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The Bank of East Asia, Limited
東亞銀行有限公司
(Incorporated in Hong Kong with limited liability in 1918)
(Stock Code: 23)

INDEPENDENT REVIEW REPORT AND INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

Reference is made to the announcement of The Bank of East Asia, Limited (the "Bank", together with its subsidiaries, the "Group") dated 20 August 2026 in relation to the unaudited results of the Group for the six months ended 30 June 2026. The Bank's 2026 interim report is expected to be published by the Bank on the websites of Hong Kong Exchanges and Clearing Limited and the Bank on or about 16 September 2026. The independent review report and the interim results of the Bank for the six months ended 30 June 2026 are extracted in the appendix to this announcement.

As at 7 September 2026, the Board of Directors of the Bank comprises Dr the Hon. Sir David LI Kwok-po# (Executive Chairman), Professor Arthur LI Kwok-cheung (Deputy Chairman), Dr Allan WONG Chi-yun** (Deputy Chairman), Mr Aubrey LI Kwok-sing*, Mr Stephen Charles LI Kwok-sze*, Mr Adrian David LI Man-kiu# (Co-Chief Executive), Mr Brian David LI Man-bun# (Co-Chief Executive), Dr Daryl NG Win-kong*, Dr the Hon. Rita FAN HSU Lai-tai**, Mr Meocre LI Kwok-wing**, Dr the Hon. Henry TANG Ying-yen**, Dr Delman LEE**, Mr William Junior Guilherme DOO**, Dr David MONG Tak-yeung** and Dr Francisco Javier SERRADO TREPAT*.*

 # Executive Director
** Non-executive Director*
*** Independent Non-executive Director*

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF THE BANK OF EAST ASIA, LIMITED

INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 62 which comprises the consolidated statement of financial position of The Bank of East Asia, Limited as of 30 June 2026 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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 report as at 30 June 2026 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 August 2026

INTERIM RESULTS

The Board of Directors of the Bank is pleased to announce the unaudited results (Note 1(a)) of the Group for the six months ended 30 June 2026. The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2025 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 audited financial statements. Details of these changes in accounting policies are set out in Note 2. The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. KPMG's independent review report to the Board is included on page 1.

Consolidated Income Statement

	Notes	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Interest income	3	15,506	16,897
Interest income calculated using the effective interest method		15,145	16,085
Related interest income		361	812
Interest expense	4	(7,809)	(9,553)
Net interest income		7,697	7,344
Fee and commission income		2,362	2,089
Fee and commission expense		(441)	(435)
Net fee and commission income	5	1,921	1,654
Net trading profit	6	1,184	1,092
Net result on financial instruments at FVTPL	7	52	4
Net result on financial assets measured at FVOCI	8	133	(14)
Net loss on sale of financial assets measured at amortised cost		(19)	(12)
Net hedging profit	9	31	23
Other operating income	10	168	168
Non-interest income		3,470	2,915
Operating income		11,167	10,259
Operating expenses	11	(4,819)	(4,812)
Operating profit before impairment losses		6,348	5,447
Impairment losses on financial instruments	12	(2,958)	(2,539)
Impairment losses		(2,958)	(2,539)
Operating profit after impairment losses		3,390	2,908
Net profit on sale of assets held for sale		1	-
Net loss on disposal of fixed assets	13	(1)	(3)
Valuation losses on investment properties	22	(407)	(98)
Share of profits less losses of associates and joint ventures		158	187
Profit for the period before taxation		3,141	2,994
Income tax	14	(699)	(570)
Profit for the period		2,442	2,424
Attributable to:			
Owners of the parent		2,416	2,407
Non-controlling interests		26	17
Profit for the period		2,442	2,424
Profit for the Bank		2,055	1,911
Earnings per share			
Basic	1(b)	HK$0.91	HK$0.86
Diluted	1(b)	HK$0.91	HK$0.86

Consolidated Statement of Comprehensive Income

	Notes	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Net profit		2,442	2,424
Other comprehensive income for the period:			
Items that will not be reclassified to income statement:			
Premises:			
- unrealised surplus on revaluation of premises		-	489
- deferred taxes	28	-	(51)
Fair value reserve (equity instruments):			
- fair value change for investments held at the period end		(95)	35
- fair value change for investment disposed of		13	-
Items that may be reclassified subsequently to income statement:			
Fair value reserve (debt instruments):			
- net change in fair value		(220)	(322)
- amount transferred to income statement on disposal		(115)	221
- deferred taxes	28	54	31
Hedging reserve (cash flow hedges):			
- effective portion of changes in fair value of hedging instruments		(452)	192
- amount transferred to income statement		(37)	(6)
- deferred taxes	28	81	(31)
Share of changes in equity of associates and joint ventures		(105)	2
Exchange differences arising from translation of accounts of overseas, Macau and Taiwan branches, subsidiaries, associates and joint ventures		864	2,087
Other comprehensive income		(12)	2,647
Total comprehensive income		2,430	5,071
Total comprehensive income attributable to:			
Owners of the parent		2,404	5,054
Non-controlling interests		26	17
		2,430	5,071

Consolidated Statement of Financial Position

	Notes	30/6/2026 HK$ Mn	31/12/2025 HK$ Mn
ASSETS			
Cash and balances with banks	15	42,834	53,994
Placements with and advances to banks	16	27,857	31,647
Trade bills	17	1,591	3,444
Trading assets	18	1,641	582
Derivative assets	33(b)	4,051	3,111
Loans and advances to customers	19	542,446	543,235
Investment securities	20	229,424	208,419
Investments in associates and joint ventures	21	9,095	9,137
Fixed assets	22	13,739	12,220
- Investment properties		7,333	5,832
- Other properties and equipment		5,805	5,718
- Right-of-use assets		601	670
Goodwill and intangible assets		3,066	3,052
Deferred tax assets	28	2,290	2,005
Other assets	23	58,847	50,147
Total Assets		936,881	920,993
EQUITY AND LIABILITIES			
Deposits and balances of banks		28,787	9,307
Deposits from customers		693,431	706,579
- Demand deposits and current accounts		82,519	92,058
- Savings deposits		166,798	159,631
- Time, call and notice deposits		444,114	454,890
Trading liabilities		617	-
Derivative liabilities	33(b)	3,364	2,854
Certificates of deposit issued – at amortised cost		19,499	23,034
Current taxation		2,674	2,282
Deferred tax liabilities	28	703	818
Other liabilities	24	59,953	50,425
Loan capital – at amortised cost	25	20,351	20,063
Total Liabilities		829,379	815,362
Share capital	1(d)	42,231	42,195
Reserves	29	64,970	63,140
Total equity attributable to owners of the parent		107,201	105,335
Non-controlling interests		301	296
Total Equity		107,502	105,631
Total Equity and Liabilities		936,881	920,993

Approved and authorised for issue by the Board on 20 August 2026.

David LI Kwok-po	Adrian David LI Man-kiu	Brian David LI Man-bun	Meocre LI Kwok-wing
Executive Chairman	Co-Chief Executive	Co-Chief Executive	Director

Consolidated Statement of Changes in Equity

	Share capital	General reserve	Revaluation reserve of bank premises	Capital reserve	Exchange revaluation reserve	Fair value reserve	Hedging reserve	Other reserves[1]	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
At 1 January 2026	42,195	13,657	2,716	1,017	(1,311)	2,901	183	5,449	38,528	105,335	-	296	105,631
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	2,416	2,416	-	26	2,442
Other comprehensive income	-	-	-	-	864	(363)	(408)	(105)	-	(12)	-	-	(12)
Total comprehensive income	-	-	-	-	864	(363)	(408)	(105)	2,416	2,404	-	26	2,430
Shares issued in lieu of dividend *(Note 1(d))*	21	-	-	-	-	-	-	-	-	21	-	-	21
Shares issued under Staff Share Option Schemes *(Note 1(d))*	13	-	-	-	-	-	-	-	-	13	-	-	13
Equity settled share-based transaction	-	-	-	9	-	-	-	-	-	9	-	-	9
Transfer	2	1	16	(13)	72	(3)	-	108	(183)	-	-	-	-
Dividends declared or approved during the period	-	-	-	-	-	-	-	-	(581)	(581)	-	(21)	(602)
At 30 June 2026	42,231	13,658	2,732	1,013	(375)	2,535	(225)	5,452	40,180	107,201	-	301	107,502
At 1 January 2025	42,060	13,658	2,286	1,017	(3,690)	2,365	(20)	5,226	37,541	100,443	5,021	275	105,739
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	2,407	2,407	-	17	2,424
Other comprehensive income	-	-	438	-	2,087	(35)	155	2	-	2,647	-	-	2,647
Total comprehensive income	-	-	438	-	2,087	(35)	155	2	2,407	5,054	-	17	5,071
Shares issued in lieu of dividend *(Note 1(d))*	75	-	-	-	-	-	-	-	-	75	-	-	75
Equity settled share-based transaction	-	-	-	10	-	-	-	-	-	10	-	-	10
Transfer	-	-	-	(18)	-	-	-	161	(143)	-	-	-	-
Distribution/Dividends declared or approved during the period	-	-	-	-	-	-	-	-	(1,146)	(1,146)	-	(10)	(1,156)
At 30 June 2025	42,135	13,658	2,724	1,009	(1,603)	2,330	135	5,389	38,659	104,436	5,021	282	109,739

Note: 1. Other reserves include statutory reserve and other reserves.

Condensed Consolidated Cash Flow Statement

	Notes	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
NET CASH OUTFLOW FROM OPERATIONS		(18,778)	(14,920)
Income tax paid			
Hong Kong profits tax paid		-	(56)
Outside Hong Kong profits tax paid		(512)	(440)
NET CASH USED IN OPERATING ACTIVITIES		(19,290)	(15,416)
INVESTING ACTIVITIES			
Dividends received from equity securities measured at FVOCI		17	22
Purchase of fixed assets and intangible assets		(345)	(144)
Proceeds from disposal of fixed assets		1	-
Proceeds from sale of assets held for sale		11	-
Acquisition of subsidiaries, net of cash acquired	30(b)	(1,876)	-
NET CASH USED IN INVESTING ACTIVITIES		(2,192)	(122)
FINANCING ACTIVITIES			
Ordinary dividends paid		(581)	(934)
Distribution to Additional Tier 1 issue holders	1(c)	-	(147)
Issue of ordinary share capital		13	-
Payment for purchase of shares under RSU scheme		(6)	(2)
Issue of loan capital		8,094	-
Capital element of lease rentals paid		(123)	(124)
Interest element of lease rentals paid		(12)	(15)
Redemption of debt securities issued		-	(393)
Redemption of loan capital issued		(7,842)	(4,713)
Interest paid on debt securities issued		-	(6)
Interest paid on loan capital issued		(599)	(719)
NET CASH USED IN FINANCING ACTIVITIES		(1,056)	(7,053)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,538)	(22,591)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		92,648	87,870
Effect of foreign exchange rate changes		1,355	1,491
CASH AND CASH EQUIVALENTS AT 30 JUNE	30(a)	71,465	66,770
Cash flows from operating activities included:			
Interest received		15,324	17,021
Interest paid		8,289	9,124
Dividend received		2	2

Notes to the Interim Financial Statements

Notes:

1. (a) This interim report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of these changes in accounting policies are set out in Note 2 below.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Bank's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Bank has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

(b) (i) The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the parent of HK$2,416 million (six months ended 30 June 2025: HK$2,260 million), after accounting for nil distribution to Additional Tier 1 issue holders (six months ended 30 June 2025: HK$147 million), and on the weighted average of 2,642 million ordinary shares outstanding during the six months ended 30 June 2026 (six months ended 30 June 2025: 2,633 million).

(ii) The calculation of diluted earnings per share is the same as the calculation of basic earnings per share, except that the weighted average of ordinary shares is adjusted for the effects of all dilutive potential shares. For the six months ended 30 June 2026, the weighted average of ordinary shares adjusted for the effects of all dilutive potential shares was 2,654 million (six months ended 30 June 2025: 2,636 million).

