

Financial Information Disclosure Statement
As at 30 June 2017
(Unaudited)

Section A - Branch Information (Hong Kong Offices only)

I. Profit and loss information	30 Jun 2017 (6 months) HKD'000	30 Jun 2016 (6 months) HKD'000	Variance %
Interest income	6,014,956	5,561,070	+8.16
Interest expense	<u>(3,693,635)</u>	<u>(3,205,032)</u>	+15.24
Net interest income	2,321,321	2,356,038	-1.47
Commission and fees income	1,072,973	872,377	+22.99
Commission and fees expenses	<u>(44,286)</u>	<u>(48,760)</u>	-9.18
Net commission and fees income	1,028,687	823,617	+24.90
- Gains less losses arising from trading in foreign currencies	633,549	1,035,471	-38.82
- Gains less losses on securities held for trading purposes	36,953	197,619	-81.30
- Gains less losses from other trading activities	77,941	124,416	-37.35
- Others	<u>59,526</u>	<u>37,818</u>	+57.40
Other operating gains less losses	<u>807,969</u>	<u>1,395,324</u>	-42.09
	4,157,977	4,574,979	-9.11
Operating expenses			
Staff and rental expenses	(805,022)	(786,739)	+2.32
Other operating expenses	(233,348)	(399,500)	-41.59
Write back/(charge) of impairment losses and allowances for impaired loans and receivables	3,663	(244,431)	-101.50
Write back of impairment allowances for available-for-sale investment securities	19,384	-	-
Gains less losses from revaluation of investment properties	<u>24,109</u>	<u>12,054</u>	+100.01
Profit before taxation	3,166,763	3,156,363	+0.33
Tax expense	<u>(506,854)</u>	<u>(434,124)</u>	+16.75
Profit after taxation	<u>2,659,909</u>	<u>2,722,239</u>	-2.29
II. Balance sheet information	30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
Assets			
Cash and balances with banks	11,087,271	21,021,049	-47.26
Amount due from Exchange Fund repayable or callable within one month	3,616,096	2,605,948	+38.76
Placements with banks with residual maturity between one and twelve months	27,321,888	32,339,202	-15.51
Amount due from overseas offices	97,241,681	42,914,859	+126.59
Trade bills	66,488,640	60,288,920	+10.28
Certificates of deposit held	51,994,570	47,368,906	+9.77
Securities held for trading purposes	9,175,710	9,922,627	-7.53
Loans and receivables	207,432,661	187,914,388	+10.39
Investment securities	124,157,604	102,271,770	+21.40
Other investments	236,022	235,931	+0.04
Property, plant and equipment and investment properties	702,106	716,057	-1.95
Total assets	<u>599,454,249</u>	<u>507,599,657</u>	+18.10
Liabilities			
Deposits and balances from banks	63,112,793	49,836,200	+26.64
Deposits from customers - Demand deposits and current accounts	15,537,231	13,201,683	+17.69
- Saving deposits	84,119,707	70,332,190	+19.60
- Time, call and notice deposits	321,740,300	268,036,261	+20.04
Amount due to overseas offices	25,601,950	26,319,246	-2.73
Certificates of deposit issued	26,397,076	18,252,792	+44.62
Debt securities issued	31,589,336	25,751,683	+22.67
Other liabilities	31,297,387	35,783,822	-12.54
Provisions	<u>58,469</u>	<u>85,780</u>	-31.84
Total liabilities	<u>599,454,249</u>	<u>507,599,657</u>	+18.10

III. Additional balance sheet information	30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
(i) Loans and receivables			
- Loans and advances to customers	193,833,999	170,794,386	+13.49
- Accrued interest and other accounts	14,599,723	18,275,538	-20.11
	<u>208,433,722</u>	<u>189,069,924</u>	+10.24
Less: Impairment allowances for impaired loans and receivables			
- Collective impairment allowances (for loans and advances to customers)	(751,152)	(767,280)	-2.10
- Individual impairment allowances (for loans and advances to customers)	(206,789)	(340,203)	-39.22
- Individual impairment allowances (for accrued interest)	(37,867)	(43,006)	-11.95
- Individual impairment allowances (for other accounts)	(5,253)	(5,047)	+4.08
	<u>(1,001,061)</u>	<u>(1,155,536)</u>	-13.37
	<u><u>207,432,661</u></u>	<u><u>187,914,388</u></u>	+10.39

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2017 and 31 Dec 2016.

