BANK OF CHINA INTERNATIONAL LIMITED
(A RESTRICTED LICENCE BANK WHOLLY-OWNED BY BANK OF CHINA LIMITED)

中銀國際有限公司
(中國銀行股份有限公司全資附屬之有限制牌照銀行)

2021 INTERIM REPORT

BANK OF CHINA INTERNATIONAL LIMITED
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(中國銀行股份有限公司全資附屬之有限制牌照銀行)

The Directors of Bank of China International Limited (A restricted licence bank wholly-owned by Bank of China Limited) ("the Company") are pleased to announce the unaudited results of the Company for the 6-month period ended 30 June 2021.

The Company's subsidiary, Modenia Limited, was dissolved on deregistration on 27 March 2020. The comparative information presented in the 2021 Interim Report is the results of the Company only, instead of the results of the Company and its subsidiary ("the Group").

CONDENSED INCOME STATEMENT

	Notes	Unaudited Six months ended 30 June 2021 HK$	 2020 HK$
Interest income	4	56,625,583	106,834,864
Interest expense	4	(4,295,151)	(44,251,681)
Net interest income	4	52,330,432	62,583,183
Fee and commission income	5	137,642,206	71,016,134
Fee and commission expense	5	(87,216)	(452,456)
Net fee and commission income	5	137,554,990	70,563,678
Net trading gains	6	1,585,125	6,236,649
Operating income		191,470,547	139,383,510
Operating expenses	7	(118,404,714)	(92,330,597)
Profit before impairment allowances		73,065,833	47,052,913
Net release/(charge) of impairment allowances	8	72,696	(233,086)
Profit before taxation		73,138,529	46,819,827
Income tax expense	9	(12,043,108)	(7,725,294)
Profit after taxation for the period		61,095,421	39,094,533

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2021	2020
	HK$	HK$
Profit after taxation for the period	61,095,421	39,094,533
Total comprehensive income for the period	61,095,421	39,094,533
Attributable to:		
Equity holders of the Company	61,095,421	39,094,533

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CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
ASSETS			
Cash and due from banks	11	1,847,898,991	2,669,489,375
Placements with banks	12	1,399,197,290	1,397,338,814
Derivative financial instruments	13	9,045,328	7,216,849
Loans and advances to customers	14	5,054,946,558	4,891,463,779
Debt instruments at fair value through other comprehensive income	15	174,996	174,994
Debt instruments at amortised cost	15	699,986,461	349,976,519
Deferred tax assets		38,436	52,543
Other assets	16	6,808,121	8,614,562
Total assets		9,018,096,181	9,324,327,435
LIABILITIES			
Deposits from customers	17	7,041,841,868	7,537,498,751
Amounts due to an intermediate holding company	18	181,771,028	79,574,047
Derivative financial instruments	13	5,082,561	3,688,104
Tax payable		17,011,648	5,341,298
Other liabilities		49,060,992	35,992,572
Total liabilities		7,294,768,097	7,662,094,772
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	19	1,000,000,000	1,000,000,000
Reserves		723,328,084	662,232,663
Total equity		1,723,328,084	1,662,232,663
Total liabilities and equity		9,018,096,181	9,324,327,435

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CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unaudited			
	Share capital HK$	Regulatory reserve[1] HK$	Retained earnings HK$	Total HK$
Balance at 1 January 2020	1,000,000,000	50,441,256	560,809,755	1,611,251,011
Profit for the period	-	-	39,094,533	39,094,533
Total comprehensive income	-	-	39,094,533	39,094,533
Transferred from regulatory reserve[2]	-	(2,773,377)	2,773,377	-
Balance at 30 June 2020	1,000,000,000	47,667,879	602,677,665	1,650,345,544
Balance at 1 July 2020	1,000,000,000	47,667,879	602,677,665	1,650,345,544
Profit for the period	-	-	11,887,119	11,887,119
Total comprehensive income	-	-	11,887,119	11,887,119
Transferred to regulatory reserve	-	1,219,914	(1,219,914)	-
Balance at 31 December 2020	1,000,000,000	48,887,793	613,344,870	1,662,232,663
Balance at 1 January 2021	1,000,000,000	48,887,793	613,344,870	1,662,232,663
Profit for the period	-	-	61,095,421	61,095,421
Total comprehensive income	-	-	61,095,421	61,095,421
Transferred to regulatory reserve[2]	-	1,622,469	(1,622,469)	-
Balance at 30 June 2021	1,000,000,000	50,510,262	672,817,822	1,723,328,084

[1] As at 30 June 2021, HK$50,510,262 (31 December 2020: HK$48,887,793) was set aside as the regulatory reserve. The regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purpose. Movements in the reserve are made directly through retained earnings and in consultation with the Hong Kong Monetary Authority.

[2] During the period, the Company transferred HK$1,622,469 from the retained earnings to the regulatory reserve (first half of 2020: the Company transferred HK$2,773,377 from the regulatory reserve to the retained earnings).

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CONDENSED CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30 June 2021 HK$	Unaudited Six months ended 30 June 2020 HK$
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	20	(704,354,409)	690,222,274
Cash flows from investing activities			
Purchase of debt instruments at amortised cost		(1,799,956,373)	(149,000,135)
Proceeds from redemption of debt instruments at amortised cost		1,450,000,000	150,000,000
Net cash (used in)/generated from investing activities		(349,956,373)	999,865
Net (decrease)/increase in cash and cash equivalents		(1,054,310,782)	691,222,139
Cash and cash equivalents at 1 January		2,902,217,017	2,159,334,061
Cash and cash equivalents at 30 June		1,847,906,235	2,850,556,200
Analysis of balance of cash and cash equivalents:			
Cash and due from banks with original maturity within three months		1,847,906,235	950,376,693
Placements with banks with original maturity within three months		-	1,900,179,507

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The unaudited interim report has been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and also complies with the requirements set out in the Banking (Disclosure) Rules.