(c) Distribution/Dividends

(i) Dividends payable to equity owners of the parent attributable to the interim period

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Interim dividend declared after the interim period of HK$0.46 per share on 2,644 million shares (six months ended 30 June 2025: HK$0.39 per share on 2,636 million shares)	1,216	1,028

The interim dividend has not been recognised as a liability at the end of the reporting period.

Notes to the Interim Financial Statements (continued)

1. (c) Distribution/Dividends (continued)

(ii) Dividends payable to equity owners of the parent attributable to the previous financial year, approved and paid during the interim period

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Second interim dividend of HK$0.22 per share on 2,642 million shares (2025: HK$0.38 per share on 2,630 million shares)	581	999

(iii) Distribution to holders of Additional Tier 1 capital instruments

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Distribution paid on the Additional Tier 1 capital instruments	-	147

(d) Share Capital

Movement of the Bank's ordinary shares is set out below:

	30/6/2026		31/12/2025	
	No. of shares		No. of shares	
	Million	HK$ Mn	Million	HK$ Mn
Ordinary shares, issued and fully paid:				
At 1 January	2,641	42,195	2,630	42,060
Shares issued under Staff Share Option Schemes	1	13	-	4
Transfer of the fair value of options from capital reserve	-	2	-	1
Shares issued in lieu of dividend	2	21	11	130
At 30 June/31 December	2,644	42,231	2,641	42,195

Staff Share Option Schemes

During the period ended 30 June 2026, 1,255,135 (31/12/2025: 362,015) options were exercised to subscribe for 1,255,135 (31/12/2025: 362,015) ordinary shares in the Bank at a consideration of HK$13 million (31/12/2025: HK$4 million) which was credited to share capital account. HK$2 million (31/12/2025: HK$1 million) has been transferred from the capital reserve to the share capital account.

Notes to the Interim Financial Statements (continued)

2. (a) Changes in Accounting Policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group. Of these, only the amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments, are relevant to the Group's interim financial statements.

The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

- The amendments introduce new disclosures for derecognition of investments in equity instruments designated at FVOCI, and for financial instruments not measured at FVTPL which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

Upon adoption of the amendments, the Group has elected to apply the exception for the derecognition of certain payables settled in cash using qualifying electronic payment systems. Under the exception, these payables are derecognised when the Group initiates a payment instruction through a qualifying electronic payment system.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) Possible Impact of Amendments and New Standards Issued but not yet effective for the period ended 30 June 2026

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to standards and new standards which are not yet effective for the period ended 30 June 2026 and which have not been adopted in these interim financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HKAS 21, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*	1 January 2027

Please refer to Note 52 of 2025 annual financial statements for brief explanation of the above-mentioned standards and amendments.

Notes to the Interim Financial Statements (continued)

3. Interest Income

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Loans, placements with banks, and trade bills	11,221	12,204
Investment securities		
- measured at amortised cost or FVOCI	4,267	4,643
- mandatorily measured at FVTPL	9	27
Trading assets	9	23
	15,506	16,897

For the transactions where interest rate risk is hedged, the periodic payments and receipts arising from interest rate contracts which are qualifying hedging instruments for, or individually managed in conjunction with, interest bearing financial assets are first netted together and then combined with the interest income from the corresponding financial assets.

The above included interest income of HK$15,145 million (six months ended 30 June 2025: HK$16,085 million), before hedging effect, for financial assets that are not recognised at FVTPL.

4. Interest Expense

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Customer deposits and deposits of banks		
- at amortised cost	6,844	8,321
- designated at FVTPL	-	15
Certificates of deposit and debt securities issued		
- at amortised cost	389	355
- designated at FVTPL	-	26
Subordinated notes carried at amortised cost	527	724
Lease liabilities	12	15
Other borrowings	37	97
	7,809	9,553

For the transactions where interest rate risk is hedged, the periodic payments and receipts arising from interest rate contracts which are qualifying hedging instruments for, or individually managed in conjunction with, interest bearing financial liabilities are first netted together and then combined with the interest expense from the corresponding financial liabilities.

The above included interest expense of HK$7,814 million (six months ended 30 June 2025: HK$9,466 million), before hedging effect, for financial liabilities that are not recognised at FVTPL.

Notes to the Interim Financial Statements (continued)

5. Net Fee and Commission Income

Fee and commission income is disaggregated by services:

	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Loans, overdrafts and guarantees	511	467
Sale of third party insurance policies	493	393
Credit cards	366	402
Trust and other fiduciary activities	147	114
Securities brokerage	136	148
Other retail banking services	135	122
Investment products	131	100
Trade finance	103	94
Others	340	249
Total fee and commission income	2,362	2,089
Total fee and commission expense	(441)	(435)
	1,921	1,654

For fee income and expense arising from financial assets and financial liabilities not measured at FVTPL, the Group earned fee and commission income of HK$450 million (six months ended 30 June 2025: HK$435 million) which were included in above loan, overdrafts and guarantees and trade finance categories, and recognised insignificant relevant expenses (six months ended 30 June 2025: insignificant) under total fee and commission expense. These figures excluded amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

For fee income and expense arising from trust and other fiduciary activities, the Group earned fee and commission income of HK$147 million (six months ended 30 June 2025: HK$114 million) as stated above and recognised relevant expenses of HK$69 million (six months ended 30 June 2025: HK$20 million) under total fee and commission expense.

6. Net Trading Profit

	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Profit on dealing in foreign currencies and funding swaps	461	546
Profit on trading securities	253	97
Net gain on derivatives	468	447
Dividend income from trading equity securities	2	2
	1,184	1,092

Notes to the Interim Financial Statements (continued)

7. Net Result on Financial Instruments at FVTPL

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Net loss from financial instruments designated at FVTPL	-	(3)
Net gain from financial instruments mandatorily measured at FVTPL (other than those included in net trading profits)	52	7
	52	4

8. Net Result on Financial Assets Measured at FVOCI

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Net profit/(loss) on sale of debt securities	116	(36)
Dividend income from equity securities	17	22
	133	(14)

9. Net Hedging Profit

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Fair value hedges	31	23
Cash flow hedges	-	-
	31	23

10. Other Operating Income

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Rental from safe deposit boxes	64	64
Rental income on properties	85	56
Others	19	48
	168	168

Notes to the Interim Financial Statements (continued)

11. Operating Expenses

	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Staff costs		
- Contributions to defined contribution plan		
- Hong Kong	94	104
- Outside Hong Kong	130	120
- Equity settled share-based payment expenses	15	12
- Salaries and other staff costs	2,660	2,565
	2,899	2,801
Premises and equipment expenses (excluding depreciation and amortisation)		
- Short-term leases, leases of low-value assets and variable lease payments	10	9
- Maintenance, repairs and others	429	477
	439	486
Depreciation and amortisation	452	431
Other operating expenses		
- Legal and professional fees	232	247
- Internet platform charges	171	235
- Communications, network and data subscription	141	131
- Advertising and business promotion expenses	111	104
- Others	374	377
	1,029	1,094
	4,819	4,812

12. Impairment Losses on Financial Instruments

	6 months ended 30/6/2026 HK$ Mn	6 months ended 30/6/2025 HK$ Mn
Loans and advances to customers	2,923	2,441
Debt securities	(5)	128
Others	40	(30)
	2,958	2,539

Notes to the Interim Financial Statements (continued)

13. Net Loss on Disposal of Fixed Assets

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Net loss on disposal of bank premises, furniture, fixtures and equipment	(1)	(5)
Net profit on termination of lease	-	2
	(1)	(3)

14. Income Tax

Taxation in the consolidated income statement represents:

	6 months ended 30/6/2026	6 months ended 30/6/2025
	HK$ Mn	HK$ Mn
Current tax – Hong Kong		
Hong Kong Profits Tax excluding Pillar Two income taxes:		
- Tax for the period	523	389
- Over-provision in respect of prior years	(23)	(22)
	500	367
Pillar Two income taxes	-	-
	500	367
Current tax – outside Hong Kong		
Income taxes excluding Pillar Two income taxes:		
- Tax for the period	400	422
- (Over)/under-provision in respect of prior years	(15)	132
	385	554
Pillar Two income taxes	-	3
	385	557
Deferred tax		
Origination and reversal of temporary differences	(186)	(354)
	699	570

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2025: 16.5%) of the estimated assessable profits for the six months ended 30 June 2026.

Taxation for overseas, Macau and Taiwan branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

For the period ended 30 June 2026, the top-up tax provision for Pillar Two income taxes was assessed insignificant (six months ended 30 June 2025: HK$3 million). The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Interim Financial Statements (continued)

15. Cash and Balances with Banks

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Cash in hand	921	1,320
Balances with central banks	30,262	35,879
Balances with other banks	11,652	16,796
Gross carrying amount before impairment allowances	42,835	53,995
Less: Impairment allowances	(1)	(1)
	42,834	53,994

16. Placements with and Advances to Banks

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Placements with and advances to banks		
Maturing		
- within one month	24,373	29,106
- after one month but within one year	2,220	1,759
- after one year	1,276	786
Gross carrying amount before impairment allowances	27,869	31,651
Less: Impairment allowances	(12)	(4)
	27,857	31,647
Of which:		
Placements with and advances to central banks	2,139	145

17. Trade Bills

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Measured at amortised cost		
Gross carrying amount before impairment allowances	1,381	3,436
Less: Impairment allowances	(2)	(3)
	1,379	3,433
Measured at FVOCI	212	11
	1,591	3,444

18. Trading Assets

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Treasury bills (including Exchange Fund Bills)	494	-
Certificates of deposit held	343	-
Debt securities	521	343
Equity securities	32	67
Investment funds	251	172
	1,641	582

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers

(a) Loans and Advances to Customers

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Measured at amortised cost		
Gross carrying amount before impairment allowances	549,571	549,167
Less: Impairment allowances	(7,306)	(6,044)
	542,265	543,123
Mandatorily measured at FVTPL	181	112
	542,446	543,235

(b) Loans and Advances to Customers – by Industry Sectors

The analysis of gross advances to customers and the percentage of secured advances by industry sector is based on the categories and definitions used by the HKMA.

	30/6/2026		31/12/2025	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK$ Mn	%	HK$ Mn	%
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	16,992	54.27	19,966	51.86
- Property investment	34,366	87.80	33,424	92.43
- Financial concerns	10,529	50.54	14,886	45.34
- Stockbrokers	1,334	72.53	694	99.07
- Wholesale and retail trade	12,224	37.09	9,546	39.67
- Manufacturing	8,399	27.61	8,011	27.58
- Transport and transport equipment	2,559	47.10	2,041	61.51
- Recreational activities	181	70.01	190	71.77
- Information technology	4,717	34.96	5,664	44.95
- Others	32,808	46.18	28,863	47.06
Sub-total	124,109	56.94	123,285	58.57
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	3,026	99.99	2,853	99.74
- Loans for the purchase of other residential properties	106,464	99.94	105,394	99.56
- Credit card advances	3,163	0.00	3,486	0.00
- Others	22,166	62.28	22,097	63.03
Sub-total	134,819	91.40	133,830	90.94
Total loans for use in Hong Kong	258,928	74.89	257,115	75.41
Trade finance	9,143	18.04	9,129	18.68
Loans for use outside Hong Kong *(Note)*	281,681	25.93	283,035	25.69
Total advances to customers	549,752	48.85	549,279	48.85

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

(b) Loans and Advances to Customers – by Industry Sectors (continued)

Note: Loans for use outside Hong Kong include the following loans for use in Chinese Mainland and loans for use outside Hong Kong and Chinese Mainland.

