

BANK OF COMMUNICATIONS (HONG KONG) LIMITED, A LICENSED BANK
(incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 JUNE 2018

(UNAUDITED)

These disclosures are prepared under the Banking (Disclosure) Rules

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
(incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT (UNAUDITED)

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The following disclosures contained all disclosures required by the Banking (Disclosure) Rules and disclosure templates issued by the HKMA. This disclosure statement is presented in thousands of Hong Kong Dollars (HK\$), unless otherwise stated.

Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
				(Note)		
	Regulatory capital (amount)					
1.	Common Equity Tier 1 (CET1)	17,511,408	7,392,057	N/A	N/A	N/A
2.	Tier 1	17,511,408	7,392,057	N/A	N/A	N/A
3.	Total capital	20,084,226	9,973,311	N/A	N/A	N/A
	RWA (amount)					
4.	Total RWA	60,726,985	58,578,482	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5.	CET1 ratio (%)	28.84%	12.62%	N/A	N/A	N/A
6.	Tier 1 ratio (%)	28.84%	12.62%	N/A	N/A	N/A
7.	Total capital ratio (%)	33.07%	17.03%	N/A	N/A	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)					
8.	Capital conservation buffer requirement (%)	1.875%	1.875%	N/A	N/A	N/A
9.	Countercyclical capital buffer requirement (%)	1.687%	1.739%	N/A	N/A	N/A
10.	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.000%	0.000%	N/A	N/A	N/A
11.	Total AI-specific CET1 buffer requirements (%)	3.562%	3.614%	N/A	N/A	N/A
12.	CET1 available after meeting the AI's minimum capital requirements (%)	22.84%	6.62%	N/A	N/A	N/A
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	186,046,438	196,149,668	N/A	N/A	N/A
14.	LR (%)	9.41%	3.77%	N/A	N/A	N/A
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	35,739,131	46,761,565	N/A	N/A	N/A
16.	Total net cash outflows	16,437,410	16,072,981	N/A	N/A	N/A
17.	LCR (%)	234.12%	298.91%	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a.	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18.	Total available stable funding	154,080,500	163,367,671	N/A	N/A	N/A
19.	Total required stable funding	83,264,206	87,500,473	N/A	N/A	N/A
20.	NSFR (%)	185.05%	186.70%	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a.	CFR (%)	N/A	N/A	N/A	N/A	N/A

Note: Under section 3(14A) of the Banking (Disclosure) Rules ("the Disclosure Rules"), the Company is exempted from the application of the Disclosure Rules as it has not yet commenced its banking business until 29 January 2018. As such, no comparative figures before business commencement are available and no explanation of material changes is applicable.

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Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		As at 30 Jun 2018	As at 31 Mar 2018	As at 30 Jun 2018
1.	Credit risk for non-securitization exposures	53,257,798	51,230,133	4,260,624
2.	Of which STC approach	53,257,798	51,230,133	4,260,624
2a.	Of which BSC approach	-	-	-
3.	Of which foundation IRB approach	-	-	-
4.	Of which supervisory slotting criteria approach	-	-	-
5.	Of which advanced IRB approach	-	-	-
6.	Counterparty default risk and default fund contributions	438,524	355,949	35,082
7.	Of which SA-CCR*	Not applicable	Not applicable	-
7a.	Of which CEM	438,524	355,949	35,082
8.	Of which IMM(CCR) approach	-	-	-
9.	Of which others	-	-	-
10.	CVA risk	110,450	119,675	8,836
11.	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12.	Collective investment scheme (“CIS”) exposures – LTA*	Not applicable	Not applicable	-
13.	CIS exposures – MBA*	Not applicable	Not applicable	-
14.	CIS exposures – FBA*	Not applicable	Not applicable	-
14a.	CIS exposures – combination of approaches*	Not applicable	Not applicable	-
15.	Settlement risk	-	-	-
16.	Securitization exposures in banking book	-	-	-
17.	Of which SEC-IRBA	-	-	-
18.	Of which SEC-ERBA	-	-	-
19.	Of which SEC-SA	-	-	-
19a.	Of which SEC-FBA	-	-	-
20.	Market risk	578,163	333,325	46,253
21.	Of which STM approach	578,163	333,325	46,253
22.	Of which IMM approach	-	-	-
23.	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	-
24.	Operational risk	6,342,050	6,539,400	507,364
25.	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26.	Capital floor adjustment	-	-	-
26a.	Deduction to RWA	-	-	-
26b.	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c.	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27.	Total	60,726,985	58,578,482	4,858,159

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

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Composition of regulatory capital

