

**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牌照銀行)**

2024 INTERIM REPORT

BANK OF CHINA INTERNATIONAL LIMITED
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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 2024.

CONDENSED INCOME STATEMENT

| In HK\$ thousands | Note | Unaudited | |
|---|------|-------------------------------|----------|
| | | Six months ended 30 June 2024 | 2023 |
| Interest income | 4 | 135,451 | 102,575 |
| Interest expense | 4 | (74,230) | (46,759) |
| Net interest income | 4 | 61,221 | 55,816 |
| Fee and commission income | 5 | 42,105 | 42,836 |
| Fee and commission expense | 5 | (78) | (88) |
| Net fee and commission income | 5 | 42,027 | 42,748 |
| Net trading gains | 6 | 540 | 827 |
| Operating income | | 103,788 | 99,391 |
| Operating expenses | 7 | (102,293) | (99,904) |
| Profit/(loss) before impairment allowances | | 1,495 | (513) |
| Net release/(charge) of impairment allowances | 8 | 190 | (191) |
| Profit/(loss) before taxation | | 1,685 | (704) |
| Income tax credit | 9 | 72 | 1,973 |
| Profit for the period | | 1,757 | 1,269 |

The accompanying notes form an integral part of these financial statements.

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| In HK\$ thousands | Unaudited | |
|--|--------------------------|---------------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| Profit for the period | <u>1,757</u> | <u>1,269</u> |
| Other comprehensive (expense)/ income Item that may be reclassified subsequently to the income statement: | | |
| Debt instruments at fair value through other comprehensive income (“FVTOCI”) | | |
| - Change in fair value | <u>(2,108)</u> | <u>-</u> |
| Other comprehensive (expense)/ income for the period, net of tax | <u>(2,108)</u> | <u>-</u> |
| Total comprehensive (expense)/ income for the period | <u><u>(351)</u></u> | <u><u>1,269</u></u> |

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CONDENSED STATEMENT OF FINANCIAL POSITION

| In HK\$ thousands | Note | Unaudited At 30 June 2024 | Audited At 31 December 2023 |
|--|------|---------------------------------|-----------------------------------|
| ASSETS | | | |
| Cash and due from banks | 10 | 971,676 | 1,372,685 |
| Derivative financial instruments | 11 | 1,632 | 4,591 |
| Loans and advances to customers | 12 | 2,070,056 | 2,236,863 |
| Debt instruments | 13 | 2,560,974 | 2,595,698 |
| Deferred tax assets | | 1,393 | 1,321 |
| Tax recoverable | | 353 | 353 |
| Other assets | 14 | 4,122 | 4,695 |
| Total assets | | <u>5,610,206</u> | <u>6,216,206</u> |
| LIABILITIES | | | |
| Deposits from customers | 15 | 3,592,534 | 4,298,416 |
| Amounts due to an intermediate holding company | 16 | 178,326 | 77,887 |
| Derivative financial instruments | 11 | 4,949 | 4,632 |
| Other liabilities | 17 | 36,424 | 36,947 |
| Total liabilities | | <u>3,812,233</u> | <u>4,417,882</u> |
| EQUITY | | | |
| Share capital | 18 | 1,000,000 | 1,000,000 |
| Reserves | | (2,108) | - |
| Retained earnings | | 800,081 | 798,324 |
| Total equity | | <u>1,797,973</u> | <u>1,798,324</u> |
| Total liabilities and equity | | <u>5,610,206</u> | <u>6,216,206</u> |

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CONDENSED STATEMENT OF CHANGES IN EQUITY

| In HK\$ thousands | Unaudited | | | Total |
|--|---------------|---------------------|-------------------|-----------|
| | Share capital | Revaluation reserve | Retained earnings | |
| Balance at 1 January 2023 | 1,000,000 | - | 793,272 | 1,793,272 |
| Total comprehensive income for the period | - | - | 1,269 | 1,269 |
| Balance at 30 June 2023 and 1 July 2023 | 1,000,000 | - | 794,541 | 1,794,541 |
| Total comprehensive income for the period | - | - | 3,783 | 3,783 |
| Balance at 31 December 2023 and 1 January 2024 | 1,000,000 | - | 798,324 | 1,798,324 |
| Total comprehensive (expense)/ income for the period | - | (2,108) | 1,757 | (351) |
| Balance at 30 June 2024 | 1,000,000 | (2,108) | 800,081 | 1,797,973 |

¹ As at 30 June 2024, a regulatory reserve of HK\$20,682,000 (31 Decemeber 2023: HK\$22,337,000) was earmarked in the retained earnings above. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purpose and in consultation with the Hong Kong Monetary Authority (“HKMA”). Movements in the reserves are made directly through retained earnings.

The accompanying notes form an integral part of these financial statements.

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CONDENSED CASH FLOW STATEMENT

| In HK\$ thousands | Note | Unaudited | |
|---|------|----------------------------------|----------------------------------|
| | | Six months ended 30 June 2024 | Six months ended 30 June 2023 |
| Cash flows from operating activities | | | |
| Profit/(loss) before taxation | | 1,685 | (704) |
| Net (release)/charge of impairment allowances | | (190) | 191 |
| Decrease/(increase) in placements with banks with original maturity over three months | | 101,191 | (235,336) |
| Decrease in derivative financial instruments | | 3,276 | 17,235 |
| Decrease in loans and advances to customers | | 166,807 | 422,947 |
| Decrease/(increase) in debt instruments | | 32,772 | (1,139,899) |
| Decrease in other assets | | 573 | 1,001 |
| Decrease in deposits from customers | | (705,882) | (343,379) |
| Increase in amounts due to an intermediate holding company | | 100,439 | 95,515 |
| Decrease in other liabilities | | (523) | (193,511) |
| Net cash used in operating activities | | (299,852) | (1,375,940) |
| Net decrease in cash and cash equivalents | | (299,852) | (1,375,940) |
| Cash and cash equivalents at 1 January | | 1,271,535 | 2,448,810 |
| Cash and cash equivalents at 30 June | 10 | 971,683 | 1,072,870 |
| Analysis of balances of cash and cash equivalents: | | | |
| Cash and due from banks with original maturity within three months | | 971,683 | 1,072,870 |
| Cash flows from operating activities included: | | | |
| Interest received | | 136,180 | 82,247 |
| Interest paid | | (67,996) | (46,760) |

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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.