	30/6/2026		31/12/2025	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK$ Mn	%	HK$ Mn	%
Loans for use in Chinese Mainland				
Industrial, commercial and financial				
- Property development	15,885	59.22	16,741	56.52
- Property investment	4,571	79.38	5,392	78.50
- Financial concerns	55,297	13.29	46,991	6.73
- Wholesale and retail trade	17,639	3.96	19,266	4.50
- Manufacturing	13,189	2.73	15,792	7.57
- Transport and transport equipment	1,916	43.67	1,843	42.75
- Recreational activities	58	0.00	56	0.00
- Information technology	2,790	1.62	3,016	1.48
- Others	27,933	22.21	27,683	13.41
Sub-total	139,278	20.49	136,780	17.16
Individuals				
- Loans for the purchase of other residential properties	6,689	99.07	7,122	99.00
- Credit card advances	1,956	0.00	2,241	0.00
- Others	13,105	1.50	14,114	1.57
Sub-total	21,750	31.37	23,477	30.98
Total loans for use in Chinese Mainland	161,028	21.96	160,257	19.18

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

(b) Loans and Advances to Customers – by Industry Sectors (continued)

	30/6/2026		31/12/2025	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK$ Mn	%	HK$ Mn	%
Loans for use outside Hong Kong and Chinese Mainland				
Industrial, commercial and financial				
- Property development	2,591	27.66	3,516	43.78
- Property investment	19,914	69.99	21,659	73.16
- Financial concerns	10,143	20.53	11,385	28.81
- Wholesale and retail trade	8,024	18.63	7,261	21.65
- Manufacturing	16,673	0.57	16,091	1.53
- Transport and transport equipment	8,395	16.41	7,404	14.94
- Recreational activities	904	6.73	770	8.38
- Information technology	11,154	13.17	11,138	11.06
- Others	39,948	34.17	40,533	34.97
Sub-total	117,746	29.63	119,757	32.62
Individuals				
- Loans for the purchase of other residential properties	2,633	99.93	2,734	99.97
- Credit card advances	2	0.00	2	0.00
- Others	272	59.26	285	59.20
Sub-total	2,907	96.05	3,021	96.04
Total loans for use outside Hong Kong and Chinese Mainland	120,653	31.23	122,778	34.18
Total loans for use outside Hong Kong	281,681	25.93	283,035	25.69

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

(b) Loans and Advances to Customers – by Industry Sectors (continued)

Individually impaired loans, as well as relevant information, in respect of industry sectors which constitute not less than 10% of total loans and advances to customers are as follows:

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
(i) Property investment		
a. Individually impaired loans	3,535	3,493
b. Specific provisions	718	449
c. Collective provisions	346	288
d. New provision charged to income statement	394	689
e. Written off	-	447
(ii) Loans for purchase of other residential properties		
a. Individually impaired loans	596	574
b. Specific provisions	24	21
c. Collective provisions	27	26
d. New provision charged to income statement	17	32
e. Written off	1	5
(iii) Financial concerns		
a. Individually impaired loans	41	44
b. Specific provisions	41	44
c. Collective provisions	52	63
d. New provision charged to income statement	25	79
e. Written off	-	119

The specific provisions represent lifetime expected credit loss provisions for credit impaired (Stage 3) exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired (Stage 1 and Stage 2) exposures.

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

(c) Loans and Advances to Customers – by Geographical Areas

The information concerning the breakdown of the gross amount of advances to customers by geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk in accordance with the requirements of Banking (Disclosure) Rules. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. The location of a party is determined by its residence which is the economic territory under whose laws the party is incorporated or registered. This requirement is different from the allocation under segment reporting in Note 26 which is prepared in a manner consistent with the way in which information is reported internally to the Group's Senior Management. The specific provisions represent lifetime expected credit loss provisions for credit impaired (Stage 3) exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired (Stage 1 and Stage 2) exposures.

	30/6/2026				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Specific provisions	Collective provisions
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Hong Kong	237,509	4,222	5,714	2,047	704
Chinese Mainland	197,094	5,123	7,391	2,964	558
Other Asian Countries and Regions	40,771	705	1,129	688	85
Others	74,378	459	647	102	158
Total	549,752	10,509	14,881	5,801	1,505
% of total advances to customers			2.71%		

	31/12/2025				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Specific provisions	Collective provisions
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Hong Kong	240,346	4,726	6,456	2,153	689
Chinese Mainland	195,489	2,794	7,333	2,242	487
Other Asian Countries and Regions	39,591	152	156	63	114
Others	73,853	554	848	119	177
Total	549,279	8,226	14,793	4,577	1,467
% of total advances to customers			2.69%		

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis. The above information by geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk.

Notes to the Interim Financial Statements (continued)

20. Investment Securities

	30/6/2026					
	Treasury bills (including Exchange Fund Bills)	Certificates of deposit held	Debt securities	Equity securities	Investment funds	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Investment securities measured at amortised cost						
Gross carrying amount before impairment allowances	2,421	1,631	51,445	-	-	55,497
Less: Impairment allowances	-	-	(158)	-	-	(158)
	2,421	1,631	51,287	-	-	55,339
Investment securities measured at FVOCI	35,173	-	136,681	764	-	172,618
Investment securities mandatorily measured at FVTPL	-	-	317	2	1,148	1,467
	37,594	1,631	188,285	766	1,148	229,424

	31/12/2025					
	Treasury bills (including Exchange Fund Bills)	Certificates of deposit held	Debt securities	Equity securities	Investment funds	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Investment securities measured at amortised cost						
Gross carrying amount before impairment allowances	2,587	3,944	36,975	-	-	43,506
Less: Impairment allowances	-	-	(294)	-	-	(294)
	2,587	3,944	36,681	-	-	43,212
Investment securities measured at FVOCI	25,846	164	136,495	885	-	163,390
Investment securities mandatorily measured at FVTPL	-	-	640	1	1,176	1,817
	28,433	4,108	173,816	886	1,176	208,419

Notes to the Interim Financial Statements (continued)

20. Investment Securities (continued)

Equity Securities Designated at FVOCI

	30/6/2026		31/12/2025	
	Fair value	Dividend income recognised	Fair value	Dividend income recognised
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Equity investments held for long-term strategic purposes	764	17	885	32

As at 30 June 2026, equity securities designated at FVOCI amounting to HK$764 million (31/12/2025: HK$885 million) were held for long-term strategic purposes, of which HK$553 million (31/12/2025: HK$623 million) was attributable to the fair value of the Bank's investment in China UnionPay Co., Ltd. During the period ended 30 June 2026, the Bank disposed of an unlisted equity security designated at FVOCI upon acceptance of the share transfer offer from a major shareholder. The fair value of the investment at the date of disposal was HK$39 million. The cumulative gain recognised in the fair value reserve at the date of disposal amounted to HK$3 million. In accordance with HKFRS 9, this gain was transferred within equity from the fair value reserve to retained profits and was not reclassified to profit or loss.

21. Investments in Associates and Joint Ventures

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
As at 1 January	9,137	8,448
Addition	-	239
Share of profits less losses	158	(305)
Exchange difference and others	(200)	755
As at 30 June/31 December	9,095	9,137

Notes to the Interim Financial Statements (continued)

21. Investments in Associates and Joint Ventures (continued)

Update on impairment assessment of the Group's investment in AFFIN Bank Berhad ("AFFIN")

At 30 June 2026, the fair value of the Group's investment in AFFIN based on the quoted market price had been persistently below the carrying amount. As a result, the Group performed an impairment test on the investment using a value-in-use ("VIU") methodology and this demonstrated that the recoverable amount of the investment was HK$5,016 million. The recoverable amount was higher than the carrying value of HK$3,961 million and no further impairment charge was recognised (six months ended 30 June 2025: no impairment charge). The VIU calculation uses discounted cash flow projections based on AFFIN's latest forecast of financial results and estimates made by the Group's management for the next five years and extrapolating in perpetuity using a long-term growth rate of 3% to derive a terminal value. Discount rate of 10.46% (31/12/2025: 10.40%), which is based on a Capital Asset Pricing Model calculation for AFFIN, is used in the VIU calculation.

The following table illustrates the impact on VIU of reasonably possible changes to key assumptions. This reflects the sensitivity of the VIU to each key assumption on its own and it is possible that more than one favourable and/or unfavourable change may occur at the same time.

	Favourable change			Unfavourable change		
		Increase in VIU	VIU		Decrease in VIU	VIU
		HK$ Mn	HK$ Mn		HK$ Mn	HK$ Mn
At 30 June 2026						
Discount rate	-50 bps	372	5,388	+50 bps	(326)	4,690
Long-term growth rate	+50 bps	75	5,091	-50 bps	(67)	4,949
Expected cash flows	+10%	502	5,518	-10%	(502)	4,514

Notes to the Interim Financial Statements (continued)

22. Fixed Assets

	30/6/2026							
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Cost or valuation								
At 1 January 2026	5,832	7,257	4,116	11,373	1,276	14	1,290	18,495
Additions	1,894	15	200	215	35	2	37	2,146
Revaluation deficit	(407)	-	-	-	-	-	-	(407)
Disposals	-	(3)	(50)	(53)	-	-	-	(53)
Remeasurement	-	-	-	-	2	-	2	2
Expiry/termination of lease contracts	-	-	-	-	(71)	(1)	(72)	(72)
Transfer to asset classified as assets held for sale	-	(9)	-	(9)	-	-	-	(9)
Exchange adjustments	14	111	31	142	19	-	19	175
At 30 June 2026	7,333	7,371	4,297	11,668	1,261	15	1,276	20,277
Accumulated depreciation								
At 1 January 2026	-	2,319	3,336	5,655	614	6	620	6,275
Depreciation for the period	-	59	137	196	116	2	118	314
Expiry/termination of lease contracts	-	-	-	-	(71)	(1)	(72)	(72)
Written off on disposal	-	(3)	(48)	(51)	-	-	-	(51)
Transfer to asset classified as assets held for sale	-	(4)	-	(4)	-	-	-	(4)
Exchange adjustments	-	47	20	67	9	-	9	76
At 30 June 2026	-	2,418	3,445	5,863	668	7	675	6,538
Net book value at 30 June 2026	7,333	4,953	852	5,805	593	8	601	13,739
The gross amounts of the above assets are stated:								
At cost	-	6,623	4,297	10,920	1,261	15	1,276	12,196
At Directors' valuation - 1989	-	748	-	748	-	-	-	748
At professional valuation - 2026	7,333	-	-	-	-	-	-	7,333
	7,333	7,371	4,297	11,668	1,261	15	1,276	20,277

Notes to the Interim Financial Statements (continued)

22. Fixed Assets (continued)

	31/12/2025							
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Cost or valuation								
At 1 January 2025	4,979	7,578	7,216	14,794	1,329	26	1,355	21,128
Additions	824	8	161	169	205	5	210	1,203
Revaluation deficit	(723)	-	-	-	-	-	-	(723)
Disposals	(15)	(33)	(103)	(136)	-	-	-	(151)
Revaluation surplus on bank premises upon transfer to investment properties	-	472	-	472	-	-	-	472
Transfer from bank premises to investment properties	790	(790)	-	(790)	-	-	-	-
Transfer from investment properties to bank premises	(23)	23	-	23	-	-	-	-
Transfer to intangible assets *(Note)*	-	-	(3,261)	(3,261)	-	-	-	(3,261)
Expiry/termination of lease contracts	-	-	-	-	(301)	(18)	(319)	(319)
Less: Elimination of accumulated depreciation on revalued bank premises	-	(187)	-	(187)	-	-	-	(187)
Exchange adjustments	-	186	103	289	43	1	44	333
At 31 December 2025	5,832	7,257	4,116	11,373	1,276	14	1,290	18,495
Accumulated depreciation								
At 1 January 2025	-	2,340	5,156	7,496	642	19	661	8,157
Depreciation for the year	-	116	235	351	240	4	244	595
Expiry/termination of lease contracts	-	-	-	-	(289)	(18)	(307)	(307)
Elimination of accumulated depreciation on revalued bank premises	-	(187)	-	(187)	-	-	-	(187)
Transfer to intangible assets *(Note)*	-	-	(2,028)	(2,028)	-	-	-	(2,028)
Written off on disposal	-	(14)	(92)	(106)	-	-	-	(106)
Exchange adjustments	-	64	65	129	21	1	22	151
At 31 December 2025	-	2,319	3,336	5,655	614	6	620	6,275
Net book value at 31 December 2025	5,832	4,938	780	5,718	662	8	670	12,220
The gross amounts of the above assets are stated:								
At cost	-	6,509	4,116	10,625	1,276	14	1,290	11,915
At Directors' valuation - 1989	-	748	-	748	-	-	-	748
At professional valuation - 2025	5,832	-	-	-	-	-	-	5,832
	5,832	7,257	4,116	11,373	1,276	14	1,290	18,495

Note: The Group previously categorised the system applications and software under fixed assets in the statement of financial position. To more appropriately reflect the underlying nature, the relevant cost of HK$3,261 million and accumulated depreciation of HK$2,028 million were reclassified from fixed assets to intangible assets.

