

BPI International Finance Limited

**Unaudited Interim Results
For the six months ended 30 June 2023**

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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 2023.

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 2023 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 2023 (2022: Nil).

Directors of the Company

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

Maria Theresa Marcial Javier
Ki Myung Hong
Lizbeth Joan Pek Yulo
Tomas S. Chuidian
Jesse Ong Ang
Susanna Shui Shan Ng (Resigned on 28 August 2023)

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

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 2023 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



Ki Myung Hong

Hong Kong

13 SEP 2023

Statement of profit and loss
and other comprehensive income
for the six months ended 30 June 2023 (unaudited)

	Note	<i>For the six months ended 30 Jun 2023</i> HK\$'000	<i>For the six months ended 30 Jun 2022</i> HK\$'000
Interest income	3	8,646	1,726
Interest expense		<u>(4,139)</u>	<u>(326)</u>
Net interest income		4,507	1,400
Other operating income	4	<u>24,393</u>	<u>29,563</u>
Total operating income		28,900	30,963
Credit impairment release/ (charged)		123	(24)
Operating expenses	5	<u>(22,090)</u>	<u>(21,118)</u>
Profit from operations		6,933	9,821
Finance costs	7	<u>(85)</u>	<u>(35)</u>
Profit before taxation		6,848	9,786
Income tax	6	<u>-</u>	<u>-</u>
Profit for the period		<u>6,848</u>	<u>9,786</u>
Other comprehensive income:			
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>212</u>	<u>(2,137)</u>
Total comprehensive income for the period		<u>7,060</u>	<u>7,649</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

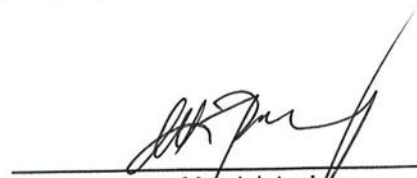
Statement of financial position as at 30 June 2023 (unaudited)

	Note	As at 30 Jun 2023 HK\$'000	As at 31 Dec 2022 HK\$'000
Assets			
Cash and short-term funds	8	46,748	62,236
Placements with banks and other financial institutions maturing between one and twelve months	9	106,739	124,942
Advances and other accounts	10	86,363	118,733
Financial assets designated at fair value through other comprehensive income	11	140,608	78,526
Fixed assets	12	7,967	10,213
Intangible assets	13	162	198
Deferred tax assets	20	3,513	3,513
Total assets		<u>392,100</u>	<u>398,361</u>
Liabilities			
Time deposits from customers		210,657	218,870
Lease liabilities	14	8,107	10,437
Other payables		14,391	17,169
Total liabilities		<u>233,155</u>	<u>246,476</u>
Equity			
Share capital		75,000	75,000
Retained earnings		86,153	79,305
Investment revaluation reserve		(2,208)	(2,420)
		<u>158,945</u>	<u>151,885</u>
Total equity and liabilities		<u>392,100</u>	<u>398,361</u>

The financial statements on pages 3 to 19 were approved by the Board of Directors on and were signed on its behalf.


Ki Myung Hong
Independent Non-Executive Director

13 SEP 2023


Maria Theresa Marcial Javier
Chairlady of the Board

13 SEP 2023

The notes on pages 8 to 19 are an integral part of these financial statements.

Statement of changes in equity for the six months ended 30 June 2023 (unaudited)

	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2022	75,000	(244)	72,884	147,640
Comprehensive income				
Profit for the year	-	-	6,421	6,421
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	(2,176)	-	(2,176)
Total comprehensive income for the year	-	(2,176)	6,421	4,245
At 31 December 2022 and 1 January 2023	75,000	(2,420)	79,305	151,885
Comprehensive income				
Profit for the period	-	-	6,848	6,848
Other comprehensive income				
Change in fair value of Financial assets designated at fair value through other comprehensive income, net of tax	-	212	-	212
Total comprehensive income for the period	-	212	6,848	7,060
At 30 June 2023	75,000	(2,208)	86,153	158,945

The notes on pages 8 to 19 are an integral part of these financial statements.

Statement of cash flows
for the six months ended 30 June 2023 (unaudited)

	Note	For the six months ended 30 Jun 2023 HK\$'000	For the six months ended 30 Jun 2022 HK\$'000
Net cash (outflow)/ inflow from operating activities before taxation	18	(27,368)	15,800
Hong Kong profits tax paid		-	-
Net cash (outflow)/ inflow from operating activities after taxation		(27,368)	15,800
Investing activities			
Purchase of Fixed assets		(141)	(94)
Proceeds from disposal of PPE		1	-
Purchase of intangible assets		-	(47)
Net cash outflow from investing activities		(140)	(141)
Financing activities			
Lease payment (principal portion)		(2,303)	(1,835)
Lease payment (interest portion)		(85)	(35)
Net cash outflow from financing activities		(2,388)	(1,870)

