



Bank of Communications Co., Ltd. Hong Kong Branch

(A joint stock company incorporated in the People's Republic of China with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 June 2023 (Unaudited)



CREATE SHARED VALUE
創造共同價值

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

Contents

	Page(s)
SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)	
I. Profit and loss information	2
II. Balance sheet information	3
III. Additional balance sheet information	4 - 12
IV. Off-balance sheet exposures	13
V. Liquidity information	14 - 19
SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)	
I. Consolidated balance sheet items and financial ratios	20

The following disclosures contained all disclosures required by the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”). Within this document, Mainland China excludes Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China and Taiwan.

SECTION A – BRANCH INFORMATION (HONG KONG OFFICES ONLY)

I. Profit and loss information

	30 Jun 2023 (6 months) HK\$'000	30 Jun 2022 (6 months) HK\$'000
Interest income	7,853,642	2,515,053
Interest expense	(5,550,165)	(1,680,232)
Net interest income	2,303,477	834,821
Commission and fees income	471,896	509,161
Commission and fees expenses	(15,547)	(25,069)
Net commission and fees income	456,349	484,092
Gains less losses arising from trading in foreign currencies	(24,078)	(141,841)
Gains less losses on securities held for trading purposes	(2,116)	(274,625)
Gains less losses from other trading activities	(221,617)	119,120
Others	21,116	401,660
Other operating gains less losses	(226,695)	104,314
	2,533,131	1,423,227
Operating expenses		
Staff and rental expenses	(711,355)	(625,109)
Other operating expenses	(272,613)	(254,034)
Write back of impairment allowances for loans and receivables	4,157	79,191
Charge of other impairment allowances	(2,515)	(37,354)
Gains less losses from disposal of tangible fixed assets	(1)	(447)
Gains less losses from revaluation of investment properties	(120)	–
Profit before taxation	1,550,684	585,474
Income tax expense	(288,700)	(81,691)
Profit after taxation	1,261,984	503,783

II. Balance sheet information

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Assets		
Cash and balances with banks	21,107,011	28,897,091
Amount due from Exchange Fund repayable or callable within one month	462,537	540,378
Placements with banks with residual maturity between one and twelve months	31,693,755	15,970,125
Amount due from overseas offices	53,643,084	54,613,312
Trade bills	2,002,503	2,267,885
Certificates of deposit held	1,307,577	1,678,977
Securities held for trading purposes	3,553,409	4,914,116
Loans and receivables	152,794,192	157,744,069
Investment securities	96,415,608	85,624,951
Other investments	760,598	556,406
Property, plant and equipment and investment properties	695,352	756,844
Total assets	364,435,626	353,564,154
Liabilities		
Amount due to Exchange Fund	40,000	55,000
Deposits and balances from banks	23,644,047	11,770,159
Deposits from customers		
– Demand deposits and current accounts	5,624,459	3,743,902
– Saving deposits	25,825,941	19,684,328
– Time, call and notice deposits	81,162,377	111,210,441
Amount due to overseas offices	54,102,466	44,407,069
Certificates of deposit issued	31,580,803	26,417,896
Debt securities issued	47,213,593	49,612,290
Other liabilities	95,107,444	86,494,102
Provisions	134,496	168,967
Total liabilities	364,435,626	353,564,154

III. Additional balance sheet information

(i) Loans and receivables

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Loans and receivables		
Loans and advances to customers	95,783,543	110,065,374
Loans and advances to banks	–	–
Accrued interest and other accounts	59,329,882	50,105,079
	155,113,425	160,170,453
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	(150,327)	(163,963)
– for loans and advances to banks	–	–
– for accrued interest and other accounts	(8,621)	(3,089)
Stage 3 provision for ECL		
– for loans and advances to customers	(2,094,104)	(2,126,082)
– for accrued interest and other accounts	(66,181)	(133,250)
	(2,319,233)	(2,426,384)
	152,794,192	157,744,069

No impairment allowance for loans and advances and other accounts is maintained at the Head Office as at 30 Jun 2023 and 31 Dec 2022.

