



INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

中國工商銀行（亞洲）有限公司

(Incorporated in Hong Kong with limited liability)

INTERIM FINANCIAL DISCLOSURE STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2025

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INTERIM RESULTS AND FINANCIAL REVIEW

The Board of Directors (the “Board”) of Industrial and Commercial Bank of China (Asia) Limited (the “Bank” or “ICBC (Asia)”) is pleased to present the interim financial disclosure statements of the Bank and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2025. The condensed consolidated statement of financial position of the Group as at 30 June 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2025 are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting* along with certain explanatory notes are set out on pages 4 to 72 of these interim financial disclosure statements.

Interim Results

The Board of Directors is pleased to announce that the unaudited consolidated profit attributable to the shareholders of the Bank for the six months ended 30 June 2025 was HK\$4,273 million. This represents a 0.38% increase over the same period last year (first half of 2024: HK\$4,257 million). Return on average assets and return on average equity were 0.86% and 6.59% respectively (first half of 2024: 0.92% and 6.89% respectively).

Financial Review

In the first half of 2025, the Group’s consolidated profit attributable to shareholders was HK\$4,273 million, representing an increase of HK\$16 million or 0.38% over HK\$4,257 million achieved for the corresponding period in 2024.

Net interest income increased by HK\$40 million or 0.77% to HK\$5,222 million. Net fee and commission income increased by HK\$142 million or 14.42% to HK\$1,127 million.

Non-interest income increased by HK\$9 million or 0.35% to HK\$2,601 million from HK\$2,592 million for the corresponding period in 2024. The ratio of non-interest income to total operating income was 33.25%, down by 0.09% compared with the corresponding period in 2024.

Operating expenses increased by HK\$87 million or 3.97% to HK\$2,278 million, compared with HK\$2,191 million for the corresponding period in 2024. The cost to income ratio was 29.12%, up by 0.94% compared with the corresponding period in 2024.

The net provision for expected credit loss on loans and advances for the period was HK\$873 million, out of which HK\$509 million was made as additional provision for non-credit impaired exposures and HK\$364 million was made as additional provision for credit-impaired exposures.

INTERIM RESULTS AND FINANCIAL REVIEW

Statement of Financial Position

The total assets of the Group amounted to HK\$1,038,999 million as at 30 June 2025, representing an increase of HK\$68,834 million or 7.10% over the financial position as at 31 December 2024.

Customer deposits amounted to HK\$687,682 million as at 30 June 2025 representing an increase of HK\$53,101 million or 8.37%, compared to HK\$634,581 million as at 31 December 2024. Loans and advances also increased by HK\$30,668 million or 7.02% to HK\$467,715 million as at 30 June 2025 compared to HK\$437,047 million as at 31 December 2024.

Total securities investment amounted to HK\$296,194 million as at 30 June 2025, which represents an increase of HK\$26,833 million or 9.96% compared to HK\$269,361 million as at 31 December 2024.

Total certificates of deposit issued increased by HK\$24 million or 1.42% to HK\$1,713 million as at 30 June 2025, compared to HK\$1,689 million as at 31 December 2024.

Capital and Liquidity Management

The Group's capital adequacy ratio increased to 27.47% as at 30 June 2025 from 24.99% as at 31 December 2024. In the first half of 2025, the average liquidity coverage ratio amounted to 176.76% (first half of 2024: 160.56%).

Asset Quality

Under the Bank's prudent risk management policy, the asset quality remained continuously at a satisfactory level. Impaired loans and advances decreased by HK\$827 million to HK\$5,430 million as at 30 June 2025, compared with HK\$6,257 million as at 31 December 2024. The impaired loan ratio was 1.14% as at 30 June 2025 (31 December 2024: 1.40%).

As at 30 June 2025, the cumulative loan impairment allowances amounted to HK\$10,028 million (31 December 2024: HK\$10,158 million), which included impairment allowance of HK\$6,456 million (31 December 2024: HK\$5,901 million) for non-credit impaired exposures and impairment allowance of HK\$3,572 million (31 December 2024: HK\$4,257 million) for credit-impaired exposures.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025
(UNAUDITED)

	Notes	Unaudited six months ended 30 June 2025 HK\$'000	Unaudited six months ended 30 June 2024 HK\$'000
Interest income	(6)	16,749,337	19,114,943
Interest expense	(6)	(11,527,182)	(13,933,023)
Net interest income	(6)	5,222,155	5,181,920
Fee and commission income	(7)	1,305,138	1,161,235
Fee and commission expense	(7)	(177,908)	(176,654)
Net fee and commission income	(7)	1,127,230	984,581
Net trading income	(8)	1,176,475	1,288,608
Net gain on financial assets and liabilities at fair value through profit or loss	(9)	73,570	94,586
Dividend income from financial investments	(10)	23,452	18,926
Other operating income	(11)	200,336	205,423
Operating income		7,823,218	7,774,044
Operating expenses	(12)	(2,277,855)	(2,190,774)
Operating profit before impairment losses		5,545,363	5,583,270
Net charge for impairment losses	(13)	(837,705)	(161,155)
Operating profit after impairment losses		4,707,658	5,422,115
Net gain/(loss) on disposal of property, plant and equipment	(14)	6	(33)
Net gain/(loss) on disposal of financial assets at fair value through other comprehensive income		140,841	(478,557)
Net gain on disposal of financial assets at amortised cost		534	71
Revaluation loss on investment properties		(2,500)	(4,700)
Gain on disposal of an associate		–	25,533
Operating profit		4,846,539	4,964,429
Share of gains of associates		699	893
Profit before tax		4,847,238	4,965,322
Income tax expense	(15)	(574,133)	(708,536)
Profit for the period attributable to shareholders of the Bank		4,273,105	4,256,786

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025
(UNAUDITED)**

	Unaudited six months ended 30 June 2025 HK\$'000	Unaudited six months ended 30 June 2024 HK\$'000
Profit for the period	<u>4,273,105</u>	<u>4,256,786</u>
Items that will not be reclassified to profit or loss:		
Change in fair value of equity investments measured at fair value through other comprehensive income	<u>(92,945)</u>	<u>(80,898)</u>
	<u>(92,945)</u>	<u>(80,898)</u>
Revaluation surplus/(deficit) on bank premises	787	(535)
Income tax effect	<u>(130)</u>	<u>88</u>
	<u>657</u>	<u>(447)</u>
Items that may be reclassified subsequently to profit or loss:		
Net movements under cash flow hedges due to fair value of hedging instruments recognised and reclassified	<u>(178,768)</u>	<u>47,178</u>
Income tax effect	<u>29,682</u>	<u>(24,592)</u>
	<u>(149,086)</u>	<u>22,586</u>
Change in fair value of financial assets measured at fair value through other comprehensive income	1,496,443	558,937
Reclassification to condensed consolidated income statement upon disposal of financial assets measured at fair value through other comprehensive income	<u>(140,841)</u>	<u>478,557</u>
Fair value of the hedged items attributable to hedged risk transferred to the condensed consolidated income statement	<u>(347,448)</u>	<u>229,150</u>
Net reversal/(charge) for impairment losses on financial assets	<u>42,197</u>	<u>(11,957)</u>
Income tax effect	<u>(155,174)</u>	<u>(280,183)</u>
	<u>895,177</u>	<u>974,504</u>
Exchange differences arising from translation of results of foreign subsidiaries	<u>416,095</u>	<u>(219,641)</u>
Other comprehensive income for the period, net of tax	<u>1,069,898</u>	<u>696,104</u>
Total comprehensive income for the period, net of tax	<u>5,343,003</u>	<u>4,952,890</u>
Attributable to:		
Shareholders of the Bank	<u>5,343,003</u>	<u>4,952,890</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(UNAUDITED)

		Unaudited	Audited
		30 June	31 December
		2025	2024
	Notes	HK\$'000	HK\$'000
Assets			
Cash and balances with banks and other financial institutions	(17)	38,205,102	38,080,625
Placements with banks and other financial institutions	(18)	202,932,387	189,888,284
Derivative financial instruments	(19)	9,876,023	14,292,968
Advances and other accounts	(20)	467,715,426	437,047,039
Financial investments	(21)	303,803,146	276,571,706
Investments in associates		173,848	154,900
Current income tax assets		–	2,304
Goodwill and other intangible assets		1,014,224	1,017,381
Investment properties	(22)	198,600	201,100
Property, plant and equipment	(23)	1,464,764	1,456,110
Deferred income tax assets	(27)	1,539,821	1,485,214
Other assets	(24)	12,075,253	9,967,821
Total assets		<u>1,038,998,594</u>	<u>970,165,452</u>
Liabilities			
Deposits from banks and other financial institutions	(25)	147,624,497	133,320,533
Trading liabilities		56,081	228,778
Derivative financial instruments	(19)	6,994,479	11,050,189
Deposits from customers	(26)	687,681,751	634,580,563
Certificates of deposit issued		1,713,293	1,689,388
Debt securities in issue	(28)	15,417,382	18,344,301
Current income tax liabilities		1,166,872	750,760
Deferred income tax liabilities	(27)	1,108	1,072
Other liabilities	(29)	17,586,000	14,102,763
Total liabilities		<u>878,241,463</u>	<u>814,068,347</u>
Equity			
Share capital	(30)	44,187,631	44,187,631
Retained earnings		84,940,011	81,349,995
Other reserves		3,960,724	2,890,714
Total equity attributable to shareholders of the Bank		133,088,366	128,428,340
Additional equity instruments	(31)	27,668,765	27,668,765
Total equity		<u>160,757,131</u>	<u>156,097,105</u>
Total equity and liabilities		<u>1,038,998,594</u>	<u>970,165,452</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025
(UNAUDITED)**

	Share capital HK\$'000	Bank premises revaluation reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non- recycling) HK\$'000	Cash flow hedge reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Retained earnings HK\$'000	Additional equity instruments HK\$'000	Total HK\$'000
At 1 January 2025	44,187,631	752,968	130,495	(677,562)	129,073	(1,553,254)	4,108,994	81,349,995	27,668,765	156,097,105
Profit for the period	-	-	-	-	-	-	-	4,273,105	-	4,273,105
Other comprehensive income/ (expense) for the period:										
Change in fair value of financial assets measured at fair value through other comprehensive income	-	-	1,496,443	(92,945)	-	-	-	-	-	1,403,498
Reclassification to condensed consolidated income statement upon disposal of financial assets measured at fair value through other comprehensive income	-	-	(140,841)	-	-	-	-	-	-	(140,841)
Fair value of the hedged items attributable to hedged risk transferred to the condensed consolidated income statement	-	-	(347,448)	-	-	-	-	-	-	(347,448)
Net movements under cash flow hedges due to fair value of hedging instruments recognised and reclassified	-	-	-	-	(178,768)	-	-	-	-	(178,768)
Net reversal for impairment losses on financial assets	-	-	42,197	-	-	-	-	-	-	42,197
Revaluation surplus on bank premises	-	787	-	-	-	-	-	-	-	787
Income tax effect	-	(130)	(155,174)	-	29,682	-	-	-	-	(125,622)
Exchange differences arising from translation of results of foreign subsidiaries	-	-	-	-	-	416,095	-	-	-	416,095
Total comprehensive income/ (expense) for the period	-	657	895,177	(92,945)	(149,086)	416,095	-	4,273,105	-	5,343,003
Partial transfer of retained earnings to general reserve	-	-	-	-	-	-	112	(112)	-	-
Distributions paid on additional equity instruments	-	-	-	-	-	-	-	(682,977)	-	(682,977)
At 30 June 2025	44,187,631	753,625	1,025,672	(770,507)	(20,013)	(1,137,159)	4,109,106	84,940,011	27,668,765	160,757,131