CC1: Composition of regulatory capital

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1.	Directly issued qualifying CET1 capital instruments plus any related share premium	17,900,000	(9)
2.	Retained earnings	30,796	(11)
3.	Disclosed reserves	16,392	(10)
4.	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5.	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	-
6.	CET1 capital before regulatory adjustments	17,947,188	-
CET1 capital: regulatory deductions			
7.	Valuation adjustments	-	-
8.	Goodwill (net of associated deferred tax liabilities)	-	-
9.	Other intangible assets (net of associated deferred tax liabilities)	-	-
10.	Deferred tax assets (net of associated deferred tax liabilities)	8,798	(4)
11.	Cash flow hedge reserve	-	-
12.	Excess of total EL amount over total eligible provisions under the IRB approach	-	-
13.	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	-
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	453	(3)+(7)
15.	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	-
16.	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	-
17.	Reciprocal cross-holdings in CET1 capital instruments	-	-
18.	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
19.	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
20.	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21.	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
22.	Amount exceeding the 15% threshold	Not applicable	Not applicable
23.	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24.	of which: mortgage servicing rights	Not applicable	Not applicable
25.	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26.	National specific regulatory adjustments applied to CET1 capital	426,529	-
26a.	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	-
26b.	Regulatory reserve for general banking risks	426,529	(12)
26c.	Securitization exposures specified in a notice given by the MA	-	-
26d.	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	-
26e.	Capital shortfall of regulated non-bank subsidiaries	-	-
26f.	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	-
27.	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	-
28.	Total regulatory deductions to CET1 capital	435,780	-
29.	CET1 capital	17,511,408	-
	AT1 capital: instruments		
30.	Qualifying AT1 capital instruments plus any related share premium	-	-
31.	of which: classified as equity under applicable accounting standards	-	-
32.	of which: classified as liabilities under applicable accounting standards	-	-
33.	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	-
34.	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	-
35.	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	-
36.	AT1 capital before regulatory deductions	-	-
	AT1 capital: regulatory deductions		
37.	Investments in own AT1 capital instruments	-	-
38.	Reciprocal cross-holdings in AT1 capital instruments	-	-

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
39.	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
40.	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-
41.	National specific regulatory adjustments applied to AT1 capital	-	-
42.	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	-
43.	Total regulatory deductions to AT1 capital	-	-
44.	AT1 capital	-	-
45.	Tier 1 capital (T1 = CET1 + AT1)	17,511,408	-
	Tier 2 capital: instruments and provisions		
46.	Qualifying Tier 2 capital instruments plus any related share premium	2,000,000	(6)
47.	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	-
48.	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	-
49.	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	-
50.	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	572,818	(8)+(12)-(1)-(2)- (5)
51.	Tier 2 capital before regulatory deductions	2,572,818	-
	Tier 2 capital: regulatory deductions		
52.	Investments in own Tier 2 capital instruments	-	-
53.	Reciprocal cross-holdings in Tier 2 capital instruments	-	-
54.	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
55.	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
56.	National specific regulatory adjustments applied to Tier 2 capital	-	-
56a.	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	-

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
57.	Total regulatory adjustments to Tier 2 capital	-	-
58.	Tier 2 capital (T2)	2,572,818	-
59.	Total regulatory capital (TC = T1 + T2)	20,084,226	-
60.	Total RWA	60,726,985	-
	Capital ratios (as a percentage of RWA)		
61.	CET1 capital ratio	28.84%	-
62.	Tier 1 capital ratio	28.84%	-
63.	Total capital ratio	33.07%	-
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.562%	-
65.	of which: capital conservation buffer requirement	1.875%	-
66.	of which: bank specific countercyclical capital buffer requirement	1.687%	-
67.	of which: higher loss absorbency requirement	0.000%	-
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	22.84%	-
	National minima (if different from Basel 3 minimum)		
69.	National CET1 minimum ratio	Not applicable	Not applicable
70.	National Tier 1 minimum ratio	Not applicable	Not applicable
71.	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72.	Insignificant capital investments in CET1, AT1 and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	10,673	-
73.	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-
74.	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75.	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	572,818	-
77.	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	671,204	-

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	-
79.	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	-
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80.	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81.	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82.	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	-
83.	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	-
84.	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	-
85.	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	-

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
9.	Other intangible assets (net of associated deferred tax liabilities)	-	-
	<p><u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (“MSRs”) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI’s financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 9 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10.	Deferred tax assets (net of associated deferred tax liabilities)	8,798	-
	<p><u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

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

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Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

