

**BPI International Finance Limited**

**Unaudited Interim Results  
For the six months ended 30 June 2021**

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## **Directors' Report**

The directors of BPI International Finance Limited (the "Company") are pleased to announce that the unaudited interim results of the Company's operations for the six months ended 30 June 2021.

### **Principal activities**

The Company is a deposit-taking company registered under the Hong Kong Banking Ordinance. The Company is licensed under the Hong Kong Securities and Futures Ordinance for dealing in securities, advising on securities and asset management activities. Its principal activities are the provision of financial services and dealing in securities on behalf of customers.

### **Results and appropriations**

The results of the Company for the period ended 30 June 2021 are set out in the statement of profit and loss and other comprehensive income on page 3.

The directors do not recommend the payment of interim dividend in 2021 (2020: Nil).

### **Directors of the Company**

The directors of the Company during the period and up to the date of this report were:

Jonathan Paul Back  
Ki Myung Hong  
Tomas S. Chuidian  
Sheila Marie Uriarte Tan  
Jesse Ong Ang  
Archie Lin (Resigned on 8 June 2021)  
Susanna Shui Shan Ng (Appointed on 29 July 2021)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

### **Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business**

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company's fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

At no time during the period was the Company, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporations.

### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

### **Compliance with the Banking (Disclosure) Rules**

The Company is required to comply with the Banking (Disclosure) Rules. The Banking (Disclosure) Rules set out the minimum standards for public disclosure which authorized institutions must make in respect of the statement of profit and loss and other comprehensive income, its state of affairs and capital adequacy. The financial statements for the six months ended 30 June 2021 comply fully with the applicable disclosure provisions of the Banking (Disclosure) Rules.

### **Permitted indemnity provisions**

At no time during the period and up to the date of this Directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

On behalf of the Board



Jonathan Paul Back

Hong Kong

16 SEP 2021

## Statement of profit and loss and other comprehensive income for the six months ended 30 June 2021 (unaudited)

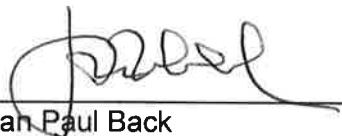
	<i>Note</i>	<i>For the six months ended 30 Jun 2021 HK\$'000</i>	<i>For the six months ended 30 Jun 2020 HK\$'000</i>
Interest income	3	1,465	2,324
Interest expense		<u>(456)</u>	<u>(773)</u>
Net interest income		1,009	1,551
Other operating income	4	<u>27,600</u>	<u>11,631</u>
Total operating income		28,609	13,182
Credit impairment release/ (charged)		54	(64)
Operating expenses	5	<u>(21,201)</u>	<u>(20,523)</u>
Profit/ (Loss) from operations		7,462	(7,405)
Finance costs	7	<u>(53)</u>	<u>(108)</u>
Profit/ (Loss) before taxation		7,409	(7,513)
Income tax	6	<u>-</u>	<u>-</u>
Profit/ (Loss) for the period		<u>7,409</u>	<u>(7,513)</u>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax		<u>(261)</u>	<u>743</u>
<b>Total comprehensive income for the period</b>		<u>7,148</u>	<u>(6,770)</u>

The notes on pages 8 to 18 are an integral part of these financial statements.


## Statement of financial position as at 30 June 2021 (unaudited)

	Note	As at 30 Jun 2021 HK\$'000	As at 31 Dec 2020 HK\$'000
<b>Assets</b>			
Cash and short-term funds	8	74,666	73,612
Placements with banks and other financial institutions maturing between one and twelve months	9	123,755	142,164
Financial assets designated at amortised cost	10	-	-
Advances and other accounts	11	114,308	115,199
Financial assets designated at fair value through other comprehensive income	12	79,582	72,634
Fixed assets	13	6,663	10,508
Intangible assets	14	306	342
<b>Total assets</b>		<b>399,280</b>	<b>414,459</b>
<b>Liabilities</b>			
Time deposits from customers		251,084	266,084
Lease liabilities	15	4,281	6,973
Other payables		2,845	7,480
<b>Total liabilities</b>		<b>258,210</b>	<b>280,537</b>
<b>Equity</b>			
Share capital		75,000	75,000
Retained earnings		65,539	58,130
Investment revaluation reserve		531	792
		<b>141,070</b>	<b>133,922</b>
<b>Total equity and liabilities</b>		<b>399,280</b>	<b>414,459</b>