Notes to the Interim Financial Statements (continued)

23. Other Assets

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Accrued interest	4,513	4,331
Customer liabilities under acceptances	42,561	34,490
Other accounts	12,388	11,796
Gross carrying amount before impairment allowances	59,462	50,617
Less: Impairment allowances	(635)	(485)
	58,827	50,132
Assets held for sale	20	15
	58,847	50,147

24. Other Liabilities

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Accrued interest payable	3,703	4,818
Acceptance draft payable	42,561	34,490
Impairment allowances on financial guarantee contracts issued and loan commitments issued	103	86
Lease liabilities	667	741
Other accounts *(Note)*	12,919	10,290
	59,953	50,425

Note: Include contract liabilities of HK$1,728 million (31/12/2025: HK$1,830 million) from contracts with customers under HKFRS 15.

Notes to the Interim Financial Statements (continued)

25. Loan Capital

		30/6/2026	31/12/2025
		HK$ Mn	HK$ Mn
Subordinated notes, at amortised cost with fair value hedge adjustments:			
USD500 million fixed rate Tier 2 capital securities due 22 April 2032	(1)	3,874	3,846
USD650 million fixed rate Tier 2 capital securities due 27 June 2034	(2)	5,091	5,146
USD250 million fixed rate non-preferred loss-absorbing capacity notes due 7 July 2028	(3)	1,938	1,933
USD500 million fixed rate non-preferred loss-absorbing capacity notes due 15 March 2027	(4)	-	3,898
USD500 million fixed rate non-preferred loss-absorbing capacity notes due 13 March 2027	(5)	-	3,895
USD1,000 million fixed rate non-preferred loss-absorbing capacity notes due 13 May 2032	(6)	7,778	-
JPY5,000 million fixed rate non-preferred loss-absorbing capacity notes due 13 November 2029	(7)	236	244
Subordinated notes, at amortised cost without hedging:			
RMB1,250 million (31/12/2025: RMB1,000 million) fixed rate non-preferred loss-absorbing capacity notes due 9 September 2029	(8)	1,434	1,101
		20,351	20,063

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the period/year ended 30 June 2026 and 31 December 2025.

(1) Loan capital with face value of US$500 million (equivalent to HK$3,921 million) and carrying amount of HK$3,874 million (31/12/2025: HK$3,846 million) represents subordinated notes carrying a coupon rate of 4.875% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 22 April 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 22 April 2032 and are callable on 22 April 2027. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.4 million loss was recorded in first half of 2026.

(2) Loan capital with face value of US$650 million (equivalent to HK$5,098 million) and carrying amount of HK$5,091 million (31/12/2025: HK$5,146 million) represents subordinated notes carrying a coupon of 6.75% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 27 June 2024 by the Bank. The notes are listed on the Stock Exchange, will mature on 27 June 2034 and are callable on 27 June 2029. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.6 million loss was recorded in first half of 2026.

(3) Loan capital with face value of US$250 million (equivalent to HK$1,961 million) and carrying amount of HK$1,938 million (31/12/2025: HK$1,933 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 5.125% p.a. and meeting the loss-absorbing capacity requirements issued on 7 July 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 7 July 2028 and are callable on 7 July 2027. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in first half of 2026.

Notes to the Interim Financial Statements (continued)

25. Loan Capital (continued)

(4) Loan capital with face value of US$500 million (equivalent to HK$3,892 million) and carrying amount of HK$3,898 million as at 31 December 2025 represented non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.75% p.a. and meeting the loss-absorbing capacity requirements issued on 15 March 2023 by the Bank. The notes were under fair value hedge accounting and the hedge ineffectiveness of HK$0.1 million profit was recorded in first half of 2026. The notes were fully redeemed when they became callable on 15 March 2026.

(5) Loan capital with face value of US$500 million (equivalent to HK$3,892 million) and carrying amount of HK$3,895 million as at 31 December 2025 represented non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.625% p.a. and meeting the loss-absorbing capacity requirements issued on 13 March 2024 by the Bank. The notes were under fair value hedge accounting and the hedge ineffectiveness of HK$0.3 million loss was recorded in first half of 2026. The notes were fully redeemed when they became callable on 13 March 2026.

(6) Loan capital with face value of US$1,000 million (equivalent to HK$7,842 million) and carrying amount of HK$7,778 million represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 5.375% p.a. and meeting the loss-absorbing capacity requirements issued on 13 May 2026 by the Bank. The notes are listed on the Stock Exchange, will mature on 13 May 2032 and are callable on 13 May 2031. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$3.7 million loss was recorded in first half of 2026.

(7) Loan capital with face value of JPY5,000 million (equivalent to HK$242 million) and carrying amount of HK$236 million (31/12/2025: HK$244 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 2.64% p.a. and meeting the loss-absorbing capacity requirements issued on 13 November 2025 by the Bank. The notes are listed on the Stock Exchange, will mature on 13 November 2029 and are callable on 13 November 2028. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in first half of 2026.

(8) Loan capital with an aggregate face value of RMB1,250 million (equivalent to HK$1,445 million) (31/12/2025: RMB1,000 million / HK$1,113 million equivalent) and carrying amount of HK$1,434 million (31/12/2025: HK$1,101 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 2.95% p.a. and meeting the loss-absorbing capacity requirements. The notes were issued in three tranches with face value RMB750 million, RMB 250 million and RMB 250 million on 9 September 2025, 20 November 2025 and 2 April 2026 respectively by the Bank. The notes are listed on the Stock Exchange, will mature on 9 September 2029 and are callable on 9 September 2028.

Notes to the Interim Financial Statements (continued)

26. Segment Reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's Senior Management for the purposes of resource allocation and performance assessment, the Group has presented the following eight reportable segments.

Hong Kong operations divided into the following five reportable segments.

Personal banking includes branch operations, personal internet banking, consumer finance, property loans, MPF business, and credit card business.

Wholesale banking includes corporate lending and loan syndication, asset-based lending, commercial lending, securities lending and trade financing activities with correspondent banks and corporates.

Treasury markets include treasury operations and securities dealing.

Wealth management includes private banking business, investment products & advisory and securities & futures broking.

Others mainly include trust business carried out by subsidiaries operating in Hong Kong and other supporting units of Hong Kong operations.

Chinese Mainland operations mainly include the back office unit for Chinese Mainland operations in Hong Kong, all subsidiaries and associates operating in Chinese Mainland, except those subsidiaries carrying out data processing and other back office operations for Hong Kong operations in Chinese Mainland.

Overseas, Macau and Taiwan operations mainly include the back office unit for Overseas, Macau and Taiwan operations in Hong Kong, Macau Branch, Taiwan Branch and all branches, subsidiaries and associates operating overseas.

Corporate management absorbs the regulatory capital cost of loan capital issued by the Bank and receives, from Hong Kong operations, the interest income on business activities funded by capital instruments issued by the Bank.

For the purposes of assessing segment performance and allocating resources among segments, the Group's Senior Management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets with the exception of interests in associates and joint ventures and assets held for sale. Segment liabilities include deposits, financial liabilities and other liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Notes to the Interim Financial Statements (continued)

26. Segment Reporting (continued)

	Hong Kong operations										
	Personal banking	Wholesale banking	Treasury markets	Wealth management	Others	Total	Chinese Mainland operations	Overseas, Macau and Taiwan operations	Corporate management	Inter-segment elimination	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
6 months ended 30 June 2026											
Net interest income/(expense)	2,815	1,332	603	177	(59)	4,868	1,777	1,147	(95)	-	7,697
Non-interest income	927	524	253	587	218	2,509	898	83	-	(20)	3,470
Operating income/(expense)	3,742	1,856	856	764	159	7,377	2,675	1,230	(95)	(20)	11,167
Operating expenses	(890)	(199)	(100)	(226)	(1,396)	(2,811)	(1,572)	(456)	-	20	(4,819)
Operating profit/(loss) before impairment losses	2,852	1,657	756	538	(1,237)	4,566	1,103	774	(95)	-	6,348
(Charge for)/write back of impairment losses on financial instruments	(56)	(1,135)	2	(1)	-	(1,190)	(1,642)	(126)	-	-	(2,958)
Operating profit/(loss) after impairment losses	2,796	522	758	537	(1,237)	3,376	(539)	648	(95)	-	3,390
Net profit on sale of assets held for sale	-	-	-	-	-	-	-	1	-	-	1
Net (loss)/profit on disposal of fixed assets	-	(1)	-	-	1	-	(1)	-	-	-	(1)
Valuation (losses)/gains on investment properties	-	-	-	-	(418)	(418)	11	-	-	-	(407)
Share of profits less losses of associates and joint ventures	-	-	-	-	(2)	(2)	13	147	-	-	158
Profit/(loss) before taxation	2,796	521	758	537	(1,656)	2,956	(516)	796	(95)	-	3,141
Depreciation and amortisation for the period	(95)	(6)	(6)	(6)	(133)	(246)	(173)	(33)	-	-	(452)
At 30 June 2026											
Segment assets	130,489	148,325	265,514	18,028	11,215	573,571	268,894	135,039	-	(49,738)	927,766
Investments in associates and joint ventures	-	-	-	-	52	52	3,285	5,758	-	-	9,095
Other assets – Assets held for sale	-	-	-	-	15	15	5	-	-	-	20
Total assets	130,489	148,325	265,514	18,028	11,282	573,638	272,184	140,797	-	(49,738)	936,881
Total liabilities	368,043	60,656	49,762	38,268	4,314	521,043	238,082	119,897	-	(49,643)	829,379

Notes to the Interim Financial Statements (continued)

26. Segment Reporting (continued)

	Hong Kong operations										
	Personal banking	Wholesale banking	Treasury markets	Wealth management	Others	Total	Chinese Mainland operations	Overseas, Macau and Taiwan operations	Corporate management	Inter-segment elimination	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
6 months ended 30 June 2025											
Net interest income/(expense)	2,498	1,323	578	165	(79)	4,485	1,744	1,204	(89)	-	7,344
Non-interest income	846	389	78	527	189	2,029	799	105	-	(18)	2,915
Operating income/(expense)	3,344	1,712	656	692	110	6,514	2,543	1,309	(89)	(18)	10,259
Operating expenses	(858)	(226)	(99)	(223)	(1,399)	(2,805)	(1,591)	(434)	-	18	(4,812)
Operating profit/(loss) before impairment losses	2,486	1,486	557	469	(1,289)	3,709	952	875	(89)	-	5,447
Impairment losses on financial instruments	(71)	(1,305)	(38)	(72)	(2)	(1,488)	(698)	(353)	-	-	(2,539)
Operating profit/(loss) after impairment losses	2,415	181	519	397	(1,291)	2,221	254	522	(89)	-	2,908
Net (loss)/profit on disposal of fixed assets	(3)	-	-	-	(1)	(4)	1	-	-	-	(3)
Valuation (losses)/gains on investment properties	-	-	-	-	(99)	(99)	-	1	-	-	(98)
Share of profits less losses of associates and joint ventures	-	-	-	-	12	12	42	133	-	-	187
Profit/(loss) before taxation	2,412	181	519	397	(1,379)	2,130	297	656	(89)	-	2,994
Depreciation and amortisation for the period	(99)	(10)	(5)	(3)	(113)	(230)	(170)	(31)	-	-	(431)
At 31 December 2025											
Segment assets	130,721	148,650	244,265	17,300	12,720	553,656	267,563	136,119	-	(45,497)	911,841
Investments in associates and joint ventures	-	-	-	-	54	54	3,168	5,915	-	-	9,137
Other assets – Assets held for sale	-	-	-	-	15	15	-	-	-	-	15
Total assets	130,721	148,650	244,265	17,300	12,789	553,725	270,731	142,034	-	(45,497)	920,993
Total liabilities	369,203	55,309	34,143	37,132	4,083	499,870	239,053	121,445	-	(45,006)	815,362