(ii)(a) Impaired loans and advances

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Gross impaired loans and advances to customers	2,909,947	2,501,351
As percentage of total loans and advances to customers	3.04	2.27
Stage 3 provision for ECL	2,094,104	2,126,082

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 2023	31 Dec 2022
	HK\$'000	HK\$'000
Hong Kong	2,906,403	2,500,619
Mainland China	–	732
Other countries	3,544	–
	2,909,947	2,501,351

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 2023	31 Dec 2022
	HK\$'000	HK\$'000
Market value of collateral related to impaired loans and advances to customers	1,672,502	1,222,775

(iii) Trade bills

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Gross trade bills	2,017,220	2,288,869
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(6,397)	(12,354)
Stage 3 provision for ECL	(8,320)	(8,630)
	(14,717)	(20,984)
	2,002,503	2,267,885

(iv) Investment securities

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Gross investment securities	96,416,332	85,625,831
Less: Impairment allowances		
Stage 1 and Stage 2 provision for ECL	(724)	(880)
Stage 3 provision for ECL	–	–
	96,415,608	85,624,951

No impairment allowances for investment securities are maintained at the Head Office as at 30 Jun 2023 and 31 Dec 2022.

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 2023 HK\$'000	% of secured loans and advances	31 Dec 2022 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
– Property development	5,144,200	13.20	6,692,411	6.17
– Property investment	2,656,959	61.43	1,929,147	47.61
– Financial concerns	30,668,412	–	35,208,557	–
– Stockbrokers	2,616,561	–	4,693,203	–
– Wholesale and retail trade	798,887	26.27	1,143,328	25.17
– Manufacturing	3,441,324	3.62	3,616,743	3.33
– Transport and transport equipment	5,750,439	56.36	6,375,473	53.47
– Recreational activities	770,000	–	770,000	–
– Information technology	–	–	24,400	100.00
– Others	13,705,060	8.67	13,763,119	3.55
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	65,551,842		74,216,381	
Trade finance	642,479	46.76	891,384	48.01
Loans and advances for use outside Hong Kong	29,589,222	19.84	34,957,609	20.14
Total	95,783,543	13.83	110,065,374	11.93

III. Additional balance sheet information (Continued)

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

	30 Jun 2023	31 Dec 2022
	HK\$'000	HK\$'000
Hong Kong	78,726,933	87,124,293
Mainland China	10,252,950	16,176,555
Other countries	6,803,660	6,764,526
	95,783,543	110,065,374

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

(vi) International claims

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

Equivalent in millions of HK\$	Bank	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
As at 30 Jun 2023					
Developing Asia-Pacific	122,425	9,349	6,445	6,658	144,877
of which: Mainland China	121,049	7,541	6,445	6,658	141,693
Developed countries	15,520	5,258	21,397	6,604	48,779
Offshore centres	1,482	18,145	34,360	17,704	71,691
of which: Hong Kong	1,422	18,145	31,446	17,681	68,694
As at 31 Dec 2022					
Developing Asia-Pacific	110,926	11,467	9,234	9,122	140,749
of which: Mainland China	109,287	10,563	9,234	9,014	138,098
Developed countries	14,848	5,391	20,949	4,457	45,645
Offshore centres	3,002	11,285	38,049	20,088	72,424
of which: Hong Kong	2,592	11,285	35,043	20,088	69,008