(a) New and amended standards adopted by the Company

A number of amended standards became applicable for the current reporting period. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Standards, amendments and interpretations issued that are not yet mandatorily effective and have not been early adopted by the Company in 2024

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

| | |
|----------------------|---|
| Amendments to HKAS 2 | <i>Lack of Exchangeability</i> ¹ |
|----------------------|---|

¹ Effective for annual periods beginning on or after 1 January 2025

The above new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 financial statements for the year ended 31 December 2023 and should be read in conjunction with the annual report for 2023.

3 Critical accounting estimates and judgment in applying accounting policies

The Company makes estimates and assumptions that are consistent with those used in the financial statements for the year ended 31 December 2023.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

4 Net interest income

| In HK\$ thousands | Unaudited | |
|---|--------------------------|-----------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| Interest income | | |
| - loans and advances to customers | 58,683 | 58,738 |
| - due from banks and other financial institutions | 27,299 | 23,509 |
| - debt instruments at amortised cost | 45,799 | 20,328 |
| - debt instruments at FVTOCI | 3,670 | - |
| | <u>135,451</u> | <u>102,575</u> |
| Interest expense | | |
| - deposits from customers | (74,080) | (46,651) |
| - deposits and balances from banks | (150) | (108) |
| | <u>(74,230)</u> | <u>(46,759)</u> |
| Net interest income | <u>61,221</u> | <u>55,816</u> |

5 Net fee and commission income

| In HK\$ thousands | Unaudited | |
|---|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| Investment services fees received from fellow subsidiaries (Note 21) | 42,092 | 42,823 |
| Others | 13 | 13 |
| Fee and commission income | <u>42,105</u> | <u>42,836</u> |
| Less: fee and commission expense | (78) | (88) |
| Net fee and commission income | <u>42,027</u> | <u>42,748</u> |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

6 Net trading gains

| In HK\$ thousands | Unaudited | |
|-------------------|--------------------------|------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| Foreign exchange | 540 | 827 |

The amounts include gains and losses from spot, options, forward and swap and difference of assets and liabilities denominated in foreign currencies into HK dollars during the reporting period.

7 Operating expenses

| In HK\$ thousands | Unaudited | |
|--|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2024 | 2023 |
| Management fee expense (Note 21) | 40,864 | 43,634 |
| Staff costs | 53,985 | 45,303 |
| Auditor's remuneration | 194 | 169 |
| Operating lease expenses | 830 | 772 |
| Information technology and communications expenses | 4,205 | 4,120 |
| Miscellaneous expenses | 2,215 | 5,906 |
| | <u>102,293</u> | <u>99,904</u> |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

8 Net release/(charge) of impairment allowances

| In HK\$ thousands | Note | Unaudited Six months ended 30 June 2024 | | | |
|-------------------------|------|--|----------|----------|------------|
| | | Stage 1 | Stage 2 | Stage 3 | Total |
| Cash and due from banks | 10 | 34 | - | - | 34 |
| Debt instruments | | | | | |
| - At amortised cost | 13 | 387 | - | - | 387 |
| - At FVTOCI | 13 | (231) | - | - | (231) |
| | | <u>156</u> | <u>-</u> | <u>-</u> | <u>156</u> |
| Net impairment release | | <u>190</u> | <u>-</u> | <u>-</u> | <u>190</u> |

| In HK\$ thousands | Unaudited Six months ended 30 June 2023 | | | |
|-------------------------|--|----------|----------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Cash and due from banks | (19) | - | - | (19) |
| Debt instruments | | | | |
| - At amortised cost | (172) | - | - | (172) |
| - At FVTOCI | - | - | - | - |
| | <u>(172)</u> | <u>-</u> | <u>-</u> | <u>(172)</u> |
| Net impairment charge | <u>(191)</u> | <u>-</u> | <u>-</u> | <u>(191)</u> |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

9 Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5% (first half of 2023: 16.5%) on the estimated assessable profit for the period.

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

| In HK\$ thousands | Unaudited Six months ended 30 June | |
|-------------------------|---------------------------------------|--------------|
| | 2024 | 2023 |
| Current income tax: | | |
| - Hong Kong profits tax | - | - |
| - Deferred income tax | 72 | 1,973 |
| | <u>72</u> | <u>1,973</u> |

10 Cash and due from banks

| In HK\$ thousands | Unaudited | Audited |
|---|--------------------|------------------------|
| | At 30 June 2024 | At 31 December 2023 |
| Cash and due from banks | 577,013 | 167,851 |
| Placements with banks maturing less than one month | 394,670 | 986,048 |
| Placements with banks maturing greater than one month | - | 218,827 |
| Less: allowance for impairment losses – Stage 1 | (7) | (41) |
| | <u>971,676</u> | <u>1,372,685</u> |

Included in the balance, there were accrued interest receivable of HK\$4,275,000 as at 30 June 2024 (31 December 2023: HK\$9,948,000).

There were no overdue of cash and due from banks as at 30 June 2024 and 31 December 2023.

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

| In HK\$ thousands | At 30 June | At 31 December |
|--|------------|----------------|
| | 2024 | 2023 |
| <u>Stage 1</u> | | |
| Beginning of the period | 41 | 18 |
| Net (release)/charge during the period | (34) | 23 |
| At period end | <u>7</u> | <u>41</u> |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

11 Derivative financial instruments

| In HK\$ thousands | Unaudited 30 June 2024 | | |
|---------------------------------------|-----------------------------|----------------------|---------------------------|
| | Notional amount | Fair value assets | Fair value liabilities |
| Derivatives | | | |
| - Foreign exchange forwards and swaps | 1,921,831 | 1,578 | 4,895 |
| - Foreign exchange options | 22,418 | 54 | 54 |
| | | <u>1,632</u> | <u>4,949</u> |
| | | <u><u>1,632</u></u> | <u><u>4,949</u></u> |
| In HK\$ thousands | Audited 31 December 2023 | | |
| | Notional amount | Fair value assets | Fair value liabilities |
| Derivatives | | | |
| - Foreign exchange forwards and swaps | 1,860,403 | 4,591 | 4,632 |
| - Foreign exchange options | - | - | - |
| | | <u>4,591</u> | <u>4,632</u> |
| | | <u><u>4,591</u></u> | <u><u>4,632</u></u> |

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

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

12 Loans and advances to customers

| In HK\$ thousands | Unaudited At 30 June 2024 | Audited At 31 December 2023 |
|---------------------------------------|---------------------------------|-----------------------------------|
| Loans and advances to customers: | | |
| - individuals | 1,788,479 | 1,956,786 |
| - corporates | 282,852 | 281,353 |
| | <u>2,071,331</u> | <u>2,238,139</u> |
| Less: allowance for impairment losses | (1,275) | (1,276) |
| | <u>2,070,056</u> | <u>2,236,863</u> |
| Total | <u><u>2,070,056</u></u> | <u><u>2,236,863</u></u> |

The carrying amounts of loans and advances to customers approximated their fair value. Included in the balance accrued interest receivable of HK\$1,845,000 (31 December 2023: HK\$3,144,000).