2 Accounting policies

The accounting policies and methods of computation used in the preparation of the unaudited interim report are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2020 and should be read in conjunction with the Group's annual report for 2020.

3 Critical accounting estimates and judgment in applying accounting policies

The Company makes estimates and assumptions that are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2020.

4 Net interest income

	Unaudited Six months ended 30 June	
	2021 HK$	2020 HK$
Interest income		
- loans and advances to customers	42,576,197	58,665,379
- cash and due from banks and placements with banks	13,999,788	47,021,987
- debt instruments at amortised cost	49,598	1,147,498
	56,625,583	106,834,864
Interest expense		
- deposits from customers	(4,295,045)	(44,240,054)
- deposits and balances from banks	(106)	(11,627)
	(4,295,151)	(44,251,681)
Net interest income	52,330,432	62,583,183

No interest income was recognised on impaired loans and advances to customers for the first half of 2021 and the first half of 2020.

Included within interest income and interest expense are HK$56,625,583 (first half of 2020: HK$106,834,864) and HK$4,295,151 (first half of 2020: HK$44,251,681) for financial assets and financial liabilities that are not recognised at fair value through profit or loss respectively.

5 Net fee and commission income

	Unaudited Six months ended 30 June 2021 HK$	2020 HK$
Investment services fees received from fellow subsidiaries (Note 23)	137,609,809	70,629,475
Others	32,397	386,659
Fee and commission income	137,642,206	71,016,134
Less: fee and commission expense	(87,216)	(452,456)
Net fee and commission income	137,554,990	70,563,678

6 Net trading gains

	Unaudited Six months ended 30 June 2021 HK$	2020 HK$
Foreign exchange	1,585,125	6,236,649

7 Operating expenses

	Unaudited Six months ended 30 June 2021 HK$	2020 HK$
Management fee paid (Note 23)	61,649,000	52,491,000
Staff costs	48,158,908	31,539,007
Auditor's remuneration	190,050	137,550
Operating lease expenses recharged by intermediate holding company	751,663	1,261,342
Information technology and communications expenses	4,774,561	3,912,825
Miscellaneous expenses	2,880,532	2,988,873
	118,404,714	92,330,597

8 Net (release)/charge of impairment allowances

The table below shows the ECL (release)/charge on financial instruments for the period recorded in the condensed income statement:

		Unaudited Six months ended 30 June 2021			
HK$	Notes	Stage 1	Stage 2	Stage 3	Total
Cash and due from banks	11	(38,751)	-	-	(38,751)
Placements with banks	12	(29,996)	-	-	(29,996)
Loans and advances to customers	14	31	-	-	31
Debt instruments at amortised cost	15	(3,971)	-	-	(3,971)
Debt instruments at fair value through other comprehensive income	15	(2)	-	-	(2)
Other assets	16	(7)	-	-	(7)
Net impairment release		(72,696)	-	-	(72,696)

	Unaudited Six months ended 30 June 2020			
HK$	Stage 1	Stage 2	Stage 3	Total
Cash and due from banks	68,539	-	-	68,539
Placements with banks	164,333	-	-	164,333
Loans and advances to customers	(193)	-	-	(193)
Debt instruments at amortised cost	357	-	-	357
Debt instruments at fair value through other comprehensive income	8	-	-	8
Other assets	42	-	-	42
Net impairment charge	233,086	-	-	233,086

9 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (first half of 2020: 16.5%) on the estimated assessable profit for the period.

The amount of taxation charged to the condensed income statement represents:

	Unaudited Six months ended 30 June	
	2021	2020
	HK$	HK$
Current income tax:		
- Hong Kong profits tax	12,029,001	7,761,318
Deferred income tax	14,107	(36,024)
	12,043,108	7,725,294

10 Profit attributable to equity holders

The profit attributable to equity holders of the Company is dealt with in the condensed financial statements of the Company to the extent of HK$61,095,421 (first half of 2020: HK$39,094,533).

11 Cash and due from banks

	Unaudited At 30 June 2021	Audited At 31 December 2020
	HK$	HK$
Cash and due from banks	1,147,683,386	536,876,661
Placements with banks maturing less than one month	700,222,849	2,132,658,709
Less: allowance for impairment losses – Stage 1	(7,244)	(45,995)
	1,847,898,991	2,669,489,375

There were no overdue of cash and due from banks as at 30 June 2021 and 31 December 2020.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

11 Cash and due from banks (continued)

The movement in provision for impairment of cash and due from banks is as follows:

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Beginning of the period - Stage 1	45,995	21,964
Net (release)/charge during the period - Stage 1	(38,751)	24,031
At period end	7,244	45,995

12 Placements with banks

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Placements with banks maturing between one and twelve months	1,399,285,905	1,397,457,425
Less: allowance for impairment losses - Stage 1	(88,615)	(118,611)
	1,399,197,290	1,397,338,814

There were no overdue of placements with banks as at 30 June 2021 and 31 December 2020.