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(UNAUDITED)**

	Share capital HK\$'000	Bank premises revaluation reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non- recycling) HK\$'000	Cash flow hedge reserve HK\$'000	Exchange reserve HK\$'000	General reserve HK\$'000	Retained earnings HK\$'000	Additional equity instruments HK\$'000	Total HK\$'000
At 1 January 2024	44,187,631	747,035	(1,592,365)	(637,918)	69,395	(1,101,334)	4,058,767	76,360,133	27,668,765	149,760,109
Profit for the period	-	-	-	-	-	-	-	4,256,786	-	4,256,786
Other comprehensive income/ (expense) for the period:										
Change in fair value of financial assets measured at fair value through other comprehensive income	-	-	558,937	(80,898)	-	-	-	-	-	478,039
Reclassification to condensed consolidated income statement upon disposal of financial assets measured at fair value through other comprehensive income	-	-	478,557	-	-	-	-	-	-	478,557
Fair value of the hedged items attributable to hedged risk transferred to the condensed consolidated income statement	-	-	229,150	-	-	-	-	-	-	229,150
Net movements under cash flow hedges due to fair value of hedging instruments recognised and reclassified	-	-	-	-	47,178	-	-	-	-	47,178
Net charge for impairment losses on financial assets	-	-	(11,957)	-	-	-	-	-	-	(11,957)
Revaluation deficit on bank premises	-	(535)	-	-	-	-	-	-	-	(535)
Income tax effect	-	88	(280,183)	-	(24,592)	-	-	-	-	(304,687)
Exchange differences arising from translation of results of foreign subsidiaries	-	-	-	-	-	(219,641)	-	-	-	(219,641)
Total comprehensive income/ (expense) for the period	-	(447)	974,504	(80,898)	22,586	(219,641)	-	4,256,786	-	4,952,890
Distributions paid on additional equity instruments	-	-	-	-	-	-	-	(704,151)	-	(704,151)
At 30 June 2024	<u>44,187,631</u>	<u>746,588</u>	<u>(617,861)</u>	<u>(718,816)</u>	<u>91,981</u>	<u>(1,320,975)</u>	<u>4,058,767</u>	<u>79,912,768</u>	<u>27,668,765</u>	<u>154,008,848</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025
(UNAUDITED)**

	Unaudited six months ended 30 June 2025 HK\$'000	Unaudited six months ended 30 June 2024 HK\$'000
Profit before tax	4,847,238	4,965,322
Adjustments for:		
Depreciation and amortisation	263,974	264,129
Gain on disposal of an associate	–	(25,533)
Net charge for impairment loss	837,705	161,155
Change in operating assets	(84,739,693)	(23,892,798)
Change in operating liabilities	63,941,591	21,013,828
Tax paid	(315,318)	(357,466)
Other adjustments including non-cash items	138,474	399,641
Effects of foreign exchange differences	75,560	(137,554)
Net cash flows (used in)/from operating activities	(14,950,469)	2,390,724
Cash flows from investing activities:		
Purchase of intangible assets	(347)	(1,115)
Purchase of property, plant and equipment	(61,713)	(28,376)
Proceeds from disposal of property, plant and equipment	138	161
Dividend income from listed financial assets at fair value through profit or loss	18,711	17,800
Dividend income from unlisted equity securities at fair value through other comprehensive income	4,741	1,126
Net cash flows used in investing activities	(38,470)	(10,404)
Cash flows from financing activities:		
Distribution paid on additional equity instruments	(682,977)	(704,151)
Redemption of debt securities measured at amortised cost	(3,286,633)	(7,407)
Interest paid on debt securities in issue	(333,383)	(354,794)
Payment of lease liabilities	(209,720)	(216,937)
Net cash flows used in financing activities	(4,512,713)	(1,283,289)
Net (decrease)/increase in cash and cash equivalents	(19,501,652)	1,097,031
Cash and cash equivalents at 1 January	128,877,629	76,986,888
Effects of foreign exchange differences	675,993	(214,074)
Cash and cash equivalents at 30 June	110,051,970	77,869,845

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025
(UNAUDITED)**

For the purposes of the condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of three months or or less:

	Unaudited 30 June 2025 HK\$'000	Unaudited 30 June 2024 HK\$'000
Cash and balances with banks and other financial institutions	38,205,102	33,690,585
Placements with banks and other financial institutions	71,846,868	44,179,260
	<u>110,051,970</u>	<u>77,869,845</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

1 Principal activities

The principal activities of the Group are the provision of banking, financial and other financial related services.

2 Basis of preparation and consolidation

2.1 Basis of preparation

The unaudited interim financial disclosure statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

The unaudited interim financial disclosure statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2024.

The preparation of unaudited interim financial disclosure statements requires management to exercise its judgement and make estimates and assumptions in the process of applying the Group’s accounting policies and reporting amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgments made by management were the same as those applied to the annual financial statements for the year ended 31 December 2024.

The financial information relating to the financial year ended 31 December 2024 that is included in the unaudited interim financial disclosure statements as comparative information does not constitute the Bank’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Bank has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Bank’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

2 Basis of preparation and consolidation (continued)

2.2 Basis of consolidation

The condensed consolidated financial statements include the accounts of the Bank and all its subsidiaries, a controlled unit trust and attributable share of results and reserves of its associates.

List of subsidiaries, a unit trust and sub-funds included in the consolidation are:

- Chinese Mercantile Bank
- ICBC (Asia) Bullion Company Limited
- ICBC Asset Management (Global) Company Limited
- ICBC (Asia) Nominee Limited
- ICBC (Asia) Securities Limited
- ICBC (Asia) Trustee Company Limited
- ICBC (Asia) Financial Services Company Limited
- SINO-CEEF Holding Company Limited
- Greater China Fund
- 工銀亞投股權投資管理(深圳)有限公司
- 亞投銀欣(廈門)投資管理有限公司
- 蘇州銀晟投資管理有限公司
- ICBC AMG China Fund I SPC – High Tech Investment Fund SP
- ICBC Asset Management (Global) Funds – ICBC Asset Management Greater China Total Return Bond Fund
- AMG Investment Funds SPC – AMG USD Debt Master Strategy Fund SP – Class C Shares

3 Impact of new and amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21 *Lack of Exchangeability*

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material Group's impact on the financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts on application of Amendments to HKAS 21 *Lack of Exchangeability*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management

4.1 Analysis of assets and liabilities by remaining maturity

The table below summarises the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Repayable on demand	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
At 30 Jun 2025	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Cash and balances with banks and other								
financial institutions	35,062,019	-	-	-	-	-	3,143,083	38,205,102
Placements with banks and other financial institutions	-	95,825,228	36,831,318	35,929,738	34,346,103	-	-	202,932,387
Derivative financial instruments	49,007	1,200,886	1,488,704	3,967,605	2,149,931	1,019,890	-	9,876,023
Advances and other accounts	3,152,265	17,549,115	40,042,010	126,747,375	149,901,411	130,323,250	-	467,715,426
Financial investments	-	34,860,470	59,556,621	61,557,792	78,385,540	63,529,858	5,912,865	303,803,146
Investments in associates	-	-	-	-	-	-	173,848	173,848
Goodwill and other intangible assets	-	-	-	-	-	-	1,014,224	1,014,224
Investment properties	-	-	-	-	-	-	198,600	198,600
Property, plant and equipment	-	-	-	-	-	-	1,464,764	1,464,764
Other assets, including current and deferred								
income tax assets	44,238	2,980,075	931,008	3,314,526	2,585,893	-	3,759,334	13,615,074
Total assets	38,307,529	152,415,774	138,849,661	231,517,036	267,368,878	194,872,998	15,666,718	1,038,998,594
Liabilities								
Deposits from banks and other financial institutions	43,282,928	28,033,457	33,257,914	43,050,198	-	-	-	147,624,497
Trading liabilities	2,658	53,423	-	-	-	-	-	56,081
Derivative financial instruments.	-	1,459,650	726,785	1,799,072	2,112,464	896,508	-	6,994,479
Deposits from customers	260,382,404	181,795,677	126,058,261	100,422,985	19,022,424	-	-	687,681,751
Certificates of deposit issued	-	-	1,713,293	-	-	-	-	1,713,293
Debt securities in issue	-	63,913	53,917	14,506	15,285,046	-	-	15,417,382
Other liabilities, including current and deferred								
income tax liabilities	3,610,410	9,339,798	910,546	4,178,311	537,551	177,364	-	18,753,980
Total liabilities	307,278,400	220,745,918	162,720,716	149,465,072	36,957,485	1,073,872	-	878,241,463
Net liquidity gap	(268,970,871)	(68,330,144)	(23,871,055)	82,051,964	230,411,393	193,799,126	15,666,718	160,757,131

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.1 Analysis of assets and liabilities by remaining maturity (continued)

At 31 December 2024	Repayable on demand HK\$'000	Up to one month HK\$'000	1-3 months HK\$'000	3-12 months HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
Assets								
Cash and balances with banks and other								
financial institutions	34,945,692	–	–	–	–	–	3,134,933	38,080,625
Placements with banks and other financial institutions	–	93,260,738	18,703,518	41,877,811	36,046,217	–	–	189,888,284
Derivative financial instruments	102,976	2,591,363	2,879,461	3,970,696	2,742,980	2,005,492	–	14,292,968
Advances and other accounts	3,410,149	18,935,562	36,390,439	108,901,762	145,060,856	124,348,271	–	437,047,039
Financial investments	–	10,670,862	50,616,454	68,052,131	80,220,242	61,489,014	5,523,003	276,571,706
Investments in associates	–	–	–	–	–	–	154,900	154,900
Goodwill and other intangible assets	–	–	–	–	–	–	1,017,381	1,017,381
Investment properties	–	–	–	–	–	–	201,100	201,100
Property, plant and equipment	–	–	–	–	–	–	1,456,110	1,456,110
Other assets, including current and deferred								
income tax assets	47,149	2,556,951	1,225,155	2,731,483	2,927,979	1,880	1,964,742	11,455,339
Total assets	38,505,966	128,015,476	109,815,027	225,533,883	266,998,274	187,844,657	13,452,169	970,165,452
Liabilities								
Deposits from banks and other financial institutions	30,972,330	38,227,572	25,722,035	38,398,596	–	–	–	133,320,533
Trading liabilities	2,524	226,254	–	–	–	–	–	228,778
Derivative financial instruments.	–	1,578,789	2,519,564	2,829,779	2,400,765	1,721,292	–	11,050,189
Deposits from customers	212,919,414	183,561,852	154,653,716	65,359,646	18,085,935	–	–	634,580,563
Certificates of deposit issued	–	–	1,689,388	–	–	–	–	1,689,388
Debt securities in issue	–	–	3,276,248	28,824	15,039,229	–	–	18,344,301
Other liabilities, including current and deferred								
income tax liabilities	6,623,022	2,854,360	1,228,637	3,548,009	537,005	63,562	–	14,854,595
Total liabilities	250,517,290	226,448,827	189,089,588	110,164,854	36,062,934	1,784,854	–	814,068,347
Net liquidity gap	(212,011,324)	(98,433,351)	(79,274,561)	115,369,029	230,935,340	186,059,803	13,452,169	156,097,105

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities

Financial instruments measured at fair value using a valuation technique

Fair value of financial assets and financial liabilities that are traded in active market are based on quoted market prices. For all other financial instruments, the Group determines fair value using valuation techniques. In general, quoted prices in active market will be used if available. When quoted prices in active markets are not available, an appropriate valuation technique will be employed.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

The Group uses widely recognised valuation models for determining the fair value of financial instruments. The market data inputs are independent and observable in the market which avoids any manipulation of the fair value. The Group has also an established Valuation Committee to set up control framework with respect to the measurement of fair value. Valuation Committee is responsible for review of all market prices and rate sources used as well as curves, methodology and models for valuation of financial instruments.

A Credit Valuation Adjustment (“CVA”) is applied to the Group’s over-the-counter derivative exposures to take into account the counterparty’s risk of default when measuring the fair value of the derivatives. “CVA” is the mark-to-market adjustment to the fair value to reflect potential credit risk from counterparties in the Group’s over-the-counter derivative portfolio.

