



**2024**  
**INTERIM REPORT**

# CONTENTS

<b>2</b>	<b>Corporate Information</b>
<b>4</b>	<b>Chairman's Statement</b>
<b>6</b>	<b>Chief Executive's Statement</b>
<b>10</b>	<b>Corporate Governance and Other Information</b>
<b>11</b>	<b>Condensed Consolidated Income Statement</b>
<b>12</b>	<b>Condensed Consolidated Statement of Comprehensive Income</b>
<b>13</b>	<b>Condensed Consolidated Statement of Financial Position</b>
<b>14</b>	<b>Condensed Consolidated Statement of Changes in Equity</b>
<b>16</b>	<b>Condensed Consolidated Statement of Cash Flows</b>
<b>18</b>	<b>Notes to the Condensed Consolidated Interim Financial Information</b>
<b>55</b>	<b>Supplementary Information</b>
<b>72</b>	<b>Head Office, Branches, Sub-Bran­ches, Principal Subsidiaries and Associates</b>

# CORPORATE INFORMATION

as of 2 September 2024

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS <sup>1</sup>

Mr ZONG Jianxin (*Deputy Chairman and Chief Executive*)  
Mr LAU Wai Man (*Deputy Chief Executive*)

### NON-EXECUTIVE DIRECTORS <sup>2</sup>

Mr LI Feng (*Chairman*)  
Mr LIN Zhaoyuan  
Mr CHOW Cheuk Yu Alfred BBS, JP  
Ms CHEN Jing

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr CHENG Yuk Wo  
Mr LEE Ka Lun  
Mr YU Lup Fat Joseph

## BOARD COMMITTEES

### AUDIT COMMITTEE <sup>3</sup>

Mr CHENG Yuk Wo (*Chairman*)  
Mr CHOW Cheuk Yu Alfred BBS, JP  
Ms CHEN Jing  
Mr LEE Ka Lun  
Mr YU Lup Fat Joseph

### CONNECTED PARTY TRANSACTIONS COMMITTEE <sup>4</sup>

Mr CHENG Yuk Wo (*Chairman*)  
Mr CHOW Cheuk Yu Alfred BBS, JP  
Mr YEE Wing Chi  
Mr YOUNG Chi Ho

### DIGITALIZATION STRATEGY COMMITTEE

Mr LEE Ka Lun (*Chairman*)  
Mr LI Feng  
Mr ZONG Jianxin  
Mr LAU Wai Man

### NOMINATION AND REMUNERATION COMMITTEE <sup>5</sup>

Mr YU Lup Fat Joseph (*Chairman*)  
Mr LI Feng  
Mr CHOW Cheuk Yu Alfred BBS, JP  
Mr CHENG Yuk Wo  
Mr LEE Ka Lun

### RISK COMMITTEE

Mr LEE Ka Lun (*Chairman*)  
Mr LI Feng  
Mr CHENG Yuk Wo  
Mr YU Lup Fat Joseph

### STRATEGIC AND SUSTAINABLE DEVELOPMENT COMMITTEE

Mr LIN Zhaoyuan (*Chairman*)  
Mr LI Feng  
Mr YU Lup Fat Joseph  
Mr ZONG Jianxin  
Mr LAU Wai Man

## SENIOR MANAGEMENT

Mr JIN Lin (*Deputy Chief Executive*)  
Mr YEE Wing Chi (*Chief Financial Officer*)  
Mr YOUNG Chi Ho (*Chief Risk Officer*)  
Ms LAM Pik Ha Eliza (*Head of Financial Institutions Division*)  
Ms NG Sau Wai Sylvia (*Head of Personal Banking Division*)  
Mr WONG Kwok Pun (*Head of Treasury and Markets*)  
Ms CHEUNG Hoi Lam (*Company Secretary*)

<sup>1</sup> Mr JIN Lin is to be appointed as an Executive Director with effect from 3 September 2024.

<sup>2</sup> Mr CHOW Cheuk Yu Alfred is to retire as a Non-executive Director with effect from 3 September 2024.

<sup>3</sup> Mr LI Feng is to be appointed as a member of Audit Committee in place of Mr CHOW Cheuk Yu Alfred with effect from 3 September 2024.

<sup>4</sup> Mr JIN Lin is to be appointed as a member of Connected Party Transactions Committee in place of Mr CHOW Cheuk Yu Alfred with effect from 3 September 2024.

<sup>5</sup> Mr LIN Zhaoyuan is to be appointed as a member of Nomination and Remuneration Committee in place of Mr CHOW Cheuk Yu Alfred with effect from 3 September 2024.

**CORPORATE INFORMATION**

as of 2 September 2024

**REGISTERED OFFICE**

Address : Ground Floor, Chong Hing Bank Centre  
24 Des Voeux Road Central, Hong Kong

Telephone : (852) 3768 6888

Facsimile : (852) 3768 1888

SWIFT BIC : LCHB HK HH

Website : [www.chbank.com](http://www.chbank.com)

E-mail : [customerservice@chbank.com](mailto:customerservice@chbank.com)



Chong Hing Bank's website access code

**PRINCIPAL LEGAL ADVISERS**

Baker & McKenzie  
Mayer Brown

**AUDITOR**

Ernst & Young  
*Certified Public Accountants*

**STOCK CODES FOR LISTED DEBT SECURITIES**

Debt Securities	Listing	Stock Codes
US\$300,000,000 5.50% undated non-cumulative subordinated additional tier 1 capital securities	The Stock Exchange of Hong Kong Limited	40329
RMB1,500,000,000 4.20% tier 2 capital bonds due 2033	Shanghai Clearing House	232380063.IB
RMB2,500,000,000 2.93% tier 2 capital bonds due 2034	Shanghai Clearing House	292480005.IB



## CHAIRMAN'S STATEMENT

The economic recovery remained unbalanced in the first half of 2024, resulting in a more complex and challenging business environment for the banking sector. Chong Hing Bank Limited ("Chong Hing Bank") demonstrated its determination to uphold the business philosophy of seeking progress in a stable manner and aiming high, firmly defended the bottom line of risks, continuously strengthened its risk control and lean management capabilities, managed to overcome difficulties and seek business opportunities in the adverse environment, thereby steadily improving its operating performance and position in the industry. In the list of the Top 1000 World Banks 2024 released by the British magazine The Banker, Chong Hing Bank further climbed to 324th place, maintaining its ranking among the top 400 banks for the sixth consecutive year. It demonstrated the continuous improvement in its overall strength.

For the six months ended 30 June 2024, the profit attributable to equity owners of Chong Hing Bank amounted to HK\$1,060 million, a decrease of 14.41% compared to the same period last year. The Board of Directors of Chong Hing Bank (the "Board") has declared payment of an interim cash dividend of HK\$160,000,000 for the six months ended 30 June 2024. The dividend payout for the period as a percentage of the adjusted profit attributable to equity owners, less the distribution paid on additional equity instruments, will be 18.21%.

The major financial ratios for the first half of 2024 are as follows:

- Return on shareholders' equity: 5.17%
- Average liquidity maintenance ratio: 66.05%
- Total capital ratio as of 30 June 2024: 20.94%
- Tier 1 capital ratio as of 30 June 2024: 17.55%
- Loan to deposit ratio as of 30 June 2024: 71.25%

**CHAIRMAN'S STATEMENT**

In the first half of 2024, the path to global recovery was still bumpy, with slow fall of inflation and geopolitical turmoil, leaving the outlook for the global economy still in gloom. Through macro policies, China actively responded to various difficulties and challenges faced by current economic development, continuously fostered and strengthened new quality productivity, promoted effective quality improvement and reasonable growth of the economy, thus ensuring the sustained improvement of national economy. Hong Kong shall continue to capitalise on its unique advantage of being backed by the Motherland and connected to the world under the "one country, two systems" principle, actively integrate itself into China's overall development, while at the same time remain highly internationalised to facilitate regional and global collaboration, thereby playing a key role in the domestic and international dual circulation.

By relying on the state-owned background and extensive ecosystem resources of its shareholder, Yuexiu Group, Chong Hing Bank actively expanded its business with cross-border, synergistic and digital features. During the period, it accelerated its digital transformation through the launch of enhanced services such as a new generation of Internet Banking and remote account opening, thereby enhancing its financial technology capabilities. By strengthening collaboration with Yuexiu Group and its subsidiaries, Chong Hing Bank constantly improved its regional service capabilities and further expanded its business footprint in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). Meanwhile, Yuexiu Group made a further capital injection of HK\$1 billion into Chong Hing Bank in the first half of 2024. This effectively enhanced Chong Hing Bank's capital adequacy ratio, provided critical support for its sustainable business development, and reflected Yuexiu Group's full confidence in Chong Hing Bank's business development.

2024 marks the 27th anniversary of Hong Kong's return to the Motherland. China's solid economic foundation and substantial policy support will not only reinforce and strengthen its overall economic rebound and improvement, but also serve as a strong support for the steady development of Hong Kong's economy. Chong Hing Bank will capitalise on the major opportunities arising from China's next wave of comprehensively deepening reform and promoting Chinese-style modernisation, continuously optimise its business structure and expedite its digital transformation, and continuously consolidate the advantages of its cross-border featured business, with a view to becoming an integrated commercial bank based in Guangzhou and Hong Kong with an in-depth layout in the Greater Bay Area and a nationwide network.

Last but not least, I would like to extend my sincere gratitude to all our directors for their dedicated guidance, to our customers and business partners for their trust and support, and to our management team and the entire staff members for their persistent diligence in making progress, which contributed to the continued elevation of customer service level and enhancement of operational management capabilities of Chong Hing Bank. Looking ahead, Chong Hing Bank will seize new development opportunities and stay true to the spirit of "Beyond Excellence" to unveil a new chapter of high-quality development.

**LI Feng**  
*Chairman*

Hong Kong, 2 September 2024

# CHIEF EXECUTIVE'S STATEMENT

Stepping into 2024, the global economy still faces various uncertainties and challenges. Due to geopolitical tensions, lower market expectations for U.S. interest rate cuts, and the significant impact of the sustained global high interest rate environment on investment and consumption sentiments, global economic growth has slowed. Benefiting from improved external demand, Mainland China's economy achieved a brilliant start in 2024. Supported by the various supporting measures introduced by the Hong Kong SAR Government, Hong Kong's economy continued to grow at a moderate pace, with real GDP in the second quarter increased by 3.3% year-on-year. Under the macro financial environment, Chong Hing Bank Limited (the "Bank" or "Chong Hing Bank") remained highly prudent to cope with the challenges posed by various risk factors, continuously strengthened its credit risk control capabilities, optimised its business structure, and implemented lean management to enhance its operation and management quality and economic efficiency.

## FINANCIAL REVIEW

In the first half of 2024, profit attributable to equity owners of Chong Hing Bank amounted to HK\$1,060 million, representing a drop of 14.41%, as compared to the same period in 2023. This was mainly due to an increase in impairment losses on financial assets arising from the credit deterioration of certain customers under industry-specific risks. The Bank proactively strengthened its risk management practices in order to maintain solid asset quality. Faced with complex market environment and challenges, Chong Hing Bank's operations remain resilient. Operating profit before impairment losses stood at HK\$2,080 million, representing an increase of 14.64% compared to the same period in 2023.

Net interest income increased by 6.83% to HK\$2,376 million, net interest margin widened from 1.58% to 1.65%. Net fee and commission income is flat year-on-year, at HK\$163 million, mainly due to the increase in agency services, offset by lower contribution of fees from lending business and customer investment activity. Net income from trading and investments increased by 40.58% to HK\$420 million.

As a result of efficient gains and lean management, the operating expenses were reduced by 1.08% to HK\$960 million, as compared to the same period in 2023. The cost to income ratio for the period improved by 3.27 percentage points to 31.57%, overall operating efficiency was improved.

Impairment losses on financial assets were HK\$903 million for the first half of 2024, higher year-on-year but lower than the level record in the second half of 2023.

Total consolidated assets of the Bank stood at HK\$293.7 billion, decreased by 4.04%, as compared to the beginning of 2024. Deposits from customers amounted to HK\$226.0 billion, while gross loans and advances to customers amounted to HK\$164.1 billion. The Bank continued to adopt prudent credit risk management, the non-performing loan ratio dropped to 2.58%. The loan to deposit ratio was 71.25%.

At the end of the first half of 2024, the return on shareholders' equity of the Bank was 5.17%. The Bank's capital and liquidity position remained strong and steady, with total capital ratio, Tier 1 capital ratio and Common Equity Tier 1 capital ratio of 20.94%, 17.55% and 15.12%, respectively, whereas the average liquidity maintenance ratio for the period was 66.05%. The capital adequacy ratio and liquidity maintenance ratio were above the relevant statutory requirements.

## CHIEF EXECUTIVE'S STATEMENT

### SUCCESSFUL ISSUANCE OF RENMINBI TIER 2 CAPITAL BONDS

Following the successful issuance of 2023 Renminbi tier 2 capital bonds (Panda bonds) in Mainland China on 26 September 2023, Chong Hing Bank further issued Panda bonds of RMB2.5 billion in Mainland China on 11 June 2024 with a term of 10 years and a fixed rate of 2.93% per annum (the issuer has a call option to a one-time redemption right at the end of the fifth year). The proceeds raised were used to support the Bank's operation and development to expedite the services provided to the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). In addition, Yuexiu Group, the Bank's shareholder, made a further capital injection of HK\$1 billion into Chong Hing Bank in June 2024. This demonstrated Yuexiu Group's confidence in fully supporting Chong Hing Bank.

### BUSINESS REVIEW

#### CORPORATE BANKING

In the first half of 2024, Chong Hing Bank continued to leverage its advantages of regional ties and provided various products and services with cross-border characteristics to key customers from different industries such as manufacturing, information and communications, new economy, and local blue chips, thereby achieving a further optimised customer structure and more balanced exposure to diversified industries. The Bank has been actively contributing its efforts to drive the development of green and sustainable finance, promote cooperations with state-owned enterprises, Hong Kong listed companies and other entities, support their green and sustainable industrial development through sustainable loan financing, thereby facilitating the green and low-carbon social and economic transformation.

During the period, the Bank devoted great efforts in customer marketing to expand commodity trading business for corporate customers, and at the same time promoted business cooperations with other banks in Hong Kong, on a pilot basis, in areas such as forfaiting and risk participation in the secondary market. By the end of June 2024, the Bank's trade financing balance recorded double-digit growth as compared to the same period last year.