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

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Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements (as at 30 Jun 2018)	Under regulatory scope of consolidation (as at 30 Jun 2018)	Reference
Assets			
Cash and balances with central bank	2,624,627	2,624,627	
Due from banks and other financial institutions	64,670,088	64,670,088	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(4,926)	(1)
Loans and advances to customers	37,374,635	37,374,635	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(123,957)	(2)
Financial assets at fair value through profit or loss	279,923	279,923	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		453	(3)
Financial assets at fair value through other comprehensive income	75,772,145	75,772,145	
Property and equipment	66,230	66,230	
Deferred income tax assets	8,798	8,798	(4)
Other assets	2,640,645	2,640,645	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(3,167)	(5)
Total assets	183,437,091	183,437,091	
Liabilities			
Due to banks and other financial institutions	3,349,218	3,349,218	
<i>of which: subordinated loan eligible for inclusion in regulatory capital</i>		2,000,000	(6)
Financial liabilities at fair value through profit or loss	232,869	232,869	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		-	(7)
Due to customers	154,457,880	154,457,880	
Current tax liabilities	6,407	6,407	
Other liabilities	7,443,529	7,443,529	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		14,239	(8)
Total liabilities	165,489,903	165,489,903	

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet (Continued)

	Balance sheet as in published financial statements (as at 30 Jun 2018)	Under regulatory scope of consolidation (as at 30 Jun 2018)	Reference
Equity			
Share capital	17,900,000	17,900,000	(9)
Other reserves	16,392	16,392	(10)
Related earnings	30,796	30,796	(11)
<i>of which: regulatory capital for general banking risk</i>		426,529	(12)
Total equity	17,947,188	17,947,188	
Total equity and liabilities	183,437,091	183,437,091	

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

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

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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Macroprudential supervisory measures

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

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1.	Hong Kong SAR	1.875%	23,776,708		
2.	Sweden	2.000%	705		
3.	United Kingdom	0.500%	1,863		
4.	Sum		23,779,276		
5.	Total		26,423,457	1.687%	1,024,464

Leverage ratio

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

	Item	Value under the LR framework (HK\$ equivalent)
1.	Total consolidated assets as per published financial statements	183,437,091
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3.	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4.	Adjustments for derivative contracts	454,333
5.	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6.	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	2,427,031
6a.	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	-
7.	Other adjustments	(272,017)
8.	Leverage ratio exposure measure	186,046,438

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Leverage ratio (Continued)

LR2: Leverage ratio (“LR”)

		HK\$ equivalent	
		30 Jun 2018	31 Mar 2018
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	183,345,502	193,351,153
2.	Less: Asset amounts deducted in determining Tier 1 capital	(435,780)	(436,834)
3.	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	182,909,722	192,914,319
Exposures arising from derivative contracts			
4.	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	255,352	187,584
5.	Add-on amounts for PFE associated with all derivative contracts	468,769	473,896
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7.	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(14,436)	-
8.	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9.	Adjusted effective notional amount of written credit derivative contracts	-	-
10.	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11.	Total exposures arising from derivative contracts	709,685	661,480
Exposures arising from SFTs			
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14.	CCR exposure for SFT assets	-	-
15.	Agent transaction exposures	-	-
16.	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	10,583,264	10,965,809
18.	Less: Adjustments for conversion to credit equivalent amounts	(8,156,233)	(8,391,940)
19.	Off-balance sheet items	2,427,031	2,573,869
Capital and total exposures			
20.	Tier 1 capital	17,511,408	7,392,057
20a.	Total exposures before adjustments for specific and collective provisions	186,046,438	196,149,668
20b.	Adjustments for specific and collective provisions	-	-
21.	Total exposures after adjustments for specific and collective provisions	186,046,438	196,149,668
Leverage ratio			
22.	Leverage ratio	9.41%	3.77%

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity

	30 June 2018 (6 months)
Average liquidity coverage ratio (“LCR”)	
- First quarter	298.91%
- Second quarter	234.12%
Average liquidity coverage ratio for the period	260.14%
Net stable funding ratio (“NSFR”)	
- First quarter end	186.70%
- Second quarter end	185.05%

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

The Bank's average LCR for the period is 260.14%. It is well above the regulatory requirement of 90%. The Bank's NSFR for the first two quarter ends of year 2018 is 186.70% and 185.05% respectively. It is well above the regulatory requirement of 100%.

In the second quarter of 2018, the Bank's LCR declined as a result of decrease in HQLA portfolio.

NSFR remained stable in the first two quarter ends of year 2018.

Level 1 HQLA is the major component of the Bank's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills/Notes and unencumbered sovereign bonds. The Bank also holds a portion of Level 2A, which include corporate bonds with high credit rating. Customer deposit is the major component of the Bank's ASF source.

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

The Bank 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 Bank has established internal monitoring limit on Level 1 HQLA LCR for foreign major currencies according to the amendment of regulatory framework for supervision of major currency's liquidity risk under LM-1 by HKMA.

