

REGULATORY DISCLOSURE STATEMENT

30 June 2020 (Unaudited)

Syndicated
Loan

Debt Securities
Underwriting

創造共同價值
Create Shared Value

CNH Treasury
Products

Cross Border
Cash
Management
Services

Cross
Border
Synergistic
Business

Bank of Communications Co., Ltd. Hong Kong Branch

Unit B B/F & G/F, Unit C G/F, 1-3/F, 16/F Rm01 & 18/F Wheelock House, 20 Pedder Street, Central, Hong Kong
www.bankcomm.com.hk

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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”).

SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)

I. Profit and loss information

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

II. Balance sheet information

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

III. Additional balance sheet information

(i) Loans and receivables

| | 30 Jun 2020 | 31 Dec 2019 |
|--|--------------------|-------------|
| | HK\$'000 | HK\$'000 |
| Loans and receivables | | |
| Loans and advances to customers | 170,691,893 | 149,482,498 |
| Loans and advances to banks | – | – |
| Accrued interest and other accounts | 24,227,714 | 14,463,559 |
| | 194,919,607 | 163,946,057 |
| Less: Impairment allowances for impaired loans and receivables | | |
| Stage 1 and Stage 2 provision for Expected Credit Loss (“ECL”) | | |
| – for loans and advances to customers | (303,333) | (541,367) |
| – for loans and advances to banks | – | – |
| – for accrued interest and other accounts | (6,670) | (6,229) |
| Stage 3 provision for ECL | | |
| – for loans and advances to customers | (373,998) | (253,430) |
| – for accrued interest and other accounts | (126,150) | (116,922) |
| | (810,151) | (917,948) |
| | 194,109,456 | 163,028,109 |

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

(ii)(a) Impaired loans and advances

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

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

III. Additional balance sheet information (Continued)

(ii)(b) Impaired loans and advances by geographical area

| | 30 Jun 2020 | 31 Dec 2019 |
|----------------------------|--------------------|-------------|
| | HK\$'000 | HK\$'000 |
| Hong Kong | 2,580,140 | 205,811 |
| People's Republic of China | 154,654 | 155,272 |
| Other countries | 13,246 | 34,542 |
| | 2,748,040 | 395,625 |

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

(ii)(c) Market value of collateral related to impaired loans and advances to customers

| | 30 Jun 2020 | 31 Dec 2019 |
|--|--------------------|-------------|
| | HK\$'000 | HK\$'000 |
| Market value of collateral related to impaired loans and advances to customers | 2,536,519 | 187,059 |

(iii) Trade bills

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

(iv) Investment securities

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

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

III. Additional balance sheet information (Continued)

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

| | 30 Jun 2020 HK\$'000 | % of secured loans and advances | 31 Dec 2019 HK\$'000 | % of secured loans and advances |
|--|-------------------------|---------------------------------------|-------------------------|---------------------------------------|
| Loans and advances for use in Hong Kong | | | | |
| Industrial, commercial and financial: | | | | |
| – Property development | 21,179,537 | 20.15 | 17,163,608 | 17.61 |
| – Property investment | 9,751,646 | 86.63 | 7,079,585 | 84.97 |
| – Financial concerns | 45,399,788 | 2.21 | 38,797,309 | 1.88 |
| – Stockbrokers | 2,153,839 | 5.20 | 2,401,477 | 5.60 |
| – Wholesale and retail trade | 2,474,390 | 29.60 | 2,282,763 | 27.42 |
| – Manufacturing | 9,120,383 | 6.63 | 7,647,616 | 1.81 |
| – Transport and transport equipment | 4,056,613 | 58.13 | 2,752,681 | 37.28 |
| – Recreational activities | 775,033 | – | 778,147 | – |
| – Information technology | 416,317 | 6.92 | 418,673 | 7.07 |
| – Others | 22,061,205 | 36.16 | 26,457,531 | 33.42 |
| Individuals: | | | | |
| – Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme | – | – | – | – |
| – Loans for the purchase of other residential properties | – | – | – | – |
| – Credit card advances | – | – | – | – |
| – Others | – | – | – | – |
| Sub-total | 117,388,751 | | 105,779,390 | |
| Trade finance | 2,443,591 | 18.10 | 1,149,902 | 16.28 |
| Loans and advances for use outside Hong Kong | 50,859,551 | 22.30 | 42,553,206 | 27.08 |
| Total | 170,691,893 | 21.86 | 149,482,498 | 21.59 |

III. Additional balance sheet information (Continued)

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

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

The gross amount of loans and advances to customers by countries or geographical segment is in accordance with the location of the counterparties after taking into account the transfer of risk. In general, a transfer of risk arises if the loans or advances of a customer are guaranteed by a party in a country which is different from that of the customer. Countries or geographical segment, constituting 10% or more of the Branch's total amount of loans and advances to customers after taking into account any recognized risk transfer, are disclosed above.

