中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

2025 INTERIM REPORT

Stock Codes: 2388 (HKD counter) and 82388 (RMB counter)

This version of the 2025 Interim Report will be replaced by the printed version available in early September 2025.

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FINANCIAL HIGHLIGHTS

For the period	**30 June 2025 HK$'m**	30 June 2024 HK$'m
Net operating income before impairment allowances	**40,022**	35,336
Operating profit	**28,394**	25,134
Profit before taxation	**27,275**	24,716
Profit for the period	**22,796**	20,463
Profit attributable to equity holders of the Company	**22,152**	20,040
Per share	**HK$**	HK$
Basic earnings per share	**2.0952**	1.8954
Dividend per share	**0.580**	0.570
At period/year end	**30 June 2025 HK$'m**	31 December 2024 HK$'m
Total assets	**4,399,822**	4,194,408
Issued and fully paid up share capital	**52,864**	52,864
Capital and reserves attributable to equity holders of the Company	**347,059**	338,716
Financial ratios for the period	**30 June 2025 %**	30 June 2024 %
Return on average total assets[1]	**1.05**	1.00
Return on average shareholders' equity[2]	**12.92**	12.39
Cost to income ratio	**20.76**	22.98
Average value of liquidity coverage ratio[3]		
First quarter	**231.50**	223.79
Second quarter	**185.34**	250.58
Financial ratios at period/year end	**30 June 2025 %**	31 December 2024 %
Loan to deposit ratio[4]	**59.48**	61.55
Quarter-end value of net stable funding ratio[3]		
First quarter	**140.67**	140.36
Second quarter	**139.34**	140.96
Total capital ratio[5]	**25.69**	22.00

1. Return on average total assets = $\frac{\text{Profit for the period}}{\text{Daily average balance of total assets}}$

2. Return on average shareholders' equity

$$= \frac{\text{Profit attributable to equity holders of the Company}}{\text{Average of the beginning and ending balance of capital and reserves attributable to equity holders of the Company}}$$

3. Liquidity coverage ratio and net stable funding ratio are computed on the consolidated basis which comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Liquidity) Rules.

4. Loan to deposit ratio is calculated as at period/year end. Loan represents gross advances to customers. Deposits from customers include structured deposits reported as "Financial liabilities at fair value through profit or loss".

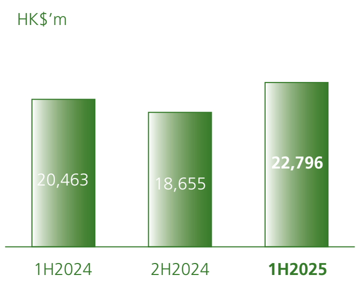
5. Total capital ratio is computed on the consolidated basis for regulatory purposes that comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Capital) Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

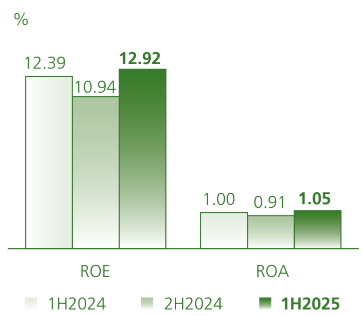
FINANCIAL PERFORMANCE AND CONDITIONS AT A GLANCE

The following table is a summary of the Group's key financial results for the first half of 2025 as compared with the previous two half-year periods of 2024.

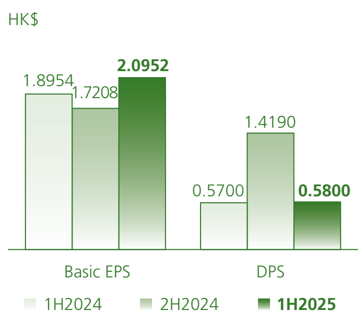
Profit for the period



Return on Average Shareholders' Equity[1] ("ROE") and Return on Average Total Assets[1] ("ROA")



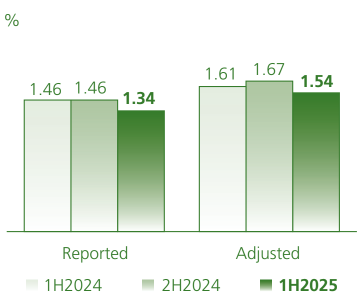
Basic Earnings Per Share ("Basic EPS") and Dividend Per Share ("DPS")



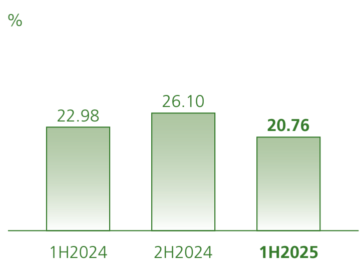
Profit for the period

- In the first half of 2025, profit for the period amounted to HK$22,796 million, representing an increase of 11.4% compared to the same period of the previous year, and an increase of 22.2% compared to the second half of 2024.
- ROE and ROA were 12.92% and 1.05% respectively, up 0.53 percentage points and 0.05 percentage points year-on-year respectively.
- Basic EPS stood at HK$2.0952. Both the first and second interim dividends were HK$0.29 per share, totalling HK$0.58 per share in aggregate.

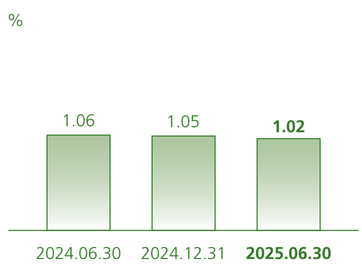
Net Interest Margin ("NIM")



Cost to Income Ratio



Impaired Loan Ratio



Proactively managed assets and liabilities to alleviate the impact of falling market interest rates on NIM

- NIM was 1.34%. If the funding income or cost of foreign currency swap contracts[2] were included, NIM would have been 1.54%, down 7 basis points year-on-year. This was mainly attributable to a decline in asset yield as a result of lower market interest rates relative to the same period last year. The Group strengthened deposit pricing and tenor management while actively growing its CASA deposits to optimise deposit mix. These efforts partially mitigated the impact of falling market interest rates.

Maintained satisfactory cost efficiency by optimising cost control

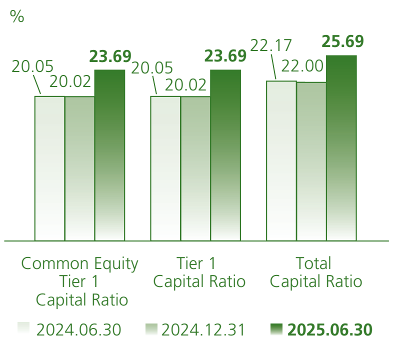
- Cost to income ratio improved by 2.22 percentage points year-on-year to 20.76%, remaining at a satisfactory level compared to industry peers.

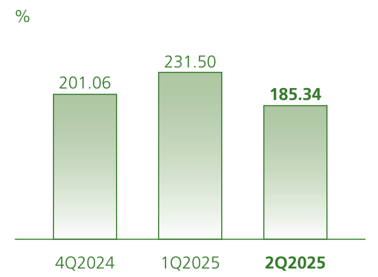
Maintained benign asset quality through comprehensive risk management

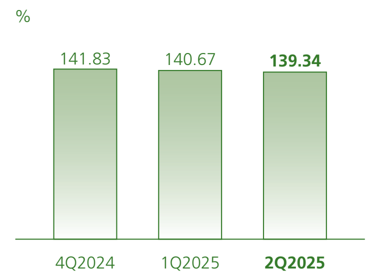
- The impaired loan ratio was 1.02%, remaining below the market average.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Ratio	Average Value of Liquidity Coverage Ratio	Quarter-end Value of Net Stable Funding Ratio







Enhanced capital management efficiency and maintained solid capital ratios

- The Group's total capital ratio was 25.69%, while the Tier 1 capital ratio and Common Equity Tier 1 capital ratio both stood at 23.69%. The Basel III final reform package came into effect on 1 January 2025. Following its implementation, total risk-weighted assets decreased.

Maintained ample liquidity

- The average value of the Group's liquidity coverage ratio and the quarter-end value of its net stable funding ratio in both the first and second quarter of 2025 met regulatory requirements.

1. Return on average shareholders' equity and return on average total assets as defined in "Financial Highlights".
2. Foreign exchange swap contracts are normally used for the Group's liquidity management and funding activities. In foreign exchange swap contracts, the Group exchanges one currency (original currency) for another (swapped currency) at the spot exchange rate (spot transaction) and commits to reverse the spot transaction by exchanging the same currency pair at a future maturity date at a predetermined rate (forward transaction). In this way, surplus funds in the original currency are swapped into another currency for liquidity and funding purposes with minimal foreign exchange risk. The exchange difference (funding income or cost) between the spot and forward contracts is recognised as a foreign exchange gain or loss (as included in "net trading gain"), while the corresponding interest differential between the surplus funds in the original currency and swapped currency is reflected in net interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

In the first half of 2025, growing uncertainties in global trade exerted downward pressure on global economic growth. While most economies shifted to accommodative monetary policies, the US Federal Reserve remained cautious, leaving the timing of rate cuts uncertain. The Chinese mainland's economic fundamentals remained robust. Production and exports grew at a steady pace, the labour market remained stable overall, key industries resumed expansion and sustained growth was achieved in investment and consumption, all supported by coordinated fiscal and monetary policies.

Hong Kong's economy developed steadily. Merchandise trade grew at a relatively rapid pace, mainly driven by external demand. Exports of services continued to expand, supported by an increase in both visitor arrivals and cross-boundary economic activity. Overall investment expenditure grew in tandem with economic expansion, while private consumption in the second quarter recorded a year-on-year increase after experiencing a mild decline in the first quarter of 2025. Credit rating agency Moody's upgraded Hong Kong's rating outlook from "negative" to "stable", reflecting the resilience of Hong Kong's economy and financial system.

Hong Kong's financial system remained sound. In the first half of 2025, the exchange rate of the Hong Kong dollar against the US dollar triggered both the strong-side and weak-side Convertibility Undertaking on multiple occasions. The Hong Kong Monetary Authority (HKMA) intervened to maintain the exchange rate within the target range of 7.75 to 7.85, demonstrating the orderly operation of Hong Kong's exchange rate mechanism. Hong Kong dollar interest rates experienced a moderate rebound after an earlier decline, and total customer deposits in the local banking system continued to grow. As at the end of June 2025, the closing aggregate balance of the banking sector rose from HK$44.802 billion at the prior year-end to HK$164.098 billion.

The Hong Kong stock market remained active. As at the end of June 2025, the Hang Seng Index had risen 20.0% compared to the end of 2024, generally outperforming other major stock markets. Average daily turnover in the first half of 2025 rose by 117.6% year-on-year. The Hong Kong stock market witnessed an IPO boom, with funds raised reaching HK$107.1 billion in the first half of 2025. This represented a sevenfold year-on-year increase and exceeded the total raised in the full year of 2024.

Sentiment in the Hong Kong property market rebounded, with the private residential property price index improving for three consecutive months from April 2025. In February, the HKSAR Government's annual budget reduced stamp duty on residential properties priced below HK$4 million to HK$100, playing a constructive role in stabilising property prices and stimulating transactions. Meanwhile, the non-residential property market remained subdued, with both sale prices and rent levels remaining under pressure.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED FINANCIAL REVIEW

Financial Highlights

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Net operating income before impairment allowances	**40,022**	35,917	35,336
Operating expenses	**(8,310)**	(9,373)	(8,121)
Operating profit before impairment allowances	**31,712**	26,544	27,215
Operating profit after impairment allowances	**28,394**	23,543	25,134
Profit before taxation	**27,275**	22,038	24,716
Profit for the period	**22,796**	18,655	20,463
Profit attributable to equity holders of the Company	**22,152**	18,193	20,040

In the first half of 2025, the Group's net operating income before impairment allowances amounted to HK$40,022 million, an increase of HK$4,686 million or 13.3% year-on-year. If the funding income or cost of foreign currency swap contracts were included, net interest income would have recorded a year-on-year increase, driven by growth in average interest-earning assets. Net fee and commission income rose year-on-year as the Group seized opportunities from improved investor sentiment in the market. As a result, commission income from insurance, securities brokerage and funds registered year-on-year growth. The Group also recorded a year-on-year increase in net trading gain, which more than offset higher operating expenses, an increase in the net charge of impairment allowances, and a larger net loss from fair value adjustments on investment properties. Profit for the period amounted to HK$22,796 million, a year-on-year increase of HK$2,333 million or 11.4%. Profit attributable to equity holders was HK$22,152 million, an increase of HK$2,112 million or 10.5% year-on-year.

Compared with the second half of 2024, the Group's net operating income before impairment allowances increased by HK$4,105 million or 11.4%. This was mainly attributable to an increase in net fee and commission income and a rise in net trading gain, which more than offset a decline in net interest income. At the same time, both operating expenses and the net loss from fair value adjustments on investment properties decreased, while the net charge of impairment allowances increased. As a result, the Group's profit for the period increased by HK$4,141 million or 22.2% compared to the second half of last year.

INCOME STATEMENT ANALYSIS

Net Interest Income and Net Interest Margin

HK$'m, except percentages	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Interest income	**62,068**	68,551	70,888
Interest expense	**(37,005)**	(42,199)	(44,906)
Net interest income	**25,063**	26,352	25,982
Average interest-earning assets	**3,784,544**	3,575,130	3,580,673
Net interest spread	**1.01%**	1.07%	1.06%
Net interest margin	**1.34%**	1.46%	1.46%
Net interest margin (adjusted)[1]	**1.54%**	1.67%	1.61%

Net interest income amounted to HK$25,063 million in the first half of 2025. If the funding income or cost of foreign currency swap contracts[2] were included, net interest income would have increased by 0.4% year-on-year to HK$28,929 million, due to growth in average interest-earning assets. Average interest-earning assets expanded by HK$203,871 million or 5.7% year-on-year. If the funding income or cost of foreign currency swap contracts were included, net interest margin would have been 1.54%, down 7 basis points year-on-year. This was mainly due to a decline in asset yield as a result of lower market interest rates relative to the same period last year. The Group strengthened deposit pricing and tenor management while actively growing its CASA deposits to optimise deposit mix. These efforts partially mitigated the impact of falling market interest rates.

Compared with the second half of 2024, net interest income would have decreased by 3.7% if the funding income or cost of foreign currency swap contracts were included. Net interest margin would have declined by 13 basis points, mainly due to a decline in asset yield as a result of lower Hong Kong dollar market interest rates. The growth in its CASA ratio partially offset the negative impact mentioned above.

1. Including the funding income or cost of foreign currency swap contracts.
2. Foreign exchange swap contracts are normally used for the Group's liquidity management and funding activities. In foreign exchange swap contracts, the Group exchanges one currency (original currency) for another (swapped currency) at the spot exchange rate (spot transaction) and commits to reverse the spot transaction by exchanging the same currency pair at a future maturity date at a predetermined rate (forward transaction). In this way, surplus funds in the original currency are swapped into another currency for liquidity and funding purposes with minimal foreign exchange risk. The exchange difference (funding income or cost) between the spot and forward contracts is recognised as a foreign exchange gain or loss (as included in "net trading gain"), while the corresponding interest differential between the surplus funds in the original currency and swapped currency is reflected in net interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below summarises the average balances and average interest rates of individual categories of assets and liabilities:

	Half-year ended 30 June 2025		Half-year ended 31 December 2024		Half-year ended 30 June 2024	
ASSETS	**Average balance HK$'m**	**Average yield %**	Average balance HK$'m	Average yield %	Average balance HK$'m	Average yield %
Balances and placements with banks and other financial institutions	**633,508**	**2.14**	665,039	2.47	627,359	1.81
Debt securities investments and other debt instruments	**1,467,450**	**3.26**	1,248,442	3.57	1,280,523	3.92
Advances to customers and other accounts	**1,665,456**	**3.78**	1,647,109	4.51	1,662,295	4.81
Other interest-earning assets	**18,130**	**4.33**	14,540	4.99	10,496	5.95
Total interest-earning assets	**3,784,544**	**3.31**	3,575,130	3.80	3,580,673	3.97
Non interest-earning assets	**552,494**	**–**	533,371	–	522,206	–
Total assets	**4,337,038**	**2.89**	4,108,501	3.31	4,102,879	3.47
LIABILITIES	**Average balance HK$'m**	**Average rate %**	Average balance HK$'m	Average rate %	Average balance HK$'m	Average rate %
Deposits and balances from banks and other financial institutions	**275,484**	**1.55**	282,805	2.15	294,307	2.44
Current, savings and time deposits	**2,774,722**	**2.37**	2,601,512	2.76	2,620,519	2.92
Subordinated liabilities	**73,324**	**2.15**	75,341	3.07	75,167	3.41
Other interest-bearing liabilities	**116,559**	**2.60**	108,577	3.28	101,241	3.62
Total interest-bearing liabilities	**3,240,089**	**2.30**	3,068,235	2.73	3,091,234	2.91
Shareholders' funds* and other non interest-bearing deposits and liabilities	**1,096,949**	**–**	1,040,266	–	1,011,645	–
Total liabilities	**4,337,038**	**1.72**	4,108,501	2.04	4,102,879	2.20

* Shareholders' funds represent capital and reserves attributable to the equity holders of the Company.

Net Fee and Commission Income

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Securities brokerage	**1,579**	1,304	962
Loan commissions	**1,355**	884	1,352
Credit card business	**1,314**	1,330	1,229
Insurance	**1,162**	658	360
Trust and custody services	**509**	478	431
Funds distribution	**445**	346	323
Payment services	**388**	381	364
Currency exchange	**247**	273	267
Bills commissions	**214**	228	216
Safe deposit box	**146**	147	143
Funds management	**55**	25	17
Others	**675**	654	913
Fee and commission income	**8,089**	6,708	6,577
Fee and commission expense	**(1,797)**	(1,815)	(1,577)
Net fee and commission income	**6,292**	4,893	5,000

In the first half of 2025, net fee and commission income amounted to HK$6,292 million, an increase of HK$1,292 million or 25.8% year-on-year. The Group capitalised on increased demand for wealth management services amid improved investor sentiment in the market. As a result, commission income from insurance, securities brokerage, funds distribution and funds management increased by 222.8%, 64.1%, 37.8% and 223.5% year-on-year respectively. Commission income from trust and custody services and payment services also recorded year-on-year growth of 18.1% and 6.6% respectively. However, commission income from currency exchange and bills declined year-on-year. Fee and commission expenses increased, mainly driven by higher business volume.

Compared with the second half of 2024, net fee and commission income increased by HK$1,399 million or 28.6%, primarily owing to an increase in commission income from insurance, securities brokerage, funds distribution and management, loans, trust and custody services as well as payment services.

Net Trading Gain

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Net trading gain	**12,231**	5,713	5,275

In the first half of 2025, the Group's net trading gain amounted to HK$12,231 million, an increase of HK$6,956 million or 131.9% year-on-year. This was mainly attributable to increased income from the Group's global markets trading business, as well as an increase in the mark-to-market value of foreign exchange related products resulting from market volatility.

Compared with the second half of 2024, net trading gain increased by HK$6,518 million or 114.1%, mainly owing to increased income from the Group's global markets trading business, and an increase in the mark-to-market value of foreign exchange related products.

Net Gain/(Loss) on Other Financial Instruments at Fair Value through Profit or Loss

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Net gain/(loss) on other financial instruments at fair value through profit or loss	**3,527**	86	(868)

In the first half of 2025, the Group recorded a net gain of HK$3,527 million on other financial instruments at fair value through profit or loss, compared to a net loss of HK$868 million in the first half of 2024. The change was primarily due to a rise in the mark-to-market value of BOC Life's debt securities investments, caused by market interest rate movements. However, this change in the mark-to-market value of debt securities investments related to BOC Life's participating insurance business was offset by changes to its insurance contract liabilities, also caused by market interest rate movements, which have been reflected in changes in insurance finance expenses.

Compared with the second half of 2024, net gain on other financial instruments at fair value through profit or loss increased, which was mainly attributable to a rise in the mark-to-market value of BOC Life's debt securities investments resulting from market interest rate movements.

Operating Expenses

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Staff costs	**5,484**	6,119	5,351
Premises and equipment expenses (excluding depreciation and amortisation)	**756**	792	733
Depreciation and amortisation	**1,374**	1,431	1,436
Other operating expenses	**1,256**	1,646	1,193
Less: Costs directly attributable to insurance contracts	**(560)**	(615)	(592)
Operating expenses	**8,310**	9,373	8,121

	At 30 June 2025	At 31 December 2024	At 30 June 2024
Staff headcount measured in full-time equivalents	**15,228**	15,309	14,910

In line with its strategic planning and business development needs, the Group prioritised and allocated resources to key growth areas including digitalisation, regional development, business integration and talent cultivation. At the same time, it continued to promote branch network optimisation, low-carbon operational initiatives, business processes automation and online transaction channels with the aim of enhancing operational efficiency. The Group refined its cost management mechanisms to improve resource efficiency and meet additional requirements using internal resources. During the period, operating expenses amounted to HK$8,310 million, an increase of HK$189 million or 2.3% year-on-year. The cost to income ratio was 20.76%, remaining at a satisfactory level relative to industry peers.

Staff costs increased by 2.5% year-on-year, mainly due to an increased staff headcount and a rise in salary costs.

Premises and equipment expenses rose 3.1%, primarily due to increased investment in information technology, which more than offset a decline in rental payments.

Depreciation and amortisation decreased by 4.3%, mainly due to lower depreciation charges on certain premises owing to revaluation as well as a decrease in depreciation charges on right-of-use assets.

Other operating expenses increased by 5.3%, driven by higher premium charges and an increase in advertising expenses.

Compared with the second half of 2024, operating expenses decreased by HK$1,063 million or 11.3%. The decrease was mainly due to a reduction in staff costs, business promotion and advertising expenses, professional consultancy fees, rental payments, and depreciation and amortisation.

Net Charge of Impairment Allowances on Advances and Other Accounts

HK$'m	**Half-year ended 30 June 2025**	Half-year ended 31 December 2024	Half-year ended 30 June 2024
Stage 1	**643**	687	575
Stage 2	**763**	341	412
Stage 3	**1,858**	1,850	1,080
Net charge of impairment allowances on advances and other accounts	**3,264**	2,878	2,067

In the first half of 2025, the Group's net charge of impairment allowances on advances and other accounts amounted to HK$3,264 million, an increase of HK$1,197 million or 57.9% year-on-year. Impairment allowances at Stage 1 recorded a net charge of HK$643 million, up HK$68 million year-on-year, which was mainly driven by loan growth in the first half of 2025. Impairment allowances at Stage 2 recorded a net charge of HK$763 million, an increase of HK$351 million year-on-year, mainly due to higher impairment allowances made relating to an increase in the balance of loans analysed as Stage 2 and downgrades to the internal ratings of certain customers. Impairment allowances at Stage 3 amounted to a net charge of HK$1,858 million, an increase of HK$778 million year-on-year. This was primarily due to higher impairment allowances made in relation to certain non-performing customers owing to deteriorating conditions or debt restructuring. The annualised credit cost of advances to customers and other accounts was 0.39%, up 0.14 percentage points year-on-year. As at 30 June 2025, the Group's total loan impairment allowances as a percentage of advances to customers was 0.88%.

Compared with the second half of 2024, the Group's net charge of impairment allowances on advances and other accounts increased by HK$386 million, mainly due to an increase in impairment allowances made in relation to loan growth and an update to the parameter values of its expected credit loss model in the first half of 2025, made in response to the potential impact to certain customers affected by an uncertain macroeconomic outlook amid the commercial real estate market remaining weak and the global trade situation.

ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the Group's asset composition. Please refer to Note 20 to the Interim Financial Information for the contract/notional amounts and fair values of the Group's derivative financial instruments. Please refer to Note 35 to the Interim Financial Information for the contractual amounts of each significant class of contingent liability and commitment, and the aggregate credit risk-weighted amount.

Asset Composition

	At 30 June 2025		At 31 December 2024	
HK$'m, except percentages	Balance	% of total	Balance	% of total
Cash and balances and placements with banks and other financial institutions	482,256	11.0	609,935	14.5
Hong Kong SAR Government certificates of indebtedness	234,760	5.3	223,510	5.3
Securities investments and other debt instruments[1]	1,755,093	39.9	1,456,278	34.7
Advances and other accounts	1,701,801	38.7	1,666,302	39.7
Properties, plant and equipment as well as investment properties	48,475	1.1	52,288	1.3
Other assets[2]	177,437	4.0	186,095	4.5
Total assets	4,399,822	100.0	4,194,408	100.0

1. Securities investments and other debt instruments comprise investment in securities and financial assets at fair value through profit or loss.
2. Other assets comprise derivative financial instruments, interests in associates and joint ventures, current tax assets and deferred tax assets.

As at 30 June 2025, the total assets of the Group amounted to HK$4,399,822 million, an increase of HK$205,414 million or 4.9% from the end of last year. Cash and balances and placements with banks and other financial institutions decreased by HK$127,679 million or 20.9%, mainly due to lower balances and placements with central banks. Securities investments and other debt instruments increased by HK$298,815 million or 20.5%, mainly due to the Group's increased investment in government-related and financial institution bonds. Advances and other accounts increased by HK$35,499 million or 2.1%, with advances to customers increasing by HK$33,494 million or 2.0%.

Advances to Customers

HK$'m, except percentages	At 30 June 2025 Balance	% of total	At 31 December 2024 Balance	% of total
Loans for use in Hong Kong	**1,274,362**	**74.5**	1,253,401	74.7
Industrial, commercial and financial	**680,252**	**39.8**	669,434	39.9
Individuals	**594,110**	**34.7**	583,967	34.8
Trade financing	**44,159**	**2.6**	44,850	2.7
Loans for use outside Hong Kong	**391,859**	**22.9**	378,635	22.6
Total advances to customers	**1,710,380**	**100.0**	1,676,886	100.0

In the first half of 2025, the Group captured market opportunities and strengthened its presence in Hong Kong, the Greater Bay Area, Southeast Asia and key overseas markets to promote solid development in its loan business. It capitalised on business opportunities arising from industrial relocation and bolstered its cooperation with BOC's entities in the Chinese mainland and the Asia-Pacific region, as well as its own Southeast Asian entities, enabling customers to access global financial services expertise at any point of contact. Leveraging its advantages in RMB business, the Group enriched the application scenarios of RMB in trade and capital markets to meet its corporate customers' diverse offshore RMB financing needs. During the period, it remained the top mandated arranger in the Hong Kong-Macao syndicated loan market. Adhering to its customer-centric philosophy and commitment to banking service excellence, the Group continuously expanded its digital product offering. It participated in the HKMA's Interbank Account Data Sharing (IADS) programme with a view to facilitating simpler loan application processes, and refined the functionality of its "Home Expert" mobile app to provide its customers with comprehensive home purchase planning and online mortgage services. As at 30 June 2025, advances to customers amounted to HK$1,710,380 million, an increase of HK$33,494 million or 2.0% from the end of last year.

Loans for use in Hong Kong grew by HK$20,961 million or 1.7%.

- Lending to the industrial, commercial and financial sectors increased by HK$10,818 million or 1.6%, mainly driven by an increase in loans for use in financial concerns, wholesale and retail trade, and manufacturing, which more than offset a decrease in loans for use in property development and information technology.

- Lending to individuals increased by HK$10,143 million, or 1.7%, mainly driven by growth in loans for the purchase of flats through the Home Ownership Scheme and other government-sponsored home purchase schemes, and loans for the purchase of other residential properties.

Trade financing decreased by HK$691 million or 1.5%. Loans for use outside Hong Kong increased by HK$13,224 million or 3.5%, mainly due to an increase in loans for use in Southeast Asia.

Loan Quality

HK$'m, except percentages	**At 30 June 2025**	At 31 December 2024
Advances to customers	**1,710,380**	1,676,886
Impaired loan ratio	**1.02%**	1.05%
Total impairment allowances[1]	**14,982**	14,961
Total impairment allowances as a percentage of advances to customers	**0.88%**	0.89%
Residential mortgage loans[2] – delinquency and rescheduled loan ratio[3]	**0.08%**	0.06%
Card advances – delinquency ratio[3]	**0.31%**	0.31%

	Half-year ended 30 June 2025	Half-year ended 30 June 2024
Card advances – charge-off ratio[4]	**1.94%**	2.00%

1. Total impairment allowances include those for advances at fair value through other comprehensive income.
2. Residential mortgage loans exclude those under the Home Ownership Scheme and other government-sponsored home purchasing schemes.
3. The delinquency ratio is the ratio of the total amount of overdue advances (more than three months) to total outstanding advances.
4. The charge-off ratio is the ratio of total write-offs made during the period to the average of the beginning and ending balance of card receivables.

