

BANK OF COMMUNICATIONS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 June 2019
(Unaudited)



SINCE 1908 YOUR WEALTH MANAGEMENT BANK

Bank of Communications (Hong Kong) Limited

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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”).

Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1.	Common Equity Tier 1 (CET1)	19,221,644	18,715,837	17,821,621	17,775,567	17,511,408
2.	Tier 1	19,221,644	18,715,837	17,821,621	17,775,567	17,511,408
3.	Total capital	22,075,153	21,745,278	20,845,033	20,694,426	20,084,226
	RWA (amount)					
4.	Total RWA	117,914,582	113,517,208	115,005,469	109,587,558	60,726,985
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5.	CET1 ratio (%)	16.30%	16.49%	15.50%	16.22%	28.84%
6.	Tier 1 ratio (%)	16.30%	16.49%	15.50%	16.22%	28.84%
7.	Total capital ratio (%)	18.72%	19.16%	18.13%	18.88%	33.07%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8.	Capital conservation buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9.	Countercyclical capital buffer requirement (%)	2.031%	2.009%	1.524%	1.470%	1.687%
10.	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.000%	0.000%	0.000%	0.000%	0.000%
11.	Total AI-specific CET1 buffer requirements (%)	4.531%	4.509%	3.399%	3.345%	3.562%
12.	CET1 available after meeting the AI's minimum capital requirements (%)	10.30%	10.49%	9.50%	10.22%	22.84%
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	211,580,580	209,868,314	212,179,002	194,000,996	186,046,438
14.	LR (%)	9.08%	8.92%	8.40%	9.16%	9.41%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	23,945,265	22,888,411	18,344,119	25,360,604	35,739,131
16.	Total net cash outflows	14,991,795	15,391,988	10,346,618	12,979,109	16,437,410
17.	LCR (%)	162.55%	149.35%	182.69%	213.11%	234.12%
	Applicable to category 2 institution only:					
17a.	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18.	Total available stable funding	161,006,288	163,097,307	161,334,586	152,253,762	154,080,500
19.	Total required stable funding	133,437,609	129,330,267	125,303,104	120,510,120	83,264,206
20.	NSFR (%)	120.66%	126.11%	128.76%	126.34%	185.05%
	Applicable to category 2A institution only:					
20a.	CFR (%)	N/A	N/A	N/A	N/A	N/A

Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		As at 30 Jun 2019	As at 31 Mar 2019	As at 30 Jun 2019
		HK\$'000	HK\$'000	HK\$'000
1.	Credit risk for non-securitization exposures	110,197,399	105,162,509	8,815,792
2.	Of which STC approach	110,197,399	105,162,509	8,815,792
2a.	Of which BSC approach	-	-	-
3.	Of which foundation IRB approach	-	-	-
4.	Of which supervisory slotting criteria approach	-	-	-
5.	Of which advanced IRB approach	-	-	-
6.	Counterparty default risk and default fund contributions	1,666,320	1,548,948	133,306
7.	Of which SA-CCR*	Not applicable	Not applicable	-
7a.	Of which CEM	1,623,771	1,505,161	129,902
8.	Of which IMM(CCR) approach	-	-	-
9.	Of which others	42,549	43,787	3,404
10.	CVA risk	804,450	666,200	64,356
11.	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12.	Collective investment scheme ("CIS") exposures - LTA*	Not applicable	Not applicable	-
13.	CIS exposures - MBA*	Not applicable	Not applicable	-
14.	CIS exposures - FBA*	Not applicable	Not applicable	-
14a.	CIS exposures - combination of approaches*	Not applicable	Not applicable	-
15.	Settlement risk	-	-	-
16.	Securitization exposures in banking book	-	-	-
17.	Of which SEC-IRBA	-	-	-
18.	Of which SEC-ERBA (including IAA)	-	-	-
19.	Of which SEC-SA	-	-	-
19a.	Of which SEC-FBA	-	-	-
20.	Market risk	823,938	1,099,813	65,915
21.	Of which STM approach	823,938	1,099,813	65,915
22.	Of which IMM approach	-	-	-
23.	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	-
24.	Operational risk	4,422,475	5,039,738	353,798
24a.	Sovereign concentration risk*	Not applicable	Not applicable	-
25.	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26.	Capital floor adjustment	-	-	-
26a.	Deduction to RWA	-	-	-
26b.	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c.	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27.	Total	117,914,582	113,517,208	9,433,167