The movement in provision for impairment of placements with banks is as follows:

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Beginning of the period - Stage 1	118,611	48,753
Net (release)/charge during the period - Stage 1	(29,996)	69,858
At period end	88,615	118,611

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

13 Derivative financial instruments

	Unaudited 30 June 2021		
	Notional amount HK$'000	Fair value assets HK$	Fair value liabilities HK$
Derivatives held for trading			
- Foreign exchange forwards and swaps	1,634,082	9,045,328	5,082,561
- Foreign exchange options		-	-
		9,045,328	5,082,561

	Audited 31 December 2020		
	Notional amount HK$'000	Fair value Assets HK$	Fair value liabilities HK$
Derivatives held for trading			
- Foreign exchange forwards and swaps	1,963,787	7,175,844	3,647,099
- Foreign exchange options	22,856	41,005	41,005
		7,216,849	3,688,104

14 Loans and advances to customers

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Loans and advances to customers:		
- individuals	4,460,286,566	4,141,789,350
- corporates	595,929,188	750,941,487
	5,056,215,754	4,892,730,837
Less: allowance for impairment losses	(1,269,196)	(1,267,058)
Total	5,054,946,558	4,891,463,779

The carrying amounts of loans and advances to customers approximated their fair value. Included in the balance, there were overdue loans of HK$1,268,291 as at 30 June 2021 (31 December 2020: HK$1,266,184).

The movement in provision for impairment against loans and advances to customers is as follows:

	HKFRS 9		
HK$	Stage 1	Stage 3	Total
At 1 January 2021	874	1,266,184	1,267,058
Net charge during the period	31	-	31
Exchange difference	-	2,107	2,107
At 30 June 2021	905	1,268,291	1,269,196

HK$	Stage 1	Stage 3	Total
At 1 January 2020	1,043	1,271,868	1,272,911
Net release during the year	(169)	-	(169)
Exchange difference	-	(5,684)	(5,684)
At 31 December 2020	874	1,266,184	1,267,058

As at 30 June 2021, there were HK$5,054,947,463 and HK$1,268,291 (31 December 2020: HK$4,891,464,653 and HK$1,266,184) loans and advances to customers classified under stage 1 and stage 3 respectively.

15 Financial assets other than those measured at fair value through profit and loss

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Debt instruments at fair value through other comprehensive income		
Club debentures, unlisted	175,000	175,000
Less: allowance for impairment losses - Stage 1	(4)	(6)
	174,996	174,994
Analysed by type of issuers as follows:		
Corporate entities, unrated	174,996	174,994

There were no movement in debt instruments at fair value through other comprehensive income for the Company as at 30 June 2021 and 31 December 2020.

The movement in provision for impairment against debt instruments at fair value through other comprehensive income is as follows:

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Beginning of the period - Stage 1	6	3
Net (release)/charge during the period - Stage 1	(2)	3
At period end	4	6

15 Financial assets other than those measured at fair value through profit and loss (continued)

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Debt instruments at amortised cost		
Hong Kong Exchange Fund Bills, unlisted	699,998,274	349,992,303
Less: allowance for impairment losses - Stage 1	(11,813)	(15,784)
	699,986,461	349,976,519
Analysed by type of issuers as follows:		
Sovereigns	699,986,461	349,976,519
Analysed by issue specific credit rating as follows:		
Fitch, AA+ to AA-	699,986,461	349,976,519

The movement in provision for impairment against debt instruments at amortised cost is as follows:

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Beginning of the period - Stage 1	15,784	12,854
Net (release)/charge during the period - Stage 1	(3,971)	2,930
At period end	11,813	15,784

There were no overdue of debt instruments at fair value through other comprehensive income and debt instruments at amortised cost as at 30 June 2021 and 31 December 2020.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

16 Other assets

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Deposits, prepayments and other receivables	6,808,121	8,614,569
Less: allowance for impairment losses - Stage 1	-	(7)
	6,808,121	8,614,562

The movement in provision for impairment against other assets is as follows:

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Beginning of the period - Stage 1	7	1
Net (release)/charge during the period - Stage 1	(7)	6
At period end	-	7

There were no overdue of other assets as at 30 June 2021 and 31 December 2020.

17 Deposits from customers

All the deposits from customers are time, call and notice deposits and currency-linked deposits. The majority of them will mature within 3 months.

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Time, call and notice deposits	7,041,841,868	7,526,070,495
Currency-linked deposits	-	11,428,256
	7,041,841,868	7,537,498,751

18 Amounts due to an intermediate holding company

The amounts due to an intermediate holding company are interest free, unsecured and repayable on demand.

19 Share capital

The Company

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Issued and fully paid:		
1,000,000 (2020: 1,000,000) ordinary shares	1,000,000,000	1,000,000,000

20 Cash flows from operating activities

Reconciliation of profit before taxation to net cash (used in)/ generated from operating activities:

	Unaudited Six months ended 30 June	
	2021 HK$	2020 HK$
Profit before taxation	73,138,529	46,819,827
Interest income on debt instruments at amortised cost	(49,598)	(1,147,498)
Net (release)/charge of impairment allowances	(72,696)	233,086
Change in balances and placements with banks with original maturity over three months	(234,510,127)	13,803,503
Change in derivative financial instruments assets	(1,828,479)	3,699,061
Change in loans and advances to customers	(163,482,810)	280,018,360
Change in other assets	1,806,448	(617,426)
Change in deposits from customers	(495,656,883)	130,294,246
Change in amounts due to an intermediate holding company	102,196,981	97,330,609
Change in derivative financial instruments liabilities	1,394,457	3,778,687
Change in other liabilities	13,068,420	121,403,505
Change in other non-cash items	-	136
Hong Kong profits tax paid	(358,651)	(5,393,822)
Net cash (used in)/generated from operating activities	(704,354,409)	690,222,274

Cash flows from operating activities include:		
-Interest received	55,718,430	114,206,951
-Interest paid	(4,229,397)	(54,327,525)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

21 Commitments

The Company has no irrevocable loan commitment and no forward deposits placed as at 30 June 2021 and 31 December 2020.