(ii) (a) Impaired loans and advances			
Gross impaired loans and advances to customers	1,077,155	639,037	+68.56
As percentage of total loans and advances to customers	0.56	0.37	+0.19
Individual impairment allowances	206,789	340,203	-39.22

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

(ii) (b) Impaired loans and advances by geographical area			
Hong Kong	80,596	71,654	+12.48
People's Republic of China	996,559	567,383	+75.64
	<u>1,077,155</u>	<u>639,037</u>	+68.56

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	905,297	531,529	+70.32
(iii) Trade bills			
Gross trade bills	66,795,815	60,527,152	+10.36
Less: Impairment allowances			
- Collective impairment allowances	(238,697)	(222,569)	+7.25
- Individual impairment allowances	(68,478)	(15,663)	+337.20
	<u>(307,175)</u>	<u>(238,232)</u>	+28.94
	<u><u>66,488,640</u></u>	<u><u>60,288,920</u></u>	+10.28
(iv) Investment securities			
Gross investment securities	124,157,604	102,271,770	+21.40
Less: Individual impairment allowances	-	-	-
	<u>124,157,604</u>	<u>102,271,770</u>	+21.40

No impairment allowances for investment securities maintained at our head office as at 30 Jun 2017 and 31 Dec 2016.

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

	30 Jun 2017 HKD'000	% of secured loans and advances	31 Dec 2016 HKD'000	% of secured loans and advances	Variance %
Loans and advances for use in Hong Kong					
Industrial, commercial and financial					
- Property development	12,253,645	12.11	8,011,045	18.13	+52.96
- Property investment	9,831,170	98.82	10,437,482	97.99	-5.81
- Financial concerns	41,896,240	12.36	30,274,670	17.46	+38.39
- Stockbrokers	4,961,865	16.04	3,630,622	23.94	+36.67
- Wholesale and retail trade	7,933,551	39.71	6,027,625	26.80	+31.62
- Manufacturing	5,887,073	4.41	4,679,538	5.92	+25.80
- Transport and transport equipment	5,316,119	68.39	4,276,757	64.85	+24.30
- Recreational activities	993,260	100.00	993,529	100.00	-0.03
- Information technology	602,360	-	602,541	-	-0.03
- Others	24,751,585	33.74	23,640,842	35.01	+4.70
Individuals					
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	255,812	99.64	279,965	99.91	-8.63
- Loans for the purchase of other residential properties	15,970,840	100.00	16,357,729	100.00	-2.37
- Credit card advances	171,782	-	187,084	-	-8.18
- Others	9,763,545	76.58	8,796,729	73.86	+10.99
Sub-total	140,588,847		118,196,158		+18.95
Trade finance	1,841,484	9.35	1,667,556	13.87	+10.43
Loans and advances for use outside Hong Kong					
Total	193,833,999	35.62	170,794,386	37.50	+13.49

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

	30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
Hong Kong	89,756,506	75,754,351	+18.48
People's Republic of China	98,663,350	86,235,304	+14.41
Other countries	5,414,143	8,804,731	-38.51
	193,833,999	170,794,386	+13.49

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\$	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
<u>As at 30 Jun 2017</u>					
Developing Asia-Pacific	113,341	11,922	29,759	59,437	214,459
of which China	111,174	11,420	29,759	58,414	210,767
Developed countries	40,954	146	9,206	231	50,537
<u>As at 31 Dec 2016</u>					
Developing Asia-Pacific	101,099	10,287	22,970	59,202	193,558
of which China	99,451	9,797	22,970	58,449	190,667
Developed countries	40,759	368	5,022	245	46,394

(vii)(a) Overdue loans and advances to customers	30 Jun 2017 HKD'000	% of total loans and advances to customers	31 Dec 2016 HKD'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	8,059	-	326,394	0.19
More than 6 months but not more than one year	488,649	0.25	1,196	-
More than one year	37,360	0.02	147,952	0.09
	<u>534,068</u>	0.27	<u>475,542</u>	0.28
		30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
Market value of collateral held against the secured overdue loans and advances		459,911	411,710	+11.71
Secured overdue loans and advances		450,370	372,311	+20.97
Unsecured overdue loans and advances		83,698	103,231	-18.92
Individual impairment allowances		197,432	274,081	-27.97
Overdue loans and advances to customers by geographical area				
Hong Kong		72,313	62,179	+16.30
People's Republic of China		461,755	413,363	+11.71
		<u>534,068</u>	<u>475,542</u>	+12.31