The Bank 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.

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity (Continued)

Liquidity risk management

Funding liquidity risk relates to the Bank'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 Bank's capacity to support deposit withdrawal or drawdown on loan commitments. Effective liquidity risk management helps to sustain the expansion of the Bank's business with liquidity cost and risk under control. The Bank has established and implemented its own liquidity risk management policy per local regulatory requirements in order to fulfill its liquidity risk management. The Asset and Liability Management Committee (ALCO) of the Bank 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 Bank's funding sources is customer deposit. The Bank strives to build up core deposits while diversifying funding sources via various funding channels to enhance financing capacity. Regarding liquidity arrangement with parent bank, the Bank performs regular funding transfer with parent bank 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, internal limits to control the Bank's reliance on parent bank's funding are in place.

The majority of the liquidity risk of the Bank 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 Bank closely monitors off-balance sheet funding obligations (such as commitments or letters of guarantee) and assesses their impact to our liquidity capacity. Furthermore, the Bank strives to maintain high marketability of the asset portfolio to allow prompt monetization in case of unforeseeable liquidity crunch in the market.

The Bank has in place various limits and indicators for liquidity risk, including liquidity coverage ratio, loan-to-deposit ratio, interbank borrowing utilization ratio, etc. for effective identification and control of liquidity risk. The Bank utilizes relevant management information systems to perform daily liquidity risk management functions. Moreover, the Bank performs daily cash flow analysis to assess liquidity in normal circumstances, and performs regular stress test (at least monthly) to evaluate the Bank'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 Bank'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 Bank 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 Bank's Crisis Management Committee will be formed to formulate appropriate contingency funding plan to resolve the crisis. The Bank 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 Bank 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.

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Liquidity (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2018 second quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 June 2018 : (73)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		35,739,131
B. Cash outflows			
2.	Retail deposits and small business funding, of which:	151,003,126	11,287,513
3.	<i>Stable retail deposits and stable small business funding</i>	6,742,816	337,141
4.	<i>Less stable retail deposits and less stable small business funding</i>	74,747,132	7,474,713
4a.	<i>Retail term deposits and small business term funding</i>	69,513,178	3,475,659
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	13,692,163	8,229,096
6.	<i>Operational deposits</i>	-	-
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	13,692,163	8,229,096
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9.	Secured funding transactions (including securities swap transactions)		-
10.	Additional requirements, of which:	10,107,276	549,468
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	30,833	30,833
12.	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13.	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	10,076,443	518,635
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,975,468	2,975,468
15.	Other contingent funding obligations (whether contractual or non-contractual)	751,855	7,304
16.	Total Cash Outflows		23,048,849
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	96,001,040	4,432,013
19.	Other cash inflows	2,217,728	2,217,728
20.	Total Cash Inflows	98,218,768	6,649,741
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		35,739,131
22.	Total Net Cash Outflows		16,437,410
23.	LCR (%)		234.12%

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Liquidity (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution (Continued)

2018 first 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 31 March 2018 : (49) Note		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		46,761,565
B. Cash outflows			
2.	Retail deposits and small business funding, of which:	167,106,682	12,385,172
3.	<i>Stable retail deposits and stable small business funding</i>	7,008,011	350,401
4.	<i>Less stable retail deposits and less stable small business funding</i>	80,596,750	8,059,675
4a.	<i>Retail term deposits and small business term funding</i>	79,501,921	3,975,096
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	13,874,689	8,483,981
6.	<i>Operational deposits</i>	-	-
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	13,874,689	8,483,981
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9.	Secured funding transactions (including securities swap transactions)		-
10.	Additional requirements, of which:	8,407,647	451,435
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	25,724	25,724
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>	8,381,923	425,711
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,657,239	3,657,239
15.	Other contingent funding obligations (whether contractual or non-contractual)	480,557	8,483
16.	Total Cash Outflows		24,986,310
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	98,115,917	6,634,134
19.	Other cash inflows	2,279,195	2,279,195
20.	Total Cash Inflows	100,395,112	8,913,329
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		46,761,565
22.	Total Net Cash Outflows		16,072,981
23.	LCR (%)		298.91%

Note: Under section 3(14A) of the Banking (Disclosure) Rules (“the Disclosure Rules”), the Company is exempted from the application of the Disclosure Rules as it has not yet commenced its banking business until 29 January 2018.