22 Segment reporting

All income, profit or loss, assets, liabilities and off-balance sheet items of the Company are derived from Hong Kong.

Private banking	Provides a range of services for high net-worth individual clients and corporate clients

The Company's business segment results for the six months ended 30 June 2021 and 30 June 2020 are as follows:

	Private banking	
	Unaudited Six months ended 30 June	
	2021 HK$'000	2020 HK$'000
Net interest income	52,331	62,583
Net fee and commission income	137,555	70,564
Net trading gains	1,585	6,237
Operating income	191,471	139,384
Operating expenses	(118,405)	(92,331)
Profit before impairment allowances	73,066	47,053
Net release/(charge) of impairment allowances	73	(233)
Profit before taxation	73,139	46,820

	Unaudited At 30 June 2021 HK$	Audited At 31 December 2020 HK$
Segment assets	9,018,096	9,324,327
Segment liabilities	7,294,768	7,662,095

23 Material related-party transactions

Related parties are those parties that have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties can be individuals or other entities.

Summary of material transactions entered into during the ordinary course of business with fellow subsidiaries in BOC International Holdings Limited and other subsidiaries of Bank of China Limited are as follows:

	Notes	BOC International Holdings Limited and its subsidiaries	Bank of China Limited and its subsidiaries
		HK$	HK$
Unaudited condensed income statement for the six months ended 30 June 2021			
Interest income		-	2,707,391
Interest expenses		(3,243,689)	(106)
Fee and commission income	i	137,609,941	-
Management fee paid	ii	(61,649,000)	-
Unaudited condensed income statement for the six months ended 30 June 2020			
Interest income		4,416,723	42,448,031
Interest expenses		(37,601,168)	(11,627)
Fee and commission income	i	70,629,475	-
Management fee paid	ii	(52,491,000)	-

(i) The Company received investment services fees from its fellow subsidiaries, BOCI Securities Limited and BOCI Private Wealth Management Limited, for the services provided by the Company in the capacity as an agent to introduce client businesses to the fellow subsidiaries.

(ii) The Company has agreements with its intermediate holding company, BOC International Holdings Limited, under which the intermediate holding company provides administration and support services to the Company in return for a fee which is agreed and reviewed on an annual basis. This agreement can be terminated by both parties giving not less than one month's written notice. During the period, HK$61,649,000 (first half of 2020: HK$52,491,000) was paid to the intermediate holding company by the Company (Note 7).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

23 Material related-party transactions (continued)

	BOC International Holdings Limited and its subsidiaries	Bank of China Limited and its subsidiaries
	HK$	HK$
At 30 June 2021 (Unaudited)		
Condensed statement of financial position		
Cash and due from banks	-	1,830,950,693
Placements with banks	-	1,166,285,117
Derivative financial instruments	4,187,687	4,855,127
Deposits from customers	216,321,642	2,138,016
Derivative financial instruments	4,926,209	156,352
At 31 December 2020 (Audited)		
Statement of financial position		
Cash and due from banks	-	2,022,670,713
Placements with banks	-	1,164,775,778
Derivative financial instruments	7,149,304	16,137
Deposits from customers	118,917,699	2,137,910
Derivative financial instruments	184,043	3,463,026

24 Statutory accounts

The information in the interim report is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies and the Hong Kong Monetary Authority. The auditors expressed an unqualified opinion on those statutory accounts in their report dated 28 April 2021.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1.1 Key prudential ratios

		30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
	Regulatory capital (amount)	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
1	Common Equity Tier 1 (CET1)	1,672,780	1,665,767	1,613,292	1,638,932	1,602,603
2	Tier 1	1,672,780	1,665,767	1,613,292	1,638,932	1,602,603
3	Total capital	1,713,742	1,708,957	1,658,222	1,686,121	1,650,589
	RWA (amount)	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
4	Total RWA	3,877,272	4,033,373	4,151,964	4,302,600	4,664,996
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	43.14%	41.30%	38.86%	38.09%	34.35%
6	Tier 1 ratio (%)	43.14%	41.30%	38.86%	38.09%	34.35%
7	Total capital ratio (%)	44.20%	42.37%	39.94%	39.19%	35.38%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)[1]	0.549%	0.540%	0.555%	0.570%	0.592%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirement (%)	3.049%	3.040%	3.055%	3.070%	3.092%
12	CET1 available after meeting the AI's minimum capital requirements (%)	36.20%	34.37%	31.94%	31.19%	27.38%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure (HK$'000)	8,996,051	9,036,748	9,295,138	9,647,196	10,064,678
14	LR (%)	18.59%	18.43%	17.36%	16.99%	15.92%

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1.1 Key prudential ratios (continued)

		30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%)	53.49%	48.89%	49.69%	51.41%	52.94%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

In accordance with the Banking (Capital) Rules effective from 1 January 2007, the Company adopts the standardised approach, standardised approach, basic indicator approach and solo basis to calculate its credit risk, market risk, operational risk and capital adequacy ratio respectively.

[1] The applicable jurisdictional countercyclical capital buffer (CCyB) ratio for Hong Kong used in the calculation of CCyB buffer requirement was 1.0% for 2020 Q2 to 2021 Q2.