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

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

(vii)(b) Overdue assets	30 Jun 2017 HKD'000	% of trade bills	31 Dec 2016 HKD'000	% of trade bills
Gross trade bills that have been overdue for periods of :-				
More than 3 months but not more than 6 months	101,574	0.15	8,837	0.01
More than 6 months but not more than one year	11,262	0.02	-	-
More than one year	4,457	0.01	4,455	0.01
	<u>117,293</u>	0.18	<u>13,292</u>	0.02
Gross debt securities 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 one year	-	-	-	-
More than one year	-	-	-	-
	<u>-</u>	-	<u>-</u>	0.00
		30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
Secured overdue assets		-	-	-
Unsecured overdue assets		117,293	13,292	+782.43
Individual impairment allowances		68,478	13,292	+415.18
Overdue assets by geographical area				
Hong Kong		15,719	13,292	+18.26
Singapore		101,574	-	-
		<u>117,293</u>	<u>13,292</u>	+782.43

(vii)(c) Rescheduled loans	30 Jun 2017 HKD'000	31 Dec 2016 HKD'000	Variance %
Rescheduled loans to customers net of overdue more than three months	291,830	2,155	+13442.00
As percentage of total loans and advances to customers	0.15	0.01	0.14

(vii)(d) Repossessed assets

Repossessed assets are accounted as "Assets held for sale" and reported in "Other assets" and the relevant loans and advances are derecognized. The repossessed assets are measured at lower of carrying amount and net realizable value.

There were no repossessed assets held as at 30 Jun 2017 and 31 Dec 2016.

(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 exposure HKD'000	Off-balance sheet exposure HKD'000	Total exposures HKD'000
<u>As at 30 Jun 2017</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	80,816,078	5,543,065	86,359,143
2. Local governments, local government-owned entities and their subsidiaries and JVs	8,932,160	116,622	9,048,782
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	28,260,670	6,669,430	34,930,100
4. Other entities of central government not reported in item 1 above	-	78,063	78,063
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	2,176,193	1,161,835	3,338,028
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>120,185,101</u>	<u>13,569,015</u>	<u>133,754,116</u>
Total assets after provisions	599,395,780		
On-balance sheet exposures as percentage of total assets	20.05%		
	On-balance sheet exposure HKD'000	Off-balance sheet exposure HKD'000	Total exposures HKD'000
<u>As at 31 Dec 2016</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	68,739,767	8,296,982	77,036,749
2. Local governments, local government-owned entities and their subsidiaries and JVs	10,182,708	77,478	10,260,186
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	17,996,671	4,587,036	22,583,707
4. Other entities of central government not reported in item 1 above	-	77,553	77,553
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	1,886,061	822,913	2,708,974
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>98,805,207</u>	<u>13,861,962</u>	<u>112,667,169</u>
Total assets after provisions	507,513,877		
On-balance sheet exposures as percentage of total assets	19.47%		

(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 Yuan	US Dollars	Total
<u>As at 30 Jun 2017</u>			
Spot assets	75,703	250,102	325,805
Spot liabilities	(64,124)	(252,745)	(316,869)
Forward purchases	182,384	341,394	523,778
Forward sales	(179,822)	(340,752)	(520,574)
Net options position*	1,051	(978)	73
Net long (short) position	<u>15,192</u>	<u>(2,979)</u>	<u>12,213</u>
<u>As at 31 Dec 2016</u>			
Spot assets	72,667	219,233	291,900
Spot liabilities	(61,627)	(197,042)	(258,669)
Forward purchases	196,196	279,913	476,109
Forward sales	(192,266)	(300,429)	(492,695)
Net options position*	(1,504)	1,642	138
Net long (short) position	<u>13,466</u>	<u>3,317</u>	<u>16,783</u>

* 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 2017 HKD'000 Contract amount	31 Dec 2016 HKD'000 Contract amount	Variance %
	- Direct credit substitutes	6,157,776	6,093,146	+1.06
	- Trade related contingencies	6,142,375	5,948,667	+3.26
	- Others commitments	31,924,460	34,890,850	-8.50
	- Others	45,946,589	23,737,421	+93.56
		<u>90,171,200</u>	<u>70,670,084</u>	+27.59
(ii)	Derivatives	Contract amount HKD'000	Fair value assets HKD'000	Fair value liabilities HKD'000
	<u>As at 30 Jun 2017</u>			
	Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	738,109,861	6,637,412	6,208,195
	Interest rate contracts	309,558,633	2,273,737	2,409,889
	Others	-	-	-
		<u>1,047,668,494</u>	<u>8,911,149</u>	<u>8,618,084</u>
	<u>As at 31 Dec 2016</u>			
	Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	605,441,092	11,114,040	11,591,806
	Interest rate contracts	343,539,793	2,729,837	2,599,004
	Others	11,273	262	315
		<u>948,992,158</u>	<u>13,844,139</u>	<u>14,191,125</u>

None of the above derivatives contracts are subject to the bilateral netting arrangements.