#### PERSONAL BANKING

The Bank's personal banking business has always been committed to enriching the exclusive service experience for customers and meeting the needs of different customer groups. While kept expanding the brand "Exceed Banking" for high-net-worth customers, the Bank launched a new brand "Go Banking" for young customers in the second quarter of 2024 to help young customers gradually build a wealth foundation. As of the end of June 2024, the number of effective customers of the Bank's personal banking business increased by 15% as compared to the same period last year. During the period, the Bank launched the Cross-boundary Wealth Management Connect 2.0 services, as well as the upgraded Personal Internet Banking and Chong Hing Mobile Banking, to continuously provide individual customers with high-quality cross-border financial services and online financial management services, thereby comprehensively enhancing customer experience.

Benefiting from high interest rates, the income from personal banking insurance business increased significantly by more than 70% in the first half of 2024 as compared to the same period last year. It is expected that insurance business will continue to be the main growth driver of non-interest business.



## CHIEF EXECUTIVE'S STATEMENT

### TREASURY AND MARKETS BUSINESS

The Bank has been actively developing its treasury and markets business, with significant growth registered in areas such as treasury activities and customer cross-selling business during the period. In recent years, the Bank has established a proprietary trading business to enhance its ability to meet customers' investment and risk hedging needs, which has increased the market share of its sales business and generated additional revenue for the Bank.

### MAINLAND OPERATIONS

Facing multiple challenges in the Mainland market such as declining interest rates, weak credit growth and greater risk control pressure, the Bank's Mainland business managed to overcome difficulties and forged ahead to pursue development. With a focus on the strategic positioning of "cross-border service" and "intra-group synergy", the Bank promoted the high-quality development of Mainland business and its Mainland institutions have assets of HK\$93.1 billion. In terms of establishing branches in the Mainland, the Bank continued to expand its footprint orderly in major economic developed regions in the Mainland, aiming at building a network based in Guangzhou, Hong Kong and Macau with in-depth penetration in the Greater Bay Area and a nationwide presence.

### DIGITAL BANKING

Digital banking business made significant progress in the first half of 2024. The new generation of personal digital platform was fully upgraded on 30 June. With simple interface and comprehensive improvements to product functions, the upgrade design tailors customers' financial needs, providing customers with a smoother online financial management experience. The remote account opening service was also fully introduced in June, through which holders of Hong Kong or Mainland identity cards can apply for an account online. Featuring convenience, remote account opening service has become the main account opening channel of the Bank. In terms of corporate digital services, following the launch of the new Corporate Internet Banking in May 2023, the Bank actively promoted the distinctive business functions of Corporate Internet Banking during the period, including cloud rate (online fixed deposit preferential rate), corporate payroll business, bulk transfer function, etc., committed to building a professional digital wealth management platform for customers.

### CORPORATE GOVERNANCE

The Bank strictly abides by the relevant regulations and regulatory requirements and proactively adopts and implements corresponding measures while striving to improve its corporate governance standards so as to support the sustainable development of the Bank.

## CHIEF EXECUTIVE'S STATEMENT

### LOOKING AHEAD

In the face of a complex and challenging business environment, the Bank has achieved steady business development thanks to the strong support from its shareholder Yuexiu Group. I would like to extend my sincere gratitude to the Board of Directors for its strategic leadership and dedicated guidance, to the management team and the entire staff members for their perseverance, diligence and dedication, and to the partners and customers of the Bank for their long-lasting support and trust.

Looking forward to the second half of the year, the Bank faces both challenges and opportunities. Chong Hing Bank will adhere to the “customer-oriented” business philosophy, follow the principle of “robust operation and lean management”, and stick to the bottom line of risks to constantly strengthen risk prevention and control capabilities, further promote the development of its network in the Mainland, maximise cross-border synergy and refine the digital transformation strategy, with a focus on target key customer groups to seize new opportunities for business development. The Bank will continuously optimise its customer and business structures, actively strengthen product competitiveness and enhance customer experience with a focus on customer needs, to provide customers with high-standard and efficient integrated financial services, while achieving sustainable and high-quality development of the Bank.

**ZONG Jianxin**  
*Chief Executive*

Hong Kong, 2 September 2024

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Bank is an authorized institution supervised by the Hong Kong Monetary Authority (the “HKMA”) under the Hong Kong Banking Ordinance. The Bank is committed to maintaining high standards of corporate governance, with a view to safeguarding the interests of shareholders, customers, employees and other stakeholders.

The Bank has applied the principles in the module on “Corporate Governance of Locally Incorporated Authorized Institutions” under the Supervisory Policy Manual issued by the HKMA to its corporate governance structure and practices.

## REVIEW OF FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

## INTERIM DIVIDEND

The Board has declared an interim cash dividend for 2024 of HK\$160,000,000 (2023: interim cash dividend of HK\$180,000,000).

## PUBLICATION OF 2024 INTERIM REPORT

The Bank’s 2024 Interim Report in both English and Chinese is now available in printed form and on the website of the Bank ([www.chbank.com](http://www.chbank.com)).

# CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income		6,399,775	5,695,028
Interest expense		(4,023,285)	(3,470,501)
Net interest income	6	2,376,490	2,224,527
Fee and commission income		213,470	207,496
Fee and commission expense		(49,953)	(45,241)
Net fee and commission income	7	163,517	162,255
Net income from trading and investments	8	420,479	299,100
Other operating income	9	79,754	99,218
Operating expenses	10	(959,912)	(970,423)
Operating profit before impairment allowances		2,080,328	1,814,677
Net impairment losses on financial assets	11	(903,291)	(435,131)
Operating profit after impairment allowances		1,177,037	1,379,546
Net losses on disposal of equipment		(49)	(1,705)
Net (losses) gains on fair value adjustments on investment properties	19	(8,909)	100
Share of profits of associates		18,382	30,178
Profit before taxation		1,186,461	1,408,119
Taxation	12	(126,347)	(169,468)
Profit for the period			
– Attributable to equity owners of the Bank		1,060,114	1,238,651

The notes on pages 18 to 54 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period	1,060,114	1,238,651
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss:		
Net (losses) gains on investments in equity instruments measured at fair value through other comprehensive income ("FVOCI")	(18,119)	337
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	(188,813)	(356,941)
Net gains on investments in debt instruments measured at FVOCI	202,658	168,440
Amount reclassified to profit or loss upon disposal of FVOCI debt securities	(18,932)	(19,756)
Income tax effect relating to disposal of financial assets measured at FVOCI	3,124	3,260
Income tax effect relating to fair value change of financial assets measured at FVOCI	(46,016)	(51,075)
Share of other comprehensive income of associates	2,237	(3,542)
Other comprehensive income for the period (net of tax)	(63,861)	(259,277)
Total comprehensive income for the period	996,253	979,374
Total comprehensive income for the period attributable to:		
Equity owners of the Bank	996,253	979,374

The notes on pages 18 to 54 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024

	<i>Notes</i>	<b>30 June 2024 HK\$'000 (Unaudited)</b>	<b>31 December 2023 HK\$'000 (Audited)</b>
<b>Assets</b>			
Cash and balances and placements with banks	14	58,217,702	65,508,631
Derivative financial instruments	15	1,058,970	1,405,454
Investments in securities	16	61,610,211	69,291,896
Advances and other accounts	18	170,371,980	167,250,753
Tax recoverable		680	97,550
Interests in associates		393,485	372,868
Investment properties	19	302,127	312,436
Property and equipment	20	956,475	1,044,794
Deferred tax assets	27	33,486	1,714
Intangible assets	21	724,719	757,648
<b>Total assets</b>		<b>293,669,835</b>	<b>306,043,744</b>
<b>Liabilities</b>			
Deposits and balances with banks	23	8,346,710	10,917,599
Financial assets sold under repurchase agreements	22	3,062,272	5,628,377
Deposits from customers	23	225,994,847	239,281,407
Derivative financial instruments	15	652,955	919,905
Other accounts and accruals	24	5,050,665	5,154,691
Current tax liabilities		176,205	19,895
Certificates of deposit	25	2,239,579	387,415
Loan capital	26	6,020,721	3,384,753
Deferred tax liabilities	27	159,900	76,279
<b>Total liabilities</b>		<b>251,703,854</b>	<b>265,770,321</b>
<b>Equity attributable to owners of the Bank</b>			
Share capital	28	21,030,884	20,030,884
Additional equity instruments	29	5,427,996	5,427,996
Reserves		15,507,101	14,814,543
<b>Total equity</b>		<b>41,965,981</b>	<b>40,273,423</b>
<b>Total liabilities and equity</b>		<b>293,669,835</b>	<b>306,043,744</b>

The notes on pages 18 to 54 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	(unaudited)									
	Share capital	Additional equity instruments	Goodwill	Investment revaluation reserve	Land and building revaluation reserve	General reserve	Translation reserve	Regulatory reserve	Retained profits	Total
<b>At 1 January 2024</b>	20,030,884	5,427,996	(182)	867,493	197,136	1,388,500	(482,205)	538,000	12,305,801	40,273,423
Profit for the period	-	-	-	-	-	-	-	-	1,060,114	1,060,114
Other comprehensive income (net of tax)	-	-	-	124,952	-	-	(188,813)	-	-	(63,861)
Total comprehensive income for the period	-	-	-	124,952	-	-	(188,813)	-	1,060,114	996,253
Issue of share capital	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Distribution payment for additional equity instruments	-	(153,695)	-	-	-	-	-	-	-	(153,695)
Transfer from retained profits	-	153,695	-	-	-	-	-	-	(153,695)	-
Final dividend paid	-	-	-	-	-	-	-	-	(150,000)	(150,000)
Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	-	118,000	(118,000)	-
<b>At 30 June 2024</b>	<b>21,030,884</b>	<b>5,427,996</b>	<b>(182)</b>	<b>992,445</b>	<b>197,136</b>	<b>1,388,500</b>	<b>(671,018)</b>	<b>656,000</b>	<b>12,944,220</b>	<b>41,965,981</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	(unaudited)										
	Note	Share capital	Additional equity instruments	Goodwill	Investment revaluation reserve	Land and building revaluation reserve	General reserve	Translation reserve	Regulatory reserve	Retained profits	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2023</b>		17,030,884	5,427,996	(182)	77,104	197,136	1,388,500	(263,811)	614,000	11,471,008	35,942,635
Profit for the period		-	-	-	-	-	-	-	-	1,238,651	1,238,651
Other comprehensive income (net of tax)		-	-	-	97,664	-	-	(356,941)	-	-	(259,277)
Total comprehensive income for the period		-	-	-	97,664	-	-	(356,941)	-	1,238,651	979,374
Issue of share capital		1,000,000	-	-	-	-	-	-	-	-	1,000,000
Distribution payment for additional equity instruments		-	(153,757)	-	-	-	-	-	-	-	(153,757)
Transfer from retained profits		-	153,757	-	-	-	-	-	-	(153,757)	-
Final dividend paid	13	-	-	-	-	-	-	-	-	(130,000)	(130,000)
Earmark of retained profits as regulatory reserve		-	-	-	-	-	-	-	170,000	(170,000)	-
<b>At 30 June 2023</b>		<u>18,030,884</u>	<u>5,427,996</u>	<u>(182)</u>	<u>174,768</u>	<u>197,136</u>	<u>1,388,500</u>	<u>(620,752)</u>	<u>784,000</u>	<u>12,255,902</u>	<u>37,638,252</u>

The retained profits of the Group included retained profits of HK\$190,405,000 (30 June 2023: retained profits of HK\$339,817,000) retained by the associates of the Group.

The regulatory reserve is set up in compliance with the requirements of the Hong Kong Monetary Authority (the "HKMA") and is distributable to the shareholders of the Bank subject to consultation with the HKMA.

The general reserve comprises transfers from previous years' retained profits.

The notes on pages 18 to 54 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,186,461	1,408,119
Adjustments for:		
Net interest income	(2,376,490)	(2,224,527)
Net impairment losses on financial assets	903,291	435,131
Net losses on disposal of equipment	49	1,705
Net gains on disposal of debt securities measured at FVOCI	(18,932)	(19,756)
Net losses (gains) on fair value adjustments on investment properties	8,909	(100)
Net gains on financial instruments at fair value through profit or loss	(202,940)	(109,905)
Share of profits of associates	(18,382)	(30,178)
Net gains on fair value hedge	(5,347)	(8,589)
Dividend received from investments	(3,324)	(11,476)
Depreciation and amortisation	146,780	162,878
Exchange adjustments	(158,477)	265,305
Operating cash flows before movements in operating assets and liabilities	(538,402)	(131,393)
(Increase) decrease in operating assets:		
Placements with banks	(1,835,174)	(1,861,260)
Financial assets at fair value through profit or loss	(1,023,063)	(349,234)
Advances to customers	(3,251,372)	(436,116)
Advances to banks	944,032	(3,053,962)
Other accounts	(1,689,129)	140,696
Increase (decrease) in operating liabilities:		
Deposits and balances with banks	(2,570,889)	(2,333,174)
Financial assets sold under repurchase agreements	(2,566,105)	(1,253,077)
Deposits from customers	(13,286,560)	6,972,078
Certificates of deposit	1,852,164	1,765,673
Derivative financial instruments	77,431	(482,700)
Other accounts and accruals	(154,892)	90,554
Cash used in operations	(24,041,959)	(931,915)
Hong Kong profits tax refunded (paid)	155,750	(36,597)
Overseas tax paid	(17,683)	(43,264)
Interest received	5,240,184	4,710,120
Interest paid	(3,832,909)	(3,153,886)
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>	<b>(22,496,617)</b>	<b>544,458</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>INVESTING ACTIVITIES</b>		
Interest received from investments in securities	1,273,223	633,683
Dividends received from investments in securities	3,324	11,476
Dividends received from associates	—	1,680
Purchase of financial assets measured at amortised cost	(1,072,470)	(373,080)
Purchase of financial assets measured at FVOCI	(104,591,105)	(74,551,155)
Purchase of property and equipment	(8,824)	(17,325)
Purchase of intangible assets	—	(562)
Proceeds from redemption of financial assets measured at amortised cost	2,761,097	2,331,579
Proceeds from sale and redemption of financial assets measured at FVOCI	111,751,576	73,367,197
Proceeds from disposal of equipment	408	830
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>10,117,229</b>	<b>1,404,323</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issue of share capital	1,000,000	1,000,000
Net proceeds from issue of loan capital	2,691,500	—
Interest paid on loan capital	(44,509)	(43,035)
Payment of lease liabilities	(91,323)	(76,795)
Dividends paid to ordinary shareholders	(150,000)	(130,000)
Distribution paid on additional equity instruments	(153,695)	(153,757)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>3,251,973</b>	<b>596,413</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,127,415)</b>	<b>2,545,194</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>64,290,694</b>	<b>38,394,697</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>55,163,279</b>	<b>40,939,891</b>
Represented by:		
Cash and balances with central bank and banks	15,580,413	12,401,911
Placements with banks		
– with original maturity within three months	39,582,866	28,537,980
	<b>55,163,279</b>	<b>40,939,891</b>

The notes on pages 18 to 54 form an integral part of this condensed consolidated interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 1. GENERAL INFORMATION

Chong Hing Bank Limited (the "Bank") is a limited company incorporated in Hong Kong.