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2018 second quarter end (HK\$'000):

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	
A. Available stable funding (“ASF”) item						
1.	Capital:	18,093,477	11,346	-	2,000,000	20,093,477
2.	<i>Regulatory capital</i>	18,093,477	11,346	-	2,000,000	20,093,477
2a.	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3.	Other capital instruments	-	-	-	-	-
4.	Retail deposits and small business funding:	-	126,422,509	14,786,192	95,272	127,613,830
5.	<i>Stable deposits</i>	-	8,150,843	463,712	3,493	8,187,320
6.	<i>Less stable deposits</i>	-	118,271,666	14,322,480	91,779	119,426,510
7.	Wholesale funding:	-	14,486,119	835,278	-	6,373,193
8.	<i>Operational deposits</i>	-	-	-	-	-
9.	<i>Other wholesale funding</i>	-	14,486,119	835,278	-	6,373,193
10.	Liabilities with matching interdependent assets	-	-	-	-	-
11.	Other liabilities:	3,668,483	2,946,146	-	-	-
12.	<i>Net derivative liabilities</i>	-	-	-	-	-
13.	<i>All other funding and liabilities not included in the above categories</i>	3,668,483	2,946,146	-	-	-
14.	Total ASF					154,080,500
B. Required stable funding (“RSF”) item						
15.	Total HQLA for NSFR purposes	412,030	50,655,350	1,971	3,104,059	343,611
16.	Deposits held at other financial institutions for operational purposes	-	33,251,670	-	-	16,625,835
17.	Performing loans and securities:	2,569,091	19,720,095	3,396,074	67,370,191	64,178,371
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>	-	17,124,922	3,353	15,007,203	17,577,618

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Liquidity (Continued)

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

2018 second quarter end (HK\$'000): (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	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	2,569,091	786,888	580,307	17,317,151	17,354,341
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	1,018,204	70,783	41,466	144,607	811,952
22.	<i>Performing residential mortgages, of which:</i>	-	456,381	442,530	14,264,492	9,721,375
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	456,381	442,530	14,264,492	9,721,375
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	1,351,904	2,369,884	20,781,345	19,525,037
25.	Assets with matching interdependent liabilities	-	-	-	-	-
26.	Other assets:	1,485,596	1,609,041	-	-	1,626,393
27.	<i>Physical traded commodities, including gold</i>	-				-
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	-				-
29.	<i>Net derivative assets</i>	30,880				30,880
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	249,182				N/A
31.	<i>All other assets not included in the above categories</i>	1,205,534	1,609,041	-	-	1,595,513

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Liquidity (Continued)

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

2018 second quarter end (HK\$'000): (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	
32.	Off-balance sheet items		13,680	4,118	10,548,776	489,996
33.	Total RSF					83,264,206
34.	Net Stable Funding Ratio (%)					185.05%

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity (Continued)

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

2018 first quarter end (HK\$'000):

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	
A. Available stable funding (“ASF”) item						
1.	Capital:	7,997,016	-	-	2,010,720	10,007,736
2.	<i>Regulatory capital</i>	7,997,016	-	-	2,010,720	10,007,736
2a.	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3.	Other capital instruments	-	-	-	-	-
4.	Retail deposits and small business funding:	-	150,632,086	12,092,385	3,575	146,912,156
5.	<i>Stable deposits</i>	-	8,783,376	347,768	515	8,675,102
6.	<i>Less stable deposits</i>	-	141,848,710	11,744,617	3,060	138,237,054
7.	Wholesale funding:	-	16,413,234	399,450	-	6,447,779
8.	<i>Operational deposits</i>	-	-	-	-	-
9.	<i>Other wholesale funding</i>	-	16,413,234	399,450	-	6,447,779
10.	Liabilities with matching interdependent assets	-	-	-	-	-
11.	Other liabilities:	2,473,408	1,316,103	-	-	-
12.	<i>Net derivative liabilities</i>	76,185	-	-	-	-
13.	<i>All other funding and liabilities not included in the above categories</i>	2,397,223	1,316,103	-	-	-
14.	Total ASF					163,367,671
B. Required stable funding (“RSF”) item						
15.	Total HQLA for NSFR purposes	509,185	37,091,077	-	3,005,401	408,565
16.	Deposits held at other financial institutions for operational purposes	-	93,465,589	-	-	46,732,795
17.	Performing loans and securities:	2,451,750	8,493,105	2,949,124	42,524,141	38,590,389
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>	-	6,090,863	278,832	8,306	1,061,351

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity (Continued)

