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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)

ANNOUNCEMENT OF 2014 FINAL RESULTS

SUMMARY OF RESULTS

The Board of Directors of the Bank is pleased to announce the audited results (Note1(a)) of the Group for the year ended 31st December, 2014. This financial report, which has been reviewed by the Bank's Audit Committee, is prepared on a basis consistent with the accounting policies and methods adopted in the 2014 annual accounts.

Consolidated Income Statement

	2014	2013
	HK\$ Mn	Restated HK\$ Mn
Interest income	27,732	25,179
Interest expense	(15,079)	(12,917)
Net interest income	12,653	12,262
Fee and commission income	5,023	4,779
Fee and commission expense	(877)	(882)
Net fee and commission income	4,146	3,897
Net trading profits	892	878
Net result from financial instruments designated at fair value through profit or loss	(130)	(387)
Net hedging profit/(loss)	3	(22)
Other operating income	668	625
Non-interest income	5,579	4,991
Operating income	18,232	17,253
Operating expenses	(9,849)	(9,583)
Operating profit before impairment losses	8,383	7,670
Impairment losses on loans and advances	(990)	(458)
Write back of impairment losses on held-to-maturity investments	3	-
Impairment losses on available-for-sale financial assets	(14)	(69)
Impairment losses	(1,001)	(527)
Operating profit after impairment losses	7,382	7,143
Net loss on sale of held-to-maturity investments	(2)	-
Net profit on sale of available-for-sale financial assets	101	80
Net (loss)/profit on disposal of subsidiaries/associates	(4)	27
Net profit on disposal of fixed assets	74	164
Valuation gains on investment properties	228	388
Share of profits less losses of associates	645	684
Profit for the year before taxation	8,424	8,486
Income tax		
Current tax (Note 1(b))		
- Hong Kong	(812)	(708)
- Outside Hong Kong	(921)	(958)
Deferred tax	83	(113)
Profit for the year after taxation	6,774	6,707
Attributable to:		
Owners of the parent	6,661	6,613
Non-controlling interests	113	94
Profit after taxation	6,774	6,707
Per share		
- Basic earnings (Note 1(c))	HK\$2.72	HK\$2.78
- Diluted earnings (Note 1(c))	HK\$2.72	HK\$2.78
- Dividends	HK\$1.11	HK\$1.11

Consolidated Statement of Comprehensive Income

	2014	2013
	HK\$ Mn	HK\$ Mn
Net profit	<u>6,774</u>	<u>6,707</u>
Other comprehensive income for the year (after taxation and reclassification adjustments):		
Item that will not be reclassified to income statement:		
Premises:		
- unrealised surplus on revaluation of premises	2	670
- exchange differences	(3)	2
Items that may be reclassified subsequently to income statement:		
Premises:		
- deferred taxes	1	1
Available-for-sale investment revaluation reserve:		
- fair value changes recognised to/(from) equity	915	(46)
- fair value changes reclassified from/(to) income statement:		
- on impairment and amortisation	8	84
- on disposal	(79)	(142)
- deferred taxes	(164)	71
- exchange differences	2	(1)
Share of changes in equity of associates	(9)	(18)
Exchange differences on other reserves	(80)	64
Exchange differences on translation of:		
- accounts of overseas branches, subsidiaries and associates	(909)	105
Other comprehensive income	<u>(316)</u>	<u>790</u>
Total comprehensive income	<u>6,458</u>	<u>7,497</u>
Total comprehensive income attributable to:		
Owners of the parent	6,350	7,403
Non-controlling interests	<u>108</u>	<u>94</u>
	<u>6,458</u>	<u>7,497</u>

Consolidated Statement of Financial Position

	2014	2013
	HK\$ Mn	HK\$ Mn
ASSETS		
Cash and balances with banks and other financial institutions	70,358	68,777
Placements with banks and other financial institutions	50,769	57,372
Trade bills	60,675	59,932
Trading assets	2,885	5,331
Financial assets designated at fair value through profit or loss	8,713	11,606
Positive fair value of derivatives	3,537	3,625
Advances to customers and other accounts	482,140	448,255
Available-for-sale financial assets	86,816	71,589
Held-to-maturity investments	6,747	5,048
Investments in associates	6,083	4,779
Fixed assets	13,117	13,530
- Investment properties	4,544	4,400
- Other property and equipment	8,573	9,130
Goodwill and intangible assets	3,955	3,990
Deferred tax assets	96	120
Total Assets	<u>795,891</u>	<u>753,954</u>
EQUITY AND LIABILITIES		
Deposits and balances of banks and other financial institutions	33,323	28,923
Deposits from customers	548,184	534,971
Trading liabilities	21	11
Negative fair value of derivatives	4,823	4,545
Certificates of deposit issued	44,398	42,929
- At fair value through profit or loss	14,444	8,509
- At amortised cost	29,954	34,420
Current taxation	1,172	1,353
Debt securities issued	22,424	4,728
- At fair value through profit or loss	7,595	150
- At amortised cost	14,829	4,578
Deferred tax liabilities	686	647
Other accounts and provisions	50,081	53,981
Loan capital – at amortised cost	17,335	13,632
Total Liabilities	<u>722,447</u>	<u>685,720</u>
Capital and reserves		
Share capital: nominal value	-	5,724
Other statutory capital reserves	-	17,770
Share capital and other statutory capital reserves	25,217	23,494
Other reserves	43,663	40,188
Total equity attributable to owners of the parent	68,880	63,682
Non-controlling interests	4,564	4,552
Total Equity	<u>73,444</u>	<u>68,234</u>
Total Equity and Liabilities	<u>795,891</u>	<u>753,954</u>

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves*	Retained profits	Total	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 st January, 2014	5,724	17,770	69	2,874	978	1,642	200	13,877	3,770	16,778	63,682	4,552	68,234
Changes in equity													
Profit for the year	-	-	-	-	-	-	-	-	-	6,661	6,661	113	6,774
Other comprehensive income	-	-	-	(904)	682	-	-	-	(89)	-	(311)	(5)	(316)
Total comprehensive income	-	-	-	(904)	682	-	-	-	(89)	6,661	6,350	108	6,458
Shares issued in lieu of dividend	1,664	-	-	-	-	-	-	-	-	-	1,664	-	1,664
Shares issued under Staff Share Option Schemes	50	-	-	-	-	-	-	-	-	-	50	-	50
Shares issued expense	-	-	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Equity settled share-based transaction	-	-	24	-	-	-	-	-	-	-	24	-	24
Transfer	9	-	(9)	-	-	-	30	53	619	(702)	-	-	-
Dividends declared or approved during the year	-	-	-	-	-	-	-	-	-	(2,888)	(2,888)	(96)	(2,984)
Transition to no-par value regime on 3 rd March, 2014 (Note 1(d))	17,770	(17,770)	-	-	-	-	-	-	-	-	-	-	-
At 31 st December, 2014	25,217	-	84	1,970	1,660	1,642	228	13,930	4,300	19,849	68,880	4,564	73,444
At 1 st January, 2013	5,568	16,083	135	2,769	1,012	976	130	13,823	2,611	14,046	57,153	4,486	61,639
Changes in equity													
Profit for the year	-	-	-	-	-	-	-	-	-	6,613	6,613	94	6,707
Other comprehensive income	-	-	-	105	(34)	673	-	-	46	-	790	-	790
Total comprehensive income	-	-	-	105	(34)	673	-	-	46	6,613	7,403	94	7,497
Shares issued in lieu of dividend	144	1,550	-	-	-	-	-	-	-	-	1,694	-	1,694
Shares issued under Staff Share Option Schemes	12	106	-	-	-	-	-	-	-	-	118	-	118
Equity settled share-based transaction	-	-	21	-	-	-	-	-	-	-	21	-	21
Transfer	-	31	(87)	-	-	(7)	70	54	1,113	(1,174)	-	-	-
Dividends declared or approved during the year	-	-	-	-	-	-	-	-	-	(2,707)	(2,707)	(64)	(2,771)
Purchase of interests in businesses from non-controlling interests investors	-	-	-	-	-	-	-	-	-	-	-	33	33
Exchange adjustments	-	-	-	-	-	-	-	-	-	-	-	3	3
At 31 st December, 2013	5,724	17,770	69	2,874	978	1,642	200	13,877	3,770	16,778	63,682	4,552	68,234

* Other reserves include statutory reserve and other reserves.

Consolidated Cash Flow Statement

	2014	2013
	HK\$ Mn	HK\$ Mn
OPERATING ACTIVITIES		
Profit for the year before taxation	8,424	8,486
Adjustments for:		
Charge for impairment losses on loans and advances	990	458
Charge for impairment allowances on held-to-maturity investments and available-for-sale financial assets	11	69
Share of profits less losses of associates	(645)	(684)
Net loss on sale of held-to-maturity investments	2	-
Net profit on sale of available-for-sale financial assets	(101)	(80)
Net loss/(profit) on sale of subsidiaries and associates	4	(27)
Net profit on disposal of fixed assets	(74)	(164)
Interest expense on loan capital and certificates of deposit	1,855	1,579
Depreciation on fixed assets	664	670
Dividend income from available-for-sale financial assets	(28)	(43)
Amortisation of intangible assets	32	32
Amortisation of premium/discount on certificates of deposit and loan capital issued	218	132
Revaluation gains on certificates of deposit and loan capital issued	(5)	(487)
Valuation gains on investment properties	(228)	(388)
Equity-settled share-based payment expenses	24	21
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	11,143	9,574
(Increase)/decrease in operating assets:		
Cash and balances with banks with original maturity beyond three months	926	(5,178)
Placements with banks and other financial institutions with original maturity beyond three months	(10,544)	10,390
Trade bills	(735)	(4,191)
Trading assets	2,420	(1,092)
Financial assets designated at fair value through profit or loss	2,893	3,563
Positive fair value of derivatives	88	(500)
Advances to customers	(38,559)	(55,000)
Advances to banks and other financial institutions	(50)	141
Held-to-maturity debt securities	(1,319)	(623)
Available-for-sale financial assets	(17,789)	(12,087)
Other accounts and accrued interest	3,829	(6,591)
Increase/(decrease) in operating liabilities:		
Deposits and balances of banks and other financial institutions	4,400	(1,674)
Deposits from customers	13,213	36,201
Trading liabilities	10	(10)
Negative fair value of derivatives	278	739
Other accounts and provisions	(4,139)	8,684
Exchange adjustments	(962)	728
NET CASH OUTFLOW FROM OPERATIONS	(34,897)	(16,926)
Income tax paid		
Hong Kong profits tax paid	(919)	(537)
Outside Hong Kong profits tax paid	(982)	(767)
NET CASH USED IN OPERATING ACTIVITIES	(36,798)	(18,230)