Notes to the Interim Financial Statements (continued)

27. Analysis of Assets and Liabilities by Remaining Maturity

	30/6/2026							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets								
Cash and balances with banks	34,110	26	41	119	-	-	8,538	42,834
Placements with and advances to banks	-	24,373	369	1,847	1,268	-	-	27,857
Trade bills	1	616	342	632	-	-	-	1,591
Trading assets	-	-	-	976	382	-	283	1,641
Derivative assets	-	-	-	-	-	-	4,051	4,051
Loans and advances to customers	2,949	68,852	48,862	132,516	162,040	119,177	8,050	542,446
Investment securities	-	10,747	19,903	34,467	91,800	70,582	1,925	229,424
Investments in associates and joint ventures	-	-	-	-	-	-	9,095	9,095
Fixed assets	-	-	-	-	-	-	13,739	13,739
Goodwill and intangible assets	-	-	-	-	-	-	3,066	3,066
Deferred tax assets	-	-	-	-	-	-	2,290	2,290
Other assets	14	10,643	12,400	24,075	801	844	10,070	58,847
Total assets	37,074	115,257	81,917	194,632	256,291	190,603	61,107	936,881
Liabilities								
Deposits and balances of banks	1,009	14,253	10,673	2,852	-	-	-	28,787
Deposits from customers	251,121	118,120	180,423	125,921	17,846	-	-	693,431
- Demand deposits and current accounts	82,519	-	-	-	-	-	-	82,519
- Savings deposits	166,798	-	-	-	-	-	-	166,798
- Time, call and notice deposits	1,804	118,120	180,423	125,921	17,846	-	-	444,114
Trading liabilities	-	500	-	-	-	117	-	617
Derivative liabilities	-	-	-	-	-	-	3,364	3,364
Certificates of deposit issued	-	4,031	7,360	7,092	1,016	-	-	19,499
Current taxation	-	-	-	2,670	4	-	-	2,674
Deferred tax liabilities	-	-	-	-	-	-	703	703
Other liabilities	830	11,253	13,048	25,081	1,326	866	7,549	59,953
- Lease liabilities	-	20	38	152	347	110	-	667
- Other accounts	830	11,233	13,010	24,929	979	756	7,549	59,286
Loan capital	-	-	-	3,874	16,477	-	-	20,351
Total liabilities	252,960	148,157	211,504	167,490	36,669	983	11,616	829,379
Net gap	(215,886)	(32,900)	(129,587)	27,142	219,622	189,620		

Notes to the Interim Financial Statements (continued)

27. Analysis of Assets and Liabilities by Remaining Maturity (continued)

	31/12/2025							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets								
Cash and balances with banks	45,380	11	403	256	-	-	7,944	53,994
Placements with and advances to banks	-	29,106	708	1,050	783	-	-	31,647
Trade bills	1	355	1,292	1,796	-	-	-	3,444
Trading assets	-	-	-	-	321	22	239	582
Derivative assets	-	-	-	-	-	-	3,111	3,111
Loans and advances to customers	2,394	63,357	50,229	127,375	170,046	120,182	9,652	543,235
Investment securities	-	15,499	14,870	21,338	91,089	63,551	2,072	208,419
Investments in associates and joint ventures	-	-	-	-	-	-	9,137	9,137
Fixed assets	-	-	-	-	-	-	12,220	12,220
Goodwill and intangible assets	-	-	-	-	-	-	3,052	3,052
Deferred tax assets	-	-	-	-	-	-	2,005	2,005
Other assets	19	9,737	12,564	16,218	816	746	10,047	50,147
Total assets	47,794	118,065	80,066	168,033	263,055	184,501	59,479	920,993
Liabilities								
Deposits and balances of banks	783	5,910	2,062	552	-	-	-	9,307
Deposits from customers	253,042	136,734	182,829	123,277	10,697	-	-	706,579
- Demand deposits and current accounts	92,058	-	-	-	-	-	-	92,058
- Savings deposits	159,631	-	-	-	-	-	-	159,631
- Time, call and notice deposits	1,353	136,734	182,829	123,277	10,697	-	-	454,890
Derivative liabilities	-	-	-	-	-	-	2,854	2,854
Certificates of deposit issued	-	5,320	7,232	9,304	1,178	-	-	23,034
Current taxation	-	-	-	2,278	4	-	-	2,282
Deferred tax liabilities	-	-	-	-	-	-	818	818
Other liabilities	909	8,814	13,830	17,690	1,333	955	6,894	50,425
- Lease liabilities	-	24	38	160	387	132	-	741
- Other accounts	909	8,790	13,792	17,530	946	823	6,894	49,684
Loan capital	-	-	7,793	-	12,270	-	-	20,063
Total liabilities	254,734	156,778	213,746	153,101	25,482	955	10,566	815,362
Net gap	(206,940)	(38,713)	(133,680)	14,932	237,573	183,546		

Notes to the Interim Financial Statements (continued)

28. Deferred Tax Assets and Liabilities Recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of financial assets at FVOCI	Cash flow hedge	Tax losses	Others	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
At 31 December 2025/ 1 January 2026	(385)	(114)	2,043	(424)	(36)	12	91	1,187
(Charged)/credited to income statement	(16)	-	208	-	-	(3)	(3)	186
Credited to reserves	-	-	-	54	81	-	-	135
Exchange and other adjustments	-	-	72	-	-	-	7	79
At 30 June 2026	(401)	(114)	2,323	(370)	45	9	95	1,587

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

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Net deferred tax assets recognised on the statement of financial position	2,290	2,005
Net deferred tax liabilities recognised on the statement of financial position	(703)	(818)
	1,587	1,187

Notes to the Interim Financial Statements (continued)

29. Reserves

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
General reserve	13,658	13,657
Revaluation reserve on bank premises	2,732	2,716
Capital reserve (1)	1,013	1,017
Exchange revaluation reserve	(375)	(1,311)
Fair value reserve	2,535	2,901
Hedging reserve	(225)	183
Other reserves	5,452	5,449
Retained profits (2)	40,180	38,528
	64,970	63,140
Proposed dividends, not provided for	1,216	581

(1) Shares acquired for the RSU Scheme are held by the independent trustee (the "Trustee"), who has been appointed by the Bank to administer the RSU Scheme, and the total consideration (including any directly attributable costs) is deducted from capital reserve. Movement for the shares held for the RSU Scheme is set out below:

	30/6/2026		31/12/2025	
	No. of shares	HK$ Mn	No. of shares	HK$ Mn
At 1 January	(200,000)	(2)	-	-
Acquisition of shares by the Trustee	(396,988)	(6)	(200,000)	(2)
Vesting of shares under the RSU Scheme	399,199	5	-	-
At 30 June/31 December	(197,789)	(3)	(200,000)	(2)

(2) A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained profits and in consultation with the HKMA. As at 30 June 2026, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Bank to shareholders by HK$2,345 million (31/12/2025: HK$2,381 million).

Notes to the Interim Financial Statements (continued)

30. Notes on Condensed Consolidated Cash Flow Statement

(a) Cash and cash equivalents

	30/6/2026 HK$ Mn	30/6/2025 HK$ Mn
(i) Components of cash and cash equivalents in the condensed consolidated cash flow statement		
Cash and balances with banks with original maturity within three months	34,111	27,961
Placements with and advances to banks with original maturity within three months	22,268	28,716
Treasury bills with original maturity within three months	13,451	9,473
Certificates of deposit held with original maturity within three months	1,631	537
Debt securities with original maturity within three months	4	83
	71,465	66,770
(ii) Reconciliation with the consolidated statement of financial position		
Cash and balances with banks	42,834	36,008
Placements with and advances to banks	27,857	30,572
Treasury bills, certificates of deposit held and debt securities		
- trading assets	1,358	3,175
- investment securities	227,510	198,250
	228,868	201,425
Amounts shown in the consolidated statement of financial position	299,559	268,005
Less: Amounts with an original maturity of beyond three months	(219,370)	(193,188)
Cash balance with central bank subject to regulatory restriction	(8,724)	(8,047)
Cash and cash equivalents in the condensed consolidated cash flow statement	71,465	66,770

(b) Net cash outflow arising from the acquisition of subsidiaries

For the six months ended 30 June 2026, the recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiaries comprise the following:

	HK$ Mn
Cash and balances with banks	
- with original maturity within three months	72
- with original maturity beyond three months	70
Fixed assets – Investment properties	1,894
Deferred tax assets	3
Other assets	1
Current taxation	(5)
Other liabilities	(87)
Total consideration paid in cash	1,948
Less: Cash and cash equivalents acquired	(72)
Cash outflow on acquisition net of cash acquired	1,876

There were no acquisitions of subsidiaries during the six months ended 30 June 2025.

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments

(a) Financial Instruments Carried at Fair Value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair values using the following hierarchy of methods:

Level 1 – Quoted market price in an active market for an identical instrument.

Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or counterparty quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, historical or implied volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses valuation models, which usually are developed from recognised valuation methodologies. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation control function, namely Instruments Valuation Group ("IVG"), which comprises control units independent of front office management. Procedures for price verification have been established. Any pricing models to be used would be subject to a rigorous validation and approval process.

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments (continued)

(a) Financial Instruments Carried at Fair Value (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised:

	30/6/2026				31/12/2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Recurring fair value measurement								
Assets								
Trade Bills – Measured at FVOCI	-	212	-	212	-	11	-	11
Trading assets	777	864	-	1,641	239	343	-	582
Derivative assets	-	4,051	-	4,051	-	3,111	-	3,111
Loans mandatorily measured at FVTPL	-	181	-	181	-	112	-	112
Investment securities								
- Mandatorily measured at FVTPL	-	1,009	458	1,467	-	1,303	514	1,817
- Measured at FVOCI	43,501	128,353	764	172,618	32,641	129,864	885	163,390
	44,278	134,670	1,222	180,170	32,880	134,744	1,399	169,023
Liabilities								
Trading liabilities	500	117	-	617	-	-	-	-
Derivative liabilities	-	3,364	-	3,364	-	2,854	-	2,854
	500	3,481	-	3,981	-	2,854	-	2,854

During the period ended 30 June 2026 and year ended 31 December 2025, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments (continued)

(a) Financial Instruments Carried at Fair Value (continued)

Information about significant unobservable inputs in Level 3 valuations:

	Valuation technique	Significant unobservable input(s)	Range
Unlisted equity securities and investment funds	Net asset value	N/A	N/A
	Discounted cash flow model	Discount rate	30/6/2026: 9.6% (31/12/2025: 8.1%)
		Marketability discount	30/6/2026: 20% (31/12/2025: 20%)
	Market-comparable approach	Earnings multiple	30/6/2026: 7.41 – 28.22 (31/12/2025: 7.51 – 35.50)
		EV/EBIT	30/6/2026: 13.96 – 23.24 (31/12/2025: 16.60 – 23.24)
		Marketability discount	30/6/2026: 40% (31/12/2025: 40%)

The fair values of unlisted equity instruments mandatorily measured at FVTPL or measured at FVOCI are estimated using the discounted cash flow model, on the basis of an analysis of the investee's financial position and results, or with reference to multiples of comparable listed companies, adjusted for a marketability discount to reflect the fact that the shares are not actively traded. An increase in the ratio/investee's financial position and results in isolation will result in favourable movement in the fair values, while an increase in discount rate/marketability discount in isolation will result in unfavourable movement. The fair value of the unlisted investment funds are estimated by using the net asset valuations provided by the managers of the funds.

