

REGULATORY DISCLOSURE STATEMENT

30 June 2022 (Unaudited)



CREATE SHARED VALUE
創造共同價值



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 2022	30 Jun 2021
	(6 months)	(6 months)
	HK\$'000	HK\$'000
Interest income	2,515,053	2,416,118
Interest expense	(1,680,232)	(1,459,713)
Net interest income	834,821	956,405
Commission and fees income	509,161	717,741
Commission and fees expenses	(25,069)	(21,970)
Net commission and fees income	484,092	695,771
Gains less losses arising from trading in foreign currencies	(141,841)	177,365
Gains less losses on securities held for trading purposes	(274,625)	(93,437)
Gains less losses from other trading activities	119,120	61,957
Others	401,660	295,449
Other operating gains less losses	104,314	441,334
	1,423,227	2,093,510
Operating expenses		
Staff and rental expenses	(625,109)	(640,941)
Other operating expenses	(254,034)	(209,400)
Write back / (charge) of impairment allowances for loans and receivables	79,191	(152,621)
(Charge) / write back of other impairment allowances	(37,354)	76,750
Gains less losses from disposal of tangible fixed assets	(447)	(20)
Profit before taxation	585,474	1,167,278
Income tax expense	(81,691)	(156,243)
Profit after taxation	503,783	1,011,035

II. Balance sheet information

	30 Jun 2022	31 Dec 2021
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks	12,291,007	15,002,055
Amount due from Exchange Fund repayable or callable within one month	2,317,227	25,439,503
Placements with banks with residual maturity between one and twelve months	36,770,328	35,317,433
Amount due from overseas offices	117,889,473	101,668,896
Trade bills	5,493,563	6,632,349
Certificates of deposit held	4,176,175	19,121,188
Securities held for trading purposes	4,958,683	4,636,492
Loans and receivables	148,893,867	129,751,086
Investment securities	94,155,538	85,186,574
Other investments	538,919	539,550
Property, plant and equipment and investment properties	773,636	786,032
Total assets	428,258,416	424,081,158
Liabilities		
Amount due to Exchange Fund	55,000	40,000
Deposits and balances from banks	30,786,639	58,725,599
Deposits from customers		
– Demand deposits and current accounts	8,505,054	9,323,195
– Saving deposits	33,551,200	39,803,202
– Time, call and notice deposits	139,670,226	127,694,764
Amount due to overseas offices	64,042,120	67,847,804
Certificates of deposit issued	21,994,791	15,905,350
Debt securities issued	51,726,391	58,128,710
Other liabilities	77,744,036	46,467,922
Provisions	182,959	144,612
Total liabilities	428,258,416	424,081,158

III. Additional balance sheet information

(i) Loans and receivables

	30 Jun 2022 HK\$'000	31 Dec 2021 HK\$'000
Loans and receivables		
Loans and advances to customers	107,912,495	110,096,973
Loans and advances to banks	–	–
Accrued interest and other accounts	42,504,480	21,233,946
	150,416,975	131,330,919
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	(175,274)	(243,401)
– for loans and advances to banks	–	–
– for accrued interest and other accounts	(8,604)	(4,209)
Stage 3 provision for ECL		
– for loans and advances to customers	(1,224,150)	(1,227,586)
– for accrued interest and other accounts	(115,080)	(104,637)
	(1,523,108)	(1,579,833)
	148,893,867	129,751,086

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2022 and 31 Dec 2021.

(ii)(a) Impaired loans and advances

	30 Jun 2022 HK\$'000	31 Dec 2021 HK\$'000
Gross impaired loans and advances to customers	2,579,420	2,583,361
As percentage of total loans and advances to customers	2.39	2.35
Stage 3 provision for ECL	1,224,150	1,227,586

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 2022	31 Dec 2021
	HK\$'000	HK\$'000
Hong Kong	2,578,688	2,582,629
Mainland China	732	732
Other countries	–	–
	2,579,420	2,583,361

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 2022	31 Dec 2021
	HK\$'000	HK\$'000
Market value of collateral related to impaired loans and advances to customers	1,222,775	1,214,835

(iii) Trade bills

	30 Jun 2022	31 Dec 2021
	HK\$'000	HK\$'000
Gross trade bills	5,507,990	6,650,009
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(5,745)	(9,031)
Stage 3 provision for ECL	(8,682)	(8,629)
	(14,427)	(17,660)
	5,493,563	6,632,349

(iv) Investment securities

	30 Jun 2022	31 Dec 2021
	HK\$'000	HK\$'000
Gross investment securities	94,156,424	85,186,574
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(886)	–
Stage 3 provision for ECL	–	–
	94,155,538	85,186,574

No impairment allowances for investment securities are maintained at our head office as at 30 Jun 2022 and 31 Dec 2021.