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

| In HK\$ thousands | Stage 1 | Stage 3 | Total |
|--|-----------------|---------------------|---------------------|
| At 1 January 2023 | - | 1,274 | 1,274 |
| Net charge/(release) during the period | - | - | - |
| Exchange difference | - | 2 | 2 |
| | <u>-</u> | <u>1,276</u> | <u>1,276</u> |
| At 31 December 2023 and 1 January 2024 | - | 1,276 | 1,276 |
| Net charge/(release) during the year | - | - | - |
| Exchange difference | - | (1) | (1) |
| | <u>-</u> | <u>1,275</u> | <u>1,275</u> |
| At 30 June 2024 | <u><u>-</u></u> | <u><u>1,275</u></u> | <u><u>1,275</u></u> |

As at 30 June 2024, loans and advances to customers classified under stage 1 and stage 3 amounted to HK\$2,070,055,000 and HK\$1,275,000 (2023: HK\$2,236,863,000 and HK\$1,276,000) respectively.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

13 Debt instruments

| In HK\$ thousands | Unaudited At 30 June 2024 | | Audited At 31 December 2023 | |
|--|---|---|---|---|
| | <u>Debt instruments at amortised cost</u> | <u>Debt instruments at FVTOCI</u> | <u>Debt instruments at amortised cost</u> | <u>Debt instruments at FVTOCI</u> |
| Hong Kong Exchange Fund Bills, unlisted | - | - | 447,484 | - |
| Other debt securities, unlisted | 1,044,711 | 1,516,321 | 2,148,659 | - |
| Less: allowance for impairment losses - Stage 1 | (58) | - | (445) | - |
| | <u>1,044,653</u> | <u>1,516,321</u> | <u>2,595,698</u> | <u>-</u> |
| Analysed by type of issuers as follows: | | | | |
| Sovereigns | 38,412 | - | 447,466 | - |
| Public sector entity | 418,569 | - | 1,150,742 | - |
| Banks | 587,672 | 1,516,321 | 997,490 | - |
| | <u>1,044,653</u> | <u>1,516,321</u> | <u>2,595,698</u> | <u>-</u> |
| Analysed by issue specific credit rating as follows: | | | | |
| AA+ to AA- | 456,981 | - | 1,598,208 | - |
| A+ to A- | 587,672 | 1,516,321 | 997,490 | - |
| | <u>1,044,653</u> | <u>1,516,321</u> | <u>2,595,698</u> | <u>-</u> |

Balances include accrued interest receivable of HK\$44,136,000 (31 December 2023: HK\$37,894,000).

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

| In HK\$ thousands | Unaudited At 30 June 2024 | | Audited At 31 December 2023 | |
|--|---|---|---|---|
| | <u>Debt instruments at amortised cost</u> | <u>Debt instruments at FVTOCI</u> | <u>Debt instruments at amortised cost</u> | <u>Debt instruments at FVTOCI</u> |
| <u>Stage 1:</u> | | | | |
| Beginning of the period | 445 | - | 115 | - |
| Net (release)/charge during the period | (387) | 231 | 330 | - |
| At period end | <u>58</u> | <u>231</u> | <u>445</u> | <u>-</u> |

There were no overdue of debt instruments at amortised cost as at 30 June 2024 and 31 December 2023.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

14 Other assets

| In HK\$ thousands | Unaudited At 30 June 2024 | Audited At 31 December 2023 |
|---|---------------------------------|-----------------------------------|
| Deposits, prepayments and other receivables | 4,122 | 4,695 |
| Less: allowance for impairment losses - Stage 1 | - | - |
| | <u>4,122</u> | <u>4,695</u> |

As at 30 June 2024, the balances included prepaid expenses of HK\$4,095,000 (2023: HK\$4,434,000).

There was no provision for impairment against other assets as at 30 June 2024 (31 December 2023: Nil).

15 Deposits from customers

| In HK\$ thousands | Unaudited At 30 June 2024 | Audited At 31 December 2023 |
|--------------------------|---------------------------------|-----------------------------------|
| Time and call deposits | | |
| - Individuals | 338,051 | 454,326 |
| - Corporates | 3,244,916 | 3,844,090 |
| | <u>3,582,967</u> | <u>4,298,416</u> |
| Currency-linked deposits | 9,567 | - |
| | <u>3,592,534</u> | <u>4,298,416</u> |

Balance includes accrued interest payable of HK\$36,314,000 (31 December 2023: HK\$30,080,000).

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

16 Amounts due to an intermediate holding company

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

17 Other liabilities

Included in the amount the provision for bonus as part of employee benefits, other payables and accruals of expenses.

18 Share capital

| In HK\$ thousands | Unaudited At 30 June 2024 | Audited At 31 December 2023 |
|---|---------------------------------|-----------------------------------|
| Issued and fully paid: | | |
| 1,000,000 (31 December 2023: 1,000,000) ordinary shares | 1,000,000 | 1,000,000 |

19 Contingent liabilities and commitments

The Company has no contingent liabilities, no irrevocable loan commitment and no forward deposits placed as at 30 June 2024 and 31 December 2023.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

20 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 2024 and 30 June 2023 are as follows:

| In HK\$ thousands | Private banking | |
|---|---|---|
| | Unaudited Six months ended 30 June | |
| | 2024 | 2023 |
| Net interest income | 61,221 | 55,816 |
| Net fee and commission income | 42,027 | 42,748 |
| Net trading gain | 540 | 827 |
| Operating income | 103,788 | 99,391 |
| Operating expenses | (102,293) | (99,904) |
| Profit/(loss) before impairment allowances | 1,495 | (513) |
| Net release/(charge) of impairment allowances | 190 | (191) |
| Profit/(loss) before taxation | 1,685 | (704) |
| | Unaudited At 30 June 2024 HK\$'000 | Audited At 31 December 2023 HK\$'000 |
| Segment assets | 5,610,206 | 6,216,206 |
| Segment liabilities | 3,812,233 | 4,417,882 |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