The Group estimates “CVA” by referencing the market implied default loss rates of the counterparties at similar external credit grading level to construct the term structure of market-implied probability of default (“PD”), market-consensus expected loss-given-default (“ELGD”), and simulated paths of discounted future exposure under the assumption that the Group is free from default risk. A Debit Valuation Adjustment (“DVA”) is applied to incorporate the Group’s own credit risk in the fair value of derivatives, using same methodology as for “CVA”.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

Determination of fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuation:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuation:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuation:	Fair value measured using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

30 June 2025	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Financial assets				
Derivative financial instruments				
Currency forwards and swaps	–	2,982,878	–	2,982,878
Structured foreign exchange contracts	–	14,920	–	14,920
Cross-currency interest rate swaps	–	757,622	–	757,622
Currency options	–	207,507	–	207,507
Interest rate swaps	–	2,772,201	–	2,772,201
Commodity swaps	–	3,139,865	–	3,139,865
Interest rate futures	–	1,030	–	1,030
	–	9,876,023	–	9,876,023
Loans and advances to customers, banks and trade bills measured at fair value through other comprehensive income				
Advances to customers	–	1,799,530	–	1,799,530
Trade bills	–	6,248,356	–	6,248,356
	–	8,047,886	–	8,047,886
Financial investments held for trading				
Debt securities	–	13,454,597	–	13,454,597
Non-trading financial investments mandatorily measured at fair value through profit or loss				
Debt securities	–	154,353	–	154,353
Investment funds	–	5,672,985	–	5,672,985
Others	–	131,744	–	131,744
	–	5,959,082	–	5,959,082

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
4 Financial risk management (continued)
4.2 Fair value of financial assets and liabilities (continued)

30 June 2025	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Financial investments measured at fair value through other comprehensive income				
Debt securities	-	190,730,020	-	190,730,020
Equity securities	-	18,771	2,755,300	2,774,071
	-	190,748,791	2,755,300	193,504,091
Total financial assets	-	228,086,379	2,755,300	230,841,679
Financial liabilities				
Structured deposits from customers	-	13,907,539	-	13,907,539
Deposits from banks and other financial institutions	-	19,859,704	-	19,859,704
	-	33,767,243	-	33,767,243
Derivative financial instruments				
Currency forwards and swaps	-	3,436,621	-	3,436,621
Structured foreign exchange contracts	-	11,310	-	11,310
Cross-currency interest rate swaps	-	627,827	-	627,827
Currency options	-	209,767	-	209,767
Interest rate swaps	-	2,708,516	-	2,708,516
Foreign exchange ("FX") futures	-	77	-	77
Interest rate futures	-	361	-	361
	-	6,994,479	-	6,994,479
Trading liabilities	-	56,081	-	56,081
Total financial liabilities	-	40,817,803	-	40,817,803

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

31 December 2024	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements				
Financial assets				
Derivative financial instruments				
Currency forwards and swaps	–	7,549,986	–	7,549,986
Structured foreign exchange contracts	–	7,349	–	7,349
Cross-currency interest rate swaps	–	1,164,940	–	1,164,940
Currency options	–	193,763	–	193,763
Interest rate swaps	–	4,195,963	–	4,195,963
Commodity swaps	–	1,180,730	–	1,180,730
Interest rate futures	–	237	–	237
	–	14,292,968	–	14,292,968
Loans and advances to customers, banks and trade bills measured at fair value through other comprehensive income				
Advances to customers	–	1,196,263	–	1,196,263
Trade bills	–	366,504	–	366,504
	–	1,562,767	–	1,562,767
Financial investments held for trading				
Debt securities	–	10,860,956	–	10,860,956
	–	10,860,956	–	10,860,956
Non-trading financial investments mandatorily measured at fair value through profit or loss				
Debt securities	–	149,246	–	149,246
Equity securities	–	–	24,844	24,844
Investment funds	–	5,255,786	–	5,255,786
Others	–	99,149	–	99,149
	–	5,504,181	24,844	5,529,025

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
4 Financial risk management (continued)
4.2 Fair value of financial assets and liabilities (continued)

31 December 2024	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial investments measured at fair value through other comprehensive income				
Debt securities	–	191,913,123	–	191,913,123
Equity securities	–	15,784	2,505,933	2,521,717
	–	191,928,907	2,505,933	194,434,840
Total financial assets	–	224,149,779	2,530,777	226,680,556
Financial liabilities				
Structured deposits from customers	–	14,549,476	–	14,549,476
Deposits from banks and other financial institutions	–	15,081,431	–	15,081,431
	–	29,630,907	–	29,630,907
Derivative financial instruments				
Currency forwards and swaps	–	5,835,799	–	5,835,799
Structured foreign exchange contracts	–	8,700	–	8,700
Cross-currency interest rate swaps	–	1,261,147	–	1,261,147
Currency options	–	181,093	–	181,093
Interest rate swaps	–	3,645,043	–	3,645,043
Commodity swaps	–	118,295	–	118,295
Interest rate futures	–	112	–	112
	–	11,050,189	–	11,050,189
Trading liabilities	–	228,778	–	228,778
Total financial liabilities	–	40,909,874	–	40,909,874

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

Information about significant unobservable inputs in Level 3 valuations

Type of assets	Valuation techniques	Significant unobservable input(s)	Range	
			At 30 June 2025	At 31 December 2024
Financial investments measured at FVTOCI – Equity securities	Discounted cash flow model	Discount rate	7.5%–14.5%	7.4%–11.8%
	Market-comparable approach	Equity value/Sale	1.2–15.5	0.8–14.9
		Marketability discount	20%–22%	20%–27%
		Price/Book	0.9	0.8
	Net asset value	N/A	N/A	N/A
Financial investments at fair value through profit or loss – Equity securities	Discounted cash flow model	WACC	N/A	16%–18%

Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions:

	At 30 June 2025	
	Effect recorded directly in equity	
	Favourable	(Unfavourable)
	HK\$'000	HK\$'000
Financial investments measured at FVTOCI	337,637	(336,853)
	<u>337,637</u>	<u>(336,853)</u>

	At 30 June 2025	
	Effect recorded directly in	
	profit or loss	
	Favourable	(Unfavourable)
	HK\$'000	HK\$'000
Financial investments at fair value through profit or loss	–	–
	<u>–</u>	<u>–</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

	At 31 December 2024	
	Effect recorded directly in equity	
	Favourable	(Unfavourable)
	HK\$'000	HK\$'000
Financial investments measured at FVTOCI	295,598	(294,633)
	<u>295,598</u>	<u>(294,633)</u>
	At 31 December 2024	
	Effect recorded directly in	
	profit or loss	
	Favourable	(Unfavourable)
	HK\$'000	HK\$'000
Financial investments at fair value through profit or loss	2,484	(2,484)
	<u>2,484</u>	<u>(2,484)</u>

The fair values of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The table above shows the sensitivity of fair values due to parallel movement of plus or minus 10 per cent in reasonably possible alternative assumptions.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	At 1 January 2025 HK\$'000	Addition HK\$'000	Disposal HK\$'000	Total unrealised losses recorded in equity/income statements HK\$'000	Exchange difference HK\$'000	At 30 June 2025 HK\$'000
Financial assets						
Financial investments measured at FVTOCI						
– Equity securities	2,505,933	26,326	–	(95,518)	318,559	2,755,300
Financial investments mandatorily measured at fair value through profit or loss						
– Equity securities	24,844	–	(24,844)	–	–	–
Total level 3 financial assets	2,530,777	26,326	(24,844)	(95,518)	318,559	2,755,300

	At 1 January 2024 HK\$'000	Addition HK\$'000	Total unrealised losses recorded in equity/income statements HK\$'000	Exchange difference HK\$'000	At 31 December 2024 HK\$'000
Financial assets					
Financial investments measured at FVTOCI					
– Equity securities	2,679,215	37,357	(42,264)	(168,375)	2,505,933
Financial investments mandatorily measured at fair value through profit or loss					
– Equity securities	129,214	–	(104,370)	–	24,844
Total level 3 financial assets	2,808,429	37,357	(146,634)	(168,375)	2,530,777

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (First half of 2024: Nil).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS**4 Financial risk management (continued)****4.2 Fair value of financial assets and liabilities (continued)*****Financial instruments not measured at fair value***

The fair value of financial assets and liabilities not measured at fair value on recurring basis are estimated as follows:

(a) Balances and placements with banks and other financial institutions

The fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits, all of which are less than one year, is based on the discounted cash flows using prevailing money-market interest rates and the remaining maturity. Therefore, the fair value is approximately equal to the carrying value.

(b) Advances and other accounts

Advances and other accounts are net of allowances for impairment. All items, except a very insignificant portion of loans and advances to customers, bear interest at a floating rate. The Group has assessed the fair value of loans and advances to customers and banks, after taking into account the relevant market interest rates and net of allowances for impairment. It is noted that the total fair value is not materially different from the total carrying value.

(c) Investments measured at amortised cost

The fair value of investments measured at amortised cost is determined with reference to the available market value obtained from exchange, dealer or independent pricing service vendors or using discounted cash flow technique.

(d) Deposits and balances from customers, banks and other financial institutions

The estimated fair value of deposits and balances with no stated maturity is the amount repayable on demand. The fair value of those balances having an interest at a floating rate is their carrying value.

The estimated fair value of the fixed interest-bearing deposits of banks and deposits from customers without quoted market prices is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As their maturity is normally less than one year from the end of the reporting period, their fair value is approximately equal to their carrying values.

(e) Certificates of deposit issued

The Group has assessed the fair value of certificates of deposit issued after taking into account the relevant yield curve and noted that the total fair value is not materially different from the total carrying value.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.2 Fair value of financial assets and liabilities (continued)

Financial instruments not measured at fair value (continued)

(f) Other assets and other liabilities

The estimated fair value of the other assets and other liabilities, which are normally non-interest-bearing, is their carrying values. It is noted that the total fair value is not materially different from the total carrying value.

The following tables set out the carrying values and fair values of the financial instruments not measured at fair value, except for the above with fair values not materially different from their carrying values or approximately equal to their carrying values.

	Note	At 30 June 2025		At 31 December 2024	
		Carrying value HK'000	Fair value HK'000	Carrying value HK'000	Fair value HK'000
Financial investments measured at amortised cost	(21)	<u>90,885,376</u>	<u>88,368,327</u>	<u>65,746,885</u>	<u>64,032,275</u>
30 June 2025		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets measured at amortised cost		–	88,368,327	–	88,368,327
31 December 2024		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets measured at amortised cost		–	64,032,275	–	64,032,275

4.3 Fair value of non-financial assets and liabilities

Fair value hierarchy

The following table presents the fair value of the Group's bank premises and properties and investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.3 Fair value of non-financial assets and liabilities (continued)

Fair value hierarchy (continued)

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

Fair value at 30 June 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Bank premises and properties	–	–	448,114	448,114
Investment properties	–	–	198,600	198,600

Fair value at 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Bank premises and properties	–	–	451,260	451,260
Investment properties	–	–	201,100	201,100

During the half years ended 30 June 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties and bank premises and properties were revalued as at 30 June 2025. The valuations on the Banks investment properties and bank premises and properties were carried out by an independent professionally qualified valuer, A.G. Wilkinson & Associates (Surveyors) Limited. The valuation on investment properties and bank premises and properties of the Bank's subsidiary were carried out by an independent professionally qualified valuer in the Mainland China, Guozhonglian Appraisals Co., Ltd. The valuers are with recent experience in the location and category of property being valued. The Group's management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.3 Fair value of non-financial assets and liabilities (continued)

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	At 30 June 2025 Range	At 31 December 2024 Range	Fair value measurement sensitivity to unobservables input
<i>Investment properties</i>					
- Hong Kong	Investment method	Market yield	2.65% – 3.10%	2.65% – 3.10%	An increase in the market yield, in isolation, would result in a decrease in a fair value measurement.
<i>Bank premises and properties</i>					
- Hong Kong	Direct comparison approach	Premium/(Discount) on characteristic of the properties	(22.70)% – 15.20%	(22.70)% – 15.20%	The premium/discount on characteristic of the properties will result in a favourable/unfavourable movement in the fair value of the asset.
- Mainland China method 1	Discount cash flow method 1	Risk adjusted discount rate	4.50%	4.50%	An increase in the risk adjusted discount rate, in isolation, would result in a decrease in a fair value measurement.
		Expected market rental growth	3.00% – 4.50%	3.00% – 4.50%	An increase in the expected market rental growth will result in a favourable movement in the fair value of the asset.
		Expected occupancy rate	93.00%	93.00%	An increase in the expected occupancy rate will result in a favourable movement in the fair value of the asset.
- Mainland China method 2	Direct comparison approach	Market value discount rate	6.00%	6.00%	An increase in the market value discount rate, in isolation, will result in a decrease in a fair value measurement.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS**4 Financial risk management (continued)****4.3 Fair value of non-financial assets and liabilities (continued)*****Information about Level 3 fair value measurements (continued)***

For investment properties classified under level 3, the fair value are valued by:

- i) investment method of valuation has assessed the contractual rental income and the expected future market rental income after allowing for outgoings and maintenance requirements at appropriate market yields as perceived in the actual market; and
- ii) discounting a projected cash flow series associated with the properties using risk adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rates.