Point to note: Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

Composition of regulatory capital

CC1: Composition of regulatory capital

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1.	Directly issued qualifying CET1 capital instruments plus any related share premium	17,900,000	(10)
2.	Retained earnings	1,606,188	(12)
3.	Disclosed reserves	532,142	(11)
4.	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5.	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	-
6.	CET1 capital before regulatory deductions	20,038,330	-
CET1 capital: regulatory deductions			
7.	Valuation adjustments	-	-
8.	Goodwill (net of associated deferred tax liabilities)	-	-
9.	Other intangible assets (net of associated deferred tax liabilities)	6,388	(6)
10.	Deferred tax assets (net of associated deferred tax liabilities)	-	(4)
11.	Cash flow hedge reserve	-	-
12.	Excess of total EL amount over total eligible provisions under the IRB approach	-	-
13.	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	-
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	12,305	(3)+(8)
15.	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	-
16.	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	-
17.	Reciprocal cross-holdings in CET1 capital instruments	-	-
18.	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	830	-
19.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
20.	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21.	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
22.	Amount exceeding the 15% threshold	Not applicable	Not applicable
23.	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24.	of which: mortgage servicing rights	Not applicable	Not applicable
25.	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26.	National specific regulatory adjustments applied to CET1 capital	797,163	-
26a.	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	-
26b.	Regulatory reserve for general banking risks	797,163	(13)
26c.	Securitization exposures specified in a notice given by the MA	-	-
26d.	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	-
26e.	Capital shortfall of regulated non-bank subsidiaries	-	-
26f.	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	-
27.	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	-
28.	Total regulatory deductions to CET1 capital	816,686	-
29.	CET1 capital	19,221,644	-
AT1 capital: instruments			
30.	Qualifying AT1 capital instruments plus any related share premium	-	-
31.	of which: classified as equity under applicable accounting standards	-	-
32.	of which: classified as liabilities under applicable accounting standards	-	-
33.	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	-
34.	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	-
35.	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	-
36.	AT1 capital before regulatory deductions	-	-
AT1 capital: regulatory deductions			
37.	Investments in own AT1 capital instruments	-	-
38.	Reciprocal cross-holdings in AT1 capital instruments	-	-

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
39.	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
40.	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-
41.	National specific regulatory adjustments applied to AT1 capital	-	-
42.	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	-
43.	Total regulatory deductions to AT1 capital	-	-
44.	AT1 capital	-	-
45.	Tier 1 capital (T1 = CET1 + AT1)	19,221,644	-
Tier 2 capital: instruments and provisions			
46.	Qualifying Tier 2 capital instruments plus any related share premium	2,000,000	(7)
47.	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	-
48.	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	-
49.	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	-
50.	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,027,298	(9)+(13)-(1)-(2)-(5)
51.	Tier 2 capital before regulatory deductions	3,027,298	-
Tier 2 capital: regulatory deductions			
52.	Investments in own Tier 2 capital instruments	-	-
53.	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	-
54.	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	173,789	-
54a.	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	-

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
55.	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
55a.	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
56.	National specific regulatory adjustments applied to Tier 2 capital	-	-
56a.	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	-
56b.	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	-
57.	Total regulatory adjustments to Tier 2 capital	173,789	-
58.	Tier 2 capital (T2)	2,853,509	-
59.	Total regulatory capital (TC = T1 + T2)	22,075,153	-
60.	Total RWA	117,914,582	-
Capital ratios (as a percentage of RWA)			
61.	CET1 capital ratio	16.30%	-
62.	Tier 1 capital ratio	16.30%	-
63.	Total capital ratio	18.72%	-
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.531%	-
65.	of which: capital conservation buffer requirement	2.500%	-
66.	of which: bank specific countercyclical capital buffer requirement	2.031%	-
67.	of which: higher loss absorbency requirement	0.000%	-
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	10.30%	-
National minima (if different from Basel 3 minimum)			
69.	National CET1 minimum ratio	Not applicable	Not applicable
70.	National Tier 1 minimum ratio	Not applicable	Not applicable
71.	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72.	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,922,247	-

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
73.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-
74.	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75.	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,027,298	-
77.	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	1,398,296	-
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	-
79.	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80.	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81.	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82.	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	-
83.	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	-
84.	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	-
85.	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	-

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9.	Other intangible assets (net of associated deferred tax liabilities)	6,388	-
	<p>Explanation</p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10.	Deferred tax assets (net of associated deferred tax liabilities)	-	-
	<p>Explanation</p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
18.	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	830	-
	<p>Explanation</p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
19.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p>Explanation</p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
39.	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p>Explanation</p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54.	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	173,789	-
	<p>Explanation</p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	<p>Remarks:</p> <p>The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>		

Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements (as at 30 Jun 2019)	Under regulatory scope of consolidation (as at 30 Jun 2019)	Reference
	HK\$'000	HK\$'000	
Assets			
Cash and balances with central bank	1,171,366	1,171,366	
Due from banks and other financial institutions	17,775,267	17,775,267	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(4,915)	(1)
Loans and advances to customers	68,335,719	68,335,719	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(212,757)	(2)
Financial assets at fair value through profit or loss	2,802,889	2,802,889	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		12,305	(3)
Financial assets at fair value through other comprehensive income	114,355,661	114,355,661	
Property and equipment	58,472	58,472	
Deferred income tax assets	-	-	(4)
Other assets	2,614,927	2,614,927	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(3,444)	(5)
<i>of which: other intangible assets</i>		6,388	(6)
Total assets	207,114,301	207,114,301	
Liabilities			
Due to banks and other financial institutions	17,596,649	17,596,649	
<i>of which: subordinated loan eligible for inclusion in regulatory capital</i>		2,000,000	(7)
Financial liabilities at fair value through profit or loss	1,244,167	1,244,167	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		-	(8)
Due to customers	162,611,069	162,611,069	
Current tax liabilities	334,829	334,829	
Deferred income tax liabilities	71,764	71,764	
Other liabilities	5,217,493	5,217,493	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		9,019	(9)
Total liabilities	187,075,971	187,075,971	
Equity			
Share capital	17,900,000	17,900,000	(10)
Other reserves	532,142	532,142	(11)
Retained earnings	1,606,188	1,606,188	(12)
<i>of which: regulatory capital for general banking risk</i>		797,163	(13)
Total equity	20,038,330	20,038,330	
Total equity and liabilities	207,114,301	207,114,301	