As of 30 June 2021, the Comapny does not have any subsidiaries to consolidate for accounting or regulatory purposes.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1.2 Overview of risk-weighted amount ("RWA")

	(HK$'000)	RWA As at 30 June 2021	RWA As at 31 March 2021	Minimum capital requirements As at 30 June 2021
1	Credit risk for non-securitization exposures	3,253,683	3,441,096	260,295
2	Of which STC approach	3,253,683	3,441,096	260,295
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	23,258	14,130	1,861
7	Of which SA-CCR approach	23,258	N/A	1,861
7a	Of which CEM	-	14,130	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	5,275	3,288	422
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	46,275	38,613	3,702
21	Of which STM approach	46,275	38,613	3,702
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk	558,438	545,238	44,675
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	9,657	8,992	773
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	9,657	8,992	773
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	**Total**	**3,877,272**	**4,033,373**	**310,182**

N/A: Not applicable

Items marked with asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "N/A" is reported in the rows.

During the second quarter in 2021, total RWAs decreased by approximately HK$156 million, which was mainly due to the decrease in RWAs on credit risk for non-securitization exposures attributed by the decrement in corporate and individual exposures.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.1 Composition of regulatory capital

At 30 June 2021

	(In HK$'000)	Amount	Cross reference to balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,000,000	(1)
2	Retained earnings	672,818	(2)
3	Disclosed reserves	50,510	(3)
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	N/A	N/A
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	**CET1 capital before regulatory adjustments**	**1,723,328**	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	38	(4)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22	Amount exceeding the 15% threshold	N/A	N/A
23	of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24	of which: mortgage servicing rights	N/A	N/A
25	of which: deferred tax assets arising from temporary differences	N/A	N/A
26	National specific regulatory adjustments applied to CET1 capital	50,510	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	50,510	(3)
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	**50,548**	
29	**CET1 capital**	**1,672,780**	

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.1 Composition of regulatory capital (continued)

At 30 June 2021 (continued)

	(In HK$'000)	Amount	Cross reference to balance sheet under the regulatory scope of consolidation
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	*Capital instruments subject to phase out arrangements from AT1 capital*	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements*	-	
36	**AT1 capital before regulatory deductions**	-	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,672,780**	
Tier 2 capital : instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	*Capital instruments subject to phase out arrangements from Tier2 capital*	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	40,962	
51	**Tier 2 capital before regulatory deductions**	**40,962**	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	**40,962**	
59	**Total regulatory capital (TC = T1 + T2)**	**1,713,742**	
60	**Total RWA**	**3,877,272**	

2.1 Composition of regulatory capital (continued)

At 30 June 2021 (continued)

	(In HK$'000)	Amount	Cross reference to balance sheet under the regulatory scope of consolidation
Capital ratios (as a percentage of RWA)			
61	**CET1 capital ratio**	**43.14%**	
62	**Tier 1 capital ratio**	**43.14%**	
63	**Total capital ratio**	**44.20%**	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**3.05%**	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.549%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	**36.20%**	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	N/A	N/A
70	National Tier 1 minimum ratio	N/A	N/A
71	National Total capital minimum ratio	N/A	N/A
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	50,619	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	40,962	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	*Current cap on CET1 capital instruments subject to phase out arrangements*	N/A	N/A
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	N/A	N/A
82	*Current cap on AT1 capital instruments subject to phase out arrangements*	-	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on Tier 2 capital instruments subject to phase out arrangements*	-	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	-	

N/A: Not applicable

2.2 Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published interim report As at 30 June 2021 HK$	Under regulatory scope of consolidation As at 30 June 2021 HK$	Reference
ASSETS			
Cash and due from banks	1,847,898,991	1,847,898,991	
Placements with banks	1,399,197,290	1,399,197,290	
Derivative financial instruments	9,045,328	9,045,328	
Loans and advances to customers	5,054,946,558	5,054,946,558	
Debt instruments at fair value through other comprehensive income	174,996	174,996	
Debt instruments at amortised cost	699,986,461	699,986,461	
Deferred tax assets	38,436	38,436	(4)
Other assets	6,808,121	6,808,121	
Total assets	9,018,096,181	9,018,096,181	
LIABILITIES			
Deposits from customers	7,041,841,868	7,041,841,868	
Amounts due to an intermediate holding company	181,771,028	181,771,028	
Derivative financial instruments	5,082,561	5,082,561	
Tax payable	17,011,648	17,011,648	
Other liabilities	49,060,992	49,060,992	
Total liabilities	7,294,768,097	7,294,768,097	
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	1,000,000,000	1,000,000,000	(1)
Reserves	723,328,084	723,328,084	
Of which: Retained earnings (including current period profit or loss)		*672,817,822*	(2)
Retained earnings earmarked as regulatory reserve eligible for inclusion in Tier 2 capital		*50,510,262*	(3)
Total equity	1,723,328,084	1,723,328,084	
Total liabilities and equity	9,018,096,181	9,018,096,181	

2.3 Main features of regulatory capital instruments

Ordinary Shares as at 30 June 2021

1	Issuer	Bank of China International Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	0390704D HK Equity
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules[1]	Common Equity Tier 1
5	Post-transitional Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo/group/solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$1,000 million as at 30 June 2021
9	Par value of instrument	N/A
10	Accounting classification	Share capital
11	Original date of issuance	a) 2 ordinary shares issued on 2 March 1979 b) 49,998 ordinary shares issued on 2 April 1979 c) 50,000 ordinary shares issued on 3 February 1989 d) 315,000 ordinary shares issued on 7 April 2009 e) 585,000 ordinary shares issued on 1 November 2011
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A

[1] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.3 Main features of regulatory capital instruments (continued)

Ordinary Shares as at 30 June 2021 (continued)