For bank premises and properties classified under level 3, the fair value are determined by:

- i) discounting a projected cash flow series associated with the properties using risk adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rates; and
- ii) using direct comparison approach to value properties in their respective existing states and uses on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristic of the properties which included the location, size, shape, view, floor level, year of completion and others factors collectively. Higher premium for properties with higher characteristic will result in a higher fair value measurement.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.3 Fair value of non-financial assets and liabilities (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

Bank premises and properties:	HK\$'000
At 1 January 2025	451,260
Depreciation charge for the period	(8,026)
Surplus on revaluation	787
Exchange adjustment	4,093
	<hr/>
At 30 June 2025	448,114
	<hr/>
Investment properties:	HK\$'000
At 1 January 2025	201,100
Net revaluation loss	(2,500)
	<hr/>
At 30 June 2025	198,600
	<hr/>
Bank premises and properties:	HK\$'000
At 1 January 2024	467,327
Depreciation charge for the period	(7,946)
Deficit on revaluation	(535)
Exchange adjustment	(3,151)
	<hr/>
At 30 June 2024	455,695
	<hr/>
Investment properties:	HK\$'000
At 1 January 2024	208,300
Net revaluation loss	(4,700)
	<hr/>
At 30 June 2024	203,600
	<hr/>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.4 Amounts arising from Expected Credit Loss (“ECL”)

In note 4.4, new financial assets originated or purchased includes the new financial assets originated and purchased but subsequently transferred from stage 1 to stage 2 or stage 3 during the same period.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument:

Loans and advances to customers, banks and trade bills measured at amortised cost

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	4,112,476	1,787,878	4,257,211	10,157,565
Transfer to 12-month ECL	1,314	(1,314)	–	–
Transfer to Lifetime ECL not credit-impaired	(8,828)	8,828	–	–
Transfer to Lifetime ECL credit-impaired	(7,334)	(84,855)	92,189	–
Net remeasurement of loss allowance (including exchange adjustments)	(378,932)	587,729	554,719	763,516
New financial assets originated or purchased	715,869	10,531	4,580	730,980
Financial assets that have been derecognised	(281,087)	(7,022)	(256,527)	(544,636)
Write-off	–	–	(1,127,793)	(1,127,793)
Recoveries of amount previously written off	–	–	47,959	47,959
At 30 June 2025	<u>4,153,478</u>	<u>2,301,775</u>	<u>3,572,338</u>	<u>10,027,591</u>
Comprising of:				
Advances to customers	4,086,014	2,301,775	3,572,338	9,960,127
Advances to banks	14,979	–	–	14,979
Trade bills	52,485	–	–	52,485
	<u>4,153,478</u>	<u>2,301,775</u>	<u>3,572,338</u>	<u>10,027,591</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)

Loans and advances to customers, banks and trade bills measured at amortised cost (continued)

	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
31 December 2024				
Movement in impairment allowances:				
At 1 January 2024	3,802,530	1,453,423	4,450,849	9,706,802
Transfer to 12-month ECL	6,597	(5,042)	(1,555)	–
Transfer to Lifetime ECL not credit-impaired	(21,028)	131,401	(110,373)	–
Transfer to Lifetime ECL credit-impaired	(11,539)	(121,963)	133,502	–
Net remeasurement of loss allowance (including exchange adjustments)	250,378	403,332	1,240,050	1,893,760
New financial assets originated or purchased	935,922	42,542	44,574	1,023,038
Financial assets that have been derecognised	(850,384)	(115,815)	(112,354)	(1,078,553)
Write offs	–	–	(1,450,634)	(1,450,634)
Recoveries of amount previously written off	–	–	63,152	63,152
At 31 December 2024	<u>4,112,476</u>	<u>1,787,878</u>	<u>4,257,211</u>	<u>10,157,565</u>
Comprising of:				
Advances to customers	4,097,890	1,787,876	4,257,211	10,142,977
Advances to banks	8,306	–	–	8,306
Trade bills	6,280	2	–	6,282
	<u>4,112,476</u>	<u>1,787,878</u>	<u>4,257,211</u>	<u>10,157,565</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
4 Financial risk management (continued)
4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)

Loans and advances to customers, banks and trade bills measured at fair value through other comprehensive income

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	298	22,030	–	22,328
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(2)	(13,525)	–	(13,527)
New financial assets originated or purchased	20,710	–	–	20,710
Financial assets that have been derecognised	–	–	–	–
At 30 June 2025	<u>21,006</u>	<u>8,505</u>	<u>–</u>	<u>29,511</u>
31 December 2024	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2024	198	1,587	–	1,785
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	–	(19)	–	(19)
New financial assets originated or purchased	100	20,898	–	20,998
Financial assets that have been derecognised	–	(436)	–	(436)
At 31 December 2024	<u>298</u>	<u>22,030</u>	<u>–</u>	<u>22,328</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)

Financial investments measured at amortised cost

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	78,762	–	–	78,762
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(24,339)	–	–	(24,339)
New financial assets originated or purchased	20,493	–	–	20,493
Financial assets that have been derecognised	(9,414)	–	–	(9,414)
At 30 June 2025	<u>65,502</u>	<u>–</u>	<u>–</u>	<u>65,502</u>

31 December 2024	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2024	85,505	–	–	85,505
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(5,221)	–	–	(5,221)
New financial assets originated or purchased	36,190	–	–	36,190
Financial assets that have been derecognised	(37,712)	–	–	(37,712)
At 31 December 2024	<u>78,762</u>	<u>–</u>	<u>–</u>	<u>78,762</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
4 Financial risk management (continued)
4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)
Financial investments measured at fair value through other comprehensive income

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	156,978	–	145,755	302,733
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(37,461)	–	3,314	(34,147)
New financial assets originated or purchased	97,822	–	–	97,822
Financial assets that have been derecognised	(28,661)	–	–	(28,661)
At 30 June 2025	188,678	–	149,069	337,747
31 December 2024	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2024	147,155	–	146,021	293,176
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	–	–	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(11,733)	–	(266)	(11,999)
New financial assets originated or purchased	71,613	–	–	71,613
Financial assets that have been derecognised	(50,057)	–	–	(50,057)
At 31 December 2024	156,978	–	145,755	302,733

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

4 Financial risk management (continued)

4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)

Cash, placements with banks and other financial institutions

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	114,535	–	–	114,535
Net remeasurement of loss allowance (including exchange adjustments)	(31,249)	–	–	(31,249)
New financial assets originated or purchased	2,600	–	–	2,600
Financial assets that have been derecognised	(21,515)	–	–	(21,515)
At 30 June 2025	<u>64,371</u>	<u>–</u>	<u>–</u>	<u>64,371</u>
31 December 2024	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2024	123,316	–	–	123,316
Net remeasurement of loss allowance (including exchange adjustments)	(23,500)	–	–	(23,500)
New financial assets originated or purchased	15,683	–	–	15,683
Financial assets that have been derecognised	(964)	–	–	(964)
At 31 December 2024	<u>114,535</u>	<u>–</u>	<u>–</u>	<u>114,535</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
4 Financial risk management (continued)
4.4 Amounts arising from Expected Credit Loss (“ECL”) (continued)
Loan commitments and financial guarantee contracts

30 June 2025	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2025	506,773	9,064	–	515,837
Transfer to 12-month ECL	4	(4)	–	–
Transfer to Lifetime ECL not credit-impaired	(51)	51	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	(61,918)	1,191	–	(60,727)
New exposures	101,500	2,919	–	104,419
Exposures matured or lapsed	(57,210)	(2,189)	–	(59,399)
At 30 June 2025	489,098	11,032	–	500,130
31 December 2024	12-month ECL HK\$'000	Lifetime ECL not credit- impaired HK\$'000	Lifetime ECL credit- impaired HK\$'000	Total HK\$'000
Movement in impairment allowances:				
At 1 January 2024	222,273	10,162	–	232,435
Transfer to 12-month ECL	–	–	–	–
Transfer to Lifetime ECL not credit-impaired	(1)	1	–	–
Transfer to Lifetime ECL credit-impaired	–	–	–	–
Net remeasurement of loss allowance (including exchange adjustments)	132,629	(1,765)	–	130,864
New exposures	214,580	3,128	–	217,708
Exposures matured or lapsed	(62,708)	(2,462)	–	(65,170)
31 December 2024	506,773	9,064	–	515,837

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

5 Segment reporting

5.1 Class of business

The Group comprises seven operating segments. Asia Pacific Business represents the banking business in Asia Pacific Region. Corporate and investment banking mainly comprises corporate banking, the provision of debt capital market and investment banking. Commercial banking represents commercial lending and trade financing. Retail banking represents retail banking, hire purchase and leasing, and credit card business. Global markets and trading represents foreign exchange, money market and capital market activities. Institutional banking represents financial institution business. Chinese Mercantile Bank represents the business of the Bank's subsidiary in Mainland China. Unallocated items mainly comprise the central management unit, bank premises, inter-segment elimination entries and any items which cannot be reasonably allocated to specific operating segments.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

5 Segment reporting (continued)

5.1 Class of business (continued)

30 June 2025	Asia-Pacific business HK\$'000	Corporate and investment banking HK\$'000	Commercial banking HK\$'000	Retail banking HK\$'000	Global markets and trading HK\$'000	Institutional banking HK\$'000	Mercantile Bank HK\$'000	Unallocated HK\$'000	Total HK\$'000
Net interest income	113,583	893,772	498,498	1,049,487	302,385	545,935	753,576	1,064,919	5,222,155
External interest income/(expense)	235,846	248,561	(289,814)	(1,971,290)	4,921,041	(1,113,785)	753,464	2,438,132	5,222,155
Inter-segment income/(expense)	(122,263)	645,211	788,312	3,020,777	(4,618,656)	1,659,720	112	(1,373,213)	-
Fee and commission income	20,505	205,521	90,075	636,936	17	216,102	57,158	78,824	1,305,138
Fee and commission expense	-	(7)	(760)	(173,055)	-	(2,497)	(996)	(593)	(177,908)
Net fee and commission income	20,505	205,514	89,315	463,881	17	213,605	56,162	78,231	1,127,230
Net trading income/(expense)	11,351	70,412	75,021	262,168	331,853	29,440	(141,644)	537,874	1,176,475
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	-	-	-	-	-	73,570	73,570
Dividend income from financial investments	-	-	-	-	-	-	-	23,452	23,452
Other operating income	-	-	43	56	-	3,650	747	195,840	200,336
Operating income	145,439	1,169,698	662,877	1,775,592	634,255	792,630	668,841	1,973,886	7,823,218
Operating expenses	(43,100)	(132,633)	(205,231)	(854,633)	(186,172)	(180,718)	(208,378)	(466,990)	(2,277,855)
Operating profit before impairment losses	102,339	1,037,065	457,646	920,959	448,083	611,912	460,463	1,506,896	5,545,363
(Charge for)/write-back of impairment losses on financial assets	(19)	56,126	(553,583)	(70,501)	(26,354)	(10,266)	(202,714)	(30,394)	(837,705)
Operating profit after impairment losses	102,320	1,093,191	(95,937)	850,458	421,729	601,646	257,749	1,476,502	4,707,658
Revaluation loss on Investment Properties	-	-	-	-	-	-	-	(2,500)	(2,500)
Net gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	6	6
Net gain on disposal of AC	-	-	-	-	534	-	-	-	534
Net gain on disposal of financial assets designated at fair value through other comprehensive income	-	-	-	-	104,685	-	36,156	-	140,841
Operating profit	102,320	1,093,191	(95,937)	850,458	526,948	601,646	293,905	1,474,008	4,846,539
Share of profits of an associates	-	-	-	-	-	-	-	699	699
Profit before tax	102,320	1,093,191	(95,937)	850,458	526,948	601,646	293,905	1,474,707	4,847,238
Income tax expense	-	-	-	-	-	-	11,060	(585,193)	(574,133)
Profit for the period	102,320	1,093,191	(95,937)	850,458	526,948	601,646	304,965	889,514	4,273,105
Segment assets	27,754,811	142,246,268	70,059,664	122,188,726	340,450,848	35,509,048	118,896,489	181,718,892	1,038,824,746
Investments in associates	-	-	-	-	-	-	-	173,848	173,848
Total assets	27,754,811	142,246,268	70,059,664	122,188,726	340,450,848	35,509,048	118,896,489	181,892,740	1,038,998,594
Total liabilities	27,168,132	143,247,516	70,464,997	124,707,417	335,665,338	65,912,402	100,216,497	10,859,164	878,241,463
Capital expenditure	26	6	20	96,913	115	19	14,948	170,849	282,896
Depreciation and amortisation charge	2,305	4,058	7,769	115,214	6,364	4,030	26,526	97,708	263,974

