

Bank of Communications Co., Ltd. Hong Kong Branch

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Contents

	Page(s)
SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)	
I. Profit and loss information	2
II. Balance sheet information	3
III. Additional balance sheet information	4 - 12
IV. Off-balance sheet exposures	13
V. Liquidity information	14 - 19
SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)	
I. Consolidated balance sheet items and financial ratios	20

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 2020	30 Jun 2019
	(6 months)	(6 months)
	HK\$'000	HK\$'000
Interest income	6,220,260	7,064,755
Interest expense	(5,212,109)	(5,249,899)
Net interest income	1,008,151	1,814,856
Commission and fees income	905,531	725,514
Commission and fees expenses	(21,005)	(27,043)
Net commission and fees income	884,526	698,471
Gains less losses arising from trading in foreign currencies	503,729	157,744
Gains less losses on securities held for trading purposes	45,157	144,970
Gains less losses from other trading activities	91,450	104,611
Others	331,853	75,432
Other operating gains less losses	972,189	482,757
	2,864,866	2,996,084
Operating expenses		
Staff and rental expenses	(542,791)	(526,822)
Other operating expenses	(121,444)	(196,058)
Write back of impairment allowances for loans and receivables	47,587	195,376
Charge of other impairment allowances	(44,674)	(35,264)
Gains less losses from disposal of tangible fixed assets	(7)	–
Gains less losses from revaluation of investment properties	(20)	38,279
Profit before taxation	2,203,517	2,471,595
Income tax expense	(341,719)	(387,613)
Profit after taxation	1,861,798	2,083,982

II. Balance sheet information

	30 Jun 2020 HK\$'000	31 Dec 2019 HK\$'000
Assets		
Cash and balances with banks	28,385,307	29,389,603
Amount due from Exchange Fund repayable or callable within one month	9,152,056	491,848
Placements with banks with residual maturity between one and twelve months	70,523,124	48,520,447
Amount due from overseas offices	58,260,386	58,829,280
Trade bills	9,750,109	12,148,219
Certificates of deposit held	41,397,470	36,725,043
Securities held for trading purposes	4,958,995	6,772,414
Loans and receivables	194,109,456	163,028,109
Investment securities	117,168,659	139,662,819
Other investments	538,744	538,103
Property, plant and equipment and investment properties	820,537	784,202
Total assets	535,064,843	496,890,087
Liabilities		
Amount due to Exchange Fund	25,000	20,000
Deposits and balances from banks	23,707,275	22,704,103
Deposits from customers		
– Demand deposits and current accounts	10,378,482	7,624,411
– Saving deposits	38,203,103	38,429,415
– Time, call and notice deposits	294,498,439	261,976,188
Amount due to overseas offices	40,717,449	39,404,524
Certificates of deposit issued	32,727,252	36,332,777
Debt securities issued	49,701,479	48,895,531
Other liabilities	44,997,988	41,372,274
Provisions	108,376	130,864
Total liabilities	535,064,843	496,890,087

III. Additional balance sheet information

(i) Loans and receivables

	30 Jun 2020	31 Dec 2019
	HK\$'000	HK\$'000
Loans and receivables		
Loans and advances to customers	170,691,893	149,482,498
Loans and advances to banks	–	–
Accrued interest and other accounts	24,227,714	14,463,559
	194,919,607	163,946,057
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	(303,333)	(541,367)
– for loans and advances to banks	–	–
– for accrued interest and other accounts	(6,670)	(6,229)
Stage 3 provision for ECL		
– for loans and advances to customers	(373,998)	(253,430)
– for accrued interest and other accounts	(126,150)	(116,922)
	(810,151)	(917,948)
	194,109,456	163,028,109

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2020 and 31 Dec 2019.

(ii)(a) Impaired loans and advances

	30 Jun 2020	31 Dec 2019
	HK\$'000	HK\$'000
Gross impaired loans and advances to customers	2,748,040	395,625
As percentage of total loans and advances to customers	1.61	0.26
Stage 3 provision for ECL	373,998	253,430

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 2020	31 Dec 2019
	HK\$'000	HK\$'000
Hong Kong	2,580,140	205,811
People's Republic of China	154,654	155,272
Other countries	13,246	34,542
	2,748,040	395,625

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 2020	31 Dec 2019
	HK\$'000	HK\$'000
Market value of collateral related to impaired loans and advances to customers	2,536,519	187,059

(iii) Trade bills

	30 Jun 2020	31 Dec 2019
	HK\$'000	HK\$'000
Gross trade bills	9,776,960	12,183,160
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(15,302)	(23,357)
Stage 3 provision for ECL	(11,549)	(11,584)
	(26,851)	(34,941)
	9,750,109	12,148,219

(iv) Investment securities

	30 Jun 2020	31 Dec 2019
	HK\$'000	HK\$'000
Gross investment securities	117,168,659	139,663,362
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	–	(543)
Stage 3 provision for ECL	–	–
	117,168,659	139,662,819

No impairment allowances for investment securities maintained at our head office as at 30 Jun 2020 and 31 Dec 2019.