21 Related-party transactions

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:

| In HK\$ thousands | Notes | <u>BOC International Holdings Limited and its subsidiaries</u> | <u>Bank of China Limited and its subsidiaries</u> |
|---|-------|--|---|
| <u>Unaudited condensed income statement for the six months ended 30 June 2024</u> | | | |
| Interest income | i | - | 2,247 |
| Interest expenses | ii | (67,009) | (150) |
| Fee and commission income | iii | 42,092 | - |
| Management fee paid | iv | (40,864) | - |
| Operating lease expenses | vi | (818) | - |
| Miscellaneous expenses | vii | - | (1,069) |
| | | <u> </u> | <u> </u> |
| <u>Unaudited condensed income statement for the six months ended 30 June 2023</u> | | | |
| Interest income | i | - | 3,613 |
| Interest expenses | ii | (44,949) | (108) |
| Fee and commission income | iii | 42,823 | - |
| Management fee paid | iv | (43,634) | - |
| Operating lease expenses | vi | (760) | - |
| Miscellaneous expenses | vii | - | (952) |
| | | <u> </u> | <u> </u> |

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

21 Related-party transactions (continued)

| In HK\$ thousands | | <u>BOC International Holdings Limited and its subsidiaries</u> | <u>Bank of China Limited and its subsidiaries</u> |
|--|-------|--|---|
| | Notes | | |
| <u>At 30 June 2024 (Unaudited)</u> | | | |
| <u>Condensed statement of financial position</u> | | | |
| Assets | | | |
| Cash and due from banks | i | - | 564,412 |
| Derivative financial instruments | v | 407 | 1,171 |
| Debt instruments | viii | - | 271,044 |
| | | <u> </u> | <u> </u> |
| Liabilities | | | |
| Deposits from customers | ii | 3,204,667 | 2,190 |
| Derivative financial instruments | v | 4,826 | 69 |
| | | <u> </u> | <u> </u> |
| <u>At 31 December 2023 (Audited)</u> | | | |
| <u>Statement of financial position</u> | | | |
| Assets | | | |
| Cash and due from banks | i | - | 158,111 |
| Derivative financial instruments | v | 4,410 | 181 |
| | | <u> </u> | <u> </u> |
| Liabilities | | | |
| Deposits from customers | ii | 3,661,846 | 2,173 |
| Derivative financial instruments | v | 788 | 3,845 |
| | | <u> </u> | <u> </u> |

- (i) Interest income from bank deposits, bank balances and foreign exchange swap contracts

In the ordinary course of business, the Company placed its cash and due from banks with Bank of China Limited and its related entities. These deposits were conducted at prices and terms that were no more favourable than those contracted with other third party customers.

In the ordinary course of business, the Company entered into foreign exchange swap contracts with related parties for funding purposes. These transactions were executed at the relevant market rates at the time of the transactions.

- (ii) Interest expense on deposits from customers and deposits and balances from banks and foreign exchange swap contracts

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

21 Related-party transactions (continued)

In the ordinary course of business, the Company accepted deposits and borrowing from related parties. These transactions are entered into at the relevant market rates at the time of the transactions and at prices and terms that were no more favourable than those contracted with other third party customers.

In the ordinary course of business, the Company entered into foreign exchange swap contracts with related parties for funding purposes. These transactions were executed at the relevant market rates at the time of the transactions.

- (iii) 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.
- (iv) 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, management fee expenses to the intermediate holding company was HK\$40,864,260 (first half of 2023: HK\$43,634,355) (Note 7).
- (v) In the ordinary course of business, the Company entered into exchange rate contracts with related entities. These transactions were executed at the relevant market rates at the time of the transactions.
- (vi) In the ordinary course of business, the intermediate holding company, BOC International Holdings Limited, has lease agreements with Bank of China Limited and its subsidiaries. The Company was recharged for part of the operating lease rental by its intermediate holding company at the relevant market rate at the time of the transaction.
- (vii) The Company paid fees to the Bank of China Limited group for the insurance, training services and welfare provided to the Company.
- (viii) In the ordinary course of business, the Company purchased debt instruments issued by related entities. These transactions were executed at the relevant market prices at the time of the transactions.
- (ix) The Company has entered into an agreement with its fellow subsidiary BOCI Finance Limited, under which the Company grants BOCI Finance Limited a funded participation in all, or as case may be, part of the loans and advances of the Company.

22 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 2023 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 24 April 2024.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1.1 Key prudential ratios

| | | 30/06/2024 | 31/03/2024 | 31/12/2023 | 30/09/2023 | 30/06/2023 |
|----|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Regulatory capital (amount) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 1 | Common Equity Tier 1 (CET1) | 1,775,898 | 1,776,507 | 1,774,666 | 1,772,308 | 1,767,269 |
| 2 | Tier 1 | 1,775,898 | 1,776,507 | 1,774,666 | 1,772,308 | 1,767,269 |
| 3 | Total capital | 1,796,645 | 1,798,530 | 1,797,489 | 1,796,715 | 1,791,026 |
| | RWA (amount) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 4 | Total RWA | 2,356,951 | 2,333,834 | 2,604,611 | 2,645,734 | 2,478,918 |
| | Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | |
| 5 | CET1 ratio (%) | 75.35% | 76.12% | 68.14% | 66.99% | 71.29% |
| 6 | Tier 1 ratio (%) | 75.35% | 76.12% | 68.14% | 66.99% | 71.29% |
| 7 | Total capital ratio (%) | 76.23% | 77.06% | 69.01% | 67.91% | 72.25% |
| | Additional CET1 buffer requirements (as a percentage of RWA) | | | | | |
| 8 | Capital conservation buffer requirement (%) | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| 9 | Countercyclical capital buffer requirement (%) ¹ | 0.436% | 0.494% | 0.475% | 0.491% | 0.533% |
| 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 (%) | 2.936% | 2.994% | 2.975% | 2.991% | 3.033% |
| 12 | CET1 available after meeting the AI's minimum capital requirements (%) | 64.98% | 65.81% | 57.76% | 56.66% | 61.00% |
| | Basel III leverage ratio | | | | | |
| 13 | Total leverage ratio (LR) exposure measure (HK\$'000) | 6,247,414 | 6,297,036 | 6,914,696 | 7,121,687 | 6,691,136 |
| 14 | LR (%) | 28.43% | 28.21% | 25.67% | 24.89% | 26.41% |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1.1 Key prudential ratios (continued)

| | | 30/06/2024 | 31/03/2024 | 31/12/2023 | 30/09/2023 | 30/06/2023 |
|-----|---|------------|------------|------------|------------|------------|
| | 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 (%) | 148.02% | 146.05% | 182.90% | 135.93% | 87.76% |
| | 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 2023 Q2 to 2024 Q2.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