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

5 Segment reporting (continued)

5.1 Class of business (continued)

30 June 2024	Asia-Pacific business HK\$'000	Corporate and investment banking HK\$'000	Commercial banking HK\$'000	Retail banking HK\$'000	Global markets and trading HK\$'000	Institutional banking HK\$'000	Mercantile Bank HK\$'000	Unallocated HK\$'000	Total HK\$'000
Net interest income	161,377	1,047,880	565,061	935,739	69,240	575,929	787,898	1,038,796	5,181,920
External interest income/(expense)	327,848	147,740	808	(2,420,157)	4,162,507	(1,370,876)	787,757	3,546,293	5,181,920
Inter-segment income/(expense)	(166,471)	900,140	564,253	3,355,896	(4,093,267)	1,946,805	141	(2,507,497)	-
Fee and commission income	12,649	231,353	66,492	523,402	18	171,167	99,483	56,671	1,161,235
Fee and commission expense	-	(731)	(67)	(170,704)	-	(1,924)	(865)	(2,363)	(176,654)
Net fee and commission income	12,649	230,622	66,425	352,698	18	169,243	98,618	54,308	984,581
Net trading income/(expense)	7,968	72,606	65,883	201,378	188,966	17,894	(194,529)	928,442	1,288,608
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	-	-	-	-	-	94,586	94,586
Dividend income from financial investments	-	-	-	-	-	-	-	18,926	18,926
Other operating income	-	-	62	41	-	3,650	1,192	200,478	205,423
Operating income	181,994	1,351,108	697,431	1,489,856	258,224	766,716	693,179	2,335,536	7,774,044
Operating expenses	(45,308)	(133,840)	(221,087)	(846,661)	(184,756)	(151,102)	(217,951)	(390,069)	(2,190,774)
Operating profit before impairment losses	136,686	1,217,268	476,344	643,195	73,468	615,614	475,228	1,945,467	5,583,270
Write back/(charge for) impairment losses on financial assets	(1,834)	(213,676)	(72,086)	(81,249)	(21,796)	(17,926)	(161,192)	408,604	(161,155)
Operating profit after impairment losses	134,852	1,003,592	404,258	561,946	51,672	597,688	314,036	2,354,071	5,422,115
Revaluation loss on investment properties	-	-	-	-	-	-	-	(4,700)	(4,700)
Net (loss)/gain on disposal of property, plant and equipment	-	-	-	(62)	-	-	-	29	(33)
Net gain on disposal of an associate	-	-	-	-	-	-	-	25,533	25,533
Net gain on disposal of financial assets at amortised cost	-	-	-	-	71	-	-	-	71
Net gain/(loss) on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	179,881	-	53,711	(712,149)	(478,557)
Operating profit	134,852	1,003,592	404,258	561,884	231,624	597,688	367,747	1,662,784	4,964,429
Share of profits of associates	-	-	-	-	-	-	-	893	893
Profit before tax	134,852	1,003,592	404,258	561,884	231,624	597,688	367,747	1,663,677	4,965,322
Income tax expense	-	-	-	-	-	-	3,720	(712,256)	(708,536)
Profit for the period	134,852	1,003,592	404,258	561,884	231,624	597,688	371,467	951,421	4,256,786
Segment assets	27,962,264	127,269,296	78,088,528	114,918,598	257,680,996	22,933,639	121,723,684	192,503,199	943,080,204
Investments in associates	-	-	-	-	-	-	-	202,250	202,250
Total assets	27,962,264	127,269,296	78,088,528	114,918,598	257,680,996	22,933,639	121,723,684	192,705,449	943,282,454
Total liabilities	27,650,219	126,437,460	78,161,263	117,261,282	254,096,551	46,546,979	103,952,253	35,167,599	789,273,606
Capital expenditure	-	57	11	129,383	611	-	149,610	18,182	297,854
Depreciation and amortisation charge	2,891	3,869	12,720	111,429	6,133	3,420	27,016	96,651	264,129

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

5 Segment reporting (continued)

5.2 Geographical area

The Group operates predominantly in Hong Kong. The geographical analysis, which has been classified by the location of the principal operations, is as follows:

For the six months ended 30 June 2025

	Hong Kong HK\$'000	Mainland China HK\$'000	Consolidated HK\$'000
Net interest income	4,468,691	753,464	5,222,155
Fee and commission income	1,247,980	57,158	1,305,138
Fee and commission expense	(176,912)	(996)	(177,908)
Net fee and commission income	1,071,068	56,162	1,127,230
Other income/(loss)	1,614,730	(140,897)	1,473,833
Profit before tax	4,552,879	294,359	4,847,238
Total assets	920,103,121	118,895,473	1,038,998,594
Total liabilities	778,028,315	100,213,148	878,241,463
Contingent liabilities and commitments	261,958,040	45,938,967	307,897,007
Capital expenditure during the period	267,948	14,948	282,896

For the six months ended 30 June 2024

	Hong Kong HK\$'000	Mainland China HK\$'000	Consolidated HK\$'000
Net interest income	4,394,163	787,757	5,181,920
Fee and commission income	1,061,752	99,483	1,161,235
Fee and commission expense	(175,789)	(865)	(176,654)
Net fee and commission income	885,963	98,618	984,581
Other income/(loss)	1,800,880	(193,337)	1,607,543
Profit before tax	4,596,852	368,470	4,965,322
Total assets	821,559,866	121,722,588	943,282,454
Total liabilities	685,323,072	103,950,534	789,273,606
Contingent liabilities and commitments	182,649,575	49,441,879	232,091,454
Capital expenditure during the period	148,244	149,610	297,854

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

6 Net interest income

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Interest income on:		
Cash and balances with banks and other financial institutions	300,721	505,494
Placements with banks and other financial institutions	3,995,544	3,879,544
Advances and other accounts	7,965,975	10,248,973
Financial investments measured at fair value through other comprehensive income	3,336,166	3,350,060
Financial investments measured at amortised cost	1,150,931	1,130,872
	<u>16,749,337</u>	<u>19,114,943</u>
Interest expense on:		
Deposits from banks and other financial institutions	1,249,179	1,513,230
Deposits from customers	9,905,607	11,971,544
Certificates of deposit issued	40,251	63,731
Debt securities in issue	319,008	370,565
Others	13,137	13,953
	<u>11,527,182</u>	<u>13,933,023</u>
Net interest income	<u>5,222,155</u>	<u>5,181,920</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
7 Net fee and commission income

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Loans, overdrafts and guarantees	408,681	444,103
Securities and brokerage	293,642	197,446
Trade finance	33,864	25,988
Credit card	229,949	229,443
Remittance	81,690	71,345
Insurance	172,754	100,822
Other retail and commercial banking services	15,281	15,522
Securities arrangement fee	14,802	15,134
Others	54,475	61,432
	<hr/>	<hr/>
Fee and commission income	1,305,138	1,161,235
Fee and commission expense	(177,908)	(176,654)
	<hr/>	<hr/>
Net fee and commission income	1,127,230	984,581
	<hr/>	<hr/>
Of which:		
Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor at fair value through profit or loss	442,546	470,091
Net fee income on trust and other fiduciary activities where the Group holds or invests on behalf of its customers	37,601	29,597
Of which:		
Fee and commission income by product line constituting not less than 10% of the net amount of fee and commission income, as follows:		
– credit card	229,949	229,443
– term loans	102,238	133,035
– syndication loans	178,027	204,108
– securities and brokerage	293,642	197,446
Timing of fee and commission income		
– At a point in time	1,259,213	1,108,384
– Over time	45,925	52,851

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

8 Net trading income

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Debt securities – Financial investments held for trading	170,950	187,262
Derivatives	(109,897)	(163,852)
Foreign exchange	1,110,389	1,265,065
	<u>1,171,442</u>	<u>1,288,475</u>
Gain/(loss) from hedging activities		
Fair value hedges		
– Net gain/(loss) on hedged items attributable to the hedged risk	347,448	(229,150)
– Net (loss)/gain on hedging instruments	(342,415)	229,283
	<u>5,033</u>	<u>133</u>
Total net trading income	<u>1,176,475</u>	<u>1,288,608</u>

9 Net gain on financial assets and liabilities at fair value through profit or loss

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Net gain from financial instruments mandatorily measured at FVTPL (other than those included in net trading income)	73,570	94,586
Total net gain on financial assets and liabilities at fair value through profit or loss	<u>73,570</u>	<u>94,586</u>

10 Dividend income from financial investments

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Dividend income from unlisted equity securities at fair value through other comprehensive income	4,741	1,126
Dividend income from listed financial assets at fair value through profit or loss	18,711	17,800
Total dividend income from financial investments	<u>23,452</u>	<u>18,926</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
11 Other operating income

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Management fee income	188,850	188,850
Rental income	7,593	7,340
Less: Direct operating expenses arising from investment properties that generated rental income during the period	(283)	(336)
Others	4,176	9,569
Total other operating income	200,336	205,423

12 Operating expenses

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Staff costs		
– Salaries and other costs	1,391,607	1,385,740
– Retirement benefit costs	51,358	57,928
	1,442,965	1,443,668
Premises and equipment expenses, excluding depreciation and amortisation		
– Rental of premises	25,790	9,684
– Others	138,063	106,516
	163,853	116,200
Depreciation and amortisation expenses		
– Depreciation of right-of-use assets	205,093	210,369
– Depreciation of other fixed assets	55,150	49,617
– Amortisation of intangible assets	3,731	4,143
	263,974	264,129
Auditor's remuneration	3,966	3,240
General administration expenses	29,750	33,018
Business promotion expenses	67,312	75,955
Communication expenses	18,133	21,004
Other operating expenses	287,902	233,560
Total operating expenses	2,277,855	2,190,774

Note: Expenses relating to short-term leases is HK\$16,160,000 (first half of 2024: HK\$935,000). Expenses relating to low value assets is HK\$10,000 (first half of 2024: HK\$9,000). Total cash outflow for leases is HK\$225,890,000 (first half of 2024: HK\$217,881,000).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

13 Net charge for impairment losses

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Net charge for impairment losses on loans and advances	(873,460)	(159,442)
Net reversal/(charge) for impairment losses on other financial assets, loan commitments and financial guarantees	35,755	(1,713)
Net charge for impairment losses	<u>(837,705)</u>	<u>(161,155)</u>

14 Net gain/(loss) on disposal of property, plant and equipment

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Net gain/(loss) on disposal of property, plant and equipment	1	(37)
Write-back of revaluation deficits of bank premises	5	4
	<u>6</u>	<u>(33)</u>

15 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable for overseas branches and subsidiaries have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The amount of tax charged to the condensed consolidated income statement represents:

	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Current tax – Provision for Hong Kong profits tax for the period	682,961	621,309
– Provision for overseas tax for the period	49,383	13,724
Over-provision in respect of prior periods	(435)	(1,092)
Deferred taxation	<u>(157,776)</u>	<u>74,595</u>
	<u>574,133</u>	<u>708,536</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

15 Income tax expense (continued)

The difference between the tax expense for the Group's profit amount that would arise using the current tax rate is as follows:

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Profit before tax	4,847,238	4,965,322
Calculated at a tax rate of 16.5% (2024: 16.5%)	799,794	819,278
Effect of different tax rates in other countries and regions	30,841	47,651
Effect of income not subject to tax	(283,019)	(281,366)
Effect of expenses not deductible for tax purposes	25,020	120,123
Over-provision in respect of prior periods	(435)	(1,092)
Tax effect of tax losses not recognised	253	4,131
Tax effect of share of results of associates	(115)	(147)
Other	1,794	(42)
Tax charge	<u>574,133</u>	<u>708,536</u>

Organisation for Economic Co-operation and Development's ("OECD") Global Minimum Tax ("Pillar Two") model rules

On 28 May 2025, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024, after incorporating various Committee Stage Amendments, was passed by the Legislative Council of Hong Kong. The bill contains the legislation for implementation of Pillar Two model rules (i.e., the Income Inclusion Rule ("IIR"), the Undertaxed Profits Rule ("UTPR")) and the domestic minimum top-up tax (i.e., Hong Kong Minimum Top-up Tax ("HKMTT")). The corresponding ordinance was gazetted on 6 June 2025 and became law on the same date. Upon the gazettal of the ordinance, the IIR and HKMTT took effect retrospectively in Hong Kong for fiscal years beginning on or after 1 January 2025 whereas the imposition of the UTPR will be deferred to a date to be specified by the government. For in scope multinational enterprise groups, they are required to consider the impact of IIR and HKMTT in the interim financial information for the six months ended 30 June 2025.

The Group is within the scope of the OECD's Pillar Two model rules. Pillar Two legislation has become effective in Hong Kong since 1 January 2025. Under the Pillar Two legislation enacted, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate and the 15% minimum rate. The Group has assessed that the implementation of Pillar Two has no significant financial impact on the condensed consolidated financial statements for the six months ended 30 June 2025 of the Group.