The financial statements on pages 3 to 18 were approved by the Board of Directors on and were signed on its behalf.

  
Jonathan Paul Back  
Director

16 SEP 2021

  
Susanna Shui San Ng  
Director

16 SEP 2021

The notes on pages 8 to 18 are an integral part of these financial statements.

## Statement of changes in equity for the six months ended 30 June 2021 (unaudited)

	<i>Share capital</i> HK\$'000	<i>Investment revaluation reserve</i> HK\$'000	<i>Retained earnings</i> HK\$'000	<i>Total</i> HK\$'000
<b>At 1 January 2020</b>	75,000	180	68,857	144,037
Comprehensive income				
Loss for the year	-	-	(10,727)	(10,727)
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	612	-	612
Total comprehensive income for the year	-	612	(10,727)	(10,115)
<b>At 31 December 2020 and 1 January 2021</b>	75,000	792	58,130	133,922
Comprehensive income				
Profit for the period	-	-	7,409	7,409
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	(261)	-	(261)
Total comprehensive income for the period	-	(261)	7,409	7,148
<b>At 30 June 2021</b>	75,000	531	65,539	141,070

The notes on pages 8 to 18 are an integral part of these financial statements.

## Statement of cash flows for the six months ended 30 June 2021 (unaudited)

	Note	<i>For the six months ended 30 Jun 2021 HK\$'000</i>	<i>For the six months ended 30 Jun 2020 HK\$'000</i>
<b>Net cash outflow from operating activities before taxation</b>	19	(59,058)	(49,409)
Hong Kong profits tax paid		-	-
<b>Net cash outflow from operating activities after taxation</b>		(59,058)	(49,409)
<b>Investing activities</b>			
Purchase of Fixed assets		(61)	(344)
Proceeds from sale of Fixed assets		-	6
Purchase of Financial assets designated at fair value through other comprehensive income		(36,795)	(32,716)
Proceeds from redemption of Financial assets designated at fair value through other comprehensive income		29,524	27,188
Proceeds from redemption of Financial assets designated at amortised cost		-	3,886
Interest received from Financial assets designated at fair value through other comprehensive income		610	1,749
Interest received from Financial assets designated at amortised cost		-	92
Purchase of intangible assets		-	-
<b>Net cash outflow from investing activities</b>		(6,722)	(139)
<b>Financing activities</b>			
Lease payment (principal portion)		(2,793)	(2,733)
Lease payment (interest portion)		(58)	(113)
<b>Net cash outflow from financing activities</b>		(2,851)	(2,846)



**Statement of cash flows**  
**for the six months ended 30 June 2021 (unaudited)**  
**(continued)**

	<i>Note</i>	<i>For the six months ended 30 Jun 2021 HK\$'000</i>	<i>For the six months ended 30 Jun 2020 HK\$'000</i>
<b>Decrease in cash and cash equivalents</b>		(68,631)	(52,394)
Cash and cash equivalents at 1 January		<u>202,627</u>	<u>227,587</u>
Cash and cash equivalents at 30 June		<u><u>133,996</u></u>	<u><u>175,193</u></u>
<b>Analysis of cash and cash equivalents</b>			
Balances with banks and other financial institutions	8	35,068	86,781
Placement with banks and other financial institutions with original maturity within three months		<u>98,928</u>	<u>88,412</u>
		<u><u>133,996</u></u>	<u><u>175,193</u></u>

The notes on pages 8 to 18 are an integral part of these financial statements.