The Bank is engaged in the provision of banking and related financial services. The address of the registered office of the Bank is Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

The condensed consolidated interim financial information is presented in Hong Kong dollars, which is the same as the functional currency of the Bank.

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2024 as comparative information does not constitute the Bank's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Bank's auditors have reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the Bank's annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

There were no new standards or amendments to standards that had a material effect on the condensed consolidated interim financial information.

### 3. SEGMENT INFORMATION

The Group's operating segments, which are also the reportable segments, based on information regularly reviewed by the chief operating decision maker (Executive Committee of the Group) for the purposes of allocating resources to segments and assessing their performance on business divisions of the Group, are as follows:

1. Corporate and personal banking
2. Financial markets activities
3. Securities business
4. Others, comprising investment holding, insurance and futures broking, insurance underwriting, other investment advisory services, property investments and central management unit.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segment for the periods under review:

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 3. SEGMENT INFORMATION *(Continued)*

#### OPERATING SEGMENT REVENUE AND RESULTS

Six months ended 30 June 2024

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Interest income from external customers	4,569,132	1,824,085	1,944	4,614	–	6,399,775
Interest expense to external customers	(3,821,188)	(111,607)	(4)	(90,486)	–	(4,023,285)
Inter-segment interest income <i>(Note)</i>	1,064,398	–	12,789	700,661	(1,777,848)	–
Inter-segment interest expense <i>(Note)</i>	–	(1,777,848)	–	–	1,177,848	–
Net interest income	1,812,342	(65,370)	14,729	614,789	–	2,376,490
Fee and commission income	166,769	132	37,547	9,022	–	213,470
Fee and commission expenses	(49,827)	(55)	(71)	–	–	(49,953)
Net income from trading and investments	192,265	219,083	–	9,131	–	420,479
Other operating income	56,485	–	653	22,616	–	79,754
Total operating income						
Segment revenue	2,178,034	153,790	52,858	655,558	–	3,040,240
Comprising:						
– Segment revenue from external customers	1,113,636	1,931,638	40,069	(45,103)		
– Inter-segment transactions	1,064,398	(1,777,848)	12,789	700,661		
Operating expenses	(796,837)	(53,406)	(34,256)	(75,413)	–	(959,912)
Net impairment (losses) reversal on financial assets	(920,463)	17,164	1	7	–	(903,291)
Segment profit	460,734	117,548	18,603	580,152	–	1,177,037
Unallocated corporate expenses						(8,958)
Share of profits of associates						18,382
Profit before taxation						1,186,461

*Note:* Inter-segment pricing for funding transactions is charged with reference to prevailing market interest rates.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 3. SEGMENT INFORMATION *(Continued)*

#### OPERATING SEGMENT ASSETS AND LIABILITIES

At 30 June 2024

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets					
Segment assets	188,032,254	102,923,511	222,643	394,459	291,572,867
Interests in associates					393,485
Unallocated corporate assets					1,703,483
Consolidated total assets					<u>293,669,835</u>
Liabilities					
Segment liabilities	228,535,684	21,294,156	171,019	100,887	250,101,746
Unallocated corporate liabilities					1,602,108
Consolidated total liabilities					<u>251,703,854</u>

#### OTHER INFORMATION – AMOUNTS INCLUDED IN THE MEASURE OF SEGMENT RESULTS AND SEGMENT ASSETS

Six months ended 30 June 2024

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Capital expenditure during the period	6,248	56	–	3,140	1,918	11,362
Depreciation and amortisation	139,874	6,022	765	119	–	146,780

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 3. SEGMENT INFORMATION *(Continued)*

#### OPERATING SEGMENT REVENUE AND RESULTS

Six months ended 30 June 2023

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Interest income from external customers	4,319,467	1,368,553	2,756	4,252	-	5,695,028
Interest expense to external customers	(3,277,864)	(150,567)	(7)	(42,063)	-	(3,470,501)
Inter-segment interest income <i>(Note)</i>	874,748	-	8,738	564,676	(1,448,162)	-
Inter-segment interest expense <i>(Note)</i>	-	(1,448,162)	-	-	1,448,162	-
Net interest income	1,916,351	(230,176)	11,487	526,865	-	2,224,527
Fee and commission income	161,649	63	42,889	2,895	-	207,496
Fee and commission expenses	(45,027)	(85)	(129)	-	-	(45,241)
Net income from trading and investments	177,310	93,850	(1)	27,941	-	299,100
Other operating income	77,718	-	630	20,870	-	99,218
Total operating income						
Segment revenue	2,288,001	(136,348)	54,876	578,571	-	2,785,100
Comprising:						
- Segment revenue from external customers	1,413,253	1,311,814	46,138	13,895		
- Inter-segment transactions	874,748	(1,448,162)	8,738	564,676		
Operating expenses	(856,786)	(61,298)	(39,919)	(12,420)	-	(970,423)
Net impairment (losses) reversal on financial assets	(470,184)	35,047	6	-	-	(435,131)
Segment profit	961,031	(162,599)	14,963	566,151	-	1,379,546
Unallocated corporate expenses, net						(1,605)
Share of profits of associates						30,178
Profit before taxation						1,408,119

*Note:* Inter-segment pricing for funding transactions is charged with reference to prevailing market interest rates.

Due to the revision in the inter-segment pricing policy during the period applied to operating segments, certain comparative figures have been represented to conform to the current period's presentation.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 3. SEGMENT INFORMATION *(Continued)*

#### OPERATING SEGMENT ASSETS AND LIABILITIES

At 31 December 2023

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets					
Segment assets	181,726,273	121,980,537	217,842	401,399	304,326,051
Interests in associates					372,868
Unallocated corporate assets					1,344,825
Consolidated total assets					306,043,744
Liabilities					
Segment liabilities	242,013,683	22,128,856	178,707	155,327	264,476,573
Unallocated corporate liabilities					1,293,748
Consolidated total liabilities					265,770,321

#### OTHER INFORMATION - AMOUNTS INCLUDED IN THE MEASURE OF SEGMENT RESULTS AND SEGMENT ASSETS

Six months ended 30 June 2023

	Corporate and personal banking HK\$'000	Financial markets activities HK\$'000	Securities business HK\$'000	Others HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Capital expenditure during the period	13,043	13	4	592	4,235	17,887
Depreciation and amortisation	149,860	11,798	960	260	-	162,878

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent while segments' other operating income is allocated depending on the nature of costs incurred. Indirect costs and support functions' costs and income related to corporate activities that cannot be reasonably allocated to segments or products are grouped as unallocated corporate expenses and unallocated corporate income respectively. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 3. SEGMENT INFORMATION *(Continued)*

#### OTHER INFORMATION *(Continued)*

There is no operating income with a single external customer amounting to or exceeding 10% of the Group's and the Bank's total operating income.

Assets and liabilities related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped as unallocated corporate assets and liabilities. All direct segment assets and liabilities are grouped under respective segments.

#### GEOGRAPHICAL INFORMATION

Geographical information (including geographical analysis of total segment revenue) is analysed by the Group based on the locations of the principal operations of the branches and subsidiaries which are responsible for reporting the results or booking the assets. Non-current assets presented below are based on the location of the entities' country of domicile which is the same as the location of the non-current assets.

	Six months ended 30 June 2024			At 30 June 2024			
	Total operating income	Profit (loss) before taxation	Capital expenditure during the period			Total contingent liabilities and commitments	Non-current assets
				Total assets	Total liabilities		
				HK\$'000	HK\$'000		
Hong Kong	2,484,117	915,992	3,511	196,868,577	162,923,642	46,798,838	2,083,503
Mainland China	547,449	292,586	7,851	93,093,580	85,251,529	26,169,243	315,882
Macau and others	8,674	(22,117)	–	3,707,678	3,528,683	541,666	10,907
<b>Total</b>	<b>3,040,240</b>	<b>1,186,461</b>	<b>11,362</b>	<b>293,669,835</b>	<b>251,703,854</b>	<b>73,509,747</b>	<b>2,410,292</b>

	Six months ended 30 June 2023			At 31 December 2023			
	Total operating income	Profit (loss) before taxation	Capital expenditure during the period			Total contingent liabilities and commitments	Non-current assets
				Total assets	Total liabilities		
				HK\$'000	HK\$'000		
Hong Kong	2,111,857	990,392	5,540	209,610,931	177,140,094	49,936,491	2,156,043
Mainland China	649,868	449,266	12,347	92,210,295	84,603,910	25,715,562	325,621
Macau and others	23,375	(31,539)	–	4,222,518	4,026,317	486,509	7,796
<b>Total</b>	<b>2,785,100</b>	<b>1,408,119</b>	<b>17,887</b>	<b>306,043,744</b>	<b>265,770,321</b>	<b>76,138,562</b>	<b>2,489,460</b>

Note:

Total operating income consists of net interest income, net fee and commission income, net income from trading and investments and other operating income.

Non-current assets consist of interests in associates, investment properties, property and equipment, deferred tax assets and intangible assets.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### 4.1 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The fair value hierarchy is defined as follows:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table presents the fair value hierarchy of the Group's financial assets and liabilities as at 30 June 2024.

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 June 2024</b>				
Financial assets measured at fair value through profit or loss				
Equity securities	2,800	–	–	2,800
Debt securities	2,630,318	–	–	2,630,318
Other securities	–	1,986,608	–	1,986,608
Financial assets measured at FVOCI				
Equity securities	28,850	–	775,801	804,651
Debt securities	49,752,413	4,443,705	–	54,196,118
Trade bills	–	958,412	–	958,412
Derivative financial assets not used for hedging	–	712,960	–	712,960
Derivative financial assets used for hedging	–	346,010	–	346,010
Derivative financial liabilities not used for hedging	–	(626,461)	–	(626,461)
Derivative financial liabilities used for hedging	–	(26,494)	–	(26,494)
Net assets attributable to holders of non-controlling interests in consolidated investment funds included in other accounts and accruals	–	(156,749)	–	(156,749)
<b>Total</b>	<b>52,414,381</b>	<b>7,637,991</b>	<b>775,801</b>	<b>60,828,173</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** *(Continued)***4.1 FAIR VALUE ESTIMATION** *(Continued)*

The following table presents the fair value hierarchy of the Group's financial assets and liabilities as at 31 December 2023.

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>At 31 December 2023</b>				
Financial assets measured at				
fair value through profit or loss				
Debt securities	2,072,530	–	–	2,072,530
Other securities	–	1,321,193	–	1,321,193
Financial assets measured				
at FVOCI				
Equity securities	30,538	–	790,578	821,116
Debt securities	49,531,217	11,775,492	–	61,306,709
Trade bills	–	2,707,761	–	2,707,761
Derivative financial assets				
not used for hedging				
	–	1,034,438	–	1,034,438
Derivative financial assets				
used for hedging				
	–	371,016	–	371,016
Derivative financial liabilities				
not used for hedging				
	–	(890,002)	–	(890,002)
Derivative financial liabilities				
used for hedging				
	–	(29,903)	–	(29,903)
Net assets attributable to holders				
of non-controlling interests in				
consolidated investment funds				
included in other accounts and				
accruals				
	–	(25,124)	–	(25,124)
Total	51,634,285	16,264,871	790,578	68,689,734

There was no transfer between Levels 1, 2 and 3 during the current and prior reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

#### 4.1 FAIR VALUE ESTIMATION *(Continued)*

Except as detailed in the following table, the directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial information approximate their fair values.

	Carrying amount		Fair value	
	30 June 2024 HK\$'000	31 December 2023 HK\$'000	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Financial assets measured at amortised cost	1,989,716	3,770,348	2,009,247	3,789,412
Financial liabilities – Loan capital	6,020,721	3,384,753	6,132,351	3,422,635

#### 4.2 VALUATION TECHNIQUES

The fair values of listed equity securities are determined with reference to quoted market bid prices from relevant stock exchanges.

The fair values of unlisted equity securities have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the management to determine comparable listed companies and to calculate appropriate price multiples. These multiples include i) the average of enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple, ii) the average price to earnings (“P/E”) multiple and iii) the average price to book (“P/B”) multiple. The multiples are calculated by dividing the enterprise value of the comparable company by the relevant measures. The multiples are then discounted for considerations such as illiquidity based on company-specific facts and circumstances. The discounted multiple are applied to the corresponding measures of the unlisted equity investments to measure their fair values.

The fair values of other securities are measured with reference to quoted market prices of the underlying fund investments, which are observable at the end of the reporting period.

The fair values of debt securities and loan capital are determined based on indicative prices provided by the dealers and brokers. In addition, the Group makes comparison of the indicative prices with the prices obtained from pricing service providers and other service providers and with the values calculated using valuation models such as discounted cash flows method to substantiate the indicative prices of the debt securities. The key inputs used in the valuation models are the interest rate data, which are observable at the end of the reporting period. The objective of valuation models is to arrive at a fair value estimation that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm’s length.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

#### 4.2 VALUATION TECHNIQUES *(Continued)*

The fair values of trade bills classified as FVOCI are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, which are observable at the end of the reporting period.

The fair values of foreign currency forward contracts are measured by comparing the contracted forward rates and the quoted forward exchange rates, which are observable at the end of the reporting period.

The fair values of interest rate swaps and cross-currency interest rate swaps are measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, which are observable at the end of the reporting period.

The fair values of foreign currency option contracts are measured by option pricing model with reference to the contractual exercise rates, the quoted forward exchange rates and the market volatilities, which are observable at the end of the reporting period.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. There were no changes in the Group's valuation techniques during the period.

#### 4.3 RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

	Financial assets measured at FVOCI HK\$'000
<b>Balance at 1 January 2023</b>	176,303
Net fair value gain recognised in other comprehensive income	618,277
Exchange difference	(4,002)
<b>Balance at 31 December 2023 and 1 January 2024</b>	<b>790,578</b>
Net fair value loss recognised in other comprehensive income	<b>(8,643)</b>
Exchange difference	<b>(6,134)</b>
<b>Balance at 30 June 2024</b>	<b>775,801</b>

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, less than 1% (31 December 2023: less than 1%), assets recorded at fair value, are based on estimates and recorded as Level 3 investments. Whilst such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a material impact on the Group's financial positions.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 5. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has financial assets and financial liabilities that:

- are offset in the Group's condensed consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the condensed consolidated statement of financial position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements and Global Master Repurchase Agreements ("GMRA") for derivatives and sale and repurchase agreements. In addition, the Group receives and pledges collateral in the form of cash in respect of its derivative transactions and sale and repurchase agreements. Such collateral is subject to the standard industry terms of ISDA Credit Support Annex or GMRA. Collateral received or pledged must be returned on maturity of the transactions.

Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on net basis.

The Group has a legally enforceable right to set off the trades receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**6. NET INTEREST INCOME**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest income		
Balances and placements with banks and reverse repos	1,204,145	634,544
Investments in securities	1,037,259	1,115,867
Loans and advances	4,158,371	3,944,617
	<b>6,399,775</b>	<b>5,695,028</b>
Interest expense		
Deposits and balances with banks	(125,464)	(161,261)
Deposits from customers	(3,748,104)	(3,193,078)
Financial assets sold under repurchase agreements	(49,035)	(41,196)
Certificates of deposit	(7,041)	(24,134)
Loan capital	(81,669)	(43,399)
Lease liabilities	(11,972)	(7,433)
	<b>(4,023,285)</b>	<b>(3,470,501)</b>
Net interest income	<b>2,376,490</b>	<b>2,224,527</b>

Included within interest income and interest expense are HK\$6,399,775,000 (2023: HK\$5,695,028,000) and HK\$4,023,285,000 (2023: HK\$3,470,501,000) earned and incurred from financial assets and financial liabilities that are not recognised at fair value through profit or loss, respectively.

Included within interest income is HK\$1,037,259,000 (2023: HK\$1,115,867,000) earned from investments in debt securities that are measured at amortised cost or at fair value through other comprehensive income.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 7. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Fee and commission income		
Securities dealings and futures broking	37,925	43,357
Loans, overdrafts and guarantees	46,795	66,972
Trade finance	5,182	4,098
Credit card services	48,886	50,492
Agency services	58,691	34,669
Others	15,991	7,908
Total fee and commission income	213,470	207,496
Less: Fee and commission expense	(49,953)	(45,241)
Net fee and commission income	163,517	162,255
of which:		
Net fee and commission income, (other than amounts included in determining the effective interest rate), arising from financial assets and financial liabilities that are not at fair value through profit or loss		
– Fee income	88,975	108,525
– Fee expense	(46,900)	(42,934)
	42,075	65,591

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**8. NET INCOME FROM TRADING AND INVESTMENTS**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Foreign exchange gains, net	247,726	160,850
Net gains on financial instruments at fair value through profit or loss	148,474	109,905
Net gains (losses) on fair value hedge:		
– Net gains on hedged items attributable to the hedged risk	7,450	24,480
– Net losses on hedging instruments	(2,103)	(15,891)
Net gains on disposal of FVOCI debt securities	18,932	19,756
	<b>420,479</b>	<b>299,100</b>

“Foreign exchange gains, net” includes net gains and losses from translation of foreign currency monetary assets and liabilities amounting to losses of HK\$856,422,000 (2023: HK\$106,040,000).

The Group entered into foreign exchange swaps for its liquidity management and funding activities. It involves swapping a currency (“original currency”) into another currency (“swap currency”) at the spot exchange rate for short-term placement and simultaneously entering into a forward contract to convert the funds back to the original currency on maturity of the placement. The exchange difference between the spot and forward contracts as well as the corresponding interest differential between the funds in the original currency and swap currency are recognised as “Foreign exchange gains, net”.

Net gains on disposal of the FVOCI debt securities were included in the net income from trading and investments of the Group which form part of the business operation.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 9. OTHER OPERATING INCOME

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Dividend income		
– Listed investments	1,522	1,513
– Unlisted investments	1,802	9,963
	3,324	11,476
Gross rents from investment properties	3,568	3,520
Less: Outgoings	(110)	(250)
Net rental income	3,458	3,270
Safe deposit box rentals	27,118	28,051
Insurance service result ( <i>Note</i> )	9,657	7,849
Other banking services income	29,472	43,443
Others	6,725	5,129
	79,754	99,218

*Note:* Details of insurance service result are as follows:

	2024 HK\$'000	2023 HK\$'000
Insurance revenue	20,662	21,688
Insurance service expenses	(7,102)	(10,018)
Net expenses from reinsurance contracts held	(3,903)	(3,821)
Insurance service result	9,657	7,849

Certain comparative figures have been adjusted to conform with the presentation and disclosures in the current period.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**10. OPERATING EXPENSES**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
– Audit services	2,495	3,906
– Non-audit services	750	244
Total auditor's remuneration	3,245	4,150
Staff costs (including directors' emoluments)		
– Salaries and other costs	592,024	592,783
– Retirement benefits scheme contributions	37,529	35,679
Total staff costs	629,553	628,462
Depreciation		
– Property and equipment	39,921	43,690
– Right-of-use assets	77,445	90,190
	117,366	133,880
Amortisation of intangible assets	29,414	28,998
Premises and equipment expenses, excluding depreciation		
– Government rent and rates for premises	1,399	3,948
– Expenses relating to short-term leases	25	24
– Expenses relating to leases of low-value assets	32	30
– Others	3,562	2,418
	5,018	6,420
Other operating expenses	175,316	168,513
	<b>959,912</b>	<b>970,423</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Loans and advances to customers	911,797	484,400
Investments in securities	(14,699)	(31,612)
Loan commitments and financial guarantee contracts	7,669	(6,801)
Other financial assets	(1,476)	(10,856)
	<b>903,291</b>	<b>435,131</b>

Other financial assets include balances and placements with banks and other receivables.

**12. TAXATION**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
The tax charge comprises:		
Hong Kong profits tax	80,546	94,151
Overseas tax	34,567	70,217
Deferred tax	11,234	5,100
	<b>126,347</b>	<b>169,468</b>

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**13. DIVIDENDS**

On 12 June 2024, a dividend of HK\$150,000,000 was paid to shareholders as the final dividend for 2023.

On 19 June 2023, a dividend of HK\$130,000,000 was paid to shareholders as the final dividend for 2022.

Subsequent to the end of the interim period, the Board has declared a total amount of interim dividend in respect of the financial year ending 31 December 2024 of HK\$160,000,000 (2023: HK\$180,000,000).

**14. CASH AND BALANCES AND PLACEMENTS WITH BANKS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Cash and balances with central bank and banks	15,587,891	13,327,885
Placements with banks		
– With original maturity within three months	39,602,205	51,006,753
– With original maturity over three months	3,055,916	1,203,161
	42,658,121	52,209,914
– Less: Impairment allowances under stage 1	(28,310)	(29,168)
	<u>58,217,702</u>	<u>65,508,631</u>

Included in the "Cash and balances with central bank and banks" are surplus reserve deposits placed with the People's Bank of China by the Mainland branches of HK\$1,239,200,000 (31 December 2023: HK\$2,321,896,000).

Placements with banks as of 30 June 2024 and 31 December 2023 are maturing between one and twelve months.

As of 30 June 2024, the gross carrying amount, including accrued interest, of placements with banks amounted to HK\$42,730,788,000 (31 December 2023: HK\$52,367,045,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 15. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2024		
	Notional amount HK\$'000	Fair value	
		Assets HK\$'000	Liabilities HK\$'000
Derivatives held for trading			
– Foreign currency forward contracts and swaps	461,461,708	581,881	512,953
– Foreign currency options	293,903,992	14,932	13,567
– Interest rate swaps	100,440,864	112,936	99,941
– Futures	7,136,695	3,212	–
Derivatives designated as hedging instruments			
– Interest rate swaps	9,007,155	346,009	26,494
		<u>1,058,970</u>	<u>652,955</u>

	31 December 2023		
	Notional amount HK\$'000	Fair value	
		Assets HK\$'000	Liabilities HK\$'000
Derivatives held for trading			
– Foreign currency forward contracts and swaps	275,605,285	787,330	667,033
– Foreign currency options	544,981,551	47,077	39,725
– Interest rate swaps	100,683,122	200,031	183,244
– Futures	–	–	–
Derivatives designated as hedging instruments			
– Interest rate swaps	12,625,914	371,016	29,903
		<u>1,405,454</u>	<u>919,905</u>

As at 30 June 2024, all foreign currency forward contracts have settlement dates within 5 years (31 December 2023: 5 years) from the end of the reporting period.

The remaining maturity of interest rate swaps held for trading is within 8 years (31 December 2023: within 8 years).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**16. INVESTMENTS IN SECURITIES**

	Financial assets			Total HK\$'000
	at fair value through profit or loss HK\$'000	Financial assets measured at FVOCI HK\$'000	Financial assets measured at amortised cost HK\$'000	
<b>30 June 2024</b>				
Equity securities	2,800	804,651	–	807,451
Debt securities	2,630,318	54,196,118	1,989,716	58,816,152
Other securities	1,986,608	–	–	1,986,608
Total	<u>4,619,726</u>	<u>55,000,769</u>	<u>1,989,716</u>	<u>61,610,211</u>
<b>31 December 2023</b>				
Equity securities	–	821,116	–	821,116
Debt securities	2,072,530	61,306,709	3,770,348	67,149,587
Other securities	1,321,193	–	–	1,321,193
Total	<u>3,393,723</u>	<u>62,127,825</u>	<u>3,770,348</u>	<u>69,291,896</u>

As of 30 June 2024, the gross carrying amount, including accrued interest, of investment in securities measured at amortised cost amounted to HK\$2,025,980,000 (31 December 2023: HK\$3,798,095,000).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 17. TRANSFER OF FINANCIAL ASSETS

The following were the Group's financial assets classified as FVOCI and FVPL as of 30 June 2024 and 31 December 2023 that were transferred to entities with terms to repurchase these debt securities and trade bills at agreed dates and prices. As the Group has retained substantially all the risks and rewards relating to these financial assets, the full carrying amount of these financial assets continued to be recognised. The cash received on the transfer was reported as liabilities under "Financial assets sold under repurchase agreements" (see Note 22). The transferred financial assets serve as collateral to secure these liabilities. During the covered period, the legal titles of financial assets are transferred to the counterparty entity and there is no restriction for the counterparty entity to sell or repledge the collateral. These financial assets are measured at fair value in the condensed consolidated statement of financial position.

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Carrying amount of transferred assets measured at FVOCI	2,672,789	5,405,055
Carrying amount of transferred assets measured at FVPL	453,183	337,325
Carrying amount of associated liabilities ( <i>Note 22</i> )	3,062,272	5,628,377

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 18. ADVANCES AND OTHER ACCOUNTS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Advances to customers	162,606,698	159,185,531
Trade bills measured at		
– amortised cost	536,277	272,329
– FVOCI	958,412	2,707,761
	1,494,689	2,980,090
Interest receivable	164,101,387	162,165,621
	1,934,590	1,926,831
Impairment allowances		
– Stage 1	(520,078)	(528,717)
– Stage 2	(140,538)	(238,665)
– Stage 3	(1,239,564)	(1,547,488)
	(1,900,180)	(2,314,870)
	164,135,797	161,777,582
Reverse repos	322,224	1,266,256
Other accounts		
– Deposit placed as mandatory reserve fund ( <i>Note 1</i> )	3,218,744	3,075,825
– Initial and variation margin ( <i>Note 2</i> )	400,116	564,246
– Others ( <i>Note 3</i> )	2,295,099	566,844
	5,913,959	4,206,915
	<b>170,371,980</b>	<b>167,250,753</b>

*Note 1:* Balance mainly represented mandatory reserve deposits placed by Mainland Branches with the People's Bank of China which is not available for the Group's daily operation.

*Note 2:* Balance mainly represented deposits placed in banks as initial and variation margin for certain interest margin, foreign currency forward contracts and repurchase agreements.

*Note 3:* As of 30 June 2024, balance included reinsurance contract assets of HK\$5,923,000 (31 December 2023: HK\$9,078,000).

As of 30 June 2024, the gross carrying amount, including accrued interest, of advances to customers amounted to HK\$164,848,338,000 (31 December 2023: HK\$162,698,089,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 18. ADVANCES AND OTHER ACCOUNTS *(Continued)*

Details of the impaired loans are as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Gross impaired loans	4,288,738	4,667,546
Less: Impairment allowances	(1,239,564)	(1,547,488)
Net impaired loans	<u>3,049,174</u>	<u>3,120,058</u>
Gross impaired loans as a percentage of gross advances to customers	<u>2.61%</u>	<u>2.88%</u>
Market value of collateral pledged <i>(Note 2)</i>	<u>695,467</u>	<u>985,443</u>

Details of the non-performing loans are as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Gross non-performing loans <i>(Note 1)</i>	4,229,100	4,567,596
Less: Impairment allowances	(1,239,564)	(1,547,488)
Net non-performing loans	<u>2,989,536</u>	<u>3,020,108</u>
Gross non-performing loans as a percentage of gross advances to customers	<u>2.58%</u>	<u>2.82%</u>
Market value of collateral pledged <i>(Note 2)</i>	<u>635,830</u>	<u>715,571</u>

*Note 1:* Non-performing loans represent advances which are either classified as "substandard", "doubtful" or "loss" under the Group's classification of loan quality.

*Note 2:* Market value of collateral pledged stated at the lower of the market value of collateral or outstanding loan principal.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**19. INVESTMENT PROPERTIES**

	2024 HK\$'000	2023 HK\$'000
At 1 January	312,436	319,764
Net loss on fair value recognised in the profit or loss	(8,909)	(5,570)
Exchange adjustments	(1,400)	(1,758)
At 30 June/31 December	<b>302,127</b>	312,436

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties owned by the Group were revalued as at 30 June 2024 and 31 December 2023 by Vigers Appraisal and Consulting Limited, an independent professional qualified valuer. The fair value of investment properties is determined by adopting the direct comparison approach and income approach. Under direct comparison approach, the fair value is determined by reference to actual sales transactions of comparable properties with similar character and location. Under income approach, the fair value is determined by reference to the value of income, cash flow or cost savings generated by the assets.

The fair value of investment properties is estimated based on assumptions that there would be no forced sale situation in any manner for these investment properties and the structure of these investment properties were in a reasonable condition at the end of the reporting period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Investment properties are classified as Level 3 under fair value hierarchy as at 30 June 2024 and 31 December 2023. There was no transfer into or out of Level 3 during the periods.