Valuation of financial instruments in Level 3 are subject to the same valuation control framework as described above and reviewed regularly by IVG.

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments (continued)

(a) Financial Instruments Carried at Fair Value (continued)

(1) Valuation of financial instruments with significant unobservable inputs

Movements in the recognised fair values of instruments with significant unobservable inputs were as follows:

	30/6/2026		31/12/2025	
	Investment securities mandatorily measured at FVTPL	Investment securities measured at FVOCI	Investment securities mandatorily measured at FVTPL	Investment securities measured at FVOCI
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets				
At 1 January	514	885	508	999
Additions/Purchases	-	-	1	-
Disposals/Settlements	(10)	(39)	(10)	-
Changes in fair value recognised in the income statement	(46)	-	15	-
Changes in fair value recognised in the other comprehensive income	-	(82)	-	(114)
At 30 June/31 December	458	764	514	885
Total losses for the period/year included in FVOCI fair value reserve of the other comprehensive income for assets held at the end of the reporting period	-	(95)	-	(113)
Total (losses)/gains for the period/year included in net result on financial instruments at FVTPL of the income statement for assets held at the end of the reporting period	(46)	-	13	-

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments (continued)

(a) Financial Instruments Carried at Fair Value (continued)

(2) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions

	30/6/2026			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	38	(38)	-	-
Investment securities measured at FVOCI	-	-	64	(64)
	38	(38)	64	(64)

	31/12/2025			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	43	(43)	-	-
Investment securities measured at FVOCI	-	-	74	(74)
	43	(43)	74	(74)

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

Notes to the Interim Financial Statements (continued)

31. Fair Values of Financial Instruments (continued)

(b) Fair Values of Financial Instruments Carried at other than Fair Value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented below:

(i) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the end of the reporting period.

(ii) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances from both the carrying amount and fair value.

(iii) The fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value.

(iv) The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2026 and 31 December 2025.

Notes to the Interim Financial Statements (continued)

32. Credit Risk

The mapping between the Group's Stage Allocation and the HKMA's 5-Grade Asset classification is as follows:

HKMA's 5-Grade Asset Classification		**Stage Allocation**
Pass	General (i.e. do not meet the Bank's criteria of "Significant Increase of Credit Risk")	1
	Meet the Bank's criteria of "Significant Increase of Credit Risk"	2
Special Mention		2
Substandard		3
Doubtful		
Loss		

The criterion of "significant increase of credit risk" takes into consideration of any one of the following key factors:

1. The exposure has a significant deterioration of internal or external rating as compared with the rating at the time when the exposure was originated;

2. The exposure is classified as Special Mention;

3. The rating of the exposure falls out of the "Low-Credit Risk Threshold" that is equivalent to the globally understood definition of "investment grade"; or

4. Other events and indications that the credit risk of the exposure has significantly increased since origination or purchase.

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis

Credit quality of loans and advances

The following tables set out information about the credit quality of loans and advances to customers. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers at amortised cost								
Grades 1-15: Pass	504,148	1,270	17,649	39	-	-	521,797	1,309
Grades 16-17: Special Mention	-	-	13,074	70	-	-	13,074	70
Grade 18: Substandard	-	-	-	-	3,742	83	3,742	83
Grade 19: Doubtful	-	-	-	-	8,462	581	8,462	581
Grade 20: Loss	-	-	-	-	2,496	247	2,496	247
Total gross carrying amount	504,148	1,270	30,723	109	14,700	911	549,571	2,290
Impairment allowances	(629)	(2)	(876)	(5)	(5,801)	(519)	(7,306)	(526)
Carrying amount	503,519	1,268	29,847	104	8,899	392	542,265	1,764
Market value of collateral held against impaired loans and advances to customers					8,320			

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers at amortised cost								
Grades 1-15: Pass	505,758	1,380	14,493	48	-	-	520,251	1,428
Grades 16-17: Special Mention	-	-	14,235	68	-	-	14,235	68
Grade 18: Substandard	-	-	-	-	5,256	71	5,256	71
Grade 19: Doubtful	-	-	-	-	6,867	460	6,867	460
Grade 20: Loss	-	-	-	-	2,558	214	2,558	214
Total gross carrying amount	505,758	1,380	28,728	116	14,681	745	549,167	2,241
Impairment allowances	(666)	(2)	(801)	(2)	(4,577)	(383)	(6,044)	(387)
Carrying amount	505,092	1,378	27,927	114	10,104	362	543,123	1,854
Market value of collateral held against impaired loans and advances to customers					8,611			

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of loans and advances (continued)

The following table sets out the credit analysis for loans and advances to customers mandatorily measured at FVTPL.

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Loans and advances to customers mandatorily measured at FVTPL		
Grade 20: Loss	181	112
Total carrying amount at fair value	181	112

Collateral includes any tangible security that carries a fair market value and is readily marketable. This includes (but is not limited to) cash and deposits, stocks and bonds, mortgages over properties and charges over other fixed assets such as plant and equipment. Where collateral values are greater than gross loans and advances to customers, only the amount of collateral up to the gross loans and advances is included.

Credit quality of financial assets other than loans and advances

The following tables set out the credit analysis for financial assets other than loans and advances to customers, measured at amortised cost and FVOCI. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts/fair value. For loan commitment and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at amortised cost								
Grades 1-15: Pass	1,381	1	-	-	-	-	1,381	1
Total gross carrying amount	1,381	1	-	-	-	-	1,381	1
Impairment allowances	(2)	-	-	-	-	-	(2)	-
Carrying amount	1,379	1	-	-	-	-	1,379	1

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at amortised cost								
Grades 1-15: Pass	3,436	1	-	-	-	-	3,436	1
Total gross carrying amount	3,436	1	-	-	-	-	3,436	1
Impairment allowances	(3)	-	-	-	-	-	(3)	-
Carrying amount	3,433	1	-	-	-	-	3,433	1

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of financial assets other than loans and advances (continued)

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at FVOCI								
Grades 1-15: Pass	212	-	-	-	-	-	212	-
Total carrying amount at fair value	212	-	-	-	-	-	212	-
Impairment allowances	-	-	-	-	-	-	-	-

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at FVOCI								
Grades 1-15: Pass	11	-	-	-	-	-	11	-
Total carrying amount at fair value	11	-	-	-	-	-	11	-
Impairment allowances	-	-	-	-	-	-	-	-

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Placements with and advances to banks								
Grades 1-15: Pass	27,869	64	-	-	-	-	27,869	64
Total gross carrying amount	27,869	64	-	-	-	-	27,869	64
Impairment allowances	(12)	-	-	-	-	-	(12)	-
Carrying amount	27,857	64	-	-	-	-	27,857	64

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Placements with and advances to banks								
Grades 1-15: Pass	31,651	47	-	-	-	-	31,651	47
Total gross carrying amount	31,651	47	-	-	-	-	31,651	47
Impairment allowances	(4)	-	-	-	-	-	(4)	-
Carrying amount	31,647	47	-	-	-	-	31,647	47

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of financial assets other than loans and advances (continued)

	30/6/2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loan commitments				
Grades 1-15: Pass	367,229	6,927	-	374,156
Grades 16-17: Special Mention	-	1,163	-	1,163
Grade 18: Substandard	-	-	-	-
Total	367,229	8,090	-	375,319
Impairment allowances	(79)	(10)	-	(89)
Financial guarantee contracts				
Grades 1-15: Pass	20,506	390	-	20,896
Grades 16-17: Special Mention	-	60	-	60
Grade 18: Substandard	-	-	-	-
Total	20,506	450	-	20,956
Impairment allowances	(14)	-	-	(14)

	31/12/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loan commitments				
Grades 1-15: Pass	358,326	5,198	-	363,524
Grades 16-17: Special Mention	-	1,266	-	1,266
Grade 18: Substandard	-	-	1	1
Total	358,326	6,464	1	364,791
Impairment allowances	(61)	(6)	-	(67)
Financial guarantee contracts				
Grades 1-15: Pass	18,518	220	-	18,738
Grades 16-17: Special Mention	-	65	-	65
Grade 18: Substandard	-	-	101	101
Total	18,518	285	101	18,904
Impairment allowances	(15)	(1)	(3)	(19)

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of financial assets other than loans and advances (continued)

Credit risk of treasury transactions is managed in the same way as the Group manages its corporate and bank lending risk and risk gradings are applied to the counterparties with individual counterparty limits set.

At the end of the reporting period, the credit quality of investment in debt securities analysed by designation of external credit assessment institution, Moody's Ratings, or equivalent, is as follows:

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	32,808	308	-	-	-	-	32,808	308
A1 to A3	18,349	199	-	-	-	-	18,349	199
Baa1 to Baa3	4,011	45	-	-	-	-	4,011	45
Below Baa3	-	-	-	-	-	-	-	-
Unrated	172	4	-	-	157	7	329	11
Total gross carrying amount	55,340	556	-	-	157	7	55,497	563
Impairment allowances	(13)	-	-	-	(145)	(7)	(158)	(7)
Carrying amount	55,327	556	-	-	12	-	55,339	556

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	30,367	292	-	-	-	-	30,367	292
A1 to A3	8,786	76	-	-	-	-	8,786	76
Baa1 to Baa3	2,606	12	-	-	-	-	2,606	12
Below Baa3	446	3	62	1	-	-	508	4
Unrated	943	6	-	-	296	14	1,239	20
Total gross carrying amount	43,148	389	62	1	296	14	43,506	404
Impairment allowances	(8)	-	-	-	(286)	(14)	(294)	(14)
Carrying amount	43,140	389	62	1	10	-	43,212	390

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of financial assets other than loans and advances (continued)

	30/6/2026							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at FVOCI								
Aaa	6,417	-	-	-	-	-	6,417	-
Aa1 to Aa3	42,568	141	-	-	-	-	42,568	141
A1 to A3	78,377	908	-	-	-	-	78,377	908
Baa1 to Baa3	42,232	496	-	-	-	-	42,232	496
Below Baa3	-	-	-	-	-	-	-	-
Unrated	2,260	22	-	-	-	-	2,260	22
Total carrying amount at fair value	171,854	1,567	-	-	-	-	171,854	1,567
where impairment allowances included	(65)	(1)	-	-	-	-	(65)	(1)

	31/12/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at FVOCI								
Aaa	6,575	2	-	-	-	-	6,575	2
Aa1 to Aa3	32,067	163	-	-	-	-	32,067	163
A1 to A3	77,348	900	-	-	-	-	77,348	900
Baa1 to Baa3	43,526	506	-	-	-	-	43,526	506
Below Baa3	-	-	-	-	-	-	-	-
Unrated	2,989	45	-	-	-	-	2,989	45
Total carrying amount at fair value	162,505	1,616	-	-	-	-	162,505	1,616
where impairment allowances included	(73)	(1)	-	-	-	-	(73)	(1)

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of financial assets other than loans and advances (continued)

The following table sets out the credit analysis for non-trading debt investment securities measured at FVTPL.

	30/6/2026 HK$ Mn	31/12/2025 HK$ Mn
Non-trading debt investment securities measured at FVTPL		
Aaa	-	-
Aa1 to Aa3	-	-
A1 to A3	194	408
Baa1 to Baa3	110	207
Below Baa3	3	2
Unrated	10	23
Total carrying amount at fair value	317	640

The following table sets out the credit analysis for trading debt investment securities.