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

| | (HK\$'000) | RWA | | Minimum capital requirements |
|-----|---|--------------------|---------------------|------------------------------|
| | | As at 30 June 2024 | As at 31 March 2024 | As at 30 June 2024 |
| 1 | Credit risk for non-securitization exposures | 1,810,993 | 1,774,536 | 203,737 |
| 2 | Of which STC approach | 1,810,993 | 1,774,536 | 203,737 |
| 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 | 18,594 | 29,360 | 2,092 |
| 7 | Of which SA-CCR approach | 18,594 | 29,360 | 2,092 |
| 7a | Of which CEM | - | - | - |
| 8 | Of which IMM(CCR) approach | - | - | - |
| 9 | Of which others | - | - | - |
| 10 | CVA risk | 3,888 | 6,513 | 437 |
| 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 | 63,413 | 43,775 | 7,134 |
| 21 | Of which STM approach | 63,413 | 43,775 | 7,134 |
| 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 | 460,063 | 479,650 | 51,757 |
| 24a | Sovereign concentration risk | - | - | - |
| 25 | Amounts below the thresholds for deduction (subject to 250% RW) | - | - | - |
| 26 | Capital floor adjustment | - | - | - |
| 26a | Deduction to RWA | - | - | - |
| 26b | Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital | - | - | - |
| 26c | Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital | - | - | - |
| 27 | Total | 2,356,951 | 2,333,834 | 265,157 |

N/A: Not applicable

During the second quarter in 2024, total RWAs increased by approximate HK\$23 million, which was mainly due to the increase in RWAs on credit risk for non-securitization exposures attributed by the debt portfolio enlargement.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.1 Composition of regulatory capital

At 30 June 2024

| | | Amount | Cross reference to balance sheet under the regulatory scope of consolidation |
|---|---|------------------|--|
| (In HK\$'000) | | | |
| CET1 capital: instruments and reserves | | | |
| 1 | Directly issued qualifying CET1 capital instruments plus any related share premium | 1,000,000 | (1) |
| 2 | Retained earnings | 779,399 | (2) |
| 3 | Disclosed reserves | 18,574 | |
| 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 | 1,797,973 | |
| 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) | 1,393 | (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 | 20,682 | (3) |
| 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 | 20,682 | (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 | 22,075 | |
| 29 | CET1 capital | 1,775,898 | |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.1 Composition of regulatory capital (continued)

At 30 June 2024 (continued)

| | | Amount | Cross reference to balance sheet under the regulatory scope of consolidation |
|--|--|------------------|--|
| | (In HK\$'000) | | |
| AT1 capital: instruments | | | |
| 30 | Qualifying AT1 capital instruments plus any related share premium | - | |
| 31 | of which: classified as equity under applicable accounting standards | - | |
| 32 | of which: classified as liabilities under applicable accounting standards | - | |
| 33 | <i>Capital instruments subject to phase out arrangements from AT1 capital</i> | - | |
| 34 | AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) | - | |
| 35 | <i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i> | - | |
| 36 | AT1 capital before regulatory deductions | - | |
| AT1 capital: regulatory deductions | | | |
| 37 | Investments in own AT1 capital instruments | - | |
| 38 | Reciprocal cross-holdings in AT1 capital instruments | - | |
| 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) | 1,775,898 | |
| Tier 2 capital : instruments and provisions | | | |
| 46 | Qualifying Tier 2 capital instruments plus any related share premium | - | |
| 47 | <i>Capital instruments subject to phase out arrangements from Tier2 capital</i> | - | |
| 48 | Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) | - | |
| 49 | <i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i> | - | |
| 50 | Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital | 20,747 | |
| 51 | Tier 2 capital before regulatory deductions | 20,747 | |
| 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) | 20,747 | |
| 59 | Total regulatory capital (TC = T1 + T2) | 1,796,645 | |
| 60 | Total RWA | 2,356,951 | |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.1 Composition of regulatory capital (continued)

At 30 June 2024 (continued)

| | | Amount | Cross reference to balance sheet under the regulatory scope of consolidation |
|---|---|----------|--|
| | (In HK\$'000) | | |
| Capital ratios (as a percentage of RWA) | | | |
| 61 | CET1 capital ratio | 75.35% | |
| 62 | Tier 1 capital ratio | 75.35% | |
| 63 | Total capital ratio | 76.23% | |
| 64 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements) | 2.936% | |
| 65 | of which: capital conservation buffer requirement | 2.50% | |
| 66 | of which: bank specific countercyclical capital buffer requirement | 0.436% | |
| 67 | of which: higher loss absorbency requirement | - | |
| 68 | CET1 (as a percentage of RWA) available after meeting minimum capital requirements | 64.9775% | |
| 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) | 20,747 | |
| 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 | 20,747 | |
| 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 | - | |

N/A: Not applicable

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.2 Reconciliation of regulatory capital to balance sheet

| In HK\$ thousands | Balance sheet as in published interim report As at 30 June 2024 | Under regulatory scope of consolidation As at 30 June 2024 | Reference |
|---|---|--|-----------|
| ASSETS | | | |
| Cash and due from banks | 971,676 | 971,676 | |
| Derivative financial instruments | 1,632 | 1,632 | |
| Loans and advances to customers | 2,070,056 | 2,070,056 | |
| Debt instruments | 2,560,974 | 2,560,974 | |
| Deferred tax assets | 1,393 | 1,393 | (4) |
| Tax recoverable | 353 | 353 | |
| Other assets | 4,122 | 4,122 | |
| Total assets | 5,610,206 | 5,610,206 | |
| LIABILITIES | | | |
| Deposits from customers | 3,592,534 | 3,592,534 | |
| Amounts due to an intermediate holding company | 178,326 | 178,326 | |
| Derivative financial instruments | 4,949 | 4,949 | |
| Other liabilities | 36,424 | 36,424 | |
| Total liabilities | 3,812,233 | 3,812,233 | |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | 1,000,000 | 1,000,000 | (1) |
| Reserves | 797,973 | 797,973 | |
| <i>Of which: Retained earnings (including current period profit or loss)</i> | | 779,399 | (2) |
| <i>Retained earnings earmarked as regulatory reserve eligible for inclusion in Tier 2 capital</i> | | 20,682 | (3) |
| <i>Other reserves</i> | | (2,108) | |
| Total equity | 1,797,973 | 1,797,973 | |
| Total liabilities and equity | 5,610,206 | 5,610,206 | |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.3 Main features of regulatory capital instruments

