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*This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")). The securities referred to herein (the "**Securities**") have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person absent registration or an exemption from registration under the Securities Act. No public offering of the Securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.*

***This announcement and the listing documents referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing documents referred to herein) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing documents referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).*

Notice to Hong Kong investors: The Issuer confirms that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

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)

(the "**Issuer**")

RMB750,000,000 Non-Preferred Loss Absorbing Notes due 2029 (the "Notes")
under its U.S.$6,000,000,000 Medium Term Note Programme (the "Programme")
(Stock Code: 85061)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 1 September 2025 (the "**Offering Circular**") relating to the Programme and the pricing supplement dated 2 September 2025 (the "**Pricing Supplement**") relating to the Notes each appended hereto. As disclosed in the Offering Circular and the Pricing Supplement, the Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

The Offering Circular and the Pricing Supplement do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor are they an invitation to the public to make offers to subscribe for or purchase any securities, nor are they circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular and the Pricing Supplement must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended.

Hong Kong, 10 September 2025

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

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

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APPENDIX 1 – OFFERING CIRCULAR DATED 1 SEPTEMBER 2025

IMPORTANT NOTICE

NOT FOR DISTRIBUTION WITHIN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTION, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation and your Representation: In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**") and Barclays Bank PLC, CCB International Capital Limited, Citigroup Global Markets Limited, CLSA Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited, Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, Shinkin International Ltd., SMBC Nikko Securities (Hong Kong) Limited, Société Générale, Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited 東亞銀行有限公司, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, United Overseas Bank Limited, Hong Kong Branch and Wells Fargo Securities International Limited (the "**Dealers**") and us (1) that you and any customers you represent are and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the attached Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The attached Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger and Dealers or any affiliate of the Arranger or Dealers are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or Dealers or such affiliate on behalf of The Bank of East Asia, Limited 東亞銀行有限公司 in such jurisdiction.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of The Bank of East Asia, Limited 東亞銀行有限公司, the Arranger, the Dealers, the Trustee or any of the Agents (each as defined in the attached Offering Circular) or any person who controls any of them or any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR DATED 1 SEPTEMBER 2025 **CONFIDENTIAL**

The Bank of East Asia, Limited
東亞銀行有限公司

(incorporated with limited liability in Hong Kong)

U.S.$6,000,000,000
Medium Term Note Programme

Under the Medium Term Note Programme described in this Offering Circular (the "**Programme**"), The Bank of East Asia, Limited 東亞銀行有限公司 ("**BEA**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") and undated capital securities (the "**Undated Capital Securities**"). The Notes may include Senior (Preferred) Notes, Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes (each as defined under "*Terms and Conditions of the Notes other than the Undated Capital Securities*") and Undated Capital Securities (as defined under "*Terms and Conditions of the Undated Capital Securities*") issued by the Issuer, which may qualify as regulatory capital of the Issuer. The aggregate principal amount of Notes and Undated Capital Securities outstanding will not at any time exceed U.S.$6,000,000,000 (or the equivalent in other currencies).

An investment in Notes or Undated Capital Securities issued under the Programme involves certain risks. For a discussion of these risks see "*Investment Considerations*". The Notes and the Undated Capital Securities are complex and high risk financial instruments. There are risks inherent in the holding of any Notes or Undated Capital Securities, including for example in respect of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes and the Undated Capital Securities including the risks in relation to their subordination and the circumstances in which Noteholders (as defined in "*Terms and Conditions of the Notes other than the Undated Capital Securities*") or Securityholders (as defined in "*Terms and Conditions of the Undated Capital Securities*") may suffer loss as a result of holding any Notes or Undated Capital Securities. Potential investors should have regard to the factors described under the section headed "*Investment Considerations*" in this Offering Circular for a discussion of certain considerations to be taken into account in connection with an investment in the Notes or the Undated Capital Securities. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the relevant Pricing Supplement (as defined in "*Summary of the Programme*") and the merits and risks of investing in the Notes or the Undated Capital Securities in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes or the Undated Capital Securities. Investors must not purchase the Notes or the Undated Capital Securities unless they understand and are able to bear risks associated with the Notes or the Undated Capital Securities.

The Notes or the Undated Capital Securities may be issued on a continuing basis to one or more of the dealers appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes or Undated Capital Securities being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes or Undated Capital Securities.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of the Programme under which Notes or Undated Capital Securities may be issued by way of debt issues to Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the HKSE. Separate application may be made for the listing of the Notes or the Undated Capital Securities on the HKSE. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes and the Undated Capital Securities to be issued under the Programme are intended for purchase by Professional Investors only and the Programme, the Notes and the Undated Capital Securities (to the extent that such Notes and Undated Capital Securities are to be listed on the HKSE) will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes and the Undated Capital Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme, the Notes or the Undated Capital Securities on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Undated Capital Securities, the Issuer, the Group (as defined below), or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice of the aggregate principal amount of Notes or Undated Capital Securities, interest (if any) or distribution (if any) payable in respect of Notes or Undated Capital Securities (as applicable), the issue price of Notes or Undated Capital Securities and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in "*Summary of the Programme*") of Notes or Undated Capital Securities will be set out in a Pricing Supplement which, with respect to Notes or Undated Capital Securities to be listed on the HKSE, will be delivered to the HKSE, on or before the date of issue of the Notes or the Undated Capital Securities of such Tranche.

Each Series (as defined in "*Summary of the Programme*") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"). Notes or Undated Capital Securities in registered form ("**Registered Notes**") will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. The Notes or the Undated Capital Securities of each Series in registered form will initially be represented by a permanent global certificate (each a "**Global Certificate**") without interest coupons. The Global Notes and Global Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream, with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") or with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**Monetary Authority**") (the "**CMU**") and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream and/or the CMU, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined in "*Summary of Provisions Relating to the Notes and the Undated Capital Securities while in Global Form*") or Global Certificates for Certificates are described in "*Summary of Provisions Relating to the Notes and the Undated Capital Securities while in Global Form*".

The Notes and the Undated Capital Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Undated Capital Securities may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

MiFID II product governance / target market —The Pricing Supplement in respect of any Notes or Undated Capital Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes or the Undated Capital Securities and which channels for distribution of the Notes or the Undated Capital Securities are appropriate. Any person subsequently offering, selling or recommending the Notes or the Undated Capital Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes or the Undated Capital Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes or Undated Capital Securities is a manufacturer in respect of such Notes or Undated Capital Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market — The Pricing Supplement in respect of any Notes or Undated Capital Securities may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes or the Undated Capital Securities and which channels for distribution of the Notes or the Undated Capital Securities are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes or the Undated Capital Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes or Undated Capital Securities is a manufacturer in respect of such Notes or Undated Capital Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

IMPORTANT — EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes or Undated Capital Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes or the Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or the Undated Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or Undated Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes or Undated Capital Securities includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes or the Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or the Undated Capital Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or Undated Capital Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes or Undated Capital Securities, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes or the Undated Capital Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes or Undated Capital Securities may be issued in a form not contemplated by the terms and conditions of the Notes other than the Undated Capital Securities herein (the "**Note Conditions**") and the terms and conditions of the Undated Capital Securities (the "**Undated Capital Securities Conditions**"), in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes or Undated Capital Securities.

Investing in the Notes and the Undated Capital Securities issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the relevant Pricing Supplement and the merits and risks of investing in a particular issue of Notes or Undated Capital Securities in the context of their financial position and particular circumstances. In particular, investors should have sufficient knowledge and expertise to evaluate the effect or the likelihood of the occurrence of a Non-Viability Event for the Notes or the Undated Capital Securities, and the relevant consequences of non-viability loss absorption. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes or the Undated Capital Securities. Investors should not purchase the Notes or the Undated Capital Securities unless they understand and are able to bear risks associated with the Notes or the Undated Capital Securities. Potential investors should have regard to the factors described under the section headed "*Investment Considerations*" in this Offering Circular. Investors should be aware that the Undated Capital Securities are perpetual and have no fixed redemption date, and there are various other risks relating to the Undated Capital Securities, the Issuer, the Group and their respective business and jurisdictions of operations which investors should familiarise themselves with before making an investment in the Undated Capital Securities. See "*Investment Considerations*" in relation to the Undated Capital Securities beginning on page 20 of this Offering Circular.

Moody's Investors Service, Inc. ("**Moody's**") is expected to rate Dated Subordinated Notes to be issued under the Programme "Baa3" and Undated Capital Securities to be issued under the Programme "Ba2". S&P Global Ratings ("**S&P**") is expected to rate Dated Subordinated Notes to be issued under the Programme "BBB-" and Undated Capital Securities to be issued under the Programme "BB". A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Sole Arranger

HSBC

Dealers

Barclays | **The Bank of East Asia, Limited** | **BofA Securities** | **CCB International**

Citigroup | **CITIC Securities** | **Crédit Agricole CIB** | **DBS Bank Ltd.**

Deutsche Bank | **Goldman Sachs (Asia) L.L.C.** | **HSBC** | **J.P. Morgan**

Mizuho | **Morgan Stanley** | **Shinkin International Ltd.** | **SMBC Nikko**

Société Générale Corporate & Investment Banking | **Standard Chartered Bank** | **UBS**

United Overseas Bank | **Wells Fargo Securities**

NOTICE TO INVESTORS

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issue and offering of the Notes or the Undated Capital Securities, that the information contained or incorporated by reference in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect and which, in each case, is material in the context of the issue and offering of the Notes or the Undated Capital Securities.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

MiFID II product governance / target market — The Pricing Supplement in respect of any Notes or Undated Capital Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes or the Undated Capital Securities and which channels for distribution of the Notes or the Undated Capital Securities are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes or the Undated Capital Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules, any Dealer subscribing for any Notes or Undated Capital Securities is a manufacturer in respect of such Notes or Undated Capital Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market — The Pricing Supplement in respect of any Notes or Undated Capital Securities may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes or the Undated Capital Securities and which channels for distribution of the Notes or the Undated Capital Securities are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes or the Undated Capital Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes or Undated Capital Securities is a manufacturer in respect of such Notes or Undated Capital Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

Important — EEA Retail Investors — If the Pricing Supplement in respect of any Notes or Undated Capital Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes and the Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for

offering or selling the Notes or the Undated Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or the Undated Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Important — UK Retail Investors — If the Pricing Supplement in respect of any Notes or Undated Capital Securities includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes and the Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or the Undated Capital Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or the Undated Capital Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Admission to the HKSE and quotation of any Notes or Undated Capital Securities on the HKSE is not to be taken as an indication of the merits of the Programme, the Notes or the Undated Capital Securities or the Issuer or the Group. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See *"Investment Considerations*" for a discussion of certain factors to be considered in connection with an investment in the Notes or the Undated Capital Securities.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors — Prospective investors should be aware that certain intermediaries in the context of certain offerings of the Notes or the Undated Capital Securities pursuant to the Programme, each such offering, a "**CMI Offering**", including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes or Undated Capital Securities and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby

deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes or Undated Capital Securities subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes or the Undated Capital Securities distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes or the Undated Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arranger or the Dealers (as defined in "*Summary of the Programme*") or the Trustee or the Agents (each as defined in "*Terms and Conditions of the Notes other than the Undated Capital Securities*" and "*Terms and Conditions of the Undated Capital Securities*"). Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes or Undated Capital Securities constitutes an offer or invitation by or on behalf of the Issuer, any Dealer, any Arranger or the Trustee or the Agents to any person to subscribe for or to purchase any Notes or Undated Capital Securities.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes or the Undated Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restriction.

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes or Undated Capital Securities, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes or the Undated Capital Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes or the Undated Capital Securities are being offered and sold outside the United States in reliance on Regulation S ("**Regulation S**") under the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of Notes or Undated Capital Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes or Undated Capital Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, any Dealer, the Arranger, the Trustee or the Agents makes any representation to any investor in the Notes or the Undated Capital Securities regarding the legality of its investment under any applicable law. The distribution of this Offering Circular and the offer or sale of Notes or Undated Capital Securities may be restricted by law in certain jurisdictions.

None of the Issuer, the Arranger, the Dealers, the Trustee or the Agents represents that this Offering Circular may be lawfully distributed, or that any Notes or Undated Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer, the Dealers, the Arranger, the Trustee or the Agents which is intended to permit a public offering of any Notes or Undated Capital Securities or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes or Undated Capital Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes or Undated Capital Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes or Undated Capital Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes or Undated Capital Securities in the United States, the EEA, the United Kingdom, Hong Kong, Singapore, Japan, PRC and Taiwan. See "*Subscription and Sale*".

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or the Trustee or any Agent or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes or the Undated Capital Securities. The Arranger, each Dealer, the Trustee and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes or the Undated Capital Securities. Each potential investor of Notes or Undated Capital Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes or Undated Capital Securities should be based upon such investigation as it deems necessary. None of the Arranger, the Dealers, the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes or the Undated Capital Securities of any information coming to the attention of any of the Arranger, the Dealers, the Trustee or the Agents.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes or the Undated Capital Securities and be allocated Notes or Undated Capital Securities for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes or the Undated Capital Securities being offered should be read as including any offering of the Notes or the Undated Capital Securities to the Dealers and/or their respective affiliates acting in such capacity. In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In making an investment decision, each potential investor must rely on its own examination of the Group and the terms of the Notes or the Undated Capital Securities being offered, including the merits and risks involved. The Issuer does not and the Arranger, the Dealers, the Trustee and the Agents do not make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes or the Undated Capital Securities for an indefinite period of time.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Notes or the Undated Capital Securities. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

STABILISATION

In connection with any Tranche of Notes or Undated Capital Securities, one or more of the Dealers (or persons acting on their behalf) may act as the stabilisation manager(s) (the "**Stabilisation Manager(s)**"). The identity of the Stabilisation Manager(s) (if any) will be disclosed in the applicable Pricing Supplement.

In connection with the issue of any Tranche of Notes or Undated Capital Securities, one or more of the Dealers named as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may, subject to applicable laws and regulations, over-allot Notes or Undated Capital Securities or effect transactions with a view to supporting the market price of the Notes or the Undated Capital Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes or Undated Capital Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes or Undated Capital Securities and 60 days after the date of the allotment of the relevant Tranche of Notes or Undated Capital Securities.

PRESENTATION OF INFORMATION

In this Offering Circular, unless the context otherwise requires, (i) references to "**BEA**" or the "**Issuer**" mean The Bank of East Asia, Limited 東亞銀行有限公司 and, as the context may require, its subsidiaries; (ii) references to "**BEA (China)**" mean The Bank of East Asia (China) Limited; and (iii) references to the "**Group**" mean The Bank of East Asia, Limited 東亞銀行有限公司 and its subsidiaries. For the avoidance of doubt, all references to "**The Bank of East Asia, Limited**" in "*Terms and Conditions of the Notes other than the Undated Capital Securities*" and "*Terms and Conditions of the Undated Capital Securities*" are to the Issuer.

Unless otherwise specified or the context otherwise requires, references to "**U.S.$**" and to "**U.S. dollars**" are to the lawful currency of the United States of America (the "**United States**" or "**U.S.**"), references to "**HK$**", "**Hong Kong dollars**" and "**HK dollars**" are to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**" **or** "**HKSAR**"), references to "**RMB**" and "**Renminbi**" are to the lawful currency of the People's Republic of China, references to "**sterling**", "**GBP**" and "**£**" are to the lawful currency of the United Kingdom, references to "**€**", "**EUR**" and "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, references to "**Australian dollars**" are to the lawful currency of the Commonwealth of Australia, references to the "**PRC**", "**Chinese Mainland**" and "**Mainland China**" are to the People's Republic of China and, for the purpose of this Offering Circular, except where the context requires, do not include Hong Kong, Macau Special Administrative Region of the People's Republic of China ("**Macau**"), and Taiwan and references to "**PRC government**" mean the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down especially when rounding into another currency. Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00 since 17 October 1983 (the "**Linked Exchange Rate System**"). In May 2005, the Monetary Authority broadened the 22-year old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar.

For convenience only, all Hong Kong dollar amounts in this Offering Circular have been translated into U.S. dollar amounts at the rate of U.S.$1.00 = HK$7.80. Such translations should not be construed as representations that the Hong Kong dollar amounts referred to could have been, or could be, converted into U.S. dollars at that or any other rate, or at all.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics used throughout this Offering Circular have been obtained from, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Dealers, the Arranger, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information compiled. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

FINANCIAL INFORMATION

The consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**") and the consolidated financial statements of the Issuer as at and for the year ended 31 December 2024 (the "**2024 Financial Statements**"), which are included elsewhere in this Offering Circular, were prepared and presented in accordance with the HKFRS Accounting Standards ("**HKFRS**") and have been audited by KPMG.

The unaudited consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2025 (the "**2025 Interim Financial Statements**"), which are included elsewhere in this Offering Circular, were prepared and presented in accordance with HKFRS and have been reviewed by KPMG. *Consequently, the 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit by an independent auditor or accountant. None of the Arranger or the Dealers or any of their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of such unaudited financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. The 2025 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer for the full financial year ending 31 December 2025.*

Save for the 2023 Financial Statements and the 2024 Financial Statements, the financial information contained in this Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance (Cap. 622) of Hong Kong (the "**CO**")) in relation to BEA. BEA has delivered its specified financial statements for the years ended 31 December 2022, 2023 and 2024 to the Registrar of Companies of Hong Kong. KPMG, the auditor of BEA, has issued auditor's reports on the specified financial statements in relation to BEA for the financial years ended 31 December 2022, 2023 and 2024. Such reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under Sections 406(2) or 407(2) or (3) of the CO.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, "*forward-looking statements*". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. The Issuer and its directors, employees and agents respectively do not assume: (i) any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's expectation with regard thereto or any change or events, conditions or circumstances, on which any such statements were based; or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on its behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

The following list includes some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted:

- changes in the general operating environment of the Hong Kong or Chinese Mainland banking industry;
- changes in general economic, market, business and regulatory conditions in Hong Kong, Chinese Mainland, the United States and other countries;
- changes in the monetary and credit policies of the United States, Hong Kong and Chinese Mainland;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- changes in Hong Kong or the PRC governmental policies, laws or regulations, in particular those affecting the banking industry in Hong Kong or Chinese Mainland;
- the effects of intensifying competition in the banking industry in Hong Kong and Chinese Mainland; and
- the performance of the real property and financial markets in Hong Kong and Chinese Mainland.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Investment Considerations*".

Any forward-looking statements that the Issuer make in this Offering Circular speak only as at the date of such statements, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer hereby incorporates by reference (i) each relevant Pricing Supplement, (ii) the most recently published audited or reviewed consolidated financial statements of the Issuer and/or the Group published from time to time after the date of this Offering Circular, in each case together with any audit or review reports prepared in connection therewith, and (iii) all amendments and supplements from time to time to this Offering Circular, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with the contents of this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available for inspection free of charge at all reasonable times (upon prior written request and satisfactory proof of holding and identity) during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the office of the Issuer and the specified offices of the Paying Agents set out at the end of this Offering Circular, in the case of any inspection at the specified office of any Paying Agent, subject to such Paying Agent having first been provided with copies of all such documents by the Issuer.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Arranger and the Dealers that, unless it has notified the Permanent Dealers (as defined in "*Summary of the Programme*") in writing that it does not intend to issue Notes or Undated Capital Securities under the Programme for the time being, if at any time during the duration of the Programme a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or of the rights attaching to the Notes or the Undated Capital Securities, it shall (i) prepare and publish an amendment or supplement to this Offering Circular, (ii) advise the Arranger and the Dealers promptly of any proposal to amend or replace this Offering Circular, (iii) advise the Arranger and Dealers promptly of any proposal to supplement this Offering Circular and (iv) provide the Arranger and the Permanent Dealers with a copy of any such proposed amendment, supplement or replacement immediately prior to its publication.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Potential investors should therefore read this Offering Circular in its entirety.

OVERVIEW

Incorporated in 1918, BEA is a leading Hong Kong-based financial services group listed on the HKSE.

The Group provides a comprehensive range of wholesale and personal banking, financial and insurance services to a diverse customer base. The Group's products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, broking services and Mandatory Provident Fund ("**MPF**") services.

BEA is one of the first foreign banks to have received approval to establish a locally-incorporated bank in Chinese Mainland. As a locally-incorporated bank and a wholly-owned subsidiary of BEA, BEA (China) obtained the Financial Institution Business Permit from NFRA* on 20 March 2007 and the business licence from SAIC on 29 March 2007, and officially commenced business on 2 April 2007. BEA (China) provides comprehensive RMB and foreign currency banking services to its customers, including, but not limited to, personal banking and wealth management, loans and advances, debit cards and credit cards, cyberbanking and cash management, investment and derivative products, agency services for life and general insurance, remittance and settlement, RMB cross-border business, trade finance facilities, supply chain financing, standby letters of credit, bank guarantees and distribution of local mutual funds.

STRATEGY

BEA's core objectives are to strengthen its position and to further develop its domestic franchise as the largest independent local bank in Hong Kong, and to further diversify its operations and expand its operations in Chinese Mainland and other overseas countries. The Group will continue to enhance its sales force and digital capabilities to capture opportunities as social distancing measures and travel restrictions are relaxed, striving for sustainable growth and enhanced shareholder returns. Given the increasingly close economic connection among Chinese Mainland, Hong Kong and the countries of Southeast Asia, the Group will continue to integrate its services across Hong Kong, Chinese Mainland and international networks and capitalise new business opportunities in the Greater Bay Area. The key components of the Group's strategy are below.

- Further expansion in Chinese Mainland and other overseas countries;
- Development of green and sustainable finance;
- Diversification of non-interest income;
- Enhancement of profitability via active capital management;
- Transformation of its branch network;
- Organic growth and partnerships; and
- Focus on enhancing operational efficiency.

* Officially established in May 2023, NFRA has replaced the former China Banking and Insurance Regulatory Commission and taken over certain functions of PBOC and the China Securities Regulatory Commission.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Terms and Conditions of the Notes other than the Undated Capital Securities" and "Terms and Conditions of the Undated Capital Securities" below shall have the same meaning in this summary.

The Issuer	The Bank of East Asia, Limited 東亞銀行有限公司.
Description	Medium Term Note Programme.
Size	Up to U.S.$6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes or Undated Capital Securities issued under the Programme. These are set out under "*Investment Considerations*" below. In addition, there are certain factors, including for example in respect of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities (each as defined herein) including certain risks in relation to their subordination and the circumstances in which Noteholders or Securityholders may suffer loss as a result of holding any Notes or Undated Capital Securities, which are material for the purpose of assessing the market risks associated with Notes or Undated Capital Securities issued under the Programme. These are set out under "*Investment Considerations*" and include the fact that the Notes or Undated Capital Securities may not be a suitable investment for all investors, certain risks relating to the structure of particular Series (as defined below) of Notes or Undated Capital Securities and certain market risks.
Arranger	The Hongkong and Shanghai Banking Corporation Limited
Dealers	Barclays Bank PLC CCB International Capital Limited Citigroup Global Markets Limited CLSA Limited 中信里昂證券有限公司 Crédit Agricole Corporate and Investment Bank DBS Bank Ltd. Deutsche Bank AG, Hong Kong Branch Goldman Sachs (Asia) L.L.C. 高盛(亞洲)有限責任公司 The Hongkong and Shanghai Banking Corporation Limited J.P. Morgan Securities (Asia Pacific) Limited Merrill Lynch (Asia Pacific) Limited Mizuho Securities Asia Limited 瑞穗證券亞洲有限公司 Morgan Stanley & Co. International plc Shinkin International Ltd. SMBC Nikko Securities (Hong Kong) Limited Société Générale Standard Chartered Bank Standard Chartered Bank (Hong Kong) Limited 渣打銀行(香港)有限公司 The Bank of East Asia, Limited 東亞銀行有限公司 UBS AG Hong Kong Branch United Overseas Bank Limited, Hong Kong Branch 大華銀行有限公司香港分行 Wells Fargo Securities International Limited

	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	DB Trustees (Hong Kong) Limited.
Issuing and Paying Agent	Deutsche Bank AG, Hong Kong Branch.
Transfer Agents	Deutsche Bank AG, Hong Kong Branch. Deutsche Bank Luxembourg S.A.
Registrars	Deutsche Bank AG, Hong Kong Branch. Deutsche Bank Luxembourg S.A.
CMU Lodging and Paying Agent .	Deutsche Bank AG, Hong Kong Branch.
Method of Issue	The Notes or the Undated Capital Securities may be issued on a syndicated or non-syndicated basis. The Notes or the Undated Capital Securities may be issued in series (each a "**Series**") having one or more issue dates (each tranche within such Series a "**Tranche**") and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than Undated Capital Securities) or Distributions (in respect of Undated Capital Securities only), as applicable), the Notes or the Undated Capital Securities of each Series being intended to be interchangeable with all other Notes or Undated Capital Securities of that Series. Each Series may be issued in tranches on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than Undated Capital Securities) or Distributions (in respect of Undated Capital Securities only), as applicable), and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement (a "**Pricing Supplement**").
Issue Price	The Notes or the Undated Capital Securities may be issued at their principal amount or at a discount or premium to their principal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). The Undated Capital Securities may be issued in registered form ("**Registered Certificates**"). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities shall be issued in registered form only. Each Tranche of Bearer Notes will initially be in the form of either a temporary Global Note or a permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a common depositary for Euroclear and Clearstream or, as the case may be, a sub-custodian for the CMU and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. See "*Summary of Provisions Relating to the Notes and the Undated Capital Securities while in Global Form*". Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by a Global Certificate.
Clearing Systems	The CMU, Clearstream, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the Monetary Authority as operator of the CMU or deposited with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes and Undated Capital Securities may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity, including for the avoidance of doubt, Undated Capital Securities with no fixed maturity.
Specified Denomination	Definitive Notes or Undated Capital Securities will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes or Fixed Rate Undated Capital Securities . . .	Fixed interest will be payable (in respect of Notes other than Undated Capital Securities) or confer the right to receive Distributions (in respect of Undated Capital Securities only), as applicable, in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes or Floating Rate Undated Capital Securities	Floating Rate Notes or Floating Rate Undated Capital Securities will bear interest (in respect of Notes other than Undated Capital Securities) or confer the right to receive Distributions (in respect of Undated Capital Securities only), as applicable, determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented or replaced; or (ii) by reference to LIBOR or EURIBOR or HIBOR or CNH HIBOR or SHIBOR or SOFR Benchmark or SONIA Benchmark or such other benchmark as may be specified in the relevant Pricing Supplement (in relation to Screen Rate Determination for Floating Rate Notes or Floating Rate Undated Capital Securities where the Reference Rate is specified as being SOFR Benchmark, please see Condition 5(b)(iii)(C) of the Note Conditions or Condition 4(b)(iii)(C) of the Undated Capital Securities Conditions; and in relation to Screen Rate Determination for Floating Rate Notes or Floating Rate Undated Capital Securities where the Reference Rate is specified as being SONIA Benchmark, please see Condition 5(b)(iii)(D) of the Note Conditions or Condition 4(b)(iii)(D) of the Undated Capital Securities Conditions) as adjusted for any applicable margin.

	Interest periods (in respect of Notes other than Undated Capital Securities) or Distribution Periods (in respect of Undated Capital Securities only), as applicable, will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest (in respect of Notes other than Undated Capital Securities).
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Other Notes	Terms applicable to instalment Notes, Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes, Undated Capital Securities, dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Interest Periods/Distribution Periods and Interest Rates/Distribution Rates	The length of the interest periods for the Notes or the distribution periods for the Undated Capital Securities and the applicable interest rate or distribution rate or its method of calculation may differ from time to time or be constant for any Series. Notes or Undated Capital Securities may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes or Undated Capital Securities to bear interest or distribution at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption and Redemption Amounts	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes or Undated Capital Securities (including Notes or Undated Capital Securities denominated in sterling) which must be redeemed before the first anniversary of their date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption of Senior (Preferred) Notes	The relevant Pricing Supplement will indicate either that the Senior (Preferred) Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Senior (Preferred) Notes will be redeemable at the option of the Issuer and/or the holders of any such Senior (Preferred) Note upon giving notice to the holder of any such Senior (Preferred) Note or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the relevant Pricing Supplement.
Redemption of Dated Subordinated Notes	The relevant Pricing Supplement issued in respect of each issue of Dated Subordinated Notes will indicate that the Dated Subordinated Notes cannot be redeemed prior to their stated maturity other than, with the prior approval of the Monetary Authority, at the option of the Issuer: (i) for taxation reasons; (ii) following a Capital Event; (iii) following a Loss Absorption Disqualification Event; (iv) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement; or (v) on such other terms as may be indicated in the applicable Pricing Supplement. The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Redemption of Non-Preferred Loss Absorbing Notes	The relevant Pricing Supplement issued in respect of each issue of Non-Preferred Loss Absorbing Notes will indicate that the Non-Preferred Loss Absorbing Notes cannot be redeemed prior to their stated maturity other than, with the prior approval of the Monetary Authority subject to, and in accordance with Condition 6(l) of the Note Conditions, at the option of the Issuer: (i) for taxation reasons; (ii) following a Loss Absorption Disqualification Event; or (iii) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement; or (iv) on such other terms as may be indicated in the applicable Pricing Supplement. The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Redemption of Undated Capital Securities	The relevant Pricing Supplement issued in respect of each issue of Undated Capital Securities will indicate that the Undated Capital Securities cannot be redeemed other than, with the prior approval of the Monetary Authority subject to, and in accordance with Condition 6(l) of the Undated Capital Securities Conditions, at the option of the Issuer: (i) for taxation reasons; (ii) following a Capital Event; (iii) following a Loss Absorption Disqualification Event; (iv) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement; or (v) on such other terms as may be indicated in the applicable Pricing Supplement. The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes or Undated Capital Securities that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes or Undated Capital Securities may be redeemed.
Notes or Undated Capital Securities that can be issued under the Programme	The Issuer may issue Senior (Preferred) Notes and/or Non-Preferred Loss Absorbing Notes and/or Dated Subordinated Notes and/or Undated Capital Securities.
Status of the Senior (Preferred) Notes	The Senior (Preferred) Notes issued by the Issuer and the Receipts and the Coupons relating to them will constitute direct, unconditional, unsubordinated and (subject to Note Condition 4) unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer other than any such obligations as are preferred by law, all as further described in Note Condition 3(a).
Status of the Non-Preferred Loss Absorbing Notes	The Non-Preferred Loss Absorbing Notes issued by the Issuer will constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, all as further described in Note Condition 3(b)(i).
Subordination of Non-Preferred Loss Absorbing Notes	Applicable to Non-Preferred Loss Absorbing Notes only. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Ranking of Non-Preferred Loss Absorbing Notes*".

Status of the Dated Subordinated Notes	The Dated Subordinated Notes issued by the Issuer will constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves. The rights of the holders of the Dated Subordinated Notes will, in the event of the Winding-Up of the Issuer, be subordinated in right of payment in the manner provided in Note Condition 3 and the Trust Deed, all as further described in Note Condition 3(e).
Subordination of the Dated Subordinated Notes	Applicable to Dated Subordinated Notes only. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Subordination of Dated Subordinated Notes*".
Status of the Undated Capital Securities	The Undated Capital Securities issued by the Issuer will constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves. The rights of the holders of the Undated Capital Securities will, in the event of the Winding-Up of the Issuer, be subordinated in right of payment in the manner provided in Undated Capital Securities Condition 3 and the Trust Deed, all as further described in Undated Capital Securities Condition 3(b).
Subordination of the Undated Capital Securities	Applicable to Undated Capital Securities only. See "*Terms and Conditions of the Undated Capital Securities — Subordination of Undated Capital Securities*".
Negative Pledge in respect of Senior (Preferred) Notes	Applicable to Senior (Preferred) Notes only. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Negative Pledge in respect of Senior (Preferred) Notes only*".
Set-off in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes	Applicable to Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes only. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Set-off and Payment Void in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes*".
Non-Viability Loss Absorption upon a Non-Viability Event in respect of Dated Subordinated Notes	The applicable Pricing Supplement issued in respect of each issue of Dated Subordinated Notes may provide that the Loss Absorption Option shall be a Write-off in accordance with Note Condition 7(a)(i) for Dated Subordinated Notes issued by the Issuer. "**Non-Viability Event**" means the earlier of (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

Consequence of Non-Viability Loss Absorption in respect of Dated Subordinated Notes . . . .

Once the principal amount of, and any accrued but unpaid interest in respect of, the Dated Subordinated Notes has been Written-off, it will not be restored in any circumstances, including where the relevant Non-Viability Event ceases to continue. Any Write-off pursuant to Note Condition 7(a) shall not constitute an Event of Default under the Dated Subordinated Notes.

Concurrently with the giving of a Non-Viability Event Notice, the Issuer shall undertake to, unless otherwise directed by the Monetary Authority, (i) issue a similar notice of Write-off in respect of other Dated Subordinated Capital Instruments in accordance with their terms and (ii) procure a Write-off concurrently and rateably with the Write-off of the Dated Subordinated Notes in respect of the aggregate principal amount of such other Parity Capital Instruments on a pro rata basis with the Dated Subordinated Notes.

No holder of the Dated Subordinated Notes may exercise, claim or plead any right to any Non-Viability Event Write-off Amount, and each holder of the Dated Subordinated Notes shall, by virtue of its holding of any Dated Subordinated Notes, be deemed to have waived all such rights to such Non-Viability Event Write-off Amount.

Non-Viability Loss Absorption upon a Non-Viability Event in respect of Undated Capital Securities . . . . . .

The applicable Pricing Supplement issued in respect of each issue of Undated Capital Securities may provide that the Loss Absorption Option shall be a Write-off in accordance with Undated Capital Securities Condition 7(a)(i) for Undated Capital Securities issued by the Issuer.

"**Non-Viability Event**" means the earlier of:

(a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

Consequence of Non-Viability Loss Absorption in respect of Undated Capital Securities . . .	Once the principal amount of, and any accrued but unpaid interest in respect of, the Undated Capital Securities has been Written-off, it will not be restored in any circumstances, including where the relevant Non-Viability Event ceases to continue. Any Write-off pursuant to Undated Capital Securities Condition 7(a) shall not constitute an Event of Default under the Undated Capital Securities. Concurrently with the giving of a Non-Viability Event Notice, the Issuer shall undertake to, unless otherwise directed by the Monetary Authority, (i) issue a similar notice of Write-off in respect of other Undated Capital Securities Instruments in accordance with their terms and (ii) procure a Write-off concurrently and rateably with the Write-off of the Undated Capital Securities in respect of the aggregate principal amount of such other Parity Capital Instruments on a pro rata basis with the Undated Capital Securities. No holder of the Undated Capital Securities may exercise, claim or plead any right to any Non-Viability Event Write-off Amount, and each holder of the Undated Capital Securities shall, by virtue of its holding of any Undated Capital Securities, be deemed to have waived all such rights to such Non-Viability Event Write-off Amount.
Hong Kong Resolution Authority Power in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes	Notwithstanding any other term of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes or any other agreement or arrangement, including without limitation Note Condition 7(a), or any other agreement or arrangement, each holder of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes held by each being written off, cancelled, converted or modified, or to having its form changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof: (a) the reduction or cancellation of all or a part of the principal amount of, or interest on, the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes; (b) the conversion of all or a part of the principal amount of, or interest on, the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes; and

(c) the amendment or alteration of the maturity of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes or amendment or alteration of the amount of interest payable on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of the Note Conditions.

With respect to (a), (b) and (c) above, references to principal and interest shall include payments of principal and interest that have become due and payable (including principal that has become due and payable at the Maturity Date), but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the holders of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes and the Trustee under the Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes and the Note Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

No repayment of the principal amount of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes or payment of interest on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, the Issuer shall provide a written notice not more than two Business Days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the holders of Dated Subordinated Notes in accordance with Note Condition 17 and to the Trustee and the Principal Paying Agent in writing.

Neither the reduction or cancellation, in part or in full, of the principal amount of, or interest on the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of the Note Conditions or any other modification or change in the form of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Dated Subordinated Notes shall constitute a Default under Note Condition 11.

Hong Kong Resolution Authority Power in respect of Undated Capital Securities . . . . . .

Notwithstanding any other term of the Undated Capital Securities, including without limitation Undated Capital Securities Condition 7(a), or any other agreement or arrangement, each Securityholder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Undated Capital Securities being written off, cancelled, converted or modified, or to having the form of the Undated Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(a) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Undated Capital Securities;

(b) the conversion of all or a part of the principal amount of, or Distributions on, the Undated Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Undated Capital Securities; and

(c) the amendment or alteration of the maturity of the Undated Capital Securities or amendment or alteration of the amount of Distributions payable on the Undated Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the Undated Capital Securities Conditions.

With respect to (a), (b) and (c) above, references to principal and Distributions shall include payments of principal and Distributions that have become due and payable, but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the Securityholders and the Trustee under the Undated Capital Securities and these Undated Capital Securities Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

No repayment of the principal amount of the Undated Capital Securities or payment of Distributions on the Undated Capital Securities shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities, the Issuer shall provide a written notice not more than two Business Days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the Securityholders in accordance with Undated Capital Securities Condition 15 and to the Trustee and the Principal Paying Agent in writing.

Neither the reduction or cancellation, in part or in full, of the principal amount of, or Distributions on the Undated Capital Securities, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions or any other modification or change in form of the Undated Capital Securities as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities shall constitute a Default under Undated Capital Securities Condition 11.

Events of Default and Default . . . Applicable to Senior (Preferred) Notes, Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Events of Default and Default*" and "*Terms and Condition of the Undated Capital Securities — Default and Enforcement*".