	30/6/2026 HK$ Mn	31/12/2025 HK$ Mn
Trading debt investment securities measured at FVTPL		
Aaa	-	-
Aa1 to Aa3	494	-
A1 to A3	864	343
Baa1 to Baa3	-	-
Below Baa3	-	-
Unrated	-	-
Total carrying amount at fair value	1,358	343

The following table shows the credit quality of the counterparties to which there were exposures arising from derivative asset transactions.

	30/6/2026 HK$ Mn	31/12/2025 HK$ Mn
Derivative assets		
Aa1 to Aa3	1,241	833
A1 to A3	885	489
Baa1 to Baa3	398	418
Below Baa3	-	-
Unrated	1,527	1,371
Total carrying amount at fair value	4,051	3,111

Cash and balances with banks

At 30 June 2026, the Group held cash and balances with banks of HK$42,835 million (31 December 2025: HK$53,995 million), of which 97% (31 December 2025: 96%) of cash and balances with banks counterparties that are rated at investment grade, based on Moody's Ratings, or equivalent ratings.

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation

The following tables show reconciliations from the opening to the closing balance of the impairment allowance by type of financial instrument. The reconciliation is prepared by comparing the position of impairment allowance between 1 January and 30 June/31 December at transaction level. Transfers between different stages of ECL are deemed to occur at the beginning of the year and therefore amounts transferred net to zero. The re-measurement of ECL resulting from a change in ECL stage is reported under the ECL stage in which they are transferred to.

	30/6/2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers				
Balance at 1 January	668	803	4,960	6,431
Transfer to 12-month ECL	5	(5)	-	-
Transfer to lifetime ECL not credit-impaired	(8)	32	(24)	-
Transfer to lifetime ECL credit-impaired	(1)	(70)	71	-
New financial assets originated or purchased, assets derecognised, repayments and further lending	72	(5)	236	303
Write-offs	-	-	(1,779)	(1,779)
Changes in models	11	4	-	15
Net remeasurement of impairment allowances (including exchange adjustments)	(116)	122	2,856	2,862
Balance at 30 June	631	881	6,320	7,832
Of which:				
For loans and advances to customers at amortised cost *(Note 19(a))*	629	876	5,801	7,306
For related accrued interest receivable *(Note 23)*	2	5	519	526
	631	881	6,320	7,832

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers				
Balance at 1 January	892	261	4,298	5,451
Transfer to 12-month ECL	13	(13)	-	-
Transfer to lifetime ECL not credit-impaired	(17)	56	(39)	-
Transfer to lifetime ECL credit-impaired	(5)	(103)	108	-
New financial assets originated or purchased, assets derecognised, repayments and further lending	38	236	234	508
Write-offs	-	-	(3,904)	(3,904)
Changes in models	(190)	(272)	(26)	(488)
Net remeasurement of impairment allowances (including exchange adjustments)	(63)	638	4,289	4,864
Balance at 31 December	668	803	4,960	6,431
Of which:				
For loans and advances to customers at amortised cost *(Note 19(a))*	666	801	4,577	6,044
For related accrued interest receivable *(Note 23)*	2	2	383	387
	668	803	4,960	6,431

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	30/6/2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities				
Balance at 1 January	82	-	300	382
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised, repayments and further investment	6	-	-	6
Write-offs	-	-	(149)	(149)
Net remeasurement of impairment allowances (including exchange adjustments)	(9)	-	1	(8)
Balance at 30 June	79	-	152	231
Of which:				
For debt investment securities measured at amortised cost *(Note 20)*	13	-	145	158
For related accrued interest receivable *(Note 23)*	-	-	7	7
	13	-	152	165
For debt investment securities measured at FVOCI	65	-	-	65
For related accrued interest receivable	1	-	-	1
	66	-	-	66

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities				
Balance at 1 January	85	5	1,114	1,204
Transfer to 12-month ECL	1	(1)	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised, repayments and further investment	5	(4)	(835)	(834)
Write-offs	-	-	-	-
Changes in models	(7)	-	-	(7)
Net remeasurement of impairment allowances (including exchange adjustments)	(2)	-	21	19
Balance at 31 December	82	-	300	382
Of which:				
For debt investment securities measured at amortised cost *(Note 20)*	8	-	286	294
For related accrued interest receivable *(Note 23)*	-	-	14	14
	8	-	300	308
For debt investment securities measured at FVOCI	73	-	-	73
For related accrued interest receivable	1	-	-	1
	74	-	-	74

The impairment allowances of debt investment securities measured at FVOCI are not separately recognised in the statement of financial position because they have been adjusted to the carrying amounts of debt investment securities measured at FVOCI as their fair values.

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	30/6/2026			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Others				
Balance at 1 January	99	8	71	178
Transfer to 12-month ECL	2	(2)	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised and repayments	44	1	10	55
Write-offs	-	-	-	-
Changes in models	1	-	-	1
Net remeasurement of impairment allowances (including exchange adjustments)	(17)	3	-	(14)
Balance at 30 June	129	10	81	220
Of which:				
For trade bills measured at FVOCI	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For trade bills measured at amortised cost *(Note 17)*	2	-	-	2
For related accrued interest receivable	-	-	-	-
	2	-	-	2
For placements with and advances to banks *(Note 16)*	12	-	-	12
For related accrued interest receivable	-	-	-	-
	12	-	-	12
For cash and balances with banks *(Note 15)*	1	-	-	1
For related accrued interest receivable	-	-	-	-
	1	-	-	1
For loan commitments and financial guarantee contracts *(Note 24)*	93	10	-	103
For account receivables and other accounts other than accrued interest receivable *(Note 23)*	21	-	81	102

Notes to the Interim Financial Statements (continued)

32. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Others				
Balance at 1 January	135	22	61	218
Transfer to 12-month ECL	8	(8)	-	-
Transfer to lifetime ECL not credit-impaired	(1)	1	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised and repayments	1	(9)	1	(7)
Write-offs	-	-	(1)	(1)
Changes in models	(11)	(6)	-	(17)
Net remeasurement of impairment allowances (including exchange adjustments)	(33)	8	10	(15)
Balance at 31 December	99	8	71	178
Of which:				
For trade bills measured at FVOCI	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For trade bills measured at amortised cost *(Note 17)*	3	-	-	3
For related accrued interest receivable	-	-	-	-
	3	-	-	3
For placements with and advances to banks *(Note 16)*	4	-	-	4
For related accrued interest receivable	-	-	-	-
	4	-	-	4
For cash and balances with banks *(Note 15)*	1	-	-	1
For related accrued interest receivable	-	-	-	-
	1	-	-	1
For loan commitments and financial guarantee contracts *(Note 24)*	76	7	3	86
For account receivables and other accounts other than accrued interest receivable *(Note 23)*	15	1	68	84

The impairment allowances of trade bills measured at FVOCI are not separately recognised in the statement of financial position because they have been adjusted to the carrying amount of trade bills measured at FVOCI as their fair values.

Notes to the Interim Financial Statements (continued)

33. Off-Balance Sheet Exposures

(a) Contingent Liabilities and Commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments and the aggregate credit risk-weighted amount and is prepared with reference to the completion instructions for the HKMA return of capital adequacy ratio.

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Contingent liabilities		
Direct credit substitutes	6,789	5,910
Transaction-related contingencies	7,418	6,964
Trade-related contingencies	3,402	2,589
	17,609	15,463
Commitments		
Asset sales with recourse	139	45
Commitments that are unconditionally cancellable without prior notice	346,503	337,576
Other commitments with an original maturity		
- up to 1 year	2,998	2,336
- over 1 year	34,833	34,120
	384,473	374,077
Total	402,082	389,540
Credit risk-weighted amounts	18,339	16,650

(b) Derivatives

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Fair value of derivatives		
Assets		
Exchange rate contracts	2,018	1,567
Interest rate contracts	1,460	1,251
Equity contracts	573	293
	4,051	3,111
Liabilities		
Exchange rate contracts	1,691	1,867
Interest rate contracts	1,099	694
Equity contracts	574	293
	3,364	2,854
Notional amount of derivatives		
Exchange rate contracts	395,633	381,875
Interest rate contracts	287,155	286,207
Equity contracts	15,350	17,060
	698,138	685,142

Notes to the Interim Financial Statements (continued)

33. Off-Balance Sheet Exposures (continued)

(c) Capital Commitments

Capital commitments outstanding as at 30 June and 31 December and not provided for in the financial statements were as follows:

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Expenditure authorised and contracted for	398	334
Expenditure authorised but not contracted for	154	125
	552	459

(d) Contingencies

The Group receives legal claims against it arising in the normal courses of business. The Group considers none of these matters as material. Where appropriate the Group recognises provisions for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation.

34. Material Related Party Transactions

(a) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors and certain of the highest paid employees, is as follows:

	30/6/2026	30/6/2025
	HK$ Mn	HK$ Mn
Short-term employee benefits	105	99
Post-employment benefits	5	5
Termination benefits	3	-
Equity compensation benefits	15	11
	128	115

(b) The Group maintains certain retirement benefit schemes for its staff. In the six months ended 30 June 2026, the total amount of contributions the Group made to the schemes was HK$119 million (six months ended 30 June 2025: HK$120 million).

The Group enters into a number of transactions with the Group's related parties, including its associates, shareholders with significant influence, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include but are not limited to accepting deposits from and extending credit facilities to them. All interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

Notes to the Interim Financial Statements (continued)

34. Material Related Party Transactions (continued)

The interest received from and interest paid to the Group's related parties for the six months ended 30 June 2026, outstanding balances of amounts due from and due to them at 30 June 2026, and maximum outstanding balance of amounts due from and due to them for the six months ended 30 June 2026 are aggregated as follows:

	Key management personnel		Associates		Shareholders with significant influence	
	30/6/2026	30/6/2025	30/6/2026	30/6/2025	30/6/2026	30/6/2025
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Interest income	4	4	15	20	-	4
Interest expense	35	38	1	2	-	-
Amounts due from	281	665	585	673	-	-
Amounts due to	1,923	2,340	77	170	-	-
Maximum amounts due from	354	738	864	1,166	-	1,393
Maximum amounts due to	3,008	4,409	237	447	-	73
Committed facilities to	1,093	768	2,490	2,319	-	298

35. Basis of Consolidation

Unless otherwise stated, all financial information contained in this interim report is prepared according to the consolidation basis for accounting purposes.

The capital adequacy ratio, leverage ratio and liquidity position of the Group are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation bases for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries, associates and joint ventures whereas the latter includes the Bank and only some of the Group's subsidiaries which mainly conduct banking business or other activities ancillary to banking business.