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 2020 HK\$'000	% of secured loans and advances	31 Dec 2019 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	21,179,537	20.15	17,163,608	17.61
– Property investment	9,751,646	86.63	7,079,585	84.97
– Financial concerns	45,399,788	2.21	38,797,309	1.88
– Stockbrokers	2,153,839	5.20	2,401,477	5.60
– Wholesale and retail trade	2,474,390	29.60	2,282,763	27.42
– Manufacturing	9,120,383	6.63	7,647,616	1.81
– Transport and transport equipment	4,056,613	58.13	2,752,681	37.28
– Recreational activities	775,033	–	778,147	–
– Information technology	416,317	6.92	418,673	7.07
– Others	22,061,205	36.16	26,457,531	33.42
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	117,388,751		105,779,390	
Trade finance	2,443,591	18.10	1,149,902	16.28
Loans and advances for use outside Hong Kong	50,859,551	22.30	42,553,206	27.08
Total	170,691,893	21.86	149,482,498	21.59

III. Additional balance sheet information (Continued)

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

	30 Jun 2020	31 Dec 2019
	HK\$'000	HK\$'000
Hong Kong	110,612,369	99,646,699
People's Republic of China	46,451,741	43,253,019
Other countries	13,627,783	6,582,780
	170,691,893	149,482,498

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		Total
			financial institutions	Non-financial private sector	
As at 30 Jun 2020					
Developing Asia-Pacific	187,048	13,132	11,000	27,099	238,279
of which: People's Republic of China	186,839	11,504	11,000	26,034	235,377
Developed countries	14,506	5,365	18,114	2,480	40,465
Offshore centres	16,719	2,134	31,913	53,787	104,553
of which: Hong Kong	16,541	2,134	28,675	53,428	100,778
As at 31 Dec 2019					
Developing Asia-Pacific	160,078	16,532	10,823	26,487	213,920
of which: People's Republic of China	158,289	15,032	10,823	25,584	209,728
Developed countries	16,584	17,314	11,055	2,562	47,515
Offshore centres	13,504	1,905	25,042	40,602	81,053
of which: Hong Kong	13,347	1,905	21,948	40,370	77,570

III. Additional balance sheet information (Continued)

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

	30 Jun 2020 HK\$'000	% of total loans and advances to customers	31 Dec 2019 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	1,993,905	1.17	–	–
More than 6 months but not more than 1 year	–	–	27,205	0.02
More than 1 year	359,440	0.21	333,792	0.22
	2,353,345	1.38	360,997	0.24
			30 Jun 2020 HK\$'000	31 Dec 2019 HK\$'000
Market value of collateral held against the secured overdue loans and advances			2,258,102	162,078
Secured overdue loans and advances			2,145,812	152,517
Unsecured overdue loans and advances			207,533	208,480
Stage 3 provision for ECL			354,647	253,345
Overdue loans and advances to customers by geographical area				
Hong Kong			2,198,691	205,725
People's Republic of China			154,654	155,272
			2,353,345	360,997

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.

III. Additional balance sheet information (Continued)

(vii)(b) Overdue assets

	30 Jun 2020 HK\$'000	% of trade bills	31 Dec 2019 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	11,549	0.12	11,584	0.10
	11,549	0.12	11,584	0.10

There are no debt securities that have been overdue for more than 3 months as at 30 Jun 2020 and 31 Dec 2019.

	30 Jun 2020 HK\$'000	31 Dec 2019 HK\$'000
Secured overdue assets	–	–
Unsecured overdue assets	11,549	11,584
Stage 3 provision for ECL	11,549	11,584
Overdue assets by geographical area		
United States	347	348
Hong Kong	11,202	11,236
	11,549	11,584

(vii)(c) Rescheduled loans

	30 Jun 2020 HK\$'000	31 Dec 2019 HK\$'000
Rescheduled loans to customers net of overdue more than 3 months	13,246	34,543
As percentage of total loans and advances to customers	0.01	0.02

(vii)(d) Repossessed assets

There are no repossessed assets held as at 30 Jun 2020 and 31 Dec 2019.