Cross Default	Applicable to Senior (Preferred) Notes only. See the relevant sub-condition under "*Terms and Conditions of the Notes other than the Undated Capital Securities — Events of Default and Default*".
Ratings	Moody's is expected to rate Dated Subordinated Notes to be issued under the Programme "Baa3" and Undated Capital Securities to be issued under the Programme "Ba2". S&P is expected to rate Dated Subordinated Notes to be issued under the Programme "BBB-" and Undated Capital Securities to be issued under the Programme "BB". Where a Tranche of Notes or Undated Capital Securities is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.
Withholding Tax	All payments of principal and interest (in respect of the Notes other than Undated Capital Securities) or Distributions (in respect of Undated Capital Securities only), as applicable and the Receipts and the Coupons (in respect of the Notes) will be made free and clear of withholding taxes of Hong Kong, subject to customary exceptions, all as described in "*Terms and Conditions of the Notes other than the Undated Capital Securities — Taxation*" and "*Terms and Conditions of the Undated Capital Securities — Taxation*".
Governing Law	English law, except that the provisions of the Notes or the Undated Capital Securities relating to subordination shall be governed by Hong Kong law.
Listing	Application has been made to the HKSE for the listing of the Programme under which Notes or Undated Capital Securities may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. Separate application may be made for the listing of the Notes or the Undated Capital Securities on the HKSE. However, unlisted Notes or Undated Capital Securities and Notes or Undated Capital Securities to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes or Undated Capital Securities will specify whether or not such Notes or Undated Capital Securities will be listed on the HKSE or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes or Undated Capital Securities listed on the HKSE will be traded on the HKSE in a board lot size of at least HK$500,000 (or its equivalent in other currencies).

Legal Entity Identifier	CO6GC26LCGGRTUESIP55
Capital Treatment of Dated Subordinated Notes, Non-Preferred Loss Absorbing Notes and Undated Capital Securities	The applicable Pricing Supplement issued in respect of each issue of Dated Subordinated Notes or Non-Preferred Loss Absorbing Notes or Undated Capital Securities, as applicable, may provide that the Dated Subordinated Notes will qualify in full as Tier 2 capital of the Issuer and/or a Loss Absorbing Instrument or that the Non-Preferred Loss Absorbing Notes will qualify as a Loss Absorbing Instrument or that the Undated Capital Securities will qualify as Additional Tier 1 capital of the Issuer and/or a Loss Absorbing Instrument, as applicable, in accordance with the requirements of the Banking (Capital) Rules (Cap. 155L) of Hong Kong as amended and/or the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules (Cap. 628B) of Hong Kong as amended.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes or Undated Capital Securities and on the distribution of offering material in the United States, the EEA, the United Kingdom, Hong Kong, Singapore and Japan, See "*Subscription and Sale*" below.
Transfer Restrictions	In relation to Notes or Undated Capital Securities in respect of which the relevant Pricing Supplement specifies Regulation S Category 2 as being applicable, there are restrictions on the transfer of such Notes or Undated Capital Securities prior to the expiration of the relevant distribution compliance period. See "*Subscription and Sale*".

SUMMARY FINANCIAL INFORMATION

The summary audited consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024 set forth below is derived from the 2023 Financial Statements and the 2024 Financial Statements. The 2023 Financial Statements and the 2024 Financial Statements were prepared and presented in accordance with HKFRS and have been audited by KPMG.

The summary unaudited consolidated interim financial information of the Issuer as at and for the six months ended 30 June 2024 and 2025 set forth below is derived from the 2025 Interim Financial Statements. The 2025 Interim Financial Statements were prepared and presented in accordance with HKFRS and have been reviewed by KPMG. Consequently, the 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit by an independent auditor or accountant. None of the Arranger or the Dealers or any of their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of such unaudited financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. The 2025 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer for the full financial year ending 31 December 2025.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Issuer, including the notes thereto, incorporated in this Offering Circular by reference.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	(in HK$ million)	(in HK$ million)	(in HK$ million)	(in HK$ million)	(in HK$ million)
Interest income	24,848	39,685	39,809	20,379	16,897
Interest income calculated using the effective interest method	24,871	36,788	37,163	18,930	16,085
Related interest (expense)/income	(23)	2,897	2,646	1,449	812
Interest expense	(11,340)	(22,811)	(23,280)	(12,151)	(9,553)
Net interest income	13,508	16,874	16,529	8,228	7,344
Fee and commission income	3,372	3,361	3,648	1,829	2,089
Fee and commission expense	(619)	(721)	(846)	(411)	(435)
Net fee and commission income	2,753	2,640	2,802	1,418	1,654
Net trading profit	943	1,225	1,421	752	1,092
Net result on financial instruments at FVTPL[1]	(68)	(262)	(35)	(59)	4
Net result on financial assets measured at FVOCI[2]	175	(26)	(38)	(80)	(14)
Net (loss)/profit on sale of investments measured at amortised cost	(6)	(22)	(104)	2	(12)
Net hedging profit	201	30	92	85	23
Other operating income	448	287	312	138	168
Non-interest income	4,446	3,872	4,450	2,256	2,915
Operating income	17,954	20,746	20,979	10,484	10,259
Operating expenses	(9,224)	(9,432)	(9,634)	(4,813)	(4,812)
Operating profit before impairment losses	8,730	11,314	11,345	5,671	5,447
Impairment losses on financial instruments	(5,923)	(5,483)	(5,497)	(2,881)	(2,539)
Impairment losses on associate	—	(726)	(94)	(94)	—
Impairment losses on other assets	(3)	(6)	(2)	(2)	—
Impairment losses	(5,926)	(6,215)	(5,593)	(2,977)	(2,539)
Operating profit after impairment losses	2,804	5,099	5,752	2,694	2,908
Net profit on sale of assets held for sale	1,445	2	22	1	—
Net loss on disposal of subsidiaries/associates	(1)	(12)	—	—	—
Net profit/(loss) on disposal of fixed assets	17	14	16	(10)	(3)
Valuation losses on investment properties	(179)	(86)	(145)	(75)	(98)
Share of profits less losses of associates and joint ventures	855	293	195	120	187
Profit for the year/period before taxation	4,941	5,310	5,840	2,730	2,994
Income tax expense	(563)	(1,174)	(1,211)	(609)	(570)
Profit for the year/period	4,378	4,136	4,629	2,121	2,424
Attributable to:					
Owners of the parent	4,359	4,118	4,608	2,111	2,407
Non-controlling interests	19	18	21	10	17
Profit for the year/period	4,378	4,136	4,629	2,121	2,424
Earnings per share					
Basic	HK$1.32	HK$1.32	HK$1.52	HK$0.69	HK$0.86
Diluted	HK$1.32	HK$1.32	HK$1.52	HK$0.69	HK$0.86

Notes:

(1) Fair value through profit or loss ("**FVTPL**").

(2) Fair value through other comprehensive income ("**FVOCI**").

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	(in HK$ million)	(in HK$ million)	(in HK$ million)	(in HK$ million)
ASSETS				
Cash and balances with banks	54,579	45,903	41,304	36,008
Placements with and advances to banks	60,203	43,691	37,705	30,572
Trade bills	529	373	1,456	3,550
Trading assets	1,530	3,049	207	3,394
Derivative assets	11,092	9,056	6,227	3,752
Loans and advances to customers	542,394	526,984	527,829	534,321
Investment securities	147,007	167,270	190,783	200,231
Investments in associates and joint ventures	9,061	8,384	8,448	9,169
Fixed assets	13,476	13,493	12,971	12,128
- Investment properties	5,166	5,105	4,979	5,660
- Other properties and equipment	7,593	7,603	7,298	5,792
- Right-of-use assets	717	785	694	676
Goodwill and intangible assets	1,870	1,852	1,836	3,021
Deferred tax assets	1,849	1,836	1,600	1,981
Other assets	39,235	38,470	47,393	53,297
Total Assets	882,825	860,361	877,759	891,424
EQUITY AND LIABILITIES				
Deposits and balances of banks	25,478	25,619	24,157	13,611
- Designated at fair value through profit or loss	4,545	3,199	—	—
- At amortised cost	20,933	22,420	24,157	13,611
Deposits from customers	648,093	628,598	643,093	665,226
- Demand deposits and current accounts	65,899	65,643	65,685	76,227
- Savings deposits	145,107	118,163	134,908	159,123
- Time, call and notice deposits	437,087	444,792	442,500	429,876
Trading liabilities	5	—	66	24
Derivative liabilities	4,145	4,007	5,796	4,032
Certificates of deposit issued	32,662	27,618	21,578	24,775
- Designated at fair value through profit or loss	19,001	9,415	705	157
- At amortised cost	13,661	18,203	20,873	24,618
Current taxation	1,252	1,602	1,870	2,375
Debt securities issued	2,892	844	387	—
- Designated at fair value through profit or loss	811	688	232	—
- At amortised cost	2,081	156	155	—
Deferred tax liabilities	226	468	685	712
Other liabilities	49,799	47,312	51,299	52,094
Loan capital — at amortised cost	11,927	15,967	23,089	18,836
Total Liabilities	776,479	752,035	772,020	781,685
Share capital	41,856	41,915	42,060	42,135
Reserves	54,131	56,058	58,383	62,301
Total equity attributable to owners of the parent	95,987	97,973	100,443	104,436
Additional equity instruments	10,090	10,090	5,021	5,021
Non-controlling interests	269	263	275	282
Total Equity	106,346	108,326	105,739	109,739
Total Equity and Liabilities	882,825	860,361	877,759	891,424

INVESTMENT CONSIDERATIONS

Potential investors should carefully take into account the following considerations, in addition to the other information contained this Offering Circular, before investing in the Notes or the Undated Capital Securities. The occurrence of one or more events described below could have an adverse effect on the Group's business, financial condition, or results of operations, and could affect its ability to make payments of principal, premium and/or interest or distribution (as the case may be) (if any) under the Notes or the Undated Capital Securities. The following considerations and uncertainties may not be exhaustive. Additional considerations and uncertainties not currently known to BEA, or which BEA currently deems immaterial, may also have an adverse effect on an investment in the Notes or the Undated Capital Securities.

CONSIDERATIONS RELATING TO THE GROUP

Global and Local Economic and Financial Conditions and Geopolitical Developments

The Group's business and financial performance are affected by global and local economic and financial conditions and geopolitical developments, including, but not limited to, the following factors:

- rapid changes to the global and local economic environment can create challenging operating conditions for financial institutions such as the Group and may affect its earnings and profits. A key source of uncertainty for 2025 and beyond comes from the expected shift in economic and financial policies in the U.S. Potential changes in U.S. tariff policy and other countries' responses are likely to have significant consequences for the global growth outlook and global trade, and may result in higher inflation and affect interest rate expectations. The uncertain outcome of the policies of the PRC government introduced to stimulate domestic growth and support a rebalancing of the economy including the property sector is also a source of potential risk. In particular, the economic challenges affecting the PRC's property sector could further affect the Group's customers in the region and reduce their activity and demand for the Group's services;

- the combined pressure of tariffs, inflation and high interest rates can have material impacts on the Group's customers as the can erode real purchasing power and increase debt service costs. Higher interest rates may affect the credit rating of its customers and their ability to repay debt. This could negatively impact the Group's risk-weighted assets and capital position, resulting in increases in expected credit losses and other impairment charges and potential liquidity stresses due to, amongst other factors, increased customer drawdowns. There could be further adverse impacts on the Group's income if higher rates were to result in lower lending volumes and weaker wealth and insurance revenue. Major central banks, including the U.S. Federal Reserve and the Bank of England, enacted monetary easing in the second half of 2024. However, uncertainty over the trajectory of U.S. economic and trade policies, specifically around additional trade barriers and/or tariffs and immigration has shifted the balance of risks around inflation and future interest rate trajectory and may affect future global growth;

- changing global and local economic conditions and shifting policy create a more uncertain and volatile environment for asset markets. Accommodative financial conditions in the aftermath of the COVID-19 pandemic may have increased vulnerabilities given the rise in asset price valuations and the increase in debt levels. Changes to asset prices can adversely affect the Group by increasing the financial vulnerability of customers and decreasing the value of collateral and other claims;

- through the COVID-19 pandemic period, government debt levels across both developed and emerging markets increased sharply, and in many cases left growth and employment dependent on continued deficit spending. Against the backdrop of the ongoing political gridlock in the U.S. about government spending and debt levels, higher global interest rates, a high level

of public debt issuance and a strong U.S. dollar, borrowing costs for certain countries could increase further. This could adversely impact the fiscal capacity and debt sustainability of highly indebted sovereign issuers. Emerging markets with higher levels of U.S. dollar-denominated debt and weaker public finances could be further impacted by higher U.S. interest rates and the U.S. dollar's strength which could result in higher repayment costs and refinancing risks and the associated possibility of sovereign rating downgrades. Where the Group has exposure to such sovereigns or related parties, it could incur losses. At the same time, external sovereign ratings downgrades and/or a disorderly increase in long-term government funding costs, could increase the cost of funding for the Group and/or limit access to market funding, resulting in an adverse impact on interest margins and liquidity; and

- geopolitical risks remain high. The disruption of key supply routes, particularly through the Red Sea continues to add costs to impact global supply cost. Escalation, resurgence or other changes in the Russia-Ukraine war and the conflict in the Middle East could impact economic activity regionally, or globally for a prolonged period which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings. Please see "— *Political, Social and Other Risks*" for further information.

The occurrence of any of these events or circumstances could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and customers.

Political, Social and Other Risks

The Group is subject to potentially unfavourable political, social, environmental and economic developments in the jurisdictions in which it operates, which may include:

- coups, armed conflicts or acts of terrorism;
- political and/or social instability;
- geopolitical tensions;
- epidemics and pandemics (such as COVID-19);
- climate change, acts of God and natural disasters (such as floods and hurricanes); and
- infrastructure issues, such as transportation and power failures.

Each of the above could impact the Group's risk-weighted assets, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers. These risk events or developments may also give rise to disruption to the Group's services and some may result in physical damage to the Group's operations and/or risks to the safety of the Group's personnel and customers. Geopolitical tensions could have significant ramifications for the Group and its customers. In particular:

- while globalisation appears to remain deeply embedded in the international system, it is increasingly challenged by protectionism, including trade tariffs, which could contribute to weaker global trade, potentially affecting the Group's business. The Group and its customers are susceptible to protectionist measures taken by national governments and authorities, including imposition of trade tariffs, restrictions on market access, restrictions on the ability to transact on a cross-border basis, expropriation, restrictions on international ownership, interest rate caps, limits on dividend flows and increases in taxation. There may be uncertainty as to the conflicting nature of such measures, their duration, the potential for escalation, and their potential impact on global economies;

- uncertainty about the scope, duration and potential for escalation of the tensions and conflicts in various countries in the Middle East including the Israeli-Palestinian conflict presents global economic and political implications. Please see "— *Global and Local Economic and Financial Conditions and Geopolitical Developments*" for further information;

- the U.S. and the United Kingdom imposed additional sanctions on Iran in 2024 in response to Iran's activities and the increase in tensions between Israel and Iran. Further sanctions may be imposed and could increase the risk within the Group's operations;

- the Russia-Ukraine war along with related financial sanctions, trade restrictions and Russian countermeasures, has had global economic and political implications;

- the sanctions and trade restrictions imposed by the U.S., the United Kingdom, and the European Union, as well as other countries, as a result of the Russia-Ukraine war, remain complex, far reaching and evolving. The U.S. has expanded the reach of its secondary sanctions regime, which includes broad discretion to impose severe sanctions on non-U.S. banks that are knowingly or even unknowingly engaged in certain transactions or services directly or indirectly involving Russia's military-industrial base, including certain third-party activities that are difficult to detect or beyond the Group's control. In response to such sanctions and trade restrictions, as well as asset flight, Russia has implemented certain countermeasures, including the expropriation of foreign assets;

- to date, the U.S., the United Kingdom, the European Union and other countries have imposed various sanctions and trade restrictions on PRC persons and companies, and there is a continued risk of additional sanctions and trade restrictions or tariffs being imposed by the U.S. and other governments in relation to among other things, alleged human rights abuses, advances in certain sensitive technologies, territorial conflicts, and the illicit trade of fentanyl and other synthetic opioids. Strategic competition with the PRC has the potential to impact the Group's operations and global supply chains remain vulnerable to a deterioration in the relationship between the PRC and other countries. For example, the U.S. recently imposed a new programme restricting certain U.S. outbound investments in PRC's companies engaged in sensitive technology sectors, and the European Union is considering a similar programme. In addition, during 2024 both the U.S. and the European Union raised the rate at which they levy tariffs on a range of PRC's imports, including electric vehicles. These have been imposed on the basis of unfair competition, where the PRC Government is accused of providing unfair subsidies to industry;

- the PRC, in turn, imposed a number of its own sanctions and trade restrictions that target, or provide authority to target, foreign individuals or companies as well as certain goods such as rare earth minerals and metals, and technology and services. These, as well as certain law enforcement measures, have been and may continue to be imposed against certain countries, businesses and individuals;

- diplomatic tensions between the PRC and the U.S., which may extend to and involve other countries, and developments in Hong Kong, Taiwan, and the surrounding maritime region may further adversely affect the Group;

- existing and additional sanctions, trade restrictions, counter sanctions and other retaliatory measures relating to the foregoing or other geopolitical tensions may adversely affect the Group, its customers and the markets in which the Group operates by creating regulatory, reputational and market risks including additional inflationary pressures, and a more complex operating environment; and

- developing alternative payment mechanisms, along with increased use of domestic currencies for trade, have been persistent topics of discussion within the BRICS group (Brazil, Russia, India,

the PRC, South Africa, Iran, Egypt, Ethiopia, and the UAE). Development of new payments infrastructure and use of alternative currencies may present operational and other challenges, if, for example, certain governments mandate the use of payment channels that do not integrate with the Group's payment architecture and financial crime controls.

Global tensions over trade, technology and ideology are manifesting themselves in divergent regulatory standards and compliance regimes, creating a more complex operating environment for the Group and its customers and presenting long-term strategic challenges for multinational businesses more generally. As the geopolitical landscape evolves, compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional legal, regulatory, reputational and political risks for the Group. While it is the Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical risks and tensions, and potential ambiguities in the Group's compliance obligations, continue to present challenges and risks for the Group and could have a material adverse impact on the Group's strategy, business, customers, operations, financial results, and reputation.

Competition

The banking and financial services industry in Hong Kong is a mature market and the Group is subject to significant and increasing competition from many other banks and financial institutions, including, but not limited to, Hong Kong-incorporated banks and Hong Kong branches of international and PRC banks. There can be no assurance that the Group will be able to compete effectively in the face of such competition. In particular, some of the Group's competitors may have significantly more financial and other capital resources, greater market share and stronger brand recognition than the Group. Many of the international and local banks and niche players operating in Hong Kong compete for substantially the same customers as the Group. Consequently, there is a limited market, especially for retail banking products such as investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending businesses. Intense competition may make it difficult for the Group to increase the size of its loan portfolio and deposit base and may cause intense pricing competition. There can be no assurance that increased competition will not have a material adverse effect on the Group's business, financial condition or results of operations.

Competition among banks and financial institutions in Hong Kong has intensified in recent years. As a result, BEA has experienced downward pressure on its margins in recent years. To counter the effects of increased competition, BEA has actively pursued a strategy of diversifying its income sources by focusing on increasing its fee-based income, introducing innovative products and, at the same time, improving the cost efficiency of its operations. However, there can be no assurance that BEA will be able to compete successfully in the mature Hong Kong banking market and sustain its profitability in future.

In addition, the Group is also likely to face increasing competition in the PRC market from existing local PRC banks and other foreign banks entering the market. As part of the PRC government's initiative to develop a more open and internationally competitive financial system by further expanding participation by foreign investors in its financial markets, the single shareholding cap in domestic banks and foreign banks was removed in May 2019. Furthermore, the regulatory environment in the PRC may change from time to time and there can be no assurance that the Group will be able to maintain its current position or continue to develop its business successfully in the PRC if competition in the PRC banking sector intensifies as a result of such changes.

The intensified competition in the markets where the Group operates may adversely affect the Group's business and prospects, the effectiveness of its strategies, its results of operations and financial condition by potentially:

- reducing the Group's market share in the principal products and services which it offers;

- reducing the growth and quality of the Group's loan and deposit portfolios and other products and services;
- reducing the Group's interest income and net interest margin;
- reducing the Group's fee and commission income;
- increasing the Group's non-interest and operating expenses; and
- increasing competition for qualified managers and employees.

Other than the traditional banking institutions, the Group also faces intense competition from innovative technology-based financial technology ("**FinTech**") companies, which are usually start-up companies or technology companies, marketplace lenders, payment system providers and internet companies. The increasing popularity of FinTech companies is disrupting the way in which traditional banking is conducted. Furthermore, FinTech companies have increased their expansion in Hong Kong and the PRC. These jurisdictions have each, to varying degrees, introduced progressive policy initiatives and received support from their respective regulatory regimes over the past few years. For example, the granting of virtual banking licences, the entry and increasing presence of virtual banks in the market, the recognition of virtual banking companies as financial institutions and the new stablecoin regulatory regime implemented in Hong Kong have further exacerbated competition in the markets in which the Group operates. Customer expectations are also changing in favour of technology and solutions that provide convenience and immediacy to individual needs, which challenges the conventional banking model. If FinTech companies continue to increase in popularity as a source of financing, the Group's business and prospects, in particular the revenue it derives from its loan business, its payment services fee income and its ability to attract and retain customers, may be adversely affected. There can be no assurance that the Group will be able to effectively compete with FinTech companies for customers as a preferred source of financing.

Expansion in the Hong Kong and the Chinese Mainland Markets

The Group's strategy involves expansion of its business in the Hong Kong and Chinese Mainland markets organically and through mergers and acquisitions ("**M&A**") and alliances, if suitable opportunities arise. BEA (China) obtained the Financial Institution Business Permit from the National Financial Regulatory Administration ("**NFRA**")* on 20 March 2007 and the business licence from State Administration for Industry and Commerce ("**SAIC**") on 29 March 2007 as a locally-incorporated bank. BEA (China) officially commenced business on 2 April 2007. The establishment of a locally-incorporated bank is one of the prerequisites for providing RMB personal banking service in Chinese Mainland.

BEA (China)'s operating income from the PRC, as well as its advances to companies that have business interests in the PRC, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in the PRC (including, but not limited to, changes in political leadership, inflation rate, exchange controls and exchange rate and the impact on the changes in regulations governing banking and other businesses). For example, the PRC government has adopted a series of stimulus measures including, among other things, reductions in the reserve requirement ratio and interest rates in response to the economic slowdown in the PRC in recent years. In addition, while a multi-year appreciation of the Renminbi exchange rate had already started to give way to two-way fluctuations, the decision of the People's Bank of China ("**PBOC**") to change its daily rate fixing mechanism triggered a noticeable downward pressure on the Renminbi exchange rate and fuelled expectations of currency fluctuation ahead. There can be no assurance that the economic and political environment in the PRC will remain favourable to the Group's business in the PRC in the future and the Group's continued exposure to the PRC or its strategy to grow its business in the PRC could have a negative impact on the Group's earnings or an adverse effect on the Group's business, financial condition or results of operations.

* Officially established in May 2023, NFRA has replaced the former China Banking and Insurance Regulatory Commission and taken over certain functions of PBOC and the China Securities Regulatory Commission.

Further expansion into Chinese Mainland may present the Group with new risks and challenges, such as interest rate liberalisation, slowdown in credit growth, margin compression, asset quality deterioration, more stringent and changing regulatory requirements, and new competition from internet finance players and online money market funds. Expansion and integration of new M&A and alliances in the Hong Kong and Chinese Mainland markets may also require significant financial, operational, administrative and management resources. The success of any M&A and alliances will depend in part on the ability of BEA's management to integrate the operations of newly acquired businesses with its existing operations and, where applicable, to integrate various departments, systems and processes. Consequently, the Group's ability to implement its business strategy may be constrained and the timing of such implementation may be affected due to the demand placed on existing resources by the process. There can be no assurance that the acquired entities will achieve the level of performance that BEA anticipates or that the projected demand for and margins of the Group's products and services will be realised. The failure to manage expansion effectively could have an adverse effect on the Group's business, financial condition and results of operations.

Changes in Regulations in the Chinese Mainland Market

The regulations which apply to the Group's business in the PRC are extensive, complex and frequently changing. The PRC banking regulatory regime has been evolving continuously. Some of the changes in rules and regulations may result in additional costs or restrictions on BEA (China)'s operations and business expansion in Chinese Mainland and there can be no assurance that such changes will not materially and adversely affect the Group's business, financial condition and results of operations.

BEA (China)'s business and operations are directly affected by the changes in laws, rules, regulations or policies relating to the PRC banking industry. As some of the banking laws, rules, regulations or policies are relatively new, there are uncertainties regarding their interpretation and application. If BEA (China) fails to comply with any of these laws, rules, regulations or policies, it may result in enforcement actions, which may include fines to be imposed on BEA (China), restrictions on its business activities, or in extreme cases, suspension or revocation of its business licences, which would materially and adversely affect BEA (China)'s operations, reputation, business and financial position.

BEA (China) operates in a highly regulated industry. The principal regulators of the PRC banking industry include NFRA, PBOC and the State Administration of Foreign Exchange ("**SAFE**"). NFRA requires all commercial banks in the PRC to maintain certain financial ratios, including, but not limited to, liquidity coverage ratio ("**LCR**"), liquidity ratio, net stable funding ratio ("**NSFR**") and capital adequacy ratio ("**CAR**").

In accordance with the amended Commercial Banking Law of the PRC, the previous requirement that all commercial banks in the PRC should maintain a loan-to-deposit ratio of not more than 75 per cent. has been removed and loan-to-deposit ratio has been changed from a supervisory indicator to a liquidity monitoring indicator. However, NFRA will use other indicators, such as LCR, liquidity ratio, and NSFR to monitor the liquidity status of commercial banks. If BEA (China) fails to fulfil these mandatory requirements, it may result in restrictions on its business expansion imposed by NFRA, such as suspension of new business application and establishment of new branch or sub-branch.

In addition, NFRA issues regulations and guidelines governing the capital management of all commercial banks in the PRC from time to time. If the regulatory capital requirements, liquidity restrictions or ratios applicable to BEA (China) increase in the future, any failure of BEA (China) to comply with the relevant requirements, restrictions or ratios could result in administrative actions or sanctions, which may have a material adverse impact on the Group's business, financial condition and results of operations. A shortage of available capital might also restrict the Group's opportunities for expansion.

Dependence on Key Personnel and Recruitment

The Group's ability to sustain its growth and meet future business demands depends on its ability to attract, recruit and retain suitably skilled and qualified staff. Given the Group's rapid expansion in the Chinese Mainland market, there can be no assurance that the Group will be able to recruit staff in sufficient numbers or with sufficient experience, or that pressure on recruitment will not lead to significant increases in the Group's employment costs. Competition for suitably skilled and qualified staff is particularly acute in Chinese Mainland. Any of these factors could adversely affect the Group's business, financial condition and results of operations.

In addition, the Group also faces strong competition to retain skilled and qualified staff, and the loss of key personnel or any inability to manage attrition levels in different employee categories may have an adverse effect on the Group's business, its ability to grow, increased employment and training and development costs and its control over various business functions. There can be no assurance that there will be no departures of personnel from the senior management of BEA and that, if future departures do occur, the Group's business and operations will not be adversely affected.

Expanding Range of Products and Services

In order to meet the needs of the Group's customers and to diversify its business portfolio, the Group has been expanding the range of products and services it offers to its customers. Expansion of the Group's business is subject to certain risks and challenges, including, but not limited to, the following:

- if the Group fails to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, the Group may fail to maintain its market share or lose some of its existing customers;

- the Group may not have sufficient experience, expertise or resources in certain new products and services and may not be able to compete effectively in these areas;

- new products and services offered by the Group may not be well-received by the Group's customers or meet its expectations for profitability;

- new products and services offered by the Group may give rise to potential disputes or claims from customers;

- the Group may face difficulties in recruiting and retaining experienced professionals or qualified personnel necessary to conduct its new business activities;

- the Group may fail to obtain the necessary regulatory approval for its new products or services; and

- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

The continuous rapid growth of the Group's business imposes additional demand on the management and operation levels of the Group and increases the number of risks and challenges faced by the Group. Regardless of the Group's active efforts in improving its corporate structure and governance, it takes time for the Group to implement appropriate and relevant measures, and such measures may be unable to enhance aspects of the Group's corporate structure and governance in the manner anticipated.

In addition, the Group may require additional capital in order to sustain its business growth. The ability of the Group to increase capital is subject to various factors, including the Group's future financial conditions, approval from governmental and regulatory authorities, and the overall conditions of the market.

If the Group fails to keep growing at the current speed, manage its integration and expansion effectively or increase capital to address the risks and challenges brought by its rapid growth, or if any new business activity fails to achieve the intended results, the Group's business, financial condition, results of operations and prospects may be adversely affected.

Exposure to the Chinese Mainland Market

As at 30 June 2025, BEA's wholly-owned subsidiary, BEA (China), headquartered in Shanghai, operated 29 branches in Shanghai, Beijing, Tianjin, Harbin, Dalian, Shenyang, Qingdao, Shijiazhuang, Zhengzhou, Urumqi, Hangzhou, Nanjing, Suzhou, Chengdu, Chongqing, Wuhan, Hefei, Xi'an, Shenzhen, Guangzhou, Zhuhai, Xiamen, Changsha, Kunming, Ningbo, Jinan, Fuzhou, Nanning and Nanchang as well as 29 sub-branches covering 38 cities in the PRC. BEA (China) operates 19 outlets covering nine Chinese Mainland cities (including Dongguan, Foshan, Guangzhou, Huizhou, Jiangmen, Shenzhen, Zhaoqing, Zhongshan and Zhuhai) in the Guangdong — Hong Kong — Macau Greater Bay Area (the "**Greater Bay Area**").

As at 31 December 2022, 2023 and 2024 and 30 June 2025, loans and advances to customers made by the Group's operations in Chinese Mainland collectively amounted to approximately HK$147,364 million, HK$141,630 million, HK$146,998 million and HK$149,275 million, respectively, representing approximately 26.8 per cent., 26.6 per cent., 27.6 per cent. and 27.7 per cent., respectively, of the Group's total loans and advances to customers. The value of the Group's advances in Chinese Mainland, as well as its advances to companies that have business interests in Chinese Mainland, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in Chinese Mainland (including inflation rate, exchange controls and exchange rate, and the impact on the changes in regulations governing banking and other businesses). As at 31 December 2022, 2023 and 2024 and 30 June 2025, the impaired loan ratio of the Group's advances in Chinese Mainland was approximately 2.8 per cent., 2.7 per cent., 2.8 per cent. and 2.9 per cent., respectively. The high impaired loan ratio of the Group's advances in Chinese Mainland as at these dates was as a result of, among other factors, the economic slowdown in the PRC resulting in deterioration of the asset quality in Chinese Mainland. While the Group has tightened its credit policies such as remaining cautious on extending credit and continuing to actively manage the impaired loan portfolio and has put more focus on lending to state-owned enterprises and large-scale enterprises, targeted strategic industries supported by national policies and/or green and sustainable finance, there can be no assurance that the impaired loan ratio of the Group's advances in Chinese Mainland will not increase in the future, nor can there be any assurance that the Group's continued exposure to Chinese Mainland or its strategy to grow its business in Chinese Mainland will not have a negative impact on the Group's earnings or an adverse effect on the Group's business, financial condition or results of operations or that the economic and political environment in Chinese Mainland will remain favourable to the Group's business in Chinese Mainland in the future.

Concentration Risk — Exposure to the Property Market

The Group has significant direct and indirect exposure to the property markets in Hong Kong and Chinese Mainland through its portfolio of property related advances and property used as collateral. As at 30 June 2025, the Group's property related loans (comprising property developments and property investment advances) amounted to approximately HK$111,103 million, representing approximately 20.6 per cent. of the Group's total loan portfolio.

The property markets in Hong Kong and Chinese Mainland are inherently cyclical, characterised by volatile property prices and transaction volumes. Property prices in Hong Kong are affected by a

number of factors, including, but not limited to, the supply of, and demand for, comparable properties, economic growth prospects in Hong Kong, policies implemented by the Government of HKSAR (the "**HKSARG**"), interest rate trends which are primarily driven by the timing and pace of U.S. interest rate adjustments, capital outflow pressures amid global monetary easing and currency depreciation, political, economic, monetary and property market developments in Chinese Mainland, and international relations between the PRC, Hong Kong and other countries and regions.

The Hong Kong property market is experiencing a downturn driven by a number of factors, such as elevated interest rates, a strong U.S. dollar and reduced demand from Chinese Mainland buyers. In Chinese Mainland, the property market faces challenges due to oversupply of properties, policy changes by the PRC government, defaults by several property developers, financial instability within the property sector and increasing instances of mortgage loan non-payments for pre-sale properties. Although the PRC government has introduced measures to stabilise the market, and may implement further initiatives, there can be no assurance that these efforts will significantly improve market sentiments and conditions.

Prolonged declines or volatility in property values, coupled with reduced liquidity in the Hong Kong and Chinese Mainland property markets, could adversely impact the Group's business, financial condition and results of operations.

Liquidity and Funding Sources

The Group endeavours to diversify its funding sources in order to maintain the stability of its liquidity. However, the majority of the Group's funding requirements are met in the form of deposits from customers. In particular, as at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 74.1 per cent., 79.5 per cent., 81.8 per cent. and 77.8 per cent., respectively, of the Group's deposits from customers had a remaining maturity of three months or less. Historically, a substantial portion of such deposits from customers has been rolled over upon maturity and these deposits have been, in essence, a stable source of long-term funding. However, there can be no assurance that this pattern will continue. If a substantial number of depositors do not roll over deposited funds upon maturity, the Group's liquidity position would be adversely affected and the Group may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than existing deposits.

Although the Group has issued debt securities to diversify its funding sources, customer deposits remain its primary funding source in Hong Kong. In Chinese Mainland, the Group's strategy is to maintain a diversified pool of RMB deposits fund in order to stabilise its funding sources to minimise costs associated with interbank borrowing having considered the size of loan business and funding needs going forward. From 31 December 2022 to 30 June 2025, the Group's total of deposits from customers and certificates of deposits issued increased from approximately HK$680,755 million to approximately HK$690,001 million, and the Group's deposits from customers increased from approximately HK$648,093 million to approximately HK$665,226 million. There are many factors affecting the movement of the Group's deposits, some of which are beyond the Group's control, such as economic and political conditions, the availability of alternative investment choices (including, but not limited to, securities issued by governmental or corporate entities, unit trusts and mutual funds, investment-linked assurance schemes and structured investment products), changes in government monetary policy and retail customers' changing perceptions towards savings. There can be no assurance that the Group will be able to maintain its customer deposits to support its business.

As part of its measures to maintain the liquidity of, and confidence in, the Hong Kong financial markets, the Hong Kong Deposit Protection Board enhanced the Deposit Protection Scheme with an increased protection limit of HK$800,000 which came into effect on 1 October 2024 under the Deposit Protection Scheme (Amendment) Ordinance 2024 of Hong Kong (the "**DPS Amendment Ordinance**"). Among other things, a gross payout approach is adopted for the determination of compensation under the Deposit Protection Scheme in case the scheme is triggered. Under this approach, any compensation paid to depositors is determined on the basis of their aggregate protected

deposits held with a failed bank (up to HK$800,000 per depositor) without deducting the amount of liabilities owed by those depositors to the same bank. The gross payout approach enables the affected depositors to have faster access to their deposits. There can be no assurance that the level of customer deposits, and therefore of the Group's liquidity, will not be adversely affected by the withdrawal of, or any changes to, the Deposit Protection Scheme in the future.

In addition, the statutory LCR and NSFR requirements came into effect on 1 January 2015 and 1 January 2018, respectively. The Group endeavours to comply with the regulatory requirements including these ratios at all times. The Group holds sufficient high quality liquidity assets ("**HQLA**"), which consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets to fulfil the LCR and NSFR requirements. In times of liquidity stress, the stock of HQLA can be easily and immediately converted into cash to meet unexpected and material cash outflows.

The Monetary Authority acts as the lender of last resort to all authorized institutions in Hong Kong to provide liquidity support in the banking system generally as well as to specific institutions. Although the HKSARG has in the past taken measures on a case-by-case basis to maintain or restore public confidence in individual banks with an isolated liquidity crisis, there can be no assurance that the Monetary Authority will provide such assistance in the future or that it would elect to provide such assistance in the future to BEA in the event of a liquidity crisis.

If the Group fails to maintain its expected growth rate in deposits or if a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the liquidity position, financial condition and results of operations of the Group may be materially and adversely affected and the Group may need to seek more expensive sources of funding to meet its funding requirements.

Interest Rate Risk

Net interest income is a significant driver of the Group's financial performance, as is typical for most banks. For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, the Group's net interest income represented approximately 75.2 per cent., 81.3 per cent., 78.8 per cent., 78.5 per cent. and 71.6 per cent., respectively, of its operating income.

There has been a heightened volatility in interest rates in recent years, resulting in fluctuations in global capital markets, which, in turn, could adversely affect business and consumer confidence.

It is difficult to predict with any degree of accuracy changes in interest rates, and such changes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For example:

- increases or decreases in interest rates may affect the Group's interest income and the yields from its interest-earning investments;

- a significant rise in interest rates may reduce the value of the Group's debt securities portfolio while increasing funding costs. Conversely, a decline in rates may have the opposite effect;

- sustained increases in interest rates may strain the Hong Kong economy, potentially weakening the financial condition and repayment capacity of the Group's corporate and individual borrowers, including credit card holders. This could lead to a deterioration in the Group's credit portfolio;

- divergent interest rate movements across markets complicate the Group's ability to effectively hedge interest rate risk; and

- the Group faces interest rate risk due to mismatches in the pricing and duration of its assets and liabilities.

Classification of Advances and Adequacy of Allowance for Advance Losses

BEA classifies its advances into twenty grades under which impaired loans are classified into one of the following three categories corresponding to levels of risk: "sub-standard", "doubtful" and "loss". Please see "*Selected Statistical and Other Information*" in this Offering Circular for further information. The classification of impaired advances depends on various quantitative and qualitative factors, including the number of months by which payments have fallen into arrears, the type of advance, the tenor of the advance and the expected recovery status of the advance.