	2014 HK\$ Mn	2013 HK\$ Mn
INVESTING ACTIVITIES		
Dividends received from associates	172	151
Dividends received from available-for-sale equity securities	28	43
Purchase of equity securities	(1,985)	(1,293)
Proceeds from sale of equity securities	1,780	1,336
Purchase of fixed assets	(305)	(750)
Purchase of investment properties	(44)	(154)
Proceeds from disposal of fixed assets	130	591
Purchase of shareholding in associates	(1,139)	(71)
Proceeds from disposal of an associate	-	160
Purchase of subsidiaries	(23)	-
Purchase of interests in business from non-controlling interests investors	-	33
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,386)	46
FINANCING ACTIVITIES		
Ordinary dividends paid	(991)	(747)
Distribution to Hybrid Tier 1 issue holders	(330)	(330)
Issue of ordinary share capital	50	118
Issue of certificates of deposit	67,798	68,516
Issue of debt securities	26,426	4,002
Issue of loan capital	3,863	-
Redemption of certificates of deposit issued	(66,414)	(53,274)
Redemption of debt securities issued	(8,621)	(8,173)
Interest paid on loan capital	(755)	(752)
Interest paid on certificates of deposit issued	(620)	(537)
Interest paid on debt securities issued	(243)	(370)
NET CASH GENERATED FROM FINANCING ACTIVITIES	20,163	8,453
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,021)	(9,731)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	90,007	99,738
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	71,986	90,007
Cash flows from operating activities included:		
Interest received	27,469	25,131
Interest paid	14,357	12,698
Dividend received	71	78

Notes to the Financial Statements

1. (a) The financial information set out in this report does not constitute the Group's statutory accounts for the year ended 31st December, 2014 but there is no material change as compared to those accounts. The statutory accounts for the year ended 31st December, 2014 will be available from the website of the HKEx.
- (b) The provision for Hong Kong profits tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) (i) The calculation of basic earnings per share is based on earnings of HK\$6,331 million (2013: HK\$6,283 million) after the distribution of HK\$330 million (2013: HK\$330 million) to Hybrid Tier 1 issue holders and on the weighted average of 2,324 million (2013: 2,261 million) ordinary shares outstanding during the year.
- (ii) The calculation of diluted earnings per share is based on earnings of HK\$6,331 million (2013: HK\$6,283 million) after the distribution of HK\$330 million (2013: HK\$330 million) to Hybrid Tier 1 issue holders and on 2,325 million (2013: 2,262 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.
- (d) Share capital

As at 31st December, 2013, 4,000 million ordinary shares, with par value of HK\$2.50 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622) ("New CO"), which has been effective since 3rd March, 2014, the concept of 'authorised capital' and 'par value' no longer exists. As part of the transition to no-par value regime, the amount standing to the credit of the share premium account on 3rd March, 2014 has become part of the Bank's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the New CO. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

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

	At 31 st December, 2014		At 31 st December, 2013	
	No. of shares	HK\$ Mn	No. of shares	HK\$ Mn
Ordinary shares, issued and fully paid:				
At 1 st January	2,290	5,724	2,227	5,568
Shares issued under Staff Share Option Schemes	2	50	5	12
Transition to no-par value regime on 3 rd March, 2014	-	17,770	-	-
Transfer of the fair value of options from capital reserve – share options issued	-	9	-	-
Shares issued in lieu of dividend	55	1,664	58	144
At 31 st December	<u>2,347</u>	<u>25,217</u>	<u>2,290</u>	<u>5,724</u>

- (e) Share premium

Prior to 3rd March, 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the New CO, on 3rd March, 2014 any amount standing to the credit of the share premium account has become part of the Bank's share capital (Note 1(d)). The use of share capital as from 3rd March, 2014 is governed by the New CO.

2. Dividends

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	HK\$ Mn
Interim dividend declared and paid of HK\$0.43 per share on 2,329 million shares (2013: HK\$0.43 per share on 2,264 million shares)	1,001	973
Second interim dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the end of the reporting period and before the close of the Register of Members of the Bank, of HK\$0.68 per share (2013: HK\$0.63 per share)	-	1
Second interim dividend of HK\$0.68 per share on 2,347 million shares (2013: HK\$0.68 per share on 2,290 million shares)	<u>1,596</u>	<u>1,557</u>
	<u>2,597</u>	<u>2,531</u>

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

3. Interest Income

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	Restated HK\$ Mn
Securities classified as held-to-maturity or available-for-sale		
- listed	883	692
- unlisted	1,490	1,116
Trading assets		
- listed	8	16
- unlisted	116	241
Interest rate swaps	2,002	1,670
Financial assets designated at fair value through profit or loss		
- listed	256	401
- unlisted	175	184
Loans, deposits with banks and financial institutions and trade bills	<u>22,802</u>	<u>20,859</u>
	<u>27,732</u>	<u>25,179</u>

Included above is interest income accrued on impaired financial assets of HK\$133 million (2013: HK\$88 million) for the year ended 31st December, 2014.

4. Interest Expense

	2014	2013
	HK\$ Mn	HK\$ Mn
Customer deposits, deposits of banks and other financial institutions and certificates of deposit issued which are stated at amortised cost	11,692	10,019
Debt securities issued	333	272
Subordinated notes carried at amortised cost	771	751
Interest rate swaps	2,018	1,736
Financial instruments designated at fair value through profit or loss	258	138
Other borrowings	7	1
	<u>15,079</u>	<u>12,917</u>

5. Fee and Commission Income

Fee and commission income arises from the following services:

	2014	2013
	HK\$ Mn	Restated HK\$ Mn
Corporate services	1,132	1,064
Loans, overdrafts and guarantees	946	970
Credit cards	905	902
Trade finance	576	458
Other retail banking services	447	417
Securities and brokerage	357	345
Trust and other fiduciary activities	182	202
Others	478	421
	<u>5,023</u>	<u>4,779</u>

of which:

Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss

	4,168	3,916
Fee income	5,023	4,779
Fee expenses	(855)	(863)

6. Net Trading Profits

	2014	2013
	HK\$ Mn	HK\$ Mn
Profit on dealing in foreign currencies	1,584	287
Profit on trading securities	139	38
Net (loss)/gain on derivatives	(874)	518
Dividend income from listed trading securities	43	35
	<u>892</u>	<u>878</u>

7. Net Result from Financial Instruments Designated at Fair Value through Profit or Loss

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	HK\$ Mn
Revaluation gain on debts issued	40	16
Profit on sale of debts issued	5	4
Net loss on sale of other financial assets	(3)	(91)
Revaluation loss on other financial assets	(172)	(316)
	<u>(130)</u>	<u>(387)</u>

8. Net Hedging Profit/(Loss)

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	HK\$ Mn
Fair value hedges		
- Net gain on hedged items attributable to the hedged risk	96	299
- Net loss on hedging instruments	(93)	(321)
	<u>3</u>	<u>(22)</u>

There was insignificant ineffectiveness recognised in the Group's income statement arising from cash flow hedge for the year 2014 and 2013.

9. Other Operating Income

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	HK\$ Mn
Dividend income from available-for-sale financial assets		
- listed	11	8
- unlisted	17	35
Rental from safe deposit boxes	80	77
Net revenue from insurance activities	323	277
Rental income on properties	149	127
Others	88	101
	<u>668</u>	<u>625</u>

10. Operating Expenses

	2014	2013
	HK\$ Mn	Restated HK\$ Mn
Contributions to defined contribution plan		
- Hong Kong	152	146
- Outside Hong Kong	363	315
Equity-settled share-based payment expenses	24	21
Salaries and other staff costs	4,945	4,816
Total staff costs	<u>5,484</u>	<u>5,298</u>
Premises and equipment expenses excluding depreciation		
- Rental of premises	671	652
- Maintenance, repairs and others	570	585
Total premises and equipment expenses excluding depreciation	<u>1,241</u>	<u>1,237</u>
Depreciation on fixed assets	<u>664</u>	<u>670</u>
Amortisation of intangible assets	<u>32</u>	<u>32</u>
Other operating expenses		
- Stamp duty, overseas and PRC business taxes, and value added taxes	727	680
- Legal and professional fees	414	375
- Communications, stationery and printing	340	316
- Advertising expenses	261	264
- Business promotions and business travel	206	203
- Card related expenses	102	101
- Insurance expenses	37	29
- Audit fee	17	15
- Membership fees	17	15
- Administration expenses of corporate services	15	14
- Bank charges	10	10
- Donations	5	19
- Bank licence	4	4
- Others	273	301
Total other operating expenses	<u>2,428</u>	<u>2,346</u>
Total operating expenses	<u>9,849</u>	<u>9,583</u>

11. Net Profit on Sale of Available-for-Sale Financial Assets

	2014	2013
	HK\$ Mn	HK\$ Mn
Net revaluation gain transferred from reserves	79	142
Profit/(loss) arising in current year	22	(62)
	<u>101</u>	<u>80</u>

12. Net Profit on Disposal of Fixed Assets

	2014 HK\$ Mn	2013 HK\$ Mn
Net profit on disposal of investment properties	-	84
Net profit on disposal of bank premises, furniture, fixtures and equipment	74	80
	<u>74</u>	<u>164</u>

13. Trading Assets

	2014 HK\$ Mn	2013 HK\$ Mn
Treasury bills (including Exchange Fund Bills)	78	26
Debt securities	1,412	3,876
Equity securities	1,374	1,407
Investment funds	21	22
	<u>2,885</u>	<u>5,331</u>
Issued by:		
Central governments and central banks	129	236
Public sector entities	52	58
Banks and other financial institutions	1,170	2,864
Corporate entities	1,501	2,117
Other entities	33	56
	<u>2,885</u>	<u>5,331</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	13	19
Listed outside Hong Kong	113	281
	<u>126</u>	<u>300</u>
Unlisted	1,364	3,602
	<u>1,490</u>	<u>3,902</u>
Equity securities		
Listed in Hong Kong	1,131	1,119
Listed outside Hong Kong	243	288
	<u>1,374</u>	<u>1,407</u>
Investment funds		
Listed in Hong Kong	7	7
Listed outside Hong Kong	14	15
	<u>21</u>	<u>22</u>
	<u>2,885</u>	<u>5,331</u>

14. Financial Assets Designated at Fair Value through Profit or Loss

	2014	2013
	HK\$ Mn	HK\$ Mn
Certificates of deposits held	1,495	128
Debt securities	6,792	11,071
Equity securities	353	354
Investment funds	73	53
	<u>8,713</u>	<u>11,606</u>
Issued by:		
Central governments and central banks	94	355
Banks and other financial institutions	5,072	5,894
Corporate entities	3,474	5,303
Other entities	73	54
	<u>8,713</u>	<u>11,606</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	1,093	1,520
Listed outside Hong Kong	3,597	5,887
	<u>4,690</u>	<u>7,407</u>
Unlisted	3,597	3,792
	<u>8,287</u>	<u>11,199</u>
Equity securities		
Listed in Hong Kong	128	115
Listed outside Hong Kong	225	239
	<u>353</u>	<u>354</u>
Investment funds		
Listed outside Hong Kong	9	-
Unlisted	64	53
	<u>73</u>	<u>53</u>
	<u>8,713</u>	<u>11,606</u>

15. Advances to Customers and Other Accounts

(a) Advances to customers and other accounts

	<u>2014</u>	<u>2013</u>
	HK\$ Mn	HK\$ Mn
(i) Advances to customers	443,287	405,357
Less: Impairment allowances		
- Individual	(419)	(323)
- Collective	(935)	(699)
	<u>441,933</u>	<u>404,335</u>
(ii) Other accounts		
Advances to banks and other financial institutions	55	5
Less: Impairment allowances – Individual	(1)	(2)
	<u>54</u>	<u>3</u>
Notes and bonds	1	1
Certificates of deposit held	116	116
Accrued interest	2,904	2,641
Customer liability under acceptance	26,460	31,393
Other accounts	10,703	9,796
	<u>40,184</u>	<u>43,947</u>
Less: Impairment allowances		
- Individual	(13)	(13)
- Collective	(18)	(17)
	<u>40,153</u>	<u>43,917</u>
	<u><u>482,140</u></u>	<u><u>448,255</u></u>

(b) 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.

