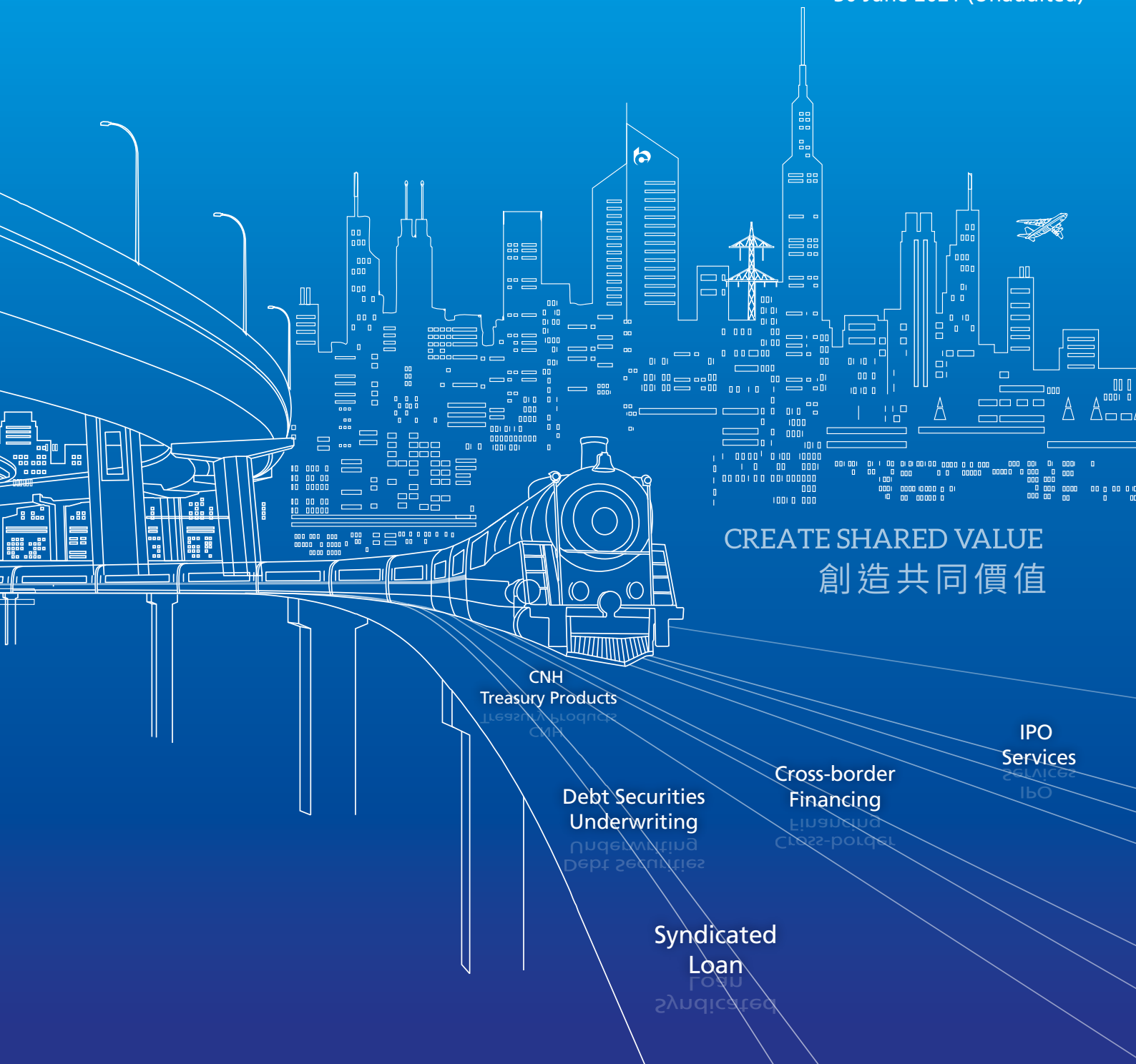


REGULATORY DISCLOSURE STATEMENT

30 June 2021 (Unaudited)



CREATE SHARED VALUE
創造共同價值

CNH
Treasury Products

Debt Securities
Underwriting

Syndicated
Loan

Cross-border
Financing

IPO
Services

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”). Within this document, Mainland China excludes Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China and Taiwan.

SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)

I. Profit and loss information

	30 Jun 2021	30 Jun 2020
	(6 months)	(6 months)
	HK\$'000	HK\$'000
Interest income	2,416,118	6,220,260
Interest expense	(1,459,713)	(5,212,109)
Net interest income	956,405	1,008,151
Commission and fees income	717,741	905,531
Commission and fees expenses	(21,970)	(21,005)
Net commission and fees income	695,771	884,526
Gains less losses arising from trading in foreign currencies	177,365	503,729
Gains less losses on securities held for trading purposes	(93,437)	45,157
Gains less losses from other trading activities	61,957	91,450
Others	295,449	331,853
Other operating gains less losses	441,334	972,189
	2,093,510	2,864,866
Operating expenses		
Staff and rental expenses	(640,941)	(542,791)
Other operating expenses	(209,400)	(121,444)
(Charge) / write back of impairment allowances for loans and receivables	(152,621)	47,587
Write back / (charge) of other impairment allowances	76,750	(44,674)
Gains less losses from disposal of tangible fixed assets	(20)	(7)
Gains less losses from revaluation of investment properties	–	(20)
Profit before taxation	1,167,278	2,203,517
Income tax expense	(156,243)	(341,719)
Profit after taxation	1,011,035	1,861,798

II. Balance sheet information

	30 Jun 2021 HK\$'000	31 Dec 2020 HK\$'000
Assets		
Cash and balances with banks	15,630,180	25,537,610
Amount due from Exchange Fund repayable or callable within one month	23,240,373	33,078,720
Placements with banks with residual maturity between one and twelve months	14,680,530	42,531,744
Amount due from overseas offices	83,245,539	103,293,763
Trade bills	9,239,371	3,994,149
Certificates of deposit held	26,754,672	31,091,512
Securities held for trading purposes	4,559,843	4,041,556
Loans and receivables	136,604,478	149,731,603
Investment securities	86,887,172	122,079,557
Other investments	539,956	539,989
Property, plant and equipment and investment properties	822,594	820,099
Total assets	402,204,708	516,740,302
Liabilities		
Amount due to Exchange Fund	25,000	55,000
Deposits and balances from banks	35,542,193	46,079,119
Deposits from customers		
– Demand deposits and current accounts	12,903,303	11,922,333
– Saving deposits	51,507,675	41,423,684
– Time, call and notice deposits	113,806,012	240,875,489
Amount due to overseas offices	71,812,405	39,696,077
Certificates of deposit issued	16,140,314	25,086,362
Debt securities issued	55,558,201	64,073,330
Other liabilities	44,801,946	47,400,311
Provisions	107,659	128,597
Total liabilities	402,204,708	516,740,302

III. Additional balance sheet information

(i) Loans and receivables

	30 Jun 2021	31 Dec 2020
	HK\$'000	HK\$'000
Loans and receivables		
Loans and advances to customers	114,827,905	125,527,156
Loans and advances to banks	–	–
Accrued interest and other accounts	22,820,664	25,074,859
	137,648,569	150,602,015
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	(254,797)	(451,780)
– for loans and advances to banks	–	–
– for accrued interest and other accounts	(9,052)	(4,759)
Stage 3 provision for ECL		
– for loans and advances to customers	(679,759)	(317,647)
– for accrued interest and other accounts	(100,483)	(96,226)
	(1,044,091)	(870,412)
	136,604,478	149,731,603

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2021 and 31 Dec 2020.

(ii)(a) Impaired loans and advances

	30 Jun 2021	31 Dec 2020
	HK\$'000	HK\$'000
Gross impaired loans and advances to customers	2,583,167	2,601,000
As percentage of total loans and advances to customers	2.25	2.07
Stage 3 provision for ECL	679,759	317,647

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 2021	31 Dec 2020
	HK\$'000	HK\$'000
Hong Kong	2,582,435	2,591,437
Mainland China	732	732
Other countries	–	8,831
	2,583,167	2,601,000

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 2021	31 Dec 2020
	HK\$'000	HK\$'000
Market value of collateral related to impaired loans and advances to customers	2,369,238	2,378,069

(iii) Trade bills

	30 Jun 2021	31 Dec 2020
	HK\$'000	HK\$'000
Gross trade bills	9,253,071	4,007,607
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(5,107)	(4,878)
Stage 3 provision for ECL	(8,593)	(8,580)
	(13,700)	(13,458)
	9,239,371	3,994,149

(iv) Investment securities

	30 Jun 2021	31 Dec 2020
	HK\$'000	HK\$'000
Gross investment securities	86,887,172	122,079,557
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	–	–
Stage 3 provision for ECL	–	–
	86,887,172	122,079,557

No impairment allowances for investment securities are maintained at our head office as at 30 Jun 2021 and 31 Dec 2020.