	Coupons / dividends	
17	Fixed or floating dividend/coupon	Discretionary dividend amount
18	Coupon rate and any related index	The ordinary shareholders receive distributable profits that have been declared as a dividend.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	The ordinary shares shall, on the return of capital in a winding-up, entitle the shareholders thereof rights of participation in any surplus profits or assets of the Company after all obligations have been satisfied.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Information relating to the disclosure of the full terms and conditions of the capital instruments issued by the Company can be viewed on the website:
http://www.bocigroup.com/PrivateBank/en/

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

3 Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

At 30 June 2021

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		(%)	(HK$'000)	(%)	(HK$'000)
1	Hong Kong SAR	1.000%	1,211,343		
2	**Sum**		1,211,343		
3	**Total**		**2,204,646**	**0.549%**	**21,286**

The Basel III CCyB, which is built up during periods of excess credit growth to protect against future losses, was phased-in on 1 January 2016 in Hong Kong. The Company's CCyB ratio as at 30 June 2021 was 0.549% as the majority of its private sector credit exposures are attributed to Hong Kong.

4.1 Summary comparison of accounting assets against leverage ratio ("LR") exposure measure

		As at 30 June 2021
	Item	**Value under the LR framework** (HK$'000 equivalent)
1	Total consolidated assets as per published financial statements	9,018,096
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	28,503
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	-
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments	(50,548)
8	**Leverage ratio exposure measure**	**8,996,051**

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

4.2 Leverage ratio ("LR")

		HK$'000 equivalent	
		As at 30 June 2021	**As at 31 March 2021**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	9,010,390	9,067,388
2	Less: Asset amounts deducted in determining Tier 1 capital	(50,510)	(51,880)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**8,959,880**	**9,015,508**
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	12,660	8,041
5	Add-on amounts for PFE associated with all derivative contracts	24,888	14,771
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	**Total exposures arising from derivative contracts**	**37,548**	**22,812**
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	**Total exposures arising from SFTs**	**-**	**-**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	**Off-balance sheet items**	**-**	**-**
Capital and total exposures			
20	**Tier 1 capital**	**1,672,780**	**1,665,767**
20a	**Total exposures before adjustments for specific and collective provisions**	**8,997,428**	**9,038,320**
20b	**Adjustments for specific and collective provisions**	**(1,377)**	**(1,572)**
21	**Total exposures after adjustments for specific and collective provisions**	**8,996,051**	**9,036,748**
Leverage ratio			
22	**Leverage ratio**	**18.59%**	**18.43%**

During the second quarter in 2021, the leverage ratio exposure measure decreased by approximately HK$41 million, resulting in the increment in leverage ratio from 18.43% to 18.59%. The decrease in exposure measure was mainly attributable by the decline in bank exposures and the decrease in customer loans and advances, which partially offset by the increase in exposure on debt instruments at amortised cost during the period.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5 Credit risk

5.1 Credit quality of exposures

	(HK$'000)	(a) Gross carrying amounts of Defaulted exposures	(b) Gross carrying amounts of Non-defaulted exposures	(c) Allowances / impairments	(d) Of which ECL accounting provisions for credit losses on STC approach exposures: Allocated in regulatory category of specific provisions	(e) Of which ECL accounting provisions for credit losses on STC approach exposures: Allocated in regulatory category of collective provisions	(f) Of which ECL accounting provisions for credit losses on IRB approach exposures	(g) Net values (a+b-c)
		As at 30 June 2021						
1	Loans	1,268	5,054,948	1,269	1,268	1	-	5,054,947
2	Debt securities	-	700,173	12	-	12	-	700,161
3	Off-balance sheet exposures	-	-	-	-	-	-	
4	**Total**	**1,268**	**5,755,121**	**1,281**	**1,268**	**13**	-	**5,755,108**

Defaulted exposures refer to unsecured portions of claims past due for more than 90 days or repayment of fully secured principal and accrued interests being overdue for more than 12 months.

5.2 Changes in defaulted loans and debt securities

	(HK$'000)	As at 30 June 2021 Amount
1	**Defaulted loans and debt securities at end of the previous reporting period (31 December 2020)**	1,266
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	2
6	**Defaulted loans and debt securities at end of the current reporting period (30 June 2021)**	**1,268**

Other changes consisted of exchange difference amounted to HK$2,107 during the period.

5.3 Overview of recognized credit risk mitigation

	(HK$'000)	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		As at 30 June 2021				
1	Loans	1,063,332	3,991,615	2,774,749	-	-
2	Debt securities	700,161	-	-	-	-
3	**Total**	**1,763,493**	**3,991,615**	**2,774,749**	-	-
4	Of which defaulted	-	-	-	-	-

5 Credit risk (continued)

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

		As at 30 June 2021					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	RWA (HK$'000)	RWA density
1	Sovereign exposures	699,998	-	699,998	-	-	0%
2	PSE exposures	-	-	-	-	-	0%
2a	Of which: domestic PSEs	-	-	-	-	-	0%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	3,247,580	-	3,247,580	-	1,069,418	33%
5	Securities firm exposures	-	-	-	-	-	0%
6	Corporate exposures	588,546	-	306,188	-	306,188	100%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	-	-	-	-	-	0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	248,984	-	43,153	-	32,365	75%
11	Residential mortgage loans	148,521	-	148,521	-	56,781	38%
12	Other exposures which are not past due exposures	4,075,492	-	1,788,931	-	1,788,931	100%
13	Past due exposures	-	-	-	-	-	0%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	**Total**	**9,009,121**	**-**	**6,234,371**	**-**	**3,253,683**	**52%**

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5 Credit risk (continued)