Since 2018, BEA has adopted a forward-looking expected credit loss model and has established a framework to determine whether the credit risk on a particular advance has increased significantly since initial recognition for measuring and recognising impairment loss to meet the requirement of HKFRS 9 — Financial instruments ("**HKFRS 9**"). BEA conducts regular review to monitor the effectiveness of the model and the framework.

The laws, regulations and guidelines governing the banking industry in Hong Kong differ from those applicable in certain other countries in certain respects and may result in particular advances being classified as impaired loan advances at a different time or being classified in a category reflecting a different degree of risk than would be required in certain other countries. While BEA strictly follows the spirit of statutory compliance in different aspects when formulating and executing its credit policies and control guidelines, the Group is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong.

Minimum Regulatory Capital, Leverage and Liquidity Requirements

The Issuer is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Minimum capital requirements now are more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Issuer to maintain its minimum regulatory capital requirements could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Issuer's results of operations. A shortage of available capital might restrict the Issuer's opportunities for expansion.

On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on Basel III. The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement and the total Tier 1 capital requirement. In addition, banks are required to maintain a capital conservation buffer on top of the regulatory minimum capital to withstand future periods of stress.

If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer on top of the regulatory minimum capital is to be applied as an extension of the conservation buffer. Furthermore, systemically important banks should have loss absorbing capacity beyond these standards. The Basel III reforms also require banks' capital instruments to be more loss-absorbing. The reforms therefore increase the minimum quantity and quality of capital which banks are obliged to maintain. There can be no assurance as to the availability or cost of such capital. The capital requirements are supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio are also introduced. The reforms have been adopted in Hong Kong through a series of legislative amendments, with many of the new rules having taken effect from 2013, and the final reform package has been implemented with effect from 1 January 2025.

Aside from its compliance with Basel III regulatory capital requirements, the Issuer is also required to comply with the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements —

Banking Sector) Rules (Cap. 628B) of Hong Kong (the "**LAC Rules**"), which came into operation on 14 December 2018. The LAC Rules introduced an additional loss absorbing capacity ratio which the Issuer is required to maintain in addition to existing capital and liquidity requirements implemented under Basel III. The Issuer may in the future need to issue other loss absorbency capital instruments to meet the relevant requirements in the LAC Rules. However, the definitive loss-absorbing capacity requirements that apply to a particular authorized institution will be determined depending on institution-specific circumstances of that authorized institution in a way which supports the preferred resolution strategy of the authorized institution, and imposed in accordance with the LAC Rules. There can be no assurance that the Issuer will be able to obtain additional capital in a timely manner, on acceptable terms or at all. Further, the Monetary Authority may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital requirements on authorized institutions.

If the regulatory capital and liquidity requirements applied to the Group become more stringent in the future, any failure of the Group to maintain such tightened regulatory capital requirements or liquidity requirements within the applicable timeline could result in administrative actions or sanctions, which may have an adverse effect on the Group's results of operations.

Currency Risks

The majority of the Group's revenue is generated in Hong Kong dollars. Nonetheless, as at 30 June 2025, the Group held a substantial part of its spot assets in U.S. dollars amounting to approximately HK$267,277 million and Renminbi amounting to approximately HK$239,095 million. The Hong Kong dollar has been linked to the U.S. dollar since 1983, and the HKSARG has in the past expressed its commitment to maintaining exchange rate stability under the Linked Exchange Rate System, which is an automatic interest rate adjustment mechanism. However, there can be no assurance that the Hong Kong dollar will continue to be linked to the U.S. dollar or that, in the event of a liquidity complication affecting the Hong Kong dollar, the automatic interest rate adjustment mechanism will help to maintain adequate liquidity for the Hong Kong dollar. The Group's business, financial condition and results of operations could be adversely affected by the impact on the Hong Kong economy of the discontinuation of the link of the Hong Kong dollar to the U.S. dollar or any revaluation of the Hong Kong dollar.

In addition, the Group generates some of its revenue in the PRC and a portion of its assets and liabilities are denominated in Renminbi. As a result, fluctuations in the exchange rate of Renminbi against the Hong Kong dollar or the U.S. dollar could affect the Group's profitability and financial condition. The volatility in exchange rates of Renminbi against the U.S. dollar and other currencies is affected by, among other factors, changes in the PRC's and international political and economic conditions and the fiscal and monetary policies of the PRC government. Also, it is difficult to predict how the Renminbi exchange rates may change in the future. There can be no assurance that Renminbi will not experience significant fluctuations against the U.S. dollar or other currencies in the future.

The Group's Unsecured Lending Portfolio

A part of the Group's corporate loan portfolio comprises unsecured loans, the repayment of which is largely dependent on the cash flow of the borrowers and adherence to the financial covenants contained in the loans. The majority of the Group's personal banking loan portfolio comprises loans secured by properties while the remaining portion comprises mainly unsecured personal loans and credit card receivables, which generally carry higher rates of interest. As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 55.8 per cent., 56.4 per cent., 52.8 per cent. and 50.6 per cent., respectively, of the Group's total loans and advances to customers were covered by collateral. Although the Group carefully assesses the repayment ability of such borrowers, loan products which are not secured by any collateral entail a higher degree of credit risk than secured loan products. If there is a downturn in the economy, the credit quality and charge-off rates experienced by the Group may deteriorate.

Quality of the Group's Loan Portfolio, Investment Securities, Investments in Associates and Joint Ventures or Other Assets

The Group's business could be materially and adversely affected by any deterioration in the quality of its loan portfolio, investment securities, investments in associates and joint ventures or other assets. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties, as well as risks from the Group's investment activities, are inherent in a wide range of the Group's businesses. The Group's impaired loans represented approximately 2.6 per cent. of its total loans and advances to customers as at 30 June 2025. The Group may not be able to control effectively the level of impaired loans in its current loan portfolio or the level of new loans that may become impaired in the future. In particular, the amount of the Group's impaired loans, the ratio of its impaired loans to its loans and advances to customers may increase in the future due to deterioration in the quality of its loan portfolio or a substantial increase in the amount of its new loans. Deterioration in the quality of the Group's loan portfolio, investment securities, investments in associates and joint ventures or other assets may occur for a variety of reasons, including factors that are beyond the Group's control, such as a slowdown in growth of the Hong Kong or global economies, a relapse of the global credit crisis, volatility in interest rates and market liquidity, and other adverse macroeconomic trends and financial conditions in Hong Kong and other parts of the world. Such factors may cause operational, financial and liquidity problems for the Group's borrowers and the issuers of the Group's investment securities, which may materially and adversely affect their ability to service their outstanding debt and fulfil their payment obligations associated with the securities issued. Other factors, including an actual or perceived failure or worsening credit of counterparties (in particular, those counterparties to which the Group has substantial exposure), declines in residential and commercial property prices, higher unemployment rates, a decline in credit quality, the Group's participation in overseas markets and reduced profitability of corporate borrowers may also materially and adversely affect the quality of the Group's loan portfolio, investment securities and investments in associates and joint ventures, as well as the Group's business, financial condition and results of operations. For example, as at 30 June 2025, the fair value of the Group's investment in AFFIN Bank Berhad based on the quoted market price had been persistently below the carrying amount. As a result, the Group performed an impairment test on the investment using a value-in-use methodology and no further impairment charge was recognised for the six months ended 30 June 2025. Please refer to Note 21 to the 2025 Interim Financial Statements for further information. There can be no assurance that the Group will be able to take any effective mitigating or preventative action ahead of any unexpected and uncontrollable external factors.

In addition, to the extent that a material portion of the Group's loans has been extended to a relatively small number of counterparties, the overall quality of its loan portfolio could be adversely affected by a decline in the credit quality of such borrowers. Moreover, the Group's expansion in the Chinese Mainland and overseas markets may potentially impact the quality of its loan portfolio, where the Group is less able to control its loan portfolio quality and where uncertainties in economic and monetary policies are likely to severely affect its borrowers. Furthermore, in connection with its periodic examinations of BEA's operations, the Monetary Authority may in the future require BEA to change the classification of some of its loans which may increase the level of the Group's impaired loans. If the level of the Group's impaired loans or write-offs in its investment securities and other assets increases, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group may not be able to realise the full value of its collateral as a result of a downturn in the property markets, delays in bankruptcy and foreclosure proceedings, fraudulent transfers by borrowers and other factors beyond its control. Any decline in the value of the collateral securing the Group's loans may result in an increase in its impairment allowances and/or a reduction in the recovery from collateral realisation, any of which may adversely affect its business, financial condition and results of operations.

Different Loan Classification and Provisioning System

The Group's impaired loans are sub-divided into three categories: "sub-standard" (Grade 18), "doubtful" (Grade 19) and "loss" (Grade 20). When the repayment of an advance is uncertain (for example, there is a past-due record of 90 days or more), the Group downgrades the advance to "sub-standard". If full recovery of the advance is in doubt and the Group expects to sustain a loss of principal or interest, the Group classifies the advance as doubtful. Loss advances are those which are considered non-collectible after exhausting all collection efforts, such as the realisation of collateral and the institution of legal proceedings, and the liquidator or official receiver has ascertained the relevant recovery ratio.

The laws, regulations and guidelines governing banking business in Hong Kong differ from those applicable in certain other countries in certain respects and may result in particular loans being classified at a different time or being classified in a category reflecting a different degree of risk than would be required in certain other countries. In addition, the typical procedures for writing off loans in Hong Kong may result in loans being written-off later than would be the case for banks in certain other countries. Banks in Hong Kong may accrue interest on "sub-standard" loans in situations where such interest would not be accrued by banks in certain other countries. Whilst BEA believes that its loan provisioning policies are more prudent than those which are required under Hong Kong laws and regulations, the Group is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong.

Investments in Debt Securities

The Group holds a portfolio of debt securities with different investment grades. The Group has analysed its investments in debt securities according to the designation of external credit institutions such as Moody's. As at 30 June 2025, the Group had a total investment in debt securities of approximately HK$202,264 million, of which approximately 2.5 per cent. were rated Aaa, approximately 31.9 per cent. were rated between Aa1 to Aa3, approximately 40.0 per cent. were rated between A1 to A3, approximately 23.0 per cent. were rated lower than A3 and approximately 2.6 per cent. were unrated.

Given the uncertainties in the current credit and capital markets, there can be no assurance that the Group will not suffer any future marked-to-market losses on its original investment amount in its portfolio of debt securities.

Operational Risks Associated with the Group's Industry

The Group is exposed to various types of operational risks including, but not limited to, theft, forgery, fraud, unauthorised transactions, employee misconduct (for example, violations of anti-corruption regulations or other regulations governing the Group's business activities) and operational errors (for example, clerical mistakes or errors arising from faulty computer or telecommunications systems). Given the high volume of transactions conducted by the Group, certain errors may be repeated or compounded before they are detected and successfully rectified.

The Group may use direct marketing agents to market its retail credit products and may outsource certain operations or services from time to time. The Group is therefore exposed to third-party risks , where such parties may fail to fulfil their contractual obligations or may themselves be subject to fraud or operational errors caused by their employees. Moreover, the Group faces business continuity and data security risk both for its own operations and those of third parties in the event of system failures or natural disasters.

The Group's transaction recording and processing systems are vulnerable to technical flaws, human tampering or manipulation, any of which could result in losses. Furthermore, the Group's operating systems could be disrupted by events beyond its control (such as computer viruses, electrical outages, or telecommunication failures) and such disruptions may undermine the quality of the Group's

customer services and/or cause the Group to suffer losses or incur substantial liability. In addition, the rapid growth and expansion of the Group's business in recent years have increased the complexity of its internal and external control frameworks and risk management measures, thereby further elevating its exposure to operational risks.

The Group's business, reputation, results of operations, financial condition and prospects could be adversely affected should any of these operational risks materialise.

Legal, Litigation and Regulatory Proceedings

The Group is required to comply with legal and regulatory requirements, including, but not limited to, regulations on potential conflicts of interest, anti-money laundering and anti-terrorism laws and regulations, sales and trading practices, ethical issues, privacy laws, information security policies and conduct by companies with which it is associated. Failure to address these issues appropriately may give rise to legal and compliance risks, which may increase the number of litigation claims and the amount of damages asserted against the Group and/or subject the Group to regulatory enforcement actions, fines, penalties or reputational damage.

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Business of the Group — Litigation*" for further information. Litigation arising from any failure, injury or damage of the Group's operations, including, but not limited to, inadequate or failed internal processes, people or systems, or from external events, may result in the relevant member of the Group being named as defendant in lawsuits involving large claims or subject such member of the Group to significant regulatory penalties. These risks are often difficult to assess or quantify and their existence and magnitude could remain unknown for a substantial period of time. Actions or investigations brought against the Group or BEA's directors, officers or employees may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending these actions or investigations, the costs of such defence may be significant. The number of legal claims and amount of damages sought in litigation and regulatory proceedings may also increase at times of market downturn. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from investigations or adverse adjudications in proceedings against BEA's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, results of operations and prospects.

In addition, certain products and services provided by the Group are regulated by regulators including, but not limited to, the Securities and Futures Commission (the "**SFC**") in Hong Kong. From time to time, regulators in Hong Kong may introduce recommendations which are intended to provide tighter control and more transparency in the Hong Kong banking sector, in particular in relation to the selling of investment products to retail customers. Further, any failure of the Group to comply with relevant laws or regulations could result in administrative actions or sanctions, which may have an adverse effect on the Group's results of operations. There can be no assurance that breaches of relevant laws or regulations by the Group will not occur and, to the extent that such breaches do occur, that the Group will not be subject to significant liabilities or penalties. Apart from the above, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that could cause the Group to incur liabilities.

Compliance Risks Associated with the Bank's Staff, Customers or Other Entities

The Bank may be unable to fully detect and completely prevent any fraudulent act and other misconduct committed by the Bank's staff, customers or other entities, which could therefore subject the Bank to lawsuits, financial losses and sanctions imposed by governmental authorities as well as result in serious harm to the Bank's reputation. Such misconduct could take a variety of forms including, among others:

- improper extension of loans;
- misapplying or failing to apply the loan classification standards thereby resulting in mis-classifications within the Bank's loan portfolio;
- deposit fraud;
- falsifying or concealing information, including illegal or unlawful activities or credit information, during the credit application or loan classification process;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products to the Bank's customers;
- hiding unauthorised or illegal activities that may result in unknown and unmanaged risks or losses;
- engaging in unauthorised transactions to the Bank's detriment, breaching applicable laws or its internal control procedures or violating financial accounting rules;
- binding the Bank to transactions that exceed authorised limits;
- illegal fund-raising and other financing activities;
- settlement, sale and payment of foreign exchange in violation of the relevant regulations; and
- opening of bank acceptance bills without underlying transactions.

The misconducts may also include making or accepting bribery activities, conducting insider dealing, improperly using or disclosing confidential information and otherwise not complying with applicable laws and regulations. There can be no assurance by the Bank that there will be no such investigations against the employees of the Bank in the future. Types of misconduct conducted by other entities against the Bank include, among others, fraud, theft and robbery.

Compliance Risks Associated with Sanctions

The U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the U.S. State Department are primarily responsible for administering various economic or financial sanctions, trade embargoes and related restrictive measures imposed by the U.S. government. For instance, United States persons can be prohibited from engaging in any transactions with a designated target of certain sanctions, including the purchase and sale of, and the receipt of payments under, securities issued by such designated target. The United Nations Security Council, the European Union, the United Kingdom, the PRC and other governments and international or regional organisations also administer similar sanctions. These sanctions are intended to address a variety of policy concerns, including, but not limited to, denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes. For example, countries and territories such as Cuba, Iran, North Korea, Syria, Crimea and the Luhansk region, the Donetsk region, the Kherson region and the Zaporizhzhia region of Ukraine are the subject of or subject to sanctions for different reasons. The Group may incur higher costs and face greater compliance risks in structuring and operating its businesses to comply with the laws and regulations in relation to these sanctions.

The Group may from time to time engage in business activities in countries or territories or with entities and individuals that are the subject of or subject to sanctions. For example, certain customers of the Group have been designated as Specially Designated Nationals by OFAC. The Group has terminated or is in the process of terminating relationships with the relevant customers. In addition, certain existing customers of the Group have been identified on the Entity List administered by the United

States Department of Commerce's Bureau of Industry and Security. Notwithstanding that such relationships do not themselves subject the Group to primary U.S. economic sanctions, the Group may face secondary U.S. economic sanctions if it is determined to be providing material support to countries, territories, entities or individuals that are the subject of or subject to U.S. economic sanctions. If the Group engages in any prohibited transactions by any means, or if it is otherwise determined that any of the Group's transactions violated OFAC-administered sanctions, other sanctions regulations or export administration regulations, the Group could be directly or indirectly subject to penalties. The Group's reputation and ability to conduct future business in the United States or with U.S. entities, or in other relevant jurisdictions, could be affected, which may materially and adversely affect the Group's business, financial condition and results of operations. BEA's ability to service payments under the Notes and the Undated Capital Securities and to satisfy its other obligations under the Notes and the Undated Capital Securities may also be adversely affected.

Other Compliance Risks

The Group is required to comply with applicable anti-money laundering and anti-terrorism laws and regulations in Hong Kong and other jurisdictions in which the Group operates. Financial institutions in Hong Kong and the PRC are required to establish sound internal control policies and procedures with respect to anti-money laundering and anti-terrorism monitoring and reporting suspicious activities. Such policies and procedures require the Group to, among other things, designate an independent compliance officer, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has already adopted policies and procedures to monitor its operations and detect and prevent the use of the Group's network for money laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Group fails to fully comply with applicable laws, rules and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties (such as an asset freeze) on the Group. There can be no assurance that the Group will be able to detect any money laundering or other illegal or improper activities in a timely manner, or at all, which may adversely affect the Group's business, reputation, financial condition and results of operations.

Changes in Accounting Standards

The Group prepares its consolidated financial statements in conformity with the requirements of the Companies Ordinance (Cap. 622) of Hong Kong and in accordance with HKFRS as issued by the Hong Kong Institute of Certified Public Accountants.

From time to time, the Hong Kong Institute of Certified Public Accountants may issue new accounting standards that could materially impact how the Group calculates, reports and discloses its financial results and financial condition, and which may affect its capital ratios. The Group could be required to apply new or revised standards retrospectively, resulting in restating its prior period financial statements in material amounts. This could have a material adverse effect on the Group's business, financial condition, results of operations and capital position.

Information Technology Systems

The Group is highly dependent on the ability of its information technology systems to process a large number of transactions accurately across numerous and diverse markets and its broad range of products in a timely manner. The proper functioning of the Group's financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks connecting its various branches, sub-branches and its main data processing centres, are critical to its business operations and its ability to compete effectively. Any disruption to

or malfunction in the Group's information technology systems could have a material adverse impact on its business operations and would limit its ability to monitor and manage data, control financial and operation conditions, monitor and manage risk exposures, keep accurate records, provide quality customer services and develop and sell profitable products and services. Recovery from such disruptions or malfunctions may not be effective and insurances or other precaution measures taken may only indemnify the Group's losses in part, if at all.

Although the Group has maintained backup data for key data processing systems, established backup systems to carry on principal functions in the event of a catastrophe or primary system failure, and developed a disaster recovery plan to ensure information system functionality during disastrous events, there can be no assurance that its operations will not be materially disrupted if there is a partial or complete failure of any of its primary information technology systems or communications networks. Such failures could be caused by, among other things, hardware failures, software programme errors, computer virus attacks, network failures or conversion errors due to system upgrading, system relocation, failures to implement new information technology initiatives, human errors, natural disasters, war, terrorist attacks, blackouts and unanticipated problems of facilities, many of which are beyond the Group's control. In addition, any security breach caused by unauthorised access to information or systems, loss or corruption of data and malfunction of software, hardware or other computer equipment could have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

In addition, the information available to and received by the Group through its existing information technology systems may not be timely or sufficient to manage risks and plan for, and respond to, market changes and other developments in its current operating environment. The Group's ability to remain competitive will depend, in part, on its ability to upgrade its information technology systems on a timely and cost-effective basis. While the Group is making, and intends to continue to make, investments to improve or upgrade its information technology systems, delays, system failures or other accidents may occur during system upgrades or renovation. In addition, the upgraded or new systems may not be able to achieve the anticipated processing capacity and availability, and may not be able to meet the needs of the Group's growth strategies. The failure to address these problems promptly and effectively could result in its inability to perform, or delays in performing, critical business operational functions, the loss of key business data or a failure to comply with regulatory requirements, any of which could have a material adverse effect on the Group's business, competitiveness, financial condition and results of operations.

Internet Banking Services

To the extent that the Group's internet banking activities involve the storage and transmission of confidential information, security breaches or cyber-attacks could expose it to possible liability and reputation damage from, among other things, the unauthorised dissemination of customer information and identity theft. The Group's information technology systems may be vulnerable to unauthorised access, computer viruses or other disruptive problems that may affect the proper functioning of its information technology systems. Costs incurred in preventing any security threats, detecting any defects in software products and rectifying any such disruptive problems may be high and may adversely affect the Group's business, reputation, financial condition and results of operations. Concerns regarding security risks may deter the Group's existing and potential customers from using its internet banking products and services. Eliminating computer viruses and alleviating other security problems may also result in interruptions, delays or termination of services to users accessing the Group's internet banking services. There can be no assurance that the Group's internet banking services will not experience any further disruptions or delays, or that its internet banking service will not experience other security problems in the future. If the Group cannot detect security risks in advance or adequately protect its information systems against software leaks or computer viruses, or its information systems sustain a high volume of network traffic, its internet banking business may be materially and adversely affected.

Moreover, the Group provides online financial services such as securities brokerage services to its customers. Security breaches, disruption to or instability of the Group's online service platforms could impair its ability to serve its customers, execute trades on their behalf and on its own account, any of which could materially and adversely affect its results of operations and reputation.

Different Corporate Disclosure and Regulatory Requirements

BEA's issued shares are listed on the HKSE and, as such, BEA is required to publish annual audited and semi-annual unaudited financial information. However, the extent of publicly available information of issuers in Hong Kong may be less than that publicly available for comparable banks in certain other countries.

Under the Banking Ordinance (Cap. 155) of Hong Kong (the "**Banking Ordinance**"), the Monetary Authority regulates the business activities and operations of authorized institutions and has the ability to influence banking and financial markets. Since the Group operates in the highly regulated banking and securities industries in Hong Kong, potential investors should be aware that the regulatory requirements in Hong Kong may differ from those that prevail in other countries and the regulatory authorities have been consistently imposing higher standards and formulating new guidelines and regulatory requirements. In addition to the above-mentioned Hong Kong regulatory requirements, the Group is also required to comply with regulatory requirements applicable in each of the countries in which it operates, which may be different from, and in some cases, more stringent than, Hong Kong regulatory requirements. The Group has taken steps to implement the recommendations by relevant regulators and to comply with any new or modified regulations. Increased regulations and the requirements for more stringent investor protections have increased the Group's operational and compliance expenses. Any changes in regulations, governmental policies, income tax laws or rules and accounting principles, as well as international conventions and standards relating to commercial banking operations in Hong Kong or as otherwise applicable to the Group, could affect the Group's operations. There can be no assurance that the relevant regulatory authorities will not implement further regulations and that such changes will not materially increase the Group's operational and compliance costs or adversely affect its business or operations. There can also be no assurance that breaches of legislation or regulations by the Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

Occurrence (or escalation and/or intensification) of any force majeure events, such as political unrest, civil disobedience movements, war, natural disasters or outbreaks of health epidemics and contagious diseases in Asia or elsewhere

Any future political unrest, civil disobedience movements, war, natural disasters or outbreaks of health epidemics and contagious diseases including avian influenza, the Ebola virus, Severe Acute Respiratory Syndrome, H1N1 Flu and COVID-19 may adversely affect the Group's business, financial condition and operations. Possible force majeure events may also give rise to additional costs to be borne by the Group and have adverse effects on the quality of the Group's assets, business, financial condition and operations.

An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may, in turn, adversely affect the Group's business. In addition, the occurrence of severe natural disasters in any of the regions in which the Group operates may adversely affect the local economy and, in turn, the Group's business. There can be no assurance that any future occurrence of political unrest, civil disobedience movements, war, natural disasters or outbreaks of health epidemics and contagious diseases, or the measures taken by any relevant government or other countries in response to such events, will not interrupt the Group's operations or those of its customers, which may have an adverse effect on its business, financial condition and results of operations.

Environmental, Social and Governance ("ESG") Related Matters

As the Group advances toward its ESG ambitions and targets, it faces heightened reputational, legal and regulatory risks. Stakeholders are likely to intensify scrutiny of the Group's actions, including the development of climate and ESG-related policies, disclosures as well as financing and investment decisions aligned with its ESG goals. The Group is exposed to additional risks if it knowingly or unknowingly makes inaccurate, unclear, misleading or unsubstantiated sustainability claims to stakeholders.

Requirements, policy objectives, expectations, and market or public perceptions concerning the transition to a net zero economy and ESG matters may vary significantly by jurisdiction and stakeholder. This is especially pertinent given the diverse perspectives across markets on climate impacts and appropriate responses to climate change. The Group may encounter conflicting ESG approaches within certain jurisdictions, potentially affecting its ability to operate, and exposing it to increased regulatory compliance, reputational, political or litigation risks. For example, the Group's reputation and client relationships could be adversely affected by decisions to engage or refrain from engaging in projects perceived as contributing to or worsening climate change. Decisions to continue, modify or cease activities in response to climate considerations, including the net zero transition, may also carry risks. These challenges are amplified by divergent implementation of ESG, climate policies and financial regulations across the various regions in which the Group operates, including policies enforced with extraterritorial reach.

Regulatory and disclosure requirements related to human rights continue to evolve and intensify. Businesses are expected to demonstrate transparency in identifying and addressing adverse human rights impacts arising from their operations and relationships. Failure to effectively manage these risks could harm communities and individuals, leading to reputational damage, regulatory non-compliance and legal consequences for the Group.

Across all ESG-related risks, the Group must ensure that its strategy and business model adapt to meet evolving regulatory requirements, stakeholder expectations and market dynamics. The pace of change in these areas is rapid and significant. The Group's success in achieving its ESG strategy and any related ambitions or targets is also dependent on external factors beyond its control, such as technological advancements and supportive public policies in its operating markets. If these external conditions do not materialise or are delayed, the Group may fail to achieve its ESG related ambitions and targets.

Should any of these risks materialise, they could have substantial financial and non-financial consequences, potentially causing a material adverse effect on the Group's business, financial condition, results of operations, reputation, prospects and strategic outlook.

Further Issuance of Securities

The Group's financial condition, results of operations and capital position are affected by a range of factors such as economic conditions, interest rates, the credit environment, asset quality, operating income and level of provisioning. A slowdown in the economy could lead to a deterioration in the Group's asset quality and an increase in provisions for bad and doubtful debts, which may result in a deterioration of BEA's capital adequacy position or breach of capital requirements under Hong Kong laws, rules and regulations (including guidelines issued by the Monetary Authority). In addition, the Monetary Authority may increase BEA's required capital adequacy ratio levels in the future in response to, among other things, an adverse economic or credit environment or regulatory changes.

In order to strengthen its capital adequacy position or to ensure that it remains in compliance with applicable capital requirements under Hong Kong laws, rules and regulations (including guidelines issued by the Monetary Authority), the Group may from time to time raise additional capital through such means and in such manner as it may consider appropriate including, but not limited to, the issue of further subordinated notes or other hybrid capital instruments, subject to any regulatory approval

that may be required. There can be no assurance that such future capital raising activities will not adversely affect the market price of the Undated Capital Securities in the secondary market. There can also be no assurance that the Group will be able to obtain additional capital in a timely manner, on acceptable terms, or at all.

OECD's Common Reporting Standard

The Organisation for Economic Co-operation and Development (the "**OECD**") has developed a common reporting standard (the "**CRS**") and model competent authority agreement to enable the multilateral and automatic exchange of financial account information. The CRS does not include a potential withholding element. Under the CRS, financial institutions are required to identify and report the tax residence status of customers in all the countries that have endorsed the CRS.

The adoption of the CRS in the PRC and Hong Kong became effective on 1 January 2017. The PRC and Hong Kong financial institutions have begun collecting tax residency information from their account holders from 1 January 2017 for submission of information on reportable account holders in 2018. The increased due diligence of customer information and the reporting of information to the tax authorities will continue to increase operational and compliance costs for banks, including the Group.

CONSIDERATIONS RELATING TO THE NOTES AND THE UNDATED CAPITAL SECURITIES

The establishment of a resolution regime in Hong Kong may override the contractual terms of the Notes and the Undated Capital Securities

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorized institutions and other within scope financial institutions in Hong Kong as may be designated by the relevant resolution authorities, which includes the Issuer as the issuer of the Notes and the Undated Capital Securities. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorized institution or within scope financial institution in Hong Kong. In particular, and subject to certain safeguards, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes and the Undated Capital Securities or the principal amount of, or interest or distribution on, the Notes and the Undated Capital Securities, and powers to amend or alter the contractual provisions of the Notes and the Undated Capital Securities, all of which may adversely affect the value of the Notes and the Undated Capital Securities, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes and the Undated Capital Securities will be subject to and bound by the FIRO. The implementation of the FIRO remains untested and certain details relating to the FIRO will be set out through secondary legislation and supporting rules. Therefore, the Issuer is unable to assess the full impact of the FIRO on the financial system generally, the Issuer's counterparties, the Issuer, any of its consolidated subsidiaries, its operations and/or its financial position.

The Notes and Undated Capital Securities may not be a suitable investment for all investors

The Notes and the Undated Capital Securities are complex and high risk. Each potential investor in the Notes and the Undated Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of Notes and the Undated Capital Securities, the merits and risks of investing in the Notes and the Undated Capital Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the Undated Capital Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes and the Undated Capital Securities, including where the currency for principal, interest or distribution payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and the Undated Capital Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes and the Undated Capital Securities are complex financial instruments. A potential investor must not invest in the Notes and the Undated Capital Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes and the Undated Capital Securities will perform under changing conditions, including the effects of inflation, the resulting effects on the value of the Notes and the Undated Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Decisions that may be made on behalf of all Noteholders and Securityholders may be adverse to the interests of individual holders of the Notes and the Undated Capital Securities. Modifications and waivers may be made in respect of the Note Conditions, the Undated Capital Securities Conditions, the Trust Deed or the Agency Agreement by the Trustee or less than all of the Noteholders or the Securityholders

The Note Conditions and the Undated Capital Securities Conditions contain provisions for calling meetings of Noteholders and Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Securityholders including Noteholders and Securityholders who did not attend and vote at the relevant meeting and Noteholders and Securityholders who voted in a manner contrary to the majority. The Note Conditions and the Undated Capital Securities Conditions also provide that the Trustee may agree, without the consent of the Noteholders and Securityholders, to (i) any modification of any of the provisions of the Trust Deed, the Note Conditions or the Undated Capital Securities Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, or (ii) any other modification (except as mentioned in the Trust Deed) of any provisions of

the Trust Deed and/or the Note Conditions and/or the Undated Capital Securities Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders and/or Securityholders. In addition, the Note Conditions and the Undated Capital Securities Conditions may be amended, modified, or varied in relation to any Series of Notes and the Undated Capital Securities by the terms of the relevant Pricing Supplement in relation to such Series.

The Trustee may agree, without the consent of the Noteholders and Securityholders, to the substitution in place of the Issuer as principal debtor under the Notes or the Undated Capital Securities

The Note Conditions and the Undated Capital Securities Conditions provide that the Trustee may agree, without the consent of the Noteholders and Securityholders, to the substitution of the Issuer's successor in business or certain subsidiary of the Issuer or its successor in business or any holding company of the Issuer or any other subsidiary of any such holding company or their respective successor in business in place of the Issuer as principal debtor under the Notes or the Undated Capital Securities. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders and Securityholders, to a change of the governing law of the Notes, the Undated Capital Securities and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders and/or Securityholders.

Change of Law

The Note Conditions and the Undated Capital Securities Conditions, and any non-contractual obligations arising out of or in connection with them, are governed by English law (except for the provisions relating to subordination, Non-Viability Events and the exercise of Hong Kong Resolution Authority Power which are governed by Hong Kong law). No assurance can be given as to the impact of any possible judicial decision or change to English or Hong Kong law or administrative practice after the date of issue of the relevant Notes and the Undated Capital Securities Conditions.

Secondary Market

The Notes and the Undated Capital Securities may have no established trading market when issued and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes and the Undated Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a material adverse effect on the market value of Notes and the Undated Capital Securities.

The Trustee may request Noteholders or Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 11 and the taking of actions and/or enforcement steps under Condition 13 of the Note Conditions and the Undated Capital Securities Conditions), the Trustee may (at its sole discretion) request Noteholders or Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders or Securityholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Note Conditions and the Undated Capital Securities Conditions) and in such circumstances, or where there is uncertainty or dispute as to applicable laws or regulations and/or its rights to do so under the Trust Deed and/or the Note Conditions and the Undated Capital Securities Conditions and, to the extent permitted by the Trust Deed and the Note Conditions and the Undated Capital Securities Conditions and applicable law and regulations, it will be for the Noteholders and Securityholders to take such actions directly.

Exchange rate risks and exchange controls may result in a potential investor receiving less interest, distribution or principal than expected

The Issuer will pay principal and interest on the Notes and principal and distribution on the Undated Capital Securities in the currency specified. This presents certain risks relating to currency conversions if a potential investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes and the Undated Capital Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes or the Undated Capital Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes and the Undated Capital Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes and the Undated Capital Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and the Undated Capital Securities and (iii) the Investor's Currency equivalent market value of the Notes and the Undated Capital Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a potential investor may receive less interest, distribution or principal than expected, or no interest, distribution or principal. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes and the Undated Capital Securities.

Lack of Public Market for the Notes and the Undated Capital Securities

There can be no assurance as to the liquidity of the Notes and the Undated Capital Securities or that an active trading market will develop. The liquidity of the Notes and the Undated Capital Securities will be adversely affected if they are held or allocated to a single investor or limited investors. If such a market were to develop where a significant portion of the aggregate principal amount of the Notes and the Undated Capital Securities are held by limited investors, the Notes and the Undated Capital Securities may trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Dealers are not obliged to make a market in the Notes and the Undated Capital Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealers. No assurance can be given as to the liquidity of, or trading market for, the Notes and the Undated Capital Securities.

The liquidity and price of the Notes and the Undated Capital Securities following the offering may be volatile

The price and trading volume of the Notes and the Undated Capital Securities may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes and the Undated Capital Securities to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes and the Undated Capital Securities. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes and the Undated Capital Securities

The market price of the Notes and the Undated Capital Securities may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes and the Undated Capital Securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in

each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuer in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes and the Undated Capital Securities could be adversely affected.

Inability to comply with the restrictions and covenants contained in the Group's debt agreements

If the Group is unable to comply with the restrictions and covenants in its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be.

Ratings of the Notes and the Undated Capital Securities may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes and the Undated Capital Securities. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform their respective obligations under the Notes and the Undated Capital Securities and the credit risks in determining the likelihood that payments will be made when due under the Notes and the Undated Capital Securities. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes and the Undated Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. There can be no assurance that the ratings assigned to any Notes or Undated Capital Securities will remain in effect for any given period or that the ratings will not be suspended, lowered, revised or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Issuer is not obligated to inform the Noteholders or the Securityholders of any such downgrade, suspension, revision or withdrawal. A suspension, downgrade, revision or withdrawal of the ratings of any Notes or Undated Capital Securities at any time may materially and adversely affect the market price of the Notes and the Undated Capital Securities and the Issuer's ability to access the debt capital markets.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be or used as "benchmarks" have been the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others have yet to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes or Undated Capital Securities linked to or referencing such a benchmark. Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-European-Union based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-European-Union based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use

of a benchmark in the United Kingdom. Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the United Kingdom Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes or Undated Capital Securities linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Any potential elimination of any benchmark or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes or Undated Capital Securities linked to or referencing a benchmark.

Other interbank offered rates (each an "**IBOR**") suffer from similar weaknesses to the now discontinued LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Changes to the administration of an IBOR or the emergence of alternatives to an IBOR, may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Floating Rate Notes and Floating Rate Undated Capital Securities referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Floating Rate Notes and Floating Rate Undated Capital Securities linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Floating Rate Notes and Floating Rate Undated Capital Securities linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market are being developed, outstanding Floating Rate Notes and Floating Rate Undated Capital Securities linked to or referencing an IBOR may transition away from such IBOR in accordance with the particular fallback arrangements set out in their terms and conditions. The operation of these fallback arrangements could result in a different return for Noteholders and Securityholders (which may include payment of a lower Rate of Interest) than they might receive under other similar securities which contain different or no fallback arrangements (including which they may otherwise receive in the event that legislative measures or other initiatives (if any) are introduced to transition from any given IBOR to an alternative rate).

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes or Floating Rate Undated Capital Securities is to be determined, the Note Conditions and the Undated Capital Securities Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Note Conditions and the Undated Capital Securities Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainties as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes and Floating Rate Undated Capital Securities.

Benchmark Events include (among other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Floating Rate Notes and Floating Rate Undated Capital Securities initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Note Conditions and the Undated Capital Securities Conditions provide that the Issuer may vary the Note Conditions and the Undated Capital Securities Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders or the Securityholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Note Conditions and the Undated Capital Securities Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Floating Rate Notes or the Floating Rate Undated Capital Securities performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Note Conditions and the Undated Capital Securities Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Floating Rate Notes and Floating Rate Undated Capital Securities linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Floating Rate Notes or the relevant Floating Rate Undated Capital Securities, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes and the Floating Rate Undated Capital Securities, in effect, becoming Fixed Rate Notes and Fixed Rate Undated Capital Securities, respectively.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes and Floating Rate Undated Capital Securities is to be determined, the Note Conditions and Undated Capital Securities Conditions provide that the Rate of Interest in respect of the Notes and the Undated Capital Securities shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "**IBOR**" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainties as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes and the Floating Rate Undated Capital Securities.