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments

		Ordinary shares	Tier 2 capital subordinated loan
1.	Issuer	Bank of Communications (Hong Kong) Limited	Bank of Communications (Hong Kong) Limited
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3.	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
	<i>Regulatory treatment</i>		
4.	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5.	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6.	Eligible at solo / group / solo and group	Solo	Solo
7.	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Other Tier 2 instruments
8.	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$17,900 million	HK\$2,000 million
9.	Par value of instrument	Not applicable	HK\$2,000 million
10.	Accounting classification	Shareholders' equity	Liability - amortised cost
11.	Original date of issuance	1 share issued on 29 July 2014 299,999,999 shares issued on 9 February 2015 7,600,000,000 shares issued on 19 January 2018 10,000,000,000 shares issued on 28 June 2018	19 January 2018
12.	Perpetual or dated	Perpetual	Dated
13.	Original maturity date	No maturity	19 January 2028
14.	Issuer call subject to prior supervisory approval	No	Yes

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

		Ordinary shares	Tier 2 capital subordinated loan
15.	Optional call date, contingent call dates and redemption amount	Not applicable	<p>The Borrower may repay the Loan in whole but not in part at any time on or after 19 January 2023, at the outstanding principal amount together with interest accrued to (but excluding) the date of repayment.</p> <p>In addition, the Borrower may repay the Loan in whole but not in part at the outstanding principal amount together with interest accrued to (but excluding) the date of repayment for taxation reasons, tax deductions reasons and regulatory reasons.</p> <p>Prepayment is subject to prior written consent of the HKMA.</p>
16.	Subsequent call dates, if applicable	No	The Borrower may repay the Loan in whole but not in part at any time on or after 19 January 2023.
	<i>Coupons / dividends</i>		
17.	Fixed or floating dividend / coupon	Not applicable	Floating
18.	Coupon rate and any related index	Not applicable	The rate of interest on the Loan for each interest period shall be the percentage rate per annum which is the aggregate of 1.50 per cent per annum and three-month HIBOR.
19.	Existence of a dividend stopper	Not applicable	No
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21.	Existence of step-up or other incentive to redeem	Not applicable	No
22.	Non-cumulative or cumulative	Non-cumulative	Cumulative
23.	Convertible or non-convertible	Non-convertible	Non-convertible
24.	If convertible, conversion trigger(s)	Not applicable	Not applicable
25.	If convertible, fully or partially	Not applicable	Not applicable
26.	If convertible, conversion rate	Not applicable	Not applicable
27.	If convertible, mandatory or optional conversion	Not applicable	Not applicable

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

		Ordinary shares	Tier 2 capital subordinated loan
28.	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29.	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
30.	Write-down feature	No	Yes
31.	If write-down, write-down trigger(s)	Not applicable	<p>If a Non-Viability Event occurs and is continuing.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Borrower in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Borrower would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Borrower in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Borrower would become non-viable.</p>
32.	If write-down, full or partial	Not applicable	Always be written down fully
33.	If write-down, permanent or temporary	Not applicable	Permanent
34.	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

		Ordinary shares	Tier 2 capital subordinated loan
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Represents the most subordinated claim in liquidation	<p>In the event of a Winding-Up of the Borrower, the right of the Lender to payment of principal and interest on the Loan, and any other obligations in respect of the Loan, shall rank</p> <p>(i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Borrower (including its depositors), and (b) all other subordinated creditors of the Borrower whose claims are stated to rank senior to the Loan or rank senior to the Loan by operation of law or contract;</p> <p>(ii) pari passu in right of payment to, and all claims of, holders of any instrument or other obligation issued or entered into by the Borrower that constitutes or qualifies as a Tier 2 capital instruments or any instrument or other obligation issued, entered into, or guaranteed by the Borrower that ranks or is expressed to rank pari passu with the Loan by operation of law or contract;</p> <p>(iii) senior in right of payment to, and all claims of, (a) shareholders, and holders of any other class of the Borrower's share capital, and any instrument or other obligation issued or guaranteed by the Borrower that ranks or is expressed to rank junior to the Loan by operation of law or contract; and (b) holders of Tier 1 capital instruments of the Borrower.</p> <p>The Loan constitutes unsecured obligations of the Borrower.</p>

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

		Ordinary shares	Tier 2 capital subordinated loan
36.	Non-compliant transitioned features	No	No
37.	If yes, specify non-compliant features	Not applicable	Not applicable
	Full terms and conditions of capital instruments	Ordinary shares	Tier 2 loan due 2028

Macroprudential supervisory measures

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio (HK\$'000)	AI-specific CCyB ratio (%)	CCyB amount (HK\$'000)
1.	Hong Kong SAR	2.5%	49,750,903		
2.	Sweden	2.0%	310		
3.	United Kingdom	1.0%	5,918		
4.	Sum		49,757,131		
5.	Total		61,249,058	2.031%	2,394,845

CCyB ratio is calculated as the weighted average of the applicable jurisdictional CCyB ratio, effective at the date for which the determination is made, in respect of the jurisdictions (including Hong Kong) where the Company has private sector credit exposures. The weight to be attributed to a given jurisdiction's applicable CCyB ratio is the ratio of the Company's aggregate risk-weighted amount for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction (RWA_j) to the sum of the Company's aggregate RWA_j across all jurisdictions in which the AI has private sector credit exposure.