## Notes to the financial statements

### 1 General information

The principal activities of BPI International Finance Limited (the "Company") are the provision of financial services and dealing in securities on behalf of customers. The Company is a deposit-taking company registered under the Hong Kong Banking Ordinance and licensed under the Hong Kong Securities and Futures Ordinance for dealing in securities, advising on securities and asset management activities.

The Company is incorporated in Hong Kong and its registered office is 5/F, LHT Tower, 31 Queen's Road Central, Hong Kong.

### 2 Significant accounting policies

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in debt and equity securities are stated at their fair value as explained in the accounting policies.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 2 Significant accounting policies (continued)

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements. Management are required to discuss about the major sources of estimation uncertainty.

### (c) *Changes in accounting policies*

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company.

- Amendments to HKFRS 3, Definition of a Business and
  - Amendment to HKFRS 16, Covid-19-Related Rent Concessions
- (i) Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. It did not result in a material impact to the Company’s interim report.

(ii) Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. There is no impact to the Company’s interim report.

### 3 Interest income

	<i>For the six months ended 30 Jun 2021</i> HK\$'000	<i>For the six months ended 30 Jun 2020</i> HK\$'000
Interest income on investments in securities	547	925
Interest income on placements with banks	148	1,136
Interest income from advances to customers	770	263
	<u>1,465</u>	<u>2,324</u>

### 4 Other operating income

	<i>For the six months ended 30 Jun 2021</i> HK\$'000	<i>For the six months ended 30 Jun 2020</i> HK\$'000
Service fees and commission income	24,859	11,011
Foreign exchange profit/ (losses), net	183	(606)
Net gain from dealing in securities	2,543	1,226
Other income	15	-
	<u>27,600</u>	<u>11,631</u>

### 5 Operating expenses

	<i>For the six months ended 30 Jun 2021</i> HK\$'000	<i>For the six months ended 30 Jun 2020</i> HK\$'000
Staff costs:		
– Wages and salaries	11,869	11,905
– Pension costs - defined contribution plans	529	499
– Other benefits and allowance	801	892
Rental of premises	-	87
Depreciation (Note 13)	4,012	3,987
Amortization of Intangible asset (Note 14)	36	-
Auditor's remuneration	461	484
Taxation fee	27	33
Telecommunication and postage	870	710
Other operating expenses	2,596	1,926
	<u>21,201</u>	<u>20,523</u>

Staff costs -Wages and salaries include directors' emoluments.

## 6 Income tax expense

No provision for Hong Kong Profits Tax has been made for the current and prior periods as the Company sustained a loss in 2020 and the loss is carried forward to set-off against the assessable profits earned in 2021 for taxation purpose.

For the period ended 30 June 2021, the provision for Hong Kong Profits Tax was calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the period.

## 7 Finance costs

	<i>For the six months ended 30 Jun 2021 HK\$'000</i>	<i>For the six months ended 30 Jun 2020 HK\$'000</i>
Interest expenses incurred from lease liabilities	<u>53</u>	<u>108</u>

## 8 Cash and short-term funds

	<i>As at 30 Jun 2021 HK\$'000</i>	<i>As at 31 Dec 2020 HK\$'000</i>
Cash and balances with banks and other financial institutions	35,068	50,361
Placements with banks and other financial institutions maturing within one month	39,610	23,265
Credit impairment for cash and short-term funds	<u>(12)</u>	<u>(14)</u>
	<u>74,666</u>	<u>73,612</u>

## 9 Placements with banks and other financial institutions maturing between one and twelve months

	<i>As at 30 Jun 2021 HK\$'000</i>	<i>As at 31 Dec 2020 HK\$'000</i>
Placements with banks and other financial institutions		
– maturing between 1 and 3 months	100,478	142,186
– maturing between 3 and 12 months	23,295	-
Credit impairment for placements with banks and other financial institutions maturing between one and twelve months	<u>(18)</u>	<u>(22)</u>
	<u>123,755</u>	<u>142,164</u>