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 2022 HK\$'000	% of secured loans and advances	31 Dec 2021 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	6,798,917	28.12	8,719,902	20.56
– Property investment	2,761,120	36.41	1,860,301	58.46
– Financial concerns	35,004,614	–	33,429,972	–
– Stockbrokers	2,879,795	6.94	2,189,974	35.16
– Wholesale and retail trade	1,357,213	23.43	2,400,407	13.77
– Manufacturing	3,654,950	3.10	3,716,124	4.71
– Transport and transport equipment	6,564,090	44.52	5,918,225	22.19
– Recreational activities	–	–	–	–
– Information technology	810,110	3.16	24,800	100.00
– Others	12,145,157	4.76	12,576,639	4.92
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	71,975,966		70,836,344	
Trade finance	1,364,365	31.08	1,160,996	36.78
Loans and advances for use outside Hong Kong	34,572,164	21.84	38,099,633	24.57
Total	107,912,495	13.94	110,096,973	14.44

III. Additional balance sheet information (Continued)

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

	30 Jun 2022	31 Dec 2021
	HK\$'000	HK\$'000
Hong Kong	84,873,294	77,644,481
Mainland China	17,359,771	23,675,548
Other countries	5,679,430	8,776,944
	107,912,495	110,096,973

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 2022					
Developing Asia-Pacific	188,585	12,582	8,051	9,078	218,296
of which: Mainland China	187,914	11,762	8,051	8,952	216,679
Developed countries	9,936	4,884	20,484	4,047	39,351
Offshore centres	2,239	13,939	40,605	20,356	77,139
of which: Hong Kong	2,227	13,939	37,696	20,351	74,213
As at 31 Dec 2021					
Developing Asia-Pacific	170,526	15,074	9,311	10,119	205,030
of which: Mainland China	170,526	14,390	9,311	9,916	204,143
Developed countries	5,215	11,246	12,214	2,678	31,353
Offshore centres	11,102	3,944	35,360	19,056	69,462
of which: Hong Kong	11,084	3,944	32,498	19,049	66,575

III. Additional balance sheet information (Continued)

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

	30 Jun 2022 HK\$'000	% of total loans and advances to customers	31 Dec 2021 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	–	–	–	–
More than 6 months but not more than 1 year	–	–	–	–
More than 1 year	2,579,336	2.39	2,583,277	2.35
	2,579,336	2.39	2,583,277	2.35
			30 Jun 2022 HK\$'000	31 Dec 2021 HK\$'000
Market value of collateral held against the secured overdue loans and advances			1,287,132	1,278,774
Secured overdue loans and advances			1,222,776	1,214,835
Unsecured overdue loans and advances			1,356,560	1,368,442
Stage 3 provision for ECL			1,224,066	1,227,502
Overdue loans and advances to customers by geographical area				
Hong Kong			2,578,604	2,582,545
Mainland China			732	732
			2,579,336	2,583,277

Collateral held with respect to overdue loans and advances to customers is mainly properties.

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 2022 HK\$'000	% of trade bills	31 Dec 2021 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	8,682	0.16	8,629	0.13
	8,682	0.16	8,629	0.13

There are no debt securities that have been overdue for more than 3 months as at 30 Jun 2022 and 31 Dec 2021.

	30 Jun 2022 HK\$'000	31 Dec 2021 HK\$'000
Secured overdue assets	–	–
Unsecured overdue assets	8,682	8,629
Stage 3 provision for ECL	8,682	8,629
Overdue assets by geographical area		
United States	351	349
Hong Kong	8,331	8,280
	8,682	8,629

(vii)(c) Rescheduled loans

There are no rescheduled loans to customers net of overdue more than 3 months as at 30 Jun 2022 and 31 Dec 2021.