The Group closely monitored market information and industry trends to continuously strengthen its control over credit portfolios involving higher-risk industries or client groups. It dynamically adjusted its credit strategies and refined its credit risk management mechanisms and measures to maintain solid asset quality. As at 30 June 2025, the impaired loan ratio was 1.02%, down 0.03 percentage points from the end of last year. Impaired loans decreased by HK$208 million from the prior year-end to HK$17,444 million, mainly due to write-offs following debt restructuring or loan repayment by certain non-performing customers. The combined delinquency and rescheduled loan ratio of the Group's residential mortgage loans was 0.08%. The charge-off ratio of card advances was 1.94%.

*Deposits from Customers**

HK$'m, except percentages	At 30 June 2025 Balance	At 30 June 2025 % of total	At 31 December 2024 Balance	At 31 December 2024 % of total
Demand deposits and current accounts	**339,370**	**11.8**	230,347	8.5
Savings deposits	**1,324,817**	**46.1**	1,033,457	37.9
Time, call and notice deposits (excluding structured deposits)	**1,205,262**	**41.9**	1,449,606	53.2
	2,869,449	**99.8**	2,713,410	99.6
Structured deposits	**6,072**	**0.2**	10,811	0.4
Total deposits from customers	**2,875,521**	**100.0**	2,724,221	100.0

* Including structured deposits

In the first half of 2025, the Group expanded and reinforced its deposits business by providing a diverse range of products and services to customers and consolidating its high-quality customer base. It deepened intra-group collaboration and strengthened cooperation with government authorities, large corporates and major central banks, enabling the Group to understand and meet these clients' needs in settlement, custody and treasury services, with a view to cultivating new business drivers. It developed its payroll, cash management and IPO businesses to attract new funding sources. Leveraging its advantages in cross-border financial services, the Group continued to support the New Capital Investment Entrant Scheme and various quality migrant admission schemes by enriching its cross-border wealth management product offering and connecting customers to related opportunities, with the aim of strengthening its deposit base through tailored products and services. As at 30 June 2025, total deposits from customers amounted to HK$2,875,521 million, an increase of HK$151,300 million or 5.6% from the prior year-end. Demand deposits and current accounts increased by 47.3%. Savings deposits rose by 28.2%. Time, call and notice deposits decreased by 16.9%. The CASA ratio was 57.9%, up 11.5 percentage points from the end of last year.

Capital and Reserves Attributable to Equity Holders of the Company

HK$'m	At 30 June 2025	At 31 December 2024
Share capital	**52,864**	52,864
Premises revaluation reserve	**33,080**	34,853
Reserve for financial assets at fair value through other comprehensive income	**421**	(5,105)
Regulatory reserve	**5,004**	6,028
Translation reserve	**(1,436)**	(2,199)
Cash flow hedge reserve	**135**	–
Insurance finance reserve	**740**	1,132
Retained earnings	**256,251**	251,143
Reserves	**294,195**	285,852
Capital and reserves attributable to equity holders of the Company	**347,059**	338,716

As at 30 June 2025, capital and reserves attributable to equity holders of the Company amounted to HK$347,059 million, an increase of HK$8,343 million or 2.5% from the end of last year. The premises revaluation reserve declined by 5.1%. The reserve for financial assets at fair value through other comprehensive income increased by HK$5,526 million, mainly due to changes in market interest rates. The regulatory reserve fell by 17.0%, primarily driven by a change in the net charge of impairment allowances. The cash flow hedge reserve amounted to HK$135 million, mainly attributable to changes in market interest rates during the hedging period. Retained earnings rose by 2.0% from the end of last year.

Capital Ratio

HK$'m, except percentages	At 30 June 2025	At 31 December 2024
Consolidated capital after deductions		
Common Equity Tier 1 capital	**293,879**	266,651
Tier 1 capital	**293,879**	266,651
Total capital	**318,747**	292,980
Total risk-weighted assets	**1,240,737**	1,331,828
Common Equity Tier 1 capital ratio	**23.69%**	20.02%
Tier 1 capital ratio	**23.69%**	20.02%
Total capital ratio	**25.69%**	22.00%

As at 30 June 2025, the Group's Common Equity Tier 1 ("CET1") capital increased by 10.2% from the end of last year, primarily due to profits recorded in the first half of 2025. Total capital increased by 8.8% from the previous year-end. Total risk-weighted assets ("RWAs") decreased by 6.8% from the end of last year. The Basel III final reform package came into effect on 1 January 2025. Following its implementation, RWAs related to both credit risk and operational risk declined. The CET1 capital ratio and Tier 1 capital ratio both stood at 23.69%, while the total capital ratio was 25.69%. The Group dynamically optimised the allocation of its capital resources and effectively managed its RWAs to improve return on capital, with a view to maintaining an appropriate capital level for meeting regulatory requirements and balancing sustainable business development with returns to equity holders.

Liquidity Coverage Ratio and Net Stable Funding Ratio

	2025	2024
Average value of liquidity coverage ratio		
First quarter	**231.50%**	223.79%
Second quarter	**185.34%**	250.58%
Third quarter	**N/A**	231.81%
Fourth quarter	**N/A**	201.06%

	2025	2024
Quarter-end value of net stable funding ratio		
First quarter	**140.67%**	140.36%
Second quarter	**139.34%**	140.96%
Third quarter	**N/A**	140.29%
Fourth quarter	**N/A**	141.83%

The Group's liquidity position remained sound, with the average value of its liquidity coverage ratio and the quarter-end value of its net stable funding ratio in both the first and second quarter of 2025 meeting regulatory requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the Group capitalised on Bank of China Group's globalised advantages and comprehensive features. It continued to cultivate the local market in Hong Kong and explored potential opportunities among target customers and key businesses. It seized business opportunities in the Greater Bay Area, consolidated its leading position in cross-border business and RMB business, thus supporting the steady and prudent promotion of RMB internationalisation. It actively advanced regional business development in Southeast Asia and continued efforts to improve regional management. The Group remained committed to its environmental, social and governance (ESG) principles, promoted sustainable and high-quality growth, and led the market in businesses related to green and sustainable development. It accelerated digital transformation and improved data governance. At the same time, the Group enhanced its comprehensive risk management system and firmly adhered to the risk "bottom line".

Business Segment Performance

Profit before Taxation by Business Segment

HK$'m, except percentages	**Half-year ended 30 June 2025** Amount	**% of total**	Half-year ended 30 June 2024 Amount	% of total
Personal Banking	**8,181**	**30.0**	6,699	27.1
Corporate Banking	**6,699**	**24.6**	8,557	34.6
Treasury	**10,042**	**36.8**	6,920	28.0
Insurance	**1,345**	**4.9**	849	3.5
Others	**1,008**	**3.7**	1,691	6.8
Total profit before taxation	**27,275**	**100.0**	24,716	100.0

Note: For additional segmental information, see Note 38 to the Interim Financial Information.

Personal Banking

Financial Results

Personal Banking achieved a profit before tax of HK$8,181 million in the first half of 2025, an increase of HK$1,482 million or 22.1% year-on-year. This was mainly attributable to an increase in net fee and commission income, while net interest income also increased, more than offset an increase in operating expenses. Net fee and commission income grew by 60.5%, primarily due to growth in commission income from securities brokerage, funds distribution and insurance amid improved investor sentiment in the market. Operating expenses rose by 5.2%, mainly driven by higher staff costs and an increase in business-related expenses.

Business Operations

Enriching exclusive services for different customer segments and building a well-defined wealth management brand

The Group proactively expanded its exclusive products and services to meet the financial needs of different customer groups, consolidating its strong market position in wealth management. It continued to make concerted efforts to develop its premium "Private Wealth" brand. In response to high-end customers' growing focus on wealth inheritance and appreciation, the Group provided "Private Wealth" customers with exclusive inheritance plans and continued to expand the number of its Private Wealth Centres in an effort to fully meet high-end customers' wealth management and lifestyle needs. As at the end of June 2025, the Group's personal customer base had grown further, with the number of Private Wealth customers increasing by over 10% year-on-year. To build its superior family financial management brand, the Group launched the brand-new FamilyMAX "Legacy of Love" plan, along with a series of promotions and customer events to attract high-end families to open accounts and increase product penetration. Through its "Banking can be TrendyToo" brand, which targets the young customer segment, the Group provided accessible financial knowledge, entry-level products and exclusive offers to help young customers begin their wealth planning early. It also promoted financial and anti-fraud education to young audiences through multi-dimensional, large-scale brand events. Since the launch of the "Banking can be TrendyToo" brand, the number of young customers has grown steadily. In the first half of 2025, the number of newly-opened young customer accounts more than doubled compared to the same period of the previous year. The Group also enhanced its BOC "Small Business Loan" unsecured loan service, providing small enterprise customers with loans in as little as 48 hours, thus quickly meeting their urgent needs for working capital and supporting sustainable business operations. During the period, BOCHK was awarded "Best Wealth Management Bank in Hong Kong" at the Global Excellence in Retail Finance Awards 2025 organised by *The Asian Banker*.

The Group's private banking business maintained steady growth by comprehensively addressing the core needs of high-net-worth clients. By enhancing collaboration with BOC, other business units within the Group and its Southeast Asian entities, it optimised its service chain and provided comprehensive and professional products and services to high-net-worth clients and family offices. In line with its strategic objectives, the Group expanded its high-net-worth client base and enhanced the core competitiveness of its wealth management services to promote the high-quality and sustainable development of its private banking business. In support of the HKSAR Government's policies to promote the development of family offices, it partnered with third-party experts to attract global family offices to establish a presence in Hong Kong. It organised a series of exclusive seminars and cultural activities for clients, constructed a family office ecosystem and cultivated a high-net-worth client community. The Group also provided clients with tailor-made, comprehensive wealth management services through optimised service models and enhanced digital platforms, delivering an outstanding customer experience. In the first half of 2025, the Group's private banking business achieved double-digit year-on-year growth in operating income and maintained steady growth in assets under management.

Capturing trends in market demand and enriching the wealth management product portfolio

The Group seized opportunities from the recovery of the Hong Kong stock market and the IPO boom in the second quarter by implementing a series of customer acquisition and engagement strategies in securities brokerage, as well as by introducing exclusive offers and promotion campaigns for key customer groups. As a result, stock trading volume increased significantly year-on-year in the first half of 2025. To meet market demand, the Group launched a series of market-focused thematic funds, including bond funds with stable monthly dividend distributions, RMB bond funds and bond income funds. These products helped customers to allocate their cash flows more systematically amid a volatile market environment and offered more diversified investment options for flexible asset allocation. In response to demand from high-net-worth customers for inheritance-related lifetime insurance and multi-currency insurance products, the Group strengthened product promotion, enhanced inheritance-related support services and continued to expand its product range, leading to a significant increase in commission income from insurance business in the first half of 2025. To meet growing demand for green and sustainable financial services from personal customers, the Group launched Urban "GreenUp", a large-scale promotion campaign featuring a series of themed activities and green product offers. This encouraged customers to adopt greener, low-carbon lifestyles both in terms of daily living and wealth management, supporting them in the collaborative implementation of sustainable development concepts with the Group. The Group continuously enhanced the product features of its credit cards to satisfy the needs of different customer segments. This includes the "BOC Cheers Card" which provides double reward offers for spending on dining and travelling, "BOC Chill Card" which provides entertainment rewards targeting young customer segment, and "BOC GO Card", a dual-currency credit card launched in June 2025, which offers unique customers online and offline shopping rewards in both local and cross-border markets. The Group encouraged customers to use BOC Credit Card services across a broader range of scenarios, by launching marketing and promotional programmes such as "Amazing Local Rewards", which promotes local spending and online shopping, and "Amazing Global Rewards", which promotes cross-border and overseas spending. The Group's total local retail spending and merchant acquiring transaction for its credit card business in Hong Kong recorded steady year-on-year growth. At the same time, the Group strengthened customer engagement and service referrals through intra-group synergy and collaboration among business units, and enhancement in customer acquisition and activation in order to drive growth in its credit card business.

Seizing opportunities in cross-border business and steadily promoting the development of RMB business

The Group continued to leverage its advantages in cross-border financial services. Taking the New Capital Investment Entrant Scheme and various quality migrant admission schemes as entry points, it provided comprehensive and professional financial services to high-end individuals relocating to Hong Kong. This included meeting newcomers' needs in areas such as daily living, children's education, investment and property purchase, and retirement planning and pensions, thus accompanying them throughout their journey of working and living in Hong Kong and helping them fully integrate into the city's "life circle". It also enriched its cross-border wealth management product suite and launched more qualified investment products to help customers capture cross-border wealth management opportunities. As at the end of June 2025, the number of qualified investment products offered under the Group's Southbound Cross-boundary Wealth Management Connect service exceeded 400, the number of cross-border customers had increased steadily from the end of 2024, and the cumulative number of accounts opened and the volume of funds remitted or transferred under Southbound and Northbound services ranked among the top tier in the Hong Kong market. The Group continued to optimise its cross-border account opening service by driving innovation in customer experience. This included introducing an account opening via attestation service for its "Greater Bay Area Easy Account Opening Digital Card", thus meeting customer demand for convenient payment in cross-border consumption. The Group played an active role in the construction of the offshore RMB market by enriching RMB products and application scenarios. It launched a brand-new, large-scale RMB-themed promotion campaign, "Fortune 8 RMB Rewards", offering discounts across products related to investment and wealth management, deposits, foreign exchange, spending and loans. In addition, it introduced RMB premium financing services with a fixed RMB interest rate, expanding its range of products and currency options. In the first half of 2025, the sales volume of the Group's RMB funds distribution business rose by approximately 50% year-on-year. BOCHK further consolidated its leading position in RMB insurance business. In the first quarter of 2025, BOCHK ranked first in the market for the 13th consecutive year in terms of RMB insurance standard new premiums.

Innovating and optimising digital products to provide omni-channel digital banking services

The Group accelerated its development as a digital bank. By utilising innovative technology, it enhanced its online service capabilities and safeguarded the effectiveness and continuity of its business operations. In the first half of 2025, both the number of customers and related transaction volumes of its digital services grew steadily. This included a continuous increase in the number of mobile banking customers, as well as higher transaction volumes for trading of funds, securities, and precious metals and FX margins conducted via mobile banking. To meet surging demand for online insurance products, the Group optimised its insurance product categories and product coverage on its mobile banking platform, enhancing the digital onboarding experience for insurance customers. BOCHK ranked first in the market in terms of standard new premiums from online channels in the first quarter of 2025. During the period, the Group extended its certificate of deposit trading service to internet banking, enabling customers to subscribe to related products through multiple service channels. To fully support the Payment Connect service launched by the People's Bank of China and the HKMA regarding the interconnection of the Internet Banking Payment System ("IBPS") in the Chinese mainland and the Faster Payment System ("FPS") in Hong Kong, BOCHK acted as a participating bank to support the payment service for all business scenarios in the first phase of this service. This service enables customers to make remittances to the receiving bank in the Chinese mainland via the Payment Connect function on mobile banking and internet banking platforms. This service supports person-to-person and person-to-business ("P2B") payment scenarios, allowing customers to use RMB or HKD for southbound and northbound cross-border payments. The Group also enhanced the functionality of its "Home Expert" mobile app to provide customers with comprehensive property purchase planning and online mortgage application services. As at the end of June 2025, the "Home Expert" mobile app had been cumulatively downloaded nearly 200,000 times.

In its Southeast Asian business, the Group accelerated local digitalisation efforts and optimised the features of its digital platforms. It enhanced the mobile banking experience by improving the functionality of local real-time payments, cross-border payments, QR code interconnectivity and RMB salary direct remittance services. Capitalising on the regional strength of its Wealth Management brand, the Group continued to enrich its wealth management products and deepen market penetration in Southeast Asia by addressing personal customers' needs for diversified financial services.

Corporate Banking

Financial Results

Corporate Banking achieved a profit before tax of HK$6,699 million in the first half of 2025, a decrease of HK$1,858 million or 21.7% year-on-year. Net operating income before impairment allowances decreased by HK$571 million or 4.6% year-on-year. This was mainly attributable to a drop in net interest income, primarily driven by a narrowing of the deposit spread. The net charge of impairment allowances increased by HK$1,212 million year-on-year, mainly due to downgrades to the internal ratings of certain customers as well as deteriorating conditions or debt restructuring of certain non-performing customers.

Business Operations

Enhancing professional service capabilities and continuously expanding the customer base

Adhering to its customer-centric approach, the Group remained committed to deepening collaboration with enterprises. By leveraging collaborative mechanisms across its integrated business platforms, it provided professional financial solutions tailored to the business needs of corporate customers in Hong Kong, the Chinese mainland, Southeast Asia and other overseas countries. By addressing corporate customers' financing and business development needs, the Group led the market in IPO main receiving bank business in terms of total funds raised on the Main Board, maintained its leading market share as an arranger bank in the Hong Kong-Macao syndicated loan market. It underwrote a number of bond issues with significant market influence in the first half of 2025, assisting the Hong Kong Airport Authority in issuing multi-currency bonds with multiple tenors, setting a new record for the largest public bond offering in Hong Kong, among other issuance records. The Group continued to advance the development of its key businesses, including payment and settlement as well as cash management services, and consolidated its leading market position in the cash pooling business. As one of the first batch of banks to participate in the HKMA's RMB Trade Financing Liquidity Facility, it arranged RMB trade financing for several enterprises. BOCHK also served as the sole settlement bank for Payment Connect, a joint initiative launched by the People's Bank of China and the HKMA, providing banks in the Chinese mainland and Hong Kong with bilateral cross-boundary fund settlement services in RMB and HKD, thus enhancing cross-boundary payment convenience and reinforcing Hong Kong's position as an offshore RMB business hub. In recognition of its excellence in professional services, BOCHK was named "Best Cash Management Bank in Hong Kong" for the 11th time, and "Best Transaction Bank in Hong Kong" for the 7th time by *The Asian Banker*.

Improving regional product and service standards to drive synergistic business growth

In its cross-border business, the Group strengthened collaboration with BOC's entities in the Chinese mainland and jointly developed work plans to support key regions to broaden areas of cooperation and enhance collaborative outcomes, with a view to offering financial services that allow customers to access global expertise from any point of contact. It made significant contributions to the field of technology finance by establishing a range of full lifecycle, integrated financial service solutions for technology enterprises, thus empowering their high-quality development. As at the end of June 2025, the number of innovative technology customers grew steadily from the end of 2024. The Group introduced a new brand targeting China's "Going Global" enterprises, reinforcing its position as the partner bank of choice for such enterprises and consolidating its market leadership in serving their cross-border financial needs.

In its Southeast Asian business, the Group actively aligned with the Chinese mainland's development paradigm in economic engagement, and captured opportunities arising from industrial relocation. It expanded businesses related to the development of Belt and Road and "Going Global" projects as well as large corporate customers in the region. The Group further optimised its product offering along with the regional service capabilities of its intelligent Global Transaction Banking (iGTB) platform, which in turn strengthened the diversified service capabilities of its Southeast Asian entities. It proactively advanced the development of green finance in Southeast Asia by arranging a green loan for a large corporate in Indonesia, encouraging customers to support new energy transportation and reduce greenhouse gas emissions through various means, and promoting green development across the region as a whole.

Deepening cooperation with commercial and SME customers to promote the development of inclusive finance

Leveraging its profound industry expertise and digital servicing capabilities, the Group fully supported the business development of commercial and SME customers by providing them with tailored financial solutions. It played an active role in various financing schemes promoted by the HKSAR Government and implemented several of the supporting measures for SMEs launched jointly by the HKMA and the banking sector, with the aim of offering more support for SMEs' financing, transformation and upgrading needs. BOCHK won wide acclaim for providing high-quality services to SMEs, including the "Best SME's Partner Award" from the Hong Kong General Chamber of Small and Medium Business for the 18th consecutive year, and the "Outstanding Innovative SME Banking Services" award at the Fintech Awards – Corporate Banking organised by *etnet* for the 4th consecutive year.

Adhering to the concept of sustainable development by integrating ESG elements

The Group played an active role in advancing the Chinese mainland's "dual carbon" projects, providing corporate customers with professional green financial services to support their green and sustainable development. During the period, it acted as joint lead manager on the issuance of social bonds by an affiliate of a supranational institution, and provided a sustainability-linked loan to a major manufacturer of display panels in the Greater Bay Area to support the industry's green and low-carbon transition. It also supported the development of inclusive finance in Belt and Road regions by arranging a social responsibility loan to a leading micro-finance provider in Thailand, supporting designated groups and small businesses to receive credit resources and financial services. As at the end of June 2025, the balance of the Group's green and sustainability-related loans to corporate customers grew by 25% compared to the end of last year.

Enhancing service capabilities and steadily expanding scale in trust and custody business

The Group enhanced its joint marketing efforts with BOC's domestic and overseas entities to deliver comprehensive trust and custody services to key customers. It acquired several new portfolio mandates via transfer to the Group and expanded its business coverage in key regions. During the period, the Group was mandated as the Hong Kong sub-custodian for public funds managed by a Middle East-based custodian bank on behalf of its asset management clients for the first time. At the same time, it accelerated the development of its proprietary custody networks, and gradually enhanced its sub-custodian coverage in major financial markets around the world. As at the end of June 2025, its assets under custody grew by 19% from the end of 2024.

BOCI-Prudential Trustee Limited ("BOCPT") recorded steady business growth. As at the end of June 2025, MPF assets under its trusteeship increased by 13% compared to the end of 2024, ranking among the top tier in the MPF market. It promoted business transformation by developing its fund administration services and custody business. During the period, BOCI-Prudential Trustee was appointed as custodian and fund administrator for 22 new funds. Its MPF schemes and constituent funds received multiple accolades in recognition of its professional services, including in the 2025 MPF Awards held by MPF Ratings and the Top Fund Awards 2024 organised by *Bloomberg Businessweek Chinese Edition*, as well as several honours in the 2025 LSEG Lipper Fund Awards jointly organised by *Hong Kong Economic Journal* and London Stock Exchange Group.

Treasury

Financial Results

Treasury recorded a profit before tax of HK$10,042 million in the first half of 2025, an increase of HK$3,122 million or 45.1% year-on-year. This was primarily attributable to an increase in net trading gain, as a result of increased income from the Group's global markets trading business, and an increase in the mark-to-market value of foreign exchange related products caused by market volatility.

Business Operations

Enhancing integrated product and service capabilities to steadily develop global markets business

The Group responded prudently to market volatility while capitalising on business opportunities by enriching its treasury products and services. In line with customer needs and market trends, it leveraged the competitive advantages of its RMB and HKD businesses and consolidated its diversified products and integrated services, thus steadily supporting the development in its treasury business. The Group gave full play to its pivotal role in Hong Kong's local bond market, including participating in major issues of infrastructure bonds and green bonds by the HKSAR Government, denominated in multiple currencies including CNH and HKD. It introduced repo transactions collateralised by offshore RMB-denominated debt securities under Northbound Bond Connect, enhancing interconnectivity between the Chinese mainland and Hong Kong financial markets, and thus promoting RMB internationalisation in a prudent and steady manner. In June 2025, it officially commenced operations as the first International Board certified vault in Hong Kong appointed by the Shanghai Gold Exchange, enhancing Hong Kong's position in the international gold market.

In its Southeast Asian business, through internal collaboration with BOC Malaysia, the Group was approved by Bank Negara Malaysia as an Appointed Overseas Office to handle transactions and settlements in Malaysian Ringgit. This allows the Group to facilitate overseas corporate customers to exchange Malaysian Ringgit and make cross-border payments outside Malaysia, which helps customers to reduce cross-border transaction costs, optimise their exchange rate risk management and expand into regional markets. At the same time, the new service strengthens Hong Kong's role as a super connector and advances regional financial cooperation.

Adhering to a robust, risk-aware investment strategy while proactively managing risks and enhancing returns

In the first half of 2025, the Group maintained a robust and cautious approach to managing its banking book investments. It closely monitored worldwide market interest rate adjustments and adopted a pre-emptive and proactive approach to managing risks, while at the same time seeking fixed-income investment opportunities to enhance returns. It actively optimised its banking book portfolio to promote the development of asset and liability businesses.

Comprehensively meeting investor demands and achieving steady growth in asset management business

BOCHK Asset Management Limited ("BOCHK AM") continued to strengthen its core investment and research capabilities while promoting the development of innovative products and services, thus achieving steady growth in assets under management. During the period, BOCHK AM proactively captured market opportunities while enhancing marketing efforts in both local and cross-border markets. The scale of its authorised funds in the bond and money market categories grew significantly compared to the end of 2024. Acting as an investment advisor, BOCHK AM participated in the issuance of Asia's first investment-grade government sukuk ETF, the "Premia BOCHK Saudi Arabia Government Sukuk ETF", which was successfully listed on the Stock Exchange of Hong Kong, providing investors with convenient access to Saudi Arabia's capital markets. BOCHK AM's professional expertise was widely recognised by the market during the period. It was awarded "Best RMB Manager in Hong Kong" at the 2025 Best of the Best Awards organised by *Asia Asset Management*; "Marquee Awards Winners – Best Insurance Asset Manager" at the Asset Management Awards 2025 organised by *AsianInvestor* and "Fund Manager of the Year (Asia) – Multi-Asset Fund Manager of the Year (Asia)" at the Asset Triple A Sustainable Investing Awards 2025 organised by *The Asset*.

Insurance

Financial Results

In the first half of 2025, the Group's insurance segment actively optimised its product mix and service offerings. The value of standard new premiums increased by 33.6% year-on-year to HK$14,831 million. The value of new business grew by 36.1% year-on-year to HK$2,178 million. Profit before tax was up 58.4% year-on-year to HK$1,345 million, mainly driven by business growth and an increase in investment income.

Business Operations

Giving full play to the Group's synergic advantages and promoting the development of pension finance and cross-border healthcare services

Leveraging the seamless, synergistic and unique advantages of the Group, BOC Life continued to collaborate with the Personal Banking segment's high-end customer brands of "Private Wealth", "Wealth Management" and private banking, as well as the Corporate Banking segment, to optimise product strategies targeting different channels and customer segments, focusing on high new business value products so as to enhance the legacy functionality of its flagship products and boost new business value. During the period, it deepened its business referral model and stimulated business sales by launching a number of promotional activities via the Group's private banking and personal banking service channels. It continued to deepen collaboration with brokerage firms from premier banking and high-end private banking backgrounds, and steadily expanded its tied agent workforce to acquire high-end and cross-border clients from the Chinese mainland. It also continued to optimise its insurance products and services, expanded its foothold in the high-net-worth market and raised the upper age limit for insurance enrolment of "BOC Life Deferred Annuity (Lifetime)" and "Glamorous Glow Global Whole Life Insurance Plan", meeting the needs of its target customers. BOC Life expedited the development of an elderly care ecosystem by leveraging its strengths in "Banking + Insurance" across various units within the Group to drive the growth of cross-border pension finance. Following the launch of the "IncomeJoy Lifelong Insurance Plan" and "RetireCation" experience programme last year, it partnered with BOCHK to promote the "IncomeJoy Lifelong Insurance Plan" x "RetireCation" travel rewards campaign, providing clients with travel packages and concierge services to boost sales of its insurance products and enhance BOC Life's brand image as an "Retirement Expert". Collaborating with BOCHK's BoC Pay+, BOC Credit Card, and Bank of China Group Insurance Company Limited, it offered one-stop cross-border payment and protection to enhance its retirement services offering. Embracing a "people-oriented, customer-first" philosophy, BOC Life continued to focus on pain points in cross-border living to develop healthcare solutions in the Greater Bay Area. During the period, it signed a strategic cooperation agreement with an integrated medical group in Hong Kong to jointly deliver high-quality cross-border integrated solutions for "Insurance + Healthcare", focusing on developing pension services, enriching cross-border healthcare service options, and enhancing the high-quality development of healthcare integration and interconnectivity in the Greater Bay Area.

Realising sustainable development concepts and fulfilling corporate social responsibilities

BOC Life is committed to integrating sustainable development into its business strategies and operations while actively fulfilling its corporate social responsibilities. Through a diverse range of flagship charity projects, it generated mutual benefit in terms of the sustainable development of business, environment and society. This included planning the "ESG Xchange 2025: ESG Climate Action International Summit" and the "ESG Startup Accelerator Programme", delivering the annual "BOC Life New Generation Financial & Technology Designers' Programme", held in collaboration with St. James Settlement since 2021, launching the "Hong Kong Young Writers Training Programme" with the Museum of Hong Kong Literature as well as the "Future Leaders Scholarship Programme" with the Faculty of Business and Economics of the University of Hong Kong (HKU Business School), sponsoring the "BOCHK Hong Kong-Zhuhai-Macao Bridge (Hong Kong Section) Half Marathon 2024/25" and serving as title sponsor of the BOC Life Hong Kong Premier League, as well as organising various corporate volunteer activities. It also supported industry action on carbon neutrality, and was among the first batch of insurance companies to sign the "Insurance Industry Climate Charter", working with peers to promote climate-related efforts outlined in the Charter. BOC Life received multiple accolades from Hong Kong's life insurance sector in recognition of its high-quality products and services. It was awarded "2025 Wealth Insurer of the Year" for the second consecutive year in the 10Life 5-Star Insurance Awards 2025, the "Outstanding Performance – Innovation Service" in the HK Insurance Sector at the Financial Institutions 2025 awards organised by *Bloomberg Businessweek Chinese Edition* and "Market Strategy Category – Excellence in Cross-Border Retirement Planning Services" at the Insurance Services Award of Excellence 2025 organised by *Hong Kong Economic Journal*.