(vi) International claims

The information on international claims are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Countries or geographical segments, constituting 10% or more of the Branch's total international claims after taking into account any recognized risk transfer, are disclosed below.

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

III. Additional balance sheet information (Continued)

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

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

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

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

III. Additional balance sheet information (Continued)

(vii)(b) Overdue assets

| | 30 Jun 2020 HK\$'000 | % of trade bills | 31 Dec 2019 HK\$'000 | % of trade bills |
|--|-------------------------|---------------------|-------------------------|---------------------|
| Gross trade bills that have been overdue for periods of: | | | | |
| More than 3 months but not more than 6 months | – | – | – | – |
| More than 6 months but not more than 1 year | – | – | – | – |
| More than 1 year | 11,549 | 0.12 | 11,584 | 0.10 |
| | 11,549 | 0.12 | 11,584 | 0.10 |

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

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

(vii)(c) Rescheduled loans

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

(vii)(d) Repossessed assets

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

III. Additional balance sheet information (Continued)

(viii) Non-bank Mainland exposures

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

| | On-balance sheet exposures HK\$'000 | Off-balance sheet exposures HK\$'000 | Total exposures HK\$'000 |
|--|---|--|--------------------------------|
| As at 30 Jun 2020 | | | |
| 1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs") | 78,645,161 | 12,232,933 | 90,878,094 |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | 5,813,609 | 684,564 | 6,498,173 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 25,848,000 | 3,399,684 | 29,247,684 |
| 4. Other entities of central government not reported in item 1 above | – | – | – |
| 5. Other entities of local governments not reported in item 2 above | 500,196 | – | 500,196 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 4,359,592 | – | 4,359,592 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | – | – | – |
| Total | 115,166,558 | 16,317,181 | 131,483,739 |
| Total assets after provisions | 534,956,467 | | |
| On-balance sheet exposures as percentage of total assets | 21.53% | | |

III. Additional balance sheet information (Continued)

(viii) Non-bank Mainland exposures (Continued)

| | On-balance sheet exposures HK\$'000 | Off-balance sheet exposures HK\$'000 | Total exposures HK\$'000 |
|--|---|--|--------------------------------|
| As at 31 Dec 2019 | | | |
| 1. Central government, central government-owned entities and their subsidiaries and JVs | 85,420,438 | 14,560,078 | 99,980,516 |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | 7,431,159 | 2,722,870 | 10,154,029 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 21,984,315 | 3,438,804 | 25,423,119 |
| 4. Other entities of central government not reported in item 1 above | – | – | – |
| 5. Other entities of local governments not reported in item 2 above | 600,731 | 74,660 | 675,391 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 539,025 | – | 539,025 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | – | – | – |
| Total | 115,975,668 | 20,796,412 | 136,772,080 |
| Total assets after provisions | 496,759,223 | | |
| On-balance sheet exposures as percentage of total assets | 23.35% | | |

III. Additional balance sheet information (Continued)

(ix) Foreign currency exposures

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

| Equivalent in millions of HK\$ | Chinese Renminbi | US Dollars | Total |
|---------------------------------------|-------------------------|-------------------|------------------|
| As at 30 Jun 2020 | | | |
| Spot assets | 39,849 | 308,272 | 348,121 |
| Spot liabilities | (73,364) | (219,439) | (292,803) |
| Forward purchases | 129,747 | 187,510 | 317,257 |
| Forward sales | (93,805) | (271,082) | (364,887) |
| Net options position* | 221 | (192) | 29 |
| Net long (short) position | 2,648 | 5,069 | 7,717 |
| As at 31 Dec 2019 | | | |
| Spot assets | 31,375 | 259,119 | 290,494 |
| Spot liabilities | (66,340) | (213,115) | (279,455) |
| Forward purchases | 122,028 | 192,247 | 314,275 |
| Forward sales | (82,628) | (239,235) | (321,863) |
| Net options position* | (288) | 288 | – |
| Net long (short) position | 4,147 | (696) | 3,451 |

* Delta equivalent approach is adopted.