V. Liquidity information

		30 Jun 2017 (6 months)	30 Jun 2016 (6 months)
Average liquidity coverage ratio	- First quarter	131.96%	145.79%
	- Second quarter	144.54%	132.54%
Average liquidity coverage ratio for the period		138.16%	139.03%

The Branch's average LCR for the first two quarters of year 2017 is 138.16%, comparable to the corresponding period last year. It is well above the regulatory requirement of 80%

In the second quarter of 2017, the Branch's LCR rised as a result of an increase in customer deposits.

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 2A and Level 2B HQLA, which include corporate bonds with high credit rating.

LCR net cash outflow arising from off-balance-sheet derivatives and additional collateral provision is not material.

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 Level 1 HQLA LCR for foreign major currencies according to the amendment of regulatory framework for supervision of major currency's liquidity risk under LM-1 by HKMA.

The Branch has established internal limit and management action trigger level on LCR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite.

Liquidity risk management

Funding liquidity risk relates to the Branch's ability to fulfill its obligations arising from financial liabilities as they fall due, or its ability to fulfill maturing funding needs, which subsequently affects the Branch's capacity to support deposit withdrawal or drawdown on loan commitments. Effective liquidity risk management helps to sustain the expansion of the Branch's business with liquidity cost and risk under control. The Branch has established and implemented its own liquidity risk management policy per the Head Office's related policy and local regulatory requirements in order to fulfill its own duties in groupwide liquidity risk management. The Asset and Liability Management Committee (ALCO) of the Branch is the decision-making body in balance sheet management and is responsible for coordinating and overseeing all related strategies, including risk management framework and risk appetite. Asset and Liability Management Department is responsible for analyzing and monitoring activities related to liquidity risk. Global Markets Department is responsible for managing daily liquidity position and related executions. Internal Audit Department is responsible for conducting periodic review to ensure liquidity risk management framework is effectively implemented.

The cornerstone of the Branch's funding sources is customer deposit. The Branch strives to build up core deposits while diversifying funding sources via various funding channels to enhance financing capacity. The Branch actively participates in the money market, issues certificates of deposit and medium term notes to sustain longer-term funding. Regarding liquidity arrangement with Head Office, the Branch performs regular funding transfer with Head Office to preserve prompt intragroup backup funding supply if necessary. Monitoring and control on intragroup funding transactions are in line with those of third parties. Moreover, Head Office has set up groupwide internal limits to control the Branch's reliance on Head Office's funding.

The majority of the liquidity risk of the Branch arises from maturity mismatch of assets and liabilities. Therefore, regular cash flow analysis and projections on both on- and off-balance sheet items falling within different maturity buckets is performed to ensure funding need. Moreover, the Branch closely monitors off-balance sheet funding obligations (such as commitments or letters of guarantee) and assesses their impact to our liquidity capacity. Furthermore, the Branch strives to maintain high marketability of the asset portfolio to allow prompt monetization in case of unforeseeable liquidity crunch in the market.

The Branch has in place various limits and indicators for liquidity risk, including liquidity coverage ratio, loan-to-deposit ratio, interbank borrowing utilization ratio, etc. for effective identification and control of liquidity risk. The Branch utilizes relevant management information systems to perform daily liquidity risk management functions. Moreover, the Branch performs daily cash flow analysis to assess liquidity in normal circumstances, and performs regular stress test (at least monthly) to evaluate the Branch's resilience under significant stress conditions. The stress test scenarios are designed with reference to the HKMA's Supervisory Policy Manuals, and also historical liquidity stress scenarios. The Branch's stress test takes into account the impact of all assets, liabilities and off-balance sheet positions and estimates possible funding short-fall with historical data and plausible stress conditions. The results will be scrutinized and appropriate measures will be taken if necessary.

The Branch has set up early warning indicator system, and movement of relevant indicators are closely monitored on a regular basis. In case of liquidity crisis emerges, the Branch's Crisis Management Committee will be formed to formulate appropriate contingency funding plan to resolve the crisis. The Branch also performs regular drill in order to ensure prompt actions and feasibility of contingency funding plan under crisis.

To cope with unpredictable liquidity needs, the Branch has set up liquidity buffer to maintain sufficient highly liquid assets. The buffer portfolio contains cash, Exchange Fund Bills/Notes, unencumbered sovereign bonds and other high quality bonds, which is managed by Asset and Liability Management Department and operated by Global Markets Department on a daily basis.