Southeast Asian Business

Leveraging regional synergies in Southeast Asia to coordinate global business development

The Group remained focused on integrated regional development while adopting the organic combination of market-by-market strategies as the template for a differentiated management approach across its regional entities. It deepened and optimised its regional management model to steadily promote the synergistic development of its regional businesses. Meanwhile, the Group continued to promote the centralisation of its regional operations to enhance operational efficiency. As a result, its brand influence in the region continued to increase, with BOC Thailand being awarded "Best Trade Service Bank of the Year" by leading local magazine *BUSINESS+*, and the Manila Branch retaining the "Best Renminbi Bank in the Philippines" award at the Triple A Treasurise Awards 2025 organised by *The Asset*.

The Group's Southeast Asian business recorded steady business growth. As at the end of June 2025, deposits and loans of Southeast Asian-related businesses[1] increased by 10.5% and 8.4% respectively from the end of last year, excluding the impact of foreign exchange rates. Income from Southeast Asian-related businesses[1] in the first half of 2025 increased by 9.3% year-on-year, excluding the impact of foreign exchange rates. As at the end of June 2025, the non-performing loan ratio of Southeast Asian entities[2] was 2.70%.

1. Referring to the Group's related businesses in Southeast Asia.
2. Referring to the nine Southeast Asian entities of BOC Thailand, BOC Malaysia, Ho Chi Minh City Branch, Manila Branch, Jakarta Branch, Phnom Penh Branch, Vientiane Branch, Brunei Branch and Yangon Branch. The non-performing loan ratio was calculated in accordance with local regulatory requirements.

Digital Transformation

In the first half of 2025, the Group remained committed to accelerating digital transformation by advancing its "2021-2025 Digital Transformation Strategy". It ensured high-quality and sustainable development by establishing robust work mechanisms and workflows, promoting the integration of business and technology, and strengthening its technological foundations. Upholding a customer-centric approach, it continuously promoted depth in its digital transformation through data, business intelligence and ecological approaches, advancing the development of open and scenario-based financial service ecosystems, integrated products and services, seamless process experiences and intelligent internal management. At the same time, the Group focused on its three major markets, deepened technological empowerment, fostered a strong and innovative corporate culture and nurtured digital talent, with the aim of providing both customers and staff with high-quality digital services and experiences while laying a solid foundation for its long-term development.

Developing open and scenario-based financial service ecosystems

The Group proactively developed digital services for a range of customer segments and ecosystems, providing customers with more flexible and adaptable financial services. Together with Ocean Park, it enhanced the "Phone Lai See" function on its mobile banking platform by launching a series of panda-themed digital red packets, encouraging people to distribute red packets in a more convenient and environmentally friendly manner. The Group optimised its online wealth management services for young customers by launching Hong Kong's first mobile account opening service for teenagers aged 11 to 17. This offers young customers a one-stop digital account opening experience and encourages them to progressively learn about wealth management through specialised banking services. The Group actively expanded its payment services by launching a new version of BoC Pay+, a one-stop financial platform with full integration of payment, credit card management and reward services, to improve customer convenience and enhance digital experience for customers. In addition to cooperation with merchants in Hong Kong and the Chinese mainland, as well as online platforms, the Group also expanded the online and offline merchants for both the business coverage and application scenarios of BoC Bill and BoC Pay+. As at the end of June 2025, the total number of BoC Pay+ users increased by 6.5% compared to the end of 2024. The P2M transaction volume increased by 4.7% year-on-year in the first half of 2025, while the number of sales transactions and customers in the Chinese mainland increased by 38.8% and 16.0% respectively. In addition, the Group continued to expand BoC Bill's ecosystem of acquiring business for merchants, with total transaction volumes increasing by 13.3% year-on-year in the first half of 2025. It also advanced the research and development of digital currencies, participating in the sandbox testing of Phase 2 of the HKMA's e-HKD Pilot Programme in an effort to realise programmable features of e-HKD for scenarios such as prepayments and the earmarking of dedicated funds for specific purposes.

Promoting product and service integration

By enhancing interconnectivity among financial infrastructure platforms, the Group improved the integrated service experience for its customers. Through the HKMA's IADS programme, it took the lead in launching a streamlined application process for unsecured personal loans and personal credit cards. When applying for loans and credit cards via mobile banking, personal customers can now authorise BOCHK to access their deposit account information from other banks as part of the approval process, eliminating the need to submit supporting banking documents and enhancing application convenience for personal customers. In addition, the Group simplified the loan application process for corporate customers on its intelligent Global Transaction Banking (iGTB) platform. Under the IADS programme, corporate customers can now authorise BOCHK via iGTB NET to access their deposit account information from other banks, removing the need to manually submit monthly statements. This has expedited credit approvals and enhanced operational convenience, enabling corporate customers to access funding more quickly to meet their financing needs and support business development. At the same time, the Group steadily advanced the development of e-CNY by focusing on the two core strategic pillars of scenario ecosystem development and customer base expansion. It made concerted efforts to grow its local personal customer base, expand merchant coverage and develop featured application scenarios in Hong Kong. By launching exclusive offers aimed at physical registration booths, newly participating merchants, and popular shopping locations that offer tax refunds on departure from the Chinese mainland, the Group further broadened and deepened usage of e-CNY.

Providing a seamless process experience

The Group leveraged technologies including artificial intelligence (AI) and biometrics to enhance business process efficiency, providing customers with seamless services. By building an AI model system for digital marketing, the Group strengthened its customer behaviour analysis and natural language modelling capabilities, assisting relationship managers in providing more personalised services to customers. It also continuously enhanced the level of automation, digitialisation and paperlessness in SME loan approval processes, thus improving overall operational efficiency.

Building intelligent internal management

A digital transformation metrics management platform has been created to visualise key digital metrics and thus promote digital transformation and improve staff experience. The Group also continued to construct a mobile office culture. It enhanced its mobile office platform, strengthened security protection and technical development frameworks, and accelerated the expansion of mobile office applications to more workplace scenarios. It continued to push forward the development of intelligent operations through process digitalisation, internal operational automation and operational centralisation, in order to mitigate operational risks caused by manual handling and improve operational efficiency and capacity, and thus achieve a more cost-effective operating model.

Refining employee training programmes to cultivate high-quality talent teams

The Group continued to enhance its professional and standardised talent cultivation and management mechanism, deepened innovative culture and cultivated a high-quality talent team to meet its strategy implementation and business development needs. It actively attracted talents in the key areas of digitalisation, sales and marketing and compliance by leveraging various public and campus recruitment channels, strengthening cross-industry and cross-border hiring, and participating in various youth internship programmes in collaboration with external organisations and academic institutions. The Group continued to strengthen employees' professional competence and systematically broaden their career development paths through on-the-job training, exchange programmes between business units, strategic training courses and key projects. It leveraged the "Innovation and Digital Academy" online learning platform to establish a tiered and categorised training framework with the theme of "BOC Digital Intelligence" and orderly organised different series of training programmes and digital professional qualification certification courses, such as "Digital Intelligence" and "Digital Currency" seminar series, "Business-Tech Integration Innovative Workshop", "Prompt AI Command" and "Digital Workforce Skills" workshops, all with the aim of laying a solid talent support for the Group.

RISK MANAGEMENT

Banking Group

Overview

The Group believes that sound risk management is crucial to the success of any organisation. In its daily operation, the Group attaches a high degree of importance to risk management and emphasises that a balance must be struck between risk control and business development. The principal types of risk inherent in the Group's businesses are credit risk, market risk, interest rate risk, liquidity risk, operational risk, reputation risk, legal and compliance risk, and strategic risk. The Group's risk management objective is to enhance shareholder value by maintaining risk exposures within acceptable limits. The Group has a defined risk appetite statement approved by the Board, which is an expression of the types and level of risk that the Group is willing to take in a controllable way in order to achieve its business goals and to meet the expectations of its stakeholders.

Risk management governance structure

The Group's risk management governance structure is designed to cover all business processes and to ensure various risks are properly managed and controlled in the course of conducting business. The Group has a robust risk management organisational structure with a comprehensive set of policies and procedures to identify, measure, monitor and control various risks that may arise. These risk management policies and procedures are regularly reviewed and updated to reflect changes in markets and business strategies. Various groups of risk takers assume their respective responsibilities for risk management.

The Board of Directors, representing the interests of shareholders, is the highest decision-making authority of the Group and has the ultimate responsibility for risk management. The Board, with the assistance of its committees, has the primary responsibility for the formulation of risk management strategies, risk appetite and risk culture and ensuring that the Group has an effective risk management system to implement these strategies.

The Risk Committee ("RC"), a standing committee established by the Board of Directors, is responsible for overseeing the Group's comprehensive risk and various types of risks, approving Level I risk management policies and monitoring their implementation, and approving significant or high risk exposures or transactions. The Audit Committee assists the Board in fulfilling its role in overseeing the internal control system.

The senior management is responsible for the implementation of comprehensive risk management and various types of risk management. The Chief Executive ("CE") is responsible for managing the Group's comprehensive and various types of risks, and approving material risk exposures or transactions within his authority delegated by the Board of Directors. The Deputy Chief Executives ("DCEs") assist the CE in fulfilling his responsibilities on the day-to-day management of various types of risk, and are responsible for approving material risk exposures or transactions within their authorities delegated by the CE. The Chief Risk Officer ("CRO") assists the CE in fulfilling his responsibilities on day-to-day management of various types of risks and internal control; responsible for initiating new risk management strategies, projects and measures in response to regulatory changes that will enable the Group to better monitor and manage any risks that may arise from time to time from new businesses, products and changes in the operating environment and responsible for reviewing material risk exposures or transactions within the delegated authority. In accordance with the principle of setting the hierarchy of risk management policies approved by the Board, senior management is responsible for approving the detailed risk management policies of their areas.

Various units of the Group have their respective risk management responsibilities. Business units act as the first line of defence while risk management units, which are the second line of defence and are independent from the business units, are responsible for the day-to-day management of different kinds of risks. Risk management units have the primary responsibility for drafting, reviewing and updating various risk management policies and procedures.

The Group's principal banking subsidiaries are subjected to risk management policies that are consistent with those of the Group. Moreover, the Group's non-banking subsidiaries, such as BOC Life, are subject to the Group's risk management requirements. These subsidiaries are required to formulate their respective risk management policies based on the characteristics of their own industries, perform daily risk management responsibilities and report to BOCHK on a regular basis. Risk management units of BOCHK monitor the risk management status of these subsidiaries.

Credit risk management

Credit risk is the risk of loss that a customer or counterparty is unable to or unwilling to meet its contractual obligations. Credit risk exists in the trading book and banking book, as well as from on- and off-balance sheet transactions of the Group. It arises principally from lending, trade finance and treasury businesses. The Chief Credit Officer, who reports directly to the CRO, takes charge of credit risk management and is also responsible for the control of credit risk exposures of subsidiaries in line with the credit risk management principles and requirements set by the Group.

For advances, different credit approval and control procedures are adopted according to the level of risk associated with the customer, counterparty or transaction. The Credit Risk Assessment Committee, comprising experts from credit and other functions, is responsible for making an independent assessment of material credit applications which require the approval of DCEs or above. Credit applications for non-retail exposures are independently reviewed and objectively assessed by risk management units. Obligor ratings (in terms of probability of default) and facility ratings (in terms of loss given default) are assigned to these portfolios to support credit approval. Retail internal rating systems are deployed in the risk assessment of retail credit transactions, including small business loans under retail exposures, residential mortgage loans, personal loans and credit cards, etc. Loan grades, obligor and facility ratings as well as loss estimates (if applicable) are used to support credit approval.

The Group also uses loan grades, obligor ratings and loss estimates (if applicable) to support credit monitoring, reporting and analysis of credit risk information. For non-retail exposures, more frequent rating review and closer monitoring are required for higher-risk customers. For retail exposures, monthly updated internal ratings and loss estimates are used for credit monitoring on a portfolio basis. More comprehensive review is required for obligors being identified under high-risk pools. The Group adopts loan grading criteria which divide credit assets into five categories with reference to the HKMA's guidelines. The Risk Management Department ("RMD") provides regular credit management information reports and ad hoc reports to the Management Committee ("MC"), the RC and Board of Directors to facilitate their continuous monitoring of credit risk. In addition, the Group identifies credit concentration risk by industry, geography, customer or counterparty. The Group monitors changes to every counterparties credit risk, quality of the credit portfolio and credit risk concentrations, and reports regularly to the Group's Management.

The Group employs an internal master rating scale that can be mapped to Standard & Poor's external credit ratings. The structure of internal master rating scale is in compliance with the requirement of the Banking (Capital) Rules under the Hong Kong Banking Ordinance.

The Group will write-off the financial assets, either partially or in full, when there is no realistic prospect of recovery or reasonable expectation of full recovery upon assessment. After realisation of the collateral of secured financial assets, the net value of the financial assets will be written-off if there is no prospect of recovery.

For investments in debt securities, the obligor ratings or external credit ratings and credit limits setting on customer/security issuer basis are used for managing credit risk associated with the investment. For derivatives, the Group sets customer limits to manage the credit risk involved and follows the same approval and control processes as applied for advances. On-going monitoring and stop-loss procedures are established.

For impairment assessment, an impairment model is introduced in compliance with HKFRS 9, it requires the recognition of Expected Credit Loss ("ECL") for financial instruments held at amortised cost and fair value through other comprehensive income. Under HKFRS 9, ECL is assessed in three stages and the financial assets, loan commitments and financial guarantees are classified in one of the three stages.

Stage 1: if the financial instruments are not credit-impaired during origination and their credit risk has not increased significantly since origination, and the impairment allowance is measured at an amount up to 12-month ECL;

Stage 2: if the financial instruments are not credit-impaired during origination but their credit risk has increased significantly since origination, and the impairment allowance is measured at an amount equal to the lifetime ECL;

Stage 3: if the financial instruments are credit-impaired and their future cash flows of that financial instruments are adversely affected by one or more events, and the impairment allowance is measured at an amount equal to the lifetime ECL.

The Group has established the significant credit deterioration criteria framework to determine the stage of the financial instruments. The framework incorporates both quantitative and qualitative assessment, taking into account of factors such as number of days past due, change in Internal Ratings-Based ("IRB") rating, low credit risk threshold and the watchlist.

The customer credit ratings in the internal model are classified into 27 grades. The lowest (27th) credit grading equates to defaulted customers while the others are assigned to non-defaulted customers. The quantitative and qualitative criteria considered in determining significant credit deterioration include:

Quantitative criteria

- Failure to make payments of principal or interest 30 days after the contractual due dates;

- At the reporting date, the credit risk is deemed to increase significantly when the remaining lifetime PD rises by more than a certain range from initial recognition, and reflected as a drop in customer's credit rating by corresponding level according to the different PD at initial recognition. In majority cases, there is a significant increase in credit risk when the customer's credit rating drops by 5 grades.

Qualitative criteria

- Significant adverse change in debtor's operations or financial status;

- Customers with sign of credit deterioration are put into watchlist for staging review.

The Group leverages the parameters implemented under Basel IRB models and internal models where feasible and available to assess ECL. For the portfolios without models, all other reasonable and supportable information such as historical information, relevant loss experience or proxies are utilised. The measurement of ECL is the product of the financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted at the effective interest rate to the reporting date.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts four economic scenarios in the ECL measurement, including "Good", "Baseline", "Bad" and "Alternative" scenarios, to meet the requirements of HKFRS 9. The "Baseline" scenario represents a most likely outcome. "Good" and "Bad" scenarios represent the estimated deviations of the "Baseline" scenario, which are either more optimistic or more pessimistic as compared with "Baseline" scenario. The "Alternative" scenario represents a more pessimistic scenario than the "Bad" scenario, to reflect the Management's view on severe downside risks of the idiosyncratic events that may have severe impact on the performance and asset quality of the credit portfolio, when the Management considers the risk cannot be fully reflected in the three scenarios (i.e. "Good", "Baseline" and "Bad" scenarios) derived from forecasts and historical data.

The "Baseline" and "Alternative" scenarios are prepared by the Group's Economics & Strategic Planning Department. Historical data, economic trend, external economic forecast from governmental and non-governmental organisation, etc. are also used as reference benchmarks to ensure the "Baseline" scenario is reasonable and supportable. For the "Good" and "Bad" scenarios, the Group makes reference to the historical macroeconomics data for estimating the deviations. The "Alternative" scenario reflects the Management's review of the tail of the economic distribution, incorporating a number of risk events, including further escalation of geopolitical tensions coupled with other uncertainties, worsening of global supply chains, rising global inflation rate, the monetary tightening policy of Central Banks and interest rate hikes which eventually pose a significant pressure on economy.

The core macroeconomic factors in the major countries/regions where the Group operates such as Gross Domestic Product ("GDP") growth, and other key macroeconomic factors such as Consumer Price Index, Property Price Index and Unemployment Rate are applied in the economic scenarios. These macroeconomic factors are considered important to the Group's ECL in statistical analysis and business opinion.

The probability weight assigned for each scenario reflects the Group's view for the economic environment, following the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability weight is assigned to the "Baseline" scenario to reflect the most likely outcome and a lower probability weight is assigned to the "Good", "Bad" and "Alternative" scenarios to reflect the less likely outcomes. As of June 2025, the probability weight of the Group's "Baseline" scenario is higher than the sum of probability weight of "Good", "Bad" and "Alternative" scenarios.

The core macroeconomic factor used by the Group to assess ECL:

Macroeconomic Factor	Good Scenario	Baseline Scenario	Bad Scenario	Alternative Scenario
2025 Hong Kong GDP Growth	6.00%	2.50%	-1.00%	-5.50%

The calculation of ECL is affected by macroeconomic factors and economic scenarios. In principle, an increase in ECL would be resulted if more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the "Bad" scenario. The Group reviews the macroeconomic factors used in the ECL model and the probability weight of economic scenarios on a quarterly basis according to the established mechanism.

RC is responsible for approving ECL methodology and the Management is responsible for the ECL model implementation. Credit Risk Management is responsible for the maintenance of ECL methodology including models review and parameters update on a regular basis. Independent Model Validation Team is responsible for the annual validation of ECL models. If there is any change in ECL methodology, the Group will follow the proper approval process.

As at 30 June 2025, the ECL will be increased by 2.19% (31 December 2024: 1.67%) if 5% of the probability weight is shifted from "Baseline" scenario to "Bad" scenario; and will be decreased by 1.07% (31 December 2024: 0.80%) if 5% of the probability weight is shifted from "Baseline" scenario to "Good" scenario.

Market risk management

Market risk refers to the risk of loss arising from movements in the value of foreign exchange, interest rate, equity and commodity positions held by the Group due to the volatility of financial market price (foreign exchange rate, interest rate, credit spreads, equity price, commodity price). The Group adopts a moderate market risk appetite to achieve a balance between risk and return. The Group's objective in managing market risk is to secure healthy growth of the treasury business, by the effective management of potential market risk in the Group's business, according to the Group's overall risk appetite and strategy of the treasury business on the basis of a well-established risk management regime and related management measures.

In accordance with the Group's corporate governance principles in respect of risk management, the Board and RC, senior management and functional departments/units perform their duties and responsibilities to manage the Group's market risk. The RMD is responsible for the Group's market risk management, assisting senior management to perform their day-to-day duties, independently monitoring the market risk profile and compliance of management policies and limits of the Group and BOCHK, and ensuring that the aggregate and individual market risks are within acceptable levels.

The Group's market risk management covers BOCHK and its subsidiaries. The Group establishes market risk management policies to regulate BOCHK's and its subsidiaries' market risk management; meanwhile, the Group sets up the Group's VaR and stress test limits, which are allocated and monitored across the Group according to the business requirements and risk tolerance levels. In line with the requirements set in the Group's policy, the subsidiaries formulate the detailed policies and procedures and are responsible for managing their daily market risk.

The Group sets up market risk indicators and limits to identify, measure, monitor and control market risk. Major risk indicators and limits include but are not limited to VaR, Stop Loss, Open Position, Stress Testing and Sensitivity Analysis (Basis Point Value, Greeks), etc. To meet management's requirements, major risk indicators and limits are classified into three levels, and are approved by the RC, senior management or the head of the respective business unit respectively. The treasury business units of BOCHK and subsidiaries (as for Group Limit) are required to conduct their business within approved market risk indicators and limits.

The Group uses the VaR to measure and report general market risks to the RC and senior management on a periodic basis. The Group adopts a uniformed VaR calculation model, using a historical simulation approach and two years of historical market data, to calculate the VaR of the Group and its subsidiaries over a one-day holding period with a 99% confidence level, and sets up the VaR limit of the Group and its subsidiaries.

The Group adopts back-testing to measure the accuracy of VaR model results. The back-testing compares the calculated VaR figure of market risk positions of each business day with the actual and hypothetical gains or losses arising from those positions on the next business day. Generally speaking, the number of back-testing exceptions in a rolling 12-month period will not exceed four times, given a 99% confidence level.

Interest rate risk management

Interest rate risk means the risks of loss to a bank's earnings and economic value arising from movements in interest rate and term structures of the bank's asset and liability positions. The Group's interest rate risk exposures are mainly from structural positions. The major types of interest rate risk from structural positions are:

– Gap risk: mismatches in the maturity or repricing periods of assets and liabilities that may affect net interest income and economic value;

– Basis risk: different pricing basis for different transactions resulting that the yield on assets and cost of liabilities may change by different amounts within the same repricing period; and

– Option risk: exercise of the options embedded in assets, liabilities or off-balance sheet items that can cause a change in the cash flows of assets and liabilities.

The Group's risk management framework applies also to interest rate risk management. The Asset and Liability Management Committee ("ALCO") exercises its oversight of interest rate risk in accordance with the "Banking Book Interest Rate Risk Management Policy of BOCHK Group" approved by the RC. The RMD is responsible for the Group's interest rate risk management. With the cooperation of the Financial Management Department and Investment Management, etc., RMD assists the ALCO to perform day-to-day interest rate risk management. Its roles include, but are not limited to, the formulation of management policies, selection of methodologies, setting of risk indicators and limits, assessment of target balance sheet, monitoring of the compliance with policies and limits, and submission of interest rate risk management reports to senior management and the RC, etc.

The Group sets out interest rate risk indicators and limits to identify, measure, monitor and control interest rate risk on a daily basis. The key indicators and limits include, but are not limited to, repricing gap, basis risk, duration, price value of a basis point ("PVBP"), net interest income sensitivity ratio ("NII"), economic value sensitivity ratio ("EVE"), etc. The key indicators and limits are classified into different levels, which are approved by the CFO, CRO, ALCO and RC accordingly. Risk-taking business units are required to conduct their business within the boundary of the interest rate risk limits. Before launching a new product or business in the banking book, the relevant units are required to go through a risk assessment process, which includes the assessment of underlying interest rate risk and consideration of the adequacy of current risk monitoring mechanism. Any material impact on interest rate risk noted during the risk assessment process will be submitted to the RC for approval.

NII and EVE assess the impact of interest rate movement on the Group's net interest income and capital base. They are the Group's key interest rate risk indicators. The former assesses the impact of interest rate movement on net interest income as a percentage to the projected net interest income for the year. The latter assesses the impact of interest rate movement on economic value (i.e. the net present value of cash flows of assets, liabilities and off-balance sheet items discounted using the market interest rate) as a percentage to the latest Tier 1 capital. Limits are set by the RC on these two indicators to monitor and control the Group's banking book interest rate risk.

The Group uses scenario analyses and stress tests to assess the banking book interest rate risk that the Group would face under adverse circumstances. Scenario analyses and stress tests are also used to assess the impact on net interest income and economic value arising from the optionality of non-maturity deposits, the prepayment of mortgage loans and the prepayment of debt securities with embedded options, etc.

Liquidity risk management

Liquidity risk is the risk that banks may not be able to obtain sufficient and timely funding at a reasonable cost to meet their obligations as they fall due. The Group maintains a sound liquidity risk appetite to provide stable, reliable and adequate sources of cash to meet liquidity needs under normal circumstances and stressed scenarios.

In accordance with the Group's corporate governance principles in respect of risk management, the Board and the RC, senior management and functional departments/units perform their duties and responsibilities to manage the Group's liquidity risk. The RC is the decision-making authority of liquidity risk management, and assumes the ultimate responsibility of liquidity risk management. As authorised by the RC, ALCO exercises its oversight of liquidity risk and ensures the daily operations of the Group are in accordance with the risk appetite and policies as set by the RC. The RMD is responsible for the Group's liquidity risk management. It cooperates with the Financial Management Department and Investment Management, etc. to assist the ALCO to perform liquidity management functions according to their specific responsibilities.

The Group's liquidity risk management objective is to effectively manage the liquidity of on- and off-balance sheet items with a reasonable cost based on the liquidity risk appetite to achieve sound operation and sustainable profitability. Deposits from customers are the Group's primary source of funds. To ensure stable and sufficient sources of funds are in place, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market and by issuing bills in the capital market. According to different term maturities and the results of funding needs estimated from stressed scenarios, the Group adjusts its asset structure (including loans, bonds investment, interbank placement, etc.) to maintain sufficient liquid assets which provides adequate funds in support of normal business needs and ensure its ability to raise funds at a reasonable cost to serve external claims in case of emergency. The Group is committed to diversify the sources, tenors and use of funding to avoid excessive concentration of assets and liabilities; and prevent triggering liquidity risk due to the break of funding strand resulting from over-concentration of sources and use of funding in a particular area where problems occur. In order to manage such risk, the Group sets concentration limits on collateral pools and sources of funding such as Tier 1 high-quality readily liquefiable assets to total high-quality readily liquefiable assets ratio, top ten depositors ratio and large depositors ratio. Whenever necessary, the Group could improve the liquidity position by taking mitigation actions including, but not limited to obtaining funding through interbank borrowings or repos in the money market, selling bonds in the secondary market or retaining existing and attracting new customer deposits. Apart from increasing the funding, the Group would maintain good communication with the counterparties, the parent bank and the regulators to enhance mutual confidence.

The Group has established intra-group liquidity risk management guidelines to manage the liquidity funding among different entities within the Group, and to restrict their reliance of funding on each other. The Group also pays attention to manage liquidity risk created by off-balance sheet activities, such as loan commitments, derivatives, options and other complex structured products. The Group has an overall liquidity risk management strategy to cover the liquidity management of foreign currency assets and liabilities, collateral, intra-day liquidity, intra-group liquidity, the liquidity risk arising from other risks, etc., and has formulated corresponding contingency plan.

The Group established liquidity risk management indicators and limits to identify, measure, monitor and control liquidity risk on a daily basis. These indicators and limits include, but are not limited to liquidity coverage ratio ("LCR"), net stable funding ratio ("NSFR"), loan-to-deposit ratio, Maximum Cumulative Cash Outflow ("MCO") and liquidity cushion. The Group applies a cash flow analysis to assess the Group's liquidity condition under normal conditions and also performs a liquidity stress test (including institution specific, general market crisis and combined crisis) and other methods at least on a monthly basis to assess the Group's capability to withstand various severe liquidity crises. Also, relevant management information systems such as the Assets and Liabilities Management System and the Basel Liquidity Ratio Management System are developed to provide data and to prepare for regular management reports to facilitate liquidity risk management duties.

In accordance with the requirements of Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity Risk Management" issued by the HKMA, the Group has implemented a behaviour model and assumptions of cash flow analysis and stress test to enhance the Group's cash flow analysis under both normal and stressed conditions. In cash flow analysis under normal circumstances, assumptions have been made relating to on-balance sheet items (such as deposits from customers) and off-balance sheet items (such as loan commitments). According to various characteristics of the assets, liabilities and off-balance sheet items, the Group forecasts the future cash flow based on the contractual maturity date and the assumptions of customer behaviour and balance sheet changes. The Group establishes the MCO indicator which predicts the future 30 days maximum cumulative net cash outflow in normal situations based on the above assumptions, to assess if the Group has sufficient financing capacity to meet the cash flow gap in order to achieve the objective of continuing operations.

In the liquidity stress test, institution specific, general market crisis and combined crisis scenarios have been set up, a combined crisis scenario is a combination of institution specific and general market crisis to assess the Group's capability to withstand a more severe liquidity crisis, with a more stringent set of assumptions being adopted. Stress test assumptions include the run-off rate of retail, wholesale and interbank deposits; the drawdown rate of loan commitments and trade-related contingent liabilities; the delinquency ratio and rollover rate of customer loans; and haircut of interbank placement and marketable securities. As at 30 June 2025, the Group was able to maintain a net cash inflow under the three stressed scenarios, indicating the Group has the ability to meet financing needs under stressed conditions. In addition, the Group has a policy in place to maintain a liquidity cushion which includes high quality or comparable quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks with 0% or 20% risk weight or marketable securities issued by non-financial corporate with a corresponding external credit rating of A- or above to ensure funding needs even under stressed scenarios. A contingency plan is being established which details the conditions to trigger the plan based on stress test results and early warning indicators, the action plans and relevant procedures and responsibility of relevant departments.