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 2021 HK\$'000	% of secured loans and advances	31 Dec 2020 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	9,410,662	30.06	13,675,956	33.01
– Property investment	1,564,717	79.78	3,894,439	49.86
– Financial concerns	31,897,403	–	31,131,826	2.95
– Stockbrokers	2,999,390	33.34	1,617,213	31.24
– Wholesale and retail trade	1,832,748	19.03	2,170,037	17.49
– Manufacturing	5,350,394	4.22	5,560,998	3.90
– Transport and transport equipment	5,462,504	51.13	5,337,545	38.84
– Recreational activities	776,484	–	–	–
– Information technology	26,000	100.00	28,600	100.00
– Others	12,723,755	9.77	18,475,688	40.31
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	72,044,057		81,892,302	
Trade finance	1,207,879	42.50	1,768,132	31.39
Loans and advances for use outside Hong Kong	41,575,969	29.12	41,866,722	29.14
Total	114,827,905	19.45	125,527,156	24.52

III. Additional balance sheet information (Continued)

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

	30 Jun 2021	31 Dec 2020
	HK\$'000	HK\$'000
Hong Kong	76,700,009	90,186,991
Mainland China	27,756,482	23,783,542
Other countries	10,371,414	11,556,623
	114,827,905	125,527,156

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 2021					
Developing Asia-Pacific	141,357	16,224	10,600	12,405	180,586
of which: Mainland China	141,338	14,991	10,600	12,277	179,206
Developed countries	5,637	8,721	10,828	2,687	27,873
Offshore centres	13,828	3,200	29,783	32,961	79,772
of which: Hong Kong	13,649	3,200	25,573	32,951	75,373
As at 31 Dec 2020					
Developing Asia-Pacific	161,094	18,560	10,113	12,781	202,548
of which: Mainland China	160,982	16,985	10,113	11,931	200,011
Developed countries	7,074	22,884	10,253	2,284	42,495
Offshore centres	39,923	2,117	31,901	34,683	108,624
of which: Hong Kong	39,855	2,117	29,267	34,660	105,899

III. Additional balance sheet information (Continued)

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

	30 Jun 2021 HK\$'000	% of total loans and advances to customers	31 Dec 2020 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	–	–	176,470	0.14
More than 6 months but not more than 1 year	179,396	0.16	2,375,270	1.89
More than 1 year	2,403,688	2.09	28,800	0.02
	2,583,084	2.25	2,580,540	2.05
			30 Jun 2021 HK\$'000	31 Dec 2020 HK\$'000
Market value of collateral held against the secured overdue loans and advances			2,498,651	2,498,651
Secured overdue loans and advances			2,369,238	2,369,238
Unsecured overdue loans and advances			213,846	211,302
Stage 3 provision for ECL			679,675	308,444
Overdue loans and advances to customers by geographical area				
Hong Kong			2,582,352	2,579,808
Mainland China			732	732
			2,583,084	2,580,540

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 2021 HK\$'000	% of trade bills	31 Dec 2020 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	8,593	0.09	8,580	0.21
	8,593	0.09	8,580	0.21

There are no debt securities that have been overdue for more than 3 months as at 30 Jun 2021 and 31 Dec 2020.

	30 Jun 2021 HK\$'000	31 Dec 2020 HK\$'000
Secured overdue assets	–	–
Unsecured overdue assets	8,593	8,580
Stage 3 provision for ECL	8,593	8,580
Overdue assets by geographical area		
United States	347	347
Hong Kong	8,246	8,233
	8,593	8,580

(vii)(c) Rescheduled loans

	30 Jun 2021 HK\$'000	31 Dec 2020 HK\$'000
Rescheduled loans to customers net of overdue more than 3 months	–	8,831
As percentage of total loans and advances to customers	–	0.01

(vii)(d) Repossessed assets

There are no repossessed assets held as at 30 Jun 2021 and 31 Dec 2020.