(vii)(d) Repossessed assets

There are no repossessed assets held as at 30 Jun 2022 and 31 Dec 2021.

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 2022			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	58,681,988	7,556,779	66,238,767
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,316,452	357,903	1,674,355
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	12,243,411	2,337,405	14,580,816
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	515,262	–	515,262
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	72,757,113	10,252,087	83,009,200
Total assets after provisions	428,075,457		
On-balance sheet exposures as percentage of total assets	17.00%		

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 2021			
1. Central government, central government-owned entities and their subsidiaries and JVs	60,193,915	7,351,967	67,545,882
2. Local governments, local government-owned entities and their subsidiaries and JVs	4,327,767	1,645	4,329,412
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	14,206,727	3,626,627	17,833,354
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	679,545	–	679,545
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>79,407,954</u>	<u>10,980,239</u>	<u>90,388,193</u>
Total assets after provisions	423,936,546		
On-balance sheet exposures as percentage of total assets	<u>18.73%</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 2022			
Spot assets	34,713	291,685	326,398
Spot liabilities	(27,497)	(261,609)	(289,106)
Forward purchases	178,103	244,664	422,767
Forward sales	(185,223)	(272,431)	(457,654)
Net options position*	1,758	(1,813)	(55)
Net long (short) position	1,854	496	2,350
As at 31 Dec 2021			
Spot assets	33,420	250,167	283,587
Spot liabilities	(55,806)	(226,937)	(282,743)
Forward purchases	110,756	173,162	283,918
Forward sales	(88,430)	(196,086)	(284,516)
Net options position*	1,660	(1,602)	58
Net long (short) position	1,600	(1,296)	304

* 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 2022	31 Dec 2021
	HK\$'000	HK\$'000
	Contract	Contract
	amount	amount
Direct credit substitutes	5,891,915	6,001,747
Trade related contingencies	7,099,924	5,326,415
Others commitments	64,796,927	43,635,029
Others	1,804,373	1,169,511
	79,593,139	56,132,702

(ii) Derivatives

	Contract	Fair value	Fair value
	amount	assets	liabilities
	HK\$'000	HK\$'000	HK\$'000
As at 30 Jun 2022			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	541,755,146	5,012,625	4,295,816
Interest rate contracts	730,082,271	23,042,952	22,361,145
Others	22,751	–	16
	1,271,860,168	28,055,577	26,656,977
As at 31 Dec 2021			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	388,981,206	3,526,052	3,156,526
Interest rate contracts	681,351,643	8,277,511	10,294,993
Others	–	–	–
	1,070,332,849	11,803,563	13,451,519

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

V. Liquidity information

	30 Jun 2022	30 Jun 2021*
Average liquidity coverage ratio (“LCR”)		
– Second quarter	162.61%	149.63%
Average liquidity coverage ratio for the period	154.36%	172.91%
Net stable funding ratio (“NSFR”)		
– First quarter end	111.66%	112.82%
– Second quarter end	115.63%	115.80%

* 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 were above the regulatory requirement for the period.

The Branch’s average LCR for the period was 154.36%. The Branch’s NSFR for the quarter ends of first half of year 2022 were 111.66% and 115.63% respectively.

In the second quarter of year 2022, the Branch’s LCR increased as a result of decrease in customer loans and liability structure optimization.

In the second quarter end of year 2022, the Branch’s NSFR increased as a result of decrease in customer loans and liability structure optimization.

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 HQLA Level 1 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