The Group, being classified as a category 1 authorised institution by the HKMA, is required to calculate the LCR and NSFR on a consolidated basis in accordance with the Banking (Liquidity) Rules. The Group is required to maintain a LCR and NSFR not less than 100%.

In certain derivative contracts, the counterparties have the right to request from the Group additional collateral if they have concerns about the Group's creditworthiness.

The Group's liquidity risk management also covers new products or business developments. Before launching a new product or business, the relevant units are required to go through a risk assessment process, which includes the assessment of underlying liquidity risk and consideration of the adequacy of the current risk management mechanism. Any material impact on liquidity risk noted during the risk assessment process will be reported to the RC for approval.

The Group has established a set of uniform liquidity risk management policies which serve as standards and guidance to all the Group's members for liquidity risk management. On the basis of the Group's uniform policies, each of the subsidiaries develops its own liquidity management policies according to its own characteristics, and assumes its own liquidity risk management responsibility. Subsidiaries are required to report their respective liquidity positions with relevant liquidity ratios on a regular basis to the RMD of BOCHK, which consolidates this information and evaluates group-wide liquidity risk to ensure relevant requirements are satisfied.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and system, or from external events. The risk is inherent in all banking products, activities, processes and systems and confronted by the Group in its day-to-day operational activities.

The Group has implemented the "Three Lines of Defence" system for its operational risk management. All departments as the first line of defence are the primary parties responsible for operational risk management, and carry out the duties and functions of risk management in the process of business operation through self assessment, self checking, self correction and self development. The Legal & Compliance and Operational Risk Management Department ("LCO"), together with certain specialist functional units in relation to operational risk management within the Group, including the Human Resources Department, Corporate Services Department, Financial Crime Compliance Department, Financial Management Department, Treasury and General Accounting & Accounting Policy Department (collectively known as "specialist functional units"), are the second line of defence. They are responsible for assessing and monitoring the operational risk conditions in the first line of defence, and providing them with guidance. The LCO, being independent from the business units, is responsible for assisting the Management in managing the Group's operational risk, including the establishment and review of the operational risk management policy and framework, designing the operational risk management tools and reporting mechanism, reviewing and contributing to the monitoring and reporting the overall operational risk profile to the Management and RC. Specialist functional units are required to carry out their leading managerial duties of the second line of defence with respect to some specific aspects of operational risk and its related issues. Apart from taking charge of operational risk management in their own units, these units are also required to provide other units with professional advice/training in respect of certain operational risk categories and to lead the group-wide operational risk management. Group Audit is the third line of defence which provides independent assessment to the effectiveness and adequacy of the operational risk management framework and is required to conduct risk-based review of the operational risk management activities of various departments within the Group regarding their compliance and effectiveness and to put forward recommendations for remedial actions.

The Group has put in place an effective internal control process which requires the establishment of policies and control procedures for all the key activities. The Group adheres to the fundamental principle of proper segregation of duties and authorisation. The Group adopts various operational risk management tools or methodologies such as key operational risk indicators, operational risk and control assessment, operational risk events management to identify, assess, monitor and control the risks inherent in business activities and products, as well as purchase of insurance, etc. on an as-needed basis to mitigate unforeseeable operational risks. In addition, each new product/service initiative and outsourcing arrangement is subject to a risk assessment and governance process, where risks are firstly identified and assessed by business unit, and reviewed and challenged by relevant second lines of defence, in accordance with the risk-based principle. Subsequent changes on the existing products, services and outsourcing arrangements are also subject to a similar process. Business continuity plans are established to support business operations in the event of an emergency or disaster. Adequate backup facilities are maintained and periodic drills are conducted.

Reputation risk management

Reputation risk is the risk that negative publicity about the Group's business practices, whether genuine or not, will cause a potential decline in the customer base, or lead to costly litigation or revenue decrease. Reputation risk is inherent in other types of risk and every aspect of business operation and covers a wide spectrum of issues.

In order to mitigate reputation risk, the Group has formulated and duly followed its Reputation Risk Management Policy. The policy aims to identify and prevent reputation risk proactively at an early stage when an incident occurs. Since reputation risk is often caused by various types of operational and strategic issues that negatively impact the trust and perception of the Group, all operational and key risks identified are assessed through the established Key Control Self-Assessment framework, including risk assessment tools, to evaluate the severity of their impact on the Group, including the damage to reputation.

In addition, the Group has put in place a comprehensive framework to continuously monitor reputation risk incidents in the financial industry. This continuous monitoring enables the Group to effectively manage, control and mitigate any potential adverse impact from an incident. The Group also adopts robust disclosure practices to keep our stakeholders informed at all times, which helps build confidence in the Group and establish a strong public image.

Legal and compliance risk management

Legal risk is the risk that unenforceable contracts, lawsuits or adverse judgments may disrupt or otherwise negatively affect the operations or financial conditions of the Group. Compliance risk is the risk of legal or regulatory sanctions, financial losses or losses in reputation the Group may suffer as a result of its failure to comply with applicable laws and regulations. Legal and compliance risks are managed by the LCO, while the risks related to money laundering, terrorist financing, fraud, bribery and corruption are managed and monitored by the Financial Crime Compliance Department ("FCC"). Both LCO and FCC report directly to the CRO. As part of the Group's corporate governance framework, the policies for the management of legal and compliance risks, and money laundering, terrorist financing and financial crime compliance risks are approved by the RC as delegated by the Board.

Strategic risk management

Strategic risk generally refers to the risks that may cause negative impacts on the earnings, capital, reputation or market position of the Group as a result of the failure of the Group to formulate, implement and adjust its strategies, including macro strategies and policies, as well as the formulation of specific plans, programmes and systems for the implementation of the strategies and policies. The Board reviews and approves the Strategic Risk Management Policy. Key strategic issues have to be fully evaluated and properly endorsed by the senior management and the Board.

The Group regularly reviews its business strategies to cope with the latest market situation and developments.

Capital management

The major objective of the Group's capital management is to maximise total shareholders' return while maintaining a capital adequacy position in relation to the Group's overall risk profile. The ALCO periodically reviews the Group's capital structure and adjusts the capital mix where appropriate to maintain an optimal balance among risk, return and capital adequacy.

To comply with the HKMA's requirements as stated in the Supervisory Policy Manual "Supervisory Review Process", the Group adopts the internal capital adequacy assessment process ("ICAAP") and reviews it annually. Based on the HKMA's guidelines on Pillar II, ICAAP has been initiated to assess the extra capital needed to cover the material risks not captured or not adequately captured under Pillar I, and therefore minimum Common Equity Tier 1 capital ratio, minimum Tier 1 capital ratio and minimum Total capital ratio are determined.

The HKMA has classified BOCHK as a material subsidiary of the BOC resolution group and required BOCHK to comply with the applicable internal loss-absorbing capacity requirements under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ("LAC Rules"), with compliance period starting from 1 January 2023.

Stress testing

The Group supplements the analysis of various types of risks with stress testing. Stress testing is a risk management tool for estimating risk exposures under stressed conditions arising from extreme but plausible market or macroeconomic movements. These tests are conducted on a regular basis by the Group's various risk management units in accordance with the principles stated in the Supervisory Policy Manual "Stress-testing" published by the HKMA. The ALCO monitors the results against the key risk limits approved by the RC. The Financial Management Department reports the combined stress test results of the Group to the Board and RC regularly.

BOC Life

BOC Life's principal business underwrites long-term insurance business in participating business, non-participating business, linked long term business, retirement scheme management and other businesses as defined under the Insurance Ordinance in Hong Kong. Major types of risk arising from BOC Life's insurance business are insurance risk, interest rate risk, liquidity risk, credit risk, equity and fund price risk, currency risk and compliance risk. BOC Life closely monitors these risks and reports to its Risk Management Committee on a regular basis. Furthermore, BOC Life has regular communication with the Group to ensure consistency with the Group's risk management strategy. The key risks of its insurance business and related risk control process are as follows:

Insurance risk management

BOC Life is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. These risks are managed through the application of underwriting strategy, reinsurance arrangements and regular experience monitoring.

The underwriting strategy is intended to set premium pricing at an appropriate level that corresponds with the underlying exposure of the risks underwritten, and BOC Life's underwriting procedures include screening processes, such as the review of health condition and family medical history, to ensure alignment with the underwriting strategy.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality, morbidity and persistency. In this regard, BOC Life has conducted relevant experience studies and researches regularly to identify emerging trends. Results would be taken into account in pricing and underwriting management.

For details of the Group's Insurance Risk Management, please refer to Note 3.4 to the Interim Financial Information.

Interest rate risk management

An increase in interest rates may result in the depreciation of the value of BOC Life's investment assets. A decrease in interest rates may result in an increase in insurance liability and customer dissatisfaction due to decrease in returns. BOC Life manages the matching of assets and liabilities of its portfolios within an asset liability management framework that has been developed to achieve investment returns that match its obligations under insurance contracts; and to manage the adverse impact due to interest rate movement.

Liquidity risk management

BOC Life's liquidity risk is the risk of not being able to meet payment obligations as they fall due. BOC Life's asset and liability management framework includes stress tests and cash flow management to preserve liquidity to fulfil policy payment obligations from time to time.

Credit risk management

BOC Life has exposure to credit risk that a customer, debtor or counterparty will be unable to or unwilling to meet a commitment that they have entered into. Key areas to which BOC Life's insurance business is exposed include:

– Default risk associated with financial instruments or counterparties
– Credit spread widening as a result of credit migration (downgrade)
– Reinsurers' share of unpaid insurance contract liabilities
– Amounts due from reinsurers in respect of claims already paid
– Amounts due from insurance contract holders
– Amounts due from insurance intermediaries

BOC Life manages credit risk by placing limits on its exposure to each investment counterparty or issuer. Such limits are subject to review by the Management at least once a year.

The reinsurance arrangement transfers the insurance risk associated with the insurance contracts to the third party. It does not, however, discharge BOC Life's liability as the primary insurer. If a reinsurer fails to pay a claim for any reasons, BOC Life remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by reviewing the reinsurers' financial strength prior to finalisation of any reinsurance contract. Management of BOC Life directs its reinsurance placement policy and assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. BOC Life also monitors the reinsurance counterparty risk exposure on an ongoing basis.

Equity and fund price risk management

BOC Life's equity and fund price risk refers to the risk of loss due to volatility of market price in equity securities, investments on fund (including segregated unit-linked fund) and other alternative investments. BOC Life's asset and liability management framework includes managing the adverse impact due to equity price movement through stress test and exposure limit.

Currency risk management

BOC Life's currency risk refers to the risk of loss due to volatility of exchange rate. BOC Life's asset and liability management framework includes managing the adverse impact due to exchange rate movement through stress test, exposure limit and risk limit.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	(Unaudited) Half-year ended 30 June 2025 HK$'m	(Unaudited) Half-year ended 30 June 2024 HK$'m
Interest income		**62,068**	70,888
Interest income calculated using the effective interest method		***59,029***	*64,250*
Others		***3,039***	*6,638*
Interest expense		**(37,005)**	(44,906)
Net interest income	5	**25,063**	25,982
Fee and commission income		**8,089**	6,577
Fee and commission expense		**(1,797)**	(1,577)
Net fee and commission income	6	**6,292**	5,000
Insurance revenue		**1,548**	1,186
Insurance service expense		**(564)**	(609)
Net income from reinsurance contracts held		**119**	94
Insurance service result		**1,103**	671
Net trading gain	7	**12,231**	5,275
Net gain/(loss) on other financial instruments at fair value through profit or loss	8	**3,527**	(868)
Net loss on other financial instruments	9	**(1,116)**	(213)
Insurance finance expenses		**(7,375)**	(842)
Other operating income	10	**297**	331
Net operating income before impairment allowances		**40,022**	35,336
Net charge of impairment allowances	11	**(3,318)**	(2,081)
Net operating income		**36,704**	33,255
Operating expenses	12	**(8,310)**	(8,121)
Operating profit		**28,394**	25,134
Net loss from disposal of/fair value adjustments on investment properties	13	**(991)**	(296)
Net loss from disposal/revaluation of properties, plant and equipment	14	**(126)**	(31)
Share of results after tax of associates and joint ventures		**(2)**	(91)
Profit before taxation		**27,275**	24,716
Taxation	15	**(4,479)**	(4,253)
Profit for the period		**22,796**	20,463
Profit attributable to:			
Equity holders of the Company		**22,152**	20,040
Non-controlling interests		**644**	423
		22,796	20,463
		HK$	HK$
Earnings per share			
Basic and diluted	17	**2.0952**	1.8954

The notes on pages 46 to 114 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	(Unaudited) Half-year ended 30 June 2025 HK$'m	(Unaudited) Half-year ended 30 June 2024 HK$'m
Profit for the period		**22,796**	20,463
Items that will not be reclassified subsequently to income statement:			
Premises:			
Revaluation of premises		**(2,204)**	(190)
Related tax impact		**431**	34
		(1,773)	(156)
Equity instruments at fair value through other comprehensive income:			
Change in fair value		**186**	91
Related tax impact		**(15)**	(14)
		171	77
Actuarial gain on retirement benefit plans		**1**	4
		(1,601)	(75)
Items that may be reclassified subsequently to income statement:			
Advances and other accounts at fair value through other comprehensive income:			
Change in impairment allowances credited to income statement	11	**–**	(22)
Debt instruments at fair value through other comprehensive income:			
Change in fair value		**5,332**	(1,193)
Change in impairment allowances charged to income statement	11	**38**	21
Release upon disposal/redemption reclassified to income statement	9	**1,104**	203
Amortisation of accumulated amount of fair value hedge adjustment reclassified to income statement		**(66)**	(27)
Related tax impact		**(756)**	167
		5,652	(829)
Cash flow hedges		**135**	–
Insurance contracts:			
Finance expenses from insurance contracts issued		**(959)**	(396)
Finance income from reinsurance contracts held		**37**	255
Related tax impact		**153**	23
		(769)	(118)
Share of other comprehensive income of associates and joint ventures		**6**	–
Currency translation difference		**834**	(668)
		5,858	(1,637)
Other comprehensive income for the period, net of tax		**4,257**	(1,712)
Total comprehensive income for the period		**27,053**	18,751
Total comprehensive income attributable to:			
Equity holders of the Company		**26,412**	18,534
Non-controlling interests		**641**	217
		27,053	18,751

The notes on pages 46 to 114 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	(Unaudited) At 30 June 2025 HK$'m	(Audited) At 31 December 2024 HK$'m
ASSETS			
Cash and balances and placements with banks and other financial institutions	18	**482,256**	609,935
Financial assets at fair value through profit or loss	19	**271,036**	227,156
Derivative financial instruments	20	**52,829**	73,914
Hong Kong SAR Government certificates of indebtedness		**234,760**	223,510
Advances and other accounts	21	**1,701,801**	1,666,302
Investment in securities	22	**1,484,057**	1,229,122
Interests in associates and joint ventures		**1,215**	1,196
Investment properties	23	**13,066**	14,046
Properties, plant and equipment	24	**35,409**	38,242
Current tax assets		**18**	27
Deferred tax assets	30	**2,138**	1,952
Other assets	25	**121,237**	109,006
Total assets		**4,399,822**	4,194,408
LIABILITIES			
Hong Kong SAR currency notes in circulation		**234,760**	223,510
Deposits and balances from banks and other financial institutions		**333,277**	352,052
Financial liabilities at fair value through profit or loss	26	**75,075**	78,821
Derivative financial instruments	20	**55,016**	56,779
Deposits from customers	27	**2,869,449**	2,713,410
Debt securities and certificates of deposit in issue	28	**11,073**	5,296
Other accounts and provisions	29	**169,024**	155,904
Current tax liabilities		**9,854**	6,728
Deferred tax liabilities	30	**3,897**	3,941
Insurance contract liabilities	31	**212,013**	183,755
Subordinated liabilities	32	**75,330**	71,982
Total liabilities		**4,048,768**	3,852,178
EQUITY			
Share capital	33	**52,864**	52,864
Reserves		**294,195**	285,852
Capital and reserves attributable to equity holders of the Company		**347,059**	338,716
Non-controlling interests		**3,995**	3,514
Total equity		**351,054**	342,230
Total liabilities and equity		**4,399,822**	4,194,408

The notes on pages 46 to 114 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Attributable to equity holders of the Company										
		Reserves									
	Share capital HK$'m	Premises revaluation reserve HK$'m	Reserve for financial assets at FVOCI HK$'m	Regulatory reserve* HK$'m	Translation reserve HK$'m	Cash flow hedge reserve HK$'m	Insurance finance reserve HK$'m	Retained earnings HK$'m	Total HK$'m	Non-controlling interests HK$'m	Total equity HK$'m
At 1 January 2024	52,864	36,899	(6,470)	7,974	(1,883)	–	1,637	229,124	320,145	3,284	323,429
Profit for the period	–	–	–	–	–	–	–	20,040	20,040	423	20,463
Other comprehensive income:											
Premises	–	(156)	–	–	–	–	–	–	(156)	–	(156)
Equity instruments at fair value through other comprehensive income	–	–	76	–	–	–	–	–	76	1	77
Actuarial gain on retirement benefit plans	–	–	–	–	–	–	–	4	4	–	4
Advances and other accounts at fair value through other comprehensive income	–	–	(22)	–	–	–	–	–	(22)	–	(22)
Debt instruments at fair value through other comprehensive income	–	–	(680)	–	–	–	–	–	(680)	(149)	(829)
Insurance contracts	–	–	–	–	–	–	(60)	–	(60)	(58)	(118)
Currency translation difference	–	–	(51)	–	(617)	–	–	–	(668)	–	(668)
Total comprehensive income	–	(156)	(677)	–	(617)	–	(60)	20,044	18,534	217	18,751
Release upon disposal of premises	–	(6)	–	–	–	–	–	6	–	–	–
Transfer to retained earnings	–	–	–	(819)	–	–	–	819	–	–	–
Dividends	–	–	–	–	–	–	–	(12,106)	(12,106)	(140)	(12,246)
At 30 June 2024	52,864	36,737	(7,147)	7,155	(2,500)	–	1,577	237,887	326,573	3,361	329,934
Profit for the period	–	–	–	–	–	–	–	18,193	18,193	462	18,655
Other comprehensive income:											
Premises	–	(1,884)	–	–	–	–	–	–	(1,884)	–	(1,884)
Equity instruments at fair value through other comprehensive income	–	–	259	–	–	–	–	–	259	1	260
Actuarial loss on retirement benefit plans	–	–	–	–	–	–	–	(1)	(1)	–	(1)
Advances and other accounts at fair value through other comprehensive income	–	–	(1)	–	–	–	–	–	(1)	–	(1)
Debt instruments at fair value through other comprehensive income	–	–	1,741	–	–	–	–	–	1,741	192	1,933
Insurance contracts	–	–	–	–	–	–	(445)	–	(445)	(427)	(872)
Currency translation difference	–	–	6	–	301	–	–	–	307	–	307
Total comprehensive income	–	(1,884)	2,005	–	301	–	(445)	18,192	18,169	228	18,397
Release upon disposal of equity instruments at fair value through other comprehensive income:											
Transfer	–	–	44	–	–	–	–	(44)	–	–	–
Deferred tax	–	–	(7)	–	–	–	–	–	(7)	–	(7)
Current tax	–	–	–	–	–	–	–	7	7	–	7
Transfer to retained earnings	–	–	–	(1,127)	–	–	–	1,127	–	–	–
Dividends	–	–	–	–	–	–	–	(6,026)	(6,026)	(75)	(6,101)
At 31 December 2024	52,864	34,853	(5,105)	6,028	(2,199)	–	1,132	251,143	338,716	3,514	342,230

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)										
	Attributable to equity holders of the Company										
		Reserves									
	Share capital HK$'m	Premises revaluation reserve HK$'m	Reserve for financial assets at FVOCI HK$'m	Regulatory reserve* HK$'m	Translation reserve HK$'m	Cash flow hedge reserve HK$'m	Insurance finance reserve HK$'m	Retained earnings HK$'m	Total HK$'m	Non-controlling interests HK$'m	Total equity HK$'m
At 1 January 2025	52,864	34,853	(5,105)	6,028	(2,199)	–	1,132	251,143	338,716	3,514	342,230
Profit for the period	–	–	–	–	–	–	–	22,152	22,152	644	22,796
Other comprehensive income:											
Premises	–	(1,773)	–	–	–	–	–	–	(1,773)	–	(1,773)
Equity instruments at fair value through other comprehensive income	–	–	170	–	–	–	–	–	170	1	171
Actuarial gain on retirement benefit plans	–	–	–	–	–	–	–	1	1	–	1
Advances and other accounts at fair value through other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
Debt instruments at fair value through other comprehensive income	–	–	5,279	–	–	–	–	–	5,279	373	5,652
Cash flow hedges	–	–	–	–	–	135	–	–	135	–	135
Insurance contracts	–	–	–	–	–	–	(392)	–	(392)	(377)	(769)
Share of other comprehensive income of associates and joint ventures	–	–	6	–	–	–	–	–	6	–	6
Currency translation difference	–	–	71	–	763	–	–	–	834	–	834
Total comprehensive income	–	(1,773)	5,526	–	763	135	(392)	22,153	26,412	641	27,053
Transfer to retained earnings	–	–	–	(1,024)	–	–	–	1,024	–	–	–
Dividends	–	–	–	–	–	–	–	(18,069)	(18,069)	(160)	(18,229)
At 30 June 2025	52,864	33,080	421	5,004	(1,436)	135	740	256,251	347,059	3,995	351,054

* In accordance with the requirements of the HKMA, the amounts are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognised under HKFRS 9.

The notes on pages 46 to 114 are an integral part of this interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	(Unaudited) Half-year ended 30 June 2025 HK$'m	(Unaudited) Half-year ended 30 June 2024 HK$'m
Cash flows from operating activities			
Operating cash (outflow)/inflow before taxation	34(a)	**(54,635)**	32,858
Hong Kong profits tax paid		**(1,317)**	(1,333)
Outside Hong Kong profits tax paid		**(433)**	(499)
Net cash (outflow)/inflow from operating activities		**(56,385)**	31,026
Cash flows from investing activities			
Additions of properties, plant and equipment		**(184)**	(1,092)
Proceeds from disposal of properties, plant and equipment		**–**	6
Additions of investment properties		**(57)**	(42)
Additions of intangible assets		**(454)**	(400)
Additions of associates and joint ventures		**(15)**	–
Net cash outflow from investing activities		**(710)**	(1,528)
Cash flows from financing activities			
Dividend paid to equity holders of the Company		**(3,066)**	–
Dividend paid to non-controlling interests		**(160)**	(140)
Payment of lease liabilities		**(271)**	(283)
Net cash outflow from financing activities		**(3,497)**	(423)
(Decrease)/increase in cash and cash equivalents		**(60,592)**	29,075
Cash and cash equivalents at 1 January		**649,288**	686,930
Effect of exchange rate changes on cash and cash equivalents		**13,784**	(12,562)
Cash and cash equivalents at 30 June	34(b)	**602,480**	703,443
Cash flows from operating activities included			
– interest received		**60,851**	71,193
– interest paid		**39,156**	46,372
– dividend received		**57**	42

The notes on pages 46 to 114 are an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation and material accounting policies

(a) Basis of preparation

The unaudited interim financial information has been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

(b) Material accounting policies

The accounting policies adopted and methods of computation used in the preparation of the unaudited interim financial information are consistent with those adopted and used in the Group's annual financial statements for the year ended 31 December 2024 and shall be read in conjunction with the Group's Annual Report for 2024.

(c) Standards and amendments issued that are relevant to the Group but not yet mandatorily effective and have not been early adopted by the Group in 2025

Standards/Amendments	Content	Applicable for financial years beginning on/after
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKAS 28 (2011) and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Please refer to Note 2.1(b) to the Financial Statements of the Group's Annual Report for 2024 for brief explanations of the above-mentioned standards and amendments.

2. Critical estimates and judgements in applying accounting policies

The nature and assumptions related to the Group's estimates and judgements in this reporting period are consistent with those used in the Group's financial statements for the year ended 31 December 2024.

3. Financial risk management

The Group is exposed to financial risks as a result of engaging in a variety of business activities. The principal financial risks are credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. This note summarises the Group's exposures to these risks.

A summary of the Group's objectives, risk management governance structure, policies and processes for managing and the methods used to measure these risks is set out in Note 4 to the Financial Statements of the Group's Annual Report for 2024.

3. Financial risk management (continued)

3.1 Credit risk

Financial instruments are considered to be in default when one or more events that have a detrimental impact on the estimated future cash flows occurred such as past due for more than 90 days or the borrower is unlikely to pay in full for its debt obligations to the Group.

Credit-impaired financial instruments are classified as Stage 3 and lifetime expected credit losses will be recognised. Evidence that a financial instrument is credit-impaired include observable data about the following events:

– Significant financial difficulty incurred by the borrower;

– A breach of contract, such as a default or delinquency in principal or interest payment;

– For economic or contractual reasons related to the borrower's financial difficulty, the Group has granted to the borrower a concession that it would not otherwise consider;

– Probable that the borrower will become bankrupt or undergo other financial reorganisation;

– The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; or

– Other observable data indicating that there is a measurable decrease in the estimated future cash flows from such financial instruments.

(A) Advances and other accounts

Advances with a specific repayment date are classified as overdue when the principal or interest is past due and remains unpaid. Advances repayable by regular instalments are classified as overdue when an instalment payment is past due and remains unpaid. Advances repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instruction or when the advances have remained continuously to exceed the approved limit that was advised to the borrower.

Advances classified as Stage 3 may not necessarily result in impairment loss where the advances are fully collateralised.

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

Gross advances and other accounts before impairment allowances are analysed by internal credit grade and stage classification as follows:

	At 30 June 2025			
	Stage 1 HK$'m	Stage 2 HK$'m	Stage 3 HK$'m	Total HK$'m
Advances to customers				
Pass	1,652,484	17,950	–	1,670,434
Special mention	2,092	20,410	–	22,502
Substandard or below	–	–	17,444	17,444
	1,654,576	38,360	17,444	1,710,380
Trade bills				
Pass	2,963	–	–	2,963
Special mention	–	–	–	–
Substandard or below	–	–	–	–
	2,963	–	–	2,963
Advances to banks and other financial institutions				
Pass	3,440	–	–	3,440
Special mention	–	–	–	–
Substandard or below	–	–	–	–
	3,440	–	–	3,440
	1,660,979	38,360	17,444	1,716,783

	At 30 June 2025			
	Stage 1 HK$'m	Stage 2 HK$'m	Stage 3 HK$'m	Total HK$'m
Impairment allowances				
Advances and other accounts at amortised cost	(5,433)	(2,890)	(6,659)	(14,982)
Advances and other accounts at fair value through other comprehensive income	(6)	–	–	(6)

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

	At 31 December 2024			
	Stage 1 HK$'m	Stage 2 HK$'m	Stage 3 HK$'m	Total HK$'m
Advances to customers				
Pass	1,621,815	13,574	–	1,635,389
Special mention	2,288	20,748	–	23,036
Substandard or below	–	–	17,652	17,652
	1,624,103	34,322	17,652	1,676,077
Trade bills				
Pass	2,153	–	–	2,153
Special mention	1	–	–	1
Substandard or below	–	–	–	–
	2,154	–	–	2,154
Advances to banks and other financial institutions				
Pass	2,222	–	–	2,222
Special mention	–	–	–	–
Substandard or below	–	–	–	–
	2,222	–	–	2,222
	1,628,479	34,322	17,652	1,680,453

	At 31 December 2024			
	Stage 1 HK$'m	Stage 2 HK$'m	Stage 3 HK$'m	Total HK$'m
Impairment allowances				
Advances and other accounts at amortised cost	(5,459)	(1,551)	(7,950)	(14,960)
Advances and other accounts at fair value through other comprehensive income	(6)	–	–	(6)

As at 30 June 2025 and 31 December 2024, advances and other accounts by internal credit grade and stage classification did not include advances and other accounts mandatorily classified at fair value through profit or loss.