Leverage ratio

LR1: Summary comparison of accounting assets against leverage ratio ("LR") exposure measure

	Item	Value under the LR framework (HK\$'000)
1.	Total consolidated assets as per published financial statements	207,114,301
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3.	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4.	Adjustments for derivative contracts	2,600,303
5.	Adjustment for SFTs (i.e. repos and similar secured lending)	213,101
6.	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	2,322,305
6a.	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(105,842)
7.	Other adjustments	(563,588)
8.	Leverage ratio exposure measure	211,580,580

Leverage ratio (Continued)

LR2: Leverage ratio ("LR")

		30 Jun 2019	31 Mar 2019
		HK\$'000	HK\$'000
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	199,550,464	198,595,047
2.	Less: Asset amounts deducted in determining Tier 1 capital	(816,686)	(802,188)
3.	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	198,733,778	197,792,859
Exposures arising from derivative contracts			
4.	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and / or with bilateral netting)	1,260,716	1,096,466
5.	Add-on amounts for PFE associated with all derivative contracts	2,802,329	2,197,796
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7.	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(199,216)	(36,659)
8.	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9.	Adjusted effective notional amount of written credit derivative contracts	-	-
10.	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11.	Total exposures arising from derivative contracts	3,863,829	3,257,603
Exposures arising from SFTs			
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,553,409	6,230,357
13.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14.	CCR exposure for SFT assets	213,101	219,370
15.	Agent transaction exposures	-	-
16.	Total exposures arising from SFTs	6,766,510	6,449,727
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	10,548,171	10,740,291
18.	Less: Adjustments for conversion to credit equivalent amounts	(8,225,866)	(8,257,844)
19.	Off-balance sheet items	2,322,305	2,482,447
Capital and total exposures			
20.	Tier 1 capital	19,221,644	18,715,837
20a.	Total exposures before adjustments for specific and collective provisions	211,686,422	209,982,636
20b.	Adjustments for specific and collective provisions	(105,842)	(114,322)
21.	Total exposures after adjustments for specific and collective provisions	211,580,580	209,868,314
Leverage ratio			
22.	Leverage ratio	9.08%	8.92%

Liquidity

	30 Jun 2019
Average liquidity coverage ratio ("LCR")	
- Second quarter	162.55%
Average liquidity coverage ratio for the period	155.86%
Net stable funding ratio ("NSFR")	
- First quarter end	126.11%
- Second quarter end	120.66%

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

The Company's average LCR for the period is 155.86%. The Company's NSFR for the quarter ends of year 2019 are 126.11% and 120.66% respectively.

The Company's quarterly average LCR increased as a result of increase in HQLA portfolio.

The second quarter end NSFR is lower than the first quarter end due to a decrease in retail deposits and small business funding.

Level I HQLA is the major component of the Company's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills / Notes and unencumbered sovereign bonds. The Company also holds a portion of Level 2 HQLA, which include corporate bonds with high credit rating. The main drivers of net cash outflows are retail deposits and small business funding, wholesale funding and loans during the quarter. Deposit is the major funding source of the Company.

LCR net cash outflow arising from off-balance-sheet derivatives and additional collateral provision is not material. The Company major liquidity profile is captured in the LCR calculation.

The Company HKD LCR is above the regulatory requirement for the period. The Company 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 Company has established internal monitoring limit on LCR for foreign major currencies according to the amendment of regulatory framework for supervision of major currency's liquidity risk under LM-1 by the HKMA.

The Company 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 Company daily liquidity management is governed by the liquidity management requirement of parent bank and there is considerable level of interaction between members of the parent group. The Company submits regular liquidity management reports to parent bank and participates in the group liquidity stress test.

Liquidity (Continued)

LIQ1: Liquidity Coverage Ratio - for category 1 institution

2019 Second quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 June 2019: (71)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A.	HQLA		
1.	Total HQLA		23,945,265
B.	Cash Outflows		
2.	Retail deposits and small business funding, of which:	144,526,193	10,576,455
3.	<i>Stable retail deposits and stable small business funding</i>	6,032,600	301,630
4.	<i>Less stable retail deposits and less stable small business funding</i>	67,002,913	6,700,291
4a.	<i>Retail term deposits and small business term funding</i>	71,490,680	3,574,534
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	19,408,872	12,352,968
6.	<i>Operational deposits</i>	61,698	15,310
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	19,347,174	12,337,658
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9.	Secured funding transactions (including securities swap transactions)		1,766,469
10.	Additional requirements, of which:	17,779,161	2,394,839
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,777,505	1,869,817
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>	10,001,656	525,022
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,403,809	2,403,809
15.	Other contingent funding obligations (whether contractual or non-contractual)	115,423	5,402
16.	Total Cash Outflows		29,499,942
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	8,791,377	8,295,602
19.	Other cash inflows	6,212,545	6,212,545
20.	Total Cash Inflows	15,003,922	14,508,147
D.	Liquidity Coverage Ratio		Adjusted value
21.	Total HQLA		23,945,265
22.	Total Net Cash Outflows		14,991,795
23.	LCR (%)		162.55%