III. Additional balance sheet information (Continued)

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

	30 Jun 2023	% of total loans and advances to customers	31 Dec 2022	% of total loans and advances to customers
	HK\$'000		HK\$'000	
Gross loans and advances to customers that have been overdue for periods of:				
More than 3 months but not more than 6 months	164,663	0.17	–	–
More than 6 months but not more than 1 year	323,544	0.34	–	–
More than 1 year	2,421,740	2.53	2,501,267	2.27
	2,909,947	3.04	2,501,267	2.27
			30 Jun 2023	31 Dec 2022
			HK\$'000	HK\$'000
Market value of collateral held against the secured overdue loans and advances			1,738,451	1,287,132
Secured overdue loans and advances			1,672,502	1,222,775
Unsecured overdue loans and advances			1,237,445	1,278,492
Stage 3 provision for ECL			2,094,104	2,125,998
Overdue loans and advances to customers by geographical area				
Hong Kong			2,906,403	2,500,535
Mainland China			–	732
Other countries			3,544	–
			2,909,947	2,501,267

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

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

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

III. Additional balance sheet information (Continued)

(vii)(b) Overdue assets

	30 Jun 2023 HK\$'000	% of trade bills	31 Dec 2022 HK\$'000	% of trade bills
Gross trade bills that have been overdue for periods of:				
More than 3 months but not more than 6 months	–	–	–	–
More than 6 months but not more than 1 year	–	–	–	–
More than 1 year	8,320	0.41	8,630	0.38
	8,320	0.41	8,630	0.38

There are no debt securities that have been overdue for more than 3 months as at 30 Jun 2023 and 31 Dec 2022.

	30 Jun 2023 HK\$'000	31 Dec 2022 HK\$'000
Secured overdue assets	–	–
Unsecured overdue assets	8,320	8,630
Stage 3 provision for ECL	8,320	8,630
Overdue assets by geographical area		
United States	–	349
Hong Kong	8,320	8,281
	8,320	8,630

(vii)(c) Rescheduled loans

There are no rescheduled loans to customers net of overdue more than 3 months as at 30 Jun 2023 and 31 Dec 2022.

(vii)(d) Repossessed assets

There are no repossessed assets held as at 30 Jun 2023 and 31 Dec 2022.

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 2023			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	46,900,245	7,215,716	54,115,961
2. Local governments, local government-owned entities and their subsidiaries and JVs	857,816	424,985	1,282,801
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,125,236	754,031	10,879,267
4. Other entities of central government not reported in item 1 above	146,188	88,115	234,303
5. Other entities of local governments not reported in item 2 above	–	32,848	32,848
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	334,833	–	334,833
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	58,364,318	8,515,695	66,880,013
Total assets after provisions	364,301,130		
On-balance sheet exposures as percentage of total assets	16.02%		

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 2022			
1. Central government, central government-owned entities and their subsidiaries and JVs	58,070,933	1,709,046	59,779,979
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,361,800	233,029	1,594,829
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,644,002	1,002,747	12,646,749
4. Other entities of central government not reported in item 1 above	182,884	57,417	240,301
5. Other entities of local governments not reported in item 2 above	–	85,337	85,337
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	295,086	–	295,086
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	71,554,705	3,087,576	74,642,281
Total assets after provisions	353,395,187		
On-balance sheet exposures as percentage of total assets	20.25%		

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 2023			
Spot assets	23,420	233,655	257,075
Spot liabilities	(68,213)	(197,611)	(265,824)
Forward purchases	162,088	206,090	368,178
Forward sales	(118,010)	(241,073)	(359,083)
Net options position*	4,175	(4,248)	(73)
Net long (short) position	3,460	(3,187)	273
As at 31 Dec 2022			
Spot assets	27,357	233,302	260,659
Spot liabilities	(49,515)	(184,387)	(233,902)
Forward purchases	149,692	181,528	331,220
Forward sales	(128,183)	(227,466)	(355,649)
Net options position*	767	(767)	–
Net long (short) position	118	2,210	2,328

* 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 2023	31 Dec 2022
	HK\$'000	HK\$'000
	Contract	Contract
	amount	amount
Direct credit substitutes	1,935,092	5,814,328
Trade related contingencies	6,376,060	9,541,114
Others commitments	33,424,052	35,440,793
Others	391,706	6,048,018
	42,126,910	56,844,253