Ordinary Shares as at 30 June 2024

| | | |
|-----------------------------|---|---|
| 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 2024 |
| 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.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2.3 Main features of regulatory capital instruments (continued)

Ordinary Shares as at 30 June 2024 (continued)

| | <i>Coupons / dividends</i> | |
|----|---|--|
| 17 | Fixed or floating dividend/coupon | Floating dividend amount |
| 18 | Coupon rate and any related index | N/A |
| 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 | Non-cumulative 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/>

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

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

At 30 June 2024

| | 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% | 367,402 | | |
| 2 | Sum | | 367,402 | | |
| 3 | Total | | 842,790 | 0.436 | 10,276 |

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 2024 was 0.436% 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

| | Item | As at 30 June 2024 Value under the LR framework (HK\$'000 equivalent) |
|----|--|---|
| 1 | Total consolidated assets as per published financial statements | 5,610,206 |
| 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 | 27,595 |
| 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) | 611,426 |
| 6a | Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure | (1,571) |
| 7 | Other adjustments | (242) |
| 8 | Leverage ratio exposure measure | 6,247,414 |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

4.2 Leverage ratio ("LR")

| | | HK\$'000 equivalent | |
|--|--|-----------------------|------------------------|
| | | As at 30 June 2024 | As at 31 March 2024 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) | 5,630,646 | 5,625,651 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (20,682) | (21,678) |
| 3 | Total on-balance sheet exposures (excluding derivative contracts and SFTs) | 5,609,964 | 5,603,973 |
| 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) | 2,210 | 6,001 |
| 5 | Add-on amounts for PFE associated with all derivative contracts | 25,385 | 37,358 |
| 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 | 27,595 | 43,359 |
| 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 | 611,426 | 651,327 |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | - | - |
| 19 | Off-balance sheet items | 611,426 | 651,327 |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 1,775,898 | 1,776,507 |
| 20a | Total exposures before adjustments for specific and collective provisions | 6,248,985 | 6,298,659 |
| 20b | Adjustments for specific and collective provisions | (1,571) | (1,623) |
| 21 | Total exposures after adjustments for specific and collective provisions | 6,247,414 | 6,297,036 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 28.43% | 28.21% |

During the second quarter in 2024, the leverage ratio exposure measure decreased by approximately HK\$50 million, resulting in the increase in leverage ratio from 28.21% to 28.43%. The decrease in exposure measure was mainly attributable by the decrease in exposure on customer loans and advances which partially offset by the increase in debt instruments during the period.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5 Credit risk

5.1 Credit quality of exposures

| | | As at 30 June 2024 | | | | | | |
|---------------------|-----------------------------|---|---|--------------------------|--|------------|--|--------------------|
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| | | Gross carrying amounts of | | Allowances / impairments | Of which ECL accounting provisions for credit losses on STC approach exposures | | Of which ECL accounting provisions for credit losses on IRB approach exposures | Net values (a+b-c) |
| Defaulted exposures | Non-defaulted exposures | Allocated in regulatory category of specific provisions | Allocated in regulatory category of collective provisions | | | | | |
| | (HK\$'000) | | | | | | | |
| 1 | Loans | 1,275 | 2,070,056 | 1,275 | 1,275 | - | - | 2,070,056 |
| 2 | Debt securities | - | 2,561,262 | 288 | - | 288 | - | 2,560,974 |
| 3 | Off-balance sheet exposures | - | 6,114,255 | - | - | - | - | 6,114,255 |
| 4 | Total | 1,275 | 10,745,573 | 1,563 | 1,275 | 288 | - | 10,745,285 |

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

| | | As at 30 June 2024 |
|---|--|--------------------|
| | | Amount |
| | (HK\$'000) | |
| 1 | Defaulted loans and debt securities at end of the previous reporting period (31 December 2023) | 1,276 |
| 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 | (1) |
| 6 | Defaulted loans and debt securities at end of the current reporting period (30 June 2024) | 1,275 |

5.3 Overview of recognized credit risk mitigation

| | | As at 30 June 2024 | | | | |
|---|--------------------|--------------------------------------|-------------------------|--|--|---|
| | | 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 |
| | (HK\$'000) | | | | | |
| 1 | Loans | 576,843 | 1,493,213 | 1,207,170 | - | - |
| 2 | Debt securities | 2,560,974 | - | - | - | - |
| 3 | Total | 3,137,817 | 1,493,213 | 1,207,170 | - | - |
| 4 | Of which defaulted | 1,275 | - | - | - | - |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5 Credit risk (continued)

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

| | | As at 30 June 2024 | | | | | |
|----|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|---------------------|-------------|
| | | 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 | 38,417 | - | 38,417 | - | - | 0% |
| 2 | PSE exposures | 418,576 | - | 418,576 | - | 83,715 | 20% |
| 2a | Of which: domestic PSEs | 418,576 | - | 418,576 | - | 83,715 | 20% |
| 2b | Of which: foreign PSEs | - | - | - | - | - | 0% |
| 3 | Multilateral development bank exposures | - | - | - | - | - | 0% |
| 4 | Bank exposures | 3,075,722 | 609,699 | 3,075,722 | 8,538 | 903,082 | 29% |
| 5 | Securities firm exposures | - | - | - | - | - | 0% |
| 6 | Corporate exposures | 276,632 | 2,334,124 | 123,371 | 16,885 | 140,256 | 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 | 200,266 | 998,649 | 51,147 | - | 38,360 | 75% |
| 11 | Residential mortgage loans | 50,679 | 22,099 | 50,679 | - | 21,815 | 43% |
| 12 | Other exposures which are not past due exposures | 1,547,147 | 4,093,934 | 642,359 | - | 642,359 | 100% |
| 13 | Past due exposures | - | - | - | - | - | 0% |
| 14 | Significant exposures to commercial entities | - | - | - | - | - | 0% |
| 15 | Total | 5,607,439 | 8,058,505 | 4,400,271 | 25,423 | 1,829,587 | 41% |