## 10 Financial assets designated at amortised cost

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 31 Dec 2020 HK\$'000
Financial assets designated at amortised cost		
- Listed outside Hong Kong and issued by banks and other financial institutions	-	-
	<u>-</u>	<u>-</u>
Fair value of listed securities	-	-
	<u>-</u>	<u>-</u>

## 11 Advances and other accounts

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 31 Dec 2020 HK\$'000
Advances to customers at amortised cost	106,837	105,706
Other accounts at amortised cost	7,618	9,688
	<u>114,455</u>	<u>115,394</u>
Credit impairment for		
- advances to customers	(147)	(195)
- other accounts	-	-
	<u>(147)</u>	<u>(195)</u>
	<u>114,308</u>	<u>115,199</u>

## 12 Financial assets designated at fair value through other comprehensive income

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 31 Dec 2020 HK\$'000
Financial assets designated at fair value through other comprehensive income		
- Listed outside Hong Kong and issued by banks and other financial institutions	51,152	45,953
- Listed outside Hong Kong and issued by corporate entities	1,896	1,947
- Listed outside Hong Kong and issued by central government	26,534	24,734
	<u>79,582</u>	<u>72,634</u>
Credit impairment	(4)	(3)
	<u>(4)</u>	<u>(3)</u>

### 13 Fixed assets

	<i>Leasehold improvements</i> HK\$'000	<i>Furniture, fixtures and equipment</i> HK\$'000	<i>Right of use assets</i> HK\$'000	<i>Total</i> HK\$'000
At 1 January 2020				
Cost	5,361	3,431	16,880	25,672
Accumulated depreciation	(1,191)	(2,009)	(4,401)	(7,601)
Net book value	<u>4,170</u>	<u>1,422</u>	<u>12,479</u>	<u>18,071</u>
Year ended 31 December 2020				
Opening net book value	4,170	1,422	12,479	18,071
Additions	-	399	15	414
Disposal	-	(22)	-	(22)
Depreciation charge	(1,787)	(602)	(5,581)	(7,970)
Written back on disposal	-	15	-	15
Closing net book value	<u>2,383</u>	<u>1,212</u>	<u>6,913</u>	<u>10,508</u>
At 31 December 2020 and 1 January 2021				
Cost	5,361	3,804	16,895	26,060
Accumulated depreciation	(2,978)	(2,592)	(9,982)	(15,552)
Net book value	<u>2,383</u>	<u>1,212</u>	<u>6,913</u>	<u>10,508</u>

**13 Fixed assets (continued)**

	<i>Leasehold improvements</i> HK\$'000	<i>Furniture, fixtures and equipment</i> HK\$'000	<i>Right of use assets</i> HK\$'000	<i>Total</i> HK\$'000
Period ended 30 June 2021				
Opening net book value	2,383	1,212	6,913	10,508
Additions	-	61	339	400
Disposal	-	-	(375)	(375)
Depreciation charge	(894)	(328)	(2,790)	(4,012)
Written back on disposal	-	-	142	142
Closing net book value	<u>1,489</u>	<u>945</u>	<u>4,229</u>	<u>6,663</u>
At 30 June 2021				
Cost	5,361	3,865	16,859	26,085
Accumulated depreciation	(3,872)	(2,920)	(12,630)	(19,422)
Net book value	<u>1,489</u>	<u>945</u>	<u>4,229</u>	<u>6,663</u>