16 Dividends and distributions

16.1 Dividends attributable to ordinary shareholders in the period

No dividends were paid, declared or proposed for the six months ended 30 June 2025 (first half of 2024: Nil).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

16 Dividends and distributions (continued)

16.2 Distributions to holders of Additional Tier 1 Capital Securities

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Distributions paid on:		
– US\$1 billion undated non-cumulative subordinated additional tier 1 capital securities	128,437	129,000
– US\$2.536 billion undated non-cumulative subordinated additional tier 1 capital securities	571,698	575,151
	<u>700,135</u>	<u>704,151</u>

17 Cash and balances with banks and other financial institutions

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Cash on hand	711,304	943,273
Balances with central banks	12,671,304	7,753,559
Balances with other banks and financial institutions	24,822,620	29,383,939
Less: impairment allowance		
– 12-month ECL	(126)	(146)
	<u>38,205,102</u>	<u>38,080,625</u>

18 Placements with banks and other financial institutions

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Placements with banks and other financial institutions		
– maturing within one month	95,517,570	93,057,849
– maturing after one month but less than one year	71,830,622	66,911,258
– maturing after one year	33,664,599	28,630,600
Accrued interest	1,983,841	1,402,966
Less: impairment allowance		
– 12-month ECL	(64,245)	(114,389)
	<u>202,932,387</u>	<u>189,888,284</u>

In respect of reverse repurchase transactions, the outstanding balance was HK\$66,586,618,000 as at 30 June 2025 (31 December 2024: HK\$36,589,401,000).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS**19 Derivative financial instruments**

The Group enters into the following equity, foreign exchange, interest rate and commodity related derivative financial instruments for trading and risk management purposes:

Currency forwards represent commitments to purchase and sell foreign currencies on a future date.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies, interest rates (for example, fixed rate for floating rate), or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swap contracts, no exchange of principal takes place.

Foreign currency, interest rate and equity options are contractual agreements under which the seller (writer) grants the purchaser (holder) the rights, but not an obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of the financial instrument at a predetermined price. In consideration for the assumption of foreign exchange and interest rate risk, the seller receives a premium from the purchaser. Options are negotiated OTC between the Group and its counterparty or traded through the stock exchange (for example, exchange-traded stock options).

The contractual/notional amounts and fair value of derivative financial instruments held by the Group are set out in the following tables. The contractual/notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting periods and certain of them provide a basis for comparison with fair value instruments recognised on the condensed consolidated statement of financial position. However, they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates and equity price relative to their terms. The aggregate fair value of derivative financial instruments (assets or liabilities) can fluctuate significantly from time to time.

The Group trades derivative products (both exchange-traded or OTC) mainly for customer business. The Group strictly follows risk management policies in providing derivative products to the customers and in trading derivative products in the interbank market.

Derivatives are also used to manage the interest rate risk of the banking book. A derivative instrument must be included in the approved product list before any transactions for that instrument can be made. There are limits to control the notional amount of exposure arising from derivative transactions and the maximum tenor of the deal and management alert limit in profit or loss is set. Each derivative transaction must be input into the relevant systems for settlement, mark-to-market revaluation, reporting and control.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

19 Derivative financial instruments (continued)

The following tables summarise the contractual/notional amounts and fair value of each significant type of derivative financial instrument as at 30 June 2025 and 31 December 2024:

As at 30 June 2025	Contractual/ notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
1) Derivatives held for trading			
a) Foreign exchange derivatives			
– Currency forwards and currency swaps	779,510,446	3,464,209	(3,847,648)
– OTC currency options purchased	106,384,947	207,507	(3)
– OTC currency options written	125,060,113	–	(209,764)
– FX Future	449,802	–	(77)
– Structured foreign exchange instruments	14,164,021	14,920	(11,310)
Total foreign exchange derivatives		3,686,636	(4,068,802)
b) Interest rate derivatives			
– Interest rate swaps	434,254,024	2,494,241	(2,495,626)
– Interest rate futures	443,522	1,030	(361)
Total interest rate derivatives		2,495,271	(2,495,987)
Total derivative assets/(liabilities) held for trading		6,181,907	(6,564,789)
2) Derivatives held for hedging			
a) Derivatives designated as fair value hedges			
– Interest rate swaps	20,599,069	272,905	(212,890)
b) Derivatives designated as cash flow hedges			
– Interest rate swaps	1,134,239	5,055	–
– Currency swaps	95,674,502	276,291	(216,800)
– Commodity swaps	19,859,704	3,139,865	–
		3,421,211	(216,800)
Total derivative assets/(liabilities) held for hedging		3,694,116	(429,690)
Total recognised derivative assets/(liabilities)		9,876,023	(6,994,479)

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
19 Derivative financial instruments (continued)

As at 31 December 2024	Contractual/ notional amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000
1) Derivatives held for trading			
a) Foreign exchange derivatives			
– Currency forwards and currency swaps	1,014,400,082	7,236,490	(7,096,946)
– OTC currency options purchased	70,069,075	193,763	–
– OTC currency options written	90,416,796	–	(181,093)
– Structured foreign exchange instruments	14,655,980	7,349	(8,700)
Total foreign exchange derivatives		7,437,602	(7,286,739)
b) Interest rate derivatives			
– Interest rate swaps	336,935,574	3,670,325	(3,527,183)
– Interest rate futures	204,963	237	(112)
Total interest rate derivatives		3,670,562	(3,527,295)
Total derivative assets/(liabilities) held for trading		11,108,164	(10,814,034)
2) Derivatives held for hedging			
a) Derivatives designated as fair value hedges			
– Interest rate swaps	18,872,562	511,737	(117,860)
b) Derivatives designated as cash flow hedges			
– Interest rate swaps	1,009,288	13,901	–
– Currency swaps	71,356,209	1,478,436	–
– Commodity swaps	15,081,431	1,180,730	(118,295)
		2,673,067	(118,295)
Total derivative assets/(liabilities) held for hedging		3,184,804	(236,155)
Total recognised derivative assets/(liabilities)		14,292,968	(11,050,189)

The contractual or notional amounts of derivative financial instruments provide only an indication of the volume of business outstanding at the end of the reporting period and bear little relation to the underlying risks of the exposures.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

20 Advances and other accounts

20.1 Loans and advances to customers, banks and other accounts

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Loans and advances to customers, banks and other accounts measured at amortised cost		
– Advances to customers	460,124,080	438,009,685
– Advances to banks	6,116,819	4,654,704
– Trade bills	2,327,903	1,830,383
	<u>468,568,802</u>	<u>444,494,772</u>
Gross loans and advances to customers, banks and other accounts measured at amortised cost	468,568,802	444,494,772
Accrued interest	1,126,329	1,147,065
	<u>469,695,131</u>	<u>445,641,837</u>
Less: Impairment allowances		
– 12-month ECL	(4,153,478)	(4,112,476)
– Lifetime ECL not credit-impaired	(2,301,775)	(1,787,878)
– Lifetime ECL credit-impaired	(3,572,338)	(4,257,211)
	<u>459,667,540</u>	<u>435,484,272</u>
Loans and advances to customers, banks and other accounts measured at fair value through other comprehensive income		
– Advances to customers	1,799,530	1,196,263
– Trade bills	6,248,356	366,504
	<u>467,715,426</u>	<u>437,047,039</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

20 Advances and other accounts (continued)

20.1 Loans and advances to customers, banks and other accounts (continued)

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Gross carrying amount of the credit-impaired loans and advances	5,429,703	6,257,443
Impairment allowances made in respect of such loans	3,572,338	4,257,211
Gross carrying amount of the credit-impaired loans and advances as a percentage of total gross loans and advances	1.14%	1.40%
Market value of collateral	<u>2,259,034</u>	<u>3,876,842</u>

Credit-impaired loans and advances are defined as those loans which are individually determined to have objective evidence of impairment as a result of one or more events that have a detrimental impact on the estimated future cash flows of the loans have occurred.

Movement of the impairment allowances is included in Note 4.4 above.

There were no advances to banks and trade bills classified as stage 3 as at 30 June 2025 (31 December 2024: Nil).

20.2 Overdue advances to customers and banks (excluding trade bills and receivables)

The gross amount of the Group's advances to customers and banks (excluding trade bills and receivables) which have been overdue for over three months is analysed as follows:

	Gross advances HK\$'000	% of advances to customers	Market value of eligible collateral HK\$'000	Amount of secured balance HK\$'000	Amount of unsecured balance HK\$'000	Lifetime ECL credit-impaired impairment HK\$'000
As at 30 June 2025						
Overdue for:						
Six months or less but						
over three months	106,939	0.0	48,486	39,765	67,175	76,374
One year or less but over six months	508,293	0.1	65,268	36,756	471,537	355,515
Over one year	4,032,107	0.9	2,145,280	1,877,533	2,154,574	2,764,442
	<u>4,647,339</u>	<u>1.0</u>	<u>2,259,034</u>	<u>1,954,054</u>	<u>2,693,286</u>	<u>3,196,331</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

20 Advances and other accounts (continued)

20.2 Overdue advances to customers and banks (excluding trade bills and receivables) (continued)

	Gross advances HK\$'000	% of advances to customers	Market value of eligible collateral HK\$'000	Amount of secured balance HK\$'000	Amount of unsecured balance HK\$'000	Lifetime ECL credit-impaired impairment HK\$'000
As at 31 December 2024						
Overdue for:						
Six months or less but						
over three months	543,312	0.1	79,043	68,433	474,879	385,382
One year or less but over six months	558,833	0.1	963,730	517,894	40,939	255,444
Over one year	4,495,090	1.0	2,834,069	1,794,869	2,700,222	3,326,370
	<u>5,597,235</u>	<u>1.2</u>	<u>3,876,842</u>	<u>2,381,196</u>	<u>3,216,040</u>	<u>3,967,196</u>

The criteria for eligible collateral are as follows:

- The market value of the collateral is readily determinable or can be reasonably established and verified;
- The collateral is marketable and there exists a readily available secondary market for disposing of the collateral;
- The Bank's rights to repossess the collateral is legally enforceable and without impediment; and
- If the collateral is a movable asset, it should be under the Bank's custody, or its whereabouts can be located by the Bank.

The eligible collateral is mainly properties, deposits and shares.

There were no advances to banks which were overdue for over 3 months as at 30 June 2025 and 31 December 2024.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

20 Advances and other accounts (continued)

20.3 Other overdue assets

	30 June 2025		31 December 2024	
	Accrued interest	Other assets	Accrued interest	Other assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Overdue for:				
Six months or less but over three months	4,022	–	67,449	–
One year or less but over six months	68,744	–	53,710	–
Over one year	214,212	–	212,630	–
	<u>286,978</u>	<u>–</u>	<u>333,789</u>	<u>–</u>

Other assets refer to trade bills and receivables.

20.4 Rescheduled advances

	30 June 2025 HK\$'000	% of advances to customers	31 December 2024 HK\$'000	% of advances to customers
Rescheduled advances (excluding overdue loans over three months)	622,392	0.13	626,278	0.14

Rescheduled advances which have been overdue for more than three months under the revised repayment terms are included in the analysis of overdue advances in Note 20.2 above.

There were no rescheduled advances to banks or other assets as at 30 June 2025 and 31 December 2024.

20.5 Repossessed assets

As at 30 June 2025, for certain credit-impaired loans, the Group obtained eight (31 December 2024: eight) repossessed assets by taking possession of collateral held as security with total current market value of HK\$20,734,000 (31 December 2024: HK\$23,837,000). Repossessed assets only comprise properties which the Group has acquired access or control (e.g. through legal actions or voluntary actions by the borrowers concerned) for releasing in full or in part on the obligations of the borrowers.