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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 2024 | | | | | | | | | | Total credit risk exposures amount (post CCF and post CRM) |
|-------------|--|--------------------|----------|------------------|---------------|----------------|---------------|----------------|----------|----------|----------|--|
| Risk Weight | Exposure class | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | |
| 1 | Sovereign exposures | 38,417 | - | - | - | - | - | - | - | - | - | 38,417 |
| 2 | PSE exposures | - | - | 418,576 | - | - | - | - | - | - | - | 418,576 |
| 2a | Of which: domestic PSEs | - | - | 418,576 | - | - | - | - | - | - | - | 418,576 |
| 2b | Of which: foreign PSEs | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Multilateral development bank exposures | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Bank exposures | - | - | 2,121,625 | - | 954,097 | - | - | - | - | - | 3,075,722 |
| 5 | Securities firm exposures | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Corporate exposures | - | - | - | - | - | - | 123,371 | - | - | - | 123,371 |
| 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 | - | - | - | - | - | 51,147 | - | - | - | - | 51,147 |
| 11 | Residential mortgage loans | - | - | - | 44,406 | - | - | 6,273 | - | - | - | 50,679 |
| 12 | Other exposures which are not past due exposures | - | - | - | - | - | - | 642,359 | - | - | - | 642,359 |
| 13 | Past due exposures | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Significant exposures to commercial entities | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Total | 38,417 | - | 2,540,201 | 44,406 | 954,097 | 51,147 | 772,003 | - | - | - | 4,400,271 |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

6 Counterparty credit risk ("CCR")

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

| | | As at 30 June 2024 | | | | | |
|----|--|-------------------------------------|-------------------|-----------------------------|---|---|-------------------|
| | | 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) | 1,578 | 16,581 | | 1.4 | 25,423 | 18,594 |
| 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 | | | | | | 18,594 |

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

| | | As at 30 June 2024 | |
|------------|--|--------------------|--------------|
| (HK\$'000) | | 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 | 25,423 | 3,888 |
| 4 | Total | 25,423 | 3,888 |

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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 2024 | | | | | | | | | | |
|----------------|--|--------------------|-----|--------------|-----|-----|-----|---------------|------|------|--------|---------------------------------------|
| 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 | - | - | 8,538 | - | - | - | - | - | - | - | 8,538 |
| 5 | Securities firm exposures | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Corporate exposures | - | - | - | - | - | - | 16,885 | - | - | - | 16,885 |
| 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 | - | - | 8,538 | - | - | - | 16,885 | - | - | - | 25,423 |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

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 2024 | | | | | |
|--------------------------|--|--------------|---------------------------------|--------------|--|---------------------------------|
| | Derivative contracts | | | | SFTs | |
| | Fair value of recognized collateral received | | Fair value of posted collateral | | Fair value of recognized collateral received | Fair value of posted collateral |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| (HK\$'000) | | | | | | |
| Cash - domestic currency | - | - | - | - | - | - |
| Cash - other currencies | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |

7 Market risk under Standardized approach

| | (HK\$'000) | As at 30 June 2024 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 | 63,413 |
| 4 | Commodity exposures | - |
| | Option exposures | |
| 5 | Simplified approach | - |
| 6 | Delta-plus approach | - |
| 7 | Other approach | - |
| 8 | Securitization exposures | - |
| 9 | Total | 63,413 |

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8 Currency concentrations

The below figures are disclosed in accordance with the return relating to foreign currency positions submitted to the HKMA. The Company does not have any structural positions.

| | USD HK\$'000 | CNY HK\$'000 | JPY HK\$'000 | CAD HK\$'000 | CHF HK\$'000 | SGD HK\$'000 | EUR HK\$'000 | AUD HK\$'000 | GBP HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| As at 30 June 2024 | | | | | | | | | | | |
| Spot assets | 1,884,549 | 32,301 | 23,584 | 9,239 | 60,300 | 2,705 | 66,703 | 7,087 | 8,672 | 4,375 | 2,099,515 |
| Spot liabilities | (1,867,354) | (415,846) | - | (12,261) | - | (24,268) | (2) | (28,350) | (18) | (1,549) | (2,349,648) |
| Forward purchases | 1,017,532 | 395,819 | 7,277 | 11,390 | - | 23,013 | 8,349 | 18,135 | 10,853 | - | 1,492,368 |
| Forward sales | (910,087) | - | (22,921) | - | (46,358) | - | (58,443) | - | (29,598) | - | (1,067,407) |
| Net long/(short) position | 124,640 | 12,274 | 7,940 | 8,368 | 13,942 | 1,450 | 16,607 | (3,128) | (10,091) | 2,826 | 174,828 |
| | | | | | | | | | | | |
| | USD HK\$'000 | CNY HK\$'000 | JPY HK\$'000 | CAD HK\$'000 | CHF HK\$'000 | SGD HK\$'000 | EUR HK\$'000 | AUD HK\$'000 | GBP HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| As at 31 December 2023 | | | | | | | | | | | |
| Spot assets | 1,285,571 | 41,119 | 36,224 | 3,133 | 64,034 | 2,715 | 16,949 | 3,617 | 4,538 | 2,015 | 1,459,915 |
| Spot liabilities | (1,953,833) | (453,996) | - | (6,713) | - | (24,988) | (2) | (28,948) | (40,648) | (1,604) | (2,510,732) |
| Forward purchases | 1,296,595 | 407,221 | 30,380 | 14,750 | - | 30,838 | 20,765 | 24,009 | 31,879 | 3,966 | 1,860,403 |
| Forward sales | (561,154) | - | (63,080) | - | (43,687) | - | (21,630) | - | - | - | (689,551) |
| Net long/(short) position | 67,179 | (5,656) | 3,524 | 11,170 | 20,347 | 8,565 | 16,082 | (1,322) | (4,231) | 4,377 | 120,035 |

BANK OF CHINA INTERNATIONAL LIMITED
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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

9 Sector analysis of gross advances to customers

(i) Gross advances to customers by industry sector:

| At 30 June 2024 | Gross advances HK\$'000 | % covered by collateral or other security % | Classified or impaired loans ¹ HK\$'000 | Overdue loans HK\$'000 | Stage 1 impairment allowances HK\$'000 | Stage 3 impairment allowances HK\$'000 |
|-----------------------------------|----------------------------|--|---|---------------------------|---|---|
| Loans for use in Hong Kong | | | | | | |
| Individuals | | | | | | |
| - Loans for other private purpose | 1,788,480 | 100% | 1,275 | 1,275 | - | 1,275 |
| Financial concerns | | | | | | |
| - Investment companies | 282,851 | 100% | - | - | - | - |
| | <u>2,071,331</u> | | | | | |
| Loans for use outside Hong Kong | - | - | | | | |
| | <u><u>2,071,331</u></u> | | | | | |
| At 31 December 2023 | | | | | | |
| Loans for use in Hong Kong | | | | | | |
| Individuals | | | | | | |
| - Loans for other private purpose | 1,956,786 | 100% | 1,276 | 1,276 | - | 1,276 |
| Financial concerns | | | | | | |
| - Investment companies | 281,353 | 100% | - | - | - | - |
| | <u>2,238,139</u> | | | | | |
| Loans for use outside Hong Kong | - | - | | | | |
| | <u><u>2,238,139</u></u> | | | | | |

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.