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

	(HK$'000)	As at 30 June 2021										
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	699,998	-	-	-	-	-	-	-	-	-	699,998
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,847,906	-	1,399,674	-	-	-	-	-	3,247,580
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	306,188	-	-	-	306,188
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	43,153	-	-	-	-	43,153
11	Residential mortgage loans	-	-	-	141,138	-	-	7,383	-	-	-	148,521
12	Other exposures which are not past due exposures	-	-	-	-	-	-	1,788,931	-	-	-	1,788,931
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	**Total**	**699,998**	-	**1,847,906**	**141,138**	**1,399,674**	**43,153**	**2,102,502**	-	-	-	**6,234,371**

6 Counterparty credit risk ("CCR")

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

		As at 30 June 2021					
		Replacement cost (RC) (HK$'000)	**PFE (HK$'000)**	**Effective EPE (HK$'000)**	**Alpha (α) used for computing default risk exposure**	**Default risk exposure after CRM (HK$'000)**	**RWA (HK$'000)**
1	SA-CCR approach (for derivative contracts)	9,043	15,788		1.4	34,763	23,258
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	N/A	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	**Total**						**23,258**

The Banking (Capital) (Amendment) Rules 2020 came into effect on 30 June 2021 and the Company replaces the CEM approach with standardised (counterparty credit risk) ("SA-CCR") approach to calculate its default risk exposures accordingly. The change resulted in an increase of default risk exposures generally.

6.2 CVA capital charge

	(HK$'000)	As at 30 June 2021	
		EAD post CRM	**RWA**
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	34,763	5,275
4	**Total**	**34,763**	**5,275**

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

6 Counterparty credit risk ("CCR") (continued)

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

	(HK$'000)	As at 30 June 2021										
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	14,382	-	-	-	-	-	-	-	14,382
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	20,381	-	-	-	20,381
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	**Total**	-	-	**14,382**	-	-	-	**20,381**	-	-	-	**34,763**

6 Counterparty credit risk ("CCR") (continued)

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

	As at 30 June 2021					
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
(HK$'000)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	389	-	-
Total	-	-	-	**389**	-	-

7 Market risk under Standardized approach

	(HK$'000)	As at 30 June 2021 RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	46,275
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	**46,275**

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

8 Currency concentrations

The below figures are disclosed in accordance with the return relating to foreign currency positions submitted to the HKMA. The net positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position in all foreign currencies. The Company does not have any structural positions.

	CAD HK$'000	EUR HK$'000	JPY HK$'000	USD HK$'000	Others HK$'000	Total HK$'000
At 30 June 2021						
Spot assets	10,543	222,268	68,274	3,813,850	90,269	4,205,204
Spot liabilities	(3,763)	(14,245)	(12,670)	(2,995,429)	(878,011)	(3,904,118)
Forward purchases	3,754	143,106	10,542	427,361	819,204	1,403,967
Forward sales	-	(341,607)	(56,222)	(1,205,887)	(19,531)	(1,623,247)
Net long position	10,534	9,522	9,924	39,895	11,931	81,806

	USD HK$'000	CNY HK$'000	JPY HK$'000	CAD HK$'000	CHF HK$'000	SGD HK$'000	NZD HK$'000	EUR HK$'000	GBP HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2020											
Spot assets	3,457,072	32,541	72,086	6,640	17,052	8,021	2,541	278,719	7,024	28,718	3,910,414
Spot liabilities	(3,720,041)	(795,948)	(13,545)	(3,652)	-	(26,992)	-	(9,719)	(10,580)	(33,616)	(4,614,093)
Forward purchases	1,096,549	778,264	11,271	3,041	-	26,977	-	19,053	5,290	13,136	1,953,581
Forward sales	(858,337)	(7,145)	(60,109)	-	(11,431)	(3,519)	-	(285,797)	-	(8,498)	(1,234,836)
Net long/(short) position	(24,757)	7,712	9,703	6,029	5,621	4,487	2,541	2,256	1,734	(260)	15,066

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

9 Sector analysis of gross advances to customers

(i) Gross advances to customers by industry sector:

At 30 June 2021	Gross advances	% covered by collateral or other security	Classified or impaired loans[1]	Overdue loans	Stage 1 impairment allowances	Stage 3 impairment allowances
	HK$'000	%	HK$'000	HK$'000	HK$'000	HK$'000
Loans for use in Hong Kong						
Individuals						
- Loans for other private purpose	4,460,287	100%	1,268	1,268	1	1,268
Financial concerns						
- Investment companies	595,929	100%	-	-	-	-
	5,056,216					
Loans for use outside Hong Kong	-	-				
	5,056,216					

At 31 December 2020	Gross advances	% covered by collateral or other security	Classified or impaired loans1	Overdue loans	Stage 1 impairment allowances	Stage 3 impairment allowances
	HK$'000	%	HK$'000	HK$'000	HK$'000	HK$'000
Loans for use in Hong Kong						
Individuals						
- Loans for other private purpose	4,141,790	100%	1,266	1,266	1	1,266
Financial concerns						
- Investment companies	750,941	100%	-	-	-	-
	4,892,731					
Loans for use outside Hong Kong	-	-				
	4,892,731					

Note:
[1] Classified or impaired loans represent loans which are either classified as "substandard", "doubtful" or "loss" under the Company's classification of loan quality, or individually assessed to be impaired.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

9 Sector analysis of gross advances to customers (continued)

(ii) Gross advances to customers by geographical areas:

The following geographical analysis of advances to customers is based on the location of the counterparties, after taking into account the transfer of risk. For an advance to customer guaranteed by a party situated in a country different from the customer, the risk will be transferred to the country of the guarantor. Only regions constituting 10% or more of the aggregate gross advances to customers are separately disclosed.