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

Reconciliation of impairment allowances for advances and other accounts is as follows:

	Half-year ended 30 June 2025			
	Stage 1 HK$'m	**Stage 2 HK$'m**	**Stage 3 HK$'m**	**Total HK$'m**
Impairment allowances				
At 1 January 2025	**5,459**	**1,551**	**7,950**	**14,960**
Transfer to Stage 1	**38**	**(35)**	**(3)**	**–**
Transfer to Stage 2	**(755)**	**758**	**(3)**	**–**
Transfer to Stage 3	**(5)**	**(162)**	**167**	**–**
Changes arising from transfer of stage	**(23)**	**451**	**270**	**698**
Charge for the period[(i)]	**2,562**	**477**	**1,911**	**4,950**
Reversal for the period[(ii)]	**(1,896)**	**(165)**	**(323)**	**(2,384)**
Write-offs	**–**	**–**	**(3,562)**	**(3,562)**
Recoveries	**–**	**–**	**66**	**66**
Exchange difference and others	**53**	**15**	**186**	**254**
At 30 June 2025	**5,433**	**2,890**	**6,659**	**14,982**
Charged to income statement (Note 11)				**3,264**

	Year ended 31 December 2024			
	Stage 1 HK$'m	Stage 2 HK$'m	Stage 3 HK$'m	Total HK$'m
Impairment allowances				
At 1 January 2024	4,113	1,056	9,555	14,724
Transfer to Stage 1	208	(205)	(3)	–
Transfer to Stage 2	(108)	252	(144)	–
Transfer to Stage 3	(6)	(286)	292	–
Changes arising from transfer of stage	(193)	345	647	799
Charge for the year[(i)]	3,485	1,019	2,961	7,465
Reversal for the year[(ii)]	(2,007)	(611)	(678)	(3,296)
Write-offs	–	–	(4,718)	(4,718)
Recoveries	–	–	168	168
Exchange difference and others	(33)	(19)	(130)	(182)
At 31 December 2024	5,459	1,551	7,950	14,960

(i) Charge for the period/year comprises the impairment losses attributable to new loans, remaining loans without stage transfers, and changes to risk parameters, etc.

(ii) Reversal for the period/year comprises reversal of impairment losses attributable to loan repaid, remaining loans without stage transfers, and changes to risk parameters, etc.

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(a) Impaired advances

Impaired advances to customers are analysed as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Gross impaired advances to customers	**17,444**	17,652
Percentage of gross advances to customers	**1.02%**	1.05%
Impairment allowances made in respect of such advances	**6,659**	7,950

The impairment allowances were made after taking into account the value of collateral in respect of the credit-impaired advances.

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Current market value of collateral held against the covered portion of such advances to customers	**17,890**	14,927
Covered portion of such advances to customers	**10,468**	8,248
Uncovered portion of such advances to customers	**6,976**	9,404

As at 30 June 2025, there were no impaired trade bills and advances to banks and other financial institutions (31 December 2024: Nil).

3. Financial risk management (continued)

3.1 *Credit risk (continued)*

(A) Advances and other accounts (continued)

(b) Advances overdue for more than three months

The gross amount of advances overdue for more than three months is analysed as follows:

	At 30 June 2025		At 31 December 2024	
	Amount HK$'m	**% of gross advances to customers**	Amount HK$'m	% of gross advances to customers
Gross advances to customers which have been overdue for:				
– six months or less but over three months	**311**	**0.02%**	914	0.05%
– one year or less but over six months	**2,112**	**0.12%**	1,321	0.08%
– over one year	**7,749**	**0.45%**	9,979	0.60%
Advances overdue for over three months	**10,172**	**0.59%**	12,214	0.73%
Impairment allowances made in respect of such advances – Stage 3	**5,800**		6,926	

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Current market value of collateral held against the covered portion of such advances to customers	**4,870**	4,594
Covered portion of such advances to customers	**3,842**	3,801
Uncovered portion of such advances to customers	**6,330**	8,413

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

As at 30 June 2025, there were no trade bills and advances to banks and other financial institutions overdue for more than three months (31 December 2024: Nil).

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(c) Rescheduled advances

	At 30 June 2025		At 31 December 2024	
	Amount HK$'m	**% of gross advances to customers**	Amount HK$'m	% of gross advances to customers
Rescheduled advances to customers net of amounts included in "Advances overdue for more than three months"	**1,084**	**0.06%**	1,338	0.08%

Rescheduled advances are those advances that have been restructured and renegotiated between the bank and borrowers because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and the revised repayment terms, either of interest or the repayment period, are "non-commercial" to the Group. Rescheduled advances, which have been overdue for more than three months under the revised repayment terms, are included in "Advances overdue for more than three months".

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(d) Concentration of advances to customers

(i) Sectoral analysis of gross advances to customers

The following analysis of the gross advances to customers by industry sector is based on the categories with reference to the completion instructions for the HKMA return of loans and advances.

	At 30 June 2025					
	Gross advances to customers HK$'m	% covered by collateral or other security	Impaired HK$'m	Overdue HK$'m	Impairment allowances – Stage 3 HK$'m	Impairment allowances – Stages 1 and 2 HK$'m
Loans for use in Hong Kong						
Industrial, commercial and financial						
– Property development	154,183	21.34%	2,085	1,168	169	1,737
– Property investment	92,994	61.94%	4,763	1,859	210	850
– Financial concerns	24,040	0.93%	–	–	–	46
– Stockbrokers	4,589	76.56%	–	–	–	1
– Wholesale and retail trade	41,506	29.79%	271	330	84	151
– Manufacturing	60,058	5.89%	111	120	58	212
– Transport and transport equipment	66,613	12.32%	74	16	47	133
– Recreational activities	18	95.13%	–	–	–	–
– Information technology	35,201	0.32%	1	1	1	82
– Others	201,050	29.94%	4,189	4,478	2,695	661
Individuals						
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	56,850	99.82%	139	700	2	116
– Loans for purchase of other residential properties	403,048	98.55%	459	2,277	52	478
– Credit card advances	11,495	–	96	431	60	209
– Others	122,717	95.65%	195	1,168	62	154
Total loans for use in Hong Kong	1,274,362	58.85%	12,383	12,548	3,440	4,830
Trade financing	44,159	19.59%	534	522	231	59
Loans for use outside Hong Kong	391,859	4.30%	4,527	4,198	2,988	3,428
Gross advances to customers	1,710,380	45.34%	17,444	17,268	6,659	8,317

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(d) Concentration of advances to customers (continued)

(i) Sectoral analysis of gross advances to customers (continued)

	At 31 December 2024					
	Gross advances to customers HK$'m	% covered by collateral or other security	Impaired HK$'m	Overdue HK$'m	Impairment allowances – Stage 3 HK$'m	Impairment allowances – Stages 1 and 2 HK$'m
Loans for use in Hong Kong						
Industrial, commercial and financial						
– Property development	166,412	25.77%	2,327	1,352	107	1,320
– Property investment	90,844	60.34%	1,986	117	149	661
– Financial concerns	16,140	1.68%	–	–	–	24
– Stockbrokers	3,475	64.70%	–	–	–	–
– Wholesale and retail trade	35,172	34.51%	183	267	75	143
– Manufacturing	54,468	6.44%	86	103	59	102
– Transport and transport equipment	65,531	11.80%	82	26	62	125
– Recreational activities	11	90.14%	–	–	–	–
– Information technology	40,297	0.28%	–	4	–	72
– Others	197,084	34.41%	4,269	5,253	2,213	577
Individuals						
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	51,167	99.74%	17	577	1	102
– Loans for purchase of other residential properties	397,228	98.47%	360	2,409	30	438
– Credit card advances	13,192	–	101	460	63	224
– Others	122,380	95.53%	149	1,091	56	168
Total loans for use in Hong Kong	1,253,401	59.89%	9,560	11,659	2,815	3,956
Trade financing	44,850	19.53%	513	415	241	61
Loans for use outside Hong Kong	378,635	4.53%	7,579	7,298	4,894	2,988
Gross advances to customers	1,676,886	46.31%	17,652	19,372	7,950	7,005

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(d) Concentration of advances to customers (continued)

(ii) Geographical analysis of gross advances to customers

The following geographical analysis of advances to customers is based on the locations of the counterparties, after taking into account the transfer of risk. For an advance to customer guaranteed by a party situated in a location different from the customer, the risk will be transferred to the location of the guarantor.

Gross advances to customers

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Hong Kong, China	**1,438,401**	1,431,173
Chinese mainland	**85,904**	71,150
Others	**186,075**	174,563
	1,710,380	1,676,886
Impairment allowances made in respect of the gross advances to customers – Stages 1 and 2		
Hong Kong, China	**5,931**	4,850
Chinese mainland	**295**	189
Others	**2,091**	1,966
	8,317	7,005

Overdue advances

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Hong Kong, China	**14,243**	15,570
Chinese mainland	**436**	506
Others	**2,589**	3,296
	17,268	19,372
Impairment allowances made in respect of the overdue advances – Stage 3		
Hong Kong, China	**4,236**	4,909
Chinese mainland	**212**	275
Others	**1,584**	2,179
	6,032	7,363

3. Financial risk management (continued)

3.1 Credit risk (continued)

(A) Advances and other accounts (continued)

(d) Concentration of advances to customers (continued)

(ii) Geographical analysis of gross advances to customers (continued)

Impaired advances

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Hong Kong, China	**14,261**	13,795
Chinese mainland	**409**	348
Others	**2,774**	3,509
	17,444	17,652
Impairment allowances made in respect of the impaired advances – Stage 3		
Hong Kong, China	**4,590**	5,326
Chinese mainland	**293**	275
Others	**1,776**	2,349
	6,659	7,950

(B) Repossessed assets

The estimated market value of repossessed assets held by the Group as at 30 June 2025 amounted to HK$420 million (31 December 2024: HK$80 million). The repossessed assets mainly comprise securities and properties in respect of which the Group has acquired access or control (e.g. through court proceedings or voluntary actions by the proprietors concerned) and the carrying amount of the loan concerned is reduced correspondingly.

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

As at 30 June 2025, gross overdue or impaired balances and placements with banks and other financial institutions amounted to HK$31 million (31 December 2024: HK$31 million). The aforesaid balances and placements have been overdue for more than one year as at 30 June 2025 and 31 December 2024.

3. Financial risk management (continued)

3.1 Credit risk (continued)

(D) Debt securities and certificates of deposit

The following tables present an analysis of the carrying value of debt securities and certificates of deposit by issue rating and stage classification. In the absence of such issue ratings, the ratings designated for the issuers are reported.

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Investment in securities at fair value through other comprehensive income		
– Stage 1		
Aaa	**204,173**	227,802
Aa1 to Aa3	**556,048**	412,573
A1 to A3	**482,897**	340,936
Lower than A3	**21,627**	23,081
Unrated	**46,572**	42,777
	1,311,317	1,047,169
– Stage 2	**–**	–
– Stage 3	**–**	–
	1,311,317	1,047,169
Of which: impairment allowances	**(298)**	(253)
Investment in securities at amortised cost		
– Stage 1		
Aaa	**81,782**	102,083
Aa1 to Aa3	**44,106**	22,912
A1 to A3	**28,522**	37,722
Lower than A3	**6,876**	7,553
Unrated	**6,588**	7,202
	167,874	177,472
– Stage 2	**–**	–
– Stage 3	**–**	–
	167,874	177,472
Impairment allowances	**(63)**	(50)
	167,811	177,422
Financial assets at fair value through profit or loss		
Aaa	**3,042**	4,769
Aa1 to Aa3	**88,099**	82,966
A1 to A3	**104,744**	82,189
Lower than A3	**9,730**	11,347
Unrated	**11,290**	7,756
	216,905	189,027

As at 30 June 2025, there were no impaired debt securities and certificates of deposit (31 December 2024: Nil). Debt securities and certificates of deposit which have been overdue for over one year amounted to HK$43 million (31 December 2024: Debt securities and certificates of deposit which have been overdue for one year or less but over six months and overdue for over one year amounted to HK$12 million and HK$31 million respectively) and were measured at fair value through profit or loss.

3. Financial risk management (continued)

3.2 Market risk

(A) VaR

The Group uses the VaR to measure and report general market risks to the RC and senior management on a periodic basis. The Group adopts a uniformed VaR calculation model, using a historical simulation approach and two years of historical market data, to calculate the VaR of the Group and its subsidiaries over a one-day holding period with a 99% confidence level, and sets up the VaR limit of the Group and its subsidiaries.

The following table sets out the VaR for all general market risk exposures[1] of the Group.

	Year	At 30 June HK$'m	Minimum for the first half of year HK$'m	Maximum for the first half of year HK$'m	Average for the first half of year HK$'m
VaR for all market risk	**2025**	**120.4**	**93.9**	**151.5**	**118.0**
	2024	138.6	67.9	138.6	89.6
VaR for foreign exchange risk	**2025**	**35.2**	**31.2**	**52.9**	**41.4**
	2024	44.8	26.0	64.4	40.8
VaR for interest rate risk in the trading book	**2025**	**121.7**	**99.6**	**134.3**	**113.4**
	2024	139.0	64.0	139.0	90.6
VaR for equity risk in the trading book	**2025**	**7.2**	**4.8**	**10.4**	**8.2**
	2024	1.5	0.3	8.0	1.6
VaR for commodity risk	**2025**	**39.9**	**0.0**	**39.9**	**12.1**
	2024	0.7	0.0	7.6	2.1

Note:

1. Structural FX positions have been excluded.

Although there is a valuable guide to market risk, VaR should always be viewed in the context of its limitations. For example:

– the use of historical market data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;

– the use of a one-day holding period assumes that all positions can be liquidated or hedged in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;

– the use of a 99% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence; and

– VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures.

3. Financial risk management (continued)

3.2 Market risk (continued)

(A) VaR (continued)

The Group recognises these limitations by formulating stress test indicators and limits to assess and manage the market risk uncovered by VaR. The stress testing programme of the market risk includes sensitivity testing on changes in risk factors with various degrees of severity, as well as scenario analysis on historical events including the 1987 Equity Market Crash, 1994 Bond Market Crash, 1997 Asian Financial Crisis, 2001 9-11 event and 2008 Financial Tsunami, etc.

(B) Currency risk

The Group's assets and liabilities are denominated in major currencies, particularly HK Dollar, US Dollar and Renminbi. To ensure the currency risk exposure of the Group is kept to an acceptable level, risk limits (e.g. Position and VaR limit) are used to serve as a monitoring tool. Moreover, the Group seeks to minimise the gap between assets and liabilities in the same currency. Foreign exchange contracts (e.g. FX swaps) are usually used to manage FX risk associated with foreign currency-denominated assets and liabilities.

The following is a summary of the Group's major foreign currency exposures arising from trading, non-trading and structural positions and is prepared with reference to the completion instructions for the HKMA return of foreign currency position. The net options position is calculated based on the basis of delta-weighted positions of all foreign exchange options contracts.

	At 30 June 2025							
	Equivalent in million of HK$							
	US Dollars	**Pound Sterling**	**Japanese Yen**	**Euro**	**Renminbi**	**Australian Dollars**	**Other foreign currencies**	**Total foreign currencies**
Spot assets	**1,228,705**	**26,443**	**142,004**	**68,680**	**828,723**	**29,365**	**105,099**	**2,429,019**
Spot liabilities	**(1,199,814)**	**(29,702)**	**(25,188)**	**(36,388)**	**(543,880)**	**(38,403)**	**(104,827)**	**(1,978,202)**
Forward purchases	**2,368,414**	**32,276**	**106,633**	**90,702**	**1,292,365**	**40,767**	**115,841**	**4,046,998**
Forward sales	**(2,368,340)**	**(26,301)**	**(223,797)**	**(122,858)**	**(1,576,383)**	**(31,452)**	**(115,947)**	**(4,465,078)**
Net options position	**6,013**	**(2,936)**	**383**	**305**	**(1,215)**	**(158)**	**(107)**	**2,285**
Net long/(short) position	**34,978**	**(220)**	**35**	**441**	**(390)**	**119**	**59**	**35,022**

	At 31 December 2024							
	Equivalent in million of HK$							
	US Dollars	Pound Sterling	Japanese Yen	Euro	Renminbi	Australian Dollars	Other foreign currencies	Total foreign currencies
Spot assets	1,188,738	22,899	126,087	45,278	782,041	23,869	91,042	2,279,954
Spot liabilities	(1,188,269)	(27,057)	(28,149)	(38,663)	(576,857)	(32,561)	(86,299)	(1,977,855)
Forward purchases	2,131,692	24,750	96,893	124,131	1,179,401	52,133	91,755	3,700,755
Forward sales	(2,115,735)	(20,470)	(188,877)	(130,446)	(1,372,220)	(43,279)	(97,584)	(3,968,611)
Net options position	2,651	(21)	301	(19)	(2,932)	(59)	(50)	(129)
Net long/(short) position	19,077	101	6,255	281	9,433	103	(1,136)	34,114

3. Financial risk management (continued)

3.2 Market risk (continued)

(B) Currency risk (continued)

	At 30 June 2025						
	Equivalent in million of HK$						
	US Dollars	Baht	Malaysian Ringgit	Philippine Peso	Rupiah	Other foreign currencies	Total foreign currencies
Net structural position	**8,936**	**3,429**	**4,357**	**2,414**	**4,556**	**2,193**	**25,885**

	At 31 December 2024						
	Equivalent in million of HK$						
	US Dollars	Baht	Malaysian Ringgit	Philippine Peso	Rupiah	Other foreign currencies	Total foreign currencies
Net structural position	8,559	2,971	3,682	2,155	4,076	1,936	23,379

3. Financial risk management (continued)

3.2 Market risk (continued)

(C) Interest rate risk

The tables below summarise the Group's on-balance sheet exposure to interest rate risk. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing date and maturity date.

	At 30 June 2025						
	Up to 1 month HK$'m	1 to 3 months HK$'m	3 to 12 months HK$'m	1 to 5 years HK$'m	Over 5 years HK$'m	Non-interest bearing HK$'m	Total HK$'m
Assets							
Cash and balances and placements with banks and other financial institutions	322,469	55,666	41,720	721	–	61,680	482,256
Financial assets at fair value through profit or loss	32,356	16,235	45,490	54,556	82,573	39,826	271,036
Derivative financial instruments	–	–	–	–	–	52,829	52,829
Hong Kong SAR Government certificates of indebtedness	–	–	–	–	–	234,760	234,760
Advances and other accounts	1,338,310	184,252	77,074	84,095	11,275	6,795	1,701,801
Investment in securities							
– At FVOCI	341,952	214,855	403,606	249,272	101,632	4,929	1,316,246
– At amortised cost	6,135	4,250	33,597	84,086	39,743	–	167,811
Interests in associates and joint ventures	–	–	–	–	–	1,215	1,215
Investment properties	–	–	–	–	–	13,066	13,066
Properties, plant and equipment	–	–	–	–	–	35,409	35,409
Other assets (including current and deferred tax assets)	17,469	–	–	–	–	105,924	123,393
Total assets	2,058,691	475,258	601,487	472,730	235,223	556,433	4,399,822
Liabilities							
Hong Kong SAR currency notes in circulation	–	–	–	–	–	234,760	234,760
Deposits and balances from banks and other financial institutions	306,293	3,514	2,604	–	–	20,866	333,277
Financial liabilities at fair value through profit or loss	26,566	36,254	8,456	2,962	837	–	75,075
Derivative financial instruments	–	–	–	–	–	55,016	55,016
Deposits from customers	1,952,024	460,648	193,918	1,419	1	261,439	2,869,449
Debt securities and certificates of deposit in issue	–	–	54	11,019	–	–	11,073
Other accounts and provisions (including current and deferred tax liabilities)	19,281	6	73	693	610	162,112	182,775
Insurance contract liabilities	–	–	–	–	–	212,013	212,013
Subordinated liabilities	–	–	–	48,347	26,983	–	75,330
Total liabilities	2,304,164	500,422	205,105	64,440	28,431	946,206	4,048,768
Interest sensitivity gap	(245,473)	(25,164)	396,382	408,290	206,792	(389,773)	351,054

3. Financial risk management (continued)

3.2 Market risk (continued)

(C) Interest rate risk (continued)

	At 31 December 2024						
	Up to 1 month HK$'m	1 to 3 months HK$'m	3 to 12 months HK$'m	1 to 5 years HK$'m	Over 5 years HK$'m	Non-interest bearing HK$'m	Total HK$'m
Assets							
Cash and balances and placements with banks and other financial institutions	450,697	24,723	82,285	823	–	51,407	609,935
Financial assets at fair value through profit or loss	13,042	46,835	39,308	29,658	71,424	26,889	227,156
Derivative financial instruments	–	–	–	–	–	73,914	73,914
Hong Kong SAR Government certificates of indebtedness	–	–	–	–	–	223,510	223,510
Advances and other accounts	1,387,031	106,490	85,821	68,466	10,051	8,443	1,666,302
Investment in securities							
– At FVOCI	211,132	218,426	287,753	228,323	101,535	4,531	1,051,700
– At amortised cost	6,581	10,897	32,584	88,934	38,426	–	177,422
Interests in associates and joint ventures	–	–	–	–	–	1,196	1,196
Investment properties	–	–	–	–	–	14,046	14,046
Properties, plant and equipment	–	–	–	–	–	38,242	38,242
Other assets (including current and deferred tax assets)	16,041	–	–	–	–	94,944	110,985
Total assets	2,084,524	407,371	527,751	416,204	221,436	537,122	4,194,408
Liabilities							
Hong Kong SAR currency notes in circulation	–	–	–	–	–	223,510	223,510
Deposits and balances from banks and other financial institutions	320,091	7,392	7,196	–	–	17,373	352,052
Financial liabilities at fair value through profit or loss	38,287	14,215	21,863	4,336	120	–	78,821
Derivative financial instruments	–	–	–	–	–	56,779	56,779
Deposits from customers	1,667,379	641,555	226,444	1,149	–	176,883	2,713,410
Debt securities and certificates of deposit in issue	–	–	–	5,296	–	–	5,296
Other accounts and provisions (including current and deferred tax liabilities)	30,036	12	111	719	560	135,135	166,573
Insurance contract liabilities	–	–	–	–	–	183,755	183,755
Subordinated liabilities	–	–	–	46,206	25,776	–	71,982
Total liabilities	2,055,793	663,174	255,614	57,706	26,456	793,435	3,852,178
Interest sensitivity gap	28,731	(255,803)	272,137	358,498	194,980	(256,313)	342,230

Assets and liabilities in the tables, including insurance contract liabilities, are measured in accordance with relevant accounting standards as described in Note 1(b) material accounting policies.

3. Financial risk management (continued)

3.3 Liquidity risk

(A) Liquidity coverage ratio and net stable funding ratio

	2025	2024
Average value of liquidity coverage ratio		
– First quarter	**231.50%**	223.79%
– Second quarter	**185.34%**	250.58%

Average value of liquidity coverage ratio is calculated based on the arithmetic mean of the liquidity coverage ratio as at the end of each working day in the quarter and the calculation methodology and instructions set out in the HKMA return of liquidity position.

	2025	2024
Quarter-end value of net stable funding ratio		
– First quarter	**140.67%**	140.36%
– Second quarter	**139.34%**	140.96%

Quarter-end value of net stable funding ratio is calculated based on the calculation methodology and instructions set out in the HKMA return of stable funding position.

Liquidity coverage ratio and net stable funding ratio are computed on the consolidated basis which comprise the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Liquidity) Rules.

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

(B) Maturity analysis

The following analysis of the Group's assets and liabilities into relevant maturity groupings is based on the remaining period at balance sheet date to the contractual maturity date.

	At 30 June 2025							
	On demand HK$'m	Up to 1 month HK$'m	1 to 3 months HK$'m	3 to 12 months HK$'m	1 to 5 years HK$'m	Over 5 years HK$'m	Indefinite HK$'m	Total HK$'m
Assets								
Cash and balances and placements with banks and other financial institutions	280,296	103,478	54,930	41,353	2,199	–	–	482,256
Financial assets at fair value through profit or loss	–	30,106	16,577	45,951	56,797	81,365	40,240	271,036
Derivative financial instruments	15,657	3,906	6,225	8,851	13,710	4,480	–	52,829
Hong Kong SAR Government certificates of indebtedness	234,760	–	–	–	–	–	–	234,760
Advances and other accounts	388,802	63,490	52,035	197,270	555,914	433,353	10,937	1,701,801
Investment in securities								
– At FVOCI	–	263,178	225,191	410,209	266,126	146,613	4,929	1,316,246
– At amortised cost	–	5,655	4,773	33,810	83,709	39,864	–	167,811
Interests in associates and joint ventures	–	–	–	–	–	–	1,215	1,215
Investment properties	–	–	–	–	–	–	13,066	13,066
Properties, plant and equipment	–	–	–	–	–	–	35,409	35,409
Other assets (including current and deferred tax assets)	36,775	43,574	833	5,228	9,660	24,703	2,620	123,393
Total assets	956,290	513,387	360,564	742,672	988,115	730,378	108,416	4,399,822
Liabilities								
Hong Kong SAR currency notes in circulation	234,760	–	–	–	–	–	–	234,760
Deposits and balances from banks and other financial institutions	221,941	105,223	3,509	2,604	–	–	–	333,277
Financial liabilities at fair value through profit or loss	–	26,565	36,267	8,463	2,949	831	–	75,075
Derivative financial instruments	12,426	5,734	7,021	12,265	13,530	4,040	–	55,016
Deposits from customers	1,665,349	548,114	460,648	193,918	1,419	1	–	2,869,449
Debt securities and certificates of deposit in issue	–	–	–	122	10,951	–	–	11,073
Other accounts and provisions (including current and deferred tax liabilities)	52,430	113,627	955	10,477	5,031	255	–	182,775
Insurance contract liabilities	–	1,177	3,302	14,193	44,893	131,665	–	195,230
Subordinated liabilities	–	–	–	1,017	47,679	26,634	–	75,330
Total liabilities	2,186,906	800,440	511,702	243,059	126,452	163,426	–	4,031,985
Net liquidity gap	(1,230,616)	(287,053)	(151,138)	499,613	861,663	566,952	108,416	367,837

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

(B) Maturity analysis (continued)

	At 31 December 2024							
	On demand HK$'m	Up to 1 month HK$'m	1 to 3 months HK$'m	3 to 12 months HK$'m	1 to 5 years HK$'m	Over 5 years HK$'m	Indefinite HK$'m	Total HK$'m
Assets								
Cash and balances and placements with banks and other financial institutions	291,741	210,363	24,736	81,549	1,546	–	–	609,935
Financial assets at fair value through profit or loss	–	7,992	50,923	39,673	31,113	70,518	26,937	227,156
Derivative financial instruments	15,463	8,576	8,769	20,571	14,751	5,784	–	73,914
Hong Kong SAR Government certificates of indebtedness	223,510	–	–	–	–	–	–	223,510
Advances and other accounts	360,278	67,176	76,275	186,745	532,964	433,028	9,836	1,666,302
Investment in securities								
– At FVOCI	–	175,053	219,194	290,372	239,277	123,273	4,531	1,051,700
– At amortised cost	–	6,331	11,480	33,140	88,437	38,034	–	177,422
Interests in associates and joint ventures	–	–	–	–	–	–	1,196	1,196
Investment properties	–	–	–	–	–	–	14,046	14,046
Properties, plant and equipment	–	–	–	–	–	–	38,242	38,242
Other assets (including current and deferred tax assets)	35,571	34,461	720	4,093	10,853	22,692	2,595	110,985
Total assets	926,563	509,952	392,097	656,143	918,941	693,329	97,383	4,194,408
Liabilities								
Hong Kong SAR currency notes in circulation	223,510	–	–	–	–	–	–	223,510
Deposits and balances from banks and other financial institutions	187,590	149,874	7,392	7,196	–	–	–	352,052
Financial liabilities at fair value through profit or loss	–	38,287	14,238	21,863	4,313	120	–	78,821
Derivative financial instruments	11,744	6,421	7,788	12,766	13,894	4,166	–	56,779
Deposits from customers	1,264,522	579,740	641,555	226,444	1,149	–	–	2,713,410
Debt securities and certificates of deposit in issue	–	–	–	10	5,286	–	–	5,296
Other accounts and provisions (including current and deferred tax liabilities)	61,235	91,724	2,595	5,064	5,679	276	–	166,573
Insurance contract liabilities	–	2,155	2,401	11,111	46,609	107,363	–	169,639
Subordinated liabilities	–	–	–	213	46,047	25,722	–	71,982
Total liabilities	1,748,601	868,201	675,969	284,667	122,977	137,647	–	3,838,062
Net liquidity gap	(822,038)	(358,249)	(283,872)	371,476	795,964	555,682	97,383	356,346

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

(B) Maturity analysis (continued)

The analysis of debt securities by remaining period to maturity is based on contractual maturity date. The disclosure does not imply that the securities will be held to maturity.

The above analysis in respect of insurance contract liabilities represents the estimated timing of net cash outflows resulting from recognised insurance contract liabilities on the balance sheet and excludes the contractual service margin and risk adjustment for non-financial risk.

3.4 Insurance risk

The Group is in the business of insuring against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. The Group manages these risks through the application of its underwriting strategy, reinsurance arrangements and regular experience monitoring.