	2014		2013	
	Gross advances	% of secured advances	Gross advances	% of secured advances
	HK\$ Mn	%	HK\$ Mn	%
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	17,177	71.40	13,743	71.01
- Property investment	38,906	86.53	37,574	87.51
- Financial concerns	15,562	82.32	13,780	81.80
- Stockbrokers	1,901	95.94	1,222	88.85
- Wholesale and retail trade	21,070	56.15	14,296	34.11
- Manufacturing	7,090	50.93	6,963	37.04
- Transport and transport equipment	6,835	67.01	5,954	66.01
- Recreational activities	138	56.53	96	33.02
- Information technology	836	15.53	1,063	8.88
- Others	19,113	69.23	10,189	50.34
- Sub-total	<u>128,628</u>	73.10	<u>104,880</u>	68.31
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,058	100.00	1,096	100.00
- Loans for the purchase of other residential properties	33,052	100.00	28,537	99.99
- Credit card advances	5,079	0.00	4,137	0.00
- Others	19,181	82.12	19,453	68.64
- Sub-total	<u>58,370</u>	85.42	<u>53,223</u>	80.76
Total loans for use in Hong Kong	186,998	76.95	158,103	72.50
Trade finance	5,527	59.14	5,895	39.60
Loans for use outside Hong Kong *	<u>250,762</u>	71.38	<u>241,359</u>	71.02
Total advances to customers	<u>443,287</u>	73.57	<u>405,357</u>	71.14

* Loans for use outside Hong Kong include the following loans for use in Mainland China.

	2014		2013	
	Gross advances	% of secured advances	Gross advances	% of secured advances
	HK\$ Mn	%	HK\$ Mn	%
Property development	40,010	60.01	33,980	52.70
Property investment	32,701	98.51	29,801	98.45
Wholesale and retail trade	32,072	80.53	35,088	79.84
Manufacturing	11,224	61.73	12,081	47.34
Others	73,200	61.45	68,844	66.67
	<u>189,207</u>	70.80	<u>179,794</u>	70.57

Individually impaired loans, as well as relevant information, in respect of industry sectors which constitute 10% or more of total advances to customers are as follows:

	2014	2013
	HK\$ Mn	HK\$ Mn
(i) Property development		
a. Individually impaired loans	42	131
b. Individual impairment allowance	10	16
c. Collective impairment allowance	116	62
d. Provision charged to income statement		
- individual impairment loss	1	-
- collective impairment loss	67	22
e. Written off	-	-
(ii) Property investment		
a. Individually impaired loans	299	242
b. Individual impairment allowance	3	5
c. Collective impairment allowance	175	140
d. Provision charged to income statement		
- individual impairment loss	13	-
- collective impairment loss	67	35
e. Written off	9	-
(iii) Loans for purchase of residential properties		
a. Individually impaired loans	236	169
b. Individual impairment allowance	12	2
c. Collective impairment allowance	82	55
d. Provision charged to income statement		
- individual impairment loss	23	3
- collective impairment loss	29	12
e. Written off	11	2
(iv) Wholesale and retail trade		
a. Individually impaired loans	633	314
b. Individual impairment allowance	74	106
c. Collective impairment allowance	124	109
d. Provision charged to income statement		
- individual impairment loss	318	120
- collective impairment loss	57	38
e. Written off	286	72

(c) Advances to customers – by geographical areas

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. 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.

	2014				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	186,000	226	404	95	248
People's Republic of China	213,984	1,784	2,108	307	563
Other Asian Countries	20,813	79	143	17	68
Others	22,490	7	81	-	56
Total	443,287	2,096	2,736	419	935

% of total advances to customers

0.62%

Market value of security held against impaired advances to customers

4,680

	2013				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	172,436	188	384	81	210
People's Republic of China	189,924	653	840	159	316
Other Asian Countries	22,124	18	120	72	106
Others	20,873	65	237	11	67
Total	405,357	924	1,581	323	699

% of total advances to customers

0.39%

Market value of security held against impaired advances to customers

3,779

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

16. Available-for-Sale Financial Assets

	2014 HK\$ Mn	2013 HK\$ Mn
Treasury bills (including Exchange Fund Bills)	27,906	18,797
Certificates of deposit held	1,626	2,386
Debt securities	54,116	47,499
Equity securities	2,895	2,722
Investment funds	273	185
	<u>86,816</u>	<u>71,589</u>
Issued by:		
Central governments and central banks	28,238	19,694
Public sector entities	691	2,273
Banks and other financial institutions	27,788	25,350
Corporate entities	29,788	24,048
Other entities	311	224
	<u>86,816</u>	<u>71,589</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	12,511	8,165
Listed outside Hong Kong	11,391	12,292
	<u>23,902</u>	<u>20,457</u>
Unlisted	59,746	48,225
	<u>83,648</u>	<u>68,682</u>
Equity securities		
Listed in Hong Kong	766	580
Listed outside Hong Kong	1,376	1,318
	<u>2,142</u>	<u>1,898</u>
Unlisted	753	824
	<u>2,895</u>	<u>2,722</u>
Investment funds		
Listed outside Hong Kong	29	1
Unlisted	244	184
	<u>273</u>	<u>185</u>
	<u>86,816</u>	<u>71,589</u>

17. Held-to-Maturity Investments

	2014	2013
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	737	649
Certificates of deposit held	2,710	1,186
Debt securities	3,300	3,213
	<u>6,747</u>	<u>5,048</u>
Issued by:		
Central governments and central banks	1,546	1,745
Public sector entities	22	153
Banks and other financial institutions	2,495	803
Corporate entities	2,684	2,347
	<u>6,747</u>	<u>5,048</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	1,905	1,119
Listed outside Hong Kong	1,590	1,777
	<u>3,495</u>	<u>2,896</u>
Unlisted	3,252	2,152
	<u>6,747</u>	<u>5,048</u>
Fair value:		
Listed securities	3,516	2,983
Unlisted securities	3,218	2,152
	<u>6,734</u>	<u>5,135</u>

18. Segment Reporting

The Group manages its businesses by divisions, which are organized 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 nine reportable segments. No operating segments have been aggregated to form the following reportable segments.

Personal banking, which includes branch operations, personal internet banking, consumer finance, property loans and credit card business in Hong Kong.

Corporate banking, which includes corporate lending and loan syndication, asset based lending, commercial lending and securities lending in Hong Kong.

Treasury markets, which include treasury operations and securities dealing in Hong Kong.

Wealth management, which includes private banking business and related assets in Hong Kong.

Financial institutions, which includes trade financing activities with correspondent banks in Hong Kong.

Other Hong Kong banking operations, which include insurance business, trust business, securities & futures broking, money lender activities and corporate financial advisory in Hong Kong.

China operations include the back office unit for China operations in Hong Kong, all branches, subsidiaries and associates operated in China, except those subsidiaries carrying out corporate services, data processing and other back office operations in China.

Overseas operations include the back office unit for overseas banking operations in Hong Kong, all branches, subsidiaries and associates operated in overseas, except those subsidiaries carrying out corporate services in overseas.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include property-related business, supporting units of Hong Kong operations, investment properties, bank premises, the net results of other subsidiaries in Hong Kong except for those subsidiaries which are included in other Hong Kong banking operations.

For the purposes of assessing segment performance and allocating resources between 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 tangible assets, intangible assets and financial assets with the exception of interests in associates, deferred tax assets and other corporate assets. 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. Segment revenue and expenses do not include the Group's share of revenue and expenses arising from the activities of the Group's associates. Other than reporting inter-segment income, assistance provided by one segment to another, including sharing of assets, is not measured.

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment lending), interest expense, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

	Hong Kong banking operations									Total reportable segments	Others	Inter-segment elimination	Total
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial Institutions	Others	China operations	Overseas operations	Corporate services				
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn				
Net interest income/(expense)	2,572	2,168	(11)	271	154	264	5,981	1,077	6	12,482	170	1	12,653
Non-interest income	753	669	49	354	25	635	1,436	196	1,141	5,258	667	(346)	5,579
Operating income	3,325	2,837	38	625	179	899	7,417	1,273	1,147	17,740	837	(345)	18,232
Operating expenses	(1,653)	(201)	(143)	(193)	(13)	(607)	(4,318)	(484)	(803)	(8,415)	(1,779)	345	(9,849)
Operating profit/(loss) before impairment losses	1,672	2,636	(105)	432	166	292	3,099	789	344	9,325	(942)	-	8,383
(Charge for)/Write back of impairment losses on loans and advances and other accounts	(114)	(74)	1	(2)	-	(32)	(877)	113	(4)	(989)	(1)	-	(990)
Impairment loss on held-to-maturity investments and available-for-sale financial assets	-	-	(11)	-	-	-	-	-	-	(11)	-	-	(11)
Operating profit/(loss) after impairment losses	1,558	2,562	(115)	430	166	260	2,222	902	340	8,325	(943)	-	7,382
Profit/(Loss) on sale of fixed assets, held-to-maturity investments and available-for-sale financial assets	-	27	74	-	-	4	69	-	(1)	173	-	-	173
Loss on sale of subsidiaries	-	-	-	-	-	-	-	(4)	-	(4)	-	-	(4)
Valuation gains on investment properties	-	-	-	-	-	-	-	-	-	-	228	-	228
Share of profits less losses of associates	-	-	-	-	-	(5)	223	426	1	645	-	-	645
Profit/(Loss) before taxation	1,558	2,589	(41)	430	166	259	2,514	1,324	340	9,139	(715)	-	8,424
Depreciation for the year	(71)	(2)	(4)	(4)	(1)	(28)	(322)	(20)	(26)	(478)	(186)	-	(664)
Segment assets	58,929	173,050	140,170	29,917	9,813	17,536	372,623	102,380	2,222	906,640	18,030	(134,862)	789,808
Investments in associates	-	-	-	-	-	55	972	5,036	20	6,083	-	-	6,083
Total assets	58,929	173,050	140,170	29,917	9,813	17,591	373,595	107,416	2,242	912,723	18,030	(134,862)	795,891
Total liabilities	278,557	1,164	94,513	23,218	4	13,355	328,698	91,134	387	831,030	2,379	(110,962)	722,447
Capital expenditure incurred during the year	28	1	2	7	-	33	116	9	42	238	85	-	323

2013 (Restated)