III. Additional balance sheet information (Continued)

(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 2020			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	78,645,161	12,232,933	90,878,094
2. Local governments, local government-owned entities and their subsidiaries and JVs	5,813,609	684,564	6,498,173
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	25,848,000	3,399,684	29,247,684
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	500,196	–	500,196
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,359,592	–	4,359,592
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	115,166,558	16,317,181	131,483,739
Total assets after provisions	534,956,467		
On-balance sheet exposures as percentage of total assets	21.53%		

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 2019			
1. Central government, central government-owned entities and their subsidiaries and JVs	85,420,438	14,560,078	99,980,516
2. Local governments, local government-owned entities and their subsidiaries and JVs	7,431,159	2,722,870	10,154,029
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	21,984,315	3,438,804	25,423,119
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	600,731	74,660	675,391
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	539,025	–	539,025
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	115,975,668	20,796,412	136,772,080
Total assets after provisions	496,759,223		
On-balance sheet exposures as percentage of total assets	23.35%		

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 2020			
Spot assets	39,849	308,272	348,121
Spot liabilities	(73,364)	(219,439)	(292,803)
Forward purchases	129,747	187,510	317,257
Forward sales	(93,805)	(271,082)	(364,887)
Net options position*	221	(192)	29
Net long (short) position	2,648	5,069	7,717
As at 31 Dec 2019			
Spot assets	31,375	259,119	290,494
Spot liabilities	(66,340)	(213,115)	(279,455)
Forward purchases	122,028	192,247	314,275
Forward sales	(82,628)	(239,235)	(321,863)
Net options position*	(288)	288	–
Net long (short) position	4,147	(696)	3,451

* 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 2020	31 Dec 2019
	HK\$'000	HK\$'000
	Contract	Contract
	amount	amount
Direct credit substitutes	9,401,117	10,493,692
Trade related contingencies	3,619,964	6,529,968
Others commitments	67,150,602	59,331,828
Others	775,033	–
	80,946,716	76,355,488

(ii) Derivatives

	Contract	Fair value	Fair value
	amount	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000
As at 30 Jun 2020			
Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	465,979,166	1,313,074	2,600,721
Interest rate contracts	416,554,295	7,041,784	12,140,552
Others	–	–	–
	882,533,461	8,354,858	14,741,273
As at 31 Dec 2019			
Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	438,561,280	2,007,151	2,358,099
Interest rate contracts	359,169,876	3,336,419	4,881,800
Others	–	–	–
	797,731,156	5,343,570	7,239,899

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

V. Liquidity information

	30 Jun 2020	30 Jun 2019*
Average liquidity coverage ratio ("LCR")		
– Second quarter	161.95%	128.71%
Average liquidity coverage ratio for the period	172.70%	130.67%
Net stable funding ratio ("NSFR")		
– First quarter end	111.87%	114.09%
– Second quarter end	112.08%	107.94%

* Standard disclosure templates (LIQ1 & LIQ2) of comparative information can be found in the Regulatory Disclosures Section of our website www.bankcomm.com.hk.

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 172.70%. The Branch's NSFR for the quarter ends of first half of year 2020 are 111.87% and 112.08% respectively.

In the second quarter of year 2020, the Branch's LCR decreased as a result of a decrease in HQLA.

The Branch's NSFR level is similar in the first quarter end and second quarter end of year 2020.

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 are 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.