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 2021			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	62,937,397	8,199,827	71,137,224
2. Local governments, local government-owned entities and their subsidiaries and JVs	4,842,507	612,581	5,455,088
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	14,760,698	3,055,947	17,816,645
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	–	–	–
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	820,637	–	820,637
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	83,361,239	11,868,355	95,229,594
Total assets after provisions	402,097,049		
On-balance sheet exposures as percentage of total assets	20.73%		

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 2020			
1. Central government, central government-owned entities and their subsidiaries and JVs	76,379,763	8,424,006	84,803,769
2. Local governments, local government-owned entities and their subsidiaries and JVs	4,655,006	2,351,889	7,006,895
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	17,256,272	2,779,091	20,035,363
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	–	–	–
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	514,118	–	514,118
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>98,805,159</u>	<u>13,554,986</u>	<u>112,360,145</u>
Total assets after provisions	516,611,705		
On-balance sheet exposures as percentage of total assets	<u>19.13%</u>		

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 2021			
Spot assets	38,074	231,898	269,972
Spot liabilities	(28,906)	(203,681)	(232,587)
Forward purchases	87,960	170,255	258,215
Forward sales	(96,501)	(193,324)	(289,825)
Net options position*	(134)	130	(4)
Net long (short) position	493	5,278	5,771
As at 31 Dec 2020			
Spot assets	32,582	297,650	330,232
Spot liabilities	(45,677)	(251,936)	(297,613)
Forward purchases	118,009	237,200	355,209
Forward sales	(103,716)	(282,235)	(385,951)
Net options position*	(1,544)	1,498	(46)
Net long (short) position	(346)	2,177	1,831

* 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 2021	31 Dec 2020
	HK\$'000	HK\$'000
	Contract	Contract
	amount	amount
Direct credit substitutes	6,093,127	8,226,295
Trade related contingencies	6,073,009	6,080,629
Others commitments	69,724,628	72,558,052
Others	93,178	2,204,156
	81,983,942	89,069,132

(ii) Derivatives

	Contract	Fair value	Fair value
	amount	assets	liabilities
	HK\$'000	HK\$'000	HK\$'000
As at 30 Jun 2021			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	379,078,062	3,068,678	2,744,098
Interest rate contracts	575,710,847	7,390,334	9,783,183
Others	85,104	7	5
	954,874,013	10,459,019	12,527,286
As at 31 Dec 2020 (Restated)			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	535,567,272	5,553,584	4,673,633
Interest rate contracts	487,848,749	7,265,814	10,790,422
Others	53,850	397	63
	1,023,469,871	12,819,795	15,464,118

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

V. Liquidity information

	30 Jun 2021	30 Jun 2020*
Average liquidity coverage ratio ("LCR")		
– Second quarter	149.63%	161.95%
Average liquidity coverage ratio for the period	172.91%	172.70%
Net stable funding ratio ("NSFR")		
– First quarter end	112.82%	111.87%
– Second quarter end	115.80%	112.08%

* 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 Level 1 HQLA LCR were above the regulatory requirement for the period.

The Branch's average LCR for the period was 172.91%. The Branch's NSFR for the quarter ends of first half of year 2021 were 112.82% and 115.80% respectively.

In the second quarter of year 2021, the Branch's LCR decreased as a result of a decrease in HQLA.

In the second quarter end of year 2021, the Branch's NSFR increased due to larger decrease in performing loans and securities than wholesale funding.

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 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 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