Liquidity (Continued)

LIQ2: Net Stable Funding Ratio - for category 1 institution

2019 Second quarter end:

Basis of disclosure: Hong Kong office	Unweighted value by residual maturity				Weighted amount HK\$'000	
	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
A.	Available stable funding ("ASF") item					
1.	Capital:	20,268,465	13,889	-	2,000,000	22,268,465
2.	Regulatory capital	20,268,465	13,889	-	2,000,000	22,268,465
2a.	Minority interests not covered by row 2	-	-	-	-	-
3.	Other capital instruments	-	-	-	-	-
4.	Retail deposits and small business funding:	-	136,039,542	8,108,184	2,298	130,179,236
5.	Stable deposits	-	8,586,628	293,067	218	8,435,928
6.	Less stable deposits	-	127,452,914	7,815,117	2,080	121,743,308
7.	Wholesale funding:	-	34,606,373	512,268	-	8,558,587
8.	Operational deposits	-	63,485	-	-	31,743
9.	Other wholesale funding	-	34,542,888	512,268	-	8,526,844
10.	Liabilities with matching interdependent assets	-	-	-	-	-
11.	Other liabilities:	3,682,376	810,625	-	-	-
12.	Net derivative liabilities	-	-	-	-	-
13.	All other funding and liabilities not included in the above categories	3,682,376	810,625	-	-	-
14.	Total ASF					161,006,288
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	447,615	10,286,698	1,309,236	12,844,008	2,073,427
16.	Deposits held at other financial institutions for operational purposes	-	1,833,900	-	-	916,950
17.	Performing loans and securities:	3,516,771	38,648,232	17,684,242	116,982,949	128,457,218
18.	Performing loans to financial institutions secured by Level 1 HQLA	-	400,357	-	-	-
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	28	13,205,599	1,118,122	11,698,592	18,419,025

Liquidity (Continued)

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

2019 Second quarter end (Continued):

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount 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>	3,516,743	3,040,403	5,110,846	37,372,771	38,496,389
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	929,402	213,204	126,822	747,213	1,259,813
22.	<i>Performing residential mortgages, of which:</i>	-	448,471	429,655	14,558,089	9,901,821
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	448,471	429,655	14,558,089	9,901,821
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	21,553,402	11,025,619	53,353,497	61,639,983
25.	<i>Assets with matching interdependent liabilities</i>	-	-	-	-	-
26.	<i>Other assets:</i>	2,405,042	1,168,650	-	-	1,514,685
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>	-	-	-	-	-
29.	<i>Net derivative assets</i>	177,207	-	-	-	177,207
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	1,214,177	-	-	-	N/A
31.	<i>All other assets not included in the above categories</i>	1,013,658	1,168,650	-	-	1,337,478
32.	<i>Off-balance sheet items</i>	-	15,280	3,108	10,529,783	475,329
33.	Total RSF					133,437,609
34.	Net Stable Funding Ratio (%)					120.66%

Liquidity (Continued)

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

2019 First quarter end:

Basis of disclosure: Hong Kong office	Unweighted value by residual maturity				Weighted amount HK\$'000	
	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
A.	Available stable funding ("ASF") item					
1.	Capital:	19,758,462	13,123	-	2,000,000	21,758,462
2.	Regulatory capital	19,758,462	13,123	-	2,000,000	21,758,462
2a.	Minority interests not covered by row 2	-	-	-	-	-
3.	Other capital instruments	-	-	-	-	-
4.	Retail deposits and small business funding:	-	135,364,934	11,926,077	2,303	132,995,098
5.	Stable deposits	-	8,251,206	366,488	281	8,187,091
6.	Less stable deposits	-	127,113,728	11,559,589	2,022	124,808,007
7.	Wholesale funding:	-	33,853,756	723,811	-	8,343,747
8.	Operational deposits	-	46,672	-	-	23,336
9.	Other wholesale funding	-	33,807,084	723,811	-	8,320,411
10.	Liabilities with matching interdependent assets	-	-	-	-	-
11.	Other liabilities:	1,475,397	911,851	-	-	-
12.	Net derivative liabilities	-	-	-	-	-
13.	All other funding and liabilities not included in the above categories	1,475,397	911,851	-	-	-
14.	Total ASF					163,097,307
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	387,691	15,306,523	727,360	10,469,056	1,007,213
16.	Deposits held at other financial institutions for operational purposes	-	390,017	-	-	195,009
17.	Performing loans and securities:	2,693,380	49,934,526	9,656,258	112,506,854	126,440,368
18.	Performing loans to financial institutions secured by Level 1 HQLA	-	400,435	-	-	-
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	2	11,989,035	1,674,175	12,952,952	19,822,419

Liquidity (Continued)

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

2019 First quarter end (Continued):

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	2,693,378	5,003,423	1,184,711	40,396,509	39,418,063
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	875,638	204,488	113,090	636,404	1,141,617
22.	<i>Performing residential mortgages, of which:</i>	-	430,044	416,177	13,767,003	9,371,662
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	430,044	416,177	13,767,003	9,371,662
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	32,111,589	6,381,195	45,390,390	57,828,224
25.	<i>Assets with matching interdependent liabilities</i>	-	-	-	-	-
26.	<i>Other assets:</i>	1,863,743	1,695,620	-	-	1,190,342
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>	-	-	-	-	-
29.	<i>Net derivative assets</i>	240,479	-	-	-	240,479
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	781,324	-	-	-	N/A
31.	<i>All other assets not included in the above categories</i>	841,940	1,695,620	-	-	949,863
32.	<i>Off-balance sheet items</i>	-	13,645	4,266	10,722,380	497,335
33.	Total RSF					129,330,267
34.	Net Stable Funding Ratio (%)					126.11%

Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000		HK\$'000	HK\$'000		
1.	Loans	39,243	87,033,521	238,026	20,354	217,672	-	86,834,738
2.	Debt securities	-	114,345,696	-	-	-	-	114,345,696
3.	Off-balance sheet exposures	-	3,486,371	5,268	-	5,268	-	3,481,103
4.	Total	39,243	204,865,588	243,294	20,354	222,940	-	204,661,537

CR2: Changes in defaulted loans and debt securities

		Amount
		HK\$'000
1.	Defaulted loans and debt securities at 31 December 2018	49,358
2.	Loans and debt securities that have defaulted since the last reporting period	22,838
3.	Returned to non-defaulted status	(28,551)
4.	Amounts written off	(4,173)
5.	Other changes	(229)
6.	Defaulted loans and debt securities at 30 June 2019	39,243

Between 31 December 2018 and 30 June 2019, the Bank's defaulted loans and debt securities decreased from HK\$49 million by 20.49% to HK\$39 million. The decrease is mainly due to defaulted loans and debt securities returning to non-defaulted status. Defaulted loans and debt securities returning to non-defaulted status amounted to HK\$29 million in this period, this is a significant increase from HK\$1m of the previous period.

CR3: Overview of recognized credit risk mitigation

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Loans	85,131,326	1,703,412	594,130	1,109,282	-
2.	Debt securities	114,345,696	-	-	-	-
3.	Total	199,477,022	1,703,412	594,130	1,109,282	-
4.	Of which defaulted	999	20,370	20,370	-	-

Credit risk for non-securitization exposures (Continued)

CR4: Credit risk exposures and effects of recognized credit risk mitigation - for STC approach

Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	RWA HK\$'000	RWA density %
1. Sovereign exposures	12,005,934	-	12,883,540	-	894,887	7%
2. PSE exposures	-	-	236,100	-	47,220	20%
2a. Of which: domestic PSEs	-	-	236,100	-	47,220	20%
2b. Of which: foreign PSEs	-	-	-	-	-	0%
3. Multilateral development bank exposures	-	-	-	-	-	0%
4. Bank exposures	109,708,627	-	109,708,627	-	46,258,318	42%
5. Securities firm exposures	-	-	-	-	-	0%
6. Corporate exposures	42,867,155	779,234	42,088,553	252,191	37,817,388	89%
7. CIS exposures	-	-	-	-	-	0%
8. Cash items	447,614	-	1,023,247	-	53,143	5%
9. Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10. Regulatory retail exposures	12,162,396	8,871,092	11,665,575	994,648	9,471,652	75%
11. Residential mortgage loans	15,436,215	369,532	15,185,075	184,766	5,351,729	35%
12. Other exposures which are not past due exposures	10,261,560	528,313	10,098,784	184,521	10,271,922	100%
13. Past due exposures	27,645	-	27,645	-	31,140	113%
14. Significant exposures to commercial entities	-	-	-	-	-	0%
15. Total	202,917,146	10,548,171	202,917,146	1,616,126	110,197,399	54%

Credit risk for non-securitization exposures (Continued)

CR5: Credit risk exposures by asset classes and by risk weights - for STC approach

	Risk Weight										Total credit risk exposures amount (post CCF and post CRM)			
	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others				
Exposure classes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Others	HK\$'000	HK\$'000
1. Sovereign exposures	8,409,105	-	4,474,435	-	-	-	-	-	-	-	-	-	12,883,540	-
2. PSE exposures	-	-	236,100	-	-	-	-	-	-	-	-	-	236,100	-
2a. Of which: domestic PSEs	-	-	236,100	-	-	-	-	-	-	-	-	-	236,100	-
2b. Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Bank exposures	-	-	28,653,318	-	81,055,309	-	-	-	-	-	-	-	109,708,627	-
5. Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Corporate exposures	38,120	-	7,760	-	8,958,059	-	33,336,805	-	-	-	-	-	42,340,744	-
7. CIS exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Cash items	757,534	-	265,713	-	-	-	-	-	-	-	-	-	1,023,247	-
9. Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Regulatory retail exposures	26,551	-	6,549	-	-	12,627,123	-	-	-	-	-	-	12,660,223	-
11. Residential mortgage loans	-	-	184,766	15,185,075	-	-	-	-	-	-	-	-	15,369,841	-
12. Other exposures which are not past due exposures	10,570	-	1,015	-	-	-	10,271,720	-	-	-	-	-	10,283,305	-
13. Past due exposures	-	-	-	-	-	-	20,655	6,990	-	-	-	-	27,645	-
14. Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Total	9,241,880	-	33,829,656	15,185,075	90,013,368	12,627,123	43,629,180	6,990	-	-	-	-	204,533,272	-

Counterparty credit risk

CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1.	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a.	CEM	1,263,526	2,802,329		-	4,065,855	1,623,771
2.	IMM(CCR) approach			-	-	-	-
3.	Simple Approach (for SFTs)					213,101	42,549
4.	Comprehensive Approach (for SFTs)					-	-
5.	VaR (for SFTs)					-	-
6.	Total						1,666,320

The decrease in the outstanding short-term foreign exchange contracts the increase the increase in the long-term interest rate contracts led to the counterparty default RWA movement.