The significant unobservable inputs and their range used for the fair value measurement of the Group's investment properties classified as Level 3 are market yield of 2.9%-3.0% (31 December 2023: 2.6%-2.7%) and property unit selling rate of HK\$3,100 - HK\$49,180 per square feet (31 December 2023: HK\$3,329 - HK\$49,180 per square feet). The higher the property unit selling rate and the lower the market yield, the higher the fair value.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 20. PROPERTY AND EQUIPMENT

	Leasehold land HK\$'000	Buildings HK\$'000	Right-of-use assets HK\$'000	Equipment HK\$'000	Total HK\$'000
<b>COST</b>					
<b>At 1 January 2024</b>	345,020	133,140	1,207,519	1,001,261	2,686,940
Additions	–	–	25,813	11,362	37,175
Disposals	–	–	(15,714)	(3,961)	(19,675)
Exchange adjustments	–	(692)	(7,479)	(6,743)	(14,914)
<b>At 30 June 2024</b>	345,020	132,448	1,210,139	1,001,919	2,689,526
<b>ACCUMULATED DEPRECIATION</b>					
<b>At 1 January 2024</b>	130,162	50,254	665,637	796,093	1,642,146
Depreciation	3,916	1,705	77,445	34,300	117,366
Eliminated on disposals	–	–	(15,714)	(2,585)	(18,299)
Exchange adjustments	–	(107)	(3,180)	(4,875)	(8,162)
<b>At 30 June 2024</b>	134,078	51,852	724,188	822,933	1,733,051
<b>CARRYING AMOUNTS</b>					
<b>At 30 June 2024</b>	210,942	80,596	485,951	178,986	956,475
<b>At 1 January 2024</b>	214,858	82,886	541,882	205,168	1,044,794
<b>COST</b>					
<b>At 1 January 2023</b>	345,020	134,076	946,008	1,003,300	2,428,404
Additions	–	–	300,682	27,143	327,825
Disposals	–	–	(30,926)	(21,150)	(52,076)
Exchange adjustments	–	(936)	(8,245)	(8,032)	(17,213)
<b>At 31 December 2023</b>	345,020	133,140	1,207,519	1,001,261	2,686,940
<b>ACCUMULATED DEPRECIATION</b>					
<b>At 1 January 2023</b>	122,330	46,960	530,417	746,015	1,445,722
Depreciation	7,832	3,430	166,410	74,204	251,876
Eliminated on disposals	–	–	(28,715)	(18,787)	(47,502)
Exchange adjustments	–	(136)	(2,475)	(5,339)	(7,950)
<b>At 31 December 2023</b>	130,162	50,254	665,637	796,093	1,642,146
<b>CARRYING AMOUNTS</b>					
<b>At 31 December 2023</b>	214,858	82,886	541,882	205,168	1,044,794
<b>At 1 January 2023</b>	222,690	87,116	415,591	257,285	982,682

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**21. INTANGIBLE ASSETS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Internally developed software and software	671,023	703,952
Club Membership	14,090	14,090
Goodwill	39,606	39,606
	<b>724,719</b>	<b>757,648</b>

**22. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Analysed by collateral type:		
Debt securities and trade bills measured at FVOCI	2,610,384	5,291,052
Debt securities measured at FVPL	451,888	337,325
Total ( <i>Note 17</i> )	<b>3,062,272</b>	<b>5,628,377</b>

As of 30 June 2024, the gross carrying amount, including accrued interest, of financial assets sold under repurchase agreements amounted to HK\$3,063,287,000 (31 December 2023: HK\$5,646,164,000).

**23. DEPOSITS FROM CUSTOMERS AND BALANCES WITH BANKS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Deposits from customers		
– Demand deposits and current accounts	12,413,451	15,959,805
– Savings deposits	42,769,129	46,740,490
– Time, call and notice deposits	170,812,267	176,581,112
	<b>225,994,847</b>	<b>239,281,407</b>
Deposits and balances with banks	<b>8,346,710</b>	<b>10,917,599</b>

As of 30 June 2024, the gross carrying amount, including accrued interest, of deposits from customers and deposits and balances with banks amounted to HK\$227,728,219,000 and HK\$8,402,260,000 respectively (31 December 2023: HK\$241,279,164,000 and HK\$10,967,390,000 respectively).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 24. OTHER ACCOUNTS AND ACCRUALS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Accrued interest	2,491,502	2,667,437
Lease liabilities	500,004	558,828
Others	2,059,159	1,928,426
	<b>5,050,665</b>	<b>5,154,691</b>

### 25. CERTIFICATES OF DEPOSIT

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Certificates of deposit, measured at amortised cost	2,239,579	387,415

As of 30 June 2024, the gross carrying amount, including accrued interest, of certificates of deposit amounted to HK\$2,239,598,000 (31 December 2023: HK\$387,657,000).

### 26. LOAN CAPITAL

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Subordinated notes, at amortised cost		
US\$224 million fixed rate subordinated note due 2032 ( <i>Notes (a) &amp; (d)</i> )	1,746,808	1,746,559
Subordinated notes, at amortised cost		
RMB1.5 billion fixed rate subordinated note due 2033 ( <i>Notes (b) &amp; (d)</i> )	1,599,412	1,638,194
Subordinated notes, at amortised cost		
RMB2.5 billion fixed rate subordinated note due 2034 ( <i>Notes (c) &amp; (d)</i> )	2,674,501	–
	<b>6,020,721</b>	<b>3,384,753</b>

As of 30 June 2024, the gross carrying amount, including accrued interest, of loan capital amounted to HK\$6,057,483,000 (31 December 2023: HK\$3,421,655,000).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**26. LOAN CAPITAL** *(Continued)**Notes:*

- (a) This represented the subordinated notes qualifying as Tier 2 capital under Basel III accord with face value of US\$224,000,000 issued on 27 July 2022. The notes are 10-year non-call 5-year fixed rate, with a fixed coupon rate of 4.900% per annum, payable semi-annually for the first five years; the interest rate will be reset on 27 July 2027.
- (b) This represented the subordinated notes qualifying as Tier 2 capital under Basel III accord with face value of RMB1,500,000,000 issued on 28 September 2023. The notes are 10-year non-call 5-year fixed rate, with a fixed coupon rate of 4.20% per annum, payable annually.
- (c) This represented the subordinated notes qualifying as Tier 2 capital under Basel III accord with face value of RMB2,500,000,000 issued on 11 June 2024. The notes are 10-year non-call 5-year fixed rate, with a fixed coupon rate of 2.93% per annum, payable annually.
- (d) The subordinated notes issued are not secured by any collateral.

Analysis of changes in financing cash flows of loan capital are as follows:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
<b>At 1 January</b>	3,384,753	1,746,101
<b>Changes from financing cash flows:</b>		
Net proceeds from issue of loan capital	2,691,500	—
Interest paid on loan capital	(44,509)	(43,035)
	<b>6,031,744</b>	<b>1,703,066</b>
Exchange adjustments	(56,564)	5,731
Interest expense	81,668	43,399
Other non-cash movements	(36,127)	—
Total other changes	45,541	43,399
<b>At 30 June</b>	<b>6,020,721</b>	<b>1,752,196</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 27. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Deferred tax assets	33,486	1,714
Deferred tax liabilities	(159,900)	(76,279)
	<u>(126,414)</u>	<u>(74,565)</u>

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation HK\$'000	Impairment allowances HK\$'000	Investment properties HK\$'000	Revaluation of FVOCI securities HK\$'000	Remeasurement of retirement benefits HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	(125,295)	112,200	(24,481)	(30,499)	(6,490)	(74,565)
Credit/(charge) to the income statement for the period (Note 12)	2,750	(12,538)	(1,446)	-	-	(11,234)
Charge to other comprehensive income for the period	-	(5,298)	-	(37,593)	-	(42,891)
Exchange adjustments	-	-	2,276	-	-	2,276
<b>At 30 June 2024</b>	<u>(122,545)</u>	<u>94,364</u>	<u>(23,651)</u>	<u>(68,092)</u>	<u>(6,490)</u>	<u>(126,414)</u>
<b>At 1 January 2023</b>	(161,668)	104,136	(25,201)	26,583	(6,110)	(62,260)
Credit/(charge) to income statement for the year	36,373	23,304	(1,558)	-	-	58,119
Charge to other comprehensive income for the year	-	(15,240)	-	(57,082)	(380)	(72,702)
Exchange adjustments	-	-	2,278	-	-	2,278
<b>At 31 December 2023</b>	<u>(125,295)</u>	<u>112,200</u>	<u>(24,481)</u>	<u>(30,499)</u>	<u>(6,490)</u>	<u>(74,565)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**28. SHARE CAPITAL**

	2024		2023	
	Number of shares	Share capital HK\$'000	Number of shares	Share capital HK\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	972,862,225	20,030,884	972,862,222	17,030,884
Shares issued as a result of capital injection ( <i>Note (a)</i> )	1	1,000,000	3	3,000,000
At 30 June/31 December	<u>972,862,226</u>	<u>21,030,884</u>	<u>972,862,225</u>	<u>20,030,884</u>

*Note:*

- (a) The Bank issued 1 ordinary share on 25 June 2024 to the immediate holding company of the Bank at the subscription price of HK\$1,000,000,000, as a result of capital injection. Such share is fully paid.

The Bank issued 1 ordinary share each on 28 June 2023, 27 September 2023 and 15 December 2023 to the immediate holding company of the Bank at the subscription price of HK\$1,000,000,000 each, as a result of capital injection. Such shares are fully paid.

**29. ADDITIONAL EQUITY INSTRUMENTS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Additional Tier 1 Capital Securities		
US\$400 million undated non-cumulative subordinated capital securities ( <i>Note (a)</i> )	3,111,315	3,111,315
US\$300 million undated non-cumulative subordinated capital securities ( <i>Note (b)</i> )	2,316,681	2,316,681
	<u>5,427,996</u>	<u>5,427,996</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 29. ADDITIONAL EQUITY INSTRUMENTS *(Continued)*

*Notes:*

- (a) On 15 July 2019, the Bank issued undated non-cumulative subordinated Additional Tier 1 Capital Securities with a face value of US\$400 million (equivalent to HK\$3,115,315,000 net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.700% coupon until the first call date on 15 July 2024. The coupon will be reset every five years if the Additional Tier 1 Capital Securities are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 3.858% per annum.

The coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

The Bank has completed the redemption of the Additional Tier 1 Capital Securities in full on 12 July 2024. Upon completion of the redemption, the Additional Tier 1 Capital Securities have been cancelled.

- (b) On 3 August 2020, the Bank issued undated non-cumulative subordinated Additional Tier 1 Capital Securities with a face value of US\$300 million (equivalent to HK\$2,316,681,000 net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.500% coupon until the first call date on 3 August 2025. The coupon will be reset every five years if the Additional Tier 1 Capital Securities are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 5.237% per annum.

The coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 30. MATURITY PROFILES

The maturity analysis of financial assets and liabilities shown on the condensed consolidated statement of financial position are presented based on the Group's remaining contractual maturity information provided to and reviewed by management, is shown below:

	Repayable		Repayable	Repayable	Repayable	Repayable		Total
	on demand	within 1 month	after 1 month but within 3 months	after 3 months but within 1 year	after 1 year but within 5 years	after 5 years	Undated	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 30 June 2024</b>								
<b>Assets</b>								
Cash and balances and placements with banks	15,568,931	38,341,252	3,573,414	734,105	–	–	–	58,217,702
Derivative financial instruments	64,588	115,658	125,893	342,122	384,510	26,199	–	1,058,970
Financial assets at fair value through profit or loss	656,783	1,400,702	622,488	1,615,266	315,338	9,149	–	4,619,726
Financial assets measured at FVOCI	–	6,240,522	13,785,206	13,006,654	19,879,701	1,284,034	804,652	55,000,769
Financial assets measured at amortised cost	–	38,733	107,274	864,693	977,016	2,000	–	1,989,716
Advances and other accounts	8,709,665	8,042,625	14,434,500	41,583,008	60,105,600	37,252,462	187,213	170,315,073
<b>Total financial assets</b>	<b>24,999,967</b>	<b>54,179,492</b>	<b>32,648,775</b>	<b>58,145,848</b>	<b>81,662,165</b>	<b>38,573,844</b>	<b>991,865</b>	<b>291,201,956</b>
Non-financial assets	–	–	–	–	–	–	2,467,879	2,467,879
<b>Total assets</b>	<b>24,999,967</b>	<b>54,179,492</b>	<b>32,648,775</b>	<b>58,145,848</b>	<b>81,662,165</b>	<b>38,573,844</b>	<b>3,459,744</b>	<b>293,669,835</b>
<b>Liabilities</b>								
Deposits and balances of banks	396,588	5,786,462	451,980	1,711,680	–	–	–	8,346,710
Financial assets sold under repurchase agreements	–	2,610,384	451,888	–	–	–	–	3,062,272
Deposits from customers	61,922,918	44,074,019	71,181,479	31,317,065	17,499,366	–	–	225,994,847
Derivative financial instruments	–	148,077	148,825	236,970	108,543	10,540	–	652,955
Certificates of deposit	–	–	532,064	715,688	991,827	–	–	2,239,579
Loan capital	–	–	–	–	–	6,020,721	–	6,020,721
Lease liabilities	–	15,287	24,721	103,850	357,512	43,241	–	544,611
Other financial liabilities	1,212,650	654,851	1,719,710	613,512	33,318	–	272,013	4,506,054
<b>Total financial liabilities</b>	<b>63,532,156</b>	<b>53,289,080</b>	<b>74,510,667</b>	<b>34,698,765</b>	<b>18,990,566</b>	<b>6,074,502</b>	<b>272,013</b>	<b>251,367,749</b>
Non-financial liabilities	–	–	–	–	–	–	336,105	336,105
<b>Total liabilities</b>	<b>63,532,156</b>	<b>53,289,080</b>	<b>74,510,667</b>	<b>34,698,765</b>	<b>18,990,566</b>	<b>6,074,502</b>	<b>608,118</b>	<b>251,703,854</b>
<b>Net position – total financial assets and liabilities</b>	<b>(38,532,189)</b>	<b>890,412</b>	<b>(41,861,892)</b>	<b>23,447,083</b>	<b>62,671,599</b>	<b>32,499,342</b>	<b>719,852</b>	<b>39,834,207</b>
Of which debt securities included in:								
FVOCI	–	6,240,522	13,785,206	13,006,654	19,879,701	1,284,035	–	54,196,118
Amortised cost	–	38,733	107,274	864,693	977,016	2,000	–	1,989,716
	<b>–</b>	<b>6,279,255</b>	<b>13,892,480</b>	<b>13,871,347</b>	<b>20,856,717</b>	<b>1,286,035</b>	<b>–</b>	<b>56,185,834</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