	Hong Kong banking operations									Total reportable segments HK\$ Mn	Others HK\$ Mn	Inter-segment elimination HK\$ Mn	Total HK\$ Mn
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial institutions	Others	China operations	Overseas operations	Corporate services				
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn				
Net interest income/ (expense)	2,130	2,435	(27)	295	93	201	5,962	986	5	12,080	180	2	12,262
Non-interest income	704	620	80	313	22	588	1,014	279	1,069	4,689	638	(336)	4,991
Operating income	2,834	3,055	53	608	115	789	6,976	1,265	1,074	16,769	818	(334)	17,253
Operating expenses	(1,592)	(194)	(129)	(179)	(14)	(541)	(4,263)	(449)	(784)	(8,145)	(1,772)	334	(9,583)
Operating profit/ (loss) before impairment losses	1,242	2,861	(76)	429	101	248	2,713	816	290	8,624	(954)	-	7,670
(Charge for)/Write back of impairment losses on loans and advances and other accounts	(91)	(68)	2	(1)	-	(10)	(280)	(5)	(5)	(458)	-	-	(458)
Impairment losses on available-for-sale financial assets	-	-	(68)	-	-	(1)	-	-	-	(69)	-	-	(69)
Operating profit/ (loss) after impairment losses	1,151	2,793	(142)	428	101	237	2,433	811	285	8,097	(954)	-	7,143
Profit on sale of fixed assets and available-for-sale financial assets	-	4	62	-	-	7	131	22	-	226	18	-	244
Profit on sale of subsidiaries/ associates	-	-	-	-	-	-	27	-	-	27	-	-	27
Valuation gains on investment properties	-	-	-	-	-	-	-	164	-	164	224	-	388
Share of profits less losses of associates	-	-	-	-	-	1	182	502	(1)	684	-	-	684
Profit/(Loss) before taxation	1,151	2,797	(80)	428	101	245	2,773	1,499	284	9,198	(712)	-	8,486
Depreciation for the year	(72)	(2)	(6)	(3)	(1)	(22)	(343)	(19)	(31)	(499)	(171)	-	(670)
Segment assets	52,808	163,639	121,734	25,895	9,945	15,801	357,153	79,518	2,968	829,461	30,334	(110,620)	749,175
Investments in associates	-	-	-	-	-	59	536	4,164	20	4,779	-	-	4,779
Total assets	52,808	163,639	121,734	25,895	9,945	15,860	357,689	83,682	2,988	834,240	30,334	(110,620)	753,954
Total liabilities	260,517	1,631	75,166	21,171	1	11,600	330,958	67,928	745	769,717	2,218	(86,215)	685,720
Capital expenditure incurred during the year	35	1	3	2	-	37	318	59	161	616	97	-	713

19. Off-balance Sheet Exposures

The following is a summary of each significant class of off-balance sheet exposures:

	2014	2013
	HK\$ Mn	HK\$ Mn
Contractual amounts of contingent liabilities and commitments		
Direct credit substitutes	32,120	18,670
Transaction-related contingencies	1,118	2,655
Trade-related contingencies	1,016	1,319
Commitments that are unconditionally cancellable without prior notice	170,895	126,463
Other commitments with an original maturity		
- up to 1 year	20,640	56,690
- over 1 year	22,779	29,319
Total	<u>248,568</u>	<u>235,116</u>
Credit risk weighted amounts	<u>28,953</u>	<u>44,605</u>
Fair value of derivatives		
Assets		
Exchange rate contracts	1,973	1,675
Interest rate contracts	1,158	1,538
Equity contracts	340	303
Others	66	109
	<u>3,537</u>	<u>3,625</u>
Liabilities		
Exchange rate contracts	3,212	2,335
Interest rate contracts	1,163	1,813
Equity contracts	383	288
Others	65	109
	<u>4,823</u>	<u>4,545</u>
Notional amounts of derivatives		
Exchange rate contracts	544,162	566,787
Interest rate contracts	300,759	196,583
Equity contracts	13,267	16,569
Others	3,956	3,905
	<u>862,144</u>	<u>783,844</u>
Credit risk weighted amounts *		
Exchange rate contracts	5,871	6,203
Interest rate contracts	1,647	2,210
Equity contracts	756	841
Others	113	703
	<u>8,387</u>	<u>9,957</u>

The fair value and credit risk weighted amounts of the off-balance sheet exposures do not take into account the effects of bilateral netting arrangements.

* The Bank adopted the Foundation Internal Ratings Based ("IRB") approach according to Capital Rules for calculating the credit risk weighted amount as at 31st December, 2014 and 31st December, 2013.

20. Reserves

	2014	2013
	HK\$ Mn	HK\$ Mn
Statutory capital reserve (Note 1(d))		
Share premium	-	17,770
Other reserves		
General reserve	13,930	13,877
Revaluation reserve on bank premises	1,642	1,642
Investment revaluation reserve	1,660	978
Exchange revaluation reserve	1,970	2,874
Other reserves	4,612	4,039
Retained profits *	19,849	16,778
	<u>43,663</u>	<u>40,188</u>
Total	<u>43,663</u>	<u>57,958</u>
Dividends declared, not provided for	<u>1,596</u>	<u>1,557</u>

* A regulatory reserve is maintained to satisfy the provisions of the 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 earnings and in consultation with the HKMA. As at 31st December, 2014, HK\$5,715 million (31st December, 2013: HK\$5,381 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the HKMA.

21. Non-adjusting events after the reporting period

After the end of the reporting period the directors declared a second interim dividend. Further details are disclosed in Note 2.

22. Comparative Figures

The 2013 figures of Interest income and fee and commission income have been restated to better reflect the nature of income in respect of certain credit card products provided in Mainland China.

For other restatements, the comparative figures have been restated to conform with current year's presentation.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(A) Capital Adequacy

	2014	2013
	HK\$ Mn	HK\$ Mn
Capital base		
- Common Equity Tier 1 capital	53,424	49,245
- Additional Tier 1 capital	2,835	3,190
- Total Tier 1 capital	56,259	52,435
- Tier 2 capital	19,197	16,489
- Total capital	75,456	68,924
Risk weighted assets by risk type		
- Credit risk	410,891	393,020
- Market risk	13,355	16,524
- Operational risk	29,687	26,654
	453,933	436,198
Less: Deductions	(2,479)	(2,322)
	451,454	433,876
	2014	2013
	%	%
Common Equity Tier 1 capital ratio	11.8	11.4
Tier 1 capital ratio	12.5	12.1
Total capital ratio	16.7	15.9

Capital adequacy ratios were compiled in accordance with the Capital Rules issued by the HKMA. The ratios as of 31st December, 2014 and 31st December, 2013 were compiled in accordance with the amended Capital Rules effective from 1st January, 2013 for the implementation of the "Basel III" capital accord. 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 internal models approach for the calculation of market risk and standardised approach for operational risk.

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 the securities and insurance companies that are authorised and supervised by a regulator and are 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 Tier 1 capital and Tier 2 capital subject to the thresholds and transitional arrangements as determined in accordance with Part 3 and Schedule 4H of the Capital Rules respectively.

The principal subsidiaries that are not included in consolidation for regulatory purposes are:

Blue Cross (Asia-Pacific) Insurance Limited
 BEA Life Limited
 East Asia Futures Limited
 East Asia Securities Company Limited
 Tricor Holdings Limited and its subsidiaries

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, 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. Liquidity Ratio

	<u>2014</u> %	<u>2013</u> %
Average liquidity ratio for the year	50.2	47.0

The average liquidity ratio for the year is the simple average of each calendar month's average liquidity ratio, which is computed on the consolidated basis as required by the HKMA for its regulatory purposes, and is in accordance with the Fourth Schedule to the Banking Ordinance.

C. Cross-border Claims

The information on cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

	<u>2014</u>			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
People's Republic of China	30,252	9,316	91,034	130,602
Asian countries, excluding People's Republic of China	10,283	841	13,842	24,966
North America	6,453	225	3,761	10,439
Western Europe	6,202	659	1,377	8,238
	<u>2013 (Restated)</u>			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
People's Republic of China	30,341	3,702	98,630	132,673
Asian countries, excluding People's Republic of China	13,125	515	12,167	25,807
North America	6,182	40	3,059	9,281
Western Europe	7,238	-	2,323	9,561

D. Non-bank Mainland Exposures

The total direct non-bank Mainland exposures and the individual impairment allowances are as follows:

	2014			
	On-balance Sheet exposure	Off-balance Sheet exposure	Total	Individual impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>				
Mainland entities	220,138	44,965	265,103	78
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	51,591	2,053	53,644	87
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	33,294	328	33,622	31
Total	<u>305,023</u>	<u>47,346</u>	<u>352,369</u>	<u>196</u>

	2013			
	On-balance sheet exposure	Off-balance sheet exposure	Total	Individual impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>				
Mainland entities	210,116	62,056	272,172	107
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	47,304	4,512	51,816	7
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	30,049	442	30,491	11
Total	<u>287,469</u>	<u>67,010</u>	<u>354,479</u>	<u>125</u>

E. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and rescheduled advances

	2014		2013	
	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	1,076	0.3	216	0.1
- 1 year or less but over 6 months	469	0.1	201	0.1
- Over 1 year	551	0.1	507	0.1
	<u>2,096</u>	<u>0.5</u>	<u>924</u>	<u>0.3</u>
Rescheduled advances to customers	<u>83</u>	<u>0.0</u>	<u>86</u>	<u>0.0</u>
Total overdue and rescheduled advances	<u>2,179</u>	<u>0.5</u>	<u>1,010</u>	<u>0.3</u>
Secured overdue advances	<u>1,871</u>	<u>0.4</u>	<u>777</u>	<u>0.2</u>
Unsecured overdue advances	<u>225</u>	<u>0.1</u>	<u>147</u>	<u>0.1</u>
Market value of security held against secured overdue advances	<u>3,870</u>		<u>2,736</u>	
Individual impairment allowance made on loans overdue for more than 3 months	<u>302</u>		<u>183</u>	

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at year-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

(b) Advances to banks

	2014	2013
	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

	2014		
	Accrued interest	Debt securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
- 6 months or less but over 3 months	-	-	-
- 1 year or less but over 6 months	-	-	-
- Over 1 year	-	-	4
	-	-	4
Rescheduled assets	-	-	-
Total other overdue and rescheduled assets	-	-	4
	2013		
	Accrued interest	Debt securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
- 6 months or less but over 3 months	-	-	-
- 1 year or less but over 6 months	-	-	-
- Over 1 year	-	-	4
	-	-	4
Rescheduled assets	-	-	-
Total other overdue and rescheduled assets	-	-	4

* Other assets refer to trade bills and receivables.

(d) Repossessed assets

	2014	2013
	HK\$ Mn	HK\$ Mn
Reposessed land and buildings *	-	51
Reposessed vehicles and equipment	-	-
Total reposessed assets	-	51

The amount represents the estimated market value of the reposessed assets as at 31st December.

* No property (2013: HK\$3 million) was contracted for sale but not yet completed.

F. Currency Concentrations

The net positions or net structural positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies. The net option position is calculated in the basis of the delta-weighted position of option contracts.