The underwriting strategy is intended to set premium pricing at an appropriate level that corresponds with the underlying exposure of the risks underwritten and the Group's underwriting procedures include screening processes, such as the review of health condition and family medical history to ensure alignment with the underwriting strategy.

Within the insurance process, concentrations of risk may arise where a particular event or a series of events could impact heavily on the Group's claim liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant claim liabilities could arise.

For the in-force insurance contracts, most of the underlying insurance liabilities are related to endowment, universal life, annuity, whole life and unit-linked insurance products. For most of the insurance policies issued, the Group has a retention limit on any single life insured. The Group cedes the excess of the insured benefit over the limit to reinsurer under an excess of loss reinsurance arrangement. For some of the insurance business, the Group has entered into reinsurance arrangements that reinsure most of the insurance risk.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality, morbidity and persistency. In this regard, the Group has conducted relevant experience studies and researches regularly to identify emerging trends. Results would be taken into account in pricing and underwriting management. The results of such studies are also considered in determining the assumptions used in the estimates of fulfilment cash flows.

Change in assumptions

The Group has updated the discount rates to reflect the changes in Group's experience and market conditions.

3. Financial risk management (continued)

3.5 Capital management

The HKMA supervises BOCHK and certain subsidiaries specified by the HKMA on a consolidated and solo basis and, as such, receives information on the capital adequacy of, and sets capital requirements for those companies as a whole. Individual overseas banking subsidiaries and branches are directly regulated by their local banking supervisors, who set and monitor their capital adequacy requirements. Certain non-banking financial subsidiaries are also subject to the supervision and capital requirements of local regulatory authorities.

The Group has adopted the foundation internal ratings-based ("FIRB") approach to calculate the credit risk capital charge for the majority of its non-securitisation exposures. Small residual credit exposures are remained under the standardised (credit risk) ("STC") approach. The Group has adopted the reduced basic credit valuation adjustment ("CVA") approach to calculate the capital charge for the CVA risk of the counterparty.

Effective from 1 January 2025, the Group has adopted the standardised approach to calculate market risk capital requirements in accordance with the HKMA's Supervisory Policy Manual MR-1 "Market Risk Capital Charge".

Effective from 1 January 2025, the Group has adopted the standardised approach under the Basel III final reform package to calculate the operational risk capital charge.

The HKMA has classified BOCHK as a material subsidiary of the BOC resolution group and required BOCHK to comply with the applicable internal loss-absorbing capacity requirements under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ("LAC Rules"), with compliance period starting from 1 January 2023.

(A) Basis of regulatory consolidation

The consolidation basis for regulatory purposes comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Capital) Rules. For accounting purposes, subsidiaries are consolidated in accordance with HKFRSs.

The Company, its subsidiaries (BOC Group Life Assurance Company Limited and BOCHK Asset Management (Cayman) Limited (including their subsidiaries)) and certain subsidiaries of BOCHK are included within the accounting scope of consolidation but not included within the regulatory scope of consolidation.

3. Financial risk management (continued)

3.5 Capital management (continued)

(A) Basis of regulatory consolidation (continued)

The particulars of the above-mentioned subsidiaries of BOCHK are as follows:

	At 30 June 2025		At 31 December 2024	
Name	**Total assets HK$'m**	**Total equity HK$'m**	Total assets HK$'m	Total equity HK$'m
BOC Group Trustee Company Limited	**201**	**201**	201	201
BOCI-Prudential Trustee Limited	**684**	**525**	656	529
Bank of China (Hong Kong) Nominees Limited	**–**	**–**	–	–
Bank of China (Hong Kong) Trustees Limited	**9**	**8**	9	8
BOC Digital Services (Nanning) Company Limited	**130**	**58**	112	52
BOCHK Information Technology (Shenzhen) Co., Ltd.	**356**	**250**	362	256
BOCHK Information Technology Services (Shenzhen) Co., Ltd.	**394**	**347**	404	339
Po Sang Financial Investment Services Company Limited	**346**	**346**	347	346
Po Sang Securities Limited	**562**	**389**	1,016	381
Sin Hua Trustee Limited	**4**	**4**	4	4
Billion Express Development Inc.	**–**	**–**	–	–
Billion Orient Holdings Ltd.	**–**	**–**	–	–
Elite Bond Investments Ltd.	**–**	**–**	–	–
Express Capital Enterprise Inc.	**–**	**–**	–	–
Express Charm Holdings Corp.	**–**	**–**	–	–
Express Shine Assets Holdings Corp.	**–**	**–**	–	–
Express Talent Investment Ltd.	**–**	**–**	–	–
Gold Medal Capital Inc.	**–**	**–**	–	–
Gold Tap Enterprises Inc.	**–**	**–**	–	–
Maxi Success Holdings Ltd.	**–**	**–**	–	–
Smart Linkage Holdings Inc.	**–**	**–**	–	–
Smart Union Capital Investments Ltd.	**–**	**–**	–	–
Success Trend Development Ltd.	**–**	**–**	–	–
Wise Key Enterprises Corp.	**–**	**–**	–	–

3. Financial risk management (continued)

3.5 Capital management (continued)

(A) Basis of regulatory consolidation (continued)

The principal activities of the above subsidiaries are set out in "Appendix – Subsidiaries of the Company".

There were no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation as at 30 June 2025 (31 December 2024: Nil).

There were also no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation where the methods of consolidation differ as at 30 June 2025 (31 December 2024: Nil).

The Group operates subsidiaries in different countries/regions where capital is governed by local rules and there may be restrictions on the transfer of funds or regulatory capital between the members of the Group.

(B) Capital ratio

The capital ratios are analysed as follows:

	At 30 June 2025	At 31 December 2024
CET1 capital ratio	**23.69%**	20.02%
Tier 1 capital ratio	**23.69%**	20.02%
Total capital ratio	**25.69%**	22.00%

3. Financial risk management (continued)

3.5 Capital management (continued)

(B) Capital ratio (continued)

The consolidated capital base after deductions used in the calculation of the above capital ratios is analysed as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
CET1 capital: instruments and reserves		
Directly issued qualifying CET1 capital instruments	**43,043**	43,043
Retained earnings	**257,444**	236,932
Disclosed reserves	**41,042**	37,995
CET1 capital before regulatory deductions	**341,529**	317,970
CET1 capital: regulatory deductions		
Valuation adjustments	**(89)**	(40)
Other intangible assets (net of associated deferred tax liabilities)	**(2,049)**	(2,006)
Deferred tax assets (net of associated deferred tax liabilities)	**(222)**	(358)
Cash flow hedge reserve	**(135)**	–
Gains and losses due to changes in own credit risk on fair valued liabilities	**(15)**	(67)
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	**(39,086)**	(41,863)
Regulatory reserve for general banking risks	**(5,004)**	(6,028)
Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	**(1,050)**	(957)
Total regulatory deductions to CET1 capital	**(47,650)**	(51,319)
CET1 capital	**293,879**	266,651
AT1 capital: regulatory deductions		
Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**(1,050)**	(957)
Total regulatory deductions to AT1 capital	**(1,050)**	(957)
AT1 capital	**–**	–
Tier 1 capital	**293,879**	266,651
Tier 2 capital: instruments and provisions		
Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	**7,279**	7,491
Tier 2 capital before regulatory deductions	**7,279**	7,491
Tier 2 capital: regulatory deductions		
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	**17,589**	18,838
Total regulatory adjustments to Tier 2 capital	**17,589**	18,838
Tier 2 capital	**24,868**	26,329
Total regulatory capital	**318,747**	292,980

3. Financial risk management (continued)

3.5 Capital management (continued)

(B) Capital ratio (continued)

The capital buffer ratios are analysed as follows:

	At 30 June 2025	At 31 December 2024
Capital conservation buffer ratio	**2.500%**	2.500%
Higher loss absorbency ratio	**1.500%**	1.500%
Countercyclical capital buffer ratio	**0.419%**	0.422%

(C) Leverage ratio

The leverage ratio is analysed as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Tier 1 capital	**293,879**	266,651
Leverage ratio exposure	**4,101,313**	3,915,413
Leverage ratio	**7.17%**	6.81%

4. Fair values of financial assets and liabilities

All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as defined in HKFRS 13, "Fair value measurement". The categorisation are determined with reference to the observability and significance of the inputs used in the valuation methods and based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities. This category includes equity securities listed on exchange, debt instruments issued by certain governments and certain exchange-traded derivative contracts.

– Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly. This category includes majority of the over-the-counter ("OTC") derivative contracts, debt securities and certificates of deposit with quote from pricing services vendors, issued structured deposits, advances and other accounts and other debt instruments. It also includes certain foreign exchange contracts with insignificant adjustments or calibrations made to observable market inputs.

– Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This category includes equity investments, funds, advances and other accounts and other debt instruments with significant unobservable inputs.

For financial instruments that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.1 Financial instruments measured at fair value

The Group has an established governance structure and controls framework to ensure that fair values are either determined or validated by control units independent of the front offices. Control units have overall responsibility for independent verification of valuation results from front line businesses and all other significant fair value measurements. Other specific controls include verification of observable pricing inputs; review and approval for new models and changes to models; calibration and back-testing of models against observed market transactions; analysis and investigation of significant daily valuation movements; review of significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to senior management, Risk Committee and Audit Committee.

Generally, the unit of account for a financial instrument is the individual instrument. HKFRS 13 permits a portfolio exception, through an accounting policy election, to measure the fair value of a portfolio of financial assets and financial liabilities on the basis of the net open risk position when certain criteria are met. The Group applies valuation adjustments at an individual instrument level, consistent with that unit of account. According to its risk management policies and systems to manage derivative financial instruments, the fair value adjustments of certain derivative portfolios that meet those criteria are measured on the basis of the price to be received or paid for net open risk. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of its relative net risk exposure to the portfolio.

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

The Group uses valuation techniques or broker/dealer quotations to determine the fair value of financial instruments when unable to obtain the open market quotation in active markets.

The main parameters used in valuation techniques for financial instruments held by the Group include bond prices, interest rates, foreign exchange rates, equity and stock prices, commodity prices, volatilities and correlations, counterparty credit spreads and others, which are mostly observable and obtainable from open market.

The techniques used to calculate the fair value of the following financial instruments are as below:

Debt securities and certificates of deposit, advances and other accounts and other debt instruments
The fair value of these instruments is determined by obtaining quoted market prices from exchange, dealer or independent pricing service vendors or using discounted cash flow technique. Discounted cash flow model is a valuation technique that measures present value using estimated expected future cash flows from the instruments and then discounts these flows using a discount rate or discount margin that reflects the credit spreads required by the market for instruments with similar risk. These inputs are observable or can be corroborated by observable or unobservable market data.

Mortgage backed securities
For this class of instruments, external prices are obtained from independent third parties. The valuation of these securities, depending on the nature of transaction, is estimated from market standard cash flow models with input parameters which include spreads to discount rates, default and recovery rates and prepayment rates that may be observable or compiled through matrix pricing for similar issues.

Derivatives
OTC derivative contracts include forward, swap and option contracts on foreign exchange, interest rate, equity, commodity or credit. The fair values of these contracts are mainly measured using valuation techniques such as discounted cash flow models and option pricing models. The inputs can be observable or unobservable market data. Observable inputs include interest rate, foreign exchange rates, equity and stock prices, commodity prices, credit default swap spreads, volatilities and correlations. Unobservable inputs may be used for less commonly traded option products which are embedded in structured deposits. For certain complex derivative contracts, the fair values are determined based on broker/dealer price quotations.

Credit valuation adjustments ("CVAs") and debit valuation adjustments ("DVAs") are applied to the Group's OTC derivatives. These adjustments reflect market factors movement, expectations of counterparty creditworthiness and the Group's own credit spread respectively. They are mainly determined for each counterparty and are dependent on expected future values of exposures, default probabilities and recovery rates.

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

(A) Fair value hierarchy

	At 30 June 2025			
	Level 1 HK$'m	Level 2 HK$'m	Level 3 HK$'m	Total HK$'m
Financial assets				
Trading assets (Note 19)				
– Debt securities and certificates of deposit	2,226	127,881	–	130,107
– Equity securities	80	–	–	80
– Other debt instruments	–	3,801	–	3,801
Other financial assets mandatorily classified at fair value through profit or loss (Note 19)				
– Debt securities and certificates of deposit	–	37,990	43	38,033
– Equity securities	4,436	–	–	4,436
– Funds	15,336	6,112	13,862	35,310
Financial assets designated at fair value through profit or loss (Note 19)				
– Debt securities and certificates of deposit	7,505	41,260	–	48,765
– Other debt instruments	–	10,504	–	10,504
Derivative financial instruments (Note 20)	43	52,786	–	52,829
Advances and other accounts at fair value	–	2,150	–	2,150
Investment in securities at FVOCI (Note 22)				
– Debt securities and certificates of deposit	303,578	1,007,739	–	1,311,317
– Equity securities	1,031	290	3,608	4,929
Financial liabilities				
Financial liabilities at fair value through profit or loss (Note 26)				
– Trading liabilities	1,044	60,726	–	61,770
– Financial liabilities designated at fair value through profit or loss	–	13,305	–	13,305
Derivative financial instruments (Note 20)	348	54,668	–	55,016

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

(A) Fair value hierarchy (continued)

	At 31 December 2024			
	Level 1 HK$'m	Level 2 HK$'m	Level 3 HK$'m	Total HK$'m
Financial assets				
Trading assets (Note 19)				
– Debt securities and certificates of deposit	525	115,020	–	115,545
– Equity securities	51	–	–	51
– Other debt instruments	–	3,800	–	3,800
Other financial assets mandatorily classified at fair value through profit or loss (Note 19)				
– Debt securities and certificates of deposit	–	34,729	43	34,772
– Equity securities	4,861	–	–	4,861
– Funds	7,100	4,819	10,058	21,977
Financial assets designated at fair value through profit or loss (Note 19)				
– Debt securities and certificates of deposit	2,338	36,372	–	38,710
– Other debt instruments	–	7,440	–	7,440
Derivative financial instruments (Note 20)	40	73,874	–	73,914
Advances and other accounts at fair value	–	2,163	809	2,972
Investment in securities at FVOCI (Note 22)				
– Debt securities and certificates of deposit	249,452	797,717	–	1,047,169
– Equity securities	841	125	3,565	4,531
Financial liabilities				
Financial liabilities at fair value through profit or loss (Note 26)				
– Trading liabilities	565	61,638	–	62,203
– Financial liabilities designated at fair value through profit or loss	–	16,618	–	16,618
Derivative financial instruments (Note 20)	219	56,560	–	56,779

There were no financial asset and liability transfers between level 1 and level 2 for the Group during the period (31 December 2024: Nil).

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

(B) Reconciliation of level 3 items

	Half-year ended 30 June 2025			
	Financial assets			
	Other financial assets mandatorily classified at FVPL		Advances and other accounts at fair value	Investment in securities at FVOCI
	Debt securities HK$'m	Funds HK$'m	HK$'m	Equity securities HK$'m
At 1 January 2025	43	10,058	809	3,565
Gains				
– Income statement				
– Net gain on other financial instruments at fair value through profit or loss	–	117	–	–
– Other comprehensive income				
– Change in fair value	–	–	–	43
Additions	–	4,273	–	–
Disposals, redemptions and maturity	–	(586)	(809)	–
Exchange difference	–	–	–	–
At 30 June 2025	43	13,862	–	3,608
Total unrealised gains for the period included in income statement for financial assets held as at 30 June 2025				
– Net gain on other financial instruments at fair value through profit or loss	–	117	–	–

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

(B) Reconciliation of level 3 items (continued)

	Year ended 31 December 2024			
	Financial assets			
	Other financial assets mandatorily classified at FVPL		Advances and other accounts at fair value	Investment in securities at FVOCI
	Debt securities HK$'m	Funds HK$'m	HK$'m	Equity securities HK$'m
At 1 January 2024	70	7,689	863	3,262
(Losses)/gains				
– Income statement				
– Net loss on other financial instruments at fair value through profit or loss	(27)	(227)	–	–
– Other comprehensive income				
– Change in fair value	–	–	–	304
Additions	–	3,039	–	–
Disposals, redemptions and maturity	–	(443)	–	(1)
Exchange difference	–	–	(54)	–
At 31 December 2024	43	10,058	809	3,565
Total unrealised losses for the year included in income statement for financial assets held as at 31 December 2024				
– Net loss on other financial instruments at fair value through profit or loss	(27)	(227)	–	–

As at 30 June 2025 and 31 December 2024, financial instruments categorised as level 3 are mainly comprised of certain debt and equity securities, funds, advances and other accounts and unlisted equity shares.

For certain illiquid debt securities and funds, the Group obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value and market comparison approach, which may be based on unobservable inputs with significant impact on valuation. For certain equity securities, advances and other accounts, the credit spreads of comparables used in valuation techniques are unobservable inputs with significant impact on valuation. Therefore, these instruments have been classified by the Group as level 3. The Group has established internal control procedures to control the Group's exposure to such financial instruments.

4. Fair values of financial assets and liabilities (continued)

4.1 Financial instruments measured at fair value (continued)

(B) Reconciliation of level 3 items (continued)

The fair values of unlisted FVOCI equity investments are determined with reference to (i) multiples of comparable listed companies, including average of the price/earnings ratios or average of the price/book values ratios of the comparables; or (ii) dividend discount model calculation of the underlying equity investments; or (iii) net asset value with fair value adjustments on certain assets or liabilities held (if applicable), if neither appropriate comparables nor dividend discount model calculation is available or applicable. The significant unobservable inputs and their range applied in the fair values measurement of the Group's unlisted equity investments includes price/earnings ratios of the comparables of 22.01x – 40.14x, price/book values ratios of the comparables of 0.36x – 0.68x, liquidity discount of 25% – 30%, dividend payout ratio of 23.44% – 84.90% and discount rate of 9.82% – 12.54%. The fair value is positively correlated to the price/earnings ratios and price/book value ratios of appropriate comparables, forecasted stream of future dividend payout or net asset values, and is negatively correlated to the liquidity discount used in the average of price/earnings ratios and price/book value ratios of comparables or discount rate used in dividend discount model.

Had all of the significant unobservable inputs applied on the valuation techniques favourably changed/unfavourably changed by 5% (31 December 2024: 5%), the Group's other comprehensive income would have increased/decreased by HK$119 million (31 December 2024: increased by HK$122 million and decreased by HK$121 million, respectively).

4.2 Financial instruments not measured at fair value

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable.

Balances with/from banks and other financial institutions and trade bills

Substantially all the financial assets and liabilities mature within one year from the balance sheet date and their carrying value approximates fair value.

Hong Kong SAR Government certificates of indebtedness and Hong Kong SAR currency notes in circulation

The carrying value of Hong Kong SAR Government certificates of indebtedness and Hong Kong SAR currency notes in circulation approximates their fair value.

Advances to customers and banks and other financial institutions

Substantially all the advances to customers and banks and other financial institutions are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value.

4. Fair values of financial assets and liabilities (continued)

4.2 Financial instruments not measured at fair value (continued)

Investment in securities at amortised cost

The fair value of securities at amortised cost is determined by using the same approach as those debt securities and certificates of deposit and mortgage backed securities measured at fair value as described in Note 4.1.

Deposits from customers

Substantially all the deposits from customers mature within one year from the balance sheet date and their carrying value approximates fair value.

Debt securities and certificates of deposit in issue

The fair value of these instruments is determined by using the same approach as those debt securities and certificates of deposit measured at fair value as described in Note 4.1.

Subordinated liabilities

The fair value of subordinated liabilities is determined by using the same approach as those debt securities and certificates of deposit measured at fair value as described in Note 4.1 and their carrying value approximates fair value.

The following tables set out the carrying values and fair values of the financial instruments not measured at fair value, except for the above with their carrying values being approximation of fair values.

	At 30 June 2025		At 31 December 2024	
	Carrying value HK$'m	**Fair value HK$'m**	Carrying value HK$'m	Fair value HK$'m
Financial assets				
Investment in securities at amortised cost (Note 22)	**167,811**	**166,923**	177,422	173,974
Financial liabilities				
Debt securities and certificates of deposit in issue (Note 28)	**11,073**	**11,090**	5,296	5,331

5. Net interest income

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Interest income		
Advances to customers, due from banks and other financial institutions	**37,966**	45,551
Investment in securities and financial assets at fair value through profit or loss	**23,713**	25,026
Others	**389**	311
	62,068	70,888
Interest expense		
Deposits from customers, due to banks and other financial institutions	**(34,717)**	(41,801)
Debt securities and certificates of deposit in issue	**(59)**	(14)
Subordinated liabilities	**(783)**	(1,280)
Lease liabilities	**(24)**	(19)
Others	**(1,422)**	(1,792)
	(37,005)	(44,906)
Net interest income	**25,063**	25,982

Included within interest income are HK$41,285 million (first half of 2024: HK$48,442 million) and HK$17,744 million (first half of 2024: HK$15,808 million) for financial assets measured at amortised cost and at fair value through other comprehensive income respectively.

Included within interest expense are HK$36,181 million (first half of 2024: HK$43,968 million) for financial liabilities that are not measured at fair value through profit or loss.

6. Net fee and commission income

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Fee and commission income		
Securities brokerage	**1,579**	962
Loan commissions	**1,355**	1,352
Credit card business	**1,314**	1,229
Insurance	**1,162**	360
Trust and custody services	**509**	431
Funds distribution	**445**	323
Payment services	**388**	364
Currency exchange	**247**	267
Bills commissions	**214**	216
Safe deposit box	**146**	143
Funds management	**55**	17
Others	**675**	913
	8,089	6,577
Fee and commission expense		
Credit card business	**(999)**	(909)
Securities brokerage	**(230)**	(138)
Others	**(568)**	(530)
	(1,797)	(1,577)
Net fee and commission income	**6,292**	5,000
Of which arise from:		
Financial assets or financial liabilities not at fair value through profit or loss		
– Fee and commission income	**1,473**	1,476
– Fee and commission expense	**(6)**	(4)
	1,467	1,472
Trust and other fiduciary activities		
– Fee and commission income	**604**	529
– Fee and commission expense	**(28)**	(27)
	576	502

7. Net trading gain

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net gain/(loss) from:		
Foreign exchange and foreign exchange products	**11,353**	4,754
Interest rate instruments and items under fair value hedge	**769**	293
Commodities	**45**	274
Equity instruments	**64**	(46)
	12,231	5,275

8. Net gain/(loss) on other financial instruments at fair value through profit or loss

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net gain on other financial instruments mandatorily classified at fair value through profit or loss	**3,109**	594
Net gain/(loss) on financial instruments designated at fair value through profit or loss	**418**	(1,462)
	3,527	(868)

9. Net loss on other financial instruments

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net loss on disposal/redemption of investment in securities at FVOCI	**(1,104)**	(203)
Net loss on redemption of investment in securities at amortised cost	**(12)**	(12)
Others	**–**	2
	(1,116)	(213)

10. Other operating income

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Dividend income		
– From investment in securities at FVOCI held at the end of the period	**57**	42
Gross rental income from investment properties	**211**	225
Less: Outgoings in respect of investment properties	**(33)**	(33)
Others	**62**	97
	297	331

Included in the "Outgoings in respect of investment properties" is HK$7 million (first half of 2024: HK$10 million) of direct operating expenses related to investment properties that were not let during the period.

11. Net charge of impairment allowances

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net (charge)/reversal of impairment allowances on:		
Advances and other accounts		
– At FVOCI	**–**	22
– At amortised cost	**(3,264)**	(2,089)
	(3,264)	(2,067)
Investment in securities		
– At FVOCI	**(38)**	(21)
– At amortised cost	**(13)**	(2)
	(51)	(23)
Others	**(3)**	9
Net charge of impairment allowances	**(3,318)**	(2,081)

12. Operating expenses

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Staff costs (including directors' emoluments)		
– Salaries and other costs	**5,176**	5,050
– Pension cost	**308**	301
	5,484	5,351
Premises and equipment expenses (excluding depreciation and amortisation)		
– Short-term leases, leases of low-value assets and variable lease payments	**16**	44
– Others	**740**	689
	756	733
Depreciation and amortisation	**1,374**	1,436
Auditor's remuneration		
– Audit services	**3**	8
– Non-audit services	**1**	1
Other operating expenses	**1,252**	1,184
	8,870	8,713
Less: Costs directly attributable to insurance contracts	**(560)**	(592)
	8,310	8,121

13. Net loss from disposal of/fair value adjustments on investment properties

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net loss from fair value adjustments on investment properties	**(991)**	(296)

14. Net loss from disposal/revaluation of properties, plant and equipment

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Net loss from disposal of equipment, fixtures and fittings	**(2)**	(2)
Net loss from revaluation of premises	**(124)**	(29)
	(126)	(31)

15. Taxation

Taxation in the income statement represents:

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Current tax		
Hong Kong profits tax		
– Current period taxation	**4,272**	3,808
– Over-provision in prior periods	**(3)**	(44)
	4,269	3,764
Taxation outside Hong Kong		
– Current period taxation	**563**	791
– (Over)/under-provision in prior periods	**(21)**	1
	4,811	4,556
Deferred tax		
Origination and reversal of temporary differences and unused tax credits	**(332)**	(303)
	4,479	4,253

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong for the first half of 2025. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the first half of 2025 at the rates of taxation prevailing in the countries/regions in which the Group operates.

The taxation on the Group's profit before taxation that differs from the theoretical amount that would arise using the taxation rate of Hong Kong is as follows:

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Profit before taxation	**27,275**	24,716
Calculated at a taxation rate of 16.5% (2024: 16.5%)	**4,500**	4,078
Effect of different taxation rates in other countries/regions	**115**	97
Income not subject to taxation	**(919)**	(1,300)
Expenses not deductible for taxation purposes	**553**	994
Over-provision in prior periods	**(24)**	(43)
Tax losses not recognised	**67**	–
Withholding tax outside Hong Kong	**173**	414
Others	**14**	13
Taxation charge	**4,479**	4,253
Effective tax rate	**16.4%**	17.2%

15. Taxation (continued)

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

The Group is within the scope of the OECD's Pillar Two model rules. Pillar Two legislation was enacted in Vietnam, Hong Kong (China), Indonesia, Malaysia and Thailand, among the jurisdictions in which the Group operates and has become effective in Vietnam since 1 January 2024 and in Hong Kong (China), Indonesia, Malaysia and Thailand from 1 January 2025 respectively. Under the Pillar Two legislation enacted in Vietnam, Hong Kong (China), Indonesia, Malaysia and Thailand, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion ("GloBE") effective tax rate for these five jurisdictions, and the 15% minimum rate.

The Group has assessed that there shall not be related additional current tax expense. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

16. Dividends

	Half-year ended 30 June 2025		Half-year ended 30 June 2024	
	Per share HK$	**Total HK$'m**	Per share HK$	Total HK$'m
Interim dividend	**0.580**	**6,132**	0.570	6,026

At a meeting held on 29 April 2025, the Board declared an interim dividend of HK$0.290 per ordinary share for the first half of 2025 amounting to approximately HK$3,066 million, and was paid on 29 May 2025.

At a meeting held on 29 August 2025, the Board declared an interim dividend of HK$0.290 per ordinary share for the first half of 2025 amounting to approximately HK$3,066 million. This declared interim dividend is not reflected as a dividend payable in this interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2025.

The final dividend of HK$1.419 per ordinary share for the year ended 31 December 2024 amounting to approximately HK$15,003 million was approved at the Annual General Meeting held on 26 June 2025 and was paid on 17 July 2025.

17. Earnings per share

The calculation of basic earnings per share for the first half of 2025 is based on the consolidated profit for the period attributable to equity holders of the Company of approximately HK$22,152 million (first half of 2024: HK$20,040 million) and on the ordinary shares in issue of 10,572,780,266 shares (2024: 10,572,780,266 ordinary shares).

There was no dilution of earnings per share as no potential ordinary shares were in issue for the first half of 2025 (first half of 2024: Nil).