## 30. MATURITY PROFILES (Continued)

	Repayable on demand	Repayable within 1 month	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 December 2023</b>								
<b>Assets</b>								
Cash and balances and placements with banks	9,565,199	47,050,589	8,560,466	332,377	-	-	-	65,508,631
Derivative financial instruments	47,076	352,537	234,973	331,987	403,397	35,484	-	1,405,454
Financial assets at fair value through profit or loss	-	1,690,608	-	88,459	1,614,656	-	-	3,393,723
Financial assets measured at FVOCI	-	11,741,148	12,296,678	17,306,661	18,805,769	1,156,453	821,116	62,127,825
Financial assets measured at amortised cost	-	477,693	363,528	1,745,165	1,181,962	2,000	-	3,770,348
Advances and other accounts	5,737,079	8,835,660	16,213,051	44,241,154	58,464,006	33,503,989	223,245	167,218,184
<b>Total financial assets</b>	<b>15,349,354</b>	<b>70,148,235</b>	<b>37,668,696</b>	<b>64,045,803</b>	<b>80,469,790</b>	<b>34,697,926</b>	<b>1,044,361</b>	<b>303,424,165</b>
Non-financial assets	-	-	-	-	-	-	2,619,579	2,619,579
<b>Total assets</b>	<b>15,349,354</b>	<b>70,148,235</b>	<b>37,668,696</b>	<b>64,045,803</b>	<b>80,469,790</b>	<b>34,697,926</b>	<b>3,663,940</b>	<b>306,043,744</b>
<b>Liabilities</b>								
Deposits and balances of banks	791	5,930,990	3,232,378	1,753,440	-	-	-	10,917,599
Financial assets sold under repurchase agreements	-	2,551,682	3,076,695	-	-	-	-	5,628,377
Deposits from customers	71,368,754	55,613,810	73,221,429	26,886,026	12,191,388	-	-	239,281,407
Derivative financial instruments	-	372,670	118,884	268,174	147,219	12,958	-	919,905
Certificates of deposit	-	336,202	51,213	-	-	-	-	387,415
Loan capital	-	-	-	-	-	3,384,753	-	3,384,753
Lease liabilities	-	14,920	26,495	111,081	384,229	22,103	-	558,828
Other financial liabilities	929,597	788,078	1,809,276	421,446	114,275	27,292	245,883	4,335,847
<b>Total financial liabilities</b>	<b>72,299,142</b>	<b>65,608,352</b>	<b>81,536,370</b>	<b>29,440,167</b>	<b>12,837,111</b>	<b>3,447,106</b>	<b>245,883</b>	<b>265,414,131</b>
Non-financial liabilities	-	-	-	-	-	-	356,190	356,190
<b>Total liabilities</b>	<b>72,299,142</b>	<b>65,608,352</b>	<b>81,536,370</b>	<b>29,440,167</b>	<b>12,837,111</b>	<b>3,447,106</b>	<b>602,073</b>	<b>265,770,321</b>
<b>Net position - total financial assets and financial liabilities</b>	<b>(56,949,788)</b>	<b>4,539,883</b>	<b>(43,867,674)</b>	<b>34,605,636</b>	<b>67,632,679</b>	<b>31,250,820</b>	<b>798,478</b>	<b>38,010,034</b>
of which debt securities included in:								
FVOCI	-	11,741,148	12,296,678	17,306,661	18,805,769	1,156,453	-	61,306,709
Amortised cost	-	477,693	363,528	1,745,165	1,181,962	2,000	-	3,770,348
	-	12,218,841	12,660,206	19,051,826	19,987,731	1,158,453	-	65,077,057

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**31. RELATED PARTY TRANSACTIONS**

During the period, the Group entered into the following material transactions with related parties:

	Interest and commission income		Interest, rental and other operating expenses	
	Six months ended 30 June		Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Ultimate holding company	14	14	15,867	15,867
Intermediate holding company	2,719	1,255	32,291	12,566
Fellow subsidiaries	59,474	37,663	87,282	81,854
Associates	16,380	15,097	13,229	17,313
Key management personnel ( <i>Note 1</i> )	223	334	1,790	1,429

During the period, the Group had net trading loss with intermediate holding company and fellow subsidiary of HK\$3,881,000 (2023: Net trading income HK\$375,258,000).

At the end of the reporting period, the Group had the following material outstanding balances with related parties:

	Amounts due from related parties		Amounts due to related parties	
	30 June 2024 HK\$'000	31 December 2023 HK\$'000	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Ultimate holding company	—	—	—	—
Intermediate holding company	350,000	150,000	38,334	156,009
Fellow subsidiaries	8,098,130	2,717,379	10,005,112	8,678,849
Associates	—	—	89,729	69,796
Key management personnel ( <i>Note 1</i> )	28,886	26,587	102,163	82,303

*Note 1:* Includes key management personnel, close family members of key management personnel and entities that are controlled or jointly controlled, directly or indirectly, by key management personnel.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2024

### 31. RELATED PARTY TRANSACTIONS *(Continued)*

The above outstanding balances bear interest at rates similar to those made available to non-related parties. A portion of the loans to related parties are secured with properties, securities and fixed deposits.

As of 30 June 2024, the Group held financial assets at FVOCI issued by fellow subsidiaries of HK\$327,739,000 (31 December 2023: HK\$241,874,000).

Amounts due from related parties are included under advances and other accounts in the condensed consolidated statement of financial position.

Amounts due to related parties are included under deposits from customers in the condensed consolidated statement of financial position.

### COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of the key management during the period was as follows:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Short-term benefits	113,576	118,254
Post employment benefits	8,956	9,044
	<b>122,532</b>	<b>127,298</b>

The remuneration of directors and key management is reviewed by the Nomination and Remuneration Committee having regard to the performance of individuals and market trends.

### 32. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023 except the measurement of expected credit loss allowance, which resulted in changes in critical accounting judgement.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six months ended 30 June 2024

**32. ESTIMATES** *(Continued)***CRITICAL JUDGEMENTS IN KEY ASSUMPTIONS USED IN THE EXPECTED CREDIT LOSS ("ECL") CALCULATION***Uncertainty of economic environment*

According to the HKFRS 9, expected credit loss is expected to be assessed over a range of economic scenarios, being an unbiased and probability weighted amount. Given China has sent out a clear signal of support for its economy development, the probability weighting of Bad and Good scenario has been adjusted in order to catch up the potential positive market outlook of Mainland China and Hong Kong.

The probability weightings was assigned as 10%, 80% and 10% to the Good, Base and Bad scenarios respectively in Hong Kong portfolio as well as Mainland China portfolio since December 2023.

The key assumptions used for ECL estimates are set out below:

	Scenario	June 2024	December 2023
<b>Hong Kong Forecast Factors</b>			
GDP YoY Change %	Base	3.31%	4.30%
	Good	6.19%	7.21%
	Bad	-2.27%	-2.42%
<b>Mainland China Forecast Factors</b>			
GDP QoQ Change %	Base	1.03%	1.29%
	Good	2.04%	2.50%
	Bad	-1.08%	-0.82%

The Group will review the critical assumptions from time to time to reflect the outlook of the economy. Details of net impairment losses on financial assets are disclosed in note 11.



# SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

## 1. ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS

The Group's gross advances to customers (including advances booked in branches outside Hong Kong and subsidiaries) are analysed and reported by industry sectors according to the usage of the loans or business activities of the borrowers as follows:

	30 June 2024				
	Gross loans and advances HK\$'000	Stage 1 & 2 impairment allowances HK\$'000	Stage 3 impairment allowances HK\$'000	Loans and advances secured by collateral HK\$'000 (Note 1)	Gross impaired advances HK\$'000
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property development	4,858,203	19,128	7,012	2,421,521	10,888
– Property investment	4,889,416	11,932	–	3,457,323	2,735
– Financial concerns	14,380,866	2,629	–	328,874	–
– Stockbrokers	1,560,723	727	–	1,076,606	–
– Wholesale and retail trade	6,340,865	23,147	24,493	2,914,665	34,281
– Manufacturing	2,126,394	5,129	1	598,015	1
– Transport and transport equipment	2,604,385	5,238	260	299,131	658
– Recreational activities	3,298,446	8,514	11,067	1,443,156	62,209
– Information technology	3,342,368	16,027	–	928,963	10,360
– Others (Note 2)	10,244,319	46,682	171,210	5,441,819	528,342
Individuals					
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	270,308	253	63	270,308	3,447
– Loans for the purchase of other residential properties	8,461,597	7,120	1,088	8,446,977	30,046
– Credit card advances	54,811	62	278	–	278
– Others (Note 3)	4,997,779	10,108	4,610	2,806,107	39,184
	67,430,480	156,696	220,082	30,433,465	722,429
Trade finance	2,986,850	17,798	5,562	79,364	5,562
Loans for use outside Hong Kong	93,684,057	493,192	1,013,920	22,023,488	3,560,747
	164,101,387	667,686	1,239,564	52,536,317	4,288,738

### Notes:

- (1) Loans and advances secured by collateral are determined as the lower of the market value of collateral or outstanding loan principal.
- (2) Major items mainly included loans to business in electricity and gas, hotels, catering, margin lending and other business purposes.
- (3) Major items mainly included loans to professionals and other individuals for various private purposes.

## SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

## 1. ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS (Continued)

	31 December 2023				
	Gross loans and advances HK\$'000	Stage 1 & 2 impairment allowances HK\$'000	Stage 3 impairment allowances HK\$'000	Loans and advances secured by collateral HK\$'000 (Note 1)	Gross impaired advances HK\$'000
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property development	4,736,383	33,243	6,411	2,575,257	11,443
– Property investment	4,922,367	16,395	–	3,591,533	2,037
– Financial concerns	13,052,347	2,215	–	333,298	–
– Stockbrokers	1,742,202	603	–	1,226,676	–
– Wholesale and retail trade	5,664,090	15,858	56,908	2,845,889	66,012
– Manufacturing	2,273,619	6,674	–	709,283	–
– Transport and transport equipment	3,790,413	5,527	–	311,718	167
– Recreational activities	–	–	–	–	–
– Information technology	2,033,596	2,328	–	978,848	2,893
– Others (Note 2)	12,973,443	60,909	75,661	6,221,212	75,665
Individuals					
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	281,352	144	–	281,354	4,252
– Loans for the purchase of other residential properties	7,679,706	3,729	2,822	7,670,875	34,312
– Credit card advances	61,794	57	578	–	578
– Others (Note 3)	4,927,791	7,617	3,264	2,815,755	86,509
	64,139,103	155,299	145,644	29,561,698	283,868
Trade finance	1,755,900	6,293	29,637	255,306	65,622
Loans for use outside Hong Kong	96,270,618	623,258	1,372,207	22,343,128	4,318,056
	162,165,621	784,850	1,547,488	52,160,132	4,667,546

Notes:

- (1) Loans and advances secured by collateral are determined as the lower of the market value of collateral or outstanding loan principal.
- (2) Major items mainly included loans to business in electricity and gas, hotels, catering, margin lending and other business purposes.
- (3) Major items mainly included loans to professionals and other individuals for various private purposes.

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**1. ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS** *(Continued)*

The Group's advances to customers overdue for over three months as at 30 June 2024 and 31 December 2023, and new impairment allowances and advances written-off during the six months ended 30 June 2024 and 2023 in respect of industry sectors which constitute not less than 10% of gross advances to customers are analysed as follows:

	2024		
	Advances overdue for over three months as at 30 June HK\$'000	New impairment allowances during the six months ended 30 June HK\$'000	Advances written-off during six months ended 30 June HK\$'000
Loans for use outside Hong Kong	2,232,866	560,490	2,411,590

  

	2023		
	Advances overdue for over three months as at 31 December HK\$'000	New impairment allowances during the six months ended 30 June HK\$'000	Advances written-off during six months ended 30 June HK\$'000
Loans for use outside Hong Kong	1,808,847	229,409	429,825

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**2. ADVANCES TO CUSTOMERS – BY GEOGRAPHICAL AREAS**

The Group's gross advances to customers by countries or geographical areas after taking into account any risk transfers are as follows:

	30 June 2024				
	Total advances HK\$'000	Advances overdue for three months over HK\$'000	Impaired advances HK\$'000	Stage 3 impairment allowances HK\$'000	Stage 1 & stage 2 impairment allowances HK\$'000
Hong Kong	95,088,070	2,957,465	4,095,513	1,165,988	285,457
Mainland China	64,148,099	67,024	151,538	51,995	376,698
Macau	4,207,736	41,686	41,687	21,581	5,531
Others	657,482	–	–	–	–
	<u>164,101,387</u>	<u>3,066,175</u>	<u>4,288,738</u>	<u>1,239,564</u>	<u>667,686</u>

	31 December 2023				
	Total advances HK\$'000	Advances overdue for three months over HK\$'000	Impaired advances HK\$'000	Stage 3 impairment allowances HK\$'000	Stage 1 & stage 2 impairment allowances HK\$'000
Hong Kong	92,457,846	2,649,729	4,664,887	862,468	384,086
Mainland China	64,510,764	–	–	577,651	395,694
Macau	4,523,169	–	2,659	107,369	5,055
Others	673,842	–	–	–	15
	<u>162,165,621</u>	<u>2,649,729</u>	<u>4,667,546</u>	<u>1,547,488</u>	<u>784,850</u>

Certain comparative figures have been adjusted to conform with the presentation and disclosures in the current period.

## SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

## 3. INTERNATIONAL CLAIMS

The Group's international claims by countries or geographical areas which constitute 10% or more of the relevant disclosure items after taking into account any risk transfers are as follows:

	At 30 June 2024				Total HK\$'000
	Banks HK\$'000	Official sector HK\$'000	Non-bank financial institutions HK\$'000	Non-financial private sector HK\$'000	
Offshore centres	8,587,186	4,750	9,241,069	23,712,891	41,545,896
of which: Hong Kong	6,256,001	4,332	8,214,239	19,575,221	34,049,793
Developing Asia Pacific	24,145,092	248,063	1,970,367	11,223,075	37,586,597
of which: Mainland China	8,467,909	248,000	1,862,900	11,050,936	21,629,745
of which: Taiwan	13,709,319	63	—	252	13,709,634
Developed countries	19,088,545	1,970,280	1,419,533	250,895	22,729,253

	At 31 December 2023				Total HK\$'000
	Banks HK\$'000	Official sector HK\$'000	Non-bank financial institutions HK\$'000	Non-financial private sector HK\$'000	
Offshore centres	9,769,741	6,509	5,947,430	24,711,922	40,435,602
of which: Hong Kong	5,854,690	6,096	4,902,476	12,328,961	23,092,223
Developing Asia Pacific	30,685,710	259,935	4,606,741	11,589,731	47,142,117
of which: Mainland China	17,491,474	259,790	4,606,741	11,587,456	33,945,461
Developed countries	16,518,785	1,984,117	953,538	969,015	20,425,455

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**4. OVERDUE AND RESCHEDULED ASSETS**

	30 June 2024		31 December 2023	
	Gross amount of advances HK\$'000	Percentage to total advances %	Gross amount of advances HK\$'000	Percentage to total advances %
Advances overdue for				
– 6 months or less but over 3 months	407,881	0.3	596,547	0.4
– 1 year or less but over 6 months	1,057,191	0.6	1,071,341	0.7
– Over 1 year	1,601,103	1.0	981,841	0.6
Total overdue advances	<b>3,066,175</b>	<b>1.9</b>	<b>2,649,729</b>	<b>1.7</b>
Rescheduled advances				
– 3 months or less	99	0.0	50,169	0.0
– Over 3 months	642,615	0.4	619,206	0.4
Total rescheduled advances	<b>642,714</b>	<b>0.4</b>	<b>669,375</b>	<b>0.4</b>
Impairment allowances under stage 3 made in respect of overdue loans and advances	620,722		520,342	
Covered portion of overdue loans and advances	684,798		762,595	
Uncovered portion of overdue loans and advances	2,381,377		1,887,134	
	<b>3,066,175</b>		<b>2,649,729</b>	
Market value of collateral held against covered portion of overdue loans and advances	801,647		963,490	

There were no advances to banks and other assets which were overdue for over three months as at 30 June 2024 and 31 December 2023, nor were there any rescheduled advances to banks and other financial institutions.

There are no overdue debt securities and trade bills as at 30 June 2024 and 31 December 2023.

Repossession assets held by the Group as at 30 June 2024 was HK\$55,800,000 (31 December 2023: HK\$38,000,000).

## SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

## 5. MAINLAND ACTIVITIES EXPOSURES

The table below summaries the non-bank Mainland China exposures of the Bank's Hong Kong banking operations and the Bank's Mainland branches and sub-branches categorized by types of counterparties:

	30 June 2024		Total HK\$'000
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	
<b>Type by counterparties</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	39,727,490	1,244,808	40,972,298
2. Local government, local government-owned entities and their subsidiaries and JVs	22,041,529	1,191,337	23,232,866
3. Mainland China nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	36,241,671	1,500,117	37,741,788
4. Other entities of central government not reported in item 1 above	4,925,565	35,998	4,961,563
5. Other entities of local government not reported in item 2 above	781,318	–	781,318
6. Mainland China nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	13,464,529	420,126	13,884,655
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,088,504	32,367	3,120,871
<b>Total</b>	<b>120,270,606</b>	<b>4,424,753</b>	<b>124,695,359</b>
<b>Total assets after provision (Note)</b>	<b>291,848,334</b>		
<b>On-balance sheet exposures as percentage of total assets (Note)</b>	<b>41.21%</b>		

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**5. MAINLAND ACTIVITIES EXPOSURES** *(Continued)*

	31 December 2023		Total HK\$'000
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	
<b>Type by counterparties</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	45,049,555	1,073,654	46,123,209
2. Local government, local government-owned entities and their subsidiaries and JVs	18,579,763	821,308	19,401,071
3. Mainland China nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	40,572,211	2,539,324	43,111,535
4. Other entities of central government not reported in item 1 above	5,305,148	17,527	5,322,675
5. Other entities of local government not reported in item 2 above	681,318	–	681,318
6. Mainland China nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	12,001,191	553,225	12,554,416
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,306,585	118,618	3,425,203
<b>Total</b>	<b>125,495,771</b>	<b>5,123,656</b>	<b>130,619,427</b>
<b>Total assets after provision</b> <i>(Note)</i>	<b>284,978,932</b>		
<b>On-balance sheet exposures as percentage of total assets</b> <i>(Note)</i>	<b>44.04%</b>		

The categories of non-bank counterparties and type of direct exposures are disclosed in accordance with Banking (Disclosure) Rules with reference to the Return of Mainland Activities of the HKMA.

*Note:* Include total assets after provisions of the Bank's Hong Kong banking operations and the Bank's Mainland branches and sub-branches.



**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**6. CURRENCY RISK**

The Group's foreign currency exposures arising from non-structural position which constitute 10% or more of the total net non-structural position in all foreign currencies are as follows:

	30 June 2024	
	USD	RMB
	HK\$'000	HK\$'000
Spot assets	55,122,757	105,599,358
Spot liabilities	(40,371,367)	(104,554,835)
Forward purchases	222,738,518	33,866,278
Forward sales	(229,468,047)	(32,198,895)
Net options position	599,786	(45,348)
Net long position	<u>8,621,647</u>	<u>2,666,558</u>

  

	31 December 2023	
	USD	RMB
	HK\$'000	HK\$'000
Spot assets	67,077,959	95,913,359
Spot liabilities	(48,159,916)	(94,421,850)
Forward purchases	128,470,822	17,542,632
Forward sales	(140,388,393)	(16,980,559)
Net options position	1,791,541	2,174
Net long position	<u>8,792,013</u>	<u>2,055,756</u>

The net options position is calculated in the basis of the delta-weighted position of option contracts.

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**6. CURRENCY RISK** *(Continued)*

The Group's foreign currency exposures arising from structural position which constitute 10% or more of the total net structural position in all foreign currencies are as follows:

	30 June 2024		31 December 2023	
	USD	RMB	USD	RMB
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net structural position	457,668	3,744,300	459,778	4,042,453

**7. CONTINGENT LIABILITIES AND COMMITMENTS**

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>Contingent liabilities and commitments</b>		
– <b>contractual amounts</b>		
Direct credit substitutes	1,820,663	1,385,947
Transaction-related contingencies	1,294,301	883,849
Trade-related contingencies	1,510,696	1,445,144
Forward asset purchases	38,304	12,572
Forward forward deposits placed	1,585,660	780,870
<b>Undrawn formal standby facilities, credit lines and other commitments</b>		
Which are unconditionally cancellable without prior notice	59,984,534	61,089,018
With an original maturity of one year and under	320,509	506,972
With an original maturity of over one year	6,954,862	10,034,026
<b>Lease commitments</b>	218	164
	<b>73,509,747</b>	<b>76,138,562</b>

The credit risk-weighted amount of contingent liabilities and commitments is HK\$5,808,794,000 (31 December 2023: HK\$6,558,978,000).

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**8. CAPITAL ADEQUACY RATIOS, LEVERAGE RATIO AND LIQUIDITY RATIO**

	30 June 2024 %	31 December 2023 %
Total capital ratio	20.94	19.64
Tier 1 capital ratio	17.55	17.38
Common Equity Tier 1 ("CET 1") capital ratio	15.12	14.87

  

	30 June 2024 %	31 December 2023 %
Capital buffers (as a percentage of risk-weighted assets)		
Capital conservation buffer ratio	2.500	2.500
Countercyclical capital buffer ratio	0.578	0.610
	3.078	3.110

  

	30 June 2024 %	31 December 2023 %
Leverage ratio	12.75	11.70

  

	Six months ended 30 June 2024 %	Six months ended 30 June 2023 %
Average liquidity maintenance ratio ("LMR") for the period	66.05	56.57

## SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

### 8. CAPITAL ADEQUACY RATIOS, LEVERAGE RATIO AND LIQUIDITY RATIO *(Continued)*

Capital adequacy ratios are compiled in accordance with the Banking (Capital) Rules under Hong Kong Banking Ordinance for the implementation of the "Basel III" capital accord, which became effective on 1 January 2013. The approaches used in calculating the Group's regulatory capital and risk-weighted assets are in accordance with the Banking (Capital) Rules. The Group uses the standardised (credit risk) approach to calculate its credit risk. For counterparty credit risk, the Group uses the standardised approach (counterparty credit risk) to calculate its default risk exposures starting from 30 June 2021. For market risk, the Group uses the standardised (market risk) approach to calculate its market risk. For operational risk, the Group uses the basic indicator approach to calculate its operational risk. The capital adequacy ratio is consolidated, under the Banking (Capital) Rules, with reference to the financial information of the Bank, Chong Hing Finance Limited, Gallbraith Limited, Chong Hing Information Technology Limited, Card Alliance Company Limited, Top Benefit Enterprise Limited and Hero Marker Limited.

Leverage ratio is disclosed in accordance with the Banking (Disclosure) Rules under Hong Kong Banking Ordinance. The leverage ratio is consolidated with reference to the financial information of the Bank, Chong Hing Finance Limited, Gallbraith Limited, Chong Hing Information Technology Limited, Card Alliance Company Limited, Top Benefit Enterprise Limited and Hero Marker Limited.

### 9. OTHER FINANCIAL INFORMATION

The Bank has set up a "Regulatory Disclosure" section on its website to house all of information relating to the disclosure of regulatory capital to comply with Banking (Disclosure) Rules.

The "Regulatory Disclosure" will be available on the Bank's website ([www.chbank.com/en/personal/footer/about-ch-bank/regulatory-disclosures/index.shtml](http://www.chbank.com/en/personal/footer/about-ch-bank/regulatory-disclosures/index.shtml)) in the "Regulatory Disclosure" section in accordance with the Banking (Disclosure) Rules. The Regulatory Disclosure, together with the disclosures in the Group's Interim Report, contained all the disclosures required by the Rules issued by the HKMA.

### 10. BASIS OF CONSOLIDATION

This interim financial information covers the condensed consolidated financial information of the Bank and all its subsidiaries and includes the attributable share of interest in the Group's associates.

The capital adequacy ratios of the Group are prepared according to the basis of consolidation determined by the HKMA for regulatory purposes. The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes the Bank, all its subsidiaries and the attributable share of interests in the Group's associates whereas the latter includes the Bank and only some of the Group's subsidiaries which mainly conduct banking business or other business incidental to banking business. The LMR is prepared on an unconsolidated basis which includes the Bank only.

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**10. BASIS OF CONSOLIDATION** *(Continued)*

There are no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation but where the method of consolidation differs at 30 June 2024.

There are no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation at 30 June 2024.

Subsidiaries that are included within the accounting scope of consolidation but are not included within the regulatory scope of consolidation are as follows:

Name of company	Principal activities	Total assets		Total equity	
		30 June 2024 HK\$'000	31 December 2023 HK\$'000	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Chong Hing (Nominees) Limited	Provision of nominee services	100	100	100	100
Chong Hing Securities Limited	Stockbroking	988,976	910,852	781,400	755,475
Chong Hing Commodities and Futures Limited	Investment holding and commodities and futures broking	67,598	67,234	66,178	65,744
Chong Hing Insurance Company Limited	Insurance underwriting	458,352	449,163	363,605	354,169
Chong Hing Insurance Brokers Limited	Insurance broking	12,694	5,453	11,599	4,007
Chong Hing (Management) Limited*	Provision of management services	–	–	–	–

\* The company was deregistered on 30 August 2024.

## SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2024

### 11. RISK MANAGEMENT

The Group has established policies, procedures, and controls for measuring, monitoring and controlling risks arising from the banking and related financial services business. These policies, procedures, and controls are implemented by various committees, divisions and departments of the Group and are regularly reviewed by the Board. The internal auditors also play an important role in the risk management process by performing regular, as well as sporadic compliance audits.

The management of assets and liabilities of the Group is conducted under the guidance of the Asset and Liability Management Committee (the "ALCO"). The ALCO holds meetings every two weeks, and more frequent meetings when required, to review and direct the relevant policies, the business strategies and to monitor the bank-wide positions. The day-to-day management of the credit, operational, liquidity, foreign exchange, interest rate and other market risks, and the compliance with the ALCO and the Risk Management Committee (the "RMC") policies are monitored by the Finance & Capital Management Division, the Treasury and Markets Division, the Credit Risk Management Division, the Operational & IT Risk Management Department, Compliance Division and the Market Risk Management Department with the assistance of various qualitative and quantitative analysis. The Board level Risk Committee (RC) exercises further oversight of the Bank's risk management.

Complementing the ALCO in the management of assets and liabilities, the RMC also oversees the implementation of the policies and procedures established for managing the Group's credit, strategic, operational, legal, and reputation risks and compliance requirements.

#### (i) CAPITAL MANAGEMENT

The Group has adopted a policy of maintaining a strong capital base to support the development of the Group's business and to ensure compliance with the statutory capital adequacy ratio requirement.

Capital is allocated to the various activities of the Group depending on the risk taken by each business division. The Group's capital adequacy ratio has remained well above the minimum as stipulated in the Banking (Capital) Rules.

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**11. RISK MANAGEMENT** *(Continued)***(II) CREDIT RISK**

Credit risk is the risk that a customer or counterparty may fail to meet a commitment when it falls due.

The Group's lending policy sets out in details the credit approval and monitoring mechanism, the exposure classifications system and provisioning policy, which is established in accordance with the requirements and provisions of the Hong Kong Banking Ordinance, the guidelines issued by the HKMA and other regulatory bodies.

Day-to-day credit management is performed by the Credit Risk Management Division with reference to credit policy information, the creditworthiness of a counterparty, the exposure concentration risk and the collateral pledged by a counterparty. Credit decisions are made by individual approvers with the delegated credit authority.

**(III) LIQUIDITY RISK**

Liquidity risk is the risk that the Group may not be able to meet obligations as they fall due, without incurring unacceptable losses.

The Group adopts conservative risk appetite in liquidity risk management and maintains adequate liquid assets to meet its normal business obligations as well as to withstand a prolonged period of liquidity stress in accordance with the requirements set out in the Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity Risk Management" ("SPM LM-2") revised by the HKMA in November 2016. The Board has the ultimate responsibility for liquidity risk management. The EXCO is delegated by the Board to oversee liquidity risk management. The ALCO is further delegated by the EXCO to oversee the Group's day-to-day liquidity risk management. The liquidity risk management policy which is reviewed and approved by the Board, specifies a set of liquidity risk metrics and risk control limits for effective liquidity risk management. The key liquidity metrics, e.g. liquidity maintenance ratio, core funding ratio ("CFR"), loan-to-deposit ratio, maturity profile of assets and liabilities, and inter-bank transactions are under ALCO's ongoing and periodic review.

The Group has sufficiently maintained the LMR and CFR well above the minimum as stipulated by the Banking (Liquidity) Rules.

**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**11. RISK MANAGEMENT** *(Continued)***(IV) MARKET RISK**

Market risk is the risk of losses in assets, liabilities and off-balance sheet positions arising from movements in market rates and prices.

