.	<i>Net derivative liabilities</i>	2,019,349	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	9,926,792	9,584,649	24,314,717	74,189,096	86,346,455
14.	Total ASF					239,404,568
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	48,688,084	17,360,790	65,056,387	12,672,766
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	43,007,939	141,971,039	33,762,313	131,269,779	198,395,359
18.	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19.	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	17,151,152	125,701,283	25,215,866	17,658,816	66,273,093

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution (Continued)

2019 Second quarter end (Continued):

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	25,856,787	14,991,487	4,749,526	53,696,807	77,491,061
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
22.	<i>Performing residential mortgages, of which:</i>	–	3,330	3,014	95,220	84,109
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	1,274,939	3,793,907	59,818,936	54,547,096
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	15,028,651	1,589,718	–	103,705	8,959,266
27.	<i>Physical traded commodities, including gold</i>	–	–	–	–	–
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	1,579,299	–	–	–	1,342,404
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	6,158,835	–	–	–	N/A
31.	<i>All other assets not included in the above categories</i>	7,290,517	1,589,718	–	103,705	7,616,862
32.	<i>Off-balance sheet items</i>	–	25,614	277,511	73,058,329	1,758,578
33.	Total RSF	–	–	–	–	221,785,969
34.	Net Stable Funding Ratio (%)	–	–	–	–	107.94%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution (Continued)

2019 First quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A. Available stable funding ("ASF") item						
1.	Capital:	–	–	–	–	–
2.	<i>Regulatory capital</i>	–	–	–	–	–
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–	–
4.	Retail deposits and small business funding:	–	1,793,854	2,812	–	1,622,049
5.	<i>Stable deposits</i>	–	100,994	–	–	95,944
6.	<i>Less stable deposits</i>	–	1,692,860	2,812	–	1,526,105
7.	Wholesale funding:	–	304,623,684	27,231,587	26,311,370	161,809,825
8.	<i>Operational deposits</i>	–	4,068,563	–	–	2,034,282
9.	<i>Other wholesale funding</i>	–	300,555,121	27,231,587	26,311,370	159,775,543
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	1,855,036	8,435,855	11,934,741	82,135,847	88,103,218
12.	<i>Net derivative liabilities</i>	450,812	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	1,404,224	8,435,855	11,934,741	82,135,847	88,103,218
14.	Total ASF	–	–	–	–	251,535,092
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	39,448,380	15,795,329	66,668,981	13,068,230
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	45,071,559	120,228,657	38,453,476	130,531,487	197,597,161
18.	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19.	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	20,672,559	107,619,389	28,381,354	15,870,590	66,876,734

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution (Continued)

2019 First quarter end (Continued):

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	24,399,000	11,164,915	7,297,327	50,943,287	73,272,065
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
22.	<i>Performing residential mortgages, of which:</i>	–	1,642	1,368	41,457	36,743
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	1,442,711	2,773,427	63,676,153	57,411,619
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	13,045,972	1,347,263	–	–	8,097,308
27.	<i>Physical traded commodities, including gold</i>	–	–	–	–	–
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	907,151	–	–	–	771,078
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	5,272,969	–	–	–	N/A
31.	<i>All other assets not included in the above categories</i>	6,865,852	1,347,263	–	–	7,326,230
32.	<i>Off-balance sheet items</i>	–	9,417	223,481	69,869,121	1,700,932
33.	Total RSF	–	–	–	–	220,463,631
34.	Net Stable Funding Ratio (%)	–	–	–	–	114.09%

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

	30 Jun 2019 CNY million (Unaudited)	31 Dec 2018 CNY million
Total loans and advances	5,013,630	4,742,372
Total customer deposits	6,135,448	5,793,324
Total assets	9,886,608	9,531,171
Total liabilities	9,162,860	8,825,863
Shareholders' equity	716,490	698,405
Capital adequacy ratio	13.84%	14.37%

The capital adequacy ratio above is calculated pursuant to the Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation) issued by the China Banking and Insurance Regulatory Commission.

	30 Jun 2019 (6 months) CNY million (Unaudited)	30 Jun 2018 (6 months) CNY million (Unaudited)
Pre-tax profit	48,959	47,470

Wang Feng, Chief Executive
Bank of Communications Co., Ltd. Hong Kong Branch
30 September 2019