2021 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 2021: (71)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		95,388,778
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	2,106,773	192,899
3.	<i>Stable retail deposits and stable small business funding</i>	130,729	6,536
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,751,216	175,122
4a.	<i>Retail term deposits and small business term funding</i>	224,828	11,241
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	176,921,045	110,525,533
6.	<i>Operational deposits</i>	9,326,565	2,293,923
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	164,728,627	105,365,757
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,865,853	2,865,853
9.	Secured funding transactions (including securities swap transactions)		824,089
10.	Additional requirements, of which:	26,469,093	7,461,223
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,033,254	3,137,116
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>	22,435,839	4,324,107
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,578,650	5,578,651
15.	Other contingent funding obligations (whether contractual or non-contractual)	52,300,246	717,804
16.	Total Cash Outflows		125,300,199
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	95,488,252	53,209,968
19.	Other cash inflows	7,978,965	7,978,965
20.	Total Cash Inflows	103,467,217	61,188,933
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		95,388,778
22.	Total Net Cash Outflows		64,111,266
23.	LCR (%)		149.63%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2021 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:	–	2,163,162	18,182	–	1,970,263
5.	<i>Stable deposits</i>	–	141,072	–	–	134,018
6.	<i>Less stable deposits</i>	–	2,022,090	18,182	–	1,836,245
7.	Wholesale funding:	–	266,775,181	7,710,148	9,233,485	92,942,472
8.	<i>Operational deposits</i>	–	9,254,375	–	–	4,627,188
9.	<i>Other wholesale funding</i>	–	257,520,806	7,710,148	9,233,485	88,315,284
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	1,524,033	4,243,660	14,667,825	84,266,281	91,600,194
12.	<i>Net derivative liabilities</i>	861,518	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	662,515	4,243,660	14,667,825	84,266,281	91,600,194
14.	Total ASF	–	–	–	–	186,512,929
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	43,012,023	23,172,423	37,542,162	7,819,051
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	43,594,975	128,824,423	19,997,605	81,377,409	143,253,301
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>	13,420,322	121,873,527	11,767,343	26,035,996	62,974,066

V. Liquidity information (Continued)

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

2021 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>	30,174,653	3,946,009	4,291,120	28,173,848	53,714,790
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>	–	654	604	13,918	12,460
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>	–	3,004,233	3,938,538	27,153,647	26,551,985
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	18,997,017	3,350,886	–	–	8,885,732
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>	4,806,861	–	–	–	4,085,832
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	10,710,213	–	–	–	535,511
31.	<i>All other assets not included in the above categories</i>	3,479,943	3,350,886	–	–	4,264,389
32.	<i>Off-balance sheet items</i>	–	11,699	30,604	81,848,461	1,104,222
33.	Total RSF	–	–	–	–	161,062,306
34.	Net Stable Funding Ratio (%)	–	–	–	–	115.80%

V. Liquidity information (Continued)

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

2021 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.	Regulatory capital	–	–	–	–	–
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	–	–
4.	Retail deposits and small business funding:	–	2,019,415	24,260	–	1,846,061
5.	Stable deposits	–	135,066	–	–	128,313
6.	Less stable deposits	–	1,884,349	24,260	–	1,717,748
7.	Wholesale funding:	–	282,231,589	10,080,466	9,216,313	106,850,365
8.	Operational deposits	–	9,839,682	–	–	4,919,841
9.	Other wholesale funding	–	272,391,907	10,080,466	9,216,313	101,930,524
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,706,042	12,275,147	12,016,731	88,362,371	94,370,737
12.	Net derivative liabilities	1,930,569	–	–	–	–
13.	All other funding and liabilities not included in the above categories	775,473	12,275,147	12,016,731	88,362,371	94,370,737
14.	Total ASF	–	–	–	–	203,067,163
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	41,722,137	22,689,004	43,378,541	9,794,452
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	44,610,884	129,113,288	33,515,342	87,625,911	160,776,648
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	14,018,051	116,179,432	27,001,834	24,235,919	71,167,565

V. Liquidity information (Continued)

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

2021 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>	30,592,833	7,342,817	3,094,782	32,432,042	58,789,943
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>	–	600	702	14,203	12,724
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>	–	5,590,439	3,418,024	30,943,747	30,806,416
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	19,937,670	1,327,317	–	–	8,302,427
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>	4,651,829	–	–	–	3,954,055
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	11,538,839	–	–	–	576,942
31.	<i>All other assets not included in the above categories</i>	3,747,002	1,327,317	–	–	3,771,430
32.	<i>Off-balance sheet items</i>	–	68,055	88,368	80,594,191	1,122,182
33.	Total RSF	–	–	–	–	179,995,709
34.	Net Stable Funding Ratio (%)	–	–	–	–	112.82%

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

	30 Jun 2021 CNY million (Unaudited)	31 Dec 2020 CNY million
Total loans and advances	6,208,293	5,720,568
Total customer deposits	7,016,652	6,607,330
Total assets	11,413,960	10,697,616
Total liabilities	10,478,045	9,818,988
Shareholders' equity	923,608	866,607
Capital adequacy ratio	15.29%	15.25%

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 2021 (6 months) CNY million (Unaudited)	30 Jun 2020 (6 months) CNY million (Unaudited)
Pre-tax profit	46,588	39,958