(ii) Derivatives

	Contract	Fair value	Fair value
	amount	assets	liabilities
	HK\$'000	HK\$'000	HK\$'000
As at 30 Jun 2023			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	460,274,596	5,604,392	7,823,897
Interest rate contracts	1,315,255,072	35,815,371	33,421,262
Others	1,557,970	28,641	9,203
	1,777,087,638	41,448,404	41,254,362
As at 31 Dec 2022			
Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	428,138,698	5,341,721	5,937,888
Interest rate contracts	681,370,449	30,717,814	28,852,753
Others	22,613	–	–
	1,109,531,760	36,059,535	34,790,641

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

V. Liquidity information

	30 Jun 2023	30 Jun 2022*
Average liquidity coverage ratio ("LCR")		
– Second quarter	156.89%	162.61%
Average liquidity coverage ratio for the period	158.63%	154.36%
Net stable funding ratio ("NSFR")		
– First quarter end	117.33%	111.66%
– Second quarter end	113.13%	115.63%

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

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

The Branch's average LCR for the period was 158.63%. The Branch's NSFR for the quarter ends of first half of year 2023 were 117.33% and 113.13% respectively.

In the second quarter of year 2023, the Branch's LCR decreased as a result of decrease in customer deposit and increase in net MM placement maturing beyond LCR period.

In the second quarter end of year 2023, the Branch's NSFR decreased as a result of decrease in customer deposit.

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

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

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

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

V. Liquidity information (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2023 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 2023: (72)		HK\$'000	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: Hong Kong office			
A. HQLA			
1.	Total HQLA		61,398,827
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	1,640,272	146,659
3.	<i>Stable retail deposits and stable small business funding</i>	101,060	5,053
4.	<i>Less stable retail deposits and less stable small business funding</i>	1,292,915	129,291
4a.	<i>Retail term deposits and small business term funding</i>	246,297	12,315
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	104,883,181	64,663,912
6.	<i>Operational deposits</i>	4,448,652	1,083,808
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	96,443,813	59,589,388
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	3,990,716	3,990,716
9.	Secured funding transactions (including securities swap transactions)		354,697
10.	Additional requirements, of which:	19,791,826	6,062,944
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	6,644,839	4,315,720
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>	13,146,987	1,747,224
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	17,892,476	17,892,476
15.	Other contingent funding obligations (whether contractual or non-contractual)	37,949,383	413,834
16.	Total Cash Outflows		89,534,522
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	72,858,198	39,102,408
19.	Other cash inflows	30,188,607	10,589,337
20.	Total Cash Inflows	103,046,805	49,691,745
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		61,398,827
22.	Total Net Cash Outflows		39,842,777
23.	LCR (%)		156.89%

V. Liquidity information (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2023 Second quarter end:

Basis of disclosure: Hong Kong office	Unweighted value by residual maturity				Weighted amount HK\$'000	
	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
A. Available stable funding ("ASF") item						
1.	Capital:	–	–	–	–	
2.	<i>Regulatory capital</i>	–	–	–	–	
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	
3.	<i>Other capital instruments</i>	–	–	–	–	
4.	Retail deposits and small business funding:	–	1,552,718	37,893	2,870	1,439,538
5.	<i>Stable deposits</i>	–	102,365	–	–	97,247
6.	<i>Less stable deposits</i>	–	1,450,353	37,893	2,870	1,342,291
7.	Wholesale funding:	–	166,312,026	18,665,397	8,658,284	68,573,915
8.	<i>Operational deposits</i>	–	4,406,122	–	–	2,203,061
9.	<i>Other wholesale funding</i>	–	161,905,904	18,665,397	8,658,284	66,370,854
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	17,385,910	15,208,109	11,424,809	89,252,646	94,965,051
12.	<i>Net derivative liabilities</i>	16,417,042	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	968,868	15,208,109	11,424,809	89,252,646	94,965,051
14.	Total ASF	–	–	–	–	164,978,504
B. Required stable funding ("RSF") item						
15.	Total HQLA for NSFR purposes	–	29,273,698	9,989,193	31,060,632	9,129,173
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17.	Performing loans and securities:	30,866,202	117,957,908	23,384,298	63,426,036	123,856,019
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>	11,938,150	110,154,531	12,601,280	29,219,684	69,398,578