The use of Secured Overnight Financing Rate ("SOFR") as a reference rate is subject to important limitations

The rate of interest on the Floating Rate Notes and the Floating Rate Undated Capital Securities may be calculated on the basis of SOFR (as further described under Condition 5(b)(iii)(C) of the Note Conditions and Condition 4(b)(iii)(C) of the Undated Capital Securities Conditions).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar LIBOR. However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repofinancing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, but not limited to, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes and Undated Capital Securities with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest

period. As a consequence of this calculation method, the amount of interest payable on each interest payment date and the amount of distribution payable on each distribution payment date will only be known a short period of time prior to the relevant interest payment date and the relevant distribution payment date, respectively. Noteholders and Securityholders therefore will not know in advance the interest amount and the distribution amount which will be payable on such Notes and Undated Capital Securities.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders and Securityholders should not rely on any historical changes or trends in the SOFR as an indicator of future changes in the SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of the SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources. There can be no guarantee that the SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders and the Securityholders. If the manner in which the SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and the amount of distribution payable on the Undated Capital Securities and a reduction in the trading prices of the Notes and the Undated Capital Securities which would negatively impact the Noteholders and the Securityholders who could lose part of their investment.

The Note Conditions and the Undated Capital Securities Conditions provide for certain fallback arrangements in the event that a SOFR Benchmark Event occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders and Securityholders. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes or Undated Capital Securities linked to SOFR.

The market continues to develop in relation to risk-free rates (including SONIA and SOFR) as reference rates for Floating Rate Notes and Floating Rate Undated Capital Securities

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Sterling Overnight Index Average ("**SONIA**") and the Secured Overnight Financing Rates ("**SOFR**"), as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. For example, on 29 November 2017, the Bank of England and the United Kingdom Financial Conduct Authority announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to SONIA over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The New York Federal Reserve (the "**NY Federal Reserve**") also began to publish SOFR in April 2018, and although the New York Federal Reserve has also begun publishing historical indicative SOFR going back to 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Therefore, such risk-free rates have a limited performance history and the future performance of such risk-free rates is impossible to predict. As a consequence no future performance of the relevant risk-free rate or Notes or Undated Capital Securities referencing such risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, examples of which include term SONIA reference rates and term SOFR reference rates (which seek to measure the market's forward expectation of a SONIA or SOFR rate over a designated term). The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Note Conditions and the Undated Capital Securities Conditions. In addition, the manner of adoption or application of risk-free rates in the markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such risk-free rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes or Undated Capital Securities referencing risk-free rates.

The use of risk-free rates as reference rates for notes and undated capital securities is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of notes and undated capital securities referencing such rates. Notes and Undated Capital Securities referencing risk-free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes and Undated Capital Securities or mean that investors in such Notes and Undated Capital Securities may not be able to sell such Notes and Undated Capital Securities at all or may not be able to sell such Notes and Undated Capital Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes or Undated Capital Securities referencing risk-free rates.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes and the Undated Capital Securities are legal investments for it, (ii) Notes and the Undated Capital Securities can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Note or Undated Capital Security. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes and the Undated Capital Securities under any applicable risk-based capital or similar rules.

CONSIDERATION RELATING TO THE UNDATED CAPITAL SECURITIES

The Undated Capital Securities are perpetual securities and investors have no right to require redemption

The Undated Capital Securities are perpetual securities and have no maturity date. Securityholders have no right to require the Issuer to redeem their Undated Capital Securities whereas the Issuer can redeem the Undated Capital Securities in certain circumstances as described in the Undated Capital Securities Conditions. However, the Issuer is under no obligation to redeem the Undated Capital Securities at any time. The ability of the Issuer to redeem the Undated Capital Securities is subject to the Issuer (a) obtaining the prior written consent of the Monetary Authority (if then required) to the redemption, and (b) satisfying any conditions that the Monetary Authority may impose at that time.

This means that Securityholders have no ability to cash in their investment in the Undated Capital Securities, except if the Issuer exercises its right to redeem the Undated Capital Securities pursuant to the Undated Capital Securities Conditions or by selling their Undated Capital Securities. However, there can be no guarantee that the Issuer will exercise its option to redeem the Undated Capital

Securities or the Issuer will be able to meet the conditions for redemption of the Undated Capital Securities. Securityholders who wish to sell their Undated Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Undated Capital Securities.

In addition, upon the occurrence of a withholding tax event (as described in Condition 6(c)(i) of the Undated Capital Securities Conditions), a tax deduction event (as described in Condition 6(c)(ii) of the Undated Capital Securities Conditions) or a Capital Event (as defined in Condition 6(e) of the Undated Capital Securities Conditions), the Undated Capital Securities may be redeemed at the relevant redemption amounts, as more particularly described in the Undated Capital Securities Conditions. Also, if any Non-Viability Event occurs or Hong Kong Resolution Authority Power is exercised, as more fully described in "*— Considerations Relating to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes And Undated Capital Securities — The terms of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities may contain non-viability loss absorption and Hong Kong Resolution Authority Power provisions*" and in the Undated Capital Securities Conditions, Securityholders may lose up to the full principal amount of the Undated Capital Securities.

There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Undated Capital Securities.

Distributions in respect of the Undated Capital Securities will not be cumulative and may be cancelled

The Undated Capital Securities Conditions provide that no amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event (as defined in Condition 5(b) of the Undated Capital Securities Conditions) or an Optional Distribution Cancellation Event (as defined in Condition 5(a) of the Undated Capital Securities Conditions). In case of such Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event, the Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date and any such failure shall not constitute a default under the Undated Capital Securities Conditions. In addition, Distributions in relation to Undated Capital Securities are non-cumulative and any Distribution which is cancelled in accordance with the Undated Capital Securities Conditions shall not be payable at any time thereafter. Investors should consider these matters when making their investment decision with respect to the Undated Capital Securities.

CONSIDERATIONS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES OR UNDATED CAPITAL SECURITIES

A wide range of Notes and Undated Capital Securities may be issued under the Programme. A number of these Notes or Undated Capital Securities may have features which contain particular risks for potential investors. Set out below is a description of certain of such features:

Notes or Undated Capital Securities subject to optional redemption by the Issuer may have a lower market value than Notes or Undated Capital Securities that cannot be redeemed

An optional redemption feature is likely to limit the market value of Notes or Undated Capital Securities. During any period when the Issuer may elect to redeem Notes or Undated Capital Securities, the market value of those Notes or Undated Capital Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes or Undated Capital Securities when its cost of borrowing is lower than the interest rate on the Notes or the distribution rate on the Undated Capital Securities. At those times, a potential investor generally would not be able to reinvest the redemption proceeds

at an effective interest rate as high as the interest rate on the Notes or the distribution rate on the Undated Capital Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes or Undated Capital Securities have features which are different from single currency issues

The Issuer may issue Notes or Undated Capital Securities with principal or interest payable in one or more currencies which may be different from the currency in which the Notes or the Undated Capital Securities are denominated. Each potential investor should be aware that:

(i) the market price of such Notes or Undated Capital Securities may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or Undated Capital Securities or even zero;

(v) a Relevant Factor (as defined below) may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Failure by a potential investor to pay a subsequent instalment of partly-paid Notes may result in it losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in a potential investor losing all of its investment.

The market price of floating rate Notes and floating rate Undated Capital Securities with a multiplier or other leverage factor may be volatile

Notes and Undated Capital Securities with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Notes or Undated Capital Securities, the interest rate of which may be converted from fixed to floating interest rates, and vice-versa, may have lower market values than other Notes or Undated Capital Securities

Fixed or Floating Rate Notes or Undated Capital Securities may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes or Undated Capital Securities since it may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.

If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed or Floating Rate Notes or Undated Capital Securities may be less favourable than then prevailing spreads on comparable Floating Rate Notes or Floating Rate Undated Capital Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes and Undated Capital Securities. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes and Undated Capital Securities.

The market prices of Notes and the Undated Capital Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks associated with Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) the payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes and the Undated Capital Securities with a multiplier or other leverage factor

Notes and the Undated Capital Securities with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Bearer Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, each potential investor should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

CONSIDERATIONS RELATING TO NON-PREFERRED LOSS ABSORBING NOTES, DATED SUBORDINATED NOTES AND UNDATED CAPITAL SECURITIES

Certain considerations relating to enforcement

In most circumstances, the sole remedy against the Issuer available to the Trustee (on behalf of the holders of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities) to recover any amounts owing in respect of the principal of or interest on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, or the principal of or distribution on the Undated Capital Securities will be to institute proceedings for the winding-up of the Issuer in Hong Kong. See "*Terms and Conditions of the Notes other than the Undated Capital Securities — Events of Default and Default" and "Terms and Conditions of the Undated Capital Securities — Default and Enforcement"*.

If the Issuer defaults on the payment of principal or interest on the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, or any amount of principal or distributions on the Undated Capital Securities, the Trustee will only institute a proceeding in Hong Kong for the winding-up of the Issuer if it is so contractually obliged. The Trustee will have no right to accelerate payment of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes or the Undated Capital Securities in the case of default in payment or failure to perform a covenant except as they may be so permitted in the Trust Deed.

To the extent that the Trustee or the holders of the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities are entitled to any recovery with respect to the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities in any Hong Kong proceedings, the Trustee and such holders of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Hong Kong dollars.

In Hong Kong proceedings, if the Issuer's assets become subject to the control of a court-appointed receiver, interest or distributing on the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities would cease to accrue on the date of the court order and the relevant U.S. dollar amounts would be converted to Hong Kong dollars as at such date for purpose of claims.

Subordination of the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities could impair an investor's ability to enforce its rights or realise any claims on the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities

The Non-Preferred Loss Absorbing Notes will be direct and unsecured obligations of the Issuer and shall rank subsequent in priority to all unsubordinated creditors of the Issuer. The Dated Subordinated Notes will be direct, unsecured and subordinated obligations of the Issuer and shall rank subordinate and junior in priority to the claims of all unsubordinated creditors of the Issuer and the holders of Non-Preferred Loss Absorbing Instruments.

Upon the occurrence of any winding-up proceeding, the rights of the holders of the relevant Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities to payments on such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of the Issuer except those liabilities which rank equally with or junior to the relevant Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities. In a winding-up proceeding, the holders of the relevant Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. As there is no precedent for a winding-up of a major financial institution in Hong Kong, there are uncertainties as to the manner in which such a proceeding would occur and the results thereof. Although Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities may pay a higher rate of interest or distribution than comparable instruments which are not subordinated, there is a risk that an investor in Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities will lose all or some of its investment should the Issuer become insolvent.

In addition, payments of principal, interest and distribution in respect of the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities are conditional upon the Issuer being solvent. No such principal, interest or distribution will be payable in respect of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. See Condition 3 of "*Terms and Conditions of the Notes other than the Undated Capital Securities*" for a full description of subordination and the payment obligations of the Issuer under the Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes and see Condition 3 of "*Terms and Conditions of the Undated Capital Securities*".

The terms of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities may contain non-viability loss absorption and Hong Kong Resolution Authority Power provisions

To the extent that a series of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities contains provisions relating to loss absorption and Hong Kong Resolution Authority Power upon the occurrence of a Non-Viability Event of the Issuer as determined by the relevant Hong Kong Resolution Authority, the Issuer may be required, subject to the terms of the relevant series of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities, irrevocably (without the need for the consent of the holders of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities) to effect either a full write-off of the outstanding principal and accrued and unpaid interest or distribution in respect of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities, or a conversion of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities into the ordinary shares of the Issuer. To the extent relevant in the event that Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities are written off, any written-off amount shall be irrevocably lost and holders of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities will cease to have any

claims for any principal amount and accrued but unpaid interest or distribution which has been subject to write-off. In the event that Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities feature a conversion to the ordinary shares of the Issuer upon the occurrence of a Non-Viability Event, holders would not be entitled to any reconversion of ordinary shares to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities.

The occurrence of a Non-Viability Event and the exercise of Hong Kong Resolution Authority Power may be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control

The occurrence of a Non-Viability Event and the exercise of Hong Kong Resolution Authority Power are dependent on a determination by the relevant Hong Kong Resolution Authority (a) that a write-off, without which the Issuer would become non-viable, is necessary; or (b) a decision has been made to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable. As a result, the relevant Hong Kong Resolution Authority may require or may cause a write-off in circumstances that are beyond the control of the Issuer and the Group and with which neither the Issuer nor the Group agree. Because of the inherent uncertainties regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-off will occur. Accordingly, the trading behaviour in respect of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Issuer is trending towards a Non-Viability Event could have a material adverse effect on the market price of the relevant Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities.

Potential investors should consider the risk that a holder of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities which have the non-viability loss absorption feature may lose all of their investment in such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities, including the principal amount plus any accrued but unpaid interest or distribution, in the event that a Non-Viability Event occurs.

There is no assurance that any contractual provisions with non-viability loss absorption or Hong Kong Resolution Authority Power features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that the relevant Hong Kong Resolution Authorities may implement in the future. There is a risk that any relevant Hong Kong Resolution Authority may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

The Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities may be subject to a full or partial Write-off

Investors may lose the entire amount of their investment in any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities in which Write-off (as defined in the Note Conditions and the Undated Capital Securities Conditions) upon the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power is specified, which will lead to a full or partial Write-off. Upon the occurrence of a Write-off, the principal amount and any accrued but unpaid interest or distribution of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities will automatically be written down and if there is a full Write-off, the principal amount and any accrued but unpaid interest or distribution may be written down completely and such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities will be automatically cancelled.

In addition, the subordination and set-off provisions set out in Condition 3 of the Note Conditions and the Undated Capital Securities Conditions are effective only upon the occurrence of any winding-up proceedings of the Issuer. In the event that a Non-Viability Event occurs or the Hong Kong Resolution Authority Power is exercised, the rights of holders of Non-Preferred Loss Absorbing Notes, Dated

Subordinated Notes and Undated Capital Securities and the Receipts and Coupons relating to the Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes shall be subject to Condition 7. This may not result in the same outcome for Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities as would otherwise occur under Condition 3 upon the occurrence of any winding-up proceedings of the Issuer.

Furthermore, upon the occurrence of a Write-off of any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities, interest or distribution will cease to accrue and all interest or distribution amounts that were not due and payable prior to the Write-off shall become null and void. Consequently, Noteholders or Securityholders will not be entitled to receive any interest or distribution that has accrued on such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities from (and including) the last Interest Payment Date or last Distribution Payment Date falling on or prior to the Non-Viability Event Notice.

Any such Write-off will be irrevocable and the Noteholders or Securityholders will, upon the occurrence of a Write-off, not receive any shares or other participation rights of the Issuer or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Issuer or any other member of the Group, or be entitled to any subsequent write-up or any other compensation in the event of a potential recovery of the Issuer or the Group.

Any failure to provide a Non-Viability Event Notice, whether at all or otherwise in accordance with the prescribed time period in the Note Conditions or the Undated Capital Securities Conditions, shall not invalidate any Write-off.

Upon the occurrence of a Non-Viability Event, clearance and settlement of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities will be suspended and there may be a delay in updating the records of the relevant clearing system to reflect the amount written-off

Following the receipt of a Non-Viability Event Notice, all clearance and settlement of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes and the Undated Capital Securities will be suspended. As a result, Noteholders or Securityholders will not be able to settle the transfer of any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities from the commencement of the Suspension Period (as defined in "*Terms and Conditions of the Notes other than the Undated Capital Securities*" and "*Terms and Conditions of the Undated Capital Securities*"), and any sale or other transfer of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes and the Undated Capital Securities that a holder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by the relevant clearing system and will not be settled within the relevant clearing systems.

While a Tranche of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities that contains non-viability loss absorption or Hong Kong Resolution Authority Power provisions is represented by one or more Global Notes or Global Certificates (as applicable) and a Non-Viability Event occurs, the records of Euroclear and Clearstream or any other clearing system (other than the CMU) in respect of their respective participants' position held in such Tranche of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities may not be immediately updated to reflect the amount to be written-off (where applicable) and may continue to reflect the nominal amount of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities prior to the Write-off as being outstanding, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-off is scheduled. Notwithstanding such delay, holders of such Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities may lose the entire value of their investment in Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities on the date on which the Write-off occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records.

Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Bond or Global Certificate (as applicable) will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The operation of the resolution regime in Hong Kong may override the contractual terms of the Notes and the Undated Capital Securities

In Hong Kong, the FIRO became effective on 7 July 2017. The Monetary Authority is the relevant Hong Kong Resolution Authority in relation to banking sector entities in Hong Kong, such as the Issuer. The Monetary Authority's powers under FIRO include, but are not limited to, powers to write off or convert all or a part of the principal amount of, or interest or distribution on, the Notes or the Undated Capital Securities, and powers to amend or alter the contractual provisions of the Notes or the Undated Capital Securities. Whilst the FIRO sets out a framework of the resolution regime in Hong Kong, much of the detail is to be legislated through secondary legislation and supporting rules, and as such the impact of it on the Notes and the Undated Capital Securities cannot currently be fully accurately assessed.

The operation of the resolution regime in Hong Kong may affect the rights of the Noteholders and Securityholders and could result in the Noteholders and Securityholders losing their rights in relation to accrued and future interest or distribution without compensation. See "— *The terms of Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities may contain non-viability loss absorption and Hong Kong Resolution Authority Power provisions*".

Regulations on non-viability loss absorption and Hong Kong Resolution Authority Power are new, untested and subject to interpretation and application by regulations in Hong Kong

The regulations on non-viability loss absorption and Hong Kong Resolution Authority Power are new and untested, and will be subject to the interpretation and application by the relevant Hong Kong Resolution Authority. It is uncertain how the relevant Hong Kong Resolution Authority would determine the occurrence of a Non-Viability Event and the exercise of the Hong Kong Resolution Authority Power, and it is possible that the grounds that constitute Non-Viability Events may change (including that additional grounds are introduced).

Accordingly, the operation of any such future legislation may have an adverse effect on the position of holders of any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities.

A potential investor must not invest in any Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes or Undated Capital Securities unless it has the knowledge and expertise to evaluate how the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes and the Undated Capital Securities will perform under changing conditions, the resulting effects on the likelihood of a Write-off and the value of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes and the Undated Capital Securities, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

CONSIDERATIONS RELATING TO RENMINBI-DENOMINATED NOTES AND UNDATED CAPITAL SECURITIES

Notes and the Undated Capital Securities denominated in Renminbi ("**Renminbi Notes and Undated Capital Securities**") may be issued under the Programme. Renminbi Notes and Undated Capital Securities contain particular risks for potential investors.

Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes and Undated Capital Securities

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into or out of the PRC for the purposes of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("**FDI**"), the PBOC promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (the "**PBOC FDI Measures**") on 13 October 2011 as part of the PBOC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary. On 5 June 2015, the PBOC further issued the amendment rules for the PBOC FDI Measures as well as its implementing rules, under which the registered capital verification requirement and the precondition of full contribution of the registered capital in respect of the borrowing of foreign debt denominated in Renminbi are cancelled.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC. Effective 30 July 2017, pursuant to the Decision on Revision of the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises, the establishment and change of foreign invested enterprises, other than those subject to special administration measures, only needs to be filed with the local arm of MOFCOM. As such, the aforesaid written approval requirement regarding "Renminbi Foreign Direct Investment" set forth in the MOFCOM Circular has been replaced with a simplified record filing requirement.

The PBOC FDI Measures, the MOFCOM Circular and other PRC laws, regulations and policies in relation to the general administration of Renminbi will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside

the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under Renminbi Notes and Undated Capital Securities, the Issuer will need to source Renminbi offshore to finance such obligations under the relevant Renminbi Notes and Undated Capital Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and Undated Capital Securities and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes and Undated Capital Securities

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and HKSARG, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "**RMB Clearing Bank**"), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes and Undated Capital Securities. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes and Undated Capital Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes and Undated Capital Securities is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes and Undated Capital Securities in Renminbi. As a result, the value of these Renminbi payments in U.S. dollars or other foreign currencies may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies,

the value of investment in U.S. dollars or other applicable foreign currencies will decline. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists.

Investment in Renminbi Notes and Undated Capital Securities is subject to interest rate risks

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC laws and regulations and prevailing market conditions.

As Renminbi Notes and Undated Capital Securities may carry a fixed interest rate or distribution rate, the trading price of Renminbi Notes and Undated Capital Securities will consequently vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes and Undated Capital Securities propose to sell their Renminbi Notes and Undated Capital Securities before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes and Undated Capital Securities will only be made to investors in the manner specified in such Renminbi Notes and Undated Capital Securities

All payments to investors in respect of Renminbi Notes and Undated Capital Securities will be made solely by (i) when Renminbi Notes and Undated Capital Securities are represented by a global certificate, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Notes and Undated Capital Securities are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Renminbi Notes and Undated Capital Securities

In considering whether to invest in the Renminbi Notes and Undated Capital Securities, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Renminbi Notes and Undated Capital Securities may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes and Undated Capital Securities.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Notes or Undated Capital Securities for its general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

As at 30 June 2025, BEA had an issued and fully paid up share capital of approximately HK$42,135 million consisting of approximately 2,636 million ordinary shares.

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 30 June 2025:

	As at 30 June 2025	
	Actual	**Actual**
	HK$ (in millions)	**U.S.$ (in millions)[5]**
	(unaudited)	*(unaudited)*
Short-term borrowings[1]		
Customer deposit accounts	655,807	84,078
Certificates of deposits in issue	23,054	2,956
Deposits from banks	13,611	1,745
Debt securities issued	—	—
Loan capital	7,863	1,008
Total short-term borrowings	700,335	89,787
Medium-term borrowings[2]		
Customer deposit accounts	9,419	1,208
Certificates of deposits in issue	1,721	221
Deposits from banks	—	—
Debt securities issued	—	—
Loan capital	10,973	1,406
Total medium-term borrowings	22,113	2,835
Long-term borrowings[3]		
Customer deposit accounts	—	—
Total long-term borrowings	—	—
Equity		
Share capital	42,135	5,402
Reserves	62,301	7,987
Total equity attributable to owners of the parent	104,436	13,389
Additional equity instruments	5,021	644
Non-controlling interests	282	36
Total Equity	109,739	14,069
Total capitalisation[4]	131,852	16,904
Short-term borrowings and total capitalisation	832,187	106,691

Notes:

(1) Short-term borrowings represent the remaining maturity not more than one year.

(2) Medium-term borrowings represent the remaining maturity between one year to five years.

(3) Long-term borrowings represent the remaining maturity more than five years.

(4) Total capitalisation comprises total medium-term borrowings, total long-term borrowings and total equity.

(5) This amount has been translated into U.S.$ for convenience purpose at a rate of U.S.$1.00 to HK$7.8.

Save as disclosed in this Offering Circular, there has been no material adverse change in the Group's total capitalisation and indebtedness since 30 June 2025.

BUSINESS OF THE GROUP

INTRODUCTION

Overview

Incorporated in 1918, BEA is a leading Hong Kong-based financial services group listed on the HKSE.

The Group provides a comprehensive range of wholesale and personal banking, financial and insurance services to a diverse customer base. The Group's products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, broking services and MPF services.

BEA is one of the first foreign banks to have received approval to establish a locally-incorporated bank in Chinese Mainland. As a locally-incorporated bank and a wholly-owned subsidiary of BEA, BEA (China) obtained the Financial Institution Business Permit from NFRA on 20 March 2007 and the business licence from SAIC on 29 March 2007, and officially commenced business on 2 April 2007. BEA (China) provides comprehensive RMB and foreign currency banking services to its customers, including, but not limited to, personal banking and wealth management, loans and advances, debit cards and credit cards, cyberbanking and cash management, investment and derivative products, agency services for life and general insurance, remittance and settlement, RMB cross-border business, trade finance facilities, supply chain financing, standby letters of credit, bank guarantees and distribution of local mutual funds.

History

Since its founding in 1918, BEA has dedicated itself to delivering professional banking services to the local community in Hong Kong, particularly small and medium enterprises. BEA set up its first branch in Chinese Mainland in Shanghai in 1920 and has operated in Chinese Mainland ever since. BEA's shares started trading on the local stock exchanges in Hong Kong in the early 1920s.

In 1975, BEA launched the first Hong Kong dollar credit card in conjunction with Bank of America, called the East Asia BankAmericard/VISA. In 1979, the East Asia BankAmericard/VISA credit card became the first credit card that was accepted in Chinese Mainland as a result of an agreement between BEA and the Bank of China on foreign currency credit card settlement services.

BEA is one of the founders of Joint Electronic Teller Services Ltd. ("**JETCO**"), which was formed to set up a network of ATMs in Hong Kong and Macau. BEA is also one of the founders of EPS Company (Hong Kong) Limited ("**EPSCO**") in Hong Kong, which was formed to facilitate the electronic transfer of funds at the points of sale. In 1999, BEA was the first bank in Hong Kong to launch online stock trading through its wholly-owned subsidiary, East Asia Securities Company Limited ("**East Asia Securities**"). BEA was also the first bank in Hong Kong to provide comprehensive internet banking services to its customers, through its award-winning Cyberbanking service.

In 2008, BEA (China) became the first foreign bank to launch RMB debit cards and RMB credit cards in Chinese Mainland.

In June 2009, BEA entered into a number of strategic cooperation agreements with Criteria CaixaCorp, S.A. (which changed its name to CaixaBank S.A. on 30 June 2011) ("**CaixaBank**"), a Spanish listed holding company controlled by "la Caixa". The agreements enable BEA to leverage the extensive resources of CaixaBank to further develop its business, including cross-border referrals, training and knowledge transfer as well as funding. The alliance with "la Caixa" group also enhances BEA's access to the financial industry in Spain, Europe and Latin America, and creates opportunities for potential joint business development in the Asia-Pacific region.

In July 2009, BEA (China) became the first locally-incorporated foreign bank to issue RMB retail bonds to retail investors and raised RMB4 billion through its debut issue of RMB bonds in Hong Kong. In September 2009, BEA (China) was granted the status of Domestic Settlement Bank and Domestic Agent Bank for cross-border RMB trade settlement services, and completed its first cross-border RMB trade settlement transaction. In November 2010, BEA (China) completed its first cross-border RMB transaction for foreign direct investment.

In June 2013, BEA (China) was among the first batch of foreign banks to be granted a local mutual fund distribution licence in Chinese Mainland. In February 2014, BEA (China) became the first foreign bank approved by PBOC to act as a reserve bank for payment institutions. In October 2015, BEA (China) was one of the first foreign banks to be qualified as a direct participating bank of the Cross-border Interbank Payment System.

In December 2017, East Asia Qianhai Securities Company Limited ("**EA Qianhai Securities**") received licence from the China Securities Regulatory Commission for commencement of operation. BEA is the largest shareholder of EA Qianhai Securities with a 49 per cent. interest. EA Qianhai Securities is incorporated in Qianhai, Shenzhen with issued capital of RMB1.5 billion. EA Qianhai Securities is one of the few fully licensed securities companies established under Supplement X of the PRC's Closer Economic Partnership Arrangement with Hong Kong and Macau (the "**CEPA**").

As the first foreign bank to enter Qianhai, BEA (China) took the lead in setting up its Qianhai Sub-branch in early 2013, focusing on supporting and serving the development of the zone. In July 2018, BEA (China) became the first foreign bank to receive approval to open a full branch in Qianhai, which was later integrated with the Shenzhen Branch in November 2024.

In January 2024, BEA Tower in Qianhai officially opened. BEA's new Greater Bay Area headquarters serves the rapidly expanding financial needs in the region and facilitates the delivery of seamless cross-boundary services to customers. BEA Tower also houses BEA's fintech platform – BEAST (BEA + Startups), connecting the Bank with the Mainland's robust fintech community. BEAST Qianhai benefits BEA and its customers with co-created solutions, while also facilitating broader intragroup collaboration.

STRATEGY

BEA's core objectives are to strengthen its position and to further develop its domestic franchise as the largest independent local bank in Hong Kong, and to further diversify its operations and expand its operations in Chinese Mainland and other overseas countries. The Group will continue to enhance its sales force and digital capabilities to capture opportunities in the market, striving for sustainable growth and enhanced shareholder returns. Given the increasingly close economic connection among Chinese Mainland, Hong Kong and the countries of Southeast Asia, the Group will continue to integrate its services across the Hong Kong, Chinese Mainland and international networks and capitalise new business opportunities in the Greater Bay Area. The key components of the Group's strategy are below.

Further Expansion in Chinese Mainland and Other Overseas Countries

BEA intends to continue to develop the Group's business in the Chinese Mainland and other overseas markets. The Chinese Mainland market remains an important focus for the Group. BEA intends to consolidate and strengthen the Group's position in Chinese Mainland through capitalising on opportunities arising from the liberalisation of the banking sector and the internationalisation of RMB. Through the establishment of a locally-incorporated bank, BEA (China), the Group is able to provide a comprehensive range of RMB and foreign currency banking products and services to customers in Chinese Mainland. BEA (China) will continue to optimise the use of its assets and its Chinese Mainland — Hong Kong connection to deliver a wide range of tailored services for its customers, in particular to meet the demands of high net worth and corporate customers in Chinese Mainland seeking to expand their businesses in Hong Kong and overseas. As a key driver of growth

of the Group, BEA (China) will further strengthen cross-border businesses among Chinese Mainland, Hong Kong and overseas to capture opportunities arising from increasing business flows to and from Chinese Mainland. Leveraging the Group's international banking experience and long history of presence in Chinese Mainland, BEA (China) aims to position itself as "the most localised foreign bank in Chinese Mainland".

Given the size of the Chinese Mainland market and the extensive physical presence of the domestic banks, BEA does not intend to compete with the domestic banks directly by opening an extensive branch network. Instead, the Group will accelerate digitalisation with variant mobile platforms, such as mobile banking, WeChat banking and tablet banking, to extend its reach to customers. BEA (China) focuses on lending to high quality customers, such as state-owned enterprises, listed companies, customers who have long-standing business relationship with the Group and privately-owned enterprises with good credit standing. BEA (China) has focused on growing its credit exposure to selected strategic sectors, including technology-media-telecom, high-end equipment manufacturing, healthcare as well as automobiles and parts. Moreover, BEA believes that BEA (China) responded swiftly to new opportunities arising from green finance. In addition, BEA (China) focuses on enhancing its product and service capabilities in areas such as trade finance, transaction banking and investment banking. Treasury products are another promising area for growth. BEA (China) has made significant inroads into the onshore RMB options market.

In view of the internationalisation of RMB, the Group continues to further strengthen collaboration among its business units in Hong Kong, Chinese Mainland and overseas. To capture opportunities arising from increasing business flows to and from Chinese Mainland, BEA (China) provides integrated cross-border financial services for both trade and non-trade transactions, so as to meet clients' growing needs in overseas acquisitions and business expansion. Furthermore, BEA (China) is working closely with other business units of the Group to capture opportunities arising from the Greater Bay Area initiative in particular.

The aforementioned BEA's new Greater Bay Area headquarters serves the rapidly expanding financial needs in the region and facilitates the delivery of seamless cross-boundary services to customers. BEA Tower also houses BEA's fintech platform – BEAST (BEA + Startups), connecting the Bank with the Mainland's robust fintech community. BEAST Qianhai benefits BEA and its customers with co-created solutions, while also facilitating broader intragroup collaboration.

BEA (China) intends to optimise its branch network and maintain a strong presence in Chinese Mainland, improve its outlet productivity, carry out a cost-effective branch network and readjust the layout of its sub-branches according to business needs. In the Greater Bay Area, BEA (China) operates 19 outlets and will continue to leverage on the Group's extensive network to capture opportunities that arise from the region. To further support the development of the Greater Bay Area, BEA (China) reopened the Shenzhen Futian Sub-branch at its former location in July 2025, featuring BEA's refreshed brand identity. By streamlining its operations through digitalisation and process enhancement, BEA (China) is well-positioned to capture more opportunities with similar resource bases.

Improving operating efficiency through various transformation initiatives will be the main focus of BEA (China) in the future. BEA (China) has increased its investments in information technology as well as digital and data analytics capabilities in order to drive cost efficiency, improve workflow and strengthen core infrastructure. These initiatives will lay the essential foundation to enhance customer experience, strengthen risk management and improve productivity of BEA (China) in the long run.

In line with BEA's digitalisation strategies, BEA's overseas branches have been actively investing in technologies to streamline their business processes. BEA's overseas branches will continue to capture new businesses prudently and optimise the mix of risk-weighted assets to enhance returns amid a challenging business landscape.

BEA's long-term objectives include facilitating the development of cross-border financial services between Hong Kong, Chinese Mainland, and beyond. In addition, the Group has been diversifying its businesses into strategic sectors with policy support and targets to strengthen its wealth management capabilities across the Greater China region. BEA believes that its international network of branches and strategic partnerships will continue to serve its clients with overseas investment and business needs.

Development of Green and Sustainable Finance

The Group has supported and will continue to support the development of green and sustainable finance ("**GSF**") in Hong Kong. The proportion of green lending and green bond investments in BEA's total portfolio has increased last year as BEA collaborated with clients to fund sustainability-linked projects and carbon emission reduction projects. BEA aims to further diversify its portfolio into new sectors and industries to enhance sustainable long-term growth.

Committed to achieving its goal of net zero financed emissions by 2050, BEA has developed a net zero roadmap which includes target-setting for all high-carbon emitting sectors by 2025. In December 2023, BEA became the first bank headquartered in Hong Kong to become signatory to the industry-led, UN-convened Net-Zero Banking Alliance ("**NZBA**"), reinforcing our commitment to aligning our lending and investment portfolios with net zero emissions by 2050. Furthermore, BEA has focused on understanding the complexities associated with financed emissions, setting baselines and targets, and preparing its teams to meet forthcoming challenges. Several initial tasks were completed in 2024, including setting targets for two major industries, namely, automotive manufacturing and steel. BEA is currently working towards fulfilling a series of interim targets by the end of 2030.

BEA's overseas operations have been actively exploring and participating in GSF opportunities in line with BEA's ESG strategies.

Diversification of Non-interest Income

In light of the challenging operating environment caused by various factors including the global monetary tightening and geopolitical tensions, BEA is transitioning towards a more "digital-led, asset-efficient" business model with a greater focus on fee income. The Group implements its strategy in Hong Kong by continuing to broaden its product range, upgrading product features and exploring new market opportunities. The Group's businesses of wealth management, private banking, transaction banking and hedging solutions will continue to be the focus of the Group's core business development in the near future. The Group will also continue to intensify cross-selling opportunities to its existing customer base.

Enhancement of Profitability via Active Capital Management

BEA intends to continue to optimise the Group's asset mix through active capital management and allocation in order to enhance its profitability and net worth, with the special emphasis on the "Return on Risk-weighted Assets". The Group will also absorb low-cost deposits across all business units and implement multi-pronged strategy to reduce funding costs.

Transformation of its Branch Network

Through repositioning and rationalising its branch network and re-distributing resources, the Group seeks to transform its Hong Kong branches into deposit taking centres and sales centres to provide banking products and services to its customers and in particular, to target high net worth customers. The Group will endeavour to enhance its appeal to further penetrate affluent, young professionals and millennials, high net worth individuals, mid-cap and cash flow-rich companies as well as cross-border customers.

BEA intends to increase the Group's investments in digital and artificial intelligence strategy to reduce the costs of banking operations, and continue to embrace technology in driving mobile transactions with payment and lifestyle features. For example, BEA offers an extensive range of products and services to its customers via its mobile banking platform, and upgraded digital channels are delivered to provide full digital banking experience thereby enabling standard transactions to be completed easily and instantaneously online. In addition, the Group has further optimised its physical presence, reduced the number of branches and established new centralised/mobile workspaces to facilitate meetings between BEA's relationship managers and its customers.

In addition, the Group has made investments in digitalising operations, implementing advanced data analytics and developing new service platforms to enhance customer experience. The Group has also recruited additional frontline sales staff to meet the potential growth in business demand from individuals, corporates and high net worth PRC clients. BEA (China) also reallocates its resources to the construction of its online infrastructure, in alignment with customer trends. The Group aims to continue the strategy of developing innovative and user-friendly services and tools to best serve its customers, furthering its business focus on being a customer-centric financial services provider.

Organic Growth and Partnerships

BEA aims to grow organically, by providing one-stop financial services to customers, and through partnerships, by establishing partnerships to generate new business across the Group. BEA will continue to take a disciplined approach to partnerships and investments, as well as capture new business opportunities and enhance service quality by tapping into the strength and expertise of its shareholders and strategic partners. The Group continuously explores close collaboration opportunities with its key strategic partners, SMBC Group and CaixaBank, which seek to take advantage of the respective strengths and geographical coverage of each institution.

The Group maintains a close focus on creating value for customers and investors, providing high quality financial services and seeking investment opportunities that generate favourable returns. In particular, BEA aims to mitigate concentration risk by developing business relationships with emerging market players in the strategic sectors with policy support. For example, BEA's wholesale banking team in Hong Kong is collaborating with BEA (China) to develop coordinated onshore/offshore solutions for customers across the value chain in different sectors. Moreover, BEA has further strengthened its private banking team to capitalise on the demand for wealth management services driven by the growing middle class in Greater China. BEA has also enhanced its discretionary portfolio management and advisory capabilities and has dedicated significant resources to further improve its securities trading services. Going forward, BEA will continue to enhance its wealth management offerings for both retail and private banking customers. In addition, BEA believes that the Group will continue to benefit from its bancassurance partnership with AIA Company Limited ("**AIA**").

BEA will continue to conduct periodic reviews on its business portfolio, business lines and investments in order to ensure optimal allocation of its resources.