18. Cash and balances and placements with banks and other financial institutions

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Cash	**18,396**	20,711
Balances with central banks	**181,179**	178,747
Placements with central banks maturing within one month	**8,054**	116,633
Placements with central banks maturing between one and twelve months	**1,213**	7,653
Placements with central banks maturing over one year	**1,482**	1,094
	191,928	304,127
Balances with other banks and other financial institutions	**80,760**	92,329
Placements with other banks and other financial institutions maturing within one month	**95,470**	93,772
Placements with other banks and other financial institutions maturing between one and twelve months	**95,102**	98,679
Placements with other banks and other financial institutions maturing over one year	**717**	452
	272,049	285,232
	482,373	610,070
Less: Impairment allowances		
– Stage 1	**(86)**	(104)
– Stage 2	**–**	–
– Stage 3	**(31)**	(31)
	482,256	609,935

19. Financial assets at fair value through profit or loss

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Securities		
Trading assets		
– Treasury bills	**44,978**	59,299
– Certificates of deposit	**9,075**	13,111
– Other debt securities	**76,054**	43,135
	130,107	115,545
– Equity securities	**80**	51
	130,187	115,596
Other financial assets mandatorily classified at fair value through profit or loss		
– Certificates of deposit	**395**	390
– Other debt securities	**37,638**	34,382
	38,033	34,772
– Equity securities	**4,436**	4,861
– Funds	**35,310**	21,977
	77,779	61,610
Financial assets designated at fair value through profit or loss		
– Treasury bills	**1,335**	404
– Certificates of deposit	**15**	930
– Other debt securities	**47,415**	37,376
	48,765	38,710
Total securities	**256,731**	215,916
Other debt instruments		
Trading assets	**3,801**	3,800
Financial assets designated at fair value through profit or loss	**10,504**	7,440
Total other debt instruments	**14,305**	11,240
	271,036	227,156

19. Financial assets at fair value through profit or loss (continued)

Total securities are analysed by place of listing as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Debt securities and certificates of deposit		
– Listed in Hong Kong	**31,311**	21,219
– Listed outside Hong Kong	**58,954**	48,629
– Unlisted	**126,640**	119,179
	216,905	189,027
Equity securities		
– Listed in Hong Kong	**3,807**	2,617
– Listed outside Hong Kong	**709**	2,295
	4,516	4,912
Funds		
– Listed in Hong Kong	**5,571**	4,371
– Listed outside Hong Kong	**7,324**	2,025
– Unlisted	**22,415**	15,581
	35,310	21,977
Total securities	**256,731**	215,916

Total securities are analysed by type of issuer as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Sovereigns	**113,153**	99,456
Public sector entities	**6,182**	2,919
Banks and other financial institutions	**98,559**	74,377
Corporate entities	**38,837**	39,164
Total securities	**256,731**	215,916

20. Derivative financial instruments

The Group enters into exchange rate, interest rate, commodity, equity and credit related derivative financial instrument contracts for trading and risk management purposes.

Currency forwards represent commitments to purchase and sell foreign currency on a future date. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates or buy or sell interest rate financial instruments on a future date at an agreed price in the financial market under the administration of the stock exchange. Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contract rate of interest and the current market rate, based on a notional principal amount.

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

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

The contract/notional amounts and fair values of derivative financial instruments held by the Group are set out in the following tables. The contract/notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet dates and certain of them provide a basis for comparison with the fair values of instruments recognised on the balance sheet. 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 Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates, interest rates, commodity prices or equity prices relative to their terms. The aggregate fair values of derivative financial instruments can fluctuate significantly from time to time.

20. Derivative financial instruments (continued)

The following tables summarise the contract/notional amounts and fair values of each class of derivative financial instrument as at 30 June 2025 and 31 December 2024:

	At 30 June 2025		
	Contract/ notional amounts HK$'m	Fair values Assets HK$'m	Fair values Liabilities HK$'m
Exchange rate contracts			
Spot, forwards and futures	**296,263**	**15,187**	**(11,524)**
Swaps	**3,929,299**	**17,750**	**(24,019)**
Options	**130,658**	**603**	**(540)**
	4,356,220	**33,540**	**(36,083)**
Interest rate contracts			
Futures	**38,419**	**26**	**(9)**
Swaps	**3,026,273**	**17,299**	**(16,613)**
Options	**832**	**–**	**–**
	3,065,524	**17,325**	**(16,622)**
Commodity contracts	**45,104**	**1,944**	**(2,295)**
Equity contracts	**3,719**	**20**	**(16)**
	7,470,567	**52,829**	**(55,016)**

	At 31 December 2024		
	Contract/ notional amounts HK$'m	Fair values Assets HK$'m	Fair values Liabilities HK$'m
Exchange rate contracts			
Spot, forwards and futures	285,199	15,030	(11,801)
Swaps	3,346,471	37,910	(26,698)
Options	93,749	662	(345)
	3,725,419	53,602	(38,844)
Interest rate contracts			
Futures	70,934	26	(210)
Swaps	2,352,193	19,297	(16,832)
Options	1,284	–	–
	2,424,411	19,323	(17,042)
Commodity contracts	26,517	983	(887)
Equity contracts	730	6	(6)
	6,177,077	73,914	(56,779)

21. Advances and other accounts

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Personal loans and advances	**606,147**	600,944
Corporate loans and advances	**1,104,233**	1,075,942
Advances to customers	**1,710,380**	1,676,886
Less: Impairment allowances		
– Stage 1	**(5,427)**	(5,454)
– Stage 2	**(2,890)**	(1,551)
– Stage 3	**(6,659)**	(7,950)
	1,695,404	1,661,931
Trade bills	**2,963**	2,154
Less: Impairment allowances		
– Stage 1	**(1)**	(1)
– Stage 2	**–**	–
– Stage 3	**–**	–
	2,962	2,153
Advances to banks and other financial institutions	**3,440**	2,222
Less: Impairment allowances		
– Stage 1	**(5)**	(4)
– Stage 2	**–**	–
– Stage 3	**–**	–
	3,435	2,218
	1,701,801	1,666,302

As at 30 June 2025, advances to customers included accrued interest of HK$5,014 million (31 December 2024: HK$5,519 million).

As at 30 June 2025, advances and other accounts at fair value through other comprehensive income amounted to HK$2,150 million (31 December 2024: HK$2,163 million) and there were no mandatorily classified at fair value through profit or loss (31 December 2024: HK$809 million).

As at 30 June 2025, impairment allowance of advances and other accounts at fair value through other comprehensive income amounted to HK$6 million (31 December 2024: HK$6 million) and was credited to other comprehensive income.

22. Investment in securities

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Investment in securities at fair value through other comprehensive income		
– Treasury bills	**582,168**	474,367
– Certificates of deposit	**78,016**	43,341
– Other debt securities	**651,133**	529,461
	1,311,317	1,047,169
– Equity securities	**4,929**	4,531
	1,316,246	1,051,700
Investment in securities at amortised cost		
– Treasury bills	**5,675**	58
– Certificates of deposit	**139**	122
– Other debt securities	**162,060**	177,292
	167,874	177,472
Less: Impairment allowances		
– Stage 1	**(63)**	(50)
– Stage 2	**–**	–
– Stage 3	**–**	–
	167,811	177,422
	1,484,057	1,229,122

22. Investment in securities (continued)

Investment in securities is analysed by place of listing as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Investment in securities at fair value through other comprehensive income		
Debt securities and certificates of deposit		
– Listed in Hong Kong	**94,267**	91,396
– Listed outside Hong Kong	**258,349**	207,254
– Unlisted	**958,701**	748,519
	1,311,317	1,047,169
Equity securities		
– Listed in Hong Kong	**1,161**	966
– Listed outside Hong Kong	**160**	–
– Unlisted	**3,608**	3,565
	4,929	4,531
	1,316,246	1,051,700
Investment in securities at amortised cost		
Debt securities and certificates of deposit		
– Listed in Hong Kong	**15,453**	15,597
– Listed outside Hong Kong	**102,955**	109,574
– Unlisted	**49,403**	52,251
	167,811	177,422
	1,484,057	1,229,122
Market value of listed securities at amortised cost	**118,582**	123,226

Investment in securities is analysed by type of issuer as follows:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Sovereigns	**798,251**	682,918
Public sector entities	**183,973**	143,567
Banks and other financial institutions	**427,526**	324,209
Corporate entities	**74,307**	78,428
	1,484,057	1,229,122

23. Investment properties

	Half-year ended 30 June 2025 HK$'m	Year ended 31 December 2024 HK$'m
At 1 January	**14,046**	14,875
Additions	**57**	118
Disposals	**–**	(1)
Fair value losses	**(991)**	(1,487)
Reclassification (to)/from properties, plant and equipment (Note 24)	**(46)**	541
At period/year end	**13,066**	14,046

24. Properties, plant and equipment

	Premises HK$'m	Equipment, fixtures and fittings HK$'m	Right-of-use assets* HK$'m	Total HK$'m
Net book value at 1 January 2025	35,903	908	1,431	38,242
Additions	37	165	227	429
Disposals	–	(2)	–	(2)
Revaluation	(2,328)	–	–	(2,328)
Depreciation for the period	(545)	(181)	(267)	(993)
Reclassification from investment properties (Note 23)	46	–	–	46
Exchange difference	4	3	8	15
Net book value at 30 June 2025	33,117	893	1,399	35,409
At 30 June 2025				
Cost or valuation	33,117	6,644	3,273	43,034
Accumulated depreciation and impairment	–	(5,751)	(1,874)	(7,625)
Net book value at 30 June 2025	33,117	893	1,399	35,409
The analysis of cost or valuation of the above assets is as follows:				
At 30 June 2025				
At cost	–	6,644	3,273	9,917
At valuation	33,117	–	–	33,117
	33,117	6,644	3,273	43,034

24. Properties, plant and equipment (continued)

	Premises HK$'m	Equipment, fixtures and fittings HK$'m	Right-of-use assets* HK$'m	Total HK$'m
Net book value at 1 January 2024	39,455	1,051	1,232	41,738
Additions	1,045	249	782	2,076
Disposals	(6)	(4)	(24)	(34)
Revaluation	(2,877)	–	–	(2,877)
Depreciation for the year	(1,174)	(386)	(556)	(2,116)
Reclassification to investment properties (Note 23)	(541)	–	–	(541)
Exchange difference	1	(2)	(3)	(4)
Net book value at 31 December 2024	35,903	908	1,431	38,242
At 31 December 2024				
Cost or valuation	35,903	6,559	3,219	45,681
Accumulated depreciation and impairment	–	(5,651)	(1,788)	(7,439)
Net book value at 31 December 2024	35,903	908	1,431	38,242
The analysis of cost or valuation of the above assets is as follows:				
At 31 December 2024				
At cost	–	6,559	3,219	9,778
At valuation	35,903	–	–	35,903
	35,903	6,559	3,219	45,681

* The right-of-use assets of the Group are mainly related to lease of properties.

25. Other assets

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Precious metals	**15,777**	15,176
Intangible assets	**2,590**	2,535
Accounts receivable, prepayments and others	**66,222**	55,415
Insurance contract assets (Note 31)	**9**	2
Reinsurance contract assets	**36,639**	35,878
	121,237	109,006

26. Financial liabilities at fair value through profit or loss

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Trading liabilities		
– Short positions in securities	**61,770**	62,203
Financial liabilities designated at fair value through profit or loss		
– Repurchase agreements	**7,233**	5,807
– Structured deposits (Note 27)	**6,072**	10,811
	13,305	16,618
	75,075	78,821

As at 30 June 2025 and 31 December 2024, the difference between the carrying amount of financial liabilities designated at fair value through profit or loss and the amount that the Group would be contractually required to pay at maturity to the holders was not significant.

27. Deposits from customers

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Current, savings and other deposit accounts (per balance sheet)	**2,869,449**	2,713,410
Structured deposits reported as financial liabilities at fair value through profit or loss (Note 26)	**6,072**	10,811
	2,875,521	2,724,221
Analysed by:		
Demand deposits and current accounts		
– Corporate	**242,240**	156,246
– Personal	**97,130**	74,101
	339,370	230,347
Savings deposits		
– Corporate	**733,462**	549,864
– Personal	**591,355**	483,593
	1,324,817	1,033,457
Time, call and notice deposits		
– Corporate	**617,727**	789,749
– Personal	**593,607**	670,668
	1,211,334	1,460,417
	2,875,521	2,724,221

28. Debt securities and certificates of deposit in issue

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
At amortised cost		
– Certificates of deposit	**54**	–
– Renminbi bonds(i)	**5,540**	5,296
– Renminbi bonds(ii)	**5,479**	–
	11,073	5,296

(i) In November 2024, BOCHK issued RMB5 billion bonds, interest rate at 2% per annum payable annually, due in 2026.

(ii) In June 2025, BOCHK issued RMB5 billion bonds, interest rate at 1.79% per annum payable annually, due in 2028.

29. Other accounts and provisions

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Dividend payable	**15,003**	–
Other accounts payable and provisions	**152,251**	154,123
Lease liabilities	**1,382**	1,402
Impairment allowances on loan commitments and financial guarantee contracts		
– Stage 1	**236**	232
– Stage 2	**85**	97
– Stage 3	**43**	21
Reinsurance contract liabilities	**24**	29
	169,024	155,904

30. Deferred taxation

Deferred tax is recognised in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in this interim financial information and unused tax credits in accordance with HKAS 12 "Income Taxes".

The major components of deferred tax (assets)/liabilities recorded in the balance sheet, and the movements during the first half of 2025 and the year ended 31 December 2024 are as follows:

	Half-year ended 30 June 2025					
	Accelerated tax depreciation HK$'m	**Property revaluation HK$'m**	**Losses HK$'m**	**Impairment allowances HK$'m**	**Others HK$'m**	**Total HK$'m**
At 1 January 2025	**874**	**5,208**	**(998)**	**(1,263)**	**(1,832)**	**1,989**
(Credited)/charged to income statement (Note 15)	**(2)**	**(15)**	**96**	**(216)**	**(195)**	**(332)**
(Credited)/charged to other comprehensive income	**–**	**(431)**	**–**	**–**	**541**	**110**
Release upon disposal of equity instruments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Exchange difference	**–**	**–**	**–**	**(4)**	**(4)**	**(8)**
At 30 June 2025	**872**	**4,762**	**(902)**	**(1,483)**	**(1,490)**	**1,759**

	Year ended 31 December 2024					
	Accelerated tax depreciation HK$'m	Property revaluation HK$'m	Losses HK$'m	Impairment allowances HK$'m	Others HK$'m	Total HK$'m
At 1 January 2024	865	5,911	(918)	(1,019)	(1,577)	3,262
Charged/(credited) to income statement	9	(195)	(80)	(251)	(341)	(858)
(Credited)/charged to other comprehensive income	–	(508)	–	–	79	(429)
Release upon disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	7	7
Exchange difference	–	–	–	7	–	7
At 31 December 2024	874	5,208	(998)	(1,263)	(1,832)	1,989

30. Deferred taxation (continued)

Deferred tax assets and liabilities are offset on an individual entity basis when there is a legal right to set off current tax assets against current tax liabilities and when the deferred taxation relates to the same authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Deferred tax assets	**(2,138)**	(1,952)
Deferred tax liabilities	**3,897**	3,941
	1,759	1,989

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Deferred tax assets to be recovered after more than twelve months	**(1,876)**	(1,764)
Deferred tax liabilities to be settled after more than twelve months	**4,261**	4,935
	2,385	3,171

As at 30 June 2025, the Group has not recognised deferred tax assets in respect of tax losses amounting to HK$406 million (31 December 2024: Nil). All of the amount for the Group has no expiry date under the current tax legislation in different countries/regions.

31. Insurance contracts

(a) Analysis of remaining coverage and incurred claims for insurance contracts issued

	At 30 June 2025			
	Liabilities for remaining coverage			
	Excluding loss component HK$'m	**Loss component HK$'m**	**Liabilities for incurred claims HK$'m**	**Total HK$'m**
Insurance contract liabilities	**210,466**	**1,249**	**298**	**212,013**
Insurance contract assets (Note 25)	**(15)**	**–**	**6**	**(9)**
	210,451	**1,249**	**304**	**212,004**

	At 31 December 2024			
	Liabilities for remaining coverage			
	Excluding loss component HK$'m	Loss component HK$'m	Liabilities for incurred claims HK$'m	Total HK$'m
Insurance contract liabilities	182,352	1,084	319	183,755
Insurance contract assets (Note 25)	(2)	–	–	(2)
	182,350	1,084	319	183,753

31. Insurance contracts (continued)

(b) Analysis of the measurement components of insurance contracts not measured under the premium allocation approach

	At 30 June 2025			
		Contractual service margin		
	Present value of future cash flows and risk adjustment for non-financial risk HK$'m	Contracts recognised after transition date HK$'m	Contracts measured under the fair value approach at transition HK$'m	Total HK$'m
Insurance contract liabilities	**195,644**	**11,337**	**5,031**	**212,012**
Insurance contract assets	**(1)**	**–**	**–**	**(1)**
	195,643	**11,337**	**5,031**	**212,011**

	At 31 December 2024			
		Contractual service margin		
	Present value of future cash flows and risk adjustment for non-financial risk HK$'m	Contracts recognised after transition date HK$'m	Contracts measured under the fair value approach at transition HK$'m	Total HK$'m
Insurance contract liabilities	169,977	8,398	5,379	183,754
Insurance contract assets	(1)	–	–	(1)
	169,976	8,398	5,379	183,753

32. Subordinated liabilities

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Subordinated loans, at amortised cost		
RMB28.5 billion(i)	**31,682**	30,282
RMB7.5 billion(ii)	**8,336**	7,965
RMB7.5 billion(iii)	**8,328**	7,959
RMB17.0 billion(iv)	**18,887**	18,037
RMB7.3 billion(v)	**8,097**	7,739
	75,330	71,982

In compliance with the applicable internal loss-absorbing capacity requirements under LAC rules, BOC has granted non-capital loss-absorbing capacity debt instruments totalling RMB67.8 billion to BOCHK in 2024.

(i) Interest rate at 2.11% per annum payable annually, due in 2026 with early repayment option.

(ii) Interest rate at 2.19% per annum payable annually, due in 2028 with early repayment option.

(iii) Interest rate at 2.13% per annum payable annually, due in 2028 with early repayment option.

(iv) Interest rate at 2.28% per annum payable annually, due in 2030 with early repayment option.

(v) Interest rate at 2.10% per annum payable annually, due in 2030 with early repayment option.

33. Share capital

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Issued and fully paid:		
10,572,780,266 ordinary shares	**52,864**	52,864

34. Notes to condensed consolidated cash flow statement

(a) Reconciliation of operating profit to operating cash (outflow)/inflow before taxation

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Operating profit	**28,394**	25,134
Depreciation and amortisation	**1,374**	1,436
Net charge of impairment allowances	**3,318**	2,081
Unwind of discount on impairment allowances	**(45)**	(120)
Advances written off net of recoveries	**(3,496)**	(306)
Net movements in cash flow hedge reserve	**132**	–
Interest expense on lease liabilities	**24**	19
Change in subordinated liabilities	**3,348**	(27)
Change in balances and placements with banks and other financial institutions with original maturity over three months	**20,587**	(5,943)
Change in financial assets at fair value through profit or loss	**(57,541)**	(32,901)
Change in derivative financial instruments	**19,322**	(1,831)
Change in advances and other accounts	**(35,521)**	2,132
Change in investment in securities	**(174,429)**	(60,754)
Change in other assets	**(11,249)**	(21,152)
Change in deposits and balances from banks and other financial institutions	**(18,775)**	(51,556)
Change in financial liabilities at fair value through profit or loss	**(3,746)**	5,046
Change in deposits from customers	**156,039**	136,606
Change in debt securities and certificates of deposit in issue	**5,777**	(1,999)
Change in other accounts and provisions	**(1,871)**	13,489
Change in insurance and reinsurance contract assets/liabilities	**26,563**	11,673
Effect of changes in exchange rates	**(12,840)**	11,831
Operating cash (outflow)/inflow before taxation	**(54,635)**	32,858

(b) Analysis of the balances of cash and cash equivalents

	At 30 June 2025 HK$'m	At 30 June 2024 HK$'m
Cash and balances and placements with banks and other financial institutions with original maturity within three months	**385,599**	630,713
Treasury bills, certificates of deposit and other debt instruments with original maturity within three months		
– financial assets at fair value through profit or loss	**16,179**	24,801
– investment in securities	**200,702**	47,929
	602,480	703,443

35. Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment and the aggregate credit risk-weighted amount and is prepared with reference to the completion instructions for the HKMA return of capital adequacy ratio. In response to the HKMA revision of the relevant completion instructions, which took effect from 1 January 2025, the following analysis at 30 June 2025 is prepared with reference to the revised completion instructions:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Direct credit substitutes	**2,814**	1,104
Transaction-related contingencies	**37,449**	35,614
Trade-related contingencies	**11,529**	12,609
Commitments that are unconditionally cancellable without prior notice	**627,053**	625,977
Other commitments with an original maturity of		
– up to one year	**23,459**	16,093
– over one year	**183,334**	162,762
Others	**1,808**	–
	887,446	854,159
Credit risk-weighted amount	**73,778**	74,205

The credit risk-weighted amount is calculated in accordance with the Banking (Capital) Rules. The amount is dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

36. Capital commitments

The Group has the following outstanding capital commitments not provided for in this interim financial information:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Authorised and contracted for but not provided for	**697**	446
Authorised but not contracted for	**187**	132
	884	578

The above capital commitments mainly relate to commitments to purchase computer equipment and software, and to renovate the Group's premises.

37. Operating lease commitments

As lessor

The Group has contracted with tenants for the following future minimum lease receivables under non-cancellable operating leases:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Properties and equipment		
– Not later than one year	**358**	375
– One to two years	**218**	199
– Two to three years	**97**	81
– Three to four years	**2**	4
– Four to five years	**–**	–
	675	659

The Group leases its investment properties under operating lease arrangements, with leases typically for a period from one to three years. The terms of the leases generally require the tenants to pay security deposits and provide for rent adjustments according to the prevailing market conditions upon the lease renewal.

38. Segmental reporting

The Group manages the business mainly from a business segment perspective and over 90% of the Group's revenues, profits before tax and assets are derived from Hong Kong. Currently, four operating segments are identified: Personal Banking, Corporate Banking, Treasury and Insurance. The classification of the Group's operating segments is based on customer segment and product type, which is aligned with the RPC (relationship, product and channel) management model of the Group.

Both Personal Banking and Corporate Banking provide general banking services including various deposit products, overdrafts, loans, credit cards, trade related products and other credit facilities, investment and insurance products, and foreign currency and derivative products. Personal Banking mainly serves retail customers and small enterprises, while Corporate Banking mainly deals with corporate customers. Treasury manages the funding and liquidity, and the interest rate and foreign exchange positions of the Group in addition to proprietary trades. The Insurance segment represents business mainly relating to life insurance products, including individual life insurance and group life insurance products. "Others" mainly represents the Group's holdings of premises, investment properties, equity investments, certain interests in associates and joint ventures and the businesses of the Southeast Asian entities.

Measurement of segment assets, liabilities, income, expenses, results and capital expenditure is based on the Group's accounting policies. The segment information includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment funding is charged according to the internal funds transfer pricing mechanism of the Group, which is primarily based on market rates with the consideration of specific features of the product.

As the Group derives a majority of revenue from interest and the senior management relies primarily on net interest income in managing the business, interest income and expense for all reportable segments are presented on a net basis. Under the same consideration, insurance service result is also presented on a net basis.

38. Segmental reporting (continued)

	Personal Banking HK$'m	Corporate Banking HK$'m	Treasury HK$'m	Insurance HK$'m	Others HK$'m	Subtotal HK$'m	Eliminations HK$'m	Consolidated HK$'m
Half-year ended 30 June 2025								
Net interest (expense)/income								
– External	(4,711)	2,206	23,129	2,622	1,817	25,063	–	25,063
– Inter-segment	13,714	6,293	(20,005)	(61)	59	–	–	–
	9,003	8,499	3,124	2,561	1,876	25,063	–	25,063
Net fee and commission income/(expense)								
– External	5,473	2,184	111	(1,770)	294	6,292	–	6,292
– Inter-segment	(1,734)	2	70	1,768	330	436	(436)	–
	3,739	2,186	181	(2)	624	6,728	(436)	6,292
Insurance service result	–	–	–	1,022	–	1,022	81	1,103
Net trading gain	470	1,024	8,906	1,470	351	12,221	10	12,231
Net gain/(loss) on other financial instruments at fair value through profit or loss	29	–	(305)	3,802	–	3,526	1	3,527
Net gain/(loss) on other financial instruments	–	1	(1,001)	(116)	–	(1,116)	–	(1,116)
Insurance finance expenses	–	–	–	(7,375)	–	(7,375)	–	(7,375)
Other operating income	6	–	10	9	871	896	(599)	297
Net operating income before impairment allowances	13,247	11,710	10,915	1,371	3,722	40,965	(943)	40,022
Net (charge)/reversal of impairment allowances	(194)	(3,080)	(29)	8	(23)	(3,318)	–	(3,318)
Net operating income	13,053	8,630	10,886	1,379	3,699	37,647	(943)	36,704
Operating expenses	(4,878)	(1,931)	(844)	(44)	(1,556)	(9,253)	943	(8,310)
Operating profit	8,175	6,699	10,042	1,335	2,143	28,394	–	28,394
Net loss from disposal of/fair value adjustments on investment properties	–	–	–	–	(991)	(991)	–	(991)
Net loss from disposal/revaluation of properties, plant and equipment	(2)	–	–	–	(124)	(126)	–	(126)
Share of results after tax of associates and joint ventures	8	–	–	10	(20)	(2)	–	(2)
Profit before taxation	8,181	6,699	10,042	1,345	1,008	27,275	–	27,275
At 30 June 2025								
ASSETS								
Segment assets	639,126	1,035,648	2,354,000	220,074	205,525	4,454,373	(55,766)	4,398,607
Interests in associates and joint ventures	106	–	5	382	722	1,215	–	1,215
	639,232	1,035,648	2,354,005	220,456	206,247	4,455,588	(55,766)	4,399,822
LIABILITIES								
Segment liabilities	1,430,852	1,414,202	884,615	217,073	157,792	4,104,534	(55,766)	4,048,768
Half-year ended 30 June 2025								
Other information								
Capital expenditure	28	3	–	32	877	940	–	940
Depreciation and amortisation	546	163	79	44	563	1,395	(21)	1,374

38. Segmental reporting (continued)

	Personal Banking HK$'m	Corporate Banking HK$'m	Treasury HK$'m	Insurance HK$'m	Others HK$'m	Subtotal HK$'m	Eliminations HK$'m	Consolidated HK$'m
Half-year ended 30 June 2024								
Net interest (expense)/income								
– External	(7,177)	7,507	21,222	2,504	1,926	25,982	–	25,982
– Inter-segment	16,090	1,809	(17,835)	(57)	(7)	–	–	–
	8,913	9,316	3,387	2,447	1,919	25,982	–	25,982
Net fee and commission income/(expense)								
– External	3,703	2,144	162	(1,401)	392	5,000	–	5,000
– Inter-segment	(1,374)	6	56	1,396	307	391	(391)	–
	2,329	2,150	218	(5)	699	5,391	(391)	5,000
Insurance service result	–	–	–	615	–	615	56	671
Net trading gain/(loss)	218	813	4,512	(648)	375	5,270	5	5,275
Net (loss)/gain on other financial instruments at fair value through profit or loss	(28)	–	(133)	(709)	1	(869)	1	(868)
Net gain/(loss) on other financial instruments	–	2	(246)	28	3	(213)	–	(213)
Insurance finance expenses	–	–	–	(842)	–	(842)	–	(842)
Other operating income	13	–	7	7	912	939	(608)	331
Net operating income before impairment allowances	11,445	12,281	7,745	893	3,909	36,273	(937)	35,336
Net (charge)/reversal of impairment allowances	(84)	(1,868)	(37)	4	(96)	(2,081)	–	(2,081)
Net operating income	11,361	10,413	7,708	897	3,813	34,192	(937)	33,255
Operating expenses	(4,639)	(1,856)	(790)	(44)	(1,729)	(9,058)	937	(8,121)
Operating profit	6,722	8,557	6,918	853	2,084	25,134	–	25,134
Net loss from disposal of/fair value adjustments on investment properties	–	–	–	–	(296)	(296)	–	(296)
Net loss from disposal/revaluation of properties, plant and equipment	–	–	–	–	(31)	(31)	–	(31)
Share of results after tax of associates and joint ventures	(23)	–	2	(4)	(66)	(91)	–	(91)
Profit before taxation	6,699	8,557	6,920	849	1,691	24,716	–	24,716
At 31 December 2024								
ASSETS								
Segment assets	632,499	1,012,672	2,218,383	191,679	193,582	4,248,815	(55,603)	4,193,212
Interests in associates and joint ventures	98	–	5	357	736	1,196	–	1,196
	632,597	1,012,672	2,218,388	192,036	194,318	4,250,011	(55,603)	4,194,408
LIABILITIES								
Segment liabilities	1,373,979	1,324,199	893,360	188,541	127,702	3,907,781	(55,603)	3,852,178
Half-year ended 30 June 2024								
Other information								
Capital expenditure	31	2	–	75	1,640	1,748	–	1,748
Depreciation and amortisation	529	166	67	41	654	1,457	(21)	1,436

39. Assets pledged as security

As at 30 June 2025, the liabilities of the Group amounting to HK$29,145 million (31 December 2024: HK$31,957 million) were secured by assets deposited with central depositories to facilitate settlement operations. In addition, the liabilities of the Group amounting to HK$54,720 million (31 December 2024: HK$116,933 million) were secured by debt securities related to sale and repurchase arrangements. The amount of assets pledged by the Group to secure these liabilities was HK$84,278 million (31 December 2024: HK$149,091 million) mainly included in "Financial assets at fair value through profit or loss" and "Investment in securities".