	2014					Total
	HK\$ Mn					
	USD	RMB	GBP	SGD	Other foreign currencies	
Spot assets	192,783	398,802	27,725	25,563	22,559	667,432
Spot liabilities	(182,966)	(367,570)	(19,269)	(30,405)	(39,025)	(639,235)
Forward purchases	122,471	74,025	968	5,891	20,055	223,410
Forward sales	(129,557)	(106,508)	(9,510)	(1,589)	(3,653)	(250,817)
Net options position	(31)	(1)	(1)	-	36	3
Net long/(short) non-structural position	<u>2,700</u>	<u>(1,252)</u>	<u>(87)</u>	<u>(540)</u>	<u>(28)</u>	<u>793</u>

	2013 (Restated)					Total
	HK\$ Mn					
	USD	RMB	GBP	SGD	Other foreign currencies	
Spot assets	168,307	400,338	24,141	25,137	27,127	645,050
Spot liabilities	(170,842)	(357,848)	(16,792)	(32,229)	(33,600)	(611,311)
Forward purchases	162,051	106,701	539	7,321	9,905	286,517
Forward sales	(157,067)	(148,766)	(7,883)	(661)	(3,460)	(317,837)
Net options position	(31)	6	(3)	-	(5)	(33)
Net long/(short) non-structural position	<u>2,418</u>	<u>431</u>	<u>2</u>	<u>(432)</u>	<u>(33)</u>	<u>2,386</u>

	2014				Total
	HK\$ Mn				
	USD	RMB	MYR	Other foreign currencies	
Net structural position	<u>2,143</u>	<u>11,623</u>	<u>2,610</u>	<u>922</u>	<u>17,298</u>

	2013 (Restated)				Total
	HK\$ Mn				
	USD	RMB	MYR	Other foreign currencies	
Net structural position	<u>2,475</u>	<u>8,960</u>	<u>1,912</u>	<u>754</u>	<u>14,101</u>

The current year's figures are prepared after elimination of inter-branch foreign exchange transactions within a subsidiary, The Bank of East Asia (China) Limited, for the purpose of conforming to the prevailing reporting requirements. The 2013 figures have been restated accordingly.

The above figures are disclosed in accordance with the return relating to foreign currency positions the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the annual reporting period, which are computed on the consolidated basis as required by the HKMA for its regulatory purposes.

STATEMENT OF COMPLIANCE

- (1) In preparing the accounts for 2014, the Bank has fully complied with the Banking (Disclosure) Rules.
- (2) The Bank is committed to maintaining high corporate governance standards and considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.
- (3) During the financial year ended 31st December, 2014, the Bank has complied with all the Code Provisions set out in the CG Code, except for Code Provision A.2.1 as explained below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. the Hon. Sir David LI Kwok-po is the Chairman & Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The division of responsibilities between the Chairman and the Chief Executive is clearly established and set out in the job mandate of the Chairman & Chief Executive. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting operations of the Bank. There is a strong independent element in the composition of the Board. Out of the 18 Board members, 8 are Independent Non-executive Directors. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board believes that Sir David's appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects and management of the Bank.

- (4) During the financial year ended 31st December, 2014, the Bank has followed the modules on CG-1 and CG-5.

PAYMENT OF SECOND INTERIM DIVIDEND FOR 2014

The Board has declared a second interim dividend for the year ended 31st December, 2014 ("2014 Second Interim Dividend") of HK\$0.68 per share (2013 Second Interim Dividend: HK\$0.68 per share), which, together with the 2014 interim dividend of HK\$0.43 per share paid in September 2014, will constitute a total dividend of HK\$1.11 per share (2013 total dividend: HK\$1.11 per share) for the full year. The 2014 Second Interim Dividend will be paid on or about Friday, 27th March, 2015 in cash with an option to receive new, fully paid shares in lieu of cash ("Scrip Dividend Scheme"), to shareholders whose names appear on the Register of Members of the Bank at the close of business on Thursday, 5th March, 2015. The ex-dividend date for 2014 Second Interim Dividend will be on Monday, 2nd March, 2015. Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 5th March, 2015.

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the New Shares to be issued under the Scrip Dividend Scheme. The dividend warrants and the share certificates for the Scrip Dividend Scheme will be sent to shareholders by ordinary mail on or about Friday, 27th March, 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Bank will be closed for the following periods:

- (a) For the purpose of determining shareholders who qualify for the 2014 Second Interim Dividend, the Register of Members of the Bank will be closed on Wednesday, 4th March, 2015 and Thursday, 5th March, 2015. In order to qualify for the 2014 Second Interim Dividend, all transfer documents should be lodged for registration with Tricor Standard Limited (Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) by 4:00 p.m. Tuesday, 3rd March, 2015.
- (b) For the purpose of determining shareholders who are entitled to attend and vote at the 2015 AGM, the Register of Members of the Bank will be closed on Thursday, 7th May, 2015 and Friday, 8th May, 2015. In order to qualify for attending and voting at the 2015 AGM, all transfer documents should be lodged for registration with Tricor Standard Limited (Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) by 4:00 p.m. Wednesday, 6th May, 2015.

DEALINGS IN LISTED SECURITIES OF THE BANK

During the financial year ended 31st December, 2014, there was no purchase, sale or redemption by the Bank or any of its subsidiaries, of listed securities of the Bank.

CHAIRMAN'S STATEMENT

For the year 2014, The Bank of East Asia Group recorded a record-high profit attributable to owners of the parent of HK\$6,661 million, representing an increase of HK\$48 million or 0.7% compared with the HK\$6,613 million reported for 2013. Basic earnings per share stood at HK\$2.72. Return on average equity and return on average assets were 10.1% and 0.8%, respectively.

The Board of Directors has declared a second interim dividend of HK\$0.68 per share for the year ended 31st December, 2014, bringing the dividend for the year to HK\$1.11 per share.

The global economy weathered an uneven 2014. While the US economy steadily improved during the year, China's economy grew at a slower pace and the economies of Europe and Japan were sluggish. Slower growth in China led to decreased spending by Mainland tourists in Hong Kong. As a result, domestic retail sales were weak while the unemployment rate edged slightly higher during the year. Property prices continued to increase, although overall market activity remained subdued due to the government's cooling measures. The overall operating environment is expected to remain challenging in 2015.

Against this uncertain backdrop, BEA will continue to focus on capitalising on trade and investment flows to and from China by leveraging the strength of its operations in Hong Kong and on the Mainland, as well as its strategic presence in markets around the world with well-established Chinese communities. Cross-border financing will remain a major growth engine for our Group's business in the coming year, and we will enhance our product range to meet the needs of high net-worth and corporate clients in China seeking to expand their businesses in Hong Kong and overseas.

Our China operations will remain a key driver of business growth and a source of new customers for the Group. While the Central Government's economic restructuring programme should continue to adversely affect asset quality and net interest margins in the Mainland's banking industry, we will explore new opportunities as we continue to invest in BEA China.

In view of the highly competitive nature of the retail banking industry in the markets we serve, differentiation through greater customer centricity will underpin our growth strategy. By providing the best customer experience possible, we aim to attract and retain a growing number of affluent customers who regard us as their key banking partner.

We will remain at the forefront of technology in our business by enriching the content and extending the reach of our electronic banking services. In Hong Kong, we will continue to roll out digital branches, which will enable us to serve our customers more efficiently while we reduce costs.

To enhance operating efficiency and productivity, we will take additional steps to improve work flows with the aid of technology, merging processes across operational units. In addition, we will continue to prudently manage our operating expenses to further improve our cost-to-income ratio.

BEA will capture new growth opportunities in China by strengthening its relationships with strategic partners, including CaixaBank, S.A. of Spain and Sumitomo Mitsui Banking Corporation of Japan, and driving new business to our branches in Hong Kong and Mainland China.

In September 2014, we entered into a non-binding memorandum of understanding with SMBC in relation to a proposed subscription by SMBC of new shares in BEA. This investment will further strengthen the relationship between SMBC and BEA, and help ensure that BEA has sufficient capital to meet stringent regulatory requirements in the future. It will also provide us with a solid foundation to pursue growth opportunities, particularly in Mainland China.

Operating within an increasingly complex regulatory framework, BEA has chosen to take a proactive approach to regulatory compliance by actively engaging with regulators to ensure that all new requirements are met in a timely manner. To strengthen its risk culture and governance, the Bank has enhanced control at all levels and conducts risk and compliance training for its staff.

As a corporate citizen, we are keenly aware of our responsibility not only to our shareholders, but also to our customers, employees, and the community at large. In recent years, we have made great strides in the development of our corporate social responsibility programme. Through The Bank of East Asia Charitable Foundation and its charity partners, we have established several important programmes in support of education and social welfare including palliative care for terminally-ill patients in residential homes in Hong Kong. On the Mainland, the Shanghai Soong Ching Ling Foundation – BEA Charity Fund continues to promote the advancement of education for children in rural areas through its flagship Firefly Project.

I am pleased to inform shareholders that the Board of Directors appointed Mr. Adrian David Li Man-Kiu and Mr. Brian David Li Man-bun as Executive Directors of the Bank, effective 2nd August, 2014. They have taken our Hong Kong and China business units from strength to greater strength, and we look forward to their contributions at Board level.

In closing, I would like to thank the Bank's Board of Directors and the Directors of our subsidiaries and associated companies for their wise counsel and dedication during the past year. I also extend our grateful thanks and appreciation to our business partners, with whom we look forward to further extending our cooperation in the coming year. I would also like to thank the management team and staff of BEA for their commitment and outstanding performance. Lastly, on behalf of my entire team, I thank our shareholders and customers for their long-standing loyalty and confidence in The Bank of East Asia.

David LI Kwok-po
Chairman & Chief Executive

Hong Kong, 12th February, 2015

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT

FINANCIAL REVIEW

Financial Performance

For the year 2014, the Group again achieved a record high profit attributable to owners of the parent of HK\$6,661 million, an increase of HK\$48 million or 0.7% compared with the HK\$6,613 million earned in 2013. Basic earnings per share were HK\$2.72. Return on average equity and return on average assets were 10.1% and 0.8%, respectively.

Group net interest income increased by HK\$391 million, or 3.2%, in 2014 to HK\$12,653 million, primarily due to growth in advances to customers and trade bills. Net fee and commission income rose by HK\$249 million, or 6.4%, to HK\$4,146 million, while overall non-interest income rose by 11.8% to HK\$5,579 million. Operating income increased by 5.7% to HK\$18,232 million.

Total operating expenses rose by 2.8% to HK\$9,849 million. Operating efficiency further improved as the cost-to-income ratio fell from 55.5% in 2013 to 54.0% in 2014. If the business tax and surcharges applied to the Bank's Mainland operations are excluded from operating expenses, the adjusted cost-to-income ratio would decrease from 51.9% to 50.4%.

Operating profit before impairment losses rose to HK\$8,383 million, an increase of HK\$713 million, or 9.3%, when compared with 2013.

Impairment losses grew by 89.8% to HK\$1,001 million, mainly related to loans and advances.

Operating profit after impairment losses was HK\$7,382 million, an increase of 3.3% or HK\$239 million.

Valuation gains on investment properties decreased to HK\$228 million while profit on the sale of fixed assets was also trimmed to HK\$74 million. In addition, the Group shared after-tax profits from associates of HK\$645 million.

After accounting for income taxes, profit after taxation rose to HK\$6,774 million, an increase of 1.0% above the HK\$6,707 million recorded in 2013.

Financial Position

Total consolidated assets of the Group stood at HK\$795,891 million at the end of 2014, an increase of 5.6% over the HK\$753,954 million at the end of 2013. Gross advances to customers rose by 9.4% to HK\$443,287 million. Total equity increased to HK\$73,444 million, up 7.6%.