CCR2: CVA capital charge

		EAD post CRM	RWA
		HK\$'000	HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1.	(i) VaR (after application of multiplication factor if applicable)		-
2.	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3.	Netting sets for which CVA capital charge is calculated by the standardized CVA method	4,065,855	804,450
4.	Total	4,065,855	804,450

The CVA RWA change was mainly driven by the increase in the outstanding positions.

Counterparty credit risk (Continued)

CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights - for STC approach

	Risk Weight		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
	Exposure classes	HK\$'000											
1.	Sovereign exposures	358	-	-	-	-	-	-	-	-	-	-	358
2.	PSE exposures	-	-	-	-	-	-	-	-	-	-	-	-
2a.	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-	-
2b.	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-	-
3.	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4.	Bank exposures	-	1,788,472	-	2,286,856	-	-	-	-	-	-	-	4,075,328
5.	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-	-
6.	Corporate exposures	-	-	-	-	-	-	-	27,771	-	-	-	27,771
7.	CIS exposures	-	-	-	-	-	-	-	-	-	-	-	-
8.	Regulatory retail exposures	-	-	-	-	-	-	152,294	-	-	-	-	152,294
9.	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-	-
10.	Other exposures which are not past due exposures	-	-	-	-	-	-	-	23,205	-	-	-	23,205
11.	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
12.	Total	358	1,788,472	-	2,286,856	-	152,294	50,976	-	-	-	-	4,278,956

The EAD amounted to HK\$4,279 million as of Jun 2019, increase 18% compared with HK\$3,624 million as of Dec 2018. This was mainly due to the stable increase in size of OTC derivatives, especially the contracts with counterparty of low risk-weight banks and regulatory retails.

Counterparty credit risk (Continued)

CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash - domestic currency	-	-	-	-	400,000	-
Cash - other currencies	-	2,810	-	199,216	6,153,409	-
Domestic sovereign debt	-	-	-	-	-	400,357
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	6,366,152
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	2,810	-	199,216	6,553,409	6,766,509

The increased collateral posted and received resulted from increasing repo transaction.

CCR6: Credit-related derivatives contracts

	Protection bought	Protection sold
	HK\$'000	HK\$'000
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

Counterparty credit risk (Continued)

CCR8: Exposures to CCPs

		Exposure after CRM	RWA
		HK\$'000	HK\$'000
1.	Exposures of the AI as clearing member or client to qualifying CCPs (total)		-
2.	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	-	-
3.	(i) OTC derivative transactions	-	-
4.	(ii) Exchange-traded derivative contracts	-	-
5.	(iii) Securities financing transactions	-	-
6.	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7.	Segregated initial margin	-	
8.	Unsegregated initial margin	-	-
9.	Funded default fund contributions	-	-
10.	Unfunded default fund contributions	-	-
11.	Exposures of the AI as clearing member or client to non-qualifying CCPs (total)		-
12.	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13.	(i) OTC derivative transactions	-	-
14.	(ii) Exchange-traded derivative contracts	-	-
15.	(iii) Securities financing transactions	-	-
16.	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17.	Segregated initial margin	-	
18.	Unsegregated initial margin	-	-
19.	Funded default fund contributions	-	-
20.	Unfunded default fund contributions	-	-

Securitization exposures

SEC1: Securitization exposures in banking book

	Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									

SEC2: Securitization exposures in trading book

	Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									

Securitization exposures (Continued)

SEC3: Securitization exposures in banking book and associated capital requirements - where AI acts as originator

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
1. Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Securitization exposures (Continued)

SEC4: Securitization exposures in banking book and associated capital requirements - where AI acts as investor

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
1. Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Market risk

MR1: Market risk under STM approach

		RWA
		HK\$'000
	Outright product exposures	
1.	Interest rate exposures (general and specific risk)	554,987
2.	Equity exposures (general and specific risk)	-
3.	Foreign exchange (including gold) exposures	128,113
4.	Commodity exposures	-
	Option exposures	
5.	Simplified approach	-
6.	Delta-plus approach	140,838
7.	Other approach	-
8.	Securitization exposures	-
9.	Total	823,938

Additional balance sheet information

1. 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. Geographical segments, constituting 10% or more of the Company's total international claims after taking into account any recognized risk transfer, are disclosed below.

	Bank	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
Equivalent in millions of HK\$					
<u>As at 30 Jun 2019</u>					
Developing Asia-Pacific	70,004	5,238	-	10,043	85,285
of which: People's Republic of China	62,955	5,238	-	9,933	78,126
Developed countries	26,217	3,149	1,484	82	30,932
of which: Australia	13,141	1	-	6	13,148
Offshore centres	2,979	-	1,330	9,049	13,358

Additional balance sheet information (Continued)

2. Impaired loans and advances to customers by geographical areas

	Gross amount of loans to customers HK\$'000	Gross amount of trade bills HK\$'000	Total amount of loans and advances HK\$'000	Identified Impaired loans and advances HK\$'000	% of total loans and advances	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
As at 30 Jun 2019							
Hong Kong	58,613,491	8,309	58,621,800	53,627	0.08	183,018	19,934
People's Republic of China	8,029,270	1,493,692	9,522,962	420	-	28,445	420
Other countries	422,958	1,110	424,068	-	-	1,294	-
	<u>67,065,719</u>	<u>1,503,111</u>	<u>68,568,830</u>	<u>54,047</u>	0.08	<u>212,757</u>	<u>20,354</u>

The gross amount of loans and advances to customers by 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. Geographical segment, constituting 10% or more of the Company's total amount of loans and advances to customers after taking into account any recognized risk transfer, are disclosed above.