Statement of cash flows
for the six months ended 30 June 2023 (unaudited)
(continued)

	<i>Note</i>	<i>For the six months ended 30 Jun 2023 HK\$'000</i>	<i>For the six months ended 30 Jun 2022 HK\$'000</i>
(Decrease)/ increase in cash and cash equivalents		(29,896)	13,789
Cash and cash equivalents at 1 January		<u>151,861</u>	<u>151,201</u>
Cash and cash equivalents at 30 June		<u><u>121,965</u></u>	<u><u>164,990</u></u>
Analysis of cash and cash equivalents			
Balances with banks and other financial institutions	8	30,832	23,709
Placement with banks and other financial institutions with original maturity within three months		<u>91,133</u>	<u>141,281</u>
		<u><u>121,965</u></u>	<u><u>164,990</u></u>

The notes on pages 8 to 19 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 not issued any amendments to HKFRS that are first effective or available for early adoption for the current accounting period of the company.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Interest income

	<i>For the six months ended 30 Jun 2023</i>	<i>For the six months ended 30 Jun 2022</i>
	HK\$'000	HK\$'000
Interest income on investments in securities	1,900	348
Interest income on placements with banks	3,912	413
Interest income from advances to customers	2,834	965
	<u>8,646</u>	<u>1,726</u>

4 Other operating income

	<i>For the six months ended 30 Jun 2023</i>	<i>For the six months ended 30 Jun 2022</i>
	HK\$'000	HK\$'000
Service fees and commission income	21,660	26,378
Foreign exchange profit, net	850	843
Net gain from dealing in securities	1,849	2,074
Net gain on disposal of Available-for-sale securities	-	27
Other income	34	241
	<u>24,393</u>	<u>29,563</u>

5 Operating expenses

	<i>For the six months ended 30 Jun 2023</i>	<i>For the six months ended 30 Jun 2022</i>
	HK\$'000	HK\$'000
Staff costs:		
– Wages and salaries	11,400	11,497
– Pension costs - defined contribution plans	499	513
– Other benefits and allowance	1,127	941
Depreciation (Note 12)	2,359	3,330
Amortization of Intangible asset (Note 13)	36	83
Auditor's remuneration	984	541
Taxation fee	28	33
Telecommunication and postage	1,099	800
Other operating expenses	4,558	3,380
	<u>22,090</u>	<u>21,118</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 from previous year and the loss is carried forward to set-off against the assessable profits earned in 2023 for taxation purpose.

For the period ended 30 June 2023, the provision for Hong Kong Profits Tax was calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the period.

7 Finance costs

	<i>For the six months ended 30 Jun 2023 HK\$'000</i>	<i>For the six months ended 30 Jun 2022 HK\$'000</i>
Interest expenses incurred from lease liabilities	85	35

8 Cash and short-term funds

	<i>As at 30 Jun 2023 HK\$'000</i>	<i>As at 31 Dec 2022 HK\$'000</i>
Cash and balances with banks and other financial institutions	30,832	34,729
Placements with banks and other financial institutions maturing within one month	15,916	27,510
Credit impairment for cash and short-term funds	-	(3)
	46,748	62,236

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

	<i>As at 30 Jun 2023 HK\$'000</i>	<i>As at 31 Dec 2022 HK\$'000</i>
Placements with banks and other financial institutions		
– maturing between 1 and 3 months	106,739	109,276
– maturing between 3 and 12 months	-	15,671
Credit impairment for placements with banks and other financial institutions maturing between one and twelve months	-	(5)
	106,739	124,942

10 Advances and other accounts

	<i>As at</i> <i>30 Jun 2023</i> <i>HK\$'000</i>	<i>As at</i> <i>31 Dec 2022</i> <i>HK\$'000</i>
Advances to customers at amortised cost	68,352	106,214
Other accounts at amortised cost	18,074	12,696
	86,426	118,910
Credit impairment for		
- advances to customers	(63)	(177)
- other accounts	-	-
	86,363	118,733

11 Financial assets designated at fair value through other comprehensive income

	<i>As at</i> <i>30 Jun 2023</i> <i>HK\$'000</i>	<i>As at</i> <i>31 Dec 2022</i> <i>HK\$'000</i>
Financial assets designated at fair value through other comprehensive income		
- Listed outside Hong Kong and issued by banks and other financial institutions	44,071	37,117
- Listed outside Hong Kong and issued by corporate entities	1,621	1,627
- Listed outside Hong Kong and issued by central government	94,916	39,782
	140,608	78,526
Credit impairment	-	(1)