Total deposits from customers grew by 2.5% to HK\$548,184 million. Demand deposits and current account balances decreased by HK\$1,922 million, or 2.8%, compared with the balance at year-end 2013. Savings deposits increased to HK\$100,782 million, a rise of 8.4%, while time deposits increased by HK\$7,289 million, or 2.0%, when compared with the year-end positions. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, grew by 2.5% to HK\$592,582 million.

The loan-to-deposit ratio was 74.8% at the end of December 2014, 4.7 percentage points higher than the 70.1% reported at the end of 2013.

RATINGS

Standard & Poor's

The Bank of East Asia, Limited

Long-term Counterparty Credit (local and foreign currency)	A
Short-term Counterparty Credit (local and foreign currency)	A-1
Outlook	Stable

The Bank of East Asia (China) Limited

Long-term Counterparty Credit (local and foreign currency)	A
Short-term Counterparty Credit (local and foreign currency)	A-1
Outlook	Stable

Moody's Investor Service

The Bank of East Asia, Limited

Long-term Bank Deposit (local and foreign currency)	A2
Short-term Bank Deposit (local and foreign currency)	Prime-1
Bank Financial Strength	C- (with Stable outlook)
Outlook	Negative

RECOGNITION

The Bank of East Asia, Limited

- "2014 Best SME's Partner Award" (for the seventh consecutive year)
– *The Hong Kong General Chamber of Small and Medium Business*
- "Quamnet Outstanding Enterprise Award 2013 – Outstanding SME Service Provider (Bank)"
– *Quam (H.K.) Limited*
- "2014 RMB Business Outstanding Awards – Outstanding Corporate/Commercial Banking – Connecting China and Hong Kong Award" (for the second consecutive year)
– *Metro Finance, Metro Finance Digital, and Wen Wei Po*
- "Outstanding Import and Export Industry Partner Award"
– *The Hong Kong Chinese Importers' & Exporters' Association*
- "Best Private Bank Hong Kong" in the Greater China Awards 2014
– *Private Banker International*
- "The Highest Average Spend Per Card in 2013 Premium Cards in Hong Kong – 2nd Runner Up", "The Highest Growth Rate in 2013 Cardholder Spending in Hong Kong – 1st Runner Up", and "The Highest Average Spend Per Card in 2013 in Hong Kong – 2nd Runner Up"
– *MasterCard Worldwide*
- "Best Practice Awards 2014 in Technology Innovation"
– *Best Practice Management*

- BENCHMARK Wealth Management Awards 2014 “Best-in-Class for Product & Service Innovation (Banking)” and “Outstanding Achiever for Customer Commitment & Engagement (Banking)”
- *BENCHMARK magazine*

The Bank of East Asia (China) Limited

- “Best Performers 50 China”
– *Global Entrepreneur Magazine*
- “Best Brand Building among Foreign Banks” in the 2014 Golden-shell Award of China Programme
– *21st Century Business Herald*
- “Brand Leadership” in the Best Practice Awards China 2014
– *Best Practice Management*
- “Best Electronic Financial Service” in the China Business News Financial Value Ranking 2014
– *China Business News*
- “Best Cross-border Financial Services among Foreign Banks” in the 5th Golden Tripod Awards
– *National Business Daily*
- “2014 Foreign Bank of Excellent Competitiveness” in the 6th China Financial Institutions of Excellent Competitiveness Awards
– *China Business Journal*

Blue Cross (Asia-Pacific) Insurance Limited

- “The 14th Capital Outstanding Enterprise Awards – Medical and General Insurance” (for the third consecutive year)
– *CAPITAL Magazine*
- “The Most Favourite Travel Insurance Company Award 2014” (for the tenth consecutive year)
– *Weekend Weekly Magazine*

Credit Gain Finance Company Limited

- “Prime Awards for Banking and Finance Corporations 2014 – The Best Brand in Loans” (for the third consecutive year)
– *MetroBox Magazine*
- “Capital Weekly Service Awards 2014 – Finance Service” (for the second consecutive year)
– *Capital Weekly Magazine*

BEA Union Investment Management Limited

For the BEA Union Investment Asian Bond and Currency Fund:

- “Best Bond Fund, Asia Pacific” (for 3 and 5-year performance)
– *Lipper Fund Awards Programme 2014 Hong Kong*
- “AsianInvestor Investment Performance Awards 2014 – Best Asian Fixed Income, US Dollar”
– *AsianInvestor*

BUSINESS REVIEW

Economic performance remained mixed across the globe in 2014. While the United States economy enjoyed steady improvement, the performances of the economies of the Mainland and Europe were disappointing. With soft external demand, Hong Kong’s exports grew at a modest 3.2% pace in 2014.

Domestic demand and tourist spending also showed signs of losing steam, following a strong run in recent years. Retail sales decreased by 0.2% in 2014, year on year, while the unemployment rate edged up slightly to 3.3% by year-end from 3.1% at the beginning of the year.

Meanwhile, backed by solid end-user demand and the low interest rate environment, the residential property market rebounded. Market transactions increased by 15.6%, while prices rose by 13.3% in 2014, year on year. Overall, Hong Kong's economy expanded at a moderate 2.4% pace, year on year, in the first three quarters.

On the Mainland, the export sector remained weak in the face of continuing subdued demand from Europe and a slowdown in emerging markets in 2014. Investment growth also moderated, as China continued its shift away from an investment-led growth model. The moderating growth trend has adversely affected consumer spending and the profitability of many Mainland companies. Responding to the growing signs of distress, the People's Bank of China lowered lending rates by 40 basis points in November.

While the US economy is expected to further improve in 2015, the economies of Europe and Japan will continue to struggle.

The Chinese government is expected to maintain its policy of restraining investment growth in order to tackle structural problems in the economy. Nevertheless, it will take appropriate measures to prevent any disruptive economic slowdown. One to two interest rate reductions are expected in 2015, and the deposit reserve ratio will likely be reduced by a further 100 basis points. Consumer demand will remain moderate, while exports are projected to increase by 8%. The economy is likely to grow by 7% in 2015, with inflation remaining low at 2.5%.

In Hong Kong, meanwhile, the gross domestic product is forecast to grow at 2.4% for 2015, while inflation will average 3.5%.

Looking ahead, BEA will continue to capitalise on trade and investment flows to and from the Mainland by leveraging its extensive China network to drive business to its branches in key markets around the world. In addition, the Bank will capture new business opportunities and enhance service quality by tapping into the strengths and expertise of its strategic partners such as CaixaBank, S.A. and Sumitomo Mitsui Banking Corporation, who shared their considerable knowledge in specialised financing, technology, and customer service with BEA during the period under review.

Business – Hong Kong

As at 31st December, 2014, the aggregate value of all loans to customers and trade bills of BEA in Hong Kong was 9.2% higher than at the same point in the previous year. Debt investments increased by 14.5% during the year, while customer deposits grew by 7.4%.

Retail Banking

BEA's personal banking operations had a fruitful year, generating a 20.8% increase in net interest income and a 7.5% rise in net fee and commission income. The Bank also made significant advances in its strategy to become the main banking partner of its customers, anchoring them with entry products and then selling value-added products and services to increase customer stickiness.

Growth in entry products such as mortgage loans, credit cards, and SupremeGold and CorporatePlus accounts was strong. As a result, retail current and savings account balances grew, achieving a 7.6% increase in average daily balance compared to the average for 2013. Income from investment products and services was robust, rising 16.9% over the year. In particular, gross revenue from unit trust sales achieved solid growth of 21.3%.

Going forward, marketing efforts will focus on increasing product holdings and usage. Meanwhile, the Bank aims to grow market share amongst local companies by enhancing its business and merchant services platform, offering banking, payroll, Mandatory Provident Fund, and credit card merchant services through a single point of contact.

Towards the end of 2014, BEA entered into a Sale and Purchase Deed to acquire the mortgage loan portfolio of PrimeCredit Limited. This move will bolster the Bank's loan book and bring in a significant number of new-to-bank customers, creating further opportunities for cross-selling.

BEA continues to revitalise its network and invest in technology in order to improve its image and enhance the customer experience. The year under review saw the launch of two new SupremeGold Centres at prime locations accompanied by a major rebranding campaign, boosting sales and account openings. The centres, at Times Square and Harbour City, feature a revamped design and an improved service flow.

Meanwhile, the Bank's digital branches at the ifc mall and Times Square have been successful, proving popular with customers and winning a number of awards for their innovative, customer-focussed technology. As part of the effort to improve branch operations, the Queen's Road East Branch and SupremeGold Centre have been renovated, incorporating digital devices and piloting a straight-through, paperless branch operation model to enhance efficiency and service delivery. BEA will continue to upgrade its branch services with new technologies and processes, helping the Bank to achieve its goal of becoming the primary service provider for its clients.

Corporate and Commercial Banking

Macro conditions in China and tightened regulations on both sides of the border have led to a difficult environment for the Bank's cross-border business, which in recent years has helped to underpin growth for corporate and commercial banking in Hong Kong. There are growing concerns over the credit quality of companies on the Mainland, and as a result, cross-border lending has moderated.

BEA has weathered this storm due in part to the trust it has earned from a pool of quality Mainland companies over the years, allowing the Bank to cherry-pick deals from quality borrowers with good collateral. As a result, growth in cross-border facilities remained positive in 2014, at 11.2% year on year. Overall, the corporate loan and trade bills portfolio grew by 5.7%, while the impaired loan ratio was maintained at a very low level. Net interest income came under pressure, but net fee and commission income saw healthy growth of 13.0%.

The Bank is currently focussed on strengthening its capabilities in commercial banking, leveraging a strong China-Hong Kong platform to provide better services to existing clients and build deeper, lasting partnerships. Despite the current economic situation, there are good prospects for business from Mainland companies who are expanding overseas and look to Hong Kong as a fundraising destination. As a well-established local bank with a large presence in China and an international network, BEA is uniquely placed to benefit from this trend.

In Hong Kong, competition has intensified as banks switch focus from cross-border business to local lending, and loan spreads have thus been driven downwards. However, BEA saw solid loan demand from Hong Kong property developers in 2014, and was active in arranging bilateral loans for quality blue-chips and mid-cap companies. Moreover, the Bank was named Best SME Partner for the seventh consecutive year in recognition of its dedication to small and medium sized enterprises.

Insurance and MPF Services

BEA Life Limited, the Bank's wholly-owned life insurance arm, achieved double-digit growth for the sixth straight year, with new premium income increasing by 17.7% year on year. Meanwhile, BEA's wholly-owned general insurance arm, Blue Cross (Asia Pacific) Insurance Limited, saw premium income increase by 6.6% over the period, mainly driven by an 8.0% rise in medical insurance income.

Blue Cross remains a leading player in medical insurance, and in 2014 launched a top-up individual medical scheme for group medical insurance scheme members and new plans for SMEs. The company is developing additional new products to meet the needs of an ageing and increasingly health-conscious population, as well as the requirements of upcoming government healthcare reform measures.