V. Liquidity information (Continued)

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

2023 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>	18,928,052	3,825,811	9,111,012	15,243,302	35,514,063
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>	–	1,632	–	10,992	10,159
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>	–	3,975,934	1,672,006	18,952,058	18,933,219
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	52,030,821	4,499,284	–	–	12,357,501
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>	9,381,648	–	–	–	7,974,401
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	40,354,108	–	–	–	2,017,705
31.	<i>All other assets not included in the above categories</i>	2,295,065	4,499,284	–	–	2,365,395
32.	<i>Off-balance sheet items</i>	–	–	3,259	41,731,945	484,194
33.	Total RSF	–	–	–	–	145,826,887
34.	Net Stable Funding Ratio (%)	–	–	–	–	113.13%

V. Liquidity information (Continued)

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

2023 First quarter end:

Basis of disclosure: Hong Kong office	Unweighted value by residual maturity				Weighted amount HK\$'000
	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A. Available stable funding ("ASF") item					
1.	Capital:	–	–	–	–
2.	<i>Regulatory capital</i>	–	–	–	–
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–
4.	Retail deposits and small business funding:	–	1,638,148	28,609	1,505,343
5.	<i>Stable deposits</i>	–	105,232	–	99,970
6.	<i>Less stable deposits</i>	–	1,532,916	28,609	1,405,373
7.	Wholesale funding:	–	176,487,541	30,030,640	89,983,667
8.	<i>Operational deposits</i>	–	4,541,704	–	2,270,852
9.	<i>Other wholesale funding</i>	–	171,945,837	30,030,640	87,712,815
10.	Liabilities with matching interdependent assets	–	–	–	–
11.	Other liabilities:	13,879,441	21,544,337	9,868,783	90,706,939
12.	<i>Net derivative liabilities</i>	13,062,495	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	816,946	21,544,337	9,868,783	90,706,939
14.	Total ASF	–	–	–	182,195,949
B. Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	–	17,512,249	17,514,019	8,783,125
16.	Deposits held at other financial institutions for operational purposes	–	–	–	–
17.	Performing loans and securities:	36,319,175	126,503,748	29,487,234	134,870,067
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>	15,612,762	114,799,950	17,026,101	68,334,569

V. Liquidity information (Continued)

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

2023 First quarter end (Continued):

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	20,706,413	8,258,239	9,551,555	14,888,455	39,160,535
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>	–	74	–	12,856	10,964
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>	–	3,445,485	2,909,578	28,454,668	27,363,999
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	36,055,733	4,340,630	–	–	11,089,161
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>	9,024,917	–	–	–	7,671,179
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	24,877,062	–	–	–	1,243,853
31.	<i>All other assets not included in the above categories</i>	2,153,754	4,340,630	–	–	2,174,129
32.	<i>Off-balance sheet items</i>	–	–	3,259	53,834,090	544,142
33.	Total RSF	–	–	–	–	155,286,495
34.	Net Stable Funding Ratio (%)	–	–	–	–	117.33%

SECTION B – BANK INFORMATION (CONSOLIDATED BASIS)

I. Consolidated balance sheet items and financial ratios

	30 Jun 2023 CNY million (Unaudited)	31 Dec 2022 CNY million (Restated)
Total loans and advances	7,613,830	7,135,454
Total customer deposits	8,579,598	7,949,072
Total assets	13,813,360	12,991,571
Total liabilities	12,758,461	11,958,049
Shareholders' equity	1,043,083	1,022,024
Capital adequacy ratio	14.57%	14.97%

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 2023 (6 months) CNY million	30 Jun 2022 (6 months) CNY million (Restated)
Pre-tax profit	49,674	45,642