Focus on Enhancing Operational Efficiency

BEA aims to further enhance efficiency and market competitiveness. The Group will continue to maintain strict control over costs throughout the Group and maintain cost discipline while investing in areas that offer good growth potential. The Group will also continue to embark on a digital transformation journey, remaking the way for services delivery to enhance efficiency. More banking products will be sold with the transactions processed via a wide range of e-channels. The Group will focus on growth across its operations and implement strategies to optimise its asset and portfolio mix, as well as remaining vigilant in managing its risks and striving to enhance efficiency and productivity. In addition, the Group will continue to allocate more resources to proactively manage its credit risk control and protect asset quality with a continued focus on de-risking its asset portfolio, as well as conduct strategic workforce planning from time to time to enhance its staff capacity and capability.

BUSINESS OVERVIEW

BEA has long been known for the comprehensive range of wholesale banking, personal banking, financial services and insurance services that it provides to its diverse customer base. BEA's products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, brokerage services and MPF services.

As at 30 June 2025, BEA had 48 branches, 42 SupremeGold Centres and three i-Financial Centres in Hong Kong. BEA is a founding member of JETCO, which provided about 3,000 ATMs throughout Hong Kong and Macau as at 30 June 2025. BEA is also one of the founding members of EPSCO, which processes debit card transactions at more than 30,000 acceptance locations in Hong Kong, Macau and Shenzhen.

As at 30 June 2025, headquartered in Shanghai, BEA (China) operated 29 branches and 29 sub-branches in 38 cities across Chinese Mainland. BEA (China) provides comprehensive RMB and foreign currency banking services to all customers. Services include but are not limited to personal banking and wealth management, loans and advances, debit cards and credit cards, cyberbanking and cash management, investment and derivative products, agency services for life and general insurance, remittance and settlement, RMB cross-border business, trade finance facilities, supply chain financing, standby letters of credit, bank guarantees and distribution of local mutual funds.

As at 30 June 2025, BEA has also established a presence in Macau, Taiwan, Southeast Asia, the United Kingdom and the United States.

The following tables set forth the Group's operating income and profit before taxation for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 by business segment:

	Operating income				
	For the year ended 31 December			For the six months ended 30 June	
	2022 (Restated[10])	2023	2024	2024	2025
	(in HK$ millions)				
Hong Kong Operations[1]					
Personal Banking[2]	5,256	6,842	7,014	3,408	3,344
Wholesale Banking[3]	3,516	3,564	3,336	1,747	1,712
Treasury Markets[4]	354	1,310	1,622	739	656
Wealth Management[5]	932	941	1,056	538	692
Others[6]	486	94	101	40	110
Chinese Mainland Operations[7]	4,857	5,060	5,079	2,565	2,543
Overseas, Macau and Taiwan Operations[8]	2,356	2,839	2,808	1,417	1,309
Corporate Management[9]	226	126	(10)	45	(89)
Inter-segment Elimination	(29)	(30)	(27)	(15)	(18)
Total	**17,954**	**20,746**	**20,979**	**10,484**	**10,259**

	Profit/(Loss) before taxation				
	For the year ended 31 December			For the six months ended 30 June	
	2022 (Restated[10])	2023	2024	2024	2025
	(in HK$ millions)				
Hong Kong Operations[1]					
Personal Banking[2]	3,400	4,918	5,121	2,481	2,412
Wholesale Banking[3]	(242)	(573)	(377)	(146)	181
Treasury Markets[4]	116	1,211	1,366	649	519
Wealth Management[5]	534	281	290	36	397
Others[6]	(656)	(2,374)	(2,618)	(1,371)	(1,379)
Chinese Mainland Operations[7]	(354)	54	64	58	297
Overseas, Macau and Taiwan Operations[8]	1,917	1,667	2,004	978	656
Corporate Management[9]	226	126	(10)	45	(89)
Inter-segment Elimination	—	—	—	—	—
Total	**4,941**	**5,310**	**5,840**	**2,730**	**2,994**

Notes:

(1) Hong Kong operations include Hong Kong banking business and other business operations, dividing into the following reportable segments.

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

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

(4) Treasury markets include treasury operations and securities dealing.

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

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

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

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

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

(10) The financials of Hong Kong operations for the year ended 31 December 2022 have been restated to conform to the presentation of the figures for the year ended 31 December 2023 that reflected the organisational restructure during 2023. The restructure includes regrouping MPF business from Others segment to Personal banking segment, regrouping merchant acquiring business from Personal banking segment to Wholesale banking segment, and combining previous Centralised operations segment and Others segment into one single Others segment under Hong Kong operations.

The following tables set forth the Group's operating income and profit before taxation for the years ended 31 December 2022, 2023 and 2024 by geographical location:

	Operating income		
	For the year ended 31 December		
	2022	2023	2024
	(in HK$ millions)		
Hong Kong	11,081	13,181	13,446
Chinese Mainland[1]	4,832	5,031	5,044
Other Asian Countries and Regions	770	888	808
Others	1,590	1,953	2,003
Inter-segment Elimination	(319)	(307)	(322)
Total	**17,954**	**20,746**	**20,979**

	Profit/(Loss) before taxation		
	For the year ended 31 December		
	2022	2023	2024
	(in HK$ millions)		
Hong Kong	3,167	3,512	3,770
Chinese Mainland[(1)]	(179)	83	48
Other Asian Countries and Regions	938	(188)	384
Others	1,015	1,903	1,638
Inter-segment Elimination	—	—	—
Total	**4,941**	**5,310**	**5,840**

Note:

(1) This excludes Hong Kong, Macau and Taiwan.

The following table sets forth certain financial data and related ratios as at the dates indicated or for the periods indicated:

	As at or for the year ended 31 December			As at or for the six months ended 30 June	
	2022	2023	2024	2024	2025
	(in HK$ millions, except percentages)				
Total assets	882,825	860,361	877,759	875,217	891,424
Total customers' deposits and certificates of deposit issued	680,755	656,216	664,671	652,681	690,001
Total loans and advances to customers and trade bills[(1)]	549,543	532,484	534,387	536,979	542,731
Total operating income	17,954	20,746	20,979	10,484	10,259
Profit attributable to owners of the parent	4,359	4,118	4,608	2,111	2,407
Return on average assets	0.4%	0.4%	0.5%	0.4%	0.5%
Return on average equity	3.7%	3.6%	4.0%	3.7%	4.5%
Loan to deposit ratio	80.6%	81.1%	80.2%	82.0%	78.1%
Common Equity Tier 1 capital ratio	15.8%	17.3%	17.7%	17.1%	23.7%
Total capital ratio	20.1%	22.0%	22.3%	22.8%	28.6%

Note:

(1) Total loans and advances to customers and trade bills are gross and before impairment provision.

HONG KONG

Home Mortgages

As at 31 December 2022, 2023 and 2024 and 30 June 2025, home mortgages (including loans for the purchase of flats in the Home Ownership Scheme ("**HOS**"), Private Sector Participation Scheme ("**PSPS**") and Tenants Purchase Scheme ("**TPS**") and loans for the purchase of other residential properties) in Hong Kong represented one of the most significant segments of the Group's total loans and advances to customers, accounting for approximately HK$93,144 million, HK$97,228 million, HK$100,097 million and HK$102,759 million, respectively, or approximately 17.0 per cent., 18.3 per cent., 18.8 per cent. and 19.1 per cent., respectively, of the Group's total loans and advances to customers. As at 31 December 2022, 2023 and 2024 and 30 June 2025, loans for the purchase of flats in HOS, PSPS and TPS accounted for approximately HK$1,200 million, HK$1,081 million, HK$1,131 million and HK$1,701 million, respectively, or approximately 0.2 per cent., 0.2 per cent., 0.2 per cent. and 0.3 per cent., respectively, of the Group's total loans and advances to customers.

The majority of home mortgages are extended to buyers of housing units in Hong Kong who intend to occupy the premises, which include advances guaranteed by the HKSARG under HOS and TPS to assist lower income families in purchasing homes. Other home mortgages are extended to individuals purchasing residential units for investment purposes and refinancing.

All home mortgage advances are secured by a first legal charge on the property and, in certain circumstances, the Group may also require personal guarantee as additional security. The Group provides various mortgage plans, including floating Prime-based rate and floating HIBOR-based rate mortgage plans which are repayable by instalments. For a discussion of the Group's loan-to-value lending limits applicable to home mortgage advances, see "*Selected Statistical and Other Information — Risk Management and Credit Policies*". For a discussion of the Group's lending rates applicable to home mortgage advances, see "*Selected Statistical and Other Information — Advance Portfolio — Advance Analysis*". The Group maintains close relationships with most property developers in Hong Kong, which has enabled the Group to source a significant amount of home mortgage and commercial mortgage advance business.

Trade Finance

Trade finance comprises loans and services to companies to accommodate their working capital requirements through short-term advances, trust receipts, invoice financing loans, export credit, packing loans, shipping guarantees, issuance of all types of documentary credits and factoring facilities.

The customers of the Group's trade finance services range from small-to-medium-sized enterprises to multinational corporations. Trade finance advances are made on a secured basis by way of a mortgage of property or other collateral or on an unsecured basis. BEA intends to increase income contribution and market share from trade finance by providing the Group's customers with more market-oriented products. For example, in October 2018, BEA, together with six other banks, jointly launched a digital trade finance platform, eTradeConnect, being the first trade finance platform leveraging blockchain technology in Hong Kong.

The trade finance sector in Hong Kong is well developed and, consequently, the Group is seeking to capitalise on its network in Chinese Mainland to market its trade finance services to the increasing number of cross-border customers.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, trade finance advances amounted to approximately HK$5,110 million, HK$5,592 million, HK$6,889 million and HK$8,093 million, respectively, which accounted for approximately 0.9 per cent., 1.1 per cent., 1.3 per cent. and 1.5 per cent. of the Group's total loans and advances to customers, respectively.

Consumer Finance

The Group offers unsecured and secured lending to individuals with the aim to fulfil their financial needs. To accommodate varying customer needs on repayment options and to align with the Group's risk appetite, the Group offers a series of lending programmes and a variety of products targeting different customer segments. These products bear features such as personalised interest rate determined based on an individual customer's credit standing, automatic restoration of credit limit after each repayment of a revolving loan as well as other special purposes packages. They are available for application by customers at BEA's branches, via phone or through BEA's online and mobile platforms.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, total outstanding consumer advances in Hong Kong amounted to approximately HK$7,766 million, HK$7,095 million, HK$6,033 million and HK$5,668 million, respectively, which accounted for approximately 1.4 per cent., 1.3 per cent., 1.1 per cent. and 1.1 per cent. of the Group's total loans and advances to customers, respectively.

Credit Cards

The Group's credit card business involves offering credit lines to individuals for mercantile purchases as well as convenience cash via loan on cards. The Group offers an array of card types for different customer segments, including the unparalleled Centennial World Elite MasterCard for high net worth clientele, prestigious World MasterCard, Visa Signature and Unionpay Diamond Card for affluent customers, BEA AIA Credit Card for AIA policyholders, BEA Goal Card for young customers, Platinum and Titanium Cards for the general public, and various co-brand credit cards for students and graduates of educational institutions and members of professional affinity groups.

The Group has continuously focused on the key areas of overseas, and Greater Bay Area, dining, shopping and entertainment rewards to attract new customers in its credit card business. High ticket size spending categories such as travel and online purchases are also key areas which the Group continues to invest in with the aim to solicit new customers.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, credit card advances in Hong Kong amounted to approximately HK$4,136 million, HK$4,765 million, HK$3,533 million and HK$3,308 million, respectively, which accounted for approximately 0.8 per cent., 0.9 per cent., 0.7 per cent. and 0.6 per cent. of the Group's total loans and advances to customers, respectively.

Insurance

BEA is an appointed insurance agent of AIA and offers a wide variety of life insurance and general insurance products. BEA's bancassurance partnership with AIA has successfully leveraged the Group's strengths in distribution and its sizeable customer base in Hong Kong, generating opportunities for cross-selling to new and existing customers.

MPF Services and Other Trustee Services

In October 1999, Bank of East Asia (Trustees) Limited ("**BEAT**"), a wholly-owned subsidiary of BEA, was granted the status of an approved trustee under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong (the "**MPF Schemes Ordinance**"). Through this subsidiary, the Group offers a full-range of MPF services, including trustee, scheme administration, investment management and custody services, to employers, employees and the self-employed persons. BEAT is one of two approved trustees under the MPF Schemes Ordinance licensed to offer both the Master Trust Schemes and the Industry Scheme in Hong Kong.

In addition to MPF services, BEAT offers a comprehensive range of trustee services for both individual and corporate clients. BEAT serves as executor of wills, estate administrator, attorney administrator for overseas estates having assets in Hong Kong and escrow agent for commercial transactions. BEAT also acts as trustee for private family trusts, charity foundations, employee share award schemes, investment funds and unit trusts.

Internet Banking Services

BEA's internet banking platform provides a comprehensive range of e-banking services, such as balance enquiry, e-statement & e-advice, rate enquiry, change of address, funds transfer, remittance, electronic cheque, placement and renewal of time deposit, bill payment, credit card transactions and redemption of bonus points for gifts, mortgage application services, stock and gold trading, foreign exchange margin and option margin trading, unit trust subscription and redemption, linked deposits, electronic initial public offering and other investment products, purchase of TravelSafe insurance and MPF account enquiry and deposit.

Bilateral Advances and Syndicated Advances

The Group's corporate lending activities include financing general corporate funding requirements, property development, property investment and M&A activities as well as project financing. The majority of borrowers are medium to large-sized Hong Kong companies as well as state-owned and private enterprises in Chinese Mainland, which use the funds to support general working capital and funding requirements in Hong Kong and Chinese Mainland.

The Group acts as arranger or participating bank in the Hong Kong syndicated loan market. The majority of the Group's syndicated advances are extended to Hong Kong and PRC companies engaging in property development and investment, local conglomerates and large private or state-owned enterprises in Chinese Mainland. The Group also acts as co-arranger in club deal facilities.

The majority of the project financing in which the Group participates is extended on a recourse basis and is secured by the underlying project. Typically, the average maturity of BEA's corporate advances is up to five years and that for construction loans is extended up to completion of the construction project. Loan-to-value ratios are determined on a case-by-case basis in compliance with the regulatory requirement. For project financing, the advance is generally secured by the underlying property and charge over all receivables derived from the property projects. The Group has been targeting at medium-sized to large-sized borrowers to pursue better risk-justified return.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, total outstanding bilateral and syndicated advances in Hong Kong amounted to approximately HK$116,829 million, HK$106,198 million, HK$101,018 million and HK$100,156 million, respectively, which accounted for approximately 21.3 per cent., 20.0 per cent., 19.0 per cent. and 18.6 per cent. of the Group's total loans and advances to customers, respectively.

Wealth Management

BEA's Wealth Management Division comprises the Private Banking Department ("**BEA Private Banking**"), Investment Products and Advisory Department ("**IPAD**"), Wealth Management Operation Department, East Asia Securities ("**EAS**") and East Asia Futures ("**EAF**"). The division offers a comprehensive and holistic suite of wealth management products and solutions tailored for high-net-worth individuals.

As the cornerstone of BEA's wealth investment offerings, the Wealth Management Division focuses on addressing clients' evolving financial needs by providing expert guidance at every stage of their wealth journey, from asset creation and accumulation to preservation and succession planning. The

division delivers a broad range of services and products designed to meet diverse financial goals. These include capital markets, investment, and banking solutions spanning traditional options such as equities, fixed income, and mutual funds, as well as sophisticated offerings like structured products, alternative investments and premium financing.

Founded in 2005, BEA Private Banking is a premier domestic private bank serving high-net-worth individuals across Greater China and beyond. Since 2023, the Group has expanded its footprint with a wealth management centre in Singapore. Leveraging its extensive regional network, BEA Private Banking enhances the Group's profile and visibility. Committed to growth, BEA continues to expand its sales force and diversify product offerings to meet the increasingly sophisticated needs of its clientele. Looking forward, the Group plans to explore innovative opportunities to drive business growth while delivering value-added services.

Established in 2009, IPAD serves as the central provider of investment products, advisory expertise and execution services for BEA Private Banking as well as BEA's retail and wholesale banking divisions, including BEA (China). IPAD is organised into specialised product management teams focusing on securities, foreign exchange, managed products and structured products. In addition, a dedicated team oversees product onboarding, execution efficiency and risk controls. IPAD also includes an independent research and strategy unit responsible for shaping the bank's investment house views.

EAS, established in 1985 and wholly owned by BEA, is a licensed corporation registered with the SFC. EAS is a participant of Hong Kong Exchanges and Clearing and an Exchange Participant for China Connect. Serving mass market, professional investors and institutional clients, EAS offers brokerage, listed company services, research and value-added services. It also provides margin financing, algorithmic trading and access to global stock markets.

EAF, a wholly owned subsidiary of BEA established in 1989, is an Exchange Participant of the Hong Kong Futures Exchange. EAF delivers professional trading services in local stock options and futures.

The Group's wealth management mission is to provide digitalised, data-driven and high-quality investment products that meet clients' sophisticated needs. To achieve this, BEA is actively expanding its product range via an open-architecture platform, refining the delivery of its house views and investment insights through a data-driven, omni-channel approach and enhancing client experiences through ongoing digital transformation.

Stock Broking

In addition to the range of traditional banking products and services offered by the Group to its customers, the Group also provides equity and futures stock broking. Stock broking activities and dealings in Hang Seng Index futures, options and other derivative products are conducted through BEA and its wholly-owned subsidiaries, namely, East Asia Securities and East Asia Futures Limited, on an agency basis for the execution of customers' orders.

Debt Capital Market

In October 2018, the Group commenced its fixed income capital market business that involves origination, execution and distribution of offshore public and private bond transactions for, mainly, corporations in Chinese Mainland and Hong Kong.

CHINESE MAINLAND

As at 30 June 2025, BEA's wholly-owned subsidiary, BEA (China), headquartered in Shanghai, operated 29 branches in Shanghai, Beijing, Tianjin, Harbin, Dalian, Shenyang, Qingdao, Shijiazhuang, Zhengzhou, Urumqi, Hangzhou, Nanjing, Suzhou, Chengdu, Chongqing, Wuhan, Hefei, Xi'an, Shenzhen, Guangzhou, Zhuhai, Xiamen, Changsha, Kunming, Ningbo, Jinan, Fuzhou, Nanning and Nanchang as well as 29 sub-branches covering 38 cities in the PRC. BEA (China) operates 19 outlets covering nine Chinese Mainland cities (including Dongguan, Foshan, Guangzhou, Huizhou, Jiangmen, Shenzhen, Zhaoqing, Zhongshan and Zhuhai) in the Greater Bay Area.

In order to expand its presence in the Chinese Mainland market, the Group has been expanding the range of products and services it provides in Chinese Mainland and will seek to capitalise on the opportunities arising from the liberalisation of the banking sector and from the CEPA between Hong Kong and Chinese Mainland. BEA (China)'s strategy is to increase the growth of RMB deposits (especially low-cost deposits) in order to maintain stability in its source of funds and to minimise costs associated with interbank lending. However, there are many factors affecting the growth of deposits such as economic and political conditions, interest rate liberalisation, the availability of alternative investment choices (including, but not limited to, securities issued by governmental or corporate entities) and retail customers' changing perceptions towards savings.

BEA (China) aims at optimising the allocation and utilisation of its resources to better develop its personal banking in areas with business potential by strategically repositioning some of the business outlets. Selected existing outlets provide both wholesale and personal banking services, while the rest of the existing outlets and newly established outlets focus on wholesale banking services supported by basic personal banking services. BEA (China) has focused on growing its credit exposure to selected strategic sectors, including technology-media-telecom, high-end equipment manufacturing, healthcare as well as automobiles and parts. Moreover, BEA believes that BEA (China) responded swiftly to new opportunities arising from green finance.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, BEA (China)'s RMB-denominated lending amounted to approximately HK$124,923 million, HK$118,969 million, HK$127,981 million and HK$122,877 million, respectively, accounting for approximately 84.8 per cent., 84.0 per cent., 87.1 per cent. and 82.3 per cent. of the total customer advances of BEA (China), respectively. Borrowers comprise companies registered to do business in Chinese Mainland and individual customers including local residents. BEA (China) expects to further expand its RMB-denominated lending business with a prudent approach and has more appetite for loan growth in selected industries stemming from emerging pillar industries such as green energy, auto, healthcare, technology, media and telecommunications.

OVERSEAS, MACAU AND TAIWAN

The Group's overseas, Macau and Taiwan operations were initiated to serve the banking needs of local communities and support the outbound investment demand of its core customers from Chinese Mainland, Hong Kong and other Asian countries or regions. Apart from Macau and Taiwan, the Group seeks to expand its footprint in cities with large concentrations of overseas Chinese. The following table sets forth BEA's outlets outside Hong Kong and Chinese Mainland as at 30 June 2025:

Country and Region	Location	Year Opened
Malaysia	Representative Office in Kuala Lumpur	1997
Singapore	Branch in Singapore	1952
United States	Branches in New York and Los Angeles	1984 and 1991
United Kingdom	Branches in London, Birmingham and Manchester	1990, 1997 and 2013
Taiwan, China	Branch in Taipei	1997
Macau, China	Branch in Macau	2001

GROUP STRUCTURE

BEA is the holding company and the principal operating company of the Group. In addition, BEA has a number of significant subsidiaries and associated companies through which the Group conducts various operations such as stock-broking, asset management and certain fee-based activities.

As at 31 December 2024, except for BEA (China), none of BEA's subsidiaries accounted for more than 10 per cent. of the consolidated net profit and loss of the Group or had a book value in excess of 10 per cent. of the Group's consolidated total assets.

The following table sets forth certain particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2024:

Name of company	Place of incorporation and operation	Issued and paid-up capital	Percentage of shareholding	Nature of business
Ample Delight Limited	Hong Kong	HK$450,000,000	100%	Investment holding
Bank of East Asia (Trustees) Limited	Hong Kong	HK$150,000,000	100%	Trustee service
BEA Global Services Centre (Guangdong) Co., Ltd (formerly known as East Asia Digital Information Services (Guangdong) Limited)[1]	PRC	US$3,000,000	100%	Servicing
BEA Union Investment Management Limited	Hong Kong	HK$374,580,000	51%	Asset management
BEA Union Investment Management (Shenzhen) Limited[1]	PRC	US$7,000,000	51%	Asset management/Investment management
Central Town Limited	Hong Kong	HK$2	100%	Property investment
Corona Light Limited	BVI	HK$929,752,849	100%	Investment holding
Credit Gain Finance Company Limited	Hong Kong	HK$640,000,000	100%	Money lenders
Crystal Gleaming Limited	BVI	HK$929,752,849	100%	Investment holding
Dragon Jade Holdings Company Limited	Hong Kong	HK$1,127,510,000	100%	Investment holding
East Asia Holding Company, Inc.	U.S.A.	US$5	100%	Investment holding

Name of company	Place of incorporation and operation	Issued and paid-up capital	Percentage of shareholding	Nature of business
East Asia Securities Company Limited	Hong Kong	HK$25,000,000	100%	Securities broking
Skyray Holdings Limited.	BVI	HK$450,000,000	100%	Investment holding
Speedfull Limited	BVI	HK$450,000,000	100%	Investment holding
The Bank of East Asia (China) Limited[(1)]	PRC	CNY14,160,000,000	100%	Banking and related financial services

Note:

(1) Represent wholly foreign owned enterprises registered under the PRC laws.

ORGANISATION

The Board of Directors of BEA is collectively responsible for the long-term success of the Group and assumes responsibility for its leadership within a framework of effective controls.

Under the framework, the Board of Directors has set up six Board Committees and nine Management Committees to assist it in carrying out its responsibilities. The Board Committees include Audit Committee, Nomination Committee, Remuneration Committee, Risk Committee, ESG Committee and Sealing Committee. The Management Committees include Executive Committee, Investment Committee, Crisis Management Committee, Risk Management Committee, Asset and Liability Management Committee, Credit Committee, Operational Risk Management Committee, Group Data and Artificial Intelligence Steering Committee and ESG Steering Committee.

The Audit Committee is responsible for financial controls, audit, internal controls, corporate governance functions, and reviewing annual report and accounts, and half-year interim report. The Nomination Committee is responsible for recommending to the Board of Directors on matters relating to appointment, re-appointment, removal and succession planning of Directors, Chief Executive/Co-Chief Executives, Deputy Chief Executives, Group Chief Compliance Officer, Group Chief Auditor, Group Chief Financial Officer, Group Chief Risk Officer, other General Managers and Division Heads; reviewing Board composition; defining succession planning and diversity of the Board of Directors; performing evaluation of the Board of Directors' performance and Directors' contribution to the effectiveness of the Board of Directors and time commitment and potential conflicts of interest. The Remuneration Committee is responsible for making recommendations to the Board of Directors regarding BEA's remuneration policy, and for the formulation and review of the remuneration packages of the Directors, Executive Chairman, Co-Chief Executives, Deputy Chief Executives, General Managers and Key Personnel of the Group. The Risk Committee is assisted by the Management Committees, namely, the Risk Management Committee, Credit Committee, Asset and Liability Management Committee, Operational Risk Management Committee and Group Data and Artificial Intelligence Steering Committee, to deal with daily management of risk-related issues; and by the Crisis Management Committee to deal with crisis management. The ESG Committee is responsible for overseeing and reviewing the Group's ESG-related issues (including climate-related issues) and ESG performance. It is assisted by a Management Committee, namely the ESG Steering Committee. The Sealing Committee is responsible for directing the usage and custody of BEA's common seal.

The Management Committees are established to deal with matters as sufficiently prescribed in respective terms of reference, each of which has specific roles and responsibilities delegated by the Board of Directors or the Board Committees. The Executive Committee is responsible for assisting and supporting the Co-Chief Executives to manage the businesses and operations of the Group at a strategic level. The Risk Management Committee is responsible for assisting the Risk Committee in the daily management of issues related to all major risks faced by the Group including risk appetites, risk profiles, regulatory updates and compliance with major controls. The Credit Committee is responsible for dealing with all credit risk-related issues of the Group. The Operational Risk Management Committee is responsible for dealing with issues related to operational, legal, reputation, compliance and technology risks of the Group. The Asset and Liability Management Committee is responsible for dealing with all issues related to market, interest rate and liquidity risks of the Group. The Crisis Management Committee is responsible for dealing with the Group's crisis scenarios (if any) which jeopardise or have the potential to jeopardise the Group in its reputation, liquidity/financial position and business continuity. The Investment Committee is responsible for reviewing and formulating investment strategies as well as making investment decisions in respect of fixed income instruments, equity and equity-related investments for BEA, and The Bank of East Asia, Limited Employees' Provident Fund. The ESG Steering Committee is responsible for setting the direction for BEA's ESG strategy and driving the ESG performance of the Group. The Group Data and Artificial Intelligence Steering Committee is responsible for dealing with the Group's strategies, governance, risk controls, standards, procedures, adoption (such as use case management) and talent development for data and artificial intelligence.

BEA has 13 divisions, each of which is responsible for a specific operational function. The divisions are Personal Banking Division, Wholesale Banking Division, Wealth Management Division, Treasury Markets Division, International Division, Finance Division, Operations Division, Technology & Productivity Division, People & Sustainability Division, Risk Management Division, Legal & Secretarial Division, Compliance Division and Internal Audit Division. In addition, one special functional unit, namely Strategy & Transformation Office, has been set up to drive the Group's transformation projects.

PROPERTIES

As at 30 June 2025, BEA owned properties with aggregate floor areas of approximately 396,900 square feet, 461,819 square feet and 54,925 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. Most of BEA's properties are used as banking offices, as branches or for storage, and the remainder are leased to third parties. In addition, as at 30 June 2025, BEA also leased properties with aggregate floor areas of approximately 38,405 square feet, 59,897 square feet and 40,859 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. These leased properties are used as banking offices, as branches or for storage. As at 30 June 2025, the fair value for BEA's investment properties and bank premises amounted to approximately HK$5,660 million and HK$17,409 million, respectively.

INTELLECTUAL PROPERTY

The Group relies on domain name registrations to establish and protect its internet domain names. The Group has registered a number of internet domain names. The Group has also registered a number of trade marks, including, but not limited to, "The Bank of East Asia, Limited cyber banking", with the HKSARG.

INSURANCE

The Group maintains insurance cover to mitigate its risk. Such insurance can broadly be categorised into property insurance to cover the loss of or damage to building structure and content and electronic equipment; public liability insurance to cover legal liability as a result of physical bodily injury and/or property damage caused to third parties; bankers' blanket bonds insurance to cover the loss resulting from fraudulent acts by employees, loss of money on premises and in transit and forgery of

bank instruments; professional indemnity insurance to indemnify the Group for loss arising out of claims for wrongful or negligent professional acts; and directors' and officers' liability insurance to cover the personal liability of BEA's directors and officers against any claims resulting from any wrongful act.

COMPETITION

The banking industries in Hong Kong and Chinese Mainland are highly competitive. Please see "*Investment Considerations — Considerations Relating to the Group — Competition*" for further information.

LITIGATION

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. See "*Investment Considerations — Considerations Relating to the Group — Legal, Litigation and Regulatory Proceedings*".

Disputes with China Medical Technologies, Inc ("China Medical Technologies")

In August 2018 and August 2020, China Medical Technologies (which has been liquidated and delisted in the United States) filed an action and a summons against BEA at the Court of First Instance of the High Court of Hong Kong, respectively.

China Medical Technologies' claims arose from the payment of funds: (i) to the bank accounts of Supreme Well Investments Limited maintained with BEA (among others) between November 2006 and December 2009 purportedly for the acquisition of technology that allegedly did not exist or was purchased by China Medical Technologies at a gross overvalue; and (ii) to other accounts maintained with BEA between March 2007 and June 2011.

China Medical Technologies alleged that payments of over U.S.$180 million were made from the accounts of Supreme Well Investments Limited and other related entities maintained with BEA to parties connected with and/or controlled by directors and/or executives of China Medical Technologies, with the aim of misappropriating the funds for their personal benefit and in breach of trust and/or fiduciary duties.

Please refer to BEA's announcement on the HKSE entitled "Legal Proceedings" and dated 6 March 2017 for further information.

Save as otherwise disclosed in this Offering Circular, neither BEA nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes or the Undated Capital Securities, and BEA is not aware of any such litigation or arbitration proceedings pending or threatened against it or any of its subsidiaries.

EMPLOYEES

As at 30 June 2025, the Group had a total of 7,861 employees as set forth in the following table:

	No. of employees
Hong Kong	4,579
Chinese Mainland	2,724
Macau and Taiwan	117
Overseas	441
Total	**7,861**

BEA's management believes that BEA maintains a good relationship with its employees and has not experienced any material employment disputes. Other than certain local employees of BEA (China) and the Singapore Branch, none of BEA's employees are members of a trade union. BEA provides attractive remuneration and benefits packages to its employees including medical health care plans, group life insurance, various paid leave, staff housing loan with preferential interest rate, staff account with preferential deposit interest rate and retirement benefits under either the MPF Scheme or the MPF exempted ORSO Scheme. In addition, BEA operates share option schemes under which options to purchase ordinary shares of BEA have been granted to members of senior management and executive directors. As at 30 June 2025, 64,152,168 shares, representing approximately 2.38 per cent. of BEA's issued capital on a fully diluted basis, were issuable upon the exercise of options (including vested and unvested options) granted under BEA's staff share option schemes adopted in 2016 and 2021.

BEA also operates a restricted share unit scheme under which selected employees are granted restricted share units. Each unit grants a conditional right, upon vesting, to receive one fully paid ordinary share of BEA. This scheme is funded solely by existing issued shares and does not involve the issuance of any new shares.

In addition to benefits packages, BEA continues to provide career advancement opportunities and a healthy and positive working environment to its employees. BEA offers a wide range of training courses to support its employees' ongoing professional development.

PROTECTION OF DEPOSITORS

BEA is a member of the Deposit Protection Scheme, which was launched in September 2006. Accordingly, all eligible depositors of BEA are automatically protected under the Deposit Protection Scheme. As part of its measures to maintain the liquidity of, and confidence in, the Hong Kong financial markets, the Hong Kong Deposit Protection Board enhanced the Deposit Protection Scheme with an increased protection limit of HK$800,000 which came into effect on 1 October 2024 under the DPS Amendment Ordinance. Among other things, a gross payout approach is adopted for the determination of compensation under the Deposit Protection Scheme in case the scheme is triggered. Under this approach, any compensation paid to depositors is determined on the basis of their aggregate protected deposits held with a failed bank (up to HK$800,000 per depositor) without deducting the amount of liabilities owed by those depositors to the same bank. The gross payout approach enables the affected depositors to have faster access to their deposits.

SELECTED STATISTICAL AND OTHER INFORMATION

The selected statistical and other information set forth below is derived from and should be read in conjunction with the 2023 Financial Statements, the 2024 Financial Statements and the 2025 Interim Financial Statements. Such information relates only to the Group and has, except where otherwise indicated, been compiled as at and for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, and should be read in conjunction with the information contained elsewhere in this Offering Circular, including "*Business of the Group*".

Certain comparative figures for the year ended 31 December 2022 have been restated to conform to the presentation of the figures for the year ended 31 December 2023. Please refer to Note 22 to the 2023 Financial Statements for further information about the effect of the restatement.

ADVANCE PORTFOLIO

Overview

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's total outstanding loans and advances to customers before impairment allowances were approximately HK$549,014 million, HK$532,111 million, HK$532,931 million and HK$539,175 million, respectively, which represented approximately 62.2 per cent., 61.8 per cent., 60.7 per cent. and 60.5 per cent., respectively, of its total assets.

The majority of the Group's advances are in respect of loans for the purchase in Hong Kong of other residential properties and advances for property investment and development (excluding loans for the purchase of flats in HOS, PSPS and TPS), which together, as at 31 December 2022, 2023 and 2024 and 30 June 2025, represented approximately 33.0 per cent., 32.9 per cent., 29.8 per cent. and 29.1 per cent., respectively, of the Group's total loans and advances to customers.

Industry Sectors

The following table sets forth a summary of the Group's gross loans and advances to customers by industry sector as at the dates indicated:

	As at 31 December						As at 30 June	
	2022	Percentage of total	2023	Percentage of total	2024	Percentage of total	2025	Percentage of total
	(in HK$ millions, except percentages)							
Loan for use in Hong Kong Industrial, commercial and financial								
- Property development	36,872	6.7%	28,590	5.4%	20,317	3.8%	18,456	3.4%
- Property investment	52,366	9.5%	50,155	9.4%	39,520	7.4%	37,251	6.9%
- Financial concerns	14,892	2.7%	14,171	2.7%	13,148	2.4%	12,391	2.3%
- Stockbrokers	708	0.1%	1,218	0.2%	1,437	0.3%	2,123	0.4%
- Wholesale and retail trade	6,560	1.2%	5,996	1.1%	8,940	1.7%	11,137	2.1%
- Manufacturing	4,485	0.8%	3,219	0.6%	4,169	0.8%	5,888	1.1%
- Transport and transport equipment	5,495	1.0%	4,106	0.8%	3,766	0.7%	2,987	0.6%
- Recreational activities	347	0.1%	108	0.0%	132	0.0%	143	0.0%
- Information technology	1,438	0.3%	2,093	0.4%	3,465	0.7%	5,481	1.0%
- Others[(1)]	16,262	3.0%	20,868	3.9%	30,000	5.6%	30,200	5.6%
- Sub-total	139,425	25.4%	130,524	24.5%	124,894	23.4%	126,057	23.4%

	As at 31 December						As at 30 June	
	2022	Percentage of total	2023	Percentage of total	2024	Percentage of total	2025	Percentage of total
	(in HK$ millions, except percentages)							
Individuals								
- Loans for the purchase of flats in HOS, PSPS and TPS	1,200	0.2%	1,081	0.2%	1,131	0.2%	1,701	0.3%
- Loans for the purchase of other residential properties	91,944	16.8%	96,147	18.0%	98,966	18.6%	101,058	18.7%
- Credit card advances	4,115	0.8%	4,740	0.9%	3,501	0.7%	3,271	0.6%
- Others[(2)]	24,367	4.4%	20,555	3.9%	22,502	4.2%	22,405	4.2%
- Sub-total	121,626	22.2%	122,523	23.0%	126,100	23.7%	128,435	23.8%
Total loans for use in Hong Kong	261,051	47.6%	253,047	47.5%	250,994	47.1%	254,492	47.2%
Trade finance	5,110	0.9%	5,592	1.1%	6,889	1.3%	8,093	1.5%
Loans for use outside Hong Kong[(3)]	282,853	51.5%	273,472	51.4%	275,048	51.6%	276,590	51.3%
Total advances to customers	**549,014**	**100.0%**	**532,111**	**100.0%**	**532,931**	**100.0%**	**539,175**	**100.0%**

Notes:

(1) "Others" includes the industry sectors of civil engineering works, electricity and gas, hotels, boarding houses and catering, non-stockbroking companies and individuals for the purchase of shares, professional and private individuals for other business purposes and all others not specified.

(2) "Others" includes professional and private individuals for other private purposes.

(3) Loans for use outside Hong Kong include the certain loans for use in Chinese Mainland and loans for use outside Hong Kong and Chinese Mainland.

Geographical Concentration

The following table sets forth a summary of the Group's gross loans and advances to customers by geographical location[(1)] as at the dates indicated:

	As at 31 December						As at 30 June	
	2022	Percentage of total	2023	Percentage of total	2024	Percentage of total	2025	Percentage of total
	(in HK$ millions, except percentages)							
Hong Kong	270,332	49.2%	251,929	47.3%	239,272	44.9%	242,038	44.9%
Chinese Mainland	183,886	33.5%	174,954	32.9%	188,654	35.4%	189,346	35.1%
Other Asian Countries and Regions[(2)]	30,227	5.5%	31,279	5.9%	34,585	6.5%	35,643	6.6%
Others[(3)]	64,569	11.8%	73,949	13.9%	70,420	13.2%	72,148	13.4%
Total	**549,014**	**100.0%**	**532,111**	**100.0%**	**532,931**	**100.0%**	**539,175**	**100.0%**

Notes:

(1) The geographical analysis has been classified by the location of the counterparties, after taking into account any transfer of risk.