20.6 Cash collateral on securities borrowed and reverse repurchase agreements

In respect of reverse repurchase transactions, there were no collateral held by the Group which were permitted to be sold or repledged as at 30 June 2025 (31 December 2024: Nil). No collateral has been sold or repledged by the Group as at 30 June 2025 and 31 December 2024. The transactions are conducted on terms that are usual and customary to standard lending activities.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

21 Financial investments

	30 June 2025				
	Trading assets HK\$'000	Non-trading financial investments mandatorily measured at FVTPL HK\$'000	Measured at FVTOCI HK\$'000	Measured at amortised cost HK\$'000	Total HK\$'000
Debt securities					
– Treasury bills	4,456,703	14,081	60,683,247	10,075,527	75,229,558
– Certificates of deposit held	5,024,023	–	1,036,760	23,281,914	29,342,697
– Others	3,973,871	140,272	127,783,105	56,950,062	188,847,310
Equity securities	–	–	2,774,071	–	2,774,071
Investment funds	–	5,672,985	–	–	5,672,985
Others	–	131,744	–	–	131,744
Interest Receivable	–	–	1,226,908	577,873	1,804,781
Total financial investments	<u>13,454,597</u>	<u>5,959,082</u>	<u>193,504,091</u>	<u>90,885,376</u>	<u>303,803,146</u>
Financial investments are analysed by category of issuer as follows:					
– Central governments and central banks	6,140,649	15,640	91,679,877	25,582,265	123,418,431
– Public sector entities	432,049	4,558	26,308,992	8,381,765	35,127,364
– Banks and other financial institutions	6,397,057	5,863,664	19,965,104	42,296,330	74,522,155
– Corporate entities	484,842	75,220	54,323,210	14,047,143	68,930,415
Interest Receivable	–	–	1,226,908	577,873	1,804,781
Total financial investments	<u>13,454,597</u>	<u>5,959,082</u>	<u>193,504,091</u>	<u>90,885,376</u>	<u>303,803,146</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
21 Financial investments (continued)

	31 December 2024				
	Trading assets HK\$'000	Non-trading financial investments mandatorily measured at FVTPL HK\$'000	Measured at FVTOCI HK\$'000	Measured at amortised cost HK\$'000	Total HK\$'000
Debt securities					
– Treasury bills	4,455,279	11,332	53,818,587	10,822,667	69,107,865
– Certificates of deposit held	3,357,769	–	8,333,933	12,653,967	24,345,669
– Others	3,047,908	137,914	128,445,549	41,729,381	173,360,752
Equity securities	–	24,844	2,521,717	–	2,546,561
Investment funds	–	5,255,786	–	–	5,255,786
Others	–	99,149	–	–	99,149
Interest Receivable	–	–	1,315,054	540,870	1,855,924
Total financial investments	<u>10,860,956</u>	<u>5,529,025</u>	<u>194,434,840</u>	<u>65,746,885</u>	<u>276,571,706</u>
Financial investments are analysed by category of issuer as follows:					
– Central governments and central banks	6,281,241	13,659	87,381,192	14,950,615	108,626,707
– Public sector entities	154,873	4,134	23,386,695	3,738,266	27,283,968
– Banks and other financial institutions	3,854,368	5,397,252	27,389,663	30,923,236	67,564,519
– Corporate entities	570,474	113,980	54,962,236	15,593,898	71,240,588
Interest Receivable	–	–	1,315,054	540,870	1,855,924
Total financial investments	<u>10,860,956</u>	<u>5,529,025</u>	<u>194,434,840</u>	<u>65,746,885</u>	<u>276,571,706</u>

22 Investment properties

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Carrying amount at 1 January	201,100	208,300
Net revaluation loss	(2,500)	(7,200)
Carrying amount at 30 June/31 December	<u>198,600</u>	<u>201,100</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

23 Property, plant and equipment

Reconciliation of carrying amount

	Bank premises and properties HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Right-of-use asset premises HK\$'000	Right-of-use asset Furniture and equipment HK\$'000	Total HK\$'000
At 31 December 2024 and 1 January 2025:						
Cost or valuation	714,930	478,765	626,496	3,248,377	80,994	5,149,562
Accumulated depreciation and impairment	(263,670)	(400,810)	(493,582)	(2,455,722)	(79,668)	(3,693,452)
At 1 January 2025	451,260	77,955	132,914	792,655	1,326	1,456,110
Additions	-	13,675	48,038	220,836	-	282,549
Disposals	-	(111)	(26)	(6)	-	(143)
Revaluation	787	-	-	-	-	787
Depreciation provided during the period	(8,026)	(16,464)	(30,659)	(203,882)	(1,212)	(260,243)
Exchange rate and others	4,093	119	(10,749)	(7,759)	-	(14,296)
Net book value at 30 June 2025	448,114	75,174	139,518	801,844	114	1,464,764
At 30 June 2025:						
Cost or valuation	778,932	500,860	659,161	3,474,114	40,916	5,453,983
Accumulated depreciation and impairment	(330,818)	(425,686)	(519,643)	(2,672,270)	(40,802)	(3,989,219)
Net book value at 30 June 2025	448,114	75,174	139,518	801,844	114	1,464,764

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS
23 Property, plant and equipment (continued)

Reconciliation of carrying amount (continued)

	Bank premises and properties HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Right-of-use asset premises HK\$'000	Right-of-use asset Furniture and equipment HK\$'000	Total HK\$'000
At 31 December 2023 and 1 January 2024:						
Cost or valuation	724,863	438,152	633,746	2,867,436	80,773	4,744,970
Accumulated depreciation and impairment	(257,536)	(378,291)	(480,324)	(2,169,635)	(72,428)	(3,358,214)
At 1 January 2024	467,327	59,861	153,422	697,801	8,345	1,386,756
Additions	–	46,660	75,324	521,787	221	643,992
Disposals	–	–	(4,382)	(606)	–	(4,988)
Revaluation	4,608	–	–	–	–	4,608
Depreciation provided during the period	(16,070)	(28,531)	(83,796)	(425,186)	(7,240)	(560,823)
Exchange rate and others	(4,605)	(35)	(7,654)	(1,141)	–	(13,435)
Net book value at 31 December 2024	451,260	77,955	132,914	792,655	1,326	1,456,110
At 31 December 2024:						
Cost or valuation	714,930	478,765	626,496	3,248,377	80,994	5,149,562
Accumulated depreciation and impairment	(263,670)	(400,810)	(493,582)	(2,455,722)	(79,668)	(3,693,452)
Net book value at 31 December 2024	451,260	77,955	132,914	792,655	1,326	1,456,110

24 Other assets

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Interest receivable	2,870,448	2,900,667
Prepayments	610,714	607,831
Settlement accounts	1,627,431	1,345,778
Margin deposits paid	5,746,328	4,316,018
Factoring	169,114	5,587
Others	1,134,134	865,664
	12,158,169	10,041,545
Less: impairment allowances for other assets		
– 12-month ECL	(58,547)	(48,885)
– Lifetime ECL credit-impaired	(24,369)	(24,839)
	12,075,253	9,967,821

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

25 Deposits from banks and other financial institutions

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Deposits from banks and other financial institutions		
– Measured at amortised cost	127,415,055	117,919,972
– Designated at fair value through profit or loss	19,859,704	15,081,431
	147,274,759	133,001,403
Accrued interest	349,738	319,130
	147,624,497	133,320,533

In respect of repurchase transactions, the outstanding balance was HK\$20,707,136,000 as at 30 June 2025 (31 December 2024: HK\$16,754,998,000), the fair value of collateral which were permitted to be sold or repledged from the Group was HK\$21,701,977,000 as at 30 June 2025 (31 December 2024: HK\$17,965,334,000). The transactions are conducted on terms that are usual and customary to standard lending activities.

26 Deposits from customers

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Demand deposits and current accounts	35,315,784	29,786,077
Savings deposits	225,063,354	183,130,118
Time, call and notice deposits		
– Measured at amortised cost	409,727,251	402,935,022
– Designated at fair value through profit or loss	13,907,539	14,549,476
	684,013,928	630,400,693
Accrued interest	3,667,823	4,179,870
	687,681,751	634,580,563

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

27 Deferred income tax

The movements in the deferred income tax are as follows:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
At 1 January	1,484,142	1,807,054
Credited to the profit or loss	157,776	182,340
Credited to equity	(125,622)	(480,768)
Exchange difference and other adjustment	22,417	(24,484)
At 30 June/31 December	<u>1,538,713</u>	<u>1,484,142</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the condensed consolidated statement of financial position.

The Group has tax losses arising in Hong Kong of HK\$14,060,000 (31 December 2024: HK\$12,526,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for sometime and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Net deferred income tax assets recognised in the condensed consolidated statement of financial position	1,539,821	1,485,214
Net deferred income tax liabilities recognised in the condensed consolidated statement of financial position	(1,108)	(1,072)
At 30 June/31 December	<u>1,538,713</u>	<u>1,484,142</u>

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

28 Debt securities in issue

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Debt securities in issue		
– Measured at amortised cost	<u>15,285,045</u>	<u>18,195,889</u>
	15,285,045	18,195,889
Accrued interest	<u>132,337</u>	<u>148,412</u>
	<u>15,417,382</u>	<u>18,344,301</u>

29 Other liabilities

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Interest payable	2,984,133	2,884,374
Salaries and welfare payable	839,650	683,972
Settlement accounts	8,225,639	4,018,528
Margin deposits received	2,677,322	3,168,397
Factoring	169,114	5,587
Lease liabilities	784,350	775,105
Others	<u>1,405,662</u>	<u>2,050,963</u>
	<u>17,085,870</u>	<u>13,586,926</u>
Impairment allowances for loan commitment and financial guarantees		
– 12-month ECL	489,098	506,773
– Lifetime ECL not credit-impaired	<u>11,032</u>	<u>9,064</u>
	<u>17,586,000</u>	<u>14,102,763</u>

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period ended 30 June 2025 (31 December 2024: Nil).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

29 Other liabilities (continued)

29.1 Lease liabilities

The maturity profile for lease liabilities associated with leased premises and equipment assets is as follows:

As at 30 June 2025	One year or less HK\$'000	Between one year and two years HK\$'000	Between two years and five years HK\$'000	More than five years HK\$'000	Total HK\$'000
Other liabilities – lease liabilities	73,842	149,715	387,044	173,749	784,350
As at 31 December 2024	One year or less HK\$'000	Between one year and two years HK\$'000	Between two years and five years HK\$'000	More than five years HK\$'000	Total HK\$'000
Other liabilities – lease liabilities	179,510	221,881	313,344	60,370	775,105

30 Share capital

	Number of shares (in thousands)	Ordinary shares HK\$'000
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>2,749,000</u>	<u>44,187,631</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Bank do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

31 Additional equity instruments

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
US\$1 billion undated non-cumulative subordinated additional tier 1 capital securities	7,771,390	7,771,390
US\$2.536 billion undated non-cumulative subordinated additional tier 1 capital securities	19,897,375	19,897,375
	27,668,765	27,668,765

On 21 March 2018, the Bank issued Basel III-compliant Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the “US\$2.536 billion Additional Tier 1 Capital Securities”) in the aggregate amount of US\$2.536 billion (equivalent to approximately HK\$19,897 million net of related issuance costs). The US\$2.536 billion Additional Tier 1 Capital Securities bear a 4.90% distribution until the first call date on 21 March 2023. If the US\$2.536 billion Additional Tier 1 Capital Securities are not called, the distribution will be reset based on the then-prevailing 5-year US Treasury yield plus a fixed initial spread (2.25% per annum) every 5 years. The US\$2.536 billion Additional Tier 1 Capital Securities qualify as Additional Tier 1 capital under the Banking (Capital) Rules (Cap. 155L) (the “Capital Rules”) and LAC debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (the “LAC Rules”).

The distribution shall be payable semi-annually, with the first distribution payment date being 21 September 2018. The Bank has the right to cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$2.536 billion Additional Tier 1 Capital Securities) and the distribution cancelled shall not be cumulative. In addition, the Bank must cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$2.536 billion Additional Tier 1 Capital Securities) if (a) the distribution scheduled to be paid together with other distributions scheduled to be paid on any parity obligations during the Bank’s then current fiscal year would exceed the Bank’s distributable reserves; or (b) the HKMA directs the Bank to cancel such distribution, or an applicable Hong Kong banking regulation or other requirement of the HKMA prevents the payment in full of dividends or other distributions when due on any other parity obligation.

On 21 March 2023, the Bank restated the US\$2.536 billion Additional Tier 1 Capital Securities. The optional call dates have been changed to 21 March 2028 and any subsequent distribution payment date thereafter. The US\$2.536 billion Additional Tier 1 Capital Securities bear a 5.8% distribution until the revised first call date on 21 March 2028. If the US\$2.536 billion Additional Tier 1 Capital Securities are not called, the distribution will be reset based on the then-prevailing 5-year US Treasury yield plus a fixed initial spread (2.2192% per annum) every 5 years. The US\$2.536 billion Additional Tier 1 Capital Securities qualify as Additional Tier 1 capital under the Banking (Capital) Rules (Cap. 155L) (the “Capital Rules”) and LAC debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (the “LAC Rules”).