In addition, the Group pledges securities amounting to HK$5,516 million (31 December 2024: HK$3,179 million) as margin for derivative transactions.

40. Significant related party transactions

The Group is subject to the control of the State Council of the PRC Government through China Investment Corporation ("CIC"), its wholly-owned subsidiary Central Huijin Investment Ltd. ("Central Huijin"), and BOC in which Central Huijin has controlling equity interests.

(a) *Transactions with the parent companies and the other companies controlled by the parent companies*

General information of the parent companies:

The Group is controlled by BOC. Central Huijin is the controlling entity of BOC, and it is a wholly-owned subsidiary of CIC which is a wholly state-owned company engaging in foreign currency investment management.

Central Huijin has controlling equity interests in certain other entities in the PRC.

The Group enters into banking and other transactions with these entities in the normal course of business which include loans, investment securities, money market and reinsurance transactions.

The majority of transactions with BOC arise from money market activities and are summarised as below:

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Income statement items		
– Interest income	**1,441**	1,382
– Interest expenses	**1,160**	2,058

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Balance sheet items		
– Cash and balances and placements with banks and other financial institutions	**134,934**	117,459
– Other assets	**7,951**	585
– Investment in securities	**18,221**	14,070
– Deposits and balances from banks and other financial institutions	**72,236**	74,463

40. Significant related party transactions (continued)

(a) Transactions with the parent companies and the other companies controlled by the parent companies (continued)

Related party transactions with subsidiaries of BOC are summarised as below:

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Balance sheet items		
– Cash and balances and placements with banks and other financial institutions	**1,088**	1,627
– Advances and other accounts	**11,674**	12,109
– Deposits and balances from banks and other financial institutions	**32,975**	16,693

For details of subordinated liabilities granted by BOC, please refer to Note 32 to the Interim Financial Information.

Except as disclosed above, other transactions with BOC and with companies controlled by BOC are not considered significant.

(b) Transactions with government authorities, agencies, affiliates and other state controlled entities

The Group is subject to the control of the State Council of the PRC Government through CIC and Central Huijin, which also directly or indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state controlled entities. The Group enters into banking transactions with government authorities, agencies, affiliates and other state controlled entities in the normal course of business at commercial terms.

These transactions include, but are not limited to, the following:

– lending, provision of credits and guarantees, and deposit taking;

– inter-bank balance taking and placing;

– sales, purchases, underwriting and redemption of bonds issued by other state controlled entities;

– rendering of foreign exchange, remittance and investment related services;

– provision of fiduciary activities; and

– purchase of utilities, transport, telecommunication and postage services.

40. Significant related party transactions (continued)

(c) Summary of transactions entered into during the ordinary course of business with associates, joint ventures and other related parties

The Group enters into banking and other transactions with associates, joint ventures and other related parties which include but are not limited to loans, investment securities and money market transactions. The aggregate income/expenses and balances arising from related party transactions with these entities are summarised as follows:

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Income statement items		
Associates and joint ventures		
– Fee and commission income	**7**	7
– Other operating expenses	**–**	14

	At 30 June 2025 HK$'m	At 31 December 2024 HK$'m
Balance sheet items		
Associates and joint ventures		
– Investment in securities	**1,050**	957
– Deposits and balances from banks and other financial institutions	**265**	49

Except as disclosed above, other transactions with associates, joint ventures and other related parties of the Group are not considered significant.

(d) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and senior management. The Group accepts deposits from and grants loans and credit facilities to key management personnel in the ordinary course of business. During both the current and prior periods, no significant transaction was conducted with key management personnel of the Company and its holding companies, as well as parties related to them.

The compensation of key management personnel is detailed as follows:

	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m
Salaries and other short-term employee benefits	**15**	14

41. International claims

The below analysis is prepared with reference to the completion instructions for the HKMA return of international banking statistics. International claims are exposures to counterparties on which the ultimate risk lies based on the locations of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. For a claim guaranteed by a party situated in a location different from the counterparty, the risk will be transferred to the location of the guarantor. For a claim on an overseas branch of a bank whose head office is located in another location, the risk will be transferred to the location where its head office is located.

Claims on individual countries/regions, after risk transfer, amounting to 10% or more of the aggregate international claims of the Group in either period/year end are shown as follows:

	At 30 June 2025				
			Non-bank private sector		
	Banks HK$'m	**Official sector HK$'m**	**Non-bank financial institutions HK$'m**	**Non-financial private sector HK$'m**	**Total HK$'m**
Chinese mainland	**389,721**	**287,795**	**15,042**	**77,961**	**770,519**
Hong Kong, China	**13,063**	**23,096**	**33,618**	**386,024**	**455,801**
United States	**18,256**	**197,374**	**78,476**	**5,864**	**299,970**

	At 31 December 2024				
			Non-bank private sector		
	Banks HK$'m	Official sector HK$'m	Non-bank financial institutions HK$'m	Non-financial private sector HK$'m	Total HK$'m
Chinese mainland	339,628	344,179	14,223	63,022	761,052
Hong Kong, China	13,587	17,796	35,876	366,393	433,652
United States	23,897	191,831	58,687	8,145	282,560

42. Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the types of direct exposures with reference to the completion instructions for the HKMA return of Mainland activities, which includes the Mainland exposures extended by BOCHK's Hong Kong office only.

		At 30 June 2025		
	Items in the HKMA return	On-balance sheet exposure HK$'m	Off-balance sheet exposure HK$'m	Total exposure HK$'m
Central government, central government-owned entities and their subsidiaries and joint ventures	1	**398,056**	**43,367**	**441,423**
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	**75,822**	**5,800**	**81,622**
PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures	3	**91,035**	**29,756**	**120,791**
Other entities of central government not reported in item 1 above	4	**36,541**	**5,524**	**42,065**
Other entities of local governments not reported in item 2 above	5	**256**	**216**	**472**
PRC nationals residing outside Mainland or entities incorporated outside Mainland where the credit is granted for use in Mainland	6	**47,328**	**9,412**	**56,740**
Other counterparties where the exposures are considered to be non-bank Mainland exposures	7	**2,620**	**1,014**	**3,634**
Total	8	**651,658**	**95,089**	**746,747**
Total assets after provision	9	**4,089,523**		
On-balance sheet exposures as percentage of total assets	10	**15.93%**		

42. Non-bank Mainland exposures (continued)

	Items in the HKMA return	At 31 December 2024 On-balance sheet exposure HK$'m	Off-balance sheet exposure HK$'m	Total exposure HK$'m
Central government, central government-owned entities and their subsidiaries and joint ventures	1	333,254	43,226	376,480
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	71,221	3,893	75,114
PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures	3	105,293	11,873	117,166
Other entities of central government not reported in item 1 above	4	27,687	2,804	30,491
Other entities of local governments not reported in item 2 above	5	900	1	901
PRC nationals residing outside Mainland or entities incorporated outside Mainland where the credit is granted for use in Mainland	6	49,494	6,337	55,831
Other counterparties where the exposures are considered to be non-bank Mainland exposures	7	2,475	–	2,475
Total	8	590,324	68,134	658,458
Total assets after provision	9	3,925,776		
On-balance sheet exposures as percentage of total assets	10	15.04%		

43. Compliance with HKAS 34

The unaudited interim financial information for the first half of 2025 complies with HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

44. Statutory accounts

The financial information relating to the year ended 31 December 2024 that is included in this Interim Report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Corporate information

Board of Directors

Chairman
GE Haijiao#

Vice Chairman
ZHANG Hui#
SUN Yu

Directors
CAI Zhao#
CHENG Eva*
CHOI Koon Shum*
FUNG Yuen Mei Anita*
LAW Yee Kwan Quinn*
LEE Sunny Wai Kwong*
LIP Sai Wo*
MA Si Hang Frederick*

Non-executive Directors
* Independent Non-executive Directors

Senior Management

Chief Executive
SUN Yu

Deputy Chief Executive and Chief Risk Officer
XU Haifeng

Deputy Chief Executives
XING Guiwei
WANG Huabin
CHAN Man
LI Tong

Company Secretary

HUANG Xuefei

Registered Office

53rd Floor
Bank of China Tower
1 Garden Road
Hong Kong

Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

ADR Depositary Bank

Citibank, N.A.
388 Greenwich Street
26th Floor
New York, NY 10013
United States of America

Credit Ratings (Long Term)

Standard & Poor's	A+
Moody's Investors Service	Aa3
Fitch Ratings	A+

Index Constituent

The Company is a constituent of the following indices:
Hang Seng Index Series
Hang Seng Corporate Sustainability Index Series
Hang Seng High Dividend Yield Index Series
HSI ESG Index
MSCI Index Series
FTSE Index Series

Stock Codes

Ordinary shares:

The Stock Exchange of Hong Kong Limited	2388 (HKD Counter) 82388 (RMB Counter)
Reuters	2388.HK (HKD Counter) 82388.HK (RMB Counter)
Bloomberg	2388 HK (HKD Counter) 82388 HK (RMB Counter)

Level 1 ADR Programme:

CUSIP No.	096813209
OTC Symbol	BHKLY

Website

www.bochk.com

2. Second interim dividend and closure of register of members

The Board has declared a second interim dividend of HK$0.290 per share, payable on Friday, 26 September 2025 to shareholders whose names appear on the Register of Members of the Company on Friday, 19 September 2025.

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the second interim dividend, from Monday, 15 September 2025 to Friday, 19 September 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the second interim dividend, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 12 September 2025. Shares of the Company will be traded ex-dividend as from Thursday, 11 September 2025.

3. Interest of substantial shareholders

The register maintained by the Company pursuant to section 336 of the SFO recorded that, as at 30 June 2025, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Corporation	Number of shares held in the Company	Approximate % of the total issued shares
Central Huijin	6,984,274,213	66.06%
BOC	6,984,274,213	66.06%
BOCHKG	6,984,175,056	66.06%
BOC (BVI)	6,984,175,056	66.06%

Notes:

1. Following the reorganisation of BOC in August 2004, Central Huijin holds the controlling equity capital of BOC on behalf of the State. Accordingly, for the purpose of the SFO, Central Huijin is deemed to have the same interests in the Company as BOC.

2. BOC holds the entire issued shares of BOCHKG, which in turn holds the entire issued shares of BOC (BVI). Accordingly, BOC and BOCHKG are deemed to have the same interests in the Company as BOC (BVI) for the purpose of the SFO. BOC (BVI) beneficially held 6,984,175,056 shares of the Company.

3. BOC holds the entire issued shares of BOCI, which in turn holds the entire issued shares of BOCI Asia Limited and BOCI Financial Products Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCI Asia Limited and BOCI Financial Products Limited for the purpose of the SFO. BOCI Asia Limited had an interest in 24,479 shares of the Company and an interest in 72,000 shares held under physically settled equity derivatives while BOCI Financial Products Limited had an interest in 2,678 shares of the Company.

All the interests stated above represented long positions. Apart from the disclosure above, according to the register maintained by the Company pursuant to section 336 of the SFO, BOCI Financial Products Limited had an interest in 143,522 shares which represented short positions. BOC and Central Huijin are deemed to be interested in such number of shares for the purpose of the SFO. Save as disclosed, no other interests or short positions were recorded in the register maintained by the Company under section 336 of the SFO as at 30 June 2025.

4. Directors' and Chief Executive's interests in shares, underlying shares and debentures

As at 30 June 2025, the interests and short positions of the Directors, Chief Executive and their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") are set out below:

Associated corporation of the Company:
Bank of China Limited (H Shares)

	Number of shares/underlying shares held				Approximate % of the total issued H shares
Name of Director	Personal interests	Family interests	Corporate interests	Total	
SUN Yu	10,000	–	–	10,000	0.00%[1]
CHOI Koon Shum	4,000,000	40,000[2]	1,120,000[3]	5,160,000	0.01%
FUNG Yuen Mei Anita	550,000	–	–	550,000	0.00%[4]
LIP Sai Wo	201,000	–	–	201,000	0.00%[5]

Notes:

1. Such shares held by Mr SUN Yu represent approximately 0.00001% of the total issued H shares of BOC.
2. Such shares are held by the spouse of Dr CHOI Koon Shum.
3. Dr CHOI Koon Shum is deemed to be interested in the 1,120,000 shares held through Choi Koon Shum Charitable Foundation Limited by virtue of the SFO.
4. Such shares held by Mdm FUNG Yuen Mei Anita represent approximately 0.0007% of the total issued H shares of BOC.
5. Such shares held by Mr LIP Sai Wo represent approximately 0.0002% of the total issued H shares of BOC.

All the interests stated above represented long positions. Save as disclosed above, as at 30 June 2025, none of the Directors, Chief Executive or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

5. Changes of information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the last disclosure set out in the 2024 Annual Report up to 29 August 2025 (being the approval date of this Interim Report) is set out below:

(a) Mr CAI Zhao has been appointed as Non-executive Director and member of the Strategy and Budget Committee of the Company and the Bank with effect from 4 August 2025.

(b) Prof MA Si Hang Frederick, Independent Non-executive Director of the Company, has been appointed as chairman of the Hong Kong Trade Development Council with effect from 1 June 2025. Prof MA is the chairman and independent non-executive director of FWD Group Holdings Limited, whose shares are listed on the Stock Exchange on 7 July 2025.

(c) Madam FUNG Yuen Mei Anita, Independent Non-executive Director of the Company, has been appointed as a member of the Advisory Committee on Complaints against Judicial Conduct with effect from 16 August 2025.

The biographies of Directors are available under the section headed "About Us" on the Company's website at www.bochk.com.

6. Purchase, sale or redemption of the Company's shares

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

7. Audit Committee

The Audit Committee consists of Independent Non-executive Directors only. It is chaired by Mr LIP Sai Wo. Other members include Mdm CHENG Eva, Mdm FUNG Yuen Mei Anita, Mr LAW Yee Kwan Quinn and Mr LEE Sunny Wai Kwong.

Based on the principle of independence, the Audit Committee assists the Board in monitoring the financial reports, internal control, internal audit and external audit of the Group.

At the request of the Audit Committee of the Company, the Group's external auditor has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim reports.

8. Compliance with the "Corporate Governance Code"

The Company is committed to embracing and enhancing good corporate governance principles and practices. During the period under review, the Company has been in full compliance with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the "Corporate Governance Code"). The Company has also complied with nearly all the recommended best practices set out in the Corporate Governance Code throughout the period. For further details, please refer to the section titled "Corporate Governance" contained in the Annual Report 2024 of the Company.

9. Compliance with the Codes for Securities Transactions by Directors

The Company has established and implemented the "Code for Securities Transactions by Directors" (the "Company's Code") to govern the Directors' dealings in securities transactions of the Company. Terms of the Company's Code are more stringent than the mandatory standards set out in the Model Code. Apart from the Directors' dealings in the securities of the Company, the Company's Code has also been applied to the Directors' dealings in the securities of BOC, BOC Aviation Limited (BOC's subsidiary) and BOC International (China) Co, Ltd (BOC's associate). Upon specific enquiry by the Company, all Directors confirmed that they had strictly complied with the provisions as set out in both the Company's Code and the Model Code throughout the period under review.

10. Compliance with the Banking (Disclosure) Rules and the Listing Rules

This unaudited Interim Report complies with the applicable requirements set out in the Banking (Disclosure) Rules under the Banking Ordinance and the applicable financial disclosure provisions of the Listing Rules.

11. Interim Report

This Interim Report is available in both English and Chinese. A copy prepared in the language different from that in which you have received is available by writing to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or email to bochk.ecom@computershare.com.hk.

This Interim Report is also available (in both English and Chinese) on the Company's website at www.bochk.com and the Stock Exchange's website at www.hkexnews.hk. You are encouraged to access the Interim Report and other corporate communications of the Company through these websites in lieu of receiving printed copies to help protect the environment. We believe that it is also the most efficient and convenient method of communication with our shareholders.

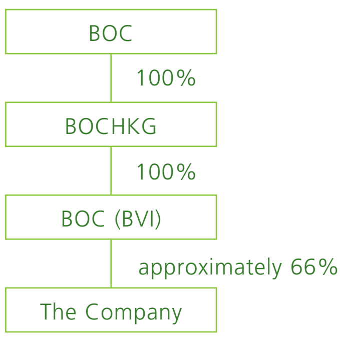
If you have any queries about how to obtain copies of this Interim Report or how to access those corporate communications on the Company's website, please call the Company's hotline at (852) 2846 2700.

12. Reconciliation between HKFRSs vs IFRSs/CASs

The Company understands that BOC, an intermediate holding company as well as controlling shareholder of the Company, will prepare and disclose consolidated financial information in accordance with IFRSs and CASs for which the Company and its subsidiaries will form part of the interim financial information. The requirements of CASs have substantially converged with HKFRSs and IFRSs.

The consolidated financial information of "BOC Hong Kong Group" for the periods disclosed by BOC in its interim financial information is not the same as the interim consolidated financial information of the Group for the periods published by the Company pursuant to applicable laws and regulations in Hong Kong. There are two reasons for this.

First, the definitions of "BOC Hong Kong Group" (as adopted by BOC for the purpose of its own financial disclosure) and "Group" (as adopted by the Company in preparing and presenting its consolidated financial information) are different: "BOC Hong Kong Group" refers to BOCHKG and its subsidiaries, whereas "Group" refers to the Company and its subsidiaries (see the below organisation chart). Though there is difference in definitions between "BOC Hong Kong Group" and "Group", their financial results for the periods presented are substantially the same. This is because BOCHKG and BOC (BVI) are holding companies only and have no substantive operations of their own.



Second, the Group has prepared its interim financial information in accordance with HKFRSs; whereas the consolidated financial information reported to BOC is prepared in accordance with IFRSs and CASs respectively. There is a difference in the election of subsequent measurement basis of bank premises by the Group and by BOC respectively.

The Board considers that the best way to ensure that shareholders and the investing public understand the material differences between the interim consolidated financial information of the Group published by the Company on the one hand, and the consolidated financial information of BOC Hong Kong Group disclosed by BOC in its interim financial information on the other hand, is to present reconciliations of the profit after tax/net assets of the Group prepared under HKFRSs to the profit after tax/net assets of the Group prepared under IFRSs/CASs respectively for the periods presented.

12. Reconciliation between HKFRSs vs IFRSs/CASs (continued)

The major differences which arise from the difference in measurement basis relate to the following:

(a) Restatement of carrying value of bank premises

The Company has elected for a revaluation model rather than cost model to account for bank premises under HKFRSs. On the contrary, BOC has elected for the cost model for bank premises under IFRSs and CASs. Therefore, adjustments have been made to the carrying value of bank premises as well as to re-calculate the depreciation charge and disposal gain/loss under IFRSs and CASs.

(b) Deferred tax adjustments

These represent the deferred tax effect of the aforesaid adjustments.

Profit after tax/net assets reconciliation

HKFRSs vs IFRSs/CASs

	Profit after tax		Net assets	
	Half-year ended 30 June 2025 HK$'m	Half-year ended 30 June 2024 HK$'m	**At 30 June 2025 HK$'m**	At 31 December 2024 HK$'m
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under HKFRSs	**22,796**	20,463	**351,054**	342,230
Add: IFRSs/CASs adjustments				
Restatement of carrying value of bank premises	**489**	454	**(20,117)**	(23,144)
Deferred tax adjustments	**(41)**	(70)	**3,401**	3,890
Profit after tax/net assets of BOC Hong Kong (Holdings) Limited prepared under IFRSs/CASs	**23,244**	20,847	**334,338**	322,976

13. Regulatory Disclosures

The Regulatory Disclosures, together with the disclosures in this Interim Report, contained all the disclosures required by the Banking (Disclosure) Rules and Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules issued by the HKMA. The Regulatory Disclosures is available under the section "Regulatory Disclosures" on BOCHK's website at www.bochk.com.

INDEPENDENT REVIEW REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the Board of Directors of BOC Hong Kong (Holdings) Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 40 to 114, which comprises the condensed consolidated balance sheet of BOC Hong Kong (Holdings) Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Ernst & Young
Certified Public Accountants
Hong Kong
29 August 2025

APPENDIX

Subsidiaries of the Company

The particulars of subsidiaries are as follows:

Name	Place and date of incorporation/ operation	Issued share capital	Interest held	Principal activities
Directly held:				
Bank of China (Hong Kong) Limited	Hong Kong, China 16 October 1964	HK$43,042,840,858	100.00%	Banking business
BOC Group Life Assurance Company Limited	Hong Kong, China 12 March 1997	HK$3,538,000,000	51.00%	Life insurance business
BOCHK Asset Management (Cayman) Limited	Cayman Islands 7 October 2010	HK$383,000,000	100.00%	Investment holding
Indirectly held:				
BOC Credit Card (International) Limited	Hong Kong, China 9 September 1980	HK$565,000,000	100.00%	Credit card services
BOC Group Trustee Company Limited	Hong Kong, China 1 December 1997	HK$200,000,000	66.00%	Investment holding
BOCI-Prudential Trustee Limited	Hong Kong, China 11 October 1999	HK$300,000,000	42.24%*	Trustee services
Bank of China (Malaysia) Berhad	Malaysia 14 April 2000	RM814,734,790	100.00%	Banking business
Bank of China (Thai) Public Company Limited	Thailand 1 April 2014	Baht10,000,000,000	100.00%	Banking business
Bank of China (Hong Kong) Nominees Limited	Hong Kong, China 1 October 1985	HK$2	100.00%	Nominee services
Bank of China (Hong Kong) Trustees Limited	Hong Kong, China 6 November 1987	HK$3,000,000	100.00%	Trustee and agency services
BOC Digital Services (Nanning) Company Limited**	Nanning, China 19 February 2019	Registered capital HK$60,000,000	100.00%	Financial operational services
BOCHK Information Technology (Shenzhen) Co., Ltd.**	Shenzhen, China 16 April 1990	Registered capital HK$70,000,000	100.00%	Property holding
BOCHK Information Technology Services (Shenzhen) Co., Ltd.**	Shenzhen, China 26 May 1993	Registered capital HK$40,000,000	100.00%	Information technology services

APPENDIX

Subsidiaries of the Company (continued)

Name	Place and date of incorporation/ operation	Issued share capital	Interest held	Principal activities
Po Sang Financial Investment Services Company Limited	Hong Kong, China 23 September 1980	HK$335,000,000	100.00%	Gold trading and investment holding
Po Sang Securities Limited	Hong Kong, China 19 October 1993	HK$335,000,000	100.00%	Securities brokerage
Sin Hua Trustee Limited	Hong Kong, China 27 October 1978	HK$3,000,000	100.00%	Trustee services
Billion Express Development Inc.	British Virgin Islands 7 February 2014	US$1	100.00%	Investment holding
Billion Orient Holdings Ltd.	British Virgin Islands 3 February 2014	US$1	100.00%	Investment holding
Elite Bond Investments Ltd.	British Virgin Islands 7 February 2014	US$1	100.00%	Investment holding
Express Capital Enterprise Inc.	British Virgin Islands 3 February 2014	US$1	100.00%	Investment holding
Express Charm Holdings Corp.	British Virgin Islands 7 February 2014	US$1	100.00%	Investment holding
Express Shine Assets Holdings Corp.	British Virgin Islands 3 January 2014	US$1	100.00%	Investment holding
Express Talent Investment Ltd.	British Virgin Islands 13 February 2014	US$1	100.00%	Investment holding
Gold Medal Capital Inc.	British Virgin Islands 3 January 2014	US$1	100.00%	Investment holding
Gold Tap Enterprises Inc.	British Virgin Islands 13 February 2014	US$1	100.00%	Investment holding
Maxi Success Holdings Ltd.	British Virgin Islands 7 February 2014	US$1	100.00%	Investment holding
Smart Linkage Holdings Inc.	British Virgin Islands 13 February 2014	US$1	100.00%	Investment holding

Subsidiaries of the Company (continued)

Name	Place and date of incorporation/ operation	Issued share capital	Interest held	Principal activities
Smart Union Capital Investments Ltd.	British Virgin Islands 3 January 2014	US$1	100.00%	Investment holding
Success Trend Development Ltd.	British Virgin Islands 18 February 2014	US$1	100.00%	Investment holding
Wise Key Enterprises Corp.	British Virgin Islands 18 February 2014	US$1	100.00%	Investment holding
BOCHK Asset Management Limited	Hong Kong, China 28 October 2010	HK$372,500,000	100.00%	Asset management
Greater Bay Area Investment (GP) Limited	Hong Kong, China 4 February 2021	HK$1	100.00%	Investment holding

* BOCI-Prudential Trustee Limited is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

** It is registered as limited liability company in China.

The issued share capital of Bank of China (Malaysia) Berhad had increased by RM54,216,310 to RM814,734,790 on 28 February 2025.

DEFINITIONS

In this Interim Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Terms	Meanings
"ADR"	American Depositary Receipt
"ADS(s)"	American Depositary Share(s)
"ALCO"	the Asset and Liability Management Committee
"AT1"	Additional Tier 1
"ASEAN"	The Association of Southeast Asian Nations
"Associates"	has the meaning ascribed to "associates" in the Listing Rules
"BOC"	Bank of China Limited, a joint stock commercial bank with limited liability established under the laws of the PRC, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
"BOC (BVI)"	BOC Hong Kong (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of BOCHKG
"BOCG Insurance"	Bank of China Group Insurance Company Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOC
"BOCHKG"	BOC Hong Kong (Group) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOC
"BOCHK" or "the Bank"	Bank of China (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"BOCI"	BOC International Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of BOC
"BOCI-Prudential Trustee"	BOCI-Prudential Trustee Limited, a company incorporated under the laws of Hong Kong, in which BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited hold equity interests of 64% and 36% respectively
"BOC Life"	BOC Group Life Assurance Company Limited, a company incorporated under the laws of Hong Kong, in which the Group and BOCG Insurance hold equity interests of 51% and 49% respectively
"BOC Malaysia"	Bank of China (Malaysia) Berhad, a wholly-owned subsidiary of BOCHK
"BOC Thailand"	Bank of China (Thai) Public Company Limited, a wholly-owned subsidiary of BOCHK
"Board" or "Board of Directors"	the Board of Directors of the Company
"CAS"	Chinese Accounting Standard for Business Enterprises
"CE"	Chief Executive
"CET1"	Common Equity Tier 1

DEFINITIONS

Terms	Meanings
"CFO"	Chief Financial Officer
"CIC"	China Investment Corporation
"CRO"	Chief Risk Officer
"CVA"	Credit Valuation Adjustment
"Central Huijin"	Central Huijin Investment Ltd.
"DCE"	Deputy Chief Executive
"DVA"	Debit Valuation Adjustment
"ECL"	Expected Credit Loss
"EVE"	Economic Value Sensitivity Ratio
"FCC"	the Financial Crime Compliance Department
"FIRB"	Foundation Internal Ratings-based
"Fitch"	Fitch Ratings
"FVOCI"	Fair value through other comprehensive income
"FVPL"	Fair value through profit or loss
"GDP"	Gross Domestic Product
"HIBOR"	Hong Kong Interbank Offered Rate
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKMA"	Hong Kong Monetary Authority
"Hong Kong" or "Hong Kong SAR" or "HKSAR" or "Hong Kong, China" or "Hong Kong (China)"	Hong Kong Special Administrative Region of the PRC
"ICAAP"	Internal Capital Adequacy Assessment Process
"IFRS"	International Financial Reporting Standard
"IMM"	Internal Models
"IT"	Information Technology
"LCO"	the Legal & Compliance and Operational Risk Management Department
"LCR"	Liquidity Coverage Ratio
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

Terms	Meanings
"MC"	the Management Committee
"MCO"	Maximum Cumulative Cash Outflow
"MPF"	Mandatory Provident Fund
"Moody's"	Moody's Investors Service
"N/A"	Not applicable
"NII"	Net Interest Income Sensitivity Ratio
"NSFR"	Net Stable Funding Ratio
"ORSO schemes"	the Occupational Retirement Schemes under Occupational Retirement Schemes Ordinance, Chapter 426 of the Laws of Hong Kong
"OTC"	Over-the-counter
"PRC" or "China"	the People's Republic of China
"PVBP"	Price Value of a Basis Point
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RC"	the Risk Committee
"RMD"	the Risk Management Department
"RWAs"	Risk-weighted Assets
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SME"	Small and Medium-sized Enterprise
"STC"	Standardised (Credit Risk)
"STM"	Standardised (Market Risk)
"STO"	Standardised (Operational Risk)
"Standard & Poor's"	Standard & Poor's Ratings Services
"Stock Exchange" or "Hong Kong Stock Exchange" or "Stock Exchange of Hong Kong"	The Stock Exchange of Hong Kong Limited
"the Company"	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong
"the Group"	the Company and its subsidiaries collectively referred as the Group
"US"	the United States of America
"VaR"	Value at Risk

中銀香港(控股)有限公司
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