Except for the above foreign currencies, we do not disclose other foreign currency exposures arising from trading and non-trading positions, which constitutes less than 10% of the total net position in all foreign currencies as above. There is no net structural position in any foreign currencies.

IV. Off-balance sheet exposures

(i) Contingent liabilities and commitments

| | 30 Jun 2020 | 31 Dec 2019 |
|-----------------------------|--------------------|-------------|
| | HK\$'000 | HK\$'000 |
| | Contract | Contract |
| | amount | amount |
| Direct credit substitutes | 9,401,117 | 10,493,692 |
| Trade related contingencies | 3,619,964 | 6,529,968 |
| Others commitments | 67,150,602 | 59,331,828 |
| Others | 775,033 | – |
| | 80,946,716 | 76,355,488 |

(ii) Derivatives

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

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

V. Liquidity information

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

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

The Branch's LCR and HKD HQLA Level 1 LCR are above the regulatory requirement for the period.

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

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

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

Level 1 HQLA is the major component of the Branch's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills / Notes and unencumbered sovereign bonds. The Branch also holds a portion of Level 2 HQLA, which include corporate bonds with high credit rating. The main drivers of net cash outflows are wholesale funding and loans during the quarter. Deposit is the major funding source of the Branch, other funding source include certificates of deposit and medium term notes etc.

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

The Branch's HKD LCR is above the regulatory requirement for the period. The Branch holds Level 1 HQLA denominated in foreign currencies (mainly CNY and USD) to cover respective LCR net cash outflow in foreign currency. The foreign currency LCR mismatch is bolstered mainly by our HKD-denominated HQLA through FX contracts. The Branch has established internal monitoring limit on LCR for foreign major currencies according to LM-1 issued by the HKMA.

The Branch has established internal limit and management action trigger level on LCR and NSFR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite. The Branch's daily liquidity management is governed by liquidity management requirement of head office and there is considerable level of interaction between members of the parent group. The Branch submits liquidity management reports to head office regularly and participates in the group liquidity stress test.

V. Liquidity information (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2020 Second quarter:

| Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 Jun 2020: (71) | | HK\$'000 | |
|--|--|-------------------------------|-----------------------------|
| | | Unweighted value (average) | Weighted value (average) |
| Basis of disclosure: Hong Kong office | | | |
| A. HQLA | | | |
| 1. | Total HQLA | | 97,805,112 |
| B. Cash Outflows | | | |
| 2. | Retail deposits and small business funding, of which: | 2,044,422 | 186,934 |
| 3. | <i>Stable retail deposits and stable small business funding</i> | 138,042 | 6,902 |
| 4. | <i>Less stable retail deposits and less stable small business funding</i> | 1,694,253 | 169,426 |
| 4a. | <i>Retail term deposits and small business term funding</i> | 212,127 | 10,606 |
| 5. | Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which: | 236,540,096 | 125,594,512 |
| 6. | <i>Operational deposits</i> | 8,845,888 | 2,178,846 |
| 7. | <i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i> | 222,376,978 | 118,098,436 |
| 8. | <i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i> | 5,317,230 | 5,317,230 |
| 9. | Secured funding transactions (including securities swap transactions) | | 535,993 |
| 10. | Additional requirements, of which: | 40,431,595 | 8,496,624 |
| 11. | <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i> | 12,589,695 | 4,715,163 |
| 12. | <i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i> | – | – |
| 13. | <i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i> | 27,841,900 | 3,781,461 |
| 14. | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows | 9,054,633 | 9,054,633 |
| 15. | Other contingent funding obligations (whether contractual or non-contractual) | 38,078,973 | 640,331 |
| 16. | Total Cash Outflows | | 144,509,027 |
| C. Cash Inflows | | | |
| 17. | Secured lending transactions (including securities swap transactions) | – | – |
| 18. | Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions | 137,026,727 | 77,332,247 |
| 19. | Other cash inflows | 6,109,147 | 6,109,147 |
| 20. | Total Cash Inflows | 143,135,874 | 83,441,394 |
| D. Liquidity Coverage Ratio | | | Adjusted value |
| 21. | Total HQLA | | 97,805,112 |
| 22. | Total Net Cash Outflows | | 61,067,633 |
| 23. | LCR (%) | | 161.95% |

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2020 Second quarter end:

| Basis of disclosure: Hong Kong office | | Unweighted value by residual maturity | | | | Weighted amount HK\$'000 |
|---|---|---------------------------------------|-----------------------------------|-------------------------|-------------------|-----------------------------|
| | | No specified term to maturity | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| A. Available stable funding ("ASF") item | | | | | | |
| 1. | Capital: | – | – | – | – | – |
| 2. | Regulatory capital | – | – | – | – | – |
| 2a. | Minority interests not covered by row 2 | – | – | – | – | – |
| 3. | Other capital instruments | – | – | – | – | – |
| 4. | Retail deposits and small business funding: | – | 1,942,520 | 28,530 | – | 1,780,668 |
| 5. | Stable deposits | – | 133,468 | 1,005 | – | 127,749 |
| 6. | Less stable deposits | – | 1,809,052 | 27,525 | – | 1,652,919 |
| 7. | Wholesale funding: | – | 370,995,758 | 28,451,192 | 6,985,021 | 178,483,195 |
| 8. | Operational deposits | – | 11,012,818 | – | – | 5,506,409 |
| 9. | Other wholesale funding | – | 359,982,940 | 28,451,192 | 6,985,021 | 172,976,786 |
| 10. | Liabilities with matching interdependent assets | – | – | – | – | – |
| 11. | Other liabilities: | 896,041 | 12,710,922 | 17,464,869 | 80,991,070 | 89,723,505 |
| 12. | Net derivative liabilities | – | – | – | – | – |
| 13. | All other funding and liabilities not included in the above categories | 896,041 | 12,710,922 | 17,464,869 | 80,991,070 | 89,723,505 |
| 14. | Total ASF | – | – | – | – | 269,987,368 |
| B. Required stable funding ("RSF") item | | | | | | |
| 15. | Total HQLA for NSFR purposes | – | 26,005,022 | 22,611,760 | 59,541,576 | 13,171,785 |
| 16. | Deposits held at other financial institutions for operational purposes | – | – | – | – | – |
| 17. | Performing loans and securities: | 51,520,567 | 177,496,346 | 39,346,045 | 133,188,624 | 216,164,809 |
| 18. | Performing loans to financial institutions secured by Level 1 HQLA | – | – | – | – | – |
| 19. | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 17,832,103 | 165,236,164 | 21,980,965 | 16,870,785 | 73,846,821 |

V. Liquidity information (Continued)

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

2020 Second quarter end (Continued):

| Basis of disclosure: Hong Kong office | | Unweighted value by residual maturity | | | | Weighted amount HK\$'000 |
|---------------------------------------|--|---------------------------------------|-----------------------------------|-------------------------|-------------------|-----------------------------|
| | | No specified term to maturity | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| 20. | <i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i> | 33,688,464 | 11,461,643 | 8,752,063 | 69,611,171 | 97,911,543 |
| 21. | <i>With a risk-weight of less than or equal to 35% under the STC approach</i> | – | – | – | – | – |
| 22. | <i>Performing residential mortgages, of which:</i> | – | 2,899 | 2,830 | 72,521 | 64,507 |
| 23. | <i>With a risk-weight of less than or equal to 35% under the STC approach</i> | – | – | – | – | – |
| 24. | <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i> | – | 795,640 | 8,610,187 | 46,634,147 | 44,341,938 |
| 25. | Assets with matching interdependent liabilities | – | – | – | – | – |
| 26. | Other assets: | 22,966,026 | 1,370,031 | – | – | 9,994,291 |
| 27. | <i>Physical traded commodities, including gold</i> | – | – | – | – | – |
| 28. | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i> | 3,902,152 | – | – | – | 3,316,829 |
| 29. | <i>Net derivative assets</i> | 1,162,679 | – | – | – | 1,162,679 |
| 30. | <i>Total derivative liabilities before deduction of variation margin posted</i> | 13,308,634 | – | – | – | 665,432 |
| 31. | <i>All other assets not included in the above categories</i> | 4,592,561 | 1,370,031 | – | – | 4,849,351 |
| 32. | Off-balance sheet items | – | 129,250 | 95,406 | 79,947,027 | 1,554,567 |
| 33. | Total RSF | – | – | – | – | 240,885,452 |
| 34. | Net Stable Funding Ratio (%) | – | – | – | – | 112.08% |

V. Liquidity information (Continued)

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

2020 First quarter end:

| Basis of disclosure: Hong Kong office | | Unweighted value by residual maturity | | | | Weighted amount HK\$'000 |
|---|--|---------------------------------------|-----------------------------------|-------------------------|-------------------|-----------------------------|
| | | No specified term to maturity | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| A. Available stable funding ("ASF") item | | | | | | |
| 1. | Capital: | – | – | – | – | – |
| 2. | <i>Regulatory capital</i> | – | – | – | – | – |
| 2a. | <i>Minority interests not covered by row 2</i> | – | – | – | – | – |
| 3. | <i>Other capital instruments</i> | – | – | – | – | – |
| 4. | Retail deposits and small business funding: | – | 2,001,857 | 19,312 | – | 1,825,844 |
| 5. | <i>Stable deposits</i> | – | 135,827 | – | – | 129,036 |
| 6. | <i>Less stable deposits</i> | – | 1,866,030 | 19,312 | – | 1,696,808 |
| 7. | Wholesale funding: | – | 374,767,942 | 13,761,837 | 21,663,214 | 187,193,650 |
| 8. | <i>Operational deposits</i> | – | 6,940,917 | – | – | 3,470,459 |
| 9. | <i>Other wholesale funding</i> | – | 367,827,025 | 13,761,837 | 21,663,214 | 183,723,191 |
| 10. | Liabilities with matching interdependent assets | – | – | – | – | – |
| 11. | Other liabilities: | 1,093,164 | 21,829,962 | 13,618,574 | 82,955,888 | 89,765,175 |
| 12. | <i>Net derivative liabilities</i> | – | – | – | – | – |
| 13. | <i>All other funding and liabilities not included in the above categories</i> | 1,093,164 | 21,829,962 | 13,618,574 | 82,955,888 | 89,765,175 |
| 14. | Total ASF | – | – | – | – | 278,784,669 |
| B. Required stable funding ("RSF") item | | | | | | |
| 15. | Total HQLA for NSFR purposes | – | 28,702,414 | 29,185,969 | 69,735,923 | 16,403,938 |
| 16. | Deposits held at other financial institutions for operational purposes | – | – | – | – | – |
| 17. | Performing loans and securities: | 51,993,709 | 172,205,415 | 28,462,104 | 144,314,900 | 219,623,789 |
| 18. | <i>Performing loans to financial institutions secured by Level 1 HQLA</i> | – | – | – | – | – |
| 19. | <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i> | 16,551,747 | 164,057,989 | 20,113,023 | 25,471,058 | 80,232,602 |

V. Liquidity information (Continued)

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

2020 First quarter end (Continued):

| Basis of disclosure: Hong Kong office | | Unweighted value by residual maturity | | | | Weighted amount HK\$'000 |
|---------------------------------------|--|---------------------------------------|-----------------------------------|-------------------------|-------------------|-----------------------------|
| | | No specified term to maturity | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| 20. | <i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i> | 35,441,962 | 7,154,903 | 6,395,687 | 72,511,366 | 98,535,624 |
| 21. | <i>With a risk-weight of less than or equal to 35% under the STC approach</i> | – | – | – | – | – |
| 22. | <i>Performing residential mortgages, of which:</i> | – | 2,619 | 2,672 | 74,345 | 65,839 |
| 23. | <i>With a risk-weight of less than or equal to 35% under the STC approach</i> | – | – | – | – | – |
| 24. | <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i> | – | 989,904 | 1,950,722 | 46,258,131 | 40,789,724 |
| 25. | <i>Assets with matching interdependent liabilities</i> | – | – | – | – | – |
| 26. | <i>Other assets:</i> | 23,736,909 | 455,421 | – | – | 11,665,972 |
| 27. | <i>Physical traded commodities, including gold</i> | – | – | – | – | – |
| 28. | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i> | 3,537,897 | – | – | – | 3,007,212 |
| 29. | <i>Net derivative assets</i> | 1,765,807 | – | – | – | 1,765,807 |
| 30. | <i>Total derivative liabilities before deduction of variation margin posted</i> | 12,219,864 | – | – | – | 610,993 |
| 31. | <i>All other assets not included in the above categories</i> | 6,213,341 | 455,421 | – | – | 6,281,960 |
| 32. | <i>Off-balance sheet items</i> | – | 139,680 | 64,696 | 77,323,526 | 1,510,535 |
| 33. | Total RSF | – | – | – | – | 249,204,234 |
| 34. | Net Stable Funding Ratio (%) | – | – | – | – | 111.87% |

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

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

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

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

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