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

2018 first quarter end (HK\$'000): (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	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	2,451,750	1,435,921	815,645	16,856,274	17,229,651
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	1,197,560	131,940	34,981	342,205	1,084,308
22.	<i>Performing residential mortgages, of which:</i>	-	734,440	235,870	14,608,617	9,980,756
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	734,440	235,870	14,608,617	9,980,756
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	231,881	1,618,777	11,050,944	10,318,631
25.	Assets with matching interdependent liabilities	-	-	-	-	-
26.	Other assets:	1,270,323	1,824,501	-	-	1,252,377
27.	<i>Physical traded commodities, including gold</i>	-	-	-	-	-
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	-	-	-	-	-
29.	<i>Net derivative assets</i>	-	-	-	-	-
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	270,946	-	-	-	N/A
31.	<i>All other assets not included in the above categories</i>	999,377	1,824,501	-	-	1,252,377

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Liquidity (Continued)

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

2018 first quarter end (HK\$'000): (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	
32.	Off-balance sheet items		9,350	15	11,108,714	516,347
33.	Total RSF					87,500,473
34.	Net Stable Funding Ratio (%)					186.70%

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		Gross carrying amounts of		Allowances / impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1.	Loans	20,498	104,388,481	(151,659)	104,257,320
2.	Debt securities	-	75,761,472	-	75,761,472
3.	Off-balance sheet exposures	-	3,508,916	(14,239)	3,494,677
4.	Total	20,498	183,658,869	(165,898)	183,513,469

CR2: Changes in defaulted loans and debt securities

	Amount
1.	Defaulted loans and debt securities at 31 December 2017
	-
2.	Loans and debt securities that have defaulted since the last reporting period
	23,803
3.	Returned to non-defaulted status
	-
4.	Amounts written off
	(3,305)
5.	Other changes
	-
6.	Defaulted loans and debt securities at 30 June 2018
	20,498

CR3: Overview of recognized credit risk mitigation

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1.	Loans	102,307,618	1,949,702	1,110,652	839,050	-
2.	Debt securities	75,761,472	-	-	-	-
3.	Total	178,069,090	1,949,702	1,110,652	839,050	-
4.	Of which defaulted	2,678	-	-	-	-

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1.	Sovereign exposures	52,659,711	-	53,250,289	-	401,063	1%
2.	PSE exposures	-	-	251,400	-	50,280	20%
2a.	Of which: domestic PSEs	-	-	251,400	-	50,280	20%
2b.	Of which: foreign PSEs	-	-	-	-	-	0%
3.	Multilateral development bank exposures	-	-	-	-	-	0%
4.	Bank exposures	88,832,750	-	88,832,750	-	26,728,064	30%
5.	Securities firm exposures	-	-	-	-	-	0%
6.	Corporate exposures	7,782,786	556,099	6,621,746	287,511	6,781,662	98%
7.	CIS exposures	-	-	-	-	-	0%
8.	Cash items	412,030	-	1,524,437	-	179,696	12%
9.	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10.	Regulatory retail exposures	9,695,586	3,124,763	9,284,623	1,270,136	7,817,625	74%
11.	Residential mortgage loans	15,163,403	-	14,889,542	-	5,211,340	35%
12.	Other exposures which are not past due exposures	6,034,556	6,902,402	5,926,035	161,950	6,083,955	100%
13.	Past due exposures	2,742	-	2,742	-	4,113	150%
14.	Significant exposures to commercial entities	-	-	-	-	-	0%
15.	Total	180,583,564	10,583,264	180,583,564	1,719,597	53,257,798	29%

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Credit risk for non-securitization exposures (Continued)

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

	Risk Weight											Total credit risk exposures amount (post CCF and post CRM)
	Exposure classes	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1.	Sovereign exposures	51,244,975	-	2,005,314	-	-	-	-	-	-	-	53,250,289
2.	PSE exposures	-	-	251,400	-	-	-	-	-	-	-	251,400
2a.	Of which: domestic PSEs	-	-	251,400	-	-	-	-	-	-	-	251,400
2b.	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3.	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4.	Bank exposures	-	-	58,961,037	-	29,871,713	-	-	-	-	-	88,832,750
5.	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6.	Corporate exposures	114,015	-	16,974	-	-	-	6,778,268	-	-	-	6,909,257
7.	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8.	Cash items	625,956	-	898,481	-	-	-	-	-	-	-	1,524,437
9.	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10.	Regulatory retail exposures	13,315	-	160,833	-	-	10,380,611	-	-	-	-	10,554,759
11.	Residential mortgage loans	-	-	-	14,889,542	-	-	-	-	-	-	14,889,542
12.	Other exposures which are not past due exposures	2,588	-	1,803	-	-	-	6,083,594	-	-	-	6,087,985
13.	Past due exposures	-	-	-	-	-	-	-	2,742	-	-	2,742
14.	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15.	Total	52,000,849	-	62,295,842	14,889,542	29,871,713	10,380,611	12,861,862	2,742	-	-	182,303,161