Total membership in BEA's MPF schemes reached 603,890, with more than 86,180 new members acquired. Assets under management amounted to HK\$18.6 billion at the end of 2014, representing growth of 8.1% year on year. Continuous efforts to cut costs by streamlining operations saw BEA's fund expense ratio drop below the MPF industry average during the year, fulfilling the Bank's pledge to offer a wide range of fund choices at competitive prices.

Wealth Management

The year 2014 marked a significant milestone for BEA as the Bank was named Best Private Bank in Hong Kong by Private Banker International, a notable feat as BEA only established its Private Banking arm nine years ago. Private Banking's AUM increased by 9.0% year on year while net fee and commission income grew by 35.2%. Unit trust sales remained strong, and fee income from investment products was balanced among the major asset types (equities, fixed income, and currency). However, net interest income came under pressure due to increased funding costs, despite a 15.8% increase in the loan balance.

Given Hong Kong's emergent position as China's wealth management hub, the Bank aims to build on its achievements and take a leading role in the market. To this end, Private Banking's sales force has been strengthened with a view to expanding its Mainland client base, which now accounts for 28.4% of its total AUM and around 37.6% of its income. These clients are increasingly focussed on wealth preservation and estate planning, and Private Banking has adopted a holistic approach to cater to their needs, incorporating a wide spectrum of tailored services to help them grow, manage, and pass on their wealth effectively.

Broking Operations

The Bank's broking operations saw a slight decline in income in 2014, as keen competition from both traditional and online brokers put pressure on commission rates. A modest increase in average daily turnover of the Stock Exchange and strong growth in interest income derived from initial public offering staging loans failed to offset the decline in commissions.

BEA continued to invest in its broking business during the period under review. In the last quarter of 2014, the Bank upgraded its trading platform to provide more user-friendly functions over a highly secure platform. The introduction of new mobile applications, which are expected to be launched in 2015, will further enhance the Bank's online offering. With clients becoming more interested in participating in the A share market via Shanghai-Hong Kong Stock Connect and the launch of various marketing campaigns in the coming year, the Bank is confident that it will enlarge its customer base and increase the average income per customer.

Business – Greater China ex-Hong Kong

In 2014, China's gross domestic product and consumer price index increased by 7.4% and 2.0% respectively, with the slowdown reflecting the central government's continued efforts to promote economic reform and restructuring. The possibility of deflation has not been insignificant, compelling the authorities to compromise their positive agenda with fiscal and monetary interventions to manage the high level of debt in the system and the risk of a prolonged balance sheet recession.

Against this backdrop, BEA China has been cautious in extending credit, preferring to work more closely with the highest quality clients with whom it has enjoyed the longest relationships. As at 31st December, 2014, total loans increased by 3.4% to HK\$149.0 billion while deposits dropped by 3.2% to HK\$205.1 billion compared to the previous year.

BEA China has also pivoted to work with BEA's business units in Hong Kong and overseas to provide cross-border and overseas banking services for Mainland clients expanding outside of China. This has helped BEA China to both better manage the composition of its loan book and to earn greater fee income. As at the end of 2014, BEA China's outstanding amount of standby letters of credit had increased by 106.9% year on year, concurrently driving a 65.8% increase in fee income.

Nonetheless, BEA China has not been able to escape the macroeconomic pressures described above. Its net interest margin for the year fell by 13 basis points year on year to 2.20%. Going forward, affected by asymmetrical interest rate cuts and the upward adjustment of the upper limit of deposit rates by the PBOC, the Bank expects net interest margins for the banking sector as a whole to remain under pressure. BEA China will take proactive measures in order to maintain NIMs at a profitable level.

Along similar lines, BEA China's impaired loan ratio rose to 1.32% at the end of 2014, up from 0.49% a year earlier. While asset quality is unlikely to improve substantially until the economic climate has also improved, BEA China takes comfort in the fact that impaired loans are secured against good collateral. BEA China continues to proactively control these loans as well as others that were identified early as being at risk. In 2014, BEA China also launched a new centralised credit assessment system, which will improve the quality of data and decision-making, and strengthen its overall risk culture.

BEA China is pleased to report on the progress of several new initiatives. Firstly, following its early success, BEA China has extended its pilot Supply Chain Finance scheme to even more branches. Through the scheme, BEA China offers comprehensive financial services to core customers as well as their upstream and downstream counterparties. BEA China will continue to promote the scheme in 2015, focussing on quality customers in selected industries such as pharmaceuticals and automobiles.

Secondly, in its retail business, BEA China continued to develop high-yield retail loans such as micro-financing loans, auto loans, car park loans, credit card instalment loans, and secured and unsecured personal loans. Preparations for the auto-finance joint venture with Brilliance China Automotive Holdings Limited and CaixaBank, S.A. are advancing well and BEA hopes to obtain final regulatory approval for this high potential project in the first quarter of 2015.

In October, BEA China successfully launched its "Fingertip Banking" series of mobile financial products, including WeChat Banking and Mobile Phone Banking, becoming one of the first foreign banks to tap into the mobile banking business. BEA China also continued to build its online Wealth Management platform with cumulative transactions of HK\$9.4 billion in 2014.

Over the next few years, BEA China aims to make its retail business a much larger part of its operations. This would help to diversify its asset portfolio and make even better use of its extensive branch network.

Moreover, a nationwide deposit insurance scheme is expected to be launched in the near future to pave the way for deposit rate liberalisation. This would herald a new age of competition for retail deposits, offering both great opportunities and challenges to BEA China. Collaborating with BEA in Hong Kong, BEA China is confident in its ability to deliver customers on the Mainland the same attractive and valuable banking and financial services that have made BEA such a trusted franchise at home.

As at the end of 2014, BEA China operated 28 branches and 98 sub-branches in 41 cities across the country, one of the most extensive networks of any foreign bank on the Mainland. BEA China was also proud to be one of the first foreign banks to open a sub-branch in the China (Shanghai) Pilot Free Trade Zone in 2014. BEA China will continue to selectively expand its branch network in the coming years to better serve its clients and to maximise the efficiency of its platform.

BEA operates a branch and 4 sub-branches in Macau. The Macau Branch registered a 38.6% rise in net profit for 2014, its strongest performance since its establishment in 2001. The success of BEA's efforts in Macau lies in the Bank's strategy of increased cross-border business cooperation with BEA China, and a higher penetration into the corporate and retail sectors of the local market.

In Taiwan, BEA operates 2 branches, one each in Taipei and Kaohsiung. The Bank also operates an offshore banking branch to provide RMB and foreign currency services to offshore clients. During the year under review, BEA Taiwan also strengthened its cooperation with BEA China, capitalising on the liberalisation of the RMB. Thanks to these efforts, RMB loans outstanding in Taiwan at the end of the financial year increased 107.4% year on year.

Business – International

BEA's international operations recorded another year of steady growth in 2014.

Loans and advances booked by Singapore Branch grew at a moderate rate during the year, reflecting softer credit demand from East Asia, coupled with the effects of the measures introduced by the Singaporean government to cool down the property market.

With expected economic growth of between 2 and 4 per cent for 2015 as the country celebrates its 50th anniversary, the business outlook for Singapore is cautiously optimistic. Against the backdrop of a slowdown in the property market, tight labour conditions, and plummeting crude oil prices, Singapore Branch will strengthen its relationship with commercial as well as corporate clients, while it continues to capture business opportunities from growing trade and investment flows from China.

To diversify its funding sources, Singapore Branch established a US\$2 billion multi-currency Medium Term Note Programme in 2014 and completed several issuances.

BEA's Labuan Branch registered loan growth of 20% in 2014, mainly from bilateral and syndication loans. Looking ahead, the Branch will focus on expanding its syndication loan portfolio within Asia and the bilateral loan portfolio of local Malaysian corporates.

Meanwhile, the Bank's operations in the United Kingdom registered healthy loan and profit growth in 2014, mainly due to the sustained interest in prime UK properties by foreign investors. To support loan growth, BEA's UK branches issued certificates of deposit to tap the wholesale funding market.

Prime property in London will continue to attract the attention of many foreign corporate investors, and BEA's UK branches will expand their capability in construction loans and corporate syndication to capture business opportunities.

The Bank's operations in the US delivered solid performance in 2014, with steady growth in loans driven by the improving domestic economy, low interest rates, and strong interest by foreign investors in the commercial real estate markets in gateway cities. During the period under review, BEA's US operations successfully expanded their business with large Chinese corporations. In addition, with recovery in domestic economy, the Bank's asset quality in the US improved further as compared to 2013.

In November 2014, BEA launched a US\$3 billion Commercial Paper Programme to tap wholesale funding in the US. The programme will raise the Bank's profile in the US debt capital market and help lower the Bank's overall funding costs.

Although the US Federal Reserve ended its quantitative easing programme in October 2014, US interest rates are expected to remain at low levels in 2015. Coupled with excess liquidity and fierce competition for quality assets, interest margins in the US will continue to be squeezed. Against this challenging backdrop, BEA's US operations will step up efforts to develop its portfolio of quality syndicated commercial loans.

To capitalise on increasing overseas trade and investment activity from China, BEA's operations in Singapore, the UK, and the US will expand business collaboration and customer referrals with BEA China as well as lending to large Chinese corporations.

Other Subsidiaries

Credit Gain Finance Company Limited

Against the highly competitive sub-prime loan market in Hong Kong, Credit Gain achieved double digit year-on-year growth in its loan portfolio in 2014. The Company's success was due in large part to its effective loan quality control and flexible marketing strategies. Beyond Hong Kong, the Company's operations in China continued to grow. A new office was opened in Shenzhen in the second half of 2014, bringing the total number of Credit Gain offices on the Mainland to 5, with 4 located in Shenzhen and 1 in Chongqing.

Tricor Holdings Limited

Tricor Holdings recorded year-on-year growth of 19.7% in profit before taxation, which reached a new high of HK\$340 million. In addition, for a fifth consecutive year, Tricor reported record-high revenue of HK\$1,147 million and was an important contributor to the BEA Group's fee and commission income for the year under review. The demand for Tricor's company secretarial and compliance services and investor services continued to be strong in Hong Kong during the second half of the year. In 2014, Tricor Hong Kong successfully secured share registration business from 48% of all newly-listed companies in Hong Kong, more than any other share registration services provider. Tricor Singapore, the Company's second largest office in the Asia Pacific region, also recorded strong growth in corporate and business services during the year.

In March 2014, Tricor set up a joint-venture entity in Ho Chi Minh City, Vietnam as part of its efforts to expand its servicing network in Asia. In the second half of the year, Tricor Malaysia entered the business of issuing house services by acquiring Equiniti Services Sdn Bhd, which was subsequently renamed Tricor Investor & Issuing House Services Sdn Bhd. By offering issuing house services in addition to share registration services, Tricor Malaysia can offer a comprehensive suite of investor services to companies seeking public listing in Malaysia.

As at 31st December, 2014, Tricor operated a network covering 31 cities in 17 markets. Looking ahead, the Company will continue to look for opportunities to expand its network in key markets around the world.

BEA Union Investment Management Limited

BEA Union Investment Management Limited registered a 10.5% increase in AUM, year on year. This growth was mainly due to the Company's success in penetrating both the retail and institutional sectors in Hong Kong and on the Mainland.

In response to demand from retail investors, BEA Union Investment launched the RMB Core Bond Fund in February 2014, and introduced multi-currency share classes (i.e. Australian dollar, New Zealand dollar, and RMB) for some popular retail funds.