V. Liquidity information (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2020 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 Jun 2020: (71)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		97,805,112
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	2,044,422	186,934
3.	<i>Stable retail deposits and stable small business funding</i>	138,042	6,902
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,694,253	169,426
4a.	<i>Retail term deposits and small business term funding</i>	212,127	10,606
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	236,540,096	125,594,512
6.	<i>Operational deposits</i>	8,845,888	2,178,846
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	222,376,978	118,098,436
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	5,317,230	5,317,230
9.	Secured funding transactions (including securities swap transactions)		535,993
10.	Additional requirements, of which:	40,431,595	8,496,624
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	12,589,695	4,715,163
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>	27,841,900	3,781,461
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,054,633	9,054,633
15.	Other contingent funding obligations (whether contractual or non-contractual)	38,078,973	640,331
16.	Total Cash Outflows		144,509,027
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	137,026,727	77,332,247
19.	Other cash inflows	6,109,147	6,109,147
20.	Total Cash Inflows	143,135,874	83,441,394
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		97,805,112
22.	Total Net Cash Outflows		61,067,633
23.	LCR (%)		161.95%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2020 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.	Regulatory capital	–	–	–	–	–
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	–	–
4.	Retail deposits and small business funding:	–	1,942,520	28,530	–	1,780,668
5.	Stable deposits	–	133,468	1,005	–	127,749
6.	Less stable deposits	–	1,809,052	27,525	–	1,652,919
7.	Wholesale funding:	–	370,995,758	28,451,192	6,985,021	178,483,195
8.	Operational deposits	–	11,012,818	–	–	5,506,409
9.	Other wholesale funding	–	359,982,940	28,451,192	6,985,021	172,976,786
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	896,041	12,710,922	17,464,869	80,991,070	89,723,505
12.	Net derivative liabilities	–	–	–	–	–
13.	All other funding and liabilities not included in the above categories	896,041	12,710,922	17,464,869	80,991,070	89,723,505
14.	Total ASF	–	–	–	–	269,987,368
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	26,005,022	22,611,760	59,541,576	13,171,785
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	51,520,567	177,496,346	39,346,045	133,188,624	216,164,809
18.	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	17,832,103	165,236,164	21,980,965	16,870,785	73,846,821

V. Liquidity information (Continued)

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

2020 Second 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>	33,688,464	11,461,643	8,752,063	69,611,171	97,911,543
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>	–	2,899	2,830	72,521	64,507
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>	–	795,640	8,610,187	46,634,147	44,341,938
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	22,966,026	1,370,031	–	–	9,994,291
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>	3,902,152	–	–	–	3,316,829
29.	<i>Net derivative assets</i>	1,162,679	–	–	–	1,162,679
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	13,308,634	–	–	–	665,432
31.	<i>All other assets not included in the above categories</i>	4,592,561	1,370,031	–	–	4,849,351
32.	Off-balance sheet items	–	129,250	95,406	79,947,027	1,554,567
33.	Total RSF	–	–	–	–	240,885,452
34.	Net Stable Funding Ratio (%)	–	–	–	–	112.08%

V. Liquidity information (Continued)

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

2020 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:	–	2,001,857	19,312	–	1,825,844
5.	<i>Stable deposits</i>	–	135,827	–	–	129,036
6.	<i>Less stable deposits</i>	–	1,866,030	19,312	–	1,696,808
7.	Wholesale funding:	–	374,767,942	13,761,837	21,663,214	187,193,650
8.	<i>Operational deposits</i>	–	6,940,917	–	–	3,470,459
9.	<i>Other wholesale funding</i>	–	367,827,025	13,761,837	21,663,214	183,723,191
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	1,093,164	21,829,962	13,618,574	82,955,888	89,765,175
12.	<i>Net derivative liabilities</i>	–	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	1,093,164	21,829,962	13,618,574	82,955,888	89,765,175
14.	Total ASF	–	–	–	–	278,784,669
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	28,702,414	29,185,969	69,735,923	16,403,938
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	51,993,709	172,205,415	28,462,104	144,314,900	219,623,789
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>	16,551,747	164,057,989	20,113,023	25,471,058	80,232,602

V. Liquidity information (Continued)

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

2020 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>	35,441,962	7,154,903	6,395,687	72,511,366	98,535,624
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>	–	2,619	2,672	74,345	65,839
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>	–	989,904	1,950,722	46,258,131	40,789,724
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	23,736,909	455,421	–	–	11,665,972
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>	3,537,897	–	–	–	3,007,212
29.	<i>Net derivative assets</i>	1,765,807	–	–	–	1,765,807
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	12,219,864	–	–	–	610,993
31.	<i>All other assets not included in the above categories</i>	6,213,341	455,421	–	–	6,281,960
32.	<i>Off-balance sheet items</i>	–	139,680	64,696	77,323,526	1,510,535
33.	Total RSF	–	–	–	–	249,204,234
34.	Net Stable Funding Ratio (%)	–	–	–	–	111.87%

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

	30 Jun 2020 CNY million (Unaudited)	31 Dec 2019 CNY million
Total loans and advances	5,602,356	5,183,653
Total customer deposits	6,560,867	6,072,908
Total assets	10,669,932	9,905,600
Total liabilities	9,855,800	9,104,688
Shareholders' equity	802,543	793,247
Capital adequacy ratio	14.57%	14.83%

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 2020 (6 months) CNY million (Unaudited)	30 Jun 2019 (6 months) CNY million (Unaudited)
Pre-tax profit	39,958	48,959

Wang Feng, Chief Executive
Bank of Communications Co., Ltd. Hong Kong Branch
 10 September 2020