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Counterparty credit risk

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

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1.	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a.	CEM	255,352	468,769		-	724,121	438,524
2.	IMM (CCR) approach			-	-	-	-
3.	Simple Approach (for SFTs)					-	-
4.	Comprehensive Approach (for SFTs)					-	-
5.	VaR (for SFTs)					-	-
6.	Total						438,524

CCR2: CVA capital charge

		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1.	(i) VaR (after application of multiplication factor if applicable)		-
2.	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3.	Netting sets for which CVA capital charge is calculated by the standardized CVA method	724,121	110,450
4.	Total	724,121	110,450

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Counterparty credit risk (Continued)

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

	Exposure classes	Risk Weight										Total default risk exposure after CRM
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1.	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2.	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a.	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b.	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3.	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4.	Bank exposures	-	-	150,845	-	126,583	-	-	-	-	-	277,428
5.	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6.	Corporate exposures	-	-	-	-	-	-	39,115	-	-	-	39,115
7.	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8.	Regulatory retail exposures	-	-	-	-	-	406,518	-	-	-	-	406,518
9.	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10.	Other exposures which are not past due exposures	-	-	-	-	-	-	1,060	-	-	-	1,060
11.	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12.	Total	-	-	150,845	-	126,583	406,518	40,175	-	-	-	724,121

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Counterparty credit risk (Continued)

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

	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	14,436	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	14,436	-	-

CCR6: Credit-related derivatives contracts

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Counterparty credit risk (Continued)

CCR8: Exposures to CCPs

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

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Securitization exposures

SEC1: Securitization exposures in banking book

		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1.	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2.	residential mortgage	-	-	-	-	-	-	-	-	-
3.	credit card	-	-	-	-	-	-	-	-	-
4.	other retail exposures	-	-	-	-	-	-	-	-	-
5.	re-securitization exposures	-	-	-	-	-	-	-	-	-
6.	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7.	loans to corporates	-	-	-	-	-	-	-	-	-
8.	commercial mortgage	-	-	-	-	-	-	-	-	-
9.	lease and receivables	-	-	-	-	-	-	-	-	-
10.	other wholesale	-	-	-	-	-	-	-	-	-
11.	re-securitization exposures	-	-	-	-	-	-	-	-	-

SEC2: Securitization exposures in trading book

		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1.	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2.	residential mortgage	-	-	-	-	-	-	-	-	-
3.	credit card	-	-	-	-	-	-	-	-	-
4.	other retail exposures	-	-	-	-	-	-	-	-	-
5.	re-securitization exposures	-	-	-	-	-	-	-	-	-
6.	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7.	loans to corporates	-	-	-	-	-	-	-	-	-
8.	commercial mortgage	-	-	-	-	-	-	-	-	-
9.	lease and receivables	-	-	-	-	-	-	-	-	-
10.	other wholesale	-	-	-	-	-	-	-	-	-
11.	re-securitization exposures	-	-	-	-	-	-	-	-	-

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Securitization exposures (Continued)

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

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

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Securitization exposures (Continued)

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

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

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Market risk

MR1: Market risk under STM approach

		RWA
	Outright product exposures	
1.	Interest rate exposures (general and specific risk)	212,325
2.	Equity exposures (general and specific risk)	-
3.	Foreign exchange (including gold) exposures	365,838
4.	Commodity exposures	-
	Option exposures	
5.	Simplified approach	-
6.	Delta-plus approach	-
7.	Other approach	-
8.	Securitization exposures	-
9.	Total	578,163

BANK OF COMMUNICATIONS (HONG KONG) LIMITED
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Additional balance sheet information

1. International claims

The information on international claims are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Geographical segments, constituting 10% or more of the Bank'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
<u>As at 30 Jun 2018</u>					
Developing Asia-Pacific	36,428	2,045	-	2,240	40,713
of which attributed to China	35,111	2,045	-	2,159	39,315
Developed countries	22,267	1,590	695	19	24,571
of which attributed to Australia	9,852	1	-	4	9,857
of which attributed to United States	6,476	1,584	695	1	8,756

2. Impaired loans and advances to customers by geographical area

	Gross amount of loans to customers HK\$'000	Gross amount of trade bills HK\$'000	Total amount of loans and advances HK\$'000	Identified Impaired loans and advances HK\$'000	% of total loans and advances	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2018</u>							
Hong Kong	34,506,544	622,777	35,129,321	26,907	0.08	117,316	21,168
China	2,227,401	3,661	2,231,062	1,609	-	6,387	1,609
Other countries	160,984	-	160,984	-	-	254	-
	<u>36,894,929</u>	<u>626,438</u>	<u>37,521,367</u>	<u>28,516</u>	<u>0.08</u>	<u>123,957</u>	<u>22,777</u>

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

Note: Under section 3(14A) of the Banking (Disclosure) Rules ("the Disclosure Rules"), the Company is exempted from the application of the Disclosure Rules as it has not yet commenced its banking business until 29 January 2018. As such, no comparative figures as at 31 December 2017 are available and no explanation of material changes is applicable.