(2) This includes all Asian countries and regions other than Chinese Mainland.

(3) This includes North America, Western Europe and other countries.

Customer Advance Concentration

As at 30 June 2025, the Group's aggregate exposure to its 20 largest borrowers (ranked by exposure, including groups of individuals and companies) amounted to HK$114,967 million, in which the outstanding balance to these borrowers amounted to approximately HK$68,343 million, or approximately 12.7 per cent. of the Group's gross advances, with the largest representing approximately HK$7,357 million, or approximately 1.4 per cent. of the Group's gross advances. As

at 31 December 2024, the Group's aggregate exposure to its 20 largest borrowers (ranked by exposure, including groups of individuals and companies) amounted to HK$114,947 million, in which the outstanding balance to these borrowers amounted to approximately HK$54,243 million, or approximately 10.2 per cent. of the Group's gross advances, with the largest representing approximately HK$7,846 million, or approximately 1.5 per cent. of the Group's gross advances. As at 31 December 2023, the Group's aggregate exposure to its 20 largest borrowers (ranked by exposure, including groups of individuals and companies) amounted to HK$115,972 million, in which the outstanding balance to these borrowers amounted to approximately HK$72,203 million, or approximately 13.6 per cent. of the Group's gross advances, with the largest representing approximately HK$9,496 million, or approximately 1.8 per cent. of the Group's gross advances. As at 31 December 2022, the Group's aggregate exposure to its 20 largest borrowers (ranked by exposure, including groups of individuals and companies) amounted to HK$125,104 million, in which the outstanding balance to these borrowers amounted to approximately HK$77,541 million, or approximately 14.1 per cent. of the Group's gross advances, with the largest representing approximately HK$7,015 million, or approximately 1.3 per cent. of the Group's gross advances.

Advance Analysis

The following table sets forth a summary of the Group's gross advances by remaining maturity as at the dates indicated:

	As at 31 December						As at 30 June	
	2022	Percentage of total	2023	Percentage of total	2024	Percentage of total	2025	Percentage of total
	(in HK$ millions, except percentages)							
Repayable on demand[1]	2,800	0.5%	2,496	0.5%	2,790	0.5%	2,820	0.5%
3 months or less	92,953	16.9%	112,644	21.1%	118,181	22.2%	122,124	22.6%
1 year or less but over 3 months	116,705	21.3%	120,033	22.6%	128,622	24.1%	121,873	22.6%
5 years or less but over 1 year	204,234	37.2%	170,637	32.1%	157,867	29.6%	165,907	30.8%
After 5 years	121,873	22.2%	115,198	21.6%	114,247	21.5%	115,359	21.4%
Undated	10,449	1.9%	11,103	2.1%	11,224	2.1%	11,092	2.1%
Gross advances to customers	**549,014**	**100.0%**	**532,111**	**100.0%**	**532,931**	**100.0%**	**539,175**	**100.0%**

Note:

(1) Includes overdrafts.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 78.4 per cent., 75.9 per cent., 74.3 per cent. and 74.2 per cent. of advances made by the Group were at floating rates of interest, respectively. See "— *Asset and Liability Management*". The current rate offered by the Group for home mortgage advances in Hong Kong generally ranges from 1.3 per cent. to 1.4 per cent. above the 1-month HIBOR and the interest rate on a mortgage loan will not exceed the bank's Hong Kong Dollar Prime Rate minus 2%. The interest rate for Hong Kong dollar consumer finance advances offered by the Group is typically calculated on the initial principal amounts of such advances and can be in the form of fixed rate or floating based on the Bank's prime rate. Trade finance advances typically have a relatively short maturity. The interest rate for Hong Kong dollar trade finance advances made by the Group is typically a margin over the interbank offer rate or on prime rate basis. The interest rate for project finance lending and syndicated lending is typically a margin over HIBOR. As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 50.9 per cent., 49.9 per cent., 48.6 per cent. and 45.8 per cent., respectively, of advances made by the Group were denominated in Hong Kong dollars, approximately 16.2 per cent., 17.1 per cent., 15.0 per cent. and 16.2 per cent., respectively, were denominated in U.S. dollars and approximately 23.2 per cent., 23.2 per cent., 26.2 per cent. and 25.7 per cent., respectively, were denominated in RMB. Rates which are lower than the above rates may be offered by the Group under appropriate circumstances subject to internal approvals.

An important component of the Group's asset and liability policy is its management of interest rate risk, which is the relationship between market interest rates and the Group's interest rates on its interest rate sensitive assets and interest rate sensitive liabilities. See "— *Asset and Liability Management*".

As at 30 June 2025, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 30 June 2025					
	Hong Kong dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	34,253	13.9%	104,877	35.9%	139,130	25.8%
Floating rate	212,807	86.1%	187,138	64.1%	399,945	74.2%
Total	**247,060**	**100.0%**	**292,015**	**100.0%**	**539,075**	**100.0%**

As at 31 December 2024, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2024					
	Hong Kong dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	41,069	15.9%	95,936	35.0%	137,005	25.7%
Floating rate	217,813	84.1%	178,114	65.0%	395,927	74.3%
Total	**258,882**	**100.0%**	**274,050**	**100.0%**	**532,932**	**100.0%**

As at 31 December 2023, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2023					
	Hong Kong dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	37,290	14.1%	91,073	34.1%	128,363	24.1%
Floating rate	228,041	85.9%	175,707	65.9%	403,748	75.9%
Total	**265,331**	**100.0%**	**266,780**	**100.0%**	**532,111**	**100.0%**

As at 31 December 2022, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2022					
	Hong Kong dollar advances		Foreign currency advances		Total	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(in HK$ millions, except percentages)					
Fixed rate	41,839	15.0%	76,764	28.5%	118,603	21.6%
Floating rate	237,450	85.0%	192,962	71.5%	430,412	78.4%
Total	**279,289**	**100.0%**	**269,726**	**100.0%**	**549,014**	**100.0%**

Derivatives, such as interest rate swaps and interest rate futures, are used by the Group to manage interest rate risk in the banking book exposure. The Group enters into hedging either against individual transactions or on portfolio basis. Hedge accounting treatment under HKFRS is actively applied to avoid fluctuation of profit and loss arising from mark-to-market of the hedging derivatives.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 55.8 per cent., 56.4 per cent., 52.8 per cent. and 50.6 per cent., respectively, of the Group's total loans and advances to customers were covered by collateral. The extent of collateral coverage over the Group's loans and advances to customers depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees. All forms of security taken as collateral against credit facilities are monitored by the respective departments which extended the advances. In general, the collateral is periodically valued by an independent valuer to determine whether any additional collateral is required.

RISK MANAGEMENT AND CREDIT POLICIES

The Group's lending policies have been formulated on the basis of its own experience, the Banking Ordinance, guidelines or policies issued by the Monetary Authority, the Hong Kong Association of Banks and other statutory requirements (and, in the case of overseas branches and subsidiaries, the relevant local laws and regulations). BEA believes it has a history of, and reputation for, prudent lending practices.

Risk Management

The Group has established an effective risk governance and management framework in line with the requirements set out by the Monetary Authority and other regulators. This framework is built around a structure that enables BEA's Board of Directors and management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. These responsibilities include defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring, and remedy of risks.

The Risk Committee stands at the highest level of the Group's risk governance structure under the Board of Directors. The Risk Committee provides direct oversight over the formulation of the Group's risk appetite, and sets the levels of risk that the Group is willing to undertake with regard to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that the senior management adopts to execute its business functions. Through the Group's specialised management committees including the Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee and with overall coordination by the Risk Management Division, the Risk Committee regularly reviews the Group's risk management framework and ensures that all important risk-related tasks are performed according to established policies with appropriate resources.

The Risk Management Division is headed by the Group Chief Risk Officer and General Manager, who reports directly to the Co-Chief Executives and is responsible for overseeing the Group's risk management issues which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources. The Risk Management Division assesses regulatory requirements, in particular the requirements under the Supervisory Policy Manuals issued by the Monetary Authority, and is responsible for:

(i) formulating risk management policies and guidelines and performing regular reviews in order to ensure that such policies and guidelines are kept up to date;

(ii) monitoring risk exposure and compliance with the risk management framework using a risk-based approach that incorporates independent risk assessment, independent review of regular reports, independent review of new products/specific issues, and coordination of risk-related projects; and

(iii) reporting the monitoring results and significant risk related issues to the specialised risk management committees and/or the Risk Management Committee and/or the Risk Committee and/or the Board, where appropriate, at pre-determined schedule so as to assist them to discharge their duty of oversight over risk management activities. The scope of BEA's risk management framework covers major types of risk, including credit risk, interest rate risk, legal risk, liquidity risk, market risk, compliance risk, operational risk, reputation risk, strategic risk and technology risk.

The Asset and Liability Management Committee ("**ALCO**") sets the strategy and policy for managing interest rate risk and the means for ensuring that such strategy and policy are implemented. Interest rate risk is managed daily by the Treasury Markets Division, while the Risk Management Division is responsible for monitoring interest rate related activities to ensure compliance with the related bank policies, rules and regulations. The Internal Audit Division performs periodic review, to make sure the interest rate risk management functions are effectively carried out.

For the interest rate risk in the banking book, gap analysis is carried out on the maturity and repricing characteristics of the Group's both on- and off- balance sheet positions in the banking book. Repricing gap position controls and sensitivity limits from both earnings and economic value perspectives are set to control the Group's interest rate risk exposure in the banking book. The ALCO monitors the results thereof and decides remedial action if required.

In addition to the above, the ALCO sets the strategy and policy for managing liquidity risk. Funding projection is regularly conducted and reviewed to ensure BEA can meet all cash flow obligations.

The stock of HQLA is maintained and can be used to fund unexpected and material cash outflows in case needed. Liquidity ratios are closely monitored to ensure all liquidity regulatory requirements are being met.

Credit Policies

The Group's primary credit approval body is the Credit Committee, which comprises two Deputy Chief Executives, Group Chief Risk Officer, Head of Chinese Mainland Division and Co-Head of Credit Risk Management Department. The Credit Committee has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. BEA has also established an Approval Centre, which comprises Co-Head of Credit Risk Management Department and other experienced senior managers of Risk Management Division, acting as an independent unit to approve credit according to the delegated lending authority. Under the oversight of the Credit Committee, Approval Centre and other officers of the Group are authorised to approve credit based on the size of the advance, the collateral provided, the credit standing of the applicant and other prescribed credit guidelines. The following table sets out the credit approval limits for various types of advances in Hong Kong:

	Hong Kong
	(in HK$ millions)
Credit Committee	Any amount
Approval Centre	Up to 600
Other lending officer	Up to 600

The Credit Risk Management Department under the Risk Management Division is responsible for reviewing credit applications for significant loan amounts. When a customer fills out an advance application or requests a credit line, the branch or lending department account officer collects information through customer interviews, documentation requests and feasibility studies as well as other sources. After a thorough evaluation, the application is submitted to the appropriate person having sufficient lending authority for approval.

The Group has adopted lending policies with loan-to-value limits which apply to advances secured by a legal charge over an asset or property. Loan-to-value ratios on owner-occupied residential mortgages in Hong Kong (excluding loans for the purchase of flats in HOS, PSPS, TPS and the Mortgage Insurance Programme) are limited to 50 per cent. (for property value at more than HK$30 million), 60 per cent. (for property value at more than HK$15 million and up to HK$30 million) or 70 per cent. (for property value at HK$15 million or below). Loan-to-value ratios on non-owner occupied residential mortgages are limited to 50 per cent. while commercial or industrial mortgages are limited to 60 per cent. Underlying property values are based on the lower of the purchase price and the independently appraised value of the property.

Besides, the Group's lending policies limit the maximum customer debt servicing ratio to 50 per cent. on base scenario, while stress test on the borrower's repayment ability by assuming a rise in interest rate of two per cent. is imposed for property mortgages.

Meanwhile, for property mortgages under the approach of assessment by net worth of the borrower (with the asset-to-total debt obligation ratio of the borrower of at least 100 per cent.), the loan-to-value ratio is limited to 50 per cent.

ASSET QUALITY

Overview

The performance of the Hong Kong economy is heavily dependent on the property sector, and, as at 31 December 2022, 2023 and 2024 and 30 June 2025, loans for the purchase of other residential properties and advances for property investment and development (excluding loans for the purchase of flats in HOS, PSPS and TPS) in Hong Kong together accounted for approximately 33.0 per cent., 32.9 per cent., 29.8 per cent. and 29.1 per cent., respectively, of the Group's total loans and advances to customers. As a result, the Group's asset quality is vulnerable to deflation in property prices. The

ability of borrowers, including homeowners, to make timely repayment of their advances may be adversely affected by rising interest rates or a slowdown in economic growth. See "*Investment Considerations — Considerations Relating to the Group — Hong Kong, PRC and Global Economies" and "Investment Considerations — Considerations Relating to the Group — Interest Rate Risk*". As at 31 December 2022, 2023 and 2024 and 30 June 2025, home mortgage advances (including loans for the purchase of flats in HOS, PSPS and TPS and loans for the purchase of other residential properties) in Hong Kong amounted to approximately HK$93,144 million, HK$97,228 million, HK$100,097 million and HK$102,759 million, respectively, or approximately 17.0 per cent., 18.3 per cent., 18.8 per cent. and 19.1 per cent., respectively, of the Group's total loans and advances to customers and was one of the most significant segments of the Group's total loans and advances to customers. See "*Investment Considerations — Considerations Relating to the Group — Concentration Risk — Exposure to the Property Market*".

The Group is committed to expanding its business and operations in Chinese Mainland and remains susceptible to risks associated with lending in Chinese Mainland, which could lead to an increase in the Group's classified advances. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's Chinese Mainland exposure was approximately 26.8 per cent., 26.6 per cent., 27.6 per cent. and 27.7 per cent., respectively, of the Group's total advances and its Chinese Mainland impaired advances accounted for approximately 2.8 per cent., 2.7 per cent., 2.8 per cent. and 2.9 per cent., respectively, of its total Chinese Mainland exposure. See "*Investment Considerations — Considerations Relating to the Group — Exposure to the Chinese Mainland Market*".

Advance Classification

The Group classifies the advances into the following grading:

- Grades 1 through 15 — pass;
- Grades 16-17 — special mention;
- Grade 18 — sub-standard;
- Grade 19 — doubtful; and
- Grade 20 — loss.

In classifying the individual borrowers into one of the 20 gradings, the Group considers relevant factors including: (i) estimation of probability of default from the internal rating systems comprising statistical measurement and expert judgment with consideration of quantitative and qualitative elements such as the borrower's financial condition, the management and operation of the borrower's business, market conditions affecting the borrower's industry and demographic characteristics; and (ii) the payment history of the borrower.

BEA believes that its advance classification policy is in compliance with the Banking Ordinance and the applicable guidelines of the Monetary Authority.

Recognition of Impaired Loans

The Group's impaired loans are sub-divided into three categories: "sub-standard" (Grade 18), "doubtful" (Grade 19) and "loss" (Grade 20). When the repayment of an advance is uncertain (for example, there is a past-due record of 90 days or more), the Group downgrades the advance to "sub-standard". If full recovery of the advance is in doubt and the Group expects to sustain a loss of principal or interest, the Group classifies the advance as doubtful. Loss advances are those which are considered non-collectible after exhausting all collection efforts, such as the realisation of collateral and the institution of legal proceedings, and the liquidator or official receiver has ascertained the relevant recovery ratio.

Impairment of Loans and Receivables

In accordance with HKFRS 9, stage 1 or stage 2 impairment assessment is applied to non-impaired credit exposures while stage 3 impairment assessment is applied to impaired credit exposures.

Stage 1 financial assets comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk ("**SICR**") since initial recognition. The Group recognises 12-month expected credit losses ("**ECL**") for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Group compares the default risk as at the reporting date with the default risk as at the date of its initial recognition.

Stage 2 financial assets comprised of all non-impaired financial assets which have experienced a SICR or with more than 30 days past due. The Group recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial assets improves such that there is no longer a SICR since initial recognition, the financial assets will be transferred back to stage 1 and the Group will recognise 12-month ECL.

Stage 3 financial assets are those that the Group has classified as credit-impaired. The Group recognises lifetime ECL for all stage 3 financial assets. The Group classifies financial assets as impaired when one or more credit events which have a detrimental impact on the estimated future cash flows of the financial assets have occurred after initial recognition. Evidence includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency (i.e. past-due record of 90 days or more) has occurred.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the six months ended 30 June 2025:

	For the six months ended 30 June 2025[1]			
		Lifetime ECL not		
	12-month ECL	credit-impaired	Lifetime ECL credit-impaired	Total
		(in HK$ millions)		
Loans and advances to customers				
Balance at 1 January	892	261	4,298	5,451
Transfer to 12-month ECL	13	(13)	—	—
Transfer to lifetime ECL not credit-impaired	(9)	48	(39)	—
Transfer to lifetime ECL credit-impaired	(1)	(55)	56	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	58	19	21	98
Write-offs	—	—	(2,537)	(2,537)
Net remeasurement of impairment allowances (including exchange adjustments)	(76)	135	2,229	2,288
Balance at 30 June	877	395	4,028	5,300
Of which:				
For advance to customers at amortised cost	874	393	3,587	4,854
For related accrued interest receivable	3	2	441	446
	877	395	4,028	5,300

	For the six months ended 30 June 2025[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Debt investment securities				
Balance at 1 January	85	5	1,114	1,204
Transfer to 12-month ECL	—	—	—	—
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	8	(4)	(311)	(307)
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	7	(1)	70	76
Balance at 30 June	100	—	873	973
Of which:				
For debt investment securities at amortised cost	9	—	830	839
For related accrued interest receivable	—	—	43	43
	9	—	873	882
For debt investment securities at FVOCI	90	—	—	90
For related accrued interest receivable	1	—	—	1
	91	—	—	91
Others				
Balance at 1 January	135	22	61	218
Transfer to 12-month ECL	8	(8)	—	—
Transfer to lifetime ECL not credit-impaired	(3)	3	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	10	(4)	3	9
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(45)	10	2	(33)
Balance at 30 June	105	23	66	194
Of which:				
For trade bills at FVOCI	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For trade bills at amortised cost	6	—	—	6
For related accrued interest receivable	—	—	—	—
	6	—	—	6
For placements with banks and financial institutions	1	—	—	1
For related accrued interest receivable	—	—	—	—
	1	—	—	1

	For the six months ended 30 June 2025[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
For cash and balances with banks and financial institutions	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For loan commitments and financial guarantee contracts	78	23	—	101
For account receivables and other accounts other than accrued interest receivable	20	—	66	86

Note:

(1) This information has been extracted from the 2025 Interim Financial Statements.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the six months ended 30 June 2024:

	For the six months ended 30 June 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1 January	904	698	3,699	5,301
Transfer to 12-month ECL	35	(35)	—	—
Transfer to lifetime ECL not credit-impaired	(8)	8	—	—
Transfer to lifetime ECL credit-impaired	(4)	(408)	412	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	170	6	100	276
Write-offs	—	—	(2,892)	(2,892)
Changes in models	(124)	(45)	—	(169)
Net remeasurement of impairment allowances (including exchange adjustments)	(133)	68	2,721	2,656
Balance at 30 June	840	292	4,040	5,172
Of which:				
For advance to customers at amortised cost	836	290	3,791	4,917
For related accrued interest receivable	4	2	249	255
	840	292	4,040	5,172

	For the six months ended 30 June 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Debt investment securities				
Balance at 1 January	118	22	742	882
Transfer to 12-month ECL	4	(4)	—	—
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	3	(8)	—	(5)
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(36)	(3)	199	160
Balance at 30 June	89	7	941	1,037
Of which:				
For debt investment securities at amortised cost	14	5	805	824
For related accrued interest receivable	—	—	53	53
	14	5	858	877
For debt investment securities at FVOCI	74	2	77	153
For related accrued interest receivable	1	—	6	7
	75	2	83	160
Others				
Balance at 1 January	122	22	347	491
Transfer to 12-month ECL	2	(2)	—	—
Transfer to lifetime ECL not credit-impaired	(1)	1	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	12	(2)	(2)	8
Write-offs	—	—	(282)	(282)
Net remeasurement of impairment allowances (including exchange adjustments)	(6)	6	(1)	(1)
Balance at 30 June	129	25	62	216
Of which:				
For trade bills at FVOCI	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For trade bills at amortised cost	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—

	For the six months ended 30 June 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
For placements with banks and financial institutions	2	—	—	2
For related accrued interest receivable	—	—	—	—
	2	—	—	2
For cash and balances with banks and financial institutions	1	—	—	1
For related accrued interest receivable	—	—	—	—
	1	—	—	1
For loan commitments and financial guarantee contracts	110	25	—	135
For account receivables and other accounts other than accrued interest receivable	16	—	62	78

Note:

(1) This information has been extracted from the 2025 Interim Financial Statements.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the year ended 31 December 2024:

	For the year ended 31 December 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1 January	904	698	3,699	5,301
Transfer to 12-month ECL	46	(46)	—	—
Transfer to lifetime ECL not credit-impaired	(7)	90	(83)	—
Transfer to lifetime ECL credit-impaired	(3)	(426)	429	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	93	(14)	371	450
Write-offs	—	—	(5,168)	(5,168)
Changes in models	(221)	(157)	(7)	(385)
Net remeasurement of impairment allowances (including exchange adjustments)	80	116	5,057	5,253
Balance at 31 December	892	261	4,298	5,451
Of which:				
For advance to customers at amortised cost	889	259	3,954	5,102
For related accrued interest receivable	3	2	344	349
	892	261	4,298	5,451

	For the year ended 31 December 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Debt investment securities				
Balance at 1 January	118	22	742	882
Transfer to 12-month ECL	3	(3)	—	—
Transfer to lifetime ECL not credit-impaired	(2)	2	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	2	(18)	—	(16)
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(36)	2	372	338
Balance at 31 December	85	5	1,114	1,204
Of which:				
For debt investment securities at amortised cost	12	—	915	927
For related accrued interest receivable	—	—	46	46
	12	—	961	973
For debt investment securities at FVOCI	72	5	148	225
For related accrued interest receivable	1	—	5	6
	73	5	153	231
Others				
Balance at 1 January	122	22	347	491
Transfer to 12-month ECL	5	(5)	—	—
Transfer to lifetime ECL not credit-impaired	(3)	3	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	13	(6)	(2)	5
Write-offs	—	—	(282)	(282)
Changes in models	(15)	(6)	—	(21)
Net remeasurement of impairment allowances (including exchange adjustments)	13	14	(2)	25
Balance at 31 December	135	22	61	218
Of which:				
For trade bills at FVOCI	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For trade bills at amortised cost	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—

	For the year ended 31 December 2024[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
For placements with banks and financial institutions	1	—	—	1
For related accrued interest receivable	—	—	—	—
	1	—	—	1
For cash and balances with banks and financial institutions	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For loan commitments and financial guarantee contracts	116	17	—	133
For account receivables and other accounts other than accrued interest receivable	18	5	61	84

Note:

(1) This information has been extracted from the 2024 Financial Statements.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the year ended 31 December 2023:

	For the year ended 31 December 2023[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1st January	1,089	1,026	4,641	6,756
Transfer to 12-month ECL	117	(117)	—	—
Transfer to lifetime ECL not credit-impaired	(24)	24	—	—
Transfer to lifetime ECL credit-impaired	(37)	(493)	530	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	106	232	344	682
Write-offs	—	—	(6,819)	(6,819)
Changes in models	(175)	(34)	—	(209)
Net remeasurement of impairment allowances (including exchange adjustments)	(172)	60	5,003	4,891
Balance at 31st December	904	698	3,699	5,301
Of which:				
For advance to customers at amortised cost	900	691	3,536	5,127
For related accrued interest receivable	4	7	163	174
	904	698	3,699	5,301

	For the year ended 31 December 2023[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Debt investment securities				
Balance at 1st January	283	141	248	672
Transfer to 12-month ECL	12	(12)	—	—
Transfer to lifetime ECL not credit-impaired	(7)	7	—	—
Transfer to lifetime ECL credit-impaired	—	(99)	99	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	(16)	(10)	—	(26)
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(154)	(5)	395	236
Balance at 31st December	118	22	742	882
Of which:				
For debt investment securities at amortised cost	19	8	645	672
For related accrued interest receivable	—	—	45	45
	19	8	690	717
For debt investment securities at FVOCI	98	14	48	160
For related accrued interest receivable	1	—	4	5
	99	14	52	165
Others				
Balance at 1st January	133	23	238	394
Transfer to 12-month ECL	12	(12)	—	—
Transfer to lifetime ECL not credit-impaired	(1)	1	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	(18)	2	(11)	(27)
Write-offs	—	—	(2)	(2)
Net remeasurement of impairment allowances (including exchange adjustments)	(4)	8	122	126
Balance at 31st December	122	22	347	491
Of which:				
For trade bills at FVOCI	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For trade bills at amortised cost	—	—	—	—
For related accrued interest receivable.	—	—	—	—
	—	—	—	—
For placements with banks and financial institutions	2	—	—	2
For related accrued interest receivable	—	—	—	—
	2	—	—	2

	For the year ended 31 December 2023[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
For cash and balances with banks and financial institutions	1	—	—	1
For related accrued interest receivable	—	—	—	—
	1	—	—	1
For loan commitments and financial guarantee contracts	112	22	281	415
For account receivables and other accounts other than accrued interest receivable	7	—	66	73

Note:

(1) This information has been extracted from the 2024 Financial Statements.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the year ended 31 December 2022:

	For the year ended 31 December 2022[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1st January	670	528	3,231	4,429
Transfer to 12-month ECL	155	(155)	—	—
Transfer to lifetime ECL not credit-impaired	(27)	54	(27)	—
Transfer to lifetime ECL credit-impaired	(24)	(141)	165	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	350	114	273	737
Write-offs	—	—	(3,095)	(3,095)
Net remeasurement of impairment allowances (including exchange adjustments)	(35)	626	4,094	4,685
Balance at 31st December	1,089	1,026	4,641	6,756
Of which:				
For advance to customers at amortised cost	1,084	1,018	4,518	6,620
For related accrued interest receivable	5	8	123	136
	1,089	1,026	4,641	6,756
Debt investment securities				
Balance at 1st January	284	47	—	331
Transfer to 12-month ECL	—	—	—	—
Transfer to lifetime ECL not credit-impaired	(11)	11	—	—
Transfer to lifetime ECL credit-impaired	(5)	(13)	18	—

	For the year ended 31 December 2022[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
New financial assets originated or purchased, assets derecognised, repayments and further lending	25	21	—	46
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(10)	75	230	295
Balance at 31st December	283	141	248	672
Of which:				
For debt investment securities at amortised cost	66	98	241	405
For related accrued interest receivable	1	2	7	10
	67	100	248	415
For debt investment securities at FVOCI	214	41	—	255
For related accrued interest receivable	2	—	—	2
	216	41	—	257
Others				
Balance at 1st January	143	24	85	252
Transfer to 12-month ECL	2	(2)	—	—
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	(1)	(7)	8	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	11	(3)	68	76
Write-offs	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(22)	11	77	66
Balance at 31st December	133	23	238	394
Of which:				
For trade bills at FVOCI	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For trade bills at amortised cost	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For placements with banks and financial institutions	1	—	—	1
For related accrued interest receivable	—	—	—	—
	1	—	—	1

	For the year ended 31 December 2022[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
For cash and balances with banks and financial institutions	2	—	—	2
For related accrued interest receivable	—	—	—	—
	2	—	—	2
For loan commitments and financial guarantee contracts	121	23	174	318
For account receivables and other accounts other than accrued interest receivable	9	—	64	73

Note:

(1) This information has been extracted from the 2023 Financial Statements.

Top Ten Impaired Loans

As at 30 June 2025, the Group's ten largest impaired loans accounted for approximately 1.54 per cent. of its total advances and approximately 58.42 per cent. of its gross impaired loan portfolio. The majority of the borrowers of such ten largest impaired loans were engaged in property development business and accounted for approximately 84 per cent. of the aggregate exposure relating to such ten largest impaired loans as at 30 June 2025. As at 30 June 2025, the Group's exposure under its ten largest impaired loans ranged from approximately HK$469 million to approximately HK$1,360 million per impaired loan, and amounted to approximately HK$8,291 million in the aggregate. As at 31 December 2024, the Group's exposure under its ten largest impaired loans ranged from approximately HK$498 million to approximately HK$1,572 million per impaired loan, and amounted to approximately HK$9,631 million in the aggregate. As at 31 December 2023, the Group's exposure under its ten largest impaired loans ranged from approximately HK$426 million to approximately HK$2,200 million per impaired loan, and amounted to approximately HK$10,556 million in the aggregate. As at 31 December 2022, the Group's exposure under its ten largest impaired loans ranged from approximately HK$266 million to approximately HK$3,530 million per impaired loan, and amounted to approximately HK$10,284 million in the aggregate.

Impaired Loans That Have Been Restructured

The Group's classified advances/impaired loans are restructured on a case-by-case basis, subject to the approval of the appropriate lending parties for both the restructured limits and recovery measures. BEA believes that the Group maintains a prudent reclassification policy. For example, if payments under an advance are rescheduled, that advance will not be reclassified and will remain under adverse classification (either as a "sub-standard" or "doubtful" advance) and may only be upgraded to a special mention advance if the revised payment terms are honoured for a period of six months in the case of monthly payments (including both interest and principal), and 12 months in the case of non-monthly payments.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's impaired advances to customers including those that have been restructured through the rescheduling of principal repayments and deferral or waiver of interest were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	(in HK$ millions, except percentages)			
Gross impaired advances to customers	13,145	14,334	14,493	14,192
Specific provisions/Individual impairment loss allowance	4,518	3,536	3,954	3,587
Net impaired advances to customers	8,627	10,798	10,539	10,605
Gross impaired advances to customers as a percentage of total advances to customers	2.4%	2.7%	2.7%	2.6%
Net impaired advances to customers as a percentage of total advances to customers	1.6%	2.0%	2.0%	2.0%

In addition, there may be circumstances when a rescheduled loan is taken up by a new obligor. Under BEA's credit policy, if a rescheduled loan is taken up by a new obligor, BEA may regard it as a new loan (i.e. no longer a rescheduled loan) provided that (a) it is restructured with the new obligor on commercial terms; (b) the agreed haircut, if any, has been fully written off upon completion of restructuring; and (c) it is a genuine restructuring and not merely a transfer of an overdue loan among the borrower's group or related companies. Before entering into the restructuring, BEA must be satisfied with the creditworthiness and repayment ability of the new obligor. For example, the new obligor must have sufficient assets that can generate adequate funds to repay the outstanding debt.

The Group's measured-at-amortised-cost debt securities included listed and unlisted debt securities. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the book value of these securities were approximately HK$14,462 million, HK$11,190 million, HK$29,843 million and HK$37,098 million, respectively, which represented approximately 9.8 per cent., 6.7 per cent., 15.6 per cent. and 18.5 per cent. of the Group's total investments securities, respectively. These debt securities included both Hong Kong dollar and U.S. dollar denominated bonds and notes. See "*— Asset and Liability Management*".

The following table sets forth a summary of the carrying values of the Group's measured-at-amortised-cost debt securities, categorised by the types of issuers as at the dates indicated:

	As at 31 December						As at 30 June	
	2022	Percentage of total	2023	Percentage of total	2024	Percentage of total	2025	Percentage of total
	(in HK$ millions, except percentages)							
Measured-at-amortised-cost securities issued by:								
Central governments and central banks	3,819	26.4%	3,384	30.2%	25,478	85.4%	29,702	80.1%
Public sector entities	—	—	—	—	—	—	3,434	9.3%
Banks and other financial institutions	1,073	7.4%	736	6.6%	—	—	349	0.9%
Corporate entities	9,377	64.9%	7,070	63.2%	4,365	14.6%	3,614	9.7%
Other entities	193	1.3%	—	—	—	—	—	—
Total	**14,462**	**100.0%**	**11,190**	**100.0%**	**29,843**	**100.0%**	**37,099**	**100.0%**

ASSET AND LIABILITY MANAGEMENT

The Group's objective on asset and liability management is to maximise its net interest income and return on assets and equity while providing for liquidity and effective risk management. Recommendations to management on liquidity, interest rate policy and other significant asset and liability management matters are made by ALCO, which consists of Co-Chief Executives, two Deputy Chief Executives, Group Chief Risk Officer, Group Chief Financial Officer and Head of Treasury Markets Division. A representative from Market & Liquidity Risk Management Department acts as the secretary of ALCO.

One of the key components of the Group's asset and liability management is the management of market risk, interest rate risk and liquidity risk. The Group's policies regarding the management of these risks are formulated, and their implementations are coordinated, by ALCO. ALCO meets on a bi-weekly basis to formulate the asset and liability strategies, such as the deposit rates, advance pricing strategies and hedging strategies. The Treasury Markets Division is responsible for the daily operating management of the discretionary portion of the Group's assets and liabilities within the approved internal limits. The derivative transactions entered into by the Group are substantially in response to customer demands, in addition to BEA book hedging, and no significant proprietary trading positions are maintained by the Group.

Interest rate risk primarily results from the timing differences in the repricing of interest rate sensitive assets, liabilities and off balance sheet items in the banking book. In determining the level of interest rate risk, assessments are made for the gap risk, basis risk and option risk. The Group manages the interest rate risk in the banking book primarily by focusing on repricing mismatches. Gap analysis provides a static view of the maturity and repricing characteristics of the Group's interest rate sensitive assets, liabilities and off balance sheet positions. Repricing gap position limits are set to control the Group's interest rate risk.

Sensitivity analysis in relation to the impact of changes in interest rates on earnings and economic value is assessed regularly through a number of hypothetical interest rate shock scenarios prescribed by the Monetary Authority. Sensitivity limits are set to control the Group's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to ALCO on a regular basis.

The following table sets forth the interest rate shock impact to the Group according to the Monetary Authority predefined scenarios as at 31 December 2024:

	Adverse impacts from the Monetary Authority interest rate shock scenarios	Economic Value of Equity	Net Interest Income
		(in HK$ millions)	
1	Parallel up	2,973	193
2	Parallel down	1,496	2,300
3	Steepener	1,553	—
4	Flattener	360	—
5	Short rate up	1,132	—
6	Short rate down	1,264	—

Liquidity pertains to the Group's ability to meet obligations as they fall due. To manage liquidity risk, the Group has established a liquidity risk management policy which is reviewed by ALCO and approved by BEA's Board of Directors. The Group measures its liquidity through various risk metrics including, but not limited to, LCR, NSFR, loan-to-deposit ratio and the maturity mismatch ratio.

The Group monitorsits liquidity position on a daily basis to ensure the Group's funding needs can be met and the statutory ratios for monitoring and managing liquidity risk are complied with. The Group's consolidated average LCR was approximately 176.5 per cent. for the second quarter of 2025, which is above the statutory minimum requirement of 100 per cent. As at 30 June 2025, the Group's consolidated NSFR was approximately 124.6 per cent., which is above the statutory minimum requirement of 100 per cent.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, approximately 78.4 per cent., 75.9 per cent., 74.3 per cent. and 74.2 per cent. of advances made by the Group were at floating rates of interest, respectively. The Group's interest-earning assets have floating interest rates fixed by reference to BEA's best lending rate, prime rate and interbank rates, and the Group's interest-bearing liabilities have floating interest rates by reference to interbank rates and savings deposit rates. ALCO continuously monitors the gap between HIBOR and the prime rate and, consequently, the impact on Group's net interest income. If the Group's net interest income declines due to the squeeze of the spread between BEA's prime rate and HIBOR, ALCO may recommend the adjustment of BEA's prime rate charged on advances and/or the expansion of higher-yield lending business.

The following table sets forth the Group's average balances of interest-earning assets and interest-bearing liabilities, interest and related average interest rates for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025. Average balances of interest-earning assets and interest-bearing liabilities for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 are based on the arithmetic mean of the respective balances at the beginning and the end of such period.