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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 2024 | 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 | 739,039 | 1,275 | 1,275 | - | 1,275 |
| Mainland China | 947,385 | - | - | - | - |
| Others | 384,907 | - | - | - | - |
| | <u>2,071,331</u> | <u>1,275</u> | <u>1,275</u> | <u>-</u> | <u>1,275</u> |
| | <u><u>2,071,331</u></u> | <u><u>1,275</u></u> | <u><u>1,275</u></u> | <u><u>-</u></u> | <u><u>1,275</u></u> |
| At 31 December 2023 | 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 | 831,421 | 1,276 | 1,276 | - | 1,276 |
| Mainland China | 1,022,142 | - | - | - | - |
| Others | 384,576 | - | - | - | - |
| | <u>2,238,139</u> | <u>1,276</u> | <u>1,276</u> | <u>-</u> | <u>1,276</u> |
| | <u><u>2,238,139</u></u> | <u><u>1,276</u></u> | <u><u>1,276</u></u> | <u><u>-</u></u> | <u><u>1,276</u></u> |

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.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

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.

| | Banks HK\$ million | Non-bank private sector | | | Total HK\$ million |
|---|--------------------------|---------------------------------------|--|---|--------------------------|
| | | Official sector HK\$ million | Non-bank financial institutions HK\$ million | Non- financial private sector HK\$ million | |
| <u>At 30 June 2024</u> | | | | | |
| Developed countries | 959 | - | - | - | 959 |
| Offshore centres | 1,043 | - | - | 380 | 1,423 |
| Developing Latin America and Caribbean | - | - | - | 11 | 11 |
| Developing Africa and Middle East | - | - | - | - | - |
| Developing Asia and Pacific | 637 | - | - | 1,009 | 1,646 |
| - <i>Of which: Mainland China</i> | - | - | - | 947 | 947 |
| | <u>2,639</u> | <u>-</u> | <u>-</u> | <u>1,400</u> | <u>4,039</u> |
| <u>At 31 December 2023</u> | | | | | |
| Developed countries | 342 | - | - | - | 342 |
| Offshore centres | 1,177 | - | - | 395 | 1,572 |
| Developing Latin America and Caribbean | - | - | - | 11 | 11 |
| Developing Africa and Middle East | - | - | - | - | - |
| Developing Asia and Pacific | 255 | - | - | 1,085 | 1,340 |
| - <i>Of which: Mainland China</i> | - | - | - | 1,022 | 1,022 |
| | <u>1,774</u> | <u>-</u> | <u>-</u> | <u>1,491</u> | <u>3,265</u> |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

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 2024 | | | |
| Central government, central government-owned entities and their subsidiaries and joint ventures | - | - | - |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures | 910,062 | - | 910,062 |
| Other counterparties where the exposures are considered to be non-bank Mainland China exposures | 93,384 | - | 93,384 |
| | <u>1,003,446</u> | <u>-</u> | <u>1,003,446</u> |
| Total assets after provision | <u>5,632,100</u> | | |
| On-balance sheet exposures as percentage of total assets | <u>17.82%</u> | | |
| At 31 December 2023 | | | |
| Central government, central government-owned entities and their subsidiaries and joint ventures | - | - | - |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures | 979,325 | - | 979,325 |
| Other counterparties where the exposures are considered to be non-bank Mainland China exposures | 89,493 | - | 89,493 |
| | <u>1,068,818</u> | <u>-</u> | <u>1,068,818</u> |
| Total assets after provision | <u>6,218,113</u> | | |
| On-balance sheet exposures as percentage of total assets | <u>17.19%</u> | | |

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

12 Overdue and rescheduled assets

| | At 30 June 2024 | | At 31 December 2023 | |
|---|--------------------|--|---------------------|--|
| | 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 | 1,275 | 0.05% | 1,276 | 0.03% |
| | <u>1,275</u> | | <u>1,276</u> | |
| Stage 3 individually assessed impairment allowances made in respect of such advances | 1,275 | | 1,276 | |
| | <u>1,275</u> | | <u>1,276</u> | |
| Covered portion of such advances to customers | - | | - | |
| Uncovered portion of such advances to customers | 1,275 | | 1,276 | |
| | <u>1,275</u> | | <u>1,276</u> | |
| Current market value of collateral held against the covered portion of such advances to customers | - | | - | |
| | <u>-</u> | | <u>-</u> | |

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 2024 and 31 December 2023.

There were no rescheduled advances to banks and other financial institutions as at 30 June 2024 and 31 December 2023.

There were no rescheduled debt securities as at 30 June 2024 and 31 December 2023.

There were no repossessed assets as at 30 June 2024 and 31 December 2023.

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BUSINESS REVIEW

The Company's attributable profit for the six months ended 30 June 2024 was HK\$1.76 million, increased by 39%, year-on-year. The increase was mainly attributable to the increase in interest income from debt instruments.

Net interest income increased by 10% to HK\$61.2 million, compared with the first half of 2023, primarily due to the increase in debt securities investment.

Compared to the first half of 2023, net fee and commission income slightly decreased by 2% to HK\$42 million. The decrease was mainly driven by the decrease in investment services fees earned from its fellow subsidiaries, for the services provided by the Company to introduce client businesses to the fellow subsidiaries.

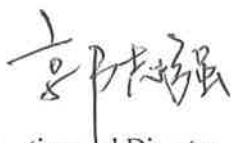
Net trading gains were HK\$0.5 million, down HK\$0.3 million from the first half of 2023. The decrease was mainly driven by the decrease in net trading gain from foreign exchange and related products.

The asset size of the Company decreased by 6% to HK\$5,610 million as a result of decrease in loans and advances to customers. As at 30 June 2024, loans and advances from customers amounted to HK\$2,069 million, representing an decrease of 7.4%, from HK\$2,235 million as of 31 December 2023.

STATEMENT OF COMPLIANCE

The interim report for the first half of 2024 complies with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the Banking (Disclosure) Rules.

On behalf of the Board



Chief Executive and Director

Hong Kong,

20 SEP 2024