Looking ahead to 2015, BEA Union Investment aims to broaden its product offering, apply for an RQFII quota to tap investment opportunities in China, and continue to co-operate with BEA China to capture opportunities arising from the Hong Kong–China mutual fund recognition platform.

Our People

As of 31st December, 2014, the BEA Group employed 13,103 people:

	As of 31 st December, 2014	As of 31 st December, 2013
Hong Kong	5,803	5,757
Greater China ex-Hong Kong	6,051	5,773
Overseas	1,249	1,168
Total	13,103	12,698

The employment market in Hong Kong remained highly competitive during the year under review. The Bank focussed on recruitment of high calibre candidates and staff retention. To maintain a competitive edge in the industry, the Bank regularly reviewed its staff remuneration and benefits packages. In 2014, the Bank enhanced its major staff benefit programmes and policies including the staff housing loan, annual leave policy, and life insurance coverage. In June 2014, the Bank introduced a university scholarship programme for children of staff members of the Bank and its wholly-owned subsidiaries.

The Bank's Human Capital Management System, "myHR", was further enhanced in 2014 to improve efficiency in the workplace by enabling staff members to directly manage many of their employee records via the system.

BEA regularly reviews its in-house training programmes with a view to enhancing the ability and productivity of its staff in support of the Bank's development. Among the new courses introduced were a series of risk management training sessions for staff members of various grade levels. To facilitate the roll-out of its innovative digital branches, BEA organised training courses specially designed for staff members of digital branches. In addition, service leadership workshops were organised for senior branch staff to enhance their ability to build effective service delivery teams.

Risk Management

The Group has established comprehensive risk management procedures in line with the requirements set out by the HKMA to identify, measure, monitor, control, and report on the various types of risk that the Group faces, including credit risk, interest rate risk, market risk, liquidity risk and operational risk, and, where appropriate, to allocate capital to cover those risks.

The risk management mechanisms are built around a centralised framework and include the Risk Committee, Crisis Management Committee, Risk Management Committee, specialised risk management committees – namely, Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee – and the Risk Management Division. These mechanisms capture the different risk-related management activities on a Group basis, including the formulation of policies, risk assessment, setting up of procedures and control limits, and ongoing monitoring before the same are reported to the Board of Directors. The mechanisms ensure compliance with the Group's policies, and legal and regulatory requirements in Hong Kong, China, and overseas. They are supplemented by active management involvement, effective internal controls, and comprehensive audits.

The Risk Committee – comprising the Group's Chairman and Chief Executive, 2 Independent Non-executive Directors, and 3 Non-executive Directors – assists the Board in handling risk management issues, particularly strategic issues. The Risk Committee regularly reviews the Group's risk appetite statement covering the major risks and submits it to the Board for approval. The related risk levels, where appropriate, are laid down in the risk management policies.

Certificates of Deposit, Debt Securities Issued and Loan Capital

In 2014, BEA issued floating rate certificates of deposit and debt securities with a face value of HK\$1,020 million, US\$432 million, EUR86 million and CHF62 million; fixed rate certificates of deposit and debt securities with a face value of HK\$2,947 million, US\$1,704 million, CNY10,903 million, GBP1,193 million, SGD140 million, EUR245 million, CHF100 million and JPY63,800 million; and zero coupon certificates of deposit and debt securities with a face value of HK\$7,421 million, US\$2,812 million, CNY2,930 million, GBP200 million, EUR43 million, CHF155 million and JPY2,000 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK\$76,534 million equivalent upon maturity.

At the end of December 2014, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK\$66,922 million, with a carrying amount equivalent to HK\$66,822 million.

Maturity Profile of Certificates of Deposit and Debt Securities Issued

As at 31st December, 2014

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity			
		2015	2016	2017	2019
Floating Rate					
HKD	2,325	1,105	920	300	
USD	553	388	115	50	
EUR	86	86			
CHF	62	62			
Fixed Rate (Note)					
HKD	5,890	2,519	1,790	1,281	300
USD	1,687	867	20	800	
CNY	8,972	8,772	100	100	
GBP	338	338			
SGD	140	90		50	
EUR	70	70			
CHF	100		100		
JPY	61,800	61,800			
Zero Coupon					
HKD	3,415	3,415			
USD	1,353	1,353			
CNY	1,802	1,547		255	
GBP	100	100			
CHF	125	125			
JPY	2,000	2,000			
Total Certificates of Deposit and Debt Securities issued in HKD equivalent					
	66,922	53,046	4,666	8,910	300

Note:

Associated interest rate swaps have been arranged in order to manage interest rate risk from long-term certificates of deposit and debt securities issued, if deemed necessary.

In 2014, BEA issued loan capital with a face value of US\$500 million.

At the end of December 2014, the face value of the outstanding loan capital issued was equivalent to HK\$17,098 million, with a carrying amount equivalent to HK\$17,335 million.

Maturity Profile of Loan Capital

As at 31st December, 2014

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity		
		2020	2022	2024
USD (Notes 1 & 2)	1,600	600	500	500
SGD (Note 3)	800		800	
Total Loan Capital issued in HKD equivalent	17,098	4,653	8,568	3,877

Notes:

1. The US\$500 million loan capital that matures in 2022 will be callable on 4th May, 2017.
2. The US\$500 million loan capital that matures in 2024 will be callable on 20th November, 2019.
3. Callable on 13th September, 2017.

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 12th February, 2015

As at the date of this announcement, the Board of Directors of the Bank comprises Dr. the Hon. Sir David LI Kwok-po[#] (Chairman & Chief Executive), Professor Arthur LI Kwok-cheung* (Deputy Chairman), Dr. Allan WONG Chi-yun** (Deputy Chairman), Mr. WONG Chung-hin**, Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Tan Sri Dr. KHOO Kay-peng**, Mr. Richard LI Tzar-kai*, Mr. Kenneth LO Chin-ming**, Mr. Eric LI Fook-chuen*, Mr. Stephen Charles LI Kwok-sze*, Mr. William DOO Wai-hoi**, Mr. KUOK Khoon-ean**, Mr. Valiant CHEUNG Kin-piu**, Dr. Isidro FAINÉ CASAS*, Dr. Peter LEE Ka-kit*, Mr. Adrian David LI Man-kiu[#] (Deputy Chief Executive) and Mr. Brian David LI Man-bun[#] (Deputy Chief Executive).

[#] Executive Directors

* Non-executive Directors

** Independent Non-executive Directors

GLOSSARY

詞彙

2015 AGM 「2015 股東周年常會」	An Annual General Meeting of the Bank to be held in the Grand Ballroom, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 8 th May, 2015 at 11:30 a.m. or any adjournment thereof 本行於 2015 年 5 月 8 日星期五上午 11 時 30 分在香港金鐘道 88 號太古廣場香港港麗酒店大禮堂舉行的股東周年常會，或其任何續會
AUM 「管理資產」	Assets under management 管理資產
Bank Group or BEA Group or Group 「集團」or「本集團」	The Bank and its subsidiaries 東亞銀行及其附屬公司
Bank or BEA 「本行」	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong 東亞銀行有限公司，於香港註冊成立的有限公司
BEA China 「東亞中國」	The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank 東亞銀行(中國)有限公司，本行的全資附屬公司
BEA Life 「東亞人壽」	BEA Life Limited, a wholly-owned subsidiary of the Bank 東亞人壽保險有限公司，本行的全資附屬公司
BEA Union Investment 「東亞聯豐投資」	BEA Union Investment Management Limited, a non-wholly-owned subsidiary of the Bank 東亞聯豐投資管理有限公司，本行的非全資附屬公司
Blue Cross 「藍十字」	Blue Cross (Asia-Pacific) Insurance Limited, a wholly-owned subsidiary of the Bank 藍十字(亞太)保險有限公司，本行的全資附屬公司
Board 「董事會」	Board of Directors of the Bank 本行的董事會
Capital Rules 「《資本規則》」	Banking (Capital) Rules issued by the HKMA 金管局頒布的《銀行業（資本規則）》
CG Code 「《企業管治守則》」	Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules 《上市規則》附錄 14 內所載的《企業管治守則》及《企業管治報告》
CG-1 「CG-1」	Supervisory Policy Manual CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions, issued by the HKMA 金管局頒布之監管政策手冊 CG-1 內有關《本地註冊認可機構的企業管治》

CG-5 「CG-5」	Supervisory Policy Manual CG-5 on Guideline on a Sound Remuneration System, issued by the HKMA 金管局頒布之監管政策手冊 CG-5 內有關《穩健的薪酬制度指引》
CHF 「瑞士法郎」	Swiss franc 瑞士法郎
China, Mainland China or PRC 「中國」或「內地」	People's Republic of China 中華人民共和國
CNY or RMB 「人民幣」	Chinese yuan or Renminbi, the lawful currency of the PRC 中國法定貨幣
Credit Gain 「領達財務」	Credit Gain Finance Company Limited, a wholly-owned subsidiary of the Bank 領達財務有限公司，本行的全資附屬公司
EUR 「歐羅」	Euro 歐羅
GBP 「英鎊」	Pound sterling, the lawful currency of the UK 英國法定貨幣
HK\$ or HKD 「港幣」	Hong Kong dollar, the lawful currency of Hong Kong 香港法定貨幣
Hong Kong or HK 「香港」	Hong Kong Special Administrative Region of PRC 中華人民共和國香港特別行政區
HKAS 「香港會計準則」	Hong Kong Accounting Standards 香港會計準則
HKFRS 「香港財務報告準則」	Hong Kong Financial Reporting Standards 香港財務報告準則
HKICPA 「香港會計師公會」	Hong Kong Institute of Certified Public Accountants 香港會計師公會
HKMA 「金管局」	Hong Kong Monetary Authority 香港金融管理局
JPY 「日圓」	Japanese yen 日圓
Listing Rules 「《上市規則》」	The Rules Governing the Listing of Securities on the Stock Exchange (as amended, modified or otherwise supplemented from time to time) 聯交所《證券上市規則》，經不時修訂、修改或以其他方式補充
MPF 「強積金」	Mandatory Provident Fund 強制性公積金

NIM 「淨息差」	Net Interest margin 淨息差
PBOC 「人行」	The People's Bank of China 中國人民銀行
RQFII 「人民幣合格境外機構投資者」	Renminbi Qualified Foreign Institutional Investor 人民幣合格境外機構投資者
Senior Management 「高層管理人員」	the Deputy Chief Executives of the Bank 本行的副行政總裁
SGD 「新加坡元」	Singapore dollar, the lawful currency of Singapore 新加坡法定貨幣
SMBC 「三井住友銀行」	Sumitomo Mitsui Banking Corporation 三井住友銀行
SMEs 「中小企」	Small and medium-sized enterprises 中小型企業
Stock Exchange 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
Tricor or Tricor Holdings 「卓佳」或「卓佳集團」	Tricor Holdings Limited, a non-wholly-owned subsidiary of the Bank 卓佳集團有限公司，本行的非全資附屬公司
UK 「英國」	United Kingdom 英國
US 「美國」	United States of America 美利堅合眾國
US\$ or USD 「美元」	United States dollar, the lawful currency of the US 美國法定貨幣