List of subsidiaries for financial reporting consolidation as at reporting date:

	Name of company	Nature of business	Total assets	Total equity
			HK$ Mn	HK$ Mn
	Ample Delight Limited	Investment holding	280	280
*	Aura Gain Holdings Limited	Investment holding	18	18
*	Bank of East Asia (Trustees) Limited	Trustee service	308	263
	BEA Consortium GS Investors L.P.	Acting as a limited partner for the purpose of making investment in private equity fund	-	-
*	BEA Global Services Centre (Guangdong) Co., Ltd	Servicing	259	194
	BEA Insurance Agency Limited	Insurance agency services	-	-
	BEA Union Investment Management Limited	Asset management	595	519

Notes to the Interim Financial Statements (continued)

35. Basis of Consolidation (continued)

	Name of company	Nature of business	Total assets	Total equity
			HK$ Mn	HK$ Mn
*	Bright Ridge Holding Limited	Investment holding	1,948	1,948
*	Central Town Limited	Property investment	545	483
	Century Able Limited	Investment holding	69	69
	Citiview Capital Limited	Acting as the general partner and limited partner of a limited partnership	-	-
	Corona Light Limited	Investment holding	930	930
*	Credit Gain Finance Company Limited	Money lenders	674	673
	Crystal Gleaming Limited	Investment holding	930	930
	Dragon Jade Holdings Company Limited	Investment holding	1,128	1,128
	EA Securities Limited	Investment holding	-	(62)
*	East Asia Facility Management Limited	Facility management	2	2
	East Asia Financial Services (BVI) Ltd.	Investment holding	-	-
	East Asia Futures Limited	Futures and options trading	58	58
*	East Asia Holding Company, Inc.	Investment holding	633	615
	East Asia Indonesian Holdings Limited	In liquidation	1	1
	East Asia International Trustees Holdings (BVI) Limited	Investment holding	10	10
	East Asia International Trustees Limited	Trustee service	27	23
*	East Asia Properties (US), Inc.	Property holding	14	12
	East Asia Properties Holding Company Limited	Investment holding	-	(22)
	East Asia Property Agency Company Limited	Property agency	9	8
	East Asia Qianhai Holdings Company Limited	Investment holding	211	211
	East Asia Qianhai Securities (Hong Kong) Company Limited	Dormant	-	-
	East Asia Secretaries Limited	Secretarial services	-	-

Notes to the Interim Financial Statements (continued)

35. Basis of Consolidation (continued)

	Name of company	Nature of business	Total assets	Total equity
			HK$ Mn	HK$ Mn
	East Asia Securities Company Limited	Securities broking	1,652	1,178
*	East Asia Services (Holdings) Limited	Holding company	25	25
	Golden Empire International Inc.	Investment holding	-	-
	Leader One Limited	Investment holding	2	1
	Legend Gain Holdings Limited	Not yet commenced business	-	-
*	Manchester Property Holdings Ltd.	Property holding	24	11
	Quantum Hong Kong Holdings Company Limited	Investment holding	48	47
	Quanture Gain Limited	Investment holding	-	-
	Red Phoenix Limited	Leasing of motor vehicles	5	5
*	Shaftesbury Property Holdings Limited	Investment holding	63	63
	Shaftesbury Property Investments Limited	Investment holding	43	43
	Shanghai Lingxie Business Consulting Co., Ltd.	Business information consulting and corporate management consulting	208	208
	Silver River International Limited	Acting as the general partner and limited partner of a limited partnership	-	-
	Skyray Holdings Limited	Investment holding	450	450
	Speedfull Limited	Investment holding	450	450
*	Sunrise Legend Limited	Property investment	864	864
*	Sunway Gain Holdings Limited	Investment holding	176	176
*/#	The Bank of East Asia (China) Limited	Banking and related financial services	263,136	25,804
	The Bank of East Asia (Nominees) Limited	Custodian services	-	-
	The Bank of East Asia (Nominees) Private Limited	Trustee, fiduciary and custody services	-	-

Notes to the Interim Financial Statements (continued)

35. Basis of Consolidation (continued)

	Name of company	Nature of business	Total assets	Total equity
			HK$ Mn	HK$ Mn
*	EA (Beijing) Business Management Company Limited	Property holding	182	174
*	Gao Peng (Shanghai) Real Estate Development Co., Ltd.	Property holding	2,055	1,606
	Junshi (Shenzhen) Investment Company Limited	Not yet commenced business	-	-
*	Shanghai Gaopeng Property Management Co., Ltd.	Property management	1	1
*	Sunrise Asia Business Management (Shenzhen) Co., Ltd.	Property leasing	113	21
*	Zhewei (Shenzhen) Business Management Company Limited	Property holding	18	17

* *Subsidiaries engaging in "relevant financial activities" as defined by the Banking (Capital) Rules and included in the basis of consolidation for regulatory reporting purpose.*

\# *"Associated entities" as defined by the Banking (Liquidity) Rules and included in the basis of consolidation for regulatory reporting purpose.*

36. Statement of Compliance

The Interim Report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules and in compliance with HKAS 34, "Interim Financial Reporting", issued by the HKICPA. It was authorised for issue on 20 August 2026.

This Interim Report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The Banking Disclosure Statement (refer to Note E of Supplementary Financial Information), together with the disclosures in the interim financial report, contained all the disclosures required by the Banking (Disclosure) Rules and Part 6 of the Financial Institutions (Resolutions) (Loss-absorbing Capacity Requirements – Banking Sector) Rules issued by the HKMA.

Supplementary Financial Information (Unaudited)

A. Capital Adequacy

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Capital base		
- Common Equity Tier 1 capital	92,166	89,632
- Additional Tier 1 capital	-	-
- Tier 1 capital	92,166	89,632
- Tier 2 capital	12,373	12,339
- Total capital	104,539	101,971
Risk-weighted assets by risk type		
- Credit risk	335,312	329,455
- Market risk	8,704	8,520
- Operational risk	26,430	26,808
	370,446	364,783
Less: Deductions	(2,389)	(2,598)
	368,057	362,185

	30/6/2026	31/12/2025
	%	%
Common Equity Tier 1 capital ratio	25.0	24.7
Tier 1 capital ratio	25.0	24.7
Total capital ratio	28.4	28.2

Regulatory capital ratios are calculated based on the Basel III Final Reform package which was implemented in Hong Kong on 1 January 2025.

Capital adequacy ratios are compiled in accordance with the Capital Rules issued by the HKMA. In accordance with the Capital Rules, the Bank has adopted the foundation internal ratings-based approach for the calculation of the risk-weighted assets for credit risk and the standardised approach for the calculation of market risk and operational risk. For credit valuation adjustment ("CVA"), the Bank has adopted the reduced basic CVA approach to calculate the CVA capital charge.

The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Capital Rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and securities and insurance companies that are authorised and supervised by other financial regulators and subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Capital Rules and the Banking Ordinance. The Bank's shareholdings in these subsidiaries are deducted from its Common Equity Tier 1 capital subject to the thresholds as determined in accordance with Part 3 of the Capital Rules.

Supplementary Financial Information (Unaudited) (continued)

A. Capital Adequacy (continued)

The subsidiaries that are included in consolidation for regulatory purposes are listed in Note 35 of the Interim Report.

The Group operates subsidiaries in a number of countries and territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the Group.

For the purpose of compliance with the Banking (Disclosure) Rules and Part 6 of the Financial Institutions (Resolutions) (Loss-absorbing Capacity Requirements – Banking Sector) Rules, the Group has established a section on the Bank's website. Additional information relating to the Group's regulatory capital and other disclosures can be found in this section of the Bank's website, accessible through the "Regulatory Disclosure" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

B. Leverage Ratio

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Tier 1 capital	92,166	89,632
Exposure measure	969,345	948,592

	30/6/2026	31/12/2025
	%	%
Leverage ratio	9.5	9.4

The leverage ratio is computed on the same consolidated basis as specified in a notice from the HKMA in accordance with section 3C of the Capital Rules. The relevant disclosures can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

Supplementary Financial Information (Unaudited) (continued)

C. Liquidity Position

Liquidity coverage ratio

		30/6/2026	31/12/2025
		%	%
Average liquidity coverage ratio	- First quarter	167.7	190.3
	- Second quarter	167.9	176.5
	- Third quarter	N/A	169.7
	- Fourth quarter	N/A	182.8

The liquidity coverage ratio is calculated in accordance with the Banking (Liquidity) Rules. The information for the regulatory disclosure can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

The Bank held an amount of HKD-denominated level 1 assets that was not less than 20% of its HKD-denominated total net cash outflows. There is no significant currency mismatch in the Bank's LCR at respective levels of consolidation.

Net stable funding ratio

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Total available stable funding	627,006	628,821
Total required stable funding	501,457	499,062

	30/6/2026	31/12/2025
	%	%
Net stable funding ratio	125.0	126.0

The net stable funding ratio is calculated in accordance with the Banking (Liquidity) Rules. The information for the regulatory disclosure can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

Supplementary Financial Information (Unaudited) (continued)

D. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and Rescheduled Advances to Customers

	30/6/2026		31/12/2025	
	HK$ Mn	% of total advances to customers	HK$ Mn	% of total advances to customers
Advances to customers overdue for				
- 6 months or less but over 3 months	1,323	0.3	2,012	0.4
- 1 year or less but over 6 months	4,070	0.7	1,386	0.2
- Over 1 year	5,116	0.9	4,828	0.9
	10,509	1.9	8,226	1.5
Rescheduled advances to customers	734	0.1	654	0.1
Total overdue and rescheduled advances	11,243	2.0	8,880	1.6
of which:				
Covered portion of overdue advances	6,218	1.1	5,134	0.9
Uncovered portion of overdue advances	4,291	0.8	3,092	0.6
Current market value of collateral held against the covered portion of overdue advances	9,855		8,901	
Specific provisions made on advances overdue for more than 3 months	4,150		2,934	

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the period-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at period-end. Loans 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 demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

An asset considered as an eligible collateral should generally satisfy the following:
(a) The market value of the asset is readily determinable or can be reasonably established and verified;
(b) The asset is marketable and there exists a readily available secondary market for disposing of the asset;
(c) The Bank's right to repossess the asset is legally enforceable and without impediment; and
(d) The Bank is able to secure control over the asset if necessary.

The two main types of "Eligible Collateral" are as follows:
(i) "Eligible Financial Collateral" mainly comprises cash deposits and shares.
(ii) "Eligible Physical Collateral" mainly comprises land and buildings, vehicles and equipment.

When the Bank's clients face financial difficulties and fail to settle their loans, depending on different situations, the Bank usually takes the following actions to recover the debt:
(a) Debt rescheduling/restructuring
(b) Enforcement of security
(c) Legal action
(d) Recovery via debt collector

Supplementary Financial Information (Unaudited) (continued)

D. Overdue, Rescheduled and Repossessed Assets (continued)

(b) Overdue and Rescheduled Advances to Banks

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Advances to banks overdue for		
- 6 months or less but over 3 months	-	-
- 1 year or less but over 6 months	-	-
- Over 1 year	-	-
	-	-
Rescheduled advances to banks	-	-
Total overdue and rescheduled advances	-	-

(c) Other Overdue and Rescheduled Assets

	30/6/2026		
	Accrued interest	Debt securities	Other assets*
	HK$ Mn	HK$ Mn	HK$ Mn
Other assets overdue for			
- 6 months or less but over 3 months	44	-	-
- 1 year or less but over 6 months	249	-	-
- Over 1 year	477	157	-
	770	157	-
Rescheduled assets	17	13	-
Total other overdue and rescheduled assets	787	170	-
Specific provisions made on other assets overdue for more than 3 months	429	145	-

	31/12/2025		
	Accrued Interest	Debt securities	Other assets*
	HK$ Mn	HK$ Mn	HK$ Mn
Other assets overdue for			
- 6 months or less but over 3 months	63	-	-
- 1 year or less but over 6 months	55	-	-
- Over 1 year	431	296	-
	549	296	-
Rescheduled assets	8	25	-
Total other overdue and rescheduled assets	557	321	-
Specific provisions made on other assets overdue for more than 3 months	235	286	-

** Other assets refer to trade bills and receivables.*

Supplementary Financial Information (Unaudited) (continued)

D. Overdue, Rescheduled and Repossessed Assets (continued)

(d) Repossessed Assets

	30/6/2026	31/12/2025
	HK$ Mn	HK$ Mn
Repossessed land and buildings *(Note)*	1,931	233
Repossessed vehicles and equipment	11	4
Total repossessed assets	1,942	237

The amount represents the estimated market value of the repossessed assets as at 30 June 2026 and 31 December 2025.

Note: The balance included HK$34 million (31/12/2025: HK$54 million) relating to properties that were contracted for sale but not yet completed.

E. Banking Disclosure Statement

Additional information disclosures for this period which are prepared in accordance with the Banking (Disclosure) Rules, the disclosure requirements in Part 6 of Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and disclosure templates issued by the HKMA can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.