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross)

	30 Jun 2019 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Property development	9,165,692	4.84
- Property investment	4,900,179	98.48
- Financial concerns	7,478,586	1.25
- Stockbrokers	-	-
- Wholesale and retail trade	827,366	49.87
- Manufacturing	1,860,735	13.28
- Transport and transport equipment	5,960,613	84.48
- Recreational activities	14,446	25.78
- Information technology	1,266,995	0.40
- Others	3,697,762	26.13
Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	165,623	100.00
- Loans for the purchase of other residential properties	14,930,657	100.00
- Credit card advances	150,516	-
- Others	12,529,697	81.07
Sub-total	<u>62,948,867</u>	59.22
Trade finance	240,218	67.88
Loans and advances for use outside Hong Kong	<u>3,876,634</u>	0.20
Total	<u>67,065,719</u>	55.85

Additional balance sheet information (Continued)

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross) (Continued)

Gross loans, impaired loans, overdue loans, provision for Expected Credit Loss (“ECL”) in respect of industry sectors which constitute not less than 10% of total amount of loans and advances to customers are analysed as follows:

	Gross amount of loans to customers HK\$'000	Impaired loans HK\$'000	Overdue loans HK\$'000	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
As at 30 Jun 2019					
Loans and advances for use in Hong Kong					
Industrial, commercial and financial	35,172,374	22,205	13,726	107,219	2,271
Individuals	27,776,493	24,042	17,760	88,886	10,348
Trade finance	240,218	150	150	897	150
Loans and advances for use outside Hong Kong	3,876,634	149	106	11,821	84
	<u>67,065,719</u>	<u>46,546</u>	<u>31,742</u>	<u>208,823</u>	<u>12,853</u>

4. Gross amount of overdue loans and advances to customers

	30 Jun 2019 HK\$'000	% of total loans and advances to customers
Gross loans and advances to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	1,119	-
More than 6 months but not more than 1 year	23,119	0.04
More than 1 year	<u>7,504</u>	0.01
	<u>31,742</u>	0.05
Gross trade bills to customers which 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	<u>7,501</u>	0.01
	<u>7,501</u>	0.01
Total gross amount of overdue loans and advances to customers	<u>39,243</u>	0.06

Additional balance sheet information (Continued)

5. Overdue loans and advances to customers by geographical areas

	Overdue loans and advances to customers HK\$'000	Stage 3 provision for ECL HK\$'000
As at 30 Jun 2019		
Hong Kong	38,823	17,419
People's Republic of China	420	420
	<hr/>	<hr/>
	39,243	17,839
	<hr/>	
Fair value of collateral	<hr/> 20,370	

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

6. Overdue and rescheduled loans and advances to customers

	30 Jun 2019 HK\$'000
Total rescheduled loans and advances to customers	7,286
Excluding: Rescheduled loans and advances to customers overdue above 3 months	<hr/> (811)
Net amounts of rescheduled loans and advances to customers	<hr/> 6,475
Percentage of net amounts of rescheduled loans and advances to customers in total loans (%)	0.01%

7. Overdue assets

There were no other overdue assets as at 30 Jun 2019.

8. Repossessed assets

There were no repossessed assets held as at 30 Jun 2019.

Additional balance sheet information (Continued)

9. Non-bank Mainland exposures

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

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
As at 30 Jun 2019			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	22,716,846	268	22,717,114
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,874,165	-	1,874,165
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,748,525	24,426	9,772,951
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	18,582	-	18,582
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	34,358,118	24,694	34,382,812
Total assets after provisions	207,294,850		
On-balance sheet exposures as percentage of total assets	16.57%		

Additional balance sheet information (Continued)

10. Currency concentration

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

	USD	RMB	Total
Equivalent in millions of HK\$			
As at 30 Jun 2019			
Spot assets	59,493	40,197	99,690
Spot liabilities	(41,217)	(35,087)	(76,304)
Forward purchases	124,444	77,668	202,112
Forward sales	(142,854)	(82,669)	(225,523)
Net options position*	47	9	56
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Net long (short) position	(87)	118	31
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Net structural position	-	-	-
			<hr/>

*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.

11. Off-balance sheet exposures (other than derivative transactions)

The off-balance sheet exposures is based on nominal contract amounts and risk-weighted amount of contingent liabilities and commitments defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Capital Adequacy Ratio.

	30 Jun 2019 HK\$'000
Contract amounts	
Direct credit substitutes	40,438
Trade-related contingencies	95,288
Commitments that are unconditionally cancellable without prior notice	7,061,800
Commitments which have an original maturity of not more than 1 year	395,643
Commitments which have an original maturity of more than 1 year	2,955,002
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Total	10,548,171
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Risk-weighted amount	1,142,912
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