Market risk arising from the trading book is at an acceptable level, as the Group maintains controllable positions of financial instruments leading to foreign exchange and interest rate exposures. The market risk positions are managed using risk limits approved by the Group. Daily risk monitoring is carried out independently by Market Risk Management Department, which ensures all dealing activities are conducted in a proper manner and within approved limits. The Group's exposures are periodically reviewed by the Board, RMC and senior management. Besides, structural foreign exchange exposure is to be detailed under (v) foreign exchange risk.

**(V) FOREIGN EXCHANGE RISK**

The Group has maintained a controllable level of foreign exchange risk for both trading and customer order fulfillment. Structural foreign exchange exposure arising from investments in branches outside Hong Kong and subsidiaries is accounted for in the reserves account. Day-to-day foreign exchange management is managed by the Treasury and Markets Division within approved limits.

**(VI) INTEREST RATE RISK**

Interest rate risk is referred to the risk to the Bank's financial condition resulting from adverse movements in interest rates. This consists of gap risk, basis risk and option risk. Interest margins may increase as a result of such changes in favour of the Bank but also result negative impacts in the event that unexpected or adverse movement arises. Interest rate risk comprises those originating from both trading and non-trading portfolio, and the Group's interest rate risk exposure is mainly contributed by non-trading portfolio. In non-trading portfolio, the management of Group's interest rate risk in banking book (IRRBB) is governed by the Interest Rate Risk Management Policy which is reviewed and endorsed by ALCO and approved by EXCO. The Group also manages its interest rate risk in banking book ("IRRBB") within the IRRBB limits approved by ALCO and under monitoring of Market Risk Management Department independently, which regularly report to both ALCO and RMC for senior management oversight. In trading portfolio, specific limits are approved by RMC on interest rate sensitivities (also known as DV01) and stop loss are being enforced on daily basis subject to independent monitoring by Market Risk Management Department.

The Group maintains manageable interest rate positions on its trading book, in addition to certain interest rate contracts entered into for the management of the Group's own risk with holding securities that are classified for trading purpose.

The Group manages its IRRBB exposures using economic value as well as earnings based measures.



**SUPPLEMENTARY INFORMATION**

for the six months ended 30 June 2024

**11. RISK MANAGEMENT** *(Continued)***(VI) INTEREST RATE RISK** *(Continued)*

The economic value is measured from present values of its expected net cash flows of assets, liabilities and off balance sheet positions held with the Bank, discounted to reflect market rates. Therefore, the Group measures the change in Economic Value of Equity ("ΔEVE") as the maximum decrease of the banking book economic value under the six standard scenarios defined by the HKMA's Supervisory Policy Manual.

Earnings-based measures the impact of changes in interest rates on accruing or reported earnings. Reduced earnings or outright losses can threaten the financial stability by undermining its capital adequacy and by reducing market confidence in it. According to the HKMA's Supervisory Policy Manual, the Group measures the change in net interest income as the maximum reduction in net interest income over a period of 12 months.

**(VII) OPERATIONAL AND LEGAL RISK**

Operational risk is the risk of unexpected losses attributable to human error, systems failures, frauds, or inadequate internal controls and procedures. Identification, assessment, mitigation, monitoring and reporting of operational risk are to be done for departments and processes, with escalation and reporting mechanism designated for major operational risk incidents.

Executive directors, division heads, department heads, in-house legal counsels, and internal auditors collaborate to manage operational and legal risks through proper human resources policies, delegation of authorities, segregation of duties, and timely and accurate management information. Senior management and the Audit Committee are accountable to the Board for maintaining a strong and disciplined control environment to provide reasonable assurance that the operational and legal risks are prudently managed.

A comprehensive contingency plan is available to ensure that the Bank's key business functions continue and normal operations are restored effectively and efficiently in the event of business interruption.

Operational Resilience is the ability of a bank to deliver Critical Operations through disruption. It enables the Bank to identify and protect itself from threats and potential failures, respond and adapt to, as well as recover and learn from disruptive events in order to minimise their impact on the delivery of critical operations through disruption. An operational resilience framework has been established and approved by the Board as a milestone of attaining the Bank's operationally resilient.

**(VIII) REPUTATION RISK**

Reputation risk is the risk that the Group's reputation is damaged by one or more than one reputation events that results in negative publicity about the Group's business practices, conduct or financial condition.

Reputation risk is managed by every member of staff, and proper and adequate communications and public relations efforts are required to foster the reputation of the Group. A reputation risk management policy guided by the Board has been established to manage including, without limitation, media exposure, handling of customers' and other stakeholders' complaints and suggestions, and to ensure that the Group's business activities, and agents and/or bodies acting on the Group's behalf do not jeopardise its reputation.

## HEAD OFFICE, BRANCHES, SUB-BRANCHES, PRINCIPAL SUBSIDIARIES AND ASSOCIATES

as of 2 September 2024

		<b>Telephone</b>
<b>HONG KONG MAIN BRANCH</b>	Chong Hing Bank Centre, 24 Des Voeux Road Central, H.K.	3768 1111
<b>HONG KONG ISLAND BRANCHES</b>		
Aberdeen	166-168 Aberdeen Main Road, Aberdeen, H.K.	3768 6210
Causeway Bay	488 Jaffe Road, Causeway Bay, H.K.	3768 6290
North Point	376 King's Road, North Point, H.K.	3768 6200
Shau Kei Wan	203-205 Shau Kei Wan Road, H.K.	3768 6330
Sheung Wan	163 Wing Lok Street, Sheung Wan, H.K.	3768 6220
Wan Chai	265-267 Hennessy Road, Wanchai, H.K.	3768 6350
Western	347-349 Des Voeux Road West, H.K.	3768 6280
<b>KOWLOON BRANCHES</b>		
Castle Peak Road	285-287 Castle Peak Road, Cheung Sha Wan, Kowloon	3768 6320
How Ming Street	114 How Ming Street, Kwun Tong, Kowloon	3768 6480
Kowloon Bay	Shop Unit 8, G/F, Chevalier Commercial Centre, No. 8 Wang Hoi Road, Kowloon Bay, Kowloon	3768 6740
Kowloon City	31-33 Nga Tsing Wai Road, Kowloon City, Kowloon	3768 6300
Kwun Tong	31-33 Mut Wah Street, Kwun Tong, Kowloon	3768 6410
Lei Yue Mun	Shop 123, 1/F, Domain, 38 Ko Chiu Road, Yau Tong, Kowloon	3768 6530
Mongkok	Shop No. 2 of G/F & Whole of Upper Ground Floor, Ginza Square, No. 567 Nathan Road, Kowloon	3768 0001
San Po Kong	55-57 Yin Hing Street, San Po Kong, Kowloon	3768 6360
Sham Shui Po	144-148 Tai Po Road, Sham Shui Po, Kowloon	3768 6310
Shun Lee Estate	Lee Yat House, Shun Lee Estate, Kowloon	3768 6420
Tak Tin Estate	No. 207, Tak Tin Plaza, Tak Tin Estate, Lam Tin, Kowloon	3768 6470
To Kwa Wan	34-34A Tam Kung Road, To Kwa Wan, Kowloon	3768 6370
Tsim Sha Tsui	16 Granville Road, Tsim Sha Tsui, Kowloon	3768 6240
Tsz Wan Shan	60-64 Sheung Fung Street, Tsz Wan Shan, Kowloon	3768 6390

**HEAD OFFICE, BRANCHES, SUB-BRANCHES, PRINCIPAL SUBSIDIARIES AND ASSOCIATES**

as of 2 September 2024

		<b>Telephone</b>
<b>NEW TERRITORIES BRANCHES</b>		
Cheung Fat Estate	Shop 206A, 2/F, Cheung Fat Plaza, Cheung Fat Estate, Tsing Yi, N.T.	3768 6560
Glorious Garden	Shop No. 82, Glorious Garden, 45 Lung Mun Road, Tuen Mun, N.T.	3768 6520
Ma On Shan	Shop 2701-14, L2, MOSTown, No. 628 Sai Sha Road, Ma On Shan, Shatin, N.T.	3768 6450
Shatin	Shop 1A, Ground Floor, Lucky Plaza, Shatin, N.T.	3768 6400
Sheung Shui	71 San Fung Avenue, Sheung Shui, N.T.	3768 6270
Sheung Tak Estate	Shop No. 237, TKO Spot, Sheung Tak Estate, Tseung Kwan O, N.T.	3768 6510
Tai Wo Plaza	Shop No. 101 I, Level 1, Tai Wo Plaza, No. 12 Tai Wo Road, Tai Po, N.T.	3768 6900
Tin Chak Estate	Shop No. 218, 2/F, Tin Chak Shopping Centre, Tin Chak Estate, Tin Shui Wai, N.T.	3768 6570
Tsuen Wan	298 Sha Tsui Road, Tsuen Wan, N.T.	3768 6440
Tuen Mun Hong Lai Garden	G/F, Hong Lai Garden, 117 Heung Sze Wui Road, Tuen Mun, N.T.	3768 6580
Yat Tung Estate	Shop Nos. 1 & 2, G/F, Yat Tung Shopping Centre, Yat Tung Estate, Tung Chung, N.T.	3768 6710
Yuen Long	99-109 Castle Peak Road, Yuen Long, N.T.	3768 6230
<b>BEIJING BRANCH</b>		
Beijing	Unit 1001, 1003, 1005, 1007, 1009, 1010, 1011, 1015, 1017 & 1019 of 10th Floor, No. 23 Financial Street, Xicheng District, Beijing, China	(86-10) 6314 5100
<b>GUANGZHOU BRANCH</b>		
Guangzhou	Room 102, Room 201, Room 301, Room 5001 & Room 5401, Yuexiu Financial Tower, No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong, China	(86-20) 2213 7988

**HEAD OFFICE, BRANCHES, SUB-BRANCHES, PRINCIPAL SUBSIDIARIES AND ASSOCIATES**

as of 2 September 2024

**Telephone****SHENZHEN BRANCH**

Shenzhen	Unit 01-Unit 08, 22nd Floor, China Resources Tower, No. 2666 Keyuan South Road, Yuehai Sub-District, Nanshan District, Shenzhen, China	(86-755) 3352 9099
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**SHANGHAI BRANCH**

Shanghai	28th Floor, Yue Xiu Tower, No. 388 Fushan Road, Pudong, Shanghai, China	(86-21) 6085 3000
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**SHANTOU BRANCH**

Shantou	Room 601, 602, 603, 604, 605, 606 & 607, Tai An Tang Building, No. 18 Songshan Road South, Shantou, Guangdong, China	(86-754) 8890 3224
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**SHENZHEN NANSHAN SUB-BRANCH**

Shenzhen Nanshan	Unit 17, 18 & 19 of 1st Floor, Unit 39 of 2nd Floor, T2 Tower, Ali Center, No. 3331 Keyuan South Road (Shenzhen Bay), Yuehai Sub-District, Nanshan District, Shenzhen, China	(86-755) 3352 7685
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**SHENZHEN QIANHAI SUB-BRANCH**

Shenzhen Qianhai	Room 201, 202, 203, 204, 205, 206 & 207, Tower C, Minsheng Internet Building, No. 5073 Menghai Avenue, Guiwan Community, Nanshan District, Shenzhen, China	(86-755) 3327 8900
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**DONGGUAN SUB-BRANCH**

Dongguan	Unit 105, Nanfeng Center, No. 106 Hongfu Road, Nancheng District, Dongguan, Guangdong, China	(86-769) 8608 5888
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**GUANGZHOU HAIZHU SUB-BRANCH**

Guangzhou Haizhu	Unit 106, No. 1236 Xingang East Road, Haizhu District, Guangzhou, Guangdong, China	(86-20) 2213 7988
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**GUANGZHOU PANYU SUB-BRANCH**

Guangzhou Panyu	Room 110 and 111, Block Two, No. 103 Wanhui Second Road, Nancun Town, Panyu District, Guangzhou, Guangdong, China	(86-20) 2868 6520
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**HEAD OFFICE, BRANCHES, SUB-BRANCHES, PRINCIPAL SUBSIDIARIES AND ASSOCIATES**

as of 2 September 2024

		<b>Telephone</b>
<b>GUANGDONG PILOT FREE TRADE ZONE NANSHA SUB-BRANCH</b>		
Nansha	Room 801-805, Building No. 1, No. 106 Fengze Road East, Nansha District, Guangzhou, Guangdong, China	(86-20) 3226 0620
<b>FOSHAN SUB-BRANCHES</b>		
Foshan	Unit B107 & B205-2, Level 1 and Level 2, Mall 1, Yuexiu Xing Hui Yun Jin Plaza, No. 84 North Nanhai Da Dao, Guicheng Jie Dao, Nanhai District, Foshan, Guangdong, China	(86-757) 6352 2888
Shunde	Unit 105-106, Block 8, Poly Zhongyue Garden Zone A, No. 6 Guotai South Road, Dehe Residents Committee, Daliang Street, Shunde District, Foshan, Guangdong, China	(86-757) 6352 2838
<b>GUANGDONG-MACAO IN-DEPTH COOPERATION ZONE IN HENGQIN SUB-BRANCH</b>		
Hengqin	Area B, Block 10, Hengqin Financial Industry Service Base, Shizimen Central Business District, Hengqin New Area, Zhuhai, Guangdong, China	(86-756) 3833 039
<b>ZHONGSHAN SUB-BRANCH</b>		
Zhongshan	Room 4-5, First Floor, Tower 2, Shangfeng Financial Business Center, No. 88 Zhongshan Fourth Road, East District, Zhongshan, Guangdong, China	(86-760) 2385 2388
<b>SHANGHAI HONGQIAO SUB-BRANCH</b>		
Shanghai Hongqiao	Unit 101, No. 6, Lane 988, Shenchang Road, Minhang District, Shanghai, China	(86-21) 6085 3085

## HEAD OFFICE, BRANCHES, SUB-BRANCHES, PRINCIPAL SUBSIDIARIES AND ASSOCIATES

as of 2 September 2024

### Telephone

#### MACAU BRANCH

Macau	No. 693, Avenida da Praia Grande, Edifício Tai Wah, R/C, Macau	(853) 2833 9982
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#### PRINCIPAL SUBSIDIARIES

Chong Hing Commodities and Futures Limited  
Chong Hing Finance Limited  
Chong Hing Information Technology Limited  
Chong Hing Insurance Brokers Limited  
Chong Hing Insurance Company Limited  
Chong Hing (Nominees) Limited  
Chong Hing Securities Limited  
Gallbraith Limited  
Hero Marker Limited  
Top Benefit Enterprise Limited

#### ASSOCIATES

Bank Consortium Holding Limited  
BC Reinsurance Limited  
Hong Kong Life Insurance Limited