2022 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 2022: (71)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		70,433,387
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,890,561	173,651
3.	<i>Stable retail deposits and stable small business funding</i>	127,197	6,360
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,582,467	158,246
4a.	<i>Retail term deposits and small business term funding</i>	180,897	9,045
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	145,457,995	90,701,588
6.	<i>Operational deposits</i>	6,447,480	1,577,036
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	137,705,298	87,819,335
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,305,217	1,305,217
9.	Secured funding transactions (including securities swap transactions)		1,951,286
10.	Additional requirements, of which:	27,341,417	8,302,079
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	10,528,768	5,723,993
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>	16,812,649	2,578,086
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	20,408,404	20,408,404
15.	Other contingent funding obligations (whether contractual or non-contractual)	60,428,996	774,025
16.	Total Cash Outflows		122,311,033
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	106,765,196	67,612,996
19.	Other cash inflows	29,937,494	10,319,990
20.	Total Cash Inflows	136,702,690	77,932,986
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		70,433,387
22.	Total Net Cash Outflows		44,950,011
23.	LCR (%)		162.61%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2022 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:	–	1,846,467	47,755	–	1,711,042
5.	<i>Stable deposits</i>	–	124,851	–	–	118,608
6.	<i>Less stable deposits</i>	–	1,721,616	47,755	–	1,592,434
7.	Wholesale funding:	–	255,655,974	8,761,878	14,028,285	97,988,336
8.	<i>Operational deposits</i>	–	6,609,390	–	–	3,304,695
9.	<i>Other wholesale funding</i>	–	249,046,584	8,761,878	14,028,285	94,683,641
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	15,184,828	18,603,052	20,438,145	70,452,739	80,671,812
12.	<i>Net derivative liabilities</i>	11,097,527	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	4,087,301	18,603,052	20,438,145	70,452,739	80,671,812
14.	Total ASF	–	–	–	–	180,371,190
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	25,714,231	5,525,760	39,236,207	6,057,383
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	37,583,892	188,164,010	24,372,558	65,640,538	138,005,203
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>	20,096,438	179,896,405	15,820,347	15,814,724	72,379,018

V. Liquidity information (Continued)

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

2022 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>	17,487,454	5,682,140	6,505,799	21,814,942	39,501,006
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>	–	632	586	12,638	11,351
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>	–	2,584,833	2,045,826	27,998,234	26,113,828
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	32,482,259	5,172,492	–	–	11,168,561
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>	7,505,702	–	–	–	6,379,847
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	21,845,102	–	–	–	1,092,255
31.	<i>All other assets not included in the above categories</i>	3,131,455	5,172,492	–	–	3,696,459
32.	<i>Off-balance sheet items</i>	–	–	69	77,788,697	762,455
33.	Total RSF					155,993,602
34.	Net Stable Funding Ratio (%)					115.63%

V. Liquidity information (Continued)

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

2022 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:	–	1,859,254	38,219	1,714,116
5.	<i>Stable deposits</i>	–	127,803	–	121,413
6.	<i>Less stable deposits</i>	–	1,731,451	38,219	1,592,703
7.	Wholesale funding:	–	286,779,256	10,310,275	100,059,136
8.	<i>Operational deposits</i>	–	6,483,171	–	3,241,586
9.	<i>Other wholesale funding</i>	–	280,296,085	10,310,275	96,817,550
10.	Liabilities with matching interdependent assets	–	–	–	–
11.	Other liabilities:	9,715,931	20,440,597	17,392,977	80,589,036
12.	<i>Net derivative liabilities</i>	8,854,209	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	861,722	20,440,597	17,392,977	80,589,036
14.	Total ASF	–	–	–	182,362,288
B. Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	–	38,510,670	7,063,485	6,362,904
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–
17.	Performing loans and securities:	39,481,036	203,781,914	27,417,011	147,964,078
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>	19,809,216	194,734,484	18,677,634	81,222,371

V. Liquidity information (Continued)

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

2022 First 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>	19,671,820	7,296,806	6,882,791	26,281,890	46,150,452
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>	–	599	700	12,887	11,604
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>	–	1,750,025	1,855,886	22,090,230	20,579,651
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	23,931,141	3,264,606	–	–	8,285,027
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>	5,567,485	–	–	–	4,732,362
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	15,799,992	–	–	–	790,000
31.	<i>All other assets not included in the above categories</i>	2,563,664	3,264,606	–	–	2,762,665
32.	<i>Off-balance sheet items</i>	–	–	20	58,421,476	709,537
33.	Total RSF					163,321,546
34.	Net Stable Funding Ratio (%)					111.66%

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

	30 Jun 2022 CNY million (Unaudited)	31 Dec 2021 CNY million
Total loans and advances	6,923,521	6,412,201
Total customer deposits	7,811,363	7,039,777
Total assets	12,580,576	11,665,757
Total liabilities	11,591,640	10,688,521
Shareholders' equity	976,543	964,647
Capital adequacy ratio	14.49%	15.45%

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 2022 (6 months) CNY million	30 Jun 2021 (6 months) CNY million
Pre-tax profit	45,617	46,588