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS**31 Additional equity instruments (continued)**

The distribution shall be payable semi-annually. The Bank has the right to cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$2.536 billion Additional Tier 1 Capital Securities) and the distribution cancelled shall not be cumulative. In addition, the Bank must cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$2.536 billion Additional Tier 1 Capital Securities) if (a) the distribution scheduled to be paid together with other distributions scheduled to be paid on any parity obligations during the Bank's then current fiscal year would exceed the Bank's distributable reserves; or (b) the HKMA directs the Bank to cancel such distribution, or an applicable Hong Kong banking regulation or other requirement of the HKMA prevents the payment in full of dividends or other distributions when due on any other parity obligation.

On 21 July 2021, the Bank issued Basel III-compliant Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the "US\$1 billion Additional Tier 1 Capital Securities") in the aggregate amount of US\$1 billion (equivalent to approximately HK\$7.771 billion net of related issuance costs). The US\$1 billion Additional Tier 1 Capital Securities bear a 3.3% distribution until the first call date on 21 July 2026. If the US\$1 billion Additional Tier 1 Capital Securities are not called, the distribution will be reset based on the then-prevailing 5-year US treasury yield plus a fixed initial spread (2.59% per annum) every 5 years. The US\$1 billion Additional Tier 1 Capital Securities qualify as Additional Tier 1 capital under the Capital Rules and LAC debt instruments under the LAC Rules.

The distribution shall be payable semi-annually, with the first distribution payment date being 21 January 2022. The Bank has the right to cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$1 billion Additional Tier 1 Capital Securities) and the distribution cancelled shall not be cumulative. In addition, the Bank must cancel distribution payment (subject to the requirements set out in the terms and conditions of the US\$1 billion Additional Tier 1 Capital Securities) if (a) the distribution scheduled to be paid together with other distributions scheduled to be paid on any parity obligations during the Bank's then current fiscal year would exceed the Bank's distributable reserves; or (b) the HKMA directs the Bank to cancel such distribution, or an applicable Hong Kong banking regulation or other requirement of the HKMA prevents the payment in full of dividends or other distributions when due on any other parity obligation.

The Bank has a call option to redeem all the outstanding US\$1 billion Additional Tier 1 Capital Securities from 21 July 2026 or any subsequent distribution payment date thereafter.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

31 Additional equity instruments (continued)

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed by the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA or a relevant government body, the Bank would become non-viable if there is no written off of the principal. The Additional Tier 1 Capital Securities also contain Hong Kong Bail-in Power. Each holder of the Additional Tier 1 Capital Securities shall be subject to the exercise by the Hong Kong Resolution Authority to any or a combination of the following:

- (a) reduction or cancellation of all or a part of the principal and/or distribution of the Additional Tier 1 Capital Securities;
- (b) the conversion of all or a part of the principal and/or distribution of the Additional Tier 1 Capital Securities into shares or other securities or other obligations of the Bank or another person; and/or
- (c) the amendment of the maturity, distribution payment date and/or the distribution amount of the Additional Tier 1 Capital Securities.

32 Reserves

The general reserve of the Group for the period is comprised of:

- the transfer of retained earnings which is distributable to the shareholders of the Group; and
- a statutory surplus reserve of a subsidiary representing 10% of the profit after tax appropriation and 1.5% of the book value of risk assets as required by law and regulation in the PRC. This reserve is used to offset accumulated losses or increase in capital.

As at 30 June 2025, the Group is not required to make “Regulatory Reserve” (31 December 2024: Nil). The Regulatory Reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purpose. Movements in the reserve are made directly through retained earnings and in consultation with the Hong Kong Monetary Authority.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

33 Related-party transactions

Listed out below is a summary of the balances and transactions entered into during the ordinary course of business with the ultimate holding company and fellow subsidiaries and associates, including the acceptance of placement of interbank deposits, corresponding banking transactions and off-balance sheet transactions. The activities were priced at the relevant market rates at the time of transactions.

33.1 Ultimate holding company

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Interest income	2,189,685	2,783,174
Interest expense ⁴	669,216	699,347
Net operating income ^{1,2,5}	638,917	59,940
Operating expenses ^{3,4}	4,253	4,809

	As at	
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Amounts due from ⁶	122,942,315	103,133,774
Amounts due to ⁶	144,276,198	141,408,080

1. In accordance with the agreements dated 20 June 2017, 17 December 2018, 13 November 2020 and 20 October 2022, management fee income was received from the Hong Kong Branch of Industrial and Commercial Bank of China Limited (the "Branch") for the provision of services such as accounting and budgeting, internal audit, marketing and back office settlement and clearing.
2. In accordance with the custodian and trustee services agreement dated 4 September 2007 and the supplemental custodian and trustee services agreements dated 16 May 2008, 31 December 2009 and 19 January 2015, services fees were paid by the ultimate holding company to the Group for providing custodian, settlement and clearing services in relation to the investments outside the PRC in certain investment products by the customers of the ultimate holding company in connection with the Qualified Domestic Institutional Investor Scheme of the PRC.
3. In accordance with the service level agreements with the Bank dated 15 December 2024 (as amended and supplemented by supplemental agreements), and the service levels agreement with a subsidiary of the Bank dated 1 February 2025, service fee expense was paid to the ultimate holding company for the provision of data processing services to the Bank and its subsidiary.
4. In accordance with the tenancy agreement with the ultimate holding company dated 9 March 2021, interest expense on lease liabilities and depreciation of right-of-use assets for the leasing of property located in Hong Kong are HK\$506,000 and HK\$4,250,000 respectively during first half of 2025 (first half of 2024: HK\$577,000 and HK\$4,250,000 respectively), and these are included in interest expense and operating expenses, respectively.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

33 Related-party transactions (continued)

33.1 Ultimate holding company (continued)

5. Net operating income includes net gain arising from the derivatives with the ultimate holding company in the amount of HK\$418,582,000 during first half of 2025 (first half of 2024: net loss of HK\$152,909,000).
6. As at 30 June 2025, derivatives assets and liabilities in the amount of HK\$414,281,000 and HK\$567,158,000, respectively are included in amounts due from and to the ultimate holding company respectively (31 December 2024: HK\$357,462,000 and HK\$752,056,000, respectively).

(i) *Committed facilities*

The Bank received conglomerate guarantee on loan from the ultimate holding company in the amount of HK\$2,902,767,000 (31 December 2024: HK\$2,463,565,000).

(ii) *Undertaking from the ultimate holding company*

To demonstrate its support to the Bank, a Letter of Comfort dated 3 July 2001 was executed by the ultimate holding company, pursuant to which it will provide the Bank with such funding as may be required by the Bank to ensure that it will maintain sufficient capital and liquidity levels.

Simultaneously on 3 July 2001, the ultimate holding company and the Bank entered into a guarantee agreement whereby the ultimate holding company agreed to guarantee to the extent of HK\$9,000,000,000, being the payment obligations of certain customers whose “large exposures” were transferred to the Bank pursuant to the business transfer agreement and to indemnify the Bank in respect of any losses incurred if any obligation of such customers becomes unenforceable. There are no on-balance sheet large exposures of the Bank covered by this guarantee as at 30 June 2025 (first half of 2024: HK\$ Nil).

(iii) *Sub-participation of loans*

The Bank entered into various capital market transactions with the Branch, which include arranging participation/sub-participation in loans, acquiring and disposing of interests in syndicated or individual loans, subscribing to and/or issuing of debt securities and tax efficient financing. No sub-participation in loans of the Bank by the ultimate holding company and/or the Branch (first half of 2024: HK\$1,146,698,000) and no fee attributable to the above transactions was paid by the Bank to the Branch as at 30 June 2025 (first half of 2024: HK\$731,000). These transactions were priced based either on the terms of the underlying loan agreement, if applicable, or prevailing market rates if such comparable rates were available, or on terms that were no less favorable than those available to other independent loan members.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

33 Related-party transactions (continued)

33.2 Fellow subsidiaries

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Interest income	97,247	78,592
Interest expense	16,068	27,913
Net operating loss ¹	(12,551)	(104,279)
Operating expenses	2	32
As at		
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Amounts due from ²	4,268,705	2,743,141
Amounts due to ²	2,694,188	2,011,273

1. Net operating loss includes net loss arising from the derivatives with fellow subsidiaries in the amount of HK\$14,110,000 during first half of 2025 (first half of 2024: net loss of HK\$113,943,000).
2. As at 30 June 2025, derivatives assets and liabilities in the amount of HK\$12,029,000 and HK\$26,472,000, respectively are included in amounts due from and to the fellow subsidiaries respectively (31 December 2024: HK\$108,918,000 and HK\$162,410,000, respectively).

33.3 Associates

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Interest income	809	274
Interest expense	393	4
Operating income	44	31
As at		
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Amounts due from	–	80,940
Amounts due to	32,199	57,223

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

33 Related-party transactions (continued)

33.4 Transactions with other state-controlled entities and government authorities

Transactions with the following state-controlled entities and government authorities are considered as individually significant or collectively significant to the Group:

- The Ministry of Finance of the PRC
- Central Huijin Investment Limited (“Huijin”)
- Other banks and financial institutions under the direction of the PRC government in which Huijin has equity interests

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Interest income	833,669	682,499
Interest expense	40,507	71,425
Net operating income ¹	(1,462)	23,449

	As at	
	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Amounts due from	51,927,305	44,567,675
Amounts due to	4,390,612	6,930,916

1. Net operating income includes net loss arising from the derivatives with other state-controlled entities and government authorities in the amount of HK\$1,717,000 during first half of 2025 (first half of 2024: net gain of HK\$21,952,000).

In addition, the Group may also enter into transactions with other state-controlled entities and government authorities, including but not limited to lending, deposit taking and the provision of financial products or services. In the opinion of management, transactions with these state-controlled entities and government authorities were conducted in the ordinary course of business under normal terms and conditions and at market rates. As a result, none of these transactions are considered individually significant.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

33 Related-party transactions (continued)

33.5 Key management personnel remuneration

Remuneration for key management personnel, including the Bank's directors' emoluments, is as follows:

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Employee benefits	23,952	22,178

33.6 Material transactions with key management personnel

During the period, the Group entered into certain banking transactions consisting of loans and advances, deposits and other financial related transactions with related parties in the normal course of business. The related parties include key management personnel of the Group, their close family members and companies controlled or significantly influenced by them.

	For the six months ended	
	30 June 2025	30 June 2024
	HK\$'000	HK\$'000
Interest income	100	143
Interest expense	1,275	1,366
Operating income	7	7
Operating expenses	31	29

	As at	
	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Loans and advances	12,373	12,896
Deposits	140,050	113,663

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

34 Transferred financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Repurchase transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral included in deposits from banks and other financial institutions as appropriate.

The following table analyses the carrying amount of the above mentioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	30 June 2025		31 December 2024	
	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000
Repurchase agreements	21,701,977	20,707,136	17,965,334	16,754,998

Discounted bills transactions

The Group enters into discounted bills transactions in the normal course of business by which it transfers discounted bills to third parties in the PRC with recourse term which would give rise to the Group's continuing involvement in the transferred assets. As at 30 June 2025, the Group retained obligation on those PRC discounted bills transferred and derecognised but not matured with a carrying amount of HK\$60,011,000 (31 December 2024: Nil). All the transferred discounted bills at year will be matured within a year.

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENTS

35 Off-balance sheet exposures

35.1 Contingent liabilities and commitments

The following is a summary of the contractual amounts and credit risk-weighted amounts of each significant class of contingent liability and commitment. It is prepared with reference to the revised Banking (Capital) Rules, which took effect from 23 May 2025:

	30 June 2025	30 June 2025	31 December 2024	31 December 2024
	Contractual	Credit risk	Contractual	Credit risk
	amount	weighted	amount	weighted
	HK\$'000	amount	HK\$'000	amount
Direct credit substitutes	16,141,755	3,559,734	16,901,412	11,750,343
Transaction-related contingencies	16,038,654	6,724,285	919,319	377,399
Trade-related contingencies	3,870,373	725,143	21,798,973	4,245,763
Forward asset purchases	119,653	363,853	129,234	157,600
Forward forward deposit placed	1,500,000	300,000	–	–
Other commitments:				
– Unconditionally cancellable	206,880,062	18,610,968	142,360,464	–
– Others	63,346,510	20,867,283	57,227,516	23,505,711
	307,897,007	51,151,266	239,336,918	40,036,816

35.2 Capital commitments

Capital commitments for property, plant and equipment outstanding as at 30 June 2025 and 31 December 2024 not provided for in the financial statements are as follows:

	30 June 2025	31 December 2024
	HK\$'000	HK\$'000
Expenditure contracted, but not provided for	185,209	141,316
Expenditure authorised, but not contracted for	–	14,172
	185,209	155,488

36 Comparative Amounts

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.