	For the years ended 31 December									For the six months ended 30 June					
	2022			2023			2024			2024			2025		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
	(in HK$ millions, except percentages)														
ASSETS															
Interest-earning assets															
Customers loans and credit															
Advances to customers	544,847			531,199			523,393			523,529			523,784		
Trade bills	4,130			1,098			1,513			1,932			2,742		
Total	548,977	18,739	3.4	532,297	27,474	5.2	524,906	26,676	5.1	525,461	13,704	2.6	526,526	11,179	2.1
Interbank placements and loans															
Balances with banks	52,581			42,544			38,200			38,300			35,417		
Placements with and advances to banks	68,936			58,458			47,477			50,671			30,791		
Total	121,517	1,540	1.3	101,002	3,347	3.3	85,677	2,975	3.5	88,971	1,599	1.8	66,208	849	1.3
Securities															
Treasury bills	24,898			26,635			30,139			29,269			32,819		
Certificates of deposit	1,065			1,156			1,575			1,660			861		
Debt securities	124,090			130,723			151,128			146,605			167,330		
Total	150,053	4,224	2.8	158,514	8,503	5.4	182,842	9,777	5.3	177,534	4,885	2.8	201,010	4,693	2.3
Total interest-earning assets	820,547	24,503	3.0	791,813	39,324	5.0	793,425	39,428	5.0	791,966	20,188	2.5	793,744	16,721	2.1
Allowance for possible loan losses	(4,989)			(6,117)			(5,263)			(5,369)			(5,140)		
Non-interest earning assets	82,035			81,985			80,722			78,848			83,047		
Total assets	897,593			867,681			868,884			865,445			871,651		

	For the years ended 31 December									For the six months ended 30 June					
	2022			2023			2024			2024			2025		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
	(in HK$ millions, except percentages)														
LIABILITIES															
Interest-bearing assets															
Deposits															
Deposits from customers	635,524	9,271	1.5	626,495	18,902	3.0	628,569	19,295	3.1	622,286	10,073	1.6	642,714	7,983	1.2
Deposits and balances of banks	32,367	531	1.6	26,251	1,156	4.4	28,191	1,305	4.6	31,823	778	2.4	18,222	343	1.9
Total	667,891	9,802	1.5	652,746	20,058	3.1	656,760	20,600	3.1	654,109	10,851	1.7	660,936	8,326	1.3
Other liabilities															
Certificates of deposits	48,607			31,115			24,368			26,278			22,367		
Debt securities issued	3,766			1,742			564			693			133		
Loan capital	10,081			14,955			20,456			18,060			15,291		
Total	62,454	1,457	2.3	47,812	2,455	5.1	45,388	2,482	5.5	45,031	1,172	2.6	37,791	1,105	2.9
Total interest-earning assets	730,345	11,259	1.5	700,558	22,513	3.2	702,148	23,082	3.3	699,140	12,023	1.7	698,727	9,431	1.3
Non interest-bearing liabilities	57,853			59,239			58,087			56,938			(151,146)		
Total liabilities	788,198			759,797			760,235			756,078			547,581		
NET INTEREST INCOME		13,244			16,811			16,346			8,165			7,290	
NET INTEREST SPREAD			1.5			1.8			1.7			0.8			0.8

Note:

(1) Net interest spread is the difference between average interest yield on interest-earning assets and average funding cost on interest-bearing liabilities.

INTERNAL AUDIT

The Internal Audit Division is responsible for auditing the Group's operations through evaluation of the appropriateness of the control design and the operating effectiveness of the risk management and internal control systems that safeguard the Group's assets and ensure the reliability of financial information and the compliance with relevant regulatory and statutory requirements. The results of internal audit would be communicated to the senior management and internal audit recommendations are followed up for implementation. Internal audit report summarising results of the Group's audit activities and key audit findings are presented to the Audit Committee on a quarterly basis.

COMPLIANCE

The Compliance Division was established to independently monitor and advise the Group's management on the risk management of regulatory compliance issues concerning the Group's business. It is responsible for establishing and reviewing compliance policies and guidelines and ensuring that they remain effective. It reviews new products and business proposals (in the capacity as a member of the Steering Group for New Product and Business Approval), conducts periodic review of the Group's activities and advises the Group's senior management in accordance with applicable laws, rules and regulations. Another key function of the Compliance Division is to raise compliance awareness among staff members. Among others, the Compliance Risk Management Policy has been issued to relevant staff members of the Group. Forming part of the Compliance Risk Management Policy, the Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism, which adheres to those requirements stipulated in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) of Hong Kong and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) issued by the Monetary Authority is also available to staff members of the Group. In addition, the Group's internal controls are also reviewed by its internal auditors. Regular training sessions are conducted and newsletters are issued to update the Group's staff members on any significant regulatory changes relevant to the Group's operations.

BOARD OF DIRECTORS

BEA is managed by its Board of Directors, which is responsible for the direction and management of BEA. The articles of association of BEA require that there must be not less than five Directors, unless and until otherwise determined by an ordinary resolution of the shareholders of BEA. Directors are appointed at any time either at a general meeting of shareholders or by the Board of Directors.

As at 30 June 2025, the Board of Directors of BEA comprised the following individuals:

Name	Age	Title
Dr. the Hon. Sir David LI Kwok-po	86	Executive Chairman
Professor Arthur LI Kwok-cheung	80	Non-executive Director (Deputy Chairman)
Dr. Allan WONG Chi-yun	74	Independent Non-executive Director (Deputy Chairman)
Mr. Aubrey LI Kwok-sing	75	Non-executive Director
Mr. Stephen Charles LI Kwok-sze	65	Non-executive Director
Mr. Adrian David LI Man-kiu	51	Co-Chief Executive
Mr. Brian David LI Man-bun	50	Co-Chief Executive
Dr. Daryl NG Win-kong	47	Non-executive Director
Dr. the Hon. Rita FAN HSU Lai-tai	79	Independent Non-executive Director
Mr. Meocre LI Kwok-wing	70	Independent Non-executive Director
Dr. the Hon. Henry TANG Ying-yen	72	Independent Non-executive Director
Dr. Delman LEE	58	Independent Non-executive Director
Mr. William Junior Guilherme DOO	51	Independent Non-executive Director
Dr. David MONG Tak-yeung	63	Independent Non-executive Director
Dr. Francisco Javier SERRADO TREPAT	66	Non-executive Director

Dr. the Hon. Sir David LI Kwok-po, *GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur*
Executive Chairman and Member of the Nomination Committee

Sir David, aged 86, joined BEA in 1969. He was appointed a Director in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997. On 1 July 2019, Sir David stepped down as Chief Executive and was re-designated as Executive Chairman of BEA. Sir David is also the Chairman of BEA (China) and The Bank of East Asia Charitable Foundation Limited.

Sir David is an Independent Non-executive Director of The Hong Kong and China Gas Company Limited (listed in Hong Kong), The Hongkong and Shanghai Hotels, Limited (listed in Hong Kong) and San Miguel Brewery Hong Kong Limited (listed in Hong Kong). He was an Independent Non-executive Director of Vitasoy International Holdings Limited (listed in Hong Kong).

Sir David is a Member of the Council of the Treasury Markets Association. He is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army Hong Kong and Macau Territory, Chairman of the Executive Committee of St. James' Settlement and a Fellow of the Hong Kong Academy of Finance. He was a Member of the Executive Council of Hong Kong from 2005 to 2008 and the Legislative Council of Hong Kong from 1985 to 2012. He was appointed Vice Chairman of the Basic Law Drafting Committee of the HKSAR in 1985.

Professor Arthur LI Kwok-cheung, *GBM, GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LLD (Hon), Hon Doc (Soka), Hon Doc (KNUA), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP*
Deputy Chairman, Non-executive Director, Member of the Nomination Committee and the Remuneration Committee

Professor Li, aged 80, was a Director of BEA (1995-2002) and was re-appointed a Director in 2008 and was appointed a Deputy Chairman in 2009.

Professor Li is a Member of the Executive Council of the HKSAR (he was/has been a Member from 2002 to June 2007 and from July 2012 to present). He also serves as a Member of the Committee for the Basic Law of the HKSAR under the Standing Committee of the National People's Congress (the "**NPC**"). Professor Li was a Member of the National Committee of the Chinese People's Political Consultative Conference (the "**CPPCC**") (1998-2018).

Professor Li is an Independent Non-executive Director of Shangri-La Asia Limited (listed in Hong Kong) and a Non-executive Director of Greater Bay Airlines Company Limited.

Professor Li was the Secretary for Education and Manpower of the HKSARG (2002-June 2007). Before these appointments, he was the Vice Chancellor of the Chinese University of Hong Kong (1996-2002) and was the Chairman of Department of Surgery and the Dean of Faculty of Medicine of the Chinese University of Hong Kong. He was also the Chairman of the Council of the University of Hong Kong.

Professor Li had held many important positions in various social service organisations, medical associations, and educational bodies, including the Education Commission, Committee on Science and Technology, the Hospital Authority, the Hong Kong Medical Council, the University Grants Committee, the College of Surgeons of Hong Kong, and the United Christian Medical Services Board.

He was a Member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and the Hong Kong Applied Science and Technology Research Institute, and Vice President of the Association of University Presidents of China. He was a Hong Kong Affairs Adviser to China.

Dr. Allan WONG Chi-yun, *GBS, MBE, BSc, MSEE, Hon. DTech, JP*
Deputy Chairman, Independent Non-executive Director, Chairman of the Nomination Committee, Member of the Audit Committee, the Remuneration Committee and the Risk Committee

Dr. Wong, aged 74, was appointed a Director in 1995 and a Deputy Chairman in 2009. He is the Chairman and Group Chief Executive Officer of VTech Holdings Limited (listed in Hong Kong). Dr. Wong is an Independent Non-executive Director of China-Hongkong Photo Products Holdings Limited (listed in Hong Kong).

Dr. Wong is a Member of the Chief Executive's Council of Advisers of the HKSARG.

Dr. Wong holds a Bachelor of Science degree in electrical engineering from the University of Hong Kong, a Master of Science degree in electrical and computer engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University.

Mr. Aubrey LI Kwok-sing, *ScB, MBA*
Non-executive Director and Member of the Risk Committee

Mr. Li, aged 75, was appointed a Director in 1995. He is Chairman of IAM Family Office Limited and Chairman of the Advisory Board of MCL Financial Group Limited, both Hong Kong based investment firms. Mr. Li possesses extensive experience in the fields of investment banking, merchant banking and capital markets. He is an Independent Non-executive Director of Kowloon Development Co. Ltd (listed in Hong Kong) and Pokfulam Development Company Limited (listed in Hong Kong). He was an Independent Non-executive Director of Café de Coral Holdings Limited (listed in Hong Kong).

Mr. Li has an ScB in Civil Engineering from Brown University and a Master of Business Administration from Columbia University.

Mr. Stephen Charles LI Kwok-sze, *BSc (Hons.), ACA*
Non-executive Director

Mr. Li, aged 65, was appointed a Director in 2006. He is a Member of the Institute of Chartered Accountants in England and Wales. Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King's College, University of London, U.K. He has extensive experience in investment banking, having held senior capital markets positions with international investment banks in London and Hong Kong and board positions with international investment funds.

Mr. Li is a member of the Executive Committee and the Honorary Treasurer of The Keswick Foundation.

Mr. Adrian David LI Man-kiu, *BBS, MA (Cantab), MBA, LPC, JP*
Co-Chief Executive and Member of the ESG Committee

Mr. Li, aged 51, first joined BEA in 2000 as General Manager & Head of Corporate Banking Division. He was appointed Deputy Chief Executive in 2009, Executive Director in 2014 and Co-Chief Executive in 2019. He is responsible for overall management and control of the Group with a particular focus on its Hong Kong business. He serves on the boards of several Group members as Chairman or Member.

Mr. Li is an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited (listed in Hong Kong) and Tsim Sha Tsui Properties Limited (listed in Hong Kong)) and COSCO SHIPPING Ports Limited (listed in Hong Kong). He previously served as an Independent Non-executive Director of China State Construction International Holdings Limited (listed in Hong Kong).

Mr. Li is a Member of the Shanghai Committee of the CPPCC, a Non-official Member of the Shenzhen-Hong Kong Financial Co-operation Committee and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Deputy Chairman of The Hong Kong Institute of Bankers' Executive Committee an Alternate Director of the World Savings and Retail Banking Institute, and a Member of the MPF Industry Schemes Committee. He is a Board Member of The Community Chest of Hong Kong, a Member of the Advisory Board of The Salvation Army Hong Kong and Macau Territory, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, he serves as a Member of the Election Committees responsible for electing the Chief Executive and Legislative Council Members of HKSAR as well as deputies of the HKSAR to the 14th NPC.

Mr. Li holds a Master of Business Administration Degree from Kellogg School of Management, Northwestern University in the United States, and a Master of Arts Degree and Bachelor of Arts Degree in Law from the University of Cambridge in Britain. He is a Member of The Law Society of England and Wales, as well as that of Hong Kong. He is also a Member of the Hong Kong Academy of Finance and has been conferred as an Honorary Certified Banker by The Hong Kong Institute of Bankers. Mr. Li was awarded the Bronze Bauhinia Star by the HKSARG in recognition of his contributions to the community.

Mr. Brian David LI Man-bun, *BBS, JP, MA (Cantab), MBA, FCA*
Co-Chief Executive and Member of the ESG Committee

Mr. Li, aged 50, first joined the Group in 2002. He was General Manager & Head of Wealth Management Division of the Bank from 2004 to 2009. He was appointed Deputy Chief Executive in 2009, Executive Director in 2014 and Co-Chief Executive in 2019. He is responsible for the overall management and control of the Group with a particular focus on its Chinese Mainland and international businesses. He serves on the boards of several Group members as Chairman or as a Member.

Mr. Li is an Independent Non-executive Director of Towngas Smart Energy Company Limited (listed in Hong Kong), China Overseas Land & Investment Limited (listed in Hong Kong) and Guangdong Investment Limited (listed in Hong Kong). He was an Independent Non-executive Director of Shenzhen Investment Holdings Bay Area Development Company Limited (listed in Hong Kong).

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of the CPPCC and a Vice Chairman of its Committee on Social and Legal Affairs, a Member of the Chief Executive's Council of Advisers of the HKSARG, a Board Member of Hong Kong-Shenzhen Innovation and Technology Park Limited, and a Member of the Disaster Relief Fund Advisory Committee.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance, an Honorary Certified Banker of The Hong Kong Institute of Bankers and a Full Member of the Treasury Markets Association. He holds an MBA degree from Stanford University as well as a BA degree from the University of Cambridge.

Dr. Daryl NG Win-kong, *SBS, BA, MSc, DHL, Hon. DBA, JP*
Non-executive Director and Member of the Risk Committee

Dr. Ng, aged 47, was appointed a Director in 2015. He is an Executive Director and Deputy Chairman of Sino Land Company Limited (listed in Hong Kong), Tsim Sha Tsui Properties Limited (listed in Hong Kong) and Sino Hotels (Holdings) Limited (listed in Hong Kong). He previously served as the Chairman, Non-independent & Non-executive Director of Yeo Hiap Seng Limited (listed in Singapore).

Dr. Ng holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York, an Honorary Doctor of Humane Letters Degree from Savannah College of Art and Design and an Honorary Doctor of Business Administration, *honoris causa* from Hong Kong Metropolitan University. He is also Honorary Fellow of The Hong Kong University of Science and Technology and Hong Kong Metropolitan University.

Dr. Ng is a member of the Global Leadership Council of Columbia University in the City of New York and a member of the Standing Committee of the 14th Beijing Municipal Committee of the CPPCC. He is the President of Hong Kong United Youth Association, a Council Member of the Hong Kong Committee for UNICEF, a Council Member of The Hong Kong Management Association, a Governor of Our Hong Kong Foundation Limited, a Council Member of Hong Kong Chronicles Institute Limited, a Council Member of the Employers' Federation of Hong Kong, a Member of the Board of Hong Kong Science and Technology Parks Corporation, the Chairman of HKSTP Foundation Limited, the Chairman of Greater Bay Area Homeland Youth Community Foundation Limited, a member of the Council for Carbon Neutrality and Sustainable Development of the HKSARG, a member of the Culture Commission of the HKSARG, a member of the Advisory Council on the Environment of the HKSARG, a member of the Steering Committee of the Research, Academic and Industry Sectors One-plus (RAISe+) Scheme of Innovation and Technology Commission of the HKSARG, a Trustee of The University of Hong Kong's Occupational Retirement Schemes, a Member of the Court of the Hong Kong University of Science and Technology, a Member of the Board of Hong Kong Academy for Wealth Legacy of Financial Services Development Council, a member of NUS Medicine International Council at the Yong Loo Lin School of Medicine of National University of Singapore, a member of International Advisory Council of Singapore Management University, a Special Advisor to UNESCO Asia-Pacific Awards for Cultural Heritage Conservation, a member of the HKTDC Infrastructure Development Advisory Committee, a Director of The Real Estate Developers Association of Hong Kong, a Vice Patron of The Community Chest of Hong Kong and a Member of the Board of Hong Kong Palace Museum Limited.

Dr. Ng was awarded the Jing Hua Award by the People's Government of Beijing Municipality and conferred the Insignia of Knight in the National Order of Merit (Chevalier de l'Ordre National du Mérite) by the Government of France.

Dr. the Hon. Rita FAN HSU Lai-tai, *GBM, GBS, DSocSc, JP*
Independent Non-executive Director, Chairman of the Remuneration Committee and Member of the Nomination Committee

Dr. Fan, aged 79, was appointed a Director in 2016. She was an Independent Non-executive Director of COSCO SHIPPING Ports Limited (listed in Hong Kong) and China Overseas Land & Investment Limited (listed in Hong Kong).

Dr. Fan is one of Hong Kong's best-known public figures and has an outstanding track record of community service. Dr. Fan was appointed to the Legislative Council of Hong Kong from 1983 to 1992 and was a Member of the Executive Council of Hong Kong from 1989 to 1992. She became the President of the Provisional Legislative Council of HKSAR in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council of HKSAR until 30 September 2008. Dr. Fan served as President of the legislature of HKSAR for 11 years.

In the lead-up to Hong Kong's reunification with China, Dr. Fan played a valuable role as a Member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997. She was elected as a Hong

Kong Deputy to the 9th, 10th, 11th, and 12th sessions of the NPC during 1998 to 2018, and was concurrently a Member of the Standing Committee of the 11th and 12th sessions of the NPC from 2008 to 2018. Dr. Fan is a Non-official Member of the Candidate Eligibility Review Committee of the HKSAR. She is also serving as the Chairman of Board of Management of the Endeavour Education Centre Limited, and a Member of the Supervisory Managing Organisation of the Nina and Teddy Wang Charitable Trust.

After graduating from St. Stephen's Girls' College, Dr. Fan studied at the University of Hong Kong, and was awarded a Bachelor degree in Science and a Master degree in Social Science. She was awarded Honorary Doctorate degrees in Social Science by the University of Hong Kong, the City University of Hong Kong, the Hong Kong Polytechnic University, and the Education University of Hong Kong; and an Honorary Doctorate in Law from the China University of Political Science and Law of the People's Republic of China. Her record of public service was acknowledged by the HKSARG through the award of the Gold Bauhinia Star in 1998 and Hong Kong's top award, the Grand Bauhinia Medal, in 2007.

Mr. Meocre LI Kwok-wing, *BCom, CPA*
Independent Non-executive Director, Chairman of the Audit Committee and Member of the Risk Committee

Mr. Li, aged 70, was appointed a Director in 2016. He is the Chief Executive of Alpha Alliance Finance Holdings Limited.

Mr. Li was the Managing Partner of Arthur Andersen, one of the major international accounting firms, taking charge of its Hong Kong and Chinese Mainland operations from September 1993 to February 1995. He was the Managing Director and Head of Corporate Finance of NatWest Securities Asia from March 1995 to March 1998. He was the Chief Executive of ICEA Finance Holdings Limited (from March 1998 to March 2002), an investment banking joint venture between The Industrial and Commercial Bank of China and BEA, prior to the company's becoming a wholly-owned subsidiary of BEA, which was subsequently renamed as Tung Shing Holdings Company Limited and disposed to SinoPac Securities (Cayman) Holdings Limited on 6 April 2016. He was an Independent Non-executive Director of BEA (China) (from May 2016 to July 2022).

Mr. Li received a Bachelor of Commerce degree, with distinction, from University of Alberta, Canada. Upon graduation, he was awarded the Financial Executives Institute Silver Medal for "Highest Standing in Finance". He also earned a Postgraduate Management Diploma from the Harvard Business School, and is a member of the Hong Kong Institute of Certified Public Accountants.

Dr. the Hon. Henry TANG Ying-yen, *GBM, GBS, JP*
Independent Non-executive Director, Chairman of the Risk Committee, Member of the Audit Committee, the Nomination Committee and the Remuneration Committee

Dr. Tang, aged 72, was appointed a Director in 2017. He was the Chief Secretary for Administration of the HKSARG from 2007 to 2011 and the Financial Secretary of the HKSARG from 2003 to 2007. He served as a member of the Executive Council of HKSAR from 1997 to 2011 and was a member of the Legislative Council of Hong Kong from 1991 to 1998.

Dr. Tang is a Standing Committee Member of the CPPCC, Chairman of the West Kowloon Cultural District Authority Board and the Chairman of Shanghai Tang Junyuan Education Foundation.

Dr. Tang received a Bachelor of Arts degree from the University of Michigan. In 1993, Dr. Tang was named Global Leader for Tomorrow by the World Economic Forum. In 1989, he won the Young Industrialist of Hong Kong award.

Dr. Tang is the Supervisor of BEA (China).

Dr. Delman LEE, *BEng, DPhil*
Independent Non-executive Director, Chairman of the ESG Committee, Member of the Audit Committee, the Nomination Committee and the Risk Committee

Dr. Lee, aged 58, was appointed a Director in 2017. He is the Vice Chairman of TAL Apparel Limited. He is also a Non-executive Director of Tradelink Electronic Commerce Limited (listed in Hong Kong).

Dr. Lee is a Council Member of The Hong Kong Management Association. Dr. Lee possesses extensive experience in information technology and management in global operations. He also has a strong background in research.

Dr. Lee holds a doctorate from the University of Oxford and a Bachelor's degree in Electrical and Electronic Engineering from the Imperial College, London.

Mr. William Junior Guilherme DOO, *BBS, BA, MA (Oxon), JP*
Independent Non-executive Director, Member of the Audit Committee, the Risk Committee and the ESG Committee

Mr. Doo, aged 51, was appointed a Director in 2019. He is the Chief Executive Officer and Director of Fungseng Prosperity Holdings Limited, the Deputy Chief Executive Officer and Executive Director of FSE Holdings Limited, an Executive Director of FSE Lifestyle Services Limited (listed in Hong Kong), a Non-executive Director of CTF Services Limited (formerly known as NWS Holdings Limited) (listed in Hong Kong) and an Independent Director of Shengyi Technology Co., Ltd. (listed in Shanghai).

Mr. Doo is a solicitor admitted in Hong Kong and is a non-practising solicitor in England and Wales. He had legal practice experience in one of the largest global law firms specialising in finance and corporate transactions. He is a Member of the National Committee of the CPPCC. He serves in different committees of the HKSARG, including a member of the Correctional Services Department Complaints Appeal Board, a member of the Election Committee, a member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and a member of the HKSAR Government Scholarship Fund Steering Committee.

Mr. Doo graduated from University of Oxford with B.A. and M.A. degrees in Jurisprudence and he is elected as Foundation Fellow of Wadham College, University of Oxford and a member of Chancellor's Court of Benefactors, University of Oxford. He was appointed as Justice of the Peace, and was awarded the honour of Chevalier de I'Ordre National du Mérite by the President of the French Republic. Mr. Doo was awarded the Bronze Bauhinia Star by the HKSARG.

Dr. David MONG Tak-yeung, *BScEE, DSocSc, DBA, The Order of the Rising Sun, Gold Rays with Neck Ribbon*
Independent Non-executive Director, Member of the Nomination Committee, the Remuneration Committee and the ESG Committee

Dr. Mong, aged 63, was appointed a Director in 2021. He is the Chairman and Chief Executive Officer of Shun Hing Group, which has been the exclusive regional representative of a famous brand of home appliances, Panasonic (formerly National), for many decades. He is the President of the Hong Kong & Kowloon Electrical Appliances Merchants Association Limited and the Chairman of Occupational Safety and Health Council.

Dr. Mong obtained a Bachelor of Science in Electrical Engineering, University of California, Los Angeles and a Master of Business Administration, Santa Clara University, California. Dr. Mong was conferred Doctoral Degrees of Social Sciences, honoris causa from the University of Hong Kong and Hong Kong Baptist University and Doctoral Degree of Business Administration, honoris causa from

Hong Kong Polytechnic University. Dr. Mong is an Honorary Fellow of the University of Hong Kong and the Chinese University of Hong Kong, as well as a Fellow of The Hong Kong Management Association. He was awarded the Order of the Rising Sun, Gold Rays with Neck Ribbon by the Government of Japan.

Dr. Francisco Javier SERRADO TREPAT
Non-executive Director and Member of the Nomination Committee

Dr. Serrado, aged 66, was appointed a Director in 2021. He is the Deputy to the Chairman for Asian Affairs of Criteria Caixa, S.A., Sociedad Unipersonal ("**Criteria**"). He possesses extensive knowledge and skills and has more than 35 years of experience in banking and finance-related industries, including about 30 years of experience working in China. His major responsibilities include overseeing the operations (including establishment) of banking and finance entities of Criteria in China and other regions in Asia. Dr. Serrado was the Asia Regional Manager of CaixaBank, S.A. (listed in Spain) since 2007 until February 2022.

Among other academic and professional qualifications, Dr. Serrado holds a PhD degree in Economics from Columbia University; a PhD in Economics from the University of Philippines Diliman; and an MBA degree from The London School of Economics and Political Science. He was awarded the Cross of the Order of Civil Merit (2020) at the behest of His Majesty King Felipe VI of Spain in recognition for his achievements in economic cooperation, investment and trade between the People's Republic of China and Spain.

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu, *BBS, MA (Cantab), MBA, LPC, JP*
Co-Chief Executive

Biographical details are set out above under "Board of Directors".

Mr. Brian David LI Man-bun, *BBS, JP, MA (Cantab), MBA, FCA*
Co-Chief Executive

Biographical details are set out above under "Board of Directors".

Mr. Samson LI Kai-cheong, *FCCA, CPA, FCG, HKFCG, HKSI*
Deputy Chief Executive & Chief Investment Officer

Mr. Li, aged 65, joined BEA in 1987 as Chief Internal Auditor. He was promoted to Deputy Chief Executive & Chief Investment Officer in April 2009. Mr. Li is primarily responsible for BEA's investment activities and treasury operations. He is also a Director of various members of the Group and a Member of various committees appointed by the Board.

Mr. Li is a Fellow of The Hong Kong Chartered Governance Institute, The Chartered Governance Institute, and The Association of Chartered Certified Accountants. In addition, he is an Associate of the Hong Kong Institute of Certified Public Accountants and a Member of the Hong Kong Securities and Investment Institute. Mr. Li received his Professional Diploma in Accountancy from The Hong Kong Polytechnic University.

Mr. TONG Hon-shing, *BSc, ACIB, FCG, HKFCG, Fellow CB*
Deputy Chief Executive & Chief Operating Officer

Mr. Tong, aged 66, joined BEA in 1975. He was promoted to Assistant General Manager in 1995 and to General Manager in 2000. He was General Manager & Head of Personal Banking Division from

2001 to March 2009. He was further promoted to Deputy Chief Executive and Chief Operating Officer in April 2009. Mr. Tong is primarily responsible for operations, technology, compliance, human resources, and corporate communications of BEA. He is also a Director of various members of the Group and a Member of various committees appointed by the Board.

Mr. Tong is a Fellow Certified Banker of The Hong Kong Institute of Bankers, a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute as well as an Associate of The Chartered Institute of Bankers. He holds a BSc from the University of Manchester.

Mr. BI Ming-qiang
Deputy Chief Executive of the Group

Mr. Bi, aged 55, joined BEA in December 2024 as Deputy Chief Executive of the Group, primarily responsible for BEA (China). He is also an Executive Director and the Chief Executive of BEA (China).

Mr. Bi has 28 years of professional experience in the banking industry. Prior to joining the Group, Mr. Bi held various senior management positions in financial institutions in the Chinese Mainland, Hong Kong and overseas. Mr Bi holds Bachelor's degrees in Management Information System and Electronics & Computer Science from Tsinghua University, a Master's degree in Econometrics from Tsinghua University and a Doctor of Philosophy degree in Finance from Renmin University of China.

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE UNDATED CAPITAL SECURITIES

The following is the text of the terms and conditions that, save for the paragraphs in italics, and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the global note(s) (the "Global Note(s)") or global certificate(s) (the "Global Certificate(s)") representing each Series. Either: (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement; or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by an amended and restated Trust Deed dated 24 September 2021 (as may be amended or supplemented as at the date of issue of the Notes (the "**Issue Date**") and as may be further amended, restated, novated or supplemented from time to time thereafter, the "**Trust Deed**") between The Bank of East Asia, Limited (the "**Issuer**") and DB Trustees (Hong Kong) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated Agency Agreement dated 24 September 2021 (as may be further amended, restated, novated or supplemented from time to time thereafter, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as initial issuing and paying agent, Deutsche Bank AG, Hong Kong Branch as CMU lodging and paying agent, transfer agent and as registrar for Registered Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**"), Deutsche Bank AG, Hong Kong Branch as registrar of each series of Notes to be held in the CMU (the "**CMU Notes**") and Deutsche Bank Luxembourg S.A. as registrar of each series of Notes (other than CMU Notes) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrars**", the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**" (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrars and Transfer Agents being together referred to as the "**Agents**"). For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement are available for inspection by any Noteholder at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted) at the principal office of the Trustee (presently at Level 52, International Commercial Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified offices of the Paying Agents following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the relevant Paying Agent.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest-bearing Bearer Notes and, where applicable in the case of such Bearer Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Bearer Notes of which the principal is payable in instalments (the "**Receiptholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed and the applicable Pricing Supplement, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The Pricing Supplement for the Notes of this Tranche is (or the relevant provisions thereof are) attached to or endorsed hereon. References to "**applicable Pricing Supplement**" are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed hereon.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects and "**Series**" means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case as specified in the applicable Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and in the specified denomination(s) (the "**Specified Denomination(s)**") shown hereon. The principal amount of a Non-Preferred Loss Absorbing Note or a Dated Subordinated Note is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 7(a)) in accordance with Condition 7(a) and references in these Conditions to the "**principal amount**" of a Non-Preferred Loss Absorbing Note or a Dated Subordinated Note shall mean the principal amount of such Non-Preferred Loss Absorbing Note or such Dated Subordinated Note as so adjusted.

Dated Subordinated Notes (as defined in Condition 3(d)) will only be issued in registered certificated form; Dated Subordinated Notes shall not be issued in bearer form. References to "**hereon**" is to the applicable Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on the Notes.

All Registered Notes shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notwithstanding any other regulatory or listing requirements in respect of specified denominations, the minimum Specified Denomination for any series or tranche of Non-Preferred Loss Absorbing Notes and of Dated Subordinated Notes shall be, if denominated in: (i) Hong Kong dollars, HKD2,000,000; (ii) United States dollars, U.S.$250,000; (iii) Euros, €200,000; or (iv) any other currency, the equivalent in that currency to HKD2,000,000 with reference to the relevant exchange rate on the Issue Date.

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Senior (Preferred) Note, a Dated Subordinated Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the interest basis and redemption basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the principal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register (the "**Register**") that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series comprising Registered Notes. In these Conditions, "**Registrar**" includes, if applicable, in relation to any Series comprising Registered Notes, the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Noteholder.

The Conditions are modified by certain provisions contained in the Global Certificate.

Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes are not issuable in bearer form.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes, and the expression "**Senior (Preferred) Noteholder**" shall be construed accordingly in relation to Senior (Preferred) Notes, the expression "**Non-Preferred Loss Absorbing Noteholder**" shall be construed accordingly in relation to Non-Preferred Loss Absorbing Notes and the expression "**Dated Subordinated Noteholder**" shall be construed accordingly in relation to Dated Subordinated Notes.

References in the Conditions to Coupons, Talons, Couponholders, Receipts and Receiptholders relate to Bearer Notes only.

2 No Exchange of Notes and Transfers of Registered Notes

(a) ***No Exchange of Notes***: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***: Subject to Condition 2(f) and Condition 6, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may reasonably require to

prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Transfers of interests in any Dated Subordinated Notes that are the subject of a Non-Viability Event Notice issued in accordance with Condition 7 or notice of issue of a Resolution Notice shall not be permitted during any Suspension Period (as defined in Condition 2(f)).

(c) ***Exercise of Options or Partial Redemption or Partial Write-off in Respect of Registered Notes***: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of or a partial Write-off of or cancellation, modification, conversion and/or change in form pursuant to a Resolution Notice (as defined in Condition 7(b)(iv)) of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or Written-off in accordance with Condition 7 or subject to cancellation, modification, conversion and/or change in form pursuant to a Resolution Notice, as the case may be. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates***: Each new Certificate to be issued pursuant to Condition 2(b) or Condition 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange, except for any Write-off pursuant to Condition 7(a) in which case any new Certificate to be issued shall be available for delivery as soon as reasonably practicable. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Transfers Free of Charge***: Transfers of Notes and Certificates on registration, transfer, exercise of an option, partial redemption or partial Write-off shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require).

(f) ***Closed Periods***: No Noteholder may require the transfer of a Registered Note to be registered:

(i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;

(ii) after such Noteholder has exercised its put option to require the Issuer to redeem any such Note;

(iii) during the period of 15 days ending on (and including) any date on which payment is due; or

(iv) where the Registered Notes are also Dated Subordinated Notes, during the period commencing on the date of a Non-Viability Event Notice (as defined in Condition 7(a) below) and ending on the effective date of the related Write-off.

*So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other clearing system, no holder may require the transfer of a Note to be registered during the period of five Clearing System Business Days (or such other period as the relevant clearing systems shall determine in accordance with their rules and procedures) commencing on the Clearing System Business Day immediately following the date on which the Non-Viability Event Notice (as defined in Condition 7(a) below) has been received by the relevant clearing systems (the "**Suspension Period**"). "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive except 25 December and 1 January).*

3 Status, Subordination and Qualification of the Notes

(a) ***Status of Senior (Preferred) Notes***: The senior (preferred) notes (being those Notes that specify their status as "**Senior (Preferred)**" in the applicable Pricing Supplement (the "**Senior (Preferred) Notes**")) and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior (Preferred) Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) ***Status and Qualification of Non-Preferred Loss Absorbing Notes***

(i) *Status*: The non-preferred loss absorbing notes (being those Notes that specify their status as "**Non-Preferred Loss Absorbing**" in the applicable Pricing Supplement (the "**Non-Preferred Loss Absorbing Notes**")) constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

(ii) *Qualification*: The applicable Pricing Supplement for any Non-Preferred Loss Absorbing Notes shall specify if such Non-Preferred Loss Absorbing Notes are intended to qualify as a Loss Absorbing Instrument.

(c) ***Ranking of Non-Preferred Loss Absorbing Notes***: Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Noteholders to payment of principal and interest on the Non-Preferred Loss Absorbing Notes, and any other obligations in respect of the Non-Preferred Loss Absorbing Notes, shall rank:

(i) subsequent in right of payment to, and of, all claims of all unsubordinated creditors of the Issuer (including its depositors) only;

(ii) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations and as may be further specified in the applicable Pricing Supplement; and

(iii) senior in right of payment to, and of all claims of:

(A) the holders of any subordinated instrument or other subordinated obligation issued or entered into by the Issuer (other than Parity Obligations);

(B) the holders of any instrument or other obligation issued or entered into by the Issuer that qualifies as a Tier 2 Capital Instrument or that is specified in the applicable Pricing Supplement as being Dated Subordinated Notes or as ranking *pari passu* with the Dated Subordinated Notes and any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Dated Subordinated Notes by operation of law or contract; and

(C) the holders of Junior Obligations and as may be further specified in the applicable Pricing Supplement,

in each case in the manner provided in the Trust Deed and, to the extent that such Noteholders did not receive payment in full of principal of and interest on such Non-Preferred Loss Absorbing Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11(b) and Clause 5 and Clause 7 of the Trust Deed.

In the event of a Winding-Up that requires the Noteholders or the Trustee to provide evidence of their claim to principal or interest under the Non-Preferred Loss Absorbing Notes, such claims of the Noteholders of such Non-Preferred Loss Absorbing Notes will only be satisfied after claims in respect of unsubordinated creditors of the Issuer (including its depositors) have been satisfied in whole.

The subordination provisions set out in this Condition 3(c) are effective only upon the occurrence of any Winding-Up proceedings of the Issuer. In the event that a Non-Viability Event occurs, the rights of holders of Non-Preferred Loss Absorbing Notes shall be subject to Condition 7. This may not result in the same outcome for the holders of Non-Preferred Loss Absorbing Notes as would otherwise occur under this Condition 3(c) upon the occurrence of any Winding-Up proceedings of the Issuer.

(d) ***Status and Qualification of Dated Subordinated Notes***:

(i) *Status*: The dated subordinated notes (being those Notes that specify their status as "**Dated Subordinated**" in the applicable Pricing Supplement (the "**Dated Subordinated Notes**")) constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

(ii) *Qualification*: The applicable Pricing Supplement for any Dated Subordinated Notes shall specify if such Dated Subordinated Notes are intended to qualify as:

(A) a Tier 2 Capital Instrument; and/or

(B) a Loss Absorbing Instrument.

(e) ***Subordination of Dated Subordinated Notes***: Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Noteholders to payment of principal and interest on the Dated Subordinated Notes, and any other obligations in respect of the Dated Subordinated Notes, shall rank:

(i) subordinate and junior in right of payment to, and of all claims of:

(A) all unsubordinated creditors of the Issuer (including its depositors); and

(B) the holders of Non-Preferred Loss Absorbing Instruments;

(ii) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations as may be further specified in the applicable Pricing Supplement; and

(iii) senior in right of payment to, and of all claims of:

(A) the holders of other Subordinated Obligations (if any) and as may be further specified in the applicable Pricing Supplement; and

(B) the holders of Junior Obligations and as may be further specified in the applicable Pricing Supplement,

in each case in the manner provided in the Trust Deed and, to the extent that such Noteholders did not receive payment in full of principal of and interest on such Dated Subordinated Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11(b) and Clause 5 and Clause 7 of the Trust Deed.

In the event of a Winding-Up that requires the Noteholders or the Trustee to provide evidence of their claim to principal or interest under the Dated Subordinated Notes, such claims of the Noteholders of such Dated Subordinated Notes will only be satisfied after all senior ranking obligations of the Issuer have been satisfied in whole.

The subordination provisions set out in this Condition 3(e) are effective only upon the occurrence of any Winding-Up proceedings of the Issuer. In the event that a Non-Viability Event occurs, the rights of holders of Dated Subordinated Notes shall be subject to Condition 7. This may not result in the same outcome for the holders of Dated Subordinated Notes as would otherwise occur under this Condition 3(e) upon the occurrence of any Winding-Up proceedings of the Issuer.