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Additional balance sheet information (Continued)

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

	30 Jun 2018 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong industrial, commercial and financial		
- Property development	12,428	7.61
- Property investment	4,947,912	98.58
- Financial concerns	106,760	89.65
- Stockbrokers	-	-
- Wholesale and retail trade	1,155,296	78.51
- Manufacturing	357,494	55.48
- Transport and transport equipment	3,314,285	91.00
- Recreational activities	4,278	100.00
- Information technology	13,251	-
- Others	1,278,645	57.89
Individuals		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	202,530	100.00
- Loans for the purchase of other residential properties	14,579,896	100.00
- Credit card advances	174,158	-
- Others	10,541,820	76.51
Sub-total	<u>36,688,753</u>	89.10
Trade finance	190,687	83.60
Loans and advances for use outside Hong Kong	<u>15,489</u>	57.85
Total	<u><u>36,894,929</u></u>	89.06

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

<u>As at 30 Jun 2018</u>	Gross loans HK\$'000	Impaired loans HK\$'000	Overdue loans HK\$'000	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
Loans and advances for use in Hong Kong industrial, commercial and financial	11,190,349	1,199	1,199	52,019	1,198
Individuals	25,498,404	19,461	11,450	70,593	13,910
Trade finance	190,687	150	150	281	150
Loans and advances for use outside Hong Kong	15,489	187	180	30	-
	<u><u>36,894,929</u></u>	<u><u>20,997</u></u>	<u><u>12,979</u></u>	<u><u>122,923</u></u>	<u><u>15,258</u></u>

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Additional balance sheet information (Continued)

4. Gross amount of overdue loans and advances to customers

	30 Jun 2018 HK\$'000	% of total loans and advances to customers
Gross loans and advances to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	3,357	0.01
More than 6 months but not more than one year	1,608	0.00
More than one year	8,014	0.02
	<hr/> 12,979	0.03
Gross trade bills to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than one year	3,411	0.01
More than one year	4,108	0.01
	<hr/> 7,519	0.02
Total gross amount of overdue loans and advances to customers	<hr/> <hr/> 20,498	0.05

5. Overdue loans and advances to customers by geographical area

	Overdue loans and advances to customers HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2018</u>		
Hong Kong	20,092	19,389
People's Republic of China	406	406
	<hr/> 20,498	<hr/> 19,795
Fair value of collateral	<hr/> <hr/> 794	

6. Overdue and restructured loans and advances to customers

	30 Jun 2018 HK\$'000
Total restructured loans and advances to customers	2,592
Excluding: Rescheduled loans and advances to customers overdue above 3 months	849
Net amounts of restructured loans and advances to customers	<hr/> 1,743
Percentage of net amounts of restructured loans and advances to customers in total loans (%)	<hr/> <hr/> -

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Additional balance sheet information (Continued)

7. Overdue assets

There were no other overdue assets as at 30 Jun 2018.

8. Repossessed assets

There were no repossessed assets held as at 30 Jun 2018.

9. Non-bank mainland exposures

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

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
<u>As at 30 Jun 2018</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,686,707	17,876	2,704,583
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,529,996	10,693	1,540,689
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	41,215	470	41,685
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	<u>4,257,918</u>	<u>29,039</u>	<u>4,286,957</u>
Total assets after provisions	183,422,751		
On-balance sheet exposures as percentage of total assets	2.32%		

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Additional balance sheet information (Continued)

10. Currency concentration

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

Equivalent in millions of HK\$	USD	JPY	EUR	RMB	Total
<u>As at 30 Jun 2018</u>					
Spot assets	34,700	328	222	21,381	56,631
Spot liabilities	(34,217)	(262)	(426)	(20,895)	(55,800)
Forward purchases	18,543	527	528	3,254	22,852
Forward sales	(19,268)	(457)	(403)	(3,515)	(23,643)
Net options position*	-	-	-	-	-
Net long (short) position	(242)	136	(79)	225	40
Net structural position	-	-	-	-	-

* Delta equivalent approach is adopted.

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

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

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

	30 Jun 2018 HK\$'000
Contract amounts	
Direct credit substitutes	132,681
Trade-related contingencies	158,663
Commitments that are unconditionally cancellable without prior notice	7,074,348
Commitments which have an original maturity of not more than one year	178,679
Commitments which have an original maturity of more than one year	3,038,893
Total	10,583,264
Risk-weighted amount	1,171,994