At 30 June 2021	Gross advances	Classified or impaired loans[1]	Overdue loans	Stage 1 impairment allowances	Stage 3 impairment allowances
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong	2,404,512	1,268	1,268	1	1,268
Mainland China	2,193,464	-	-	-	-
Others	4,58,240	-	-	-	-
	5,056,216	1,268	1,268	1	1,268

At 31 December 2020	Gross advances	Classified or impaired loans[1]	Overdue loans	Stage 1 impairment allowances	Stage 3 impairment allowances
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong	2,524,596	1,266	1,266	1	1,266
Mainland China	1,929,566	-	-	-	-
Others	438,569	-	-	-	-
	4,892,731	1,266	1,266	1	1,266

Note:
[1] Classified or impaired loans represent loans which are either classified as "substandard", "doubtful" or "loss" under the Company's classification of loan quality, or individually assessed to be impaired.

10 International claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognized risk transfer are disclosed.

			Non-bank private sector		
	Banks HK$ million	Official sector HK$ million	Non-bank financial institutions HK$ million	Non-financial private sector HK$ million	Total HK$ million
At 30 June 2021					
Developed countries	41	-	213	18	272
Offshore centres	173	-	30	138	341
Developing Latin America and Caribbean	-	-	-	6	6
Developing Africa and Middle East	-	-	-	46	46
Developing Asia and Pacific	2,712	2	34	3,102	5,850
- *Of which: China*	*2,712*	-	*34*	*2,994*	*5,740*
	2,926	2	277	3,310	6,515
At 31 December 2020					
Developed countries	274	-	194	301	769
Offshore centres	174	-	6	210	390
Developing Latin America and Caribbean	-	-	-	6	6
Developing Africa and Middle East	-	-	-	118	118
Developing Asia and Pacific	3,122	-	20	2,372	5,514
- *Of which: China*	*3,122*	-	*20*	*2,276*	*5,418*
	3,570	-	220	3,007	6,797

11 Non-bank Mainland China exposures

Below is a breakdown of the Company's Mainland exposures to non-bank counterparties. The below figures are disclosed in accordance with the return relating to Mainland Activities submitted to the HKMA.

Type of counterparties	On-balance sheet exposures HK$'000	Off-balance sheet exposures HK$'000	Total exposures HK$'000
At 30 June 2021			
Central government, central government-owned entities and their subsidiaries and joint ventures	-	4,188	4,188
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,853,270	-	1,853,270
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	172,834	-	172,834
	2,026,104	4,188	2,030,292
Total assets after provision	9,018,096		
On-balance sheet exposures as percentage of total assets	22.47%		

Type of counterparties	On-balance sheet exposures HK$'000	Off-balance sheet exposures HK$'000	Total exposures HK$'000
At 31 December 2020			
Central government, central government-owned entities and their subsidiaries and joint ventures	-	7,149	7,149
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,476,528	9	1,476,537
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	152,301	-	152,301
	1,628,829	7,158	1,635,987
Total assets after provision	9,324,327		
On-balance sheet exposures as percentage of total assets	17.47%		

12 Overdue and rescheduled assets

	At 30 June 2021		At 31 December 2020	
	Amount HK$'000	% of gross advances to customers	Amount HK$'000	% of gross advances to customers
Gross advances to customers which have been overdue for:				
- over one year	1,268	0.03%	1,266	0.03%
Stage 3 individually assessed impairment allowances made in respect of such advances	1,268		1,266	
Covered portion of such advances to customers	-		-	
Uncovered portion of such advances to customers	1,268		1,266	
Current market value of collateral held against the covered portion of such advances to customers	-		-	

Collateral held against overdue or impaired loans is principally represented by charges over business assets such as commercial and residential properties.

There were no rescheduled loans and advances to customers as at 30 June 2021 and 31 December 2020.

There were no rescheduled advances to banks and other financial institutions as at 30 June 2021 and 31 December 2020.

There were no rescheduled debt securities as at 30 June 2021 and 31 December 2020.

There were no repossessed assets as at 30 June 2021 and 31 December 2020.

BANK OF CHINA INTERNATIONAL LIMITED
(A RESTRICTED LICENCE BANK WHOLLY-OWNED BY BANK OF CHINA LIMITED)
中銀國際有限公司
(中國銀行股份有限公司全資附屬之有限制牌照銀行)

BUSINESS REVIEW

The Company's attributable profit for the six months ended 30 June 2021 was HK$61.10 million, up 56.28%, year-on-year. The increase was mainly attributable to the increase in net fee and commission income.

Net interest income decreased by 16.38% to HK$52.33 million, compared with the first half of 2020, primarily due to the decrease in interest rate.

Compared to the first half of 2020, net fee and commission income increased by 94.94% to HK$137.55 million. The increase was mainly driven by the increase in investment services fees earned from its fellow subsidiaries, for the services provided by the Company to introduce client businesses to the fellow subsidiaries.

Net trading gains were HK$1.59 million, down HK$4.65 million from the first half of 2020. The decrease was mainly driven by the decrease in net trading gain from foreign exchange and related products.

Operating expenses increased by 28.24% to HK$118.40 million.

The asset size of the Company decreased to HK$9,018 million as a result of decrease in customer deposits. As at 30 June 2021, deposits from customers amounted to HK$7,042 million, representing an decrease of 6.58%, from HK$7,537 million as of 31 December 2020.

STATEMENT OF COMPLIANCE

The interim report for the first half of 2021 complies with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the Banking (Disclosure) Rules.

On behalf of the Board

Acting Chief Executive and Director

Hong Kong, 24 SEP 2021