

Financial Information Disclosure Statement
As at 30 June 2016
(Unaudited)

Section A - Branch Information (Hong Kong Offices only)

I. Profit and loss information	30 Jun 2016 (6 months) HKD'000	30 Jun 2015 (6 months) HKD'000	Variance %
Interest income	5,561,070	8,263,279	-32.70
Interest expense	<u>(3,205,032)</u>	<u>(5,186,710)</u>	+38.21
Net interest income	2,356,038	3,076,569	-23.42
Commission and fees income	872,377	828,490	+5.30
Commission and fees expenses	<u>(48,760)</u>	<u>(52,892)</u>	+7.81
Net commission and fees income	823,617	775,598	+6.19
- Gains less losses arising from trading in foreign currencies	1,035,471	7,252	+14178.42
- Gains less losses on securities held for trading purposes	197,619	17,527	+1027.51
- Gains less losses from other trading activities	124,416	(55,209)	+325.35
- Others	37,818	(123,014)	+130.74
Other operating gains less losses	<u>1,395,324</u>	<u>(153,444)</u>	+1009.34
	4,574,979	3,698,723	+23.69
Operating expenses			
Staff and rental expenses	(786,739)	(697,957)	-12.72
Other operating expenses	(399,500)	(302,021)	-32.28
(Charge)/write back of impairment losses and allowances for impaired loans and receivables	(244,431)	28,545	-956.30
Gains less losses from revaluation of investment properties	<u>12,054</u>	<u>16,731</u>	-27.95
Profit before taxation	3,156,363	2,744,021	+15.03
Tax expense	<u>(434,124)</u>	<u>(875,258)</u>	+50.40
Profit after taxation	<u>2,722,239</u>	<u>1,868,763</u>	+45.67
II. Balance sheet information	30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
Assets			
Cash and balances with banks	39,276,454	31,169,554	+26.01
Amount due from Exchange Fund repayable or callable within one month	4,127,805	26,476,732	-84.41
Placements with banks with residual maturity between one and twelve months	32,168,389	49,175,398	-34.58
Amount due from overseas offices	30,868,199	74,330,537	-58.47
Trade bills	55,098,038	52,271,513	+5.41
Certificates of deposit held	45,158,178	28,135,297	+60.50
Securities held for trading purposes	15,452,115	13,044,239	+18.46
Loans and receivables	189,250,050	187,393,022	+0.99
Investment securities	98,336,587	83,326,428	+18.01
Other investments	236,068	236,142	-0.03
Property, plant and equipment and investment properties	682,238	697,560	-2.20
Total assets	<u>510,654,121</u>	<u>546,256,422</u>	-6.52
Liabilities			
Deposits and balances from banks	70,183,380	63,285,919	+10.90
Deposits from customers - Demand deposits and current accounts	13,304,087	11,468,775	+16.00
- Saving deposits	75,601,724	65,354,903	+15.68
- Time, call and notice deposits	250,622,586	303,423,731	-17.40
Amount due to overseas offices	20,179,682	29,651,314	-31.94
Certificates of deposit issued	17,235,267	26,186,248	-34.18
Debt securities issued	22,860,492	18,909,543	+20.89
Other liabilities	40,582,811	27,905,250	+45.43
Provisions	84,092	70,739	+18.88
Total liabilities	<u>510,654,121</u>	<u>546,256,422</u>	-6.52

III. Additional balance sheet information	30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
(i) Loans and receivables			
- Loans and advances to customers	170,938,228	170,372,492	+0.33
- Accrued interest and other accounts	<u>19,357,298</u>	<u>17,986,335</u>	+7.62
	<u>190,295,526</u>	<u>188,358,827</u>	+1.03
Less: Impairment allowances for impaired loans and receivables			
- Collective impairment allowances (for loans and advances to customers)	(895,413)	(728,620)	+22.89
- Individual impairment allowances (for loans and advances to customers)	(101,621)	(165,758)	-38.69
- Individual impairment allowances (for accrued interest)	(39,576)	(62,559)	-36.74
- Individual impairment allowances (for other accounts)	<u>(8,866)</u>	<u>(8,868)</u>	-0.02
	<u>(1,045,476)</u>	<u>(965,805)</u>	+8.25
	<u><u>189,250,050</u></u>	<u><u>187,393,022</u></u>	+0.99

No impairment allowance for loans and advances and other accounts is maintained at our head office as at 30 Jun 2016 and 31 Dec 2015.