(f) ***Set-off and Payment Void in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes***: Subject to applicable law, no holder of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Non-Preferred Loss Absorbing Notes or the Dated Subordinated

Notes and each holder of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes shall, by virtue of being the holder of any Non-Preferred Loss Absorbing Note or Dated Subordinated Note be deemed to have waived all such rights of such set-off, counterclaim or retention to the fullest extent permitted by law.

In the event that any holder of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, other than in accordance with this Condition 3(f), such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the Winding-Up of the Issuer for interest and each holder, by virtue of becoming a holder of such Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

(g) ***Definitions***:

In these Conditions:

"**Authorized Institution**" has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong;

"**Banking Capital Regulations**" means the Banking (Capital) Rules (Cap. 155L) of Hong Kong or any other banking capital regulations as amended or superseded from time to time applicable to the regulatory capital of Authorized Institutions incorporated in Hong Kong or any supervisory guidelines issued or implemented by the Monetary Authority;

"**Group**" means the Issuer and its subsidiaries;

"**Junior Obligation**" means:

(i) all classes of the Issuer's share capital (including without limitation any ordinary shares and any preference shares of the Issuer);

(ii) any Tier 1 Capital Instruments;

(iii) in respect of the Non-Preferred Loss Absorbing Notes, any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank junior to the Non-Preferred Loss Absorbing Notes by operation of law or contract;

(iv) in respect of the Dated Subordinated Notes, any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank junior to the Dated Subordinated Notes by operation of law or contract; and

(v) any other instrument or obligation specified in the applicable Pricing Supplement;

"**Loss Absorbing Capacity Rules**" means the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules (Cap. 628B) of Hong Kong or any other loss-absorbing capacity regulations as amended or superseded from time to time applicable to the loss-absorbing capacity of Authorized Institutions incorporated in Hong Kong or any statutory guidelines issued or implemented by the Monetary Authority;

"**Loss Absorbing Instruments**" means any notes, securities or other instruments issued, entered into, or guaranteed by the Issuer that constitute "**LAC debt instruments**" under the Loss Absorbing Capacity Rules;

"**Non-Preferred Loss Absorbing Instruments**" means any Loss Absorbing Instrument that by operation of law or contract ranks or is expressed to rank senior to any:

(i) Tier 2 Capital Instruments; and

(ii) Tier 1 Capital Instruments;

"**Monetary Authority**" means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66.) of Hong Kong or any successor thereto;

"**Parity Obligation**" means:

(i) in respect of Non-Preferred Loss Absorbing Notes, any instrument or other obligation issued or entered into by the Issuer that is specified in the applicable Pricing Supplement as being Non-Preferred Loss Absorbing Notes or any other Non-Preferred Loss Absorbing Instruments issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Non-Preferred Loss Absorbing Notes by operation of law or contract;

(ii) in respect of Dated Subordinated Notes, any instrument or other obligation issued or entered into by the Issuer that is specified in the applicable Pricing Supplement as ranking *pari passu* with the Dated Subordinated Notes and any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Dated Subordinated Notes by operation of law or contract;

"**Permitted Reorganisation**" means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, as the case may be;

"**Subordinated Obligations**" means any subordinated instrument or other obligation issued, entered into, or guaranteed by the Issuer that is specified in the applicable Pricing Supplement as ranking junior to the Dated Subordinated Notes and any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank junior to the Dated Subordinated Notes by operation of law or contract but senior to the holders of Junior Obligations;

"**Tier 1 Capital Instruments**" means any instrument or other obligation issued or entered into by the Issuer that constitutes Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations;

"**Tier 2 Capital Instruments**" means any instrument or other obligation issued or entered into by the Issuer that constitutes Tier 2 capital of the Issuer pursuant to the Banking Capital Regulations;

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution by a competent judicial authority in the place of incorporation of the Issuer for the bankruptcy, winding-up, liquidation, administrative receivership, or similar proceeding in respect of the Issuer; and

"**Winding-Up Proceedings**" means, with respect to the Issuer, proceedings for the bankruptcy, liquidation, winding-up, administrative receivership, or other similar proceeding of the Issuer.

4 Negative Pledge in respect of Senior (Preferred) Notes only

So long as any Senior (Preferred) Note or Coupon (in respect thereof) remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Senior (Preferred) Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either:

(a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders; or

(b) shall be approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Senior (Preferred) Notes.

In this Condition 4:

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

"**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5 Interest and other Calculations

The amount payable in respect of the aggregate principal amount of Notes represented by a Global Certificate or a Global Note (as the case may be) shall be made in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, save that the calculation is made in respect of the total aggregate amount of the Notes represented by a Global Certificate or a Global Note (as the case may be), together with such other sums and additional amounts (if any) as may be payable under the Conditions.

(a) ***Interest on Fixed Rate Notes***: Each Fixed Rate Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) ***Interest on Floating Rate Notes and Index Linked Interest Notes***:

(i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined by the Calculation Agent in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment

Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) **Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes which specify the Reference Rate as either SOFR Benchmark or SONIA Benchmark)**

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR or Beijing time in the case of SHIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR, HIBOR, CNH HIBOR or SHIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall promptly notify the Issuer and the Issuer shall use all commercially reasonable endeavours to appoint an Independent Investment Bank and procure such Independent Investment Bank to request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks or, if the Reference Rate is SHIBOR, the principal Beijing office of each of the Reference Banks, to provide the Independent Investment Bank and the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the Interest Determination Date in question. If two or more of the Reference Banks

provide the Independent Investment Bank and the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent has received offered quotations from fewer than two Reference Banks, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated at the request of the Independent Investment Bank to the Independent Investment Bank and the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong interbank market, or, if the Reference Rate is SHIBOR, the Beijing interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Independent Investment Bank and the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Independent Investment Bank suitable for such purpose) informs the Independent Investment Bank and the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong interbank market, or, if the Reference Rate is SHIBOR, the Beijing interbank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(b)(iii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

For the purposes of this Condition 5(b)(iii)(B), "**Independent Investment Bank**" means an internationally recognised independent financial institution or an independent financial adviser with appropriate experience (which shall not be the Calculation Agent) selected and appointed by the Issuer (at the expense of the Issuer) for the purposes of this Condition 5(b)(iii)(B) and notified in writing by the Issuer to the Calculation Agent and the Trustee.

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be equal to the sum of the relevant SOFR Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The "**SOFR Benchmark**" will be determined based on Simple SOFR Average, Compounded SOFR Average or SOFR Index Average (as specified in the relevant Pricing Supplement), as follows (subject in each case to Condition 5(l)):

(x) If Simple SOFR Average ("**Simple SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be the arithmetic mean of the SOFR reference rates for each day during such Interest Accrual Period, as calculated by the Calculation Agent, and where, if applicable and as specified in the relevant Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the days in the relevant Interest Accrual Period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the last day of that Interest Accrual Period.

(y) If Compounded SOFR Average ("**Compounded SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the value of the SOFR reference rates for each day during the relevant Interest Accrual Period (where SOFR Observation Lag, SOFR Payment Delay or SOFR Lockout is specified in the relevant Pricing Supplement to determine Compounded SOFR Average) or SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the relevant Pricing Supplement to determine Compounded SOFR Average).

Compounded SOFR Average shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the relevant Pricing Supplement:

(1) SOFR Observation Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i\ -xUSBD}\ \text{x}\ n_i}{360}\right)-1\right)\ \text{x}\ \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_{i\text{-}xUSBD}$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

(2) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of each Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the last day of such Interest Accrual Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

(3) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**Interest Payment Date**" shall be the date falling the number of Interest Payment Delay Days following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or the relevant date for redemption, as applicable;

"**Interest Payment Delay Days**" means the number of Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

For the purposes of calculating Compounded SOFR Average with respect to the final Interest Accrual Period where SOFR Payment Delay is specified in the relevant Pricing Supplement, the SOFR

reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant date for redemption, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(4) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the last day of such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**", means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(C)(x) and 5(b)(iii)(C)(y):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR="or any successor page or service;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight

Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(l) shall apply;

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day; and

"**SOFR Rate Cut-Off Date**" has the meaning given in the relevant Pricing Supplement.

(z) If SOFR Index Average ("**SOFR Index Average**") is specified as applicable in the relevant Pricing Supplement, the SOFR Benchmark for each Interest Accrual Period shall be equal to the value of the SOFR reference rates for each day during the relevant Interest Accrual Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**SOFR Index**", with respect to any U.S. Government Securities Business Day, means the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time, provided that if such SOFR Index value is not available and:

(i) if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "SOFR Index Average" shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period in accordance with the Compounded SOFR Average formula described above in Condition 5(b)(iii)(C)(y)(2) (SOFR Observation Shift); or

(ii) if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(l) shall apply;

"**SOFR Index$_{End}$**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Pricing Supplement prior to the last day of such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

"**SOFR Index$_{Start}$**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Pricing Supplement prior to the first day of the relevant Interest Accrual Period;

"**SOFR Index Determination Time**" means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day; and

"**d_c**" means the number of calendar days from (and including) the day in relation to which SOFR Index$_{Start}$ is determined to (but excluding) the day in relation to which SOFR Index$_{End}$ is determined (being the number of calendar days in the applicable reference period).

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C):

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source;

"**SOFR Benchmark Replacement Date**" means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark; and

"**U.S. Government Securities Business Day**" or "**USBD**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(D) Screen Rate Determination for Floating Rate Notes which specify the Reference Rate as SONIA Benchmark

(x) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined; (ii) the Reference Rate is specified hereon as being SONIA Benchmark; and (iii) SONIA Compounded Index Rate is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 5(k), be the SONIA Compounded Index Rate as follows, plus or minus (as indicated hereon) the Margin.

For the purposes of this Condition 5(b)(iii)(D)(x):

"**SONIA Compounded Index Rate**" means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the

daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

provided, however, that and subject to Condition 5(k), if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded $Index_{START}$ and SONIA Compounded $Index_{END}$, the Rate of Interest shall be calculated for such Interest Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 5(b)(iii)(D)(y) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified hereon and the "Relevant Screen Page" shall be deemed to be the "Relevant Fallback Screen Page" as specified hereon,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**London Business Day**", means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Observation Period**" means, in respect of an Interest Period, the period from (and including) the date falling "p" London Business Days prior to the first day of such Interest Period (and the first Observation Period shall begin on and include the date which is "p" London Business Days prior to the Issue Date) and ending on (but excluding) the date which is "p" London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;

"**SONIA Compounded Index**" means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

"**SONIA Compounded $Index_{START}$**" means, in respect of an Interest Period, the SONIA Compounded Index Value on the date falling "p" London Business Days prior to (i) the first day of such Interest Period, or (ii) in the case of the first Interest Period, the Issue Date;

"**SONIA Compounded $Index_{END}$**" means the SONIA Compounded Index Value on the date falling "p" London Business Days prior to (i) in respect of an Interest Period, the Interest Payment Date for such Interest Period, or (ii) if the Notes become due and payable prior to the end of an Interest Period, the date on which the Notes become so due and payable; and

"**SONIA Compounded Index Value**" means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(y) SONIA Compounded Daily Reference Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined (ii) the Reference Rate is specified hereon as being SONIA Benchmark; and (iii) SONIA Compounded Daily Reference Rate is specified hereon, the Rate of Interest for each Interest Period will, subject to Condition 5(k), be the SONIA Compounded Daily Reference Rate as follows, plus or minus (as indicated hereon) the Margin,

"**SONIA Compounded Daily Reference Rate**" means, in respect of an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

Where:

"**London Business Day**", "**Observation Period**" and "**p**" have the meanings set out under Condition 5(b)(iii)(D)(x);

"**d**" is the number of calendar days in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Interest Period where Lag is specified hereon;

"**d_o" is the number of London Business Days in the relevant:**

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Interest Period where Lag is specified hereon;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Interest Period where Lag is specified hereon;

"**n_i**", for any London Business Day "i", means the number of calendar days from and including such London Business Day "i" up to but excluding the following London Business Day;

"**$SONIA_i$**" means, in relation to any London Business Day the SONIA reference rate in respect of:

(i) that London Business Day "i" where Observation Shift is specified hereon; or

(ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling "p" London Business Days prior to the relevant London Business Day "i" where Lag is specified hereon; and

the "**SONIA reference rate**", in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate).

(z) Subject to Condition 5(k), where SONIA Benchmark is specified as the Reference Rate hereon and either (i) SONIA Compounded Daily Reference Rate is specified hereon, or (ii) the SONIA Compounded Index Rate is specified hereon and Condition 5(b)(iii)(D)(y) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

(1) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or

(2) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof), and

in each case, $SONIA_i$ shall be interpreted accordingly.

(aa) If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 5(k), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

(bb) If the relevant Series of Notes become due and payable in accordance with Condition 11, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified hereon, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *Rate of Interest for Index Linked Interest Notes*: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) ***Zero Coupon Notes***: Where a Note the interest basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)(B)).

(d) ***Dual Currency Notes***: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.

(e) ***Partly Paid Notes***: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified hereon.

(f) ***Accrual of Interest***: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) ***Calculations***: The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or

any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than:

(i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or

(ii) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall, subject in the case of each of the SONIA Compounded Index Rate and the SONIA Compounded Daily Reference Rate to Condition 5(b)(iii)(D)(y)(i), nevertheless continue to be calculated as previously in accordance with this Condition 5(i) but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

If the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority, the Issuer shall notify such stock exchange or other relevant authority as soon as possible.

(j) ***Determination or Calculation by an agent of the Issuer***: If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5(j), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount and the making of each determination or calculation by such agent pursuant to this Condition 5(j) shall (in the absence of manifest error) be final and binding upon all parties.

(k) ***Benchmark Discontinuation (other than Floating Rate Notes which specify the Reference Rate as SOFR Benchmark)***: This Condition 5(k) shall apply to only those Notes for which this Condition 5(k) is specified as "**Applicable**" in the applicable Pricing Supplement.

Notwithstanding any other provision of this Condition 5(k), no Successor Rate or Alternative Rate (as applicable) will be adopted, and no other amendments to the terms of any Dated Subordinated Notes will be made pursuant to this Condition 5(k), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of any of the Dated Subordinated Notes as Tier 2 capital and/or the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Banking Capital Regulations and/or any applicable Loss Absorbing Capacity Rules.

(i) *Independent Adviser*: If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 5(k)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 5(k)(iii)) and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 5(k).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 5(k)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(k)(i).

(ii) *Successor Rate or Alternative Rate*: If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).

(iii) *Adjustment Spread*: If the Independent Advisor determines that:

(A) an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be); and

(B) the quantum of, or a formula or methodology for determining such Adjustment Spread,

then the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*: If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(k) and the Independent Adviser determines:

(A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and

(B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 5(k)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(k)(iv). Noteholders' consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable), any Adjustment Spread, Benchmark Amendments or such other changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required).

In connection with any such variation in accordance with this Condition 5(k)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(k)(iv), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Dated Subordinated Notes as Tier 2 Capital Instruments and/or the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Banking Capital Regulations and/or any applicable Loss Absorbing Capacity Rules.

(v) *Notices*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(k) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Noteholders or the Couponholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate (if applicable), (III) the applicable Adjustment Spread (if any) and (IV) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(k); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (if any).

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Noteholders and Couponholders.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(k)(i), 5(k)(ii), 5(k)(iii) and 5(k)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*:

As used in this Condition 5(k):

"**Adjustment Spread**" means either (A) a spread (which may be positive, negative or zero) or (B) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation as referred to in (i) above of this definition has been made, or in the case of an Alternative Rate) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if the Independent Adviser determines that no such spread as referred to in (ii) above of this definition is customarily applied) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 5(k)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(k)(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date;

(v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of subparagraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international or national repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(l) ***Benchmark Replacement (SOFR)***: The following provisions shall apply if Benchmark Event (SOFR) is specified as applicable in the relevant Pricing Supplement:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall,

at the request and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(l). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee or the Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to accept and rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(l), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(C) and 5(l):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the relevant Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(1) the sum of:

(a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(b) the Benchmark Replacement Adjustment;

(2) the sum of:

(a) the ISDA Fallback Rate; and

(b) the Benchmark Replacement Adjustment; or

(3) the sum of:

(a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(1) in the case of sub-paragraph (1) or (2) of the definition of "**Benchmark Event**", the later of:

    (a) the date of the public statement or publication of information referenced therein; and

    (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(2) in the case of sub-paragraph (3) of the definition of "**Benchmark Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and as amended and updated or (if specified in applicable Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time as at the Issue Date of the first Tranche of the Notes, unless otherwise specified hereon.

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded SOFR Average is specified in the relevant Pricing Supplement) or SOFR Index Determination Time (where SOFR Index Average is specified in the relevant Pricing Supplement); or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Notwithstanding any other provision of this Condition 5(l), no alternative reference rate will be adopted, and no other amendments to the terms of any Subordinated Notes will be made pursuant to this Condition 5(l), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of any of the Subordinated Notes under the Capital Regulations.

(m) ***Definitions***: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of Notes denominated in a currency other than Euro and Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency;

(ii) in the case of Notes denominated in Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Euro in Luxembourg;

(iii) in the case of Notes denominated in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of Notes denominated in a currency and/or one or more Financial Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres;

"**CNY**" or "**Renminbi**" means the lawful currency of the PRC;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation

Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number is 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified hereon:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and "**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended from time to time;

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended;

"**HKD**" or "**Hong Kong dollars**" means the lawful currency of Hong Kong;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified:

(i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or

(ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor Euro nor Renminbi; or

(iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro; or

(iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Period End Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (as may be updated, amended or supplemented from time to time), unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means:

(i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market;

(ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market;

(iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market; and

(iv) in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Chinese Yuan in the Hong Kong interbank market,

in each case selected by the Issuer or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

"**Sterling**" means the lawful currency of the United Kingdom; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which was launched on 19 November 2007 or any successor thereto.

(n) ***Calculation Agent***: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the

Conditions. If the Calculation Agent is unable or unwilling to act as such or, if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) ***Redemption by Instalments and Final Redemption***:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless otherwise provided hereon and unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(iii) The specified Maturity Date in respect of each Series of Non-Preferred Loss Absorbing Notes must fall on a date that is at least 12 months following the relevant Issue Date.

(iv) The specified Maturity Date in respect of each Series of Dated Subordinated Notes must fall on a date that is at least five years following the relevant Issue Date.

Any redemption of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes by the Issuer prior to the Maturity Date is subject to the Issuer obtaining the prior written consent of the Monetary Authority, to the extent such consent is required under the Banking Capital Regulations or Loss Absorbing Capacity Rules.

(b) ***Early Redemption***:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(b)(i) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i)), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation***:

(i) *Withholding Tax in respect of any Notes*: Subject to Condition 6(l), the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if such Note is at the relevant time a Floating Rate Note or an Index Linked Note) or, if so specified thereon, at any time (if such Note is at the relevant time neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, at their Early Redemption Amount (as described in Condition 6(b)) together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in Condition 9) then due or which will become due on or before the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 9) or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts or give effect to such treatment, as the case may be, were a payment in respect of the Notes then due and, in the case of Non-Preferred Loss Absorbing Notes and of Dated Subordinated Notes, no such notice of redemption shall be given prior to the compliance with the requirements in Condition 6(l).

Prior to giving any notice of redemption pursuant to this Condition 6(c)(i), the Issuer shall deliver to the Trustee (I) a certificate signed by two Authorised Signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the relevant conditions have been satisfied; and (II) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in paragraphs (A) and (B) above of this Condition 6(c)(i), in which event the same shall be conclusive and binding on Noteholders and Couponholders.

(ii) *Tax Deductibility in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes*: Subject to Condition 6(l), any Non-Preferred Loss Absorbing Note or Dated Subordinated Note may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if such Non-Preferred Loss Absorbing Note or Dated Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if such Non-Preferred Loss Absorbing Note or Dated Subordinated Note is at the relevant time not a Floating Rate Note), on giving not less than 30 but not more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount (as described in Condition 6(b)) or, if the Early Redemption Amount is not specified hereon, at their principal amount, in each case together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if in respect of payments of interest on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax:

(I) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident) or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes; and

(II) the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

provided that, no such notice of redemption shall be given earlier than (a) if such Non-Preferred Loss Absorbing Note or Dated Subordinated Note is a Floating Rate Note, 60 days, or (b) if such Non-Preferred Loss Absorbing Note or Dated

Subordinated Note is not a Floating Rate Note, 90 days, in each case, prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the interest payable on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes then due.

Prior to giving any notice of redemption pursuant to this Condition 6(c)(ii), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the relevant conditions have been satisfied, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will cease to be able to claim a tax deduction in respect of the interest payable on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes; and

(y) a copy of the written consent of the Monetary Authority as referred to in Condition 6(l),

and the Trustee shall be entitled without further enquiry and without liability to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 6(c)(ii), in which event the same shall be conclusive and binding on the Noteholders.

Any redemption of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes by the Issuer pursuant to this Condition 6(c)(ii) is subject to the Issuer obtaining the prior written consent of the Monetary Authority, to the extent such consent is required under the Banking Capital Regulations or Loss Absorbing Capacity Rules.

(d) ***Redemption at the Option of the Issuer***: Subject to Condition 6(l), if Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on the date(s) specified hereon (the "**Optional Redemption Date**") provided that, in the case of Dated Subordinated Notes, no such notice of redemption shall be given prior to the compliance with Condition 6(l). Any such redemption of Notes shall be at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, the Optional Redemption Amount specified hereon together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption of Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

Any redemption of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes by the Issuer pursuant to this Condition 6(d) is subject to the Issuer obtaining the prior written consent of the Monetary Authority, to the extent such consent is required under the Banking Capital Regulations or Loss Absorbing Capacity Rules.

For the avoidance of doubt, the Issuer does not provide any undertaking that it will exercise its option to redeem any Notes pursuant to this Condition 6(d).

(e) ***Redemption at the Option of the Noteholders other than holders of Dated Subordinated Notes***: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Senior (Preferred) Note, upon the holder of such Senior (Preferred) Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption, provided that in the case of Non-Preferred Loss Absorbing Notes the earliest date on which such Note may be redeemed pursuant to this Condition 6(e) is 12 months after the relevant Issue Date.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior (Preferred) Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior (Preferred) Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No such Senior (Preferred) Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

Unless otherwise provided in these Conditions or the applicable Pricing Supplement, the Non-Preferred Loss Absorbing Notes and the Dated Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

(f) ***Redemption for Regulatory Reasons in respect of Dated Subordinated Notes***: Subject to Condition 6(l), following the occurrence of a Capital Event, the Issuer may, having given not less than 30 but not more than 60 days' prior written notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Interest Payment Date (if the relevant Dated Subordinated Note is at the relevant time a Floating Rate Note) or at any time (if the relevant Dated Subordinated Note is at the relevant time not a Floating Rate Note) all, but not some only, of the relevant Dated Subordinated Notes, at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their principal amount, in each case together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions and provided that no such notice of redemption shall be given prior to the compliance with Condition 6(l).

For the purposes of this Condition 6(f), a "**Capital Event**" occurs if immediately before the Issuer gives the notice of redemption referred in this Condition 6(f), the Dated Subordinated Notes, after having qualified as such, will no longer qualify (in whole but not in part) as Tier 2 capital (or equivalent) of the Issuer (other than non-qualification solely as a result of any discounting or amortisation requirements as to the eligibility of the Notes for such inclusion pursuant to the relevant legislation and supervisory guidance in force from time to time), as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Capital

Regulations, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer stating that a Capital Event has occurred; and

(y) a copy of the written consent of the Monetary Authority,

and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Noteholders. Upon expiry of such notice, the Issuer shall redeem the Dated Subordinated Notes in accordance with this Condition 6(f).

Any redemption of Dated Subordinated Notes by the Issuer pursuant to this Condition 6(f) is subject to the Issuer obtaining the prior written consent of the Monetary Authority, to the extent such consent is required under the Banking Capital Regulations or Loss Absorbing Capacity Rules.

(g) ***Redemption due to Loss Absorption Disqualification Event***: Subject to Condition 6(l), following the occurrence of a Loss Absorption Disqualification Event, the Issuer may, having given not less than 30 but not more than 60 days' prior written notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Interest Payment Date (if the relevant Note is at the relevant time a Floating Rate Note) or at any time (if the relevant Note is at the relevant time not a Floating Rate Note) all, but not some only, of the relevant Notes, at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions and provided that, in the case of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, no such notice of redemption shall be given prior to the compliance with Condition 6(l).

For the purposes of this Condition 6(g), a "**Loss Absorption Disqualification Event**" occurs if immediately before the Issuer gives the notice of redemption referred in this Condition 6(g), the Notes, after having qualified as such, will no longer qualify (in whole but not in part) as a Loss Absorbing Instrument (or equivalent) of the Issuer (other than non-qualification solely as a result of any discounting or amortisation requirements as to the eligibility of the Notes for such inclusion pursuant to the relevant legislation and supervisory guidance in force from time to time) pursuant to the Loss Absorbing Capacity Rules, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Loss Absorbing Capacity Rules, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Loss Absorption Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 6(g), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer stating that a Loss Absorption Disqualification Event has occurred; and

(y) a copy of the written consent of the Monetary Authority,

and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Noteholders. Upon expiry of such notice, the Issuer shall redeem the Notes in accordance with this Condition 6(f).

Any redemption of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes by the Issuer pursuant to Condition 6(g) is subject to the Issuer obtaining the prior written consent of the Monetary Authority, to the extent such consent is required under the Banking Capital Regulations or Loss Absorbing Capacity Rules.

(h) ***Partly Paid Notes***: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.

(i) ***Purchases***: The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Notes are listed, the requirements of the relevant stock exchange and provided that, in the case of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes, no such purchase shall be made prior to the compliance with Condition 6(l). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating the quorums at meetings of Noteholders or the purposes of Condition 12(a). The Issuer or any such Subsidiary may, at its option, retain such purchased Notes for its own account and/or resell or cancel or otherwise deal with them at its discretion.

(j) ***Cancellation***: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Non-Preferred Loss Absorbing Note or Dated Subordinated Note that is written-off in full in accordance with Condition 7 shall be automatically cancelled.

(k) ***No Obligation to Monitor***: The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 or Condition 7 and will not be responsible or liable to the Noteholders, the Receiptholders or the Couponholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice in writing of the occurrence of any event or circumstance within this Condition 6 or Condition 7, it shall be entitled to assume that no such event or circumstance has happened or exists.

(l) ***Conditions for Redemption or Purchase of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes***: Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes (other than pursuant to Conditions 7(a) or 11) and neither the Issuer nor any of its Subsidiaries shall purchase any of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Capital Regulations and/or the Loss Absorbing Capacity Rules, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. This Condition 6(l) shall not apply to the Issuer or any of its Subsidiaries holding any Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes in a purely nominee, custodian or trustee capacity.

7 Non-Viability Loss Absorption and Hong Kong Resolution Authority Power

The ability to operationally effect any Write-off of any Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes or any cancellation, modification, conversion or change in form of Non-Preferred Loss Absorbing Notes or of Dated Subordinated Notes as a result of the exercise of the Hong Kong Resolution Authority Power under this Condition 7 with respect to the clearing and/or settlement of any Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes in or through the relevant clearing system(s) is subject to the availability of procedures to effect any such Write-off or such cancellation, modification, conversion or change in form in the relevant clearing system(s). However, any Write-off of any Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, or the giving of effect of the Hong Kong Resolution Authority Power with respect to the Issuer under this Condition 7 will be effective upon the exercise of any Hong Kong Resolution Authority Power (or as may otherwise be notified in writing to Noteholders, the Trustee and Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off or any cancellation, modification, conversion or change in form as a result of the exercise of the Hong Kong Resolution Authority Power under this Condition 7 in the relevant clearing system(s).

The Trust Deed and the Agency Agreement may contain certain protections and disclaimers as applicable to the Trustee and Agents in relation to this Condition 7. Each Noteholder shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any Write-off, cancellation, notification, conversion or change in form following the occurrence of the Non-Viability Event and/or exercise of any Hong Kong Resolution Authority Power.

(a) ***Non-Viability Loss Absorption upon a Non-Viability Event in respect of Dated Subordinated Notes***:

(i) If "**Write-off**" is specified as being applicable for the Loss Absorption option in the applicable Pricing Supplement for any Dated Subordinated Notes and a Non-Viability Event occurs and is continuing, the Issuer shall, on or prior to the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Trustee or the holders of any Dated Subordinated Notes), reduce the then principal amount of, and cancel any accrued but unpaid interest in respect of, each Dated Subordinated Note (in each case, in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Dated Subordinated Note (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Instruments so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the "**Write-off**", and "**Written-off**" shall be construed accordingly).

(ii) Concurrently with the giving of a Non-Viability Event Notice, the Issuer shall procure unless otherwise directed by the Monetary Authority that:

(A) a similar notice be given in respect of other Parity Capital Instruments in accordance with their terms; and

(B) concurrently and rateably with the Write-off of the Dated Subordinated Notes, the aggregate principal amount of such other Parity Capital Instruments is subject to a Write-off on a pro rata basis with the Dated Subordinated Notes.

(iii) Any Write-off pursuant to this provision will not constitute a Default under the Dated Subordinated Notes.

(iv) Any Dated Subordinated Note may be subject to one or more Write-offs in part (as the case may be), except where such Dated Subordinated Note has been Written-off in its entirety.

(v) Once the principal amount of, and any accrued but unpaid interest under, the Dated Subordinated Notes has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Noteholder may exercise, claim or plead any right to any amount that has been Written-off, and each Noteholder shall, by virtue of its holding of any Dated Subordinated Notes, be deemed to have waived all such rights to such amount that has been Written-off.

(vi) Any reference in these Conditions to principal in respect of the Dated Subordinated Notes shall refer to the principal amount of the Dated Subordinated Note(s), reduced by any applicable Write-off(s).

(vii) *Definitions*:

In these Conditions:

"**Non-Viability Event**" means the earlier of:

(A) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(B) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public-sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable;

"**Non-Viability Event Notice**" means the notice, which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Noteholders, in accordance with Condition 17, and to the Trustee and the Paying Agents in writing, and which shall state:

(A) in reasonable detail the nature of the relevant Non-Viability Event; and

(B) the Non-Viability Event Write-off Amount for:

(x) each Dated Subordinated Note; and

(y) each other Subordinated Capital Instrument in accordance with its terms;

"**Non-Viability Event Write-off Amount**" means the amount of interest and/or principal to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt:

(A) the full amount of the Dated Subordinated Notes will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue; and

(B) in the case of an event falling within paragraph (B) of the definition of Non-Viability Event, the Write-off will be effected in full before any public-sector injection of capital or equivalent support.

Further, the Non-Viability Event Write-off Amount in respect of each Dated Subordinated Note will be calculated based on a percentage of the principal amount of that Dated Subordinated Note;

"**Parity Capital Instrument**" means any Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied; and

"**Subordinated Capital Instrument**" means any Junior Obligation or Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

(b) ***Hong Kong Resolution Authority Power in respect of Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes***:

*The Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, as amended or superseded from time to time (the "**Ordinance**") became effective on 7 July 2017 and all within scope financial institutions in Hong Kong are subject to the Ordinance.*

(i) Notwithstanding any other term of the Non-Preferred Loss Absorbing Notes, the Dated Subordinated Notes (including without limitation Condition 7(a)), or any other agreement or arrangement, each holder of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes (as the case may be) being written off, cancelled, converted or modified, or to having the form of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes (as the case may be) changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(A) the reduction or cancellation of all or a part of the principal amount of, or interest on, the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes;

(B) the conversion of all or a part of the principal amount of, or interest on, the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes; and

(C) the amendment or alteration of the maturity of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes or amendment or alteration of the amount of interest payable on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of these Conditions.

(ii) With respect to (A), (B) and (C) above of Condition 7(b)(i), references to principal and interest shall include payments of principal and interest that have become due and payable (including principal that has become due and payable at the Maturity Date), but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the holders of Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes and the Trustee under the Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and these Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

(iii) No repayment of the principal amount of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes or payment of interest on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

(iv) Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, the Issuer shall provide a written notice (a "**Resolution Notice**") not more than two Business Days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the Noteholders in accordance with Condition 17 and to the Trustee and the Principal Paying Agent in writing.

(v) Neither the reduction or cancellation, in part or in full, of the principal amount of, or interest on the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions or any other modification or change in form of the Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Notes shall constitute a Default under Condition 11.

(vi) *Definitions*:

In this Condition 7(b):

"**Group**" means the Issuer and its Subsidiaries.

"**Hong Kong Resolution Authority Power**" means any power which may exist from time to time under the Ordinance relating to financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised, designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Issuer or other members of the Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person; and

"**relevant Hong Kong Resolution Authority**" means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Issuer from time to time.

Please see the investment consideration entitled "The operation of the resolution regime in Hong Kong may override the contractual terms of the Notes and the Undated Capital Securities" in the section headed "Investment Considerations — Considerations Relating to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities" for further information.

8 Payments and Talons

(a) ***Bearer Notes***: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(iv)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)), as the case may be:

(i) in the case of Notes denominated in a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, or, at the option of the relevant Agent, by a cheque payable in the relevant currency drawn on, a Bank; and

(ii) in the case of Notes denominated in Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

In this Condition 8(a):

"**Bank**" means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System; and

"**relevant account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

Please see the section entitled "Clearance and Settlement". Noteholders are required to ensure that they maintain an account or, as the case may be, a relevant account into which payments of principal and interest in respect of the Bearer Notes are able to be paid by the relevant Paying Agent.

(b) ***Registered Notes***:

(i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 8(b)(ii) below.

(ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business:

(A) in the case of Notes denominated in a currency other than Renminbi, on the 15th day before the due date for payment thereof; and

(B) in the case of Notes denominated in Renminbi, on the fifth day before the due date for payment. Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

In this Condition 8(b):

"**Bank**" has the meaning given to it in Condition 8(a); and

"**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

Please see the section entitled "Clearance and Settlement". Noteholders are required to ensure that they maintain an account or, as the case may be, a registered account into which payments of principal and interest in respect of the Registered Notes are able to be paid by the relevant Paying Agent.

(c) ***Payments in the United States***: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if:

(i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due;

(ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and

(iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) ***Payments subject to fiscal laws***: Payments will be subject in all cases to:

(i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment; and

(ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.

(e) ***Appointment of Agents***: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:

(i) an Issuing and Paying Agent;

(ii) a Registrar in relation to Registered Notes;

(iii) a Transfer Agent in relation to Registered Notes;

(iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU;

(v) one or more Calculation Agent(s) where the Conditions so require; and

(vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved in writing by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(c) above.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Noteholders.

(f) ***Unmatured Coupons and Receipts and unexchanged Talons***:

(i) Unless the Notes provide that the relevant Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), the Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(h) ***Non-Business Days***: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8(h), "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation of the relevant Bearer Note, Certificate, Receipt or Coupon and in such other jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in Euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong (the "**Relevant Taxing Jurisdiction**") or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Hong Kong, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Noteholders, Receiptholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) ***Other connection***: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt, Talon or Coupon by reason of his having some connection with the Relevant Taxing Jurisdiction other than the holding or ownership of the Note, Receipt, Talon or Coupon or receiving income therefrom, or the enforcement thereof; or

(b) ***Presentation more than 30 days after the Relevant Date***: where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt, Talon or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt, Talon or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any Additional Amounts that may be payable under this Condition 9 or any undertaking given in addition to or in substitution for it under the Trust Deed.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and will become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Events of Default and Default

(a) ***Senior (Preferred) Notes***: If any of the following events ("**Events of Default**") occurs and is continuing, in the case of Senior (Preferred) Notes, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Senior (Preferred) Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in respect of the events in Conditions 11(a)(ii) to 11(a)(vi) (inclusive) and Condition 11(a)(x) below, only if the Trustee certifies that the occurrence of such event is materially prejudicial to the interests of the Noteholders of the relevant Series) (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), give notice to the Issuer that the Senior (Preferred) Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest to the date of redemption:

(i) *Non-Payment*: default is made for more than 14 days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior (Preferred) Notes; or

(ii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations under the Senior (Preferred) Notes or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 21 days after notice of such default shall have been given to the Issuer by the Trustee; or

(iii) *Cross-Default*:

(A) any other present or future indebtedness for monies borrowed or raised by the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described);

(B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or

(C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (C) have occurred equals or exceeds U.S.$15,000,000 or its equivalent in any other currency; or

(iv) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 45 days; or

(v) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(vi) *Insolvency*: the Issuer or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

(vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(viii) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (I) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Senior (Preferred) Notes and the Trust Deed, (II) to ensure that those obligations are legally binding and enforceable and (III) to make the Senior (Preferred) Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; or

(ix) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior (Preferred) Notes or the Trust Deed; or

(x) *Analogous Events*: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 11(a)(i) to 11(a)(ix) (both inclusive),

(b) *Non-Preferred Loss Absorbing Notes and Dated Subordinated Notes*: In the case of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes:

(i) If default is made in the payment of any amount of principal or interest due in respect of any of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes and the default continues for a period of five business days in Hong Kong (in the case of principal) or 10 business days in Hong Kong (in the case of interest) (in relation to Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, each such event, a "**Default**"), then the Trustee at its discretion may, subject as provided in Condition 13, in order to enforce payment, without further notice, institute Winding-Up Proceedings in Hong Kong against the Issuer, but may take no further action in respect of such default (but without prejudice to Condition 11(b)(iii) below);

(ii) If a Write-off has occurred as described in Condition 7 or if there is a reduction or cancellation of the principal amount of, or interest on, the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes, the conversion thereof into another security or obligation of the Issuer or another person or any other amendment or alteration of these Conditions or any other modification or change in form of the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer, or the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority as described in Condition 7(b)(v), such event will not constitute a Default under these Conditions; and

(iii) If an order is made or an effective resolution is passed for the Winding-Up of the Issuer in Hong Kong (except for the purposes of reconstruction, amalgamation or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the Non-Preferred Loss Absorbing Noteholders or Dated Subordinated Noteholders) (in relation to Non-Preferred Loss Absorbing Notes or Dated Subordinated Notes