12 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 2022				
Cost	5,361	3,816	16,859	26,036
Accumulated depreciation	(4,765)	(3,147)	(15,418)	(23,330)
Net book value	<u>596</u>	<u>669</u>	<u>1,441</u>	<u>2,706</u>
Year ended 31 December 2022				
Opening net book value	596	669	1,441	2,706
Additions	-	123	13,322	13,445
Disposal	-	(4)	(16,859)	(16,863)
Adjustment from lease modification	-	-	59	59
Depreciation charge	(596)	(478)	(4,651)	(5,725)
Written back on disposal	-	4	16,587	16,591
Closing net book value	<u>-</u>	<u>314</u>	<u>9,899</u>	<u>10,213</u>
At 31 December 2022 and 1 January 2023				
Cost	5,361	3,935	13,381	22,677
Accumulated depreciation	(5,361)	(3,621)	(3,482)	(12,464)
Net book value	<u>-</u>	<u>314</u>	<u>9,899</u>	<u>10,213</u>

12 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 2023				
Opening net book value	-	314	9,899	10,213
Additions	-	141	43	184
Disposal	-	(13)	(1)	(14)
Adjustment from lease modification	-	-	(70)	(70)
Depreciation charge	-	(143)	(2,216)	(2,359)
Written back on disposal	-	13	-	13
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net book value	-	312	7,655	7,967
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2023				
Cost	-	4,068	13,420	17,488
Accumulated depreciation	-	(3,756)	(5,765)	(9,521)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	-	312	7,655	7,967
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 Intangible Assets

	<i>As at 30 Jun 2023 HK\$'000</i>
Cost	
Balance as at 1 January 2022	412
Acquisitions	47
	<hr/>
Balance as at 31 December 2022/1 January 2023	459
Acquisitions	-
	<hr/>
Balance as at 30 June 2023	<u>459</u>
Accumulated amortisation	
Balance as at 1 January 2022	(142)
Amortisation for the year	(119)
	<hr/>
Balance as at 31 December 2022/1 January 2023	(261)
Amortisation for the period	(36)
	<hr/>
Balance as at 30 June 2023	<u>(297)</u>
Carrying amounts	
Balance as at 1 January 2022	<hr/> <hr/> -
Balance as at 31 December 2022/1 January 2023	<hr/> <hr/> 198
Balance as at 30 June 2023	<hr/> <hr/> 162

14 Lease liabilities

At 30 June 2023, the lease liabilities were repayable as follows:

	<i>As at</i> <i>30 Jun 2023</i> HK\$'000	<i>As at</i> <i>31 Dec 2022</i> HK\$'000
Within 1 year	4,669	4,633
After 1 year but within 2 years	3,378	4,680
After 2 years but within 5 years	60	1,124
	<u>8,107</u>	<u>10,437</u>

15 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> <i>30 Jun 2023</i> HK\$'000	<i>As at</i> <i>31 Dec 2022</i> 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	-	-
	<u>-</u>	<u>-</u>

16 Loans to officers

As at 30 June 2023, 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).

17 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 2023 HK\$'000</i>	<i>For the six months ended 30 Jun 2022 HK\$'000</i>
System services fee charged by ultimate holding company	372	358
Management and performance fee income from a fellow subsidiary	245	350
System related cost charged by ultimate holding company	<u>750</u>	<u>1,362</u>

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 2023 HK\$'000</i>	<i>As at 31 Dec 2022 HK\$'000</i>
Bank balance held in ultimate holding company	2,423	1,489
Management and performance fee income receivables from a fellow subsidiary	294	406
System related cost payables to ultimate holding company	<u>10,664</u>	<u>10,424</u>

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.

18 Note to the cash flow statement

Reconciliation of profit before taxation to net cash outflows from operating activities:

	<i>As at</i> <i>30 Jun 2023</i> HK\$'000	<i>As at</i> <i>30 Jun 2022</i> HK\$'000
Profit before taxation	6,848	9,786
Adjustments for:		
Depreciation of fixed assets	2,359	3,330
Amortisation of intangible assets	36	83
Credit impairment (released)/ charged	(123)	24
Gain from disposal of Fixed assets	-	(2)
Finance cost	85	35
Changes in working capital:		
Increase in placements with banks and other financial institutions with original maturity over three months	3,803	-
Decrease/ (Increase) in advances and other accounts	32,484	(9,574)
(Increase)/ decrease in financial assets designated at FVOCI	(61,869)	16,100
(Decrease)/ increase in time deposits from customers	(8,213)	638
Decrease in other payables	(2,778)	(4,620)
Cash used in operating activities	<u>(27,368)</u>	<u>15,800</u>

19 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.

20 Income tax in the statement of financial position

Deferred tax assets recognised

The components of deferred tax assets recognised in the statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	<i>Tax loss</i> \$'000
At 1 January 2022	4,222
Charged to profit or loss	<u>(709)</u>
At 31 December 2022 and 1 January 2023	<u>3,513</u>
Charged/ (credited) to profit or loss	<u>-</u>
At 30 June 2023	<u>3,513</u>

21 Comparative figures

To conform with the current period's presentation of financial statements, certain comparative figures have been reclassified in respect of the preceding period, which is relevant for understanding the current period's financial statement.

22 Approval of financial statements

The financial statements were approved by the board of directors on **13 SEP 2023**