Liquidity Coverage Ratio Standard Disclosure Template

2017 second quarter:

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 30 June 2017 : (71)		Currency: (HKD '000)	
Basis of disclosure: Hong Kong office		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
A. HIGH QUALITY LIQUID ASSETS			
1. Total high quality liquid assets (HQLA)			78,936,312
B. CASH OUTFLOWS			
2. Retail deposits and small business funding, of which:		176,847,293	12,723,787
3. <i>Stable retail deposits and stable small business funding</i>		4,862,015	243,101
4. <i>Less stable retail deposits and less stable small business funding</i>		77,628,452	7,762,845
5. <i>Retail term deposits and small business term funding</i>		94,356,826	4,717,841
6. Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:		157,576,478	91,404,172
7. <i>Operational deposits</i>		-	-
8. <i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>		153,349,895	87,177,589
9. <i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>		4,226,583	4,226,583
10. Secured funding transactions (including securities swap transactions)			14,403,686
11. Additional requirements, of which:		94,429,289	18,075,208
12. <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>		59,498,041	13,200,253
13. <i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>		-	-
14. <i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>		34,931,248	4,874,955
15. Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows		4,272,563	4,272,563
16. Other contingent funding obligations (whether contractual or non-contractual)		37,686,972	659,335
17. TOTAL CASH OUTFLOWS			141,538,751
C. CASH INFLOWS			
18. Secured lending transactions (including securities swap transactions)		-	-
19. Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions		135,421,175	75,385,001
20. Other cash inflows		9,990,056	9,986,054
21. TOTAL CASH INFLOWS		145,411,231	85,371,055
D. LIQUIDITY COVERAGE RATIO			
			ADJUSTED VALUE
22. TOTAL HQLA			78,936,312
23. TOTAL NET CASH OUTFLOWS			56,229,523
24. LCR (%)			144.54%

2017 first quarter:

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 31 March 2017 : (73)		Currency: (HKD '000)	
Basis of disclosure: Hong Kong office		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
A. HIGH QUALITY LIQUID ASSETS			
1. Total high quality liquid assets (HQLA)			78,056,291
B. CASH OUTFLOWS			
2. Retail deposits and small business funding, of which:		173,453,489	12,325,352
3. <i>Stable retail deposits and stable small business funding</i>		4,741,997	237,100
4. <i>Less stable retail deposits and less stable small business funding</i>		73,053,562	7,305,356
5. <i>Retail term deposits and small business term funding</i>		95,657,930	4,782,896
6. Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:		147,556,091	85,472,833
7. <i>Operational deposits</i>		-	-
8. <i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>		144,984,738	82,901,480
9. <i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>		2,571,353	2,571,353
10. Secured funding transactions (including securities swap transactions)			12,841,233
11. Additional requirements, of which:		84,597,780	15,570,187
12. <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>		47,875,237	10,793,975
13. <i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>		-	-
14. <i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>		36,722,543	4,776,212
15. Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows		6,886,702	6,886,702
16. Other contingent funding obligations (whether contractual or non-contractual)		31,484,040	666,227
17. TOTAL CASH OUTFLOWS			133,762,534
C. CASH INFLOWS			
18. Secured lending transactions (including securities swap transactions)		-	-
19. Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions		113,035,671	62,043,647
20. Other cash inflows		10,496,089	10,459,648
21. TOTAL CASH INFLOWS		123,531,760	72,503,295
D. LIQUIDITY COVERAGE RATIO			
			ADJUSTED VALUE
22. TOTAL HQLA			78,056,291
23. TOTAL NET CASH OUTFLOWS			61,259,239
24. LCR (%)			131.96%

Section B - Bank Information (Consolidated basis)

I Consolidated balance sheet items and financial ratios

	30 Jun 2017 CNY million (Unaudited)	31 Dec 2016 CNY million	Variance %
Total loans and advances	4,270,542	4,009,046	+6.52
Total customer deposits	4,938,694	4,728,589	+4.44
Total assets	8,930,838	8,403,166	+6.28
Total liabilities	8,282,430	7,770,759	+6.58
Shareholders' equity	643,250	629,142	+2.24
Capital adequacy ratio	13.86%	14.02%	-0.16

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

	30 Jun 2017 (6 months) CNY million (Unaudited)	30 Jun 2016 (6 months) CNY million (Unaudited)	Variance %
Pre-tax profit	47,355	48,497	-2.35

Wang Feng
Bank of Communications Co., Ltd. Hong Kong Branch
Chief Executive
29 September 2017