## 14 Intangible Assets

	As at 30 Jun 2021 HK\$'000	As at 31 Dec 2020 HK\$'000
<b>Cost</b>		
Balance as at 1 January 2020	-	-
Acquisitions	-	412
	<u>412</u>	<u>412</u>
Balance as at 31 December 2020/1 January 2021	412	412
	<u>412</u>	<u>412</u>
Balance as at 30 June 2021	<u>412</u>	<u>412</u>
<b>Accumulated amortisation</b>		
Balance as at 1 January 2020	-	-
Amortisation for the year	-	(70)
	<u>(70)</u>	<u>(70)</u>
Balance as at 31 December 2020/1 January 2021	(70)	(70)
	<u>(36)</u>	<u>-</u>
Amortisation for the period	(36)	-
	<u>(106)</u>	<u>-</u>
Balance as at 30 June 2021	<u>(106)</u>	<u>-</u>
<b>Carrying amounts</b>		
Balance as at 1 January 2020	<u>-</u>	<u>-</u>
	<u>342</u>	<u>342</u>
Balance as at 31 December 2020/1 January 2021	342	342
	<u>306</u>	<u>-</u>
Balance as at 30 June 2021	<u>306</u>	<u>-</u>

## 15 Lease liabilities

At 30 June 2021, the lease liabilities were repayable as follows:

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 31 Dec 2020 HK\$'000
Within 1 year	4,020	5,619
After 1 year but within 2 years	67	1,243
After 2 years but within 5 years	194	111
	<u>4,281</u>	<u>6,973</u>

## 16 Off-balance sheet exposures

Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment as at respective date:

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 31 Dec 2020 HK\$'000
Commitment		
Loan commitments with an original maturity of under 1 year or which are unconditionally cancellable without prior notice	-	-
Loan commitments with an original maturity of under 1 year	-	985
	<u>-</u>	<u>985</u>

## 17 Loans to officers

As at 30 June 2021, there is no loan made to officers as pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32).

**18 Related party transactions**

Following transaction was carried out with related parties:

**(a) Transaction amount during the period with related parties:**

	<i>For the six months ended 30 Jun 2021 HK\$'000</i>	<i>For the six months ended 30 Jun 2020 HK\$'000</i>
System services charge from ultimate holding company	337	322
Management and performance fee income from a fellow subsidiary	320	
	320	

System service charge represents charges for usage of ultimate holding company's systems and various processes outsourced to BPI Global Services. Charges are fixed fee per month.

**(b) Period-end balances with related parties:**

	<i>As at 30 Jun 2021 HK\$'000</i>	<i>As at 31 Dec 2020 HK\$'000</i>
Bank balance held in ultimate holding company	3,516	1,285
Management and performance fee income from a fellow subsidiary	320	2,903
	320	2,903

The bank balance held with the ultimate holding company which is a bank in the Republic of the Philippines. The balances are unsecured and interest-bearing at commercial rate.

## 19 Note to the cash flow statement

Reconciliation of profit/ (loss) before taxation to net cash outflows from operating activities:

	<i>As at</i> 30 Jun 2021 HK\$'000	<i>As at</i> 30 Jun 2020 HK\$'000
Profit/ (Loss) before taxation	7,409	(7,513)
Adjustments for:		
Net interest income	(1,009)	(1,551)
Depreciation of fixed assets	4,012	3,987
Amortisation of intangible assets	36	-
Credit impairment (released)/ charged	(54)	64
Loss from disposal of Fixed assets	-	1
Finance cost	53	108
Changes in working capital:		
Decrease in placements with banks and other financial institutions with original maturity over three months	(51,271)	(43,307)
Increase in advances and other accounts	1,857	1,986
Decrease in time deposits from customers	(15,455)	(115)
Decrease in other payables	(4,636)	(3,069)
Cash used in operating activities	<u>(59,058)</u>	<u>(49,409)</u>

## 20 Immediate and ultimate holding company

The immediate and ultimate holding company is Bank of the Philippine Islands, a bank incorporated and listed in the Republic of the Philippines. This entity produces financial statements available for public use.

## 21 Approval of financial statements

The financial statements were approved by the board of directors on **16 SEP 2021**