(ii) (a) Impaired loans and advances			
Gross impaired loans and advances to customers	308,039	261,969	+17.59
As percentage of total loans and advances to customers	0.18	0.15	+0.03
Individual impairment allowances	101,621	165,758	-38.69

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	62,815	149,927	-58.10
People's Republic of China	<u>245,224</u>	<u>112,042</u>	+118.87
	<u><u>308,039</u></u>	<u><u>261,969</u></u>	+17.59

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	226,688	92,833	+144.19
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(iii) Trade bills			
Gross trade bills	55,372,363	52,492,630	+5.49
Less: Impairment allowances			
- Collective impairment allowances	(269,435)	(216,228)	+24.61
- Individual impairment allowances	<u>(4,890)</u>	<u>(4,889)</u>	+0.02
	<u>(274,325)</u>	<u>(221,117)</u>	+24.06
	<u><u>55,098,038</u></u>	<u><u>52,271,513</u></u>	+5.41

(iv) Investment securities			
Gross investment securities	99,033,733	84,021,103	+17.87
Less: Individual impairment allowances	<u>(697,146)</u>	<u>(694,675)</u>	+0.36
	<u><u>98,336,587</u></u>	<u><u>83,326,428</u></u>	+18.01

The amount of impairment allowances for investment securities maintained at our head office as at 30 Jun 2016 was CNY 53 million. (31 Dec 2015: CNY 52 million)

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

	30 Jun 2016 HKD'000	% of secured loans and advances	31 Dec 2015 HKD'000	% of secured loans and advances	Variance %
Loans and advances for use in Hong Kong					
Industrial, commercial and financial					
- Property development	7,870,173	13.35	8,347,439	32.31	-5.72
- Property investment	12,013,800	89.83	11,657,697	94.74	+3.05
- Financial concerns	33,033,528	12.85	21,837,332	19.38	+51.27
- Stockbrokers	4,845,342	21.88	3,757,615	33.27	+28.95
- Wholesale and retail trade	5,654,464	38.28	6,819,108	44.07	-17.08
- Manufacturing	4,461,772	19.43	4,104,517	9.45	+8.70
- Transport and transport equipment	4,241,250	72.46	5,494,695	87.13	-22.81
- Recreational activities	27,794	100.00	5,602	100.00	+396.14
- Information technology	505,183	-	30,456	-	+1558.73
- Others	17,011,654	16.65	24,595,344	31.47	-30.83
Individuals					
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	320,522	99.85	362,130	99.78	-11.49
- Loans for the purchase of other residential properties	16,106,744	100.00	16,066,069	100.00	+0.25
- Credit card advances	154,692	-	136,063	-	+13.69
- Others	8,269,835	74.54	9,385,591	78.72	-11.89
Sub-total	114,516,753		112,599,658		+1.70
Trade finance	2,209,786	9.81	4,208,185	17.04	-47.49
Loans and advances for use outside Hong Kong					
Total	170,938,228	33.72	170,372,492	38.95	+0.33

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

	30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
Hong Kong	78,079,549	82,075,093	-4.87
People's Republic of China	83,919,819	84,635,045	-0.85
Other countries	8,938,860	3,662,354	+144.07
	170,938,228	170,372,492	+0.33

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 2016</u>					
Developing Asia-Pacific	105,647	10,636	20,605	66,730	203,618
of which China	104,600	9,911	20,605	66,149	201,265
Developed countries	38,045	353	4,056	258	42,712
<u>As at 31 Dec 2015</u>					
Developing Asia-Pacific	133,348	9,915	12,415	67,441	223,119
of which China	132,553	9,231	12,415	66,897	221,096
Developed countries	28,685	40	2,412	270	31,407

(vii)(a) Overdue loans and advances to customers	30 Jun 2016 HKD'000	% of total loans and advances to customers	31 Dec 2015 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	2,824	-	12,773	0.01
More than 6 months but not more than one year	122,843	0.07	3,333	-
More than one year	41,406	0.02	128,181	0.08
	<u>167,073</u>	0.09	<u>144,287</u>	0.09
		30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
Market value of collateral held against the secured overdue loans and advances		116,571	7,849	+1385.17
Secured overdue loans and advances		86,626	7,849	+1003.66
Unsecured overdue loans and advances		80,447	136,438	-41.04
Individual impairment allowances		88,829	133,879	-33.65
Overdue loans and advances to customers by geographical area				
Hong Kong		56,503	142,849	-60.45
People's Republic of China		110,570	1,438	+7589.15
		<u>167,073</u>	<u>144,287</u>	+15.79

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 2016 HKD'000	% of trade bills	31 Dec 2015 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	-	-	-	-
More than 6 months but not more than one year	-	-	-	-
More than one year	4,890	0.01	4,889	0.01
	<u>4,890</u>	0.01	<u>4,889</u>	0.01
		% of debt securities		% of debt securities
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	598,346	0.37	610,239	0.49
	<u>598,346</u>	0.37	<u>610,239</u>	0.49
		30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
Secured overdue assets		-	-	-
Unsecured overdue assets		603,236	615,128	-1.93
Individual impairment allowances		702,036	699,564	+0.35
Overdue assets by geographical area				
Iceland		386,558	384,482	+0.54
United States		211,788	225,757	-6.19
Hong Kong		4,890	4,889	+0.02
		<u>603,236</u>	<u>615,128</u>	-1.93

(vii)(c) Rescheduled loans	30 Jun 2016 HKD'000	31 Dec 2015 HKD'000	Variance %
Rescheduled loans to customers net of overdue more than three months	513	567	-9.52
As percentage of total loans and advances to customers	0.01	0.01	-

(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 2016 and 31 Dec 2015.

(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 2016</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	58,215,128	2,740,462	60,955,590
2. Local governments, local government-owned entities and their subsidiaries and JVs	10,224,029	91,014	10,315,043
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	18,478,265	3,211,338	21,689,603
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	216,869	-	216,869
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,136,393	1,411,873	4,548,266
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>90,270,684</u>	<u>7,454,687</u>	<u>97,725,371</u>
Total assets after provisions	510,570,029		
On-balance sheet exposures as percentage of total assets	17.68%		
<u>As at 31 Dec 2015</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	55,486,554	2,614,729	58,101,283
2. Local governments, local government-owned entities and their subsidiaries and JVs	11,016,736	428,510	11,445,246
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	21,135,520	2,050,016	23,185,536
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	223,413	-	223,413
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,157,156	855,804	4,012,960
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>91,019,379</u>	<u>5,949,059</u>	<u>96,968,438</u>
Total assets after provisions	546,185,683		
On-balance sheet exposures as percentage of total assets	16.66%		

(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 2016</u>			
Spot assets	102,140	204,776	306,916
Spot liabilities	(85,681)	(185,913)	(271,594)
Forward purchases	230,505	293,069	523,574
Forward sales	(236,494)	(313,759)	(550,253)
Net options position*	175	(437)	(262)
Net long (short) position	<u>10,645</u>	<u>(2,264)</u>	<u>8,381</u>
<u>As at 31 Dec 2015</u>			
Spot assets	194,265	144,957	339,222
Spot liabilities	(96,892)	(185,901)	(282,793)
Forward purchases	272,631	415,803	688,434
Forward sales	(363,809)	(372,302)	(736,111)
Net options position*	(805)	805	-
Net long (short) position	<u>5,390</u>	<u>3,362</u>	<u>8,752</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 2016	31 Dec 2015	Variance %
		HKD'000 Contract amount	HKD'000 Contract amount	
	- Direct credit substitutes	5,845,460	5,714,155	+2.30
	- Trade related contingencies	4,570,257	4,685,582	-2.46
	- Others commitments	29,160,753	26,258,378	+11.05
	- Others	11,914,952	7,502,008	+58.82
		<u>51,491,422</u>	<u>44,160,123</u>	+16.60
(ii)	Derivatives	Contract amount HKD'000	Fair value assets HKD'000	Fair value liabilities HKD'000
	<u>As at 30 Jun 2016</u>			
	Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	613,346,628	6,373,368	6,852,301
	Interest rate contracts	394,011,947	2,185,561	3,673,419
	Others	12,157	365	478
		<u>1,007,370,732</u>	<u>8,559,294</u>	<u>10,526,198</u>
	<u>As at 31 Dec 2015</u>			
	Exchange rate and gold contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	794,330,169	9,185,130	8,087,305
	Interest rate contracts	334,452,833	1,845,522	2,376,441
	Others	5,264	67	108
		<u>1,128,788,266</u>	<u>11,030,719</u>	<u>10,463,854</u>

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

V. Liquidity information

		30 Jun 2016 (6 months)	30 Jun 2015 (6 months)
Average liquidity coverage ratio	- First quarter	145.79%	115.13%
	- Second quarter	132.54%	154.01%
Average liquidity coverage ratio for the period		139.03%	134.30%

The Branch's average LCR for the first two quarters of year 2016 is 139.03%, which is above the regulatory requirement of 70%.

In the first two quarters of 2016, the Branch's average LCR increased compared with the corresponding period last year. It was due to the decrease in long-term core asset and increase in liquefiable assets.

In the first quarter of 2016, the Branch's LCR maintained at relatively high level as the long-term core asset decreased. The Branch started to optimize its balance sheet structure to decrease idle fund which reduced average LCR in the second quarter of 2016.

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.

The majority of the Branch's HQLA consists of HKD Level 1 HQLA. The average HKD level 1 HQLA to HKD net cash outflow ratio in the first two quarters of 2016 is 132.73%, which is above the regulatory requirement of 20%.

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 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 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 within the Bank Group, the Branch performs regular funding transfer with Head Office, branches and subsidiaries 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 metrics and limits, 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

2016 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 2016 : (74)		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)			85,623,217
B. CASH OUTFLOWS			
2. Retail deposits and small business funding, of which:		146,777,928	10,779,298
3. <i>Stable retail deposits and stable small business funding</i>		4,728,088	236,404
4. <i>Less stable retail deposits and less stable small business funding</i>		68,808,037	6,880,804
5. <i>Retail term deposits and small business term funding</i>		73,241,803	3,662,090
6. Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:		150,989,077	89,941,963
7. <i>Operational deposits</i>		-	-
8. <i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>		148,832,718	87,785,604
9. <i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>		2,156,359	2,156,359
10. Secured funding transactions (including securities swap transactions)			7,669,861
11. Additional requirements, of which:		64,913,353	12,376,392
12. <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>		35,564,376	8,426,406
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>		29,348,977	3,949,986
15. Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows		4,058,883	4,058,883
16. Other contingent funding obligations (whether contractual or non-contractual)		29,452,093	682,707
17. TOTAL CASH OUTFLOWS			125,509,104
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		106,513,438	53,177,653
20. Other cash inflows		7,097,173	7,089,431
21. TOTAL CASH INFLOWS		113,610,611	60,267,084
D. LIQUIDITY COVERAGE RATIO			
22. TOTAL HQLA			85,623,217
23. TOTAL NET CASH OUTFLOWS			65,242,020
24. LCR (%)			132.54%

2016 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 2016 : (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)			92,029,144
B. CASH OUTFLOWS			
2. Retail deposits and small business funding, of which:		152,862,117	11,173,565
3. <i>Stable retail deposits and stable small business funding</i>		4,773,732	238,687
4. <i>Less stable retail deposits and less stable small business funding</i>		70,609,175	7,060,917
5. <i>Retail term deposits and small business term funding</i>		77,479,210	3,873,961
6. Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:		163,352,404	97,594,561
7. <i>Operational deposits</i>		-	-
8. <i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>		159,174,596	93,416,753
9. <i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>		4,177,808	4,177,808
10. Secured funding transactions (including securities swap transactions)			7,651,397
11. Additional requirements, of which:		54,682,862	11,886,856
12. <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>		26,774,836	6,652,618
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>		27,908,026	5,234,238
15. Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows		7,936,082	7,936,082
16. Other contingent funding obligations (whether contractual or non-contractual)		25,305,159	661,015
17. TOTAL CASH OUTFLOWS			136,903,476
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		124,654,003	61,465,232
20. Other cash inflows		7,811,143	7,803,864
21. TOTAL CASH INFLOWS		132,465,146	69,269,096
D. LIQUIDITY COVERAGE RATIO			
22. TOTAL HQLA			92,029,144
23. TOTAL NET CASH OUTFLOWS			67,680,387
24. LCR (%)			145.79%

Section B - Bank Information (Consolidated basis)

I Consolidated balance sheet items and financial ratios

	30 Jun 2016 CNY million (Unaudited)	31 Dec 2015 CNY million	Variance %
Total loans and advances	3,891,431	3,634,568	+7.07
Total customer deposits	4,734,627	4,484,814	+5.57
Total assets	7,956,322	7,155,362	+11.19
Total liabilities	7,400,828	6,617,270	+11.84
Shareholders' equity	552,515	534,885	+3.30
Capital adequacy ratio	13.18%	13.49%	-0.31

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 2016 (6 months) CNY million (Unaudited)	30 Jun 2015 (6 months) CNY million (Unaudited)	Variance %
Pre-tax profit	48,497	48,289	+0.43

Shou Fu Gang
Bank of Communications Co., Ltd. Hong Kong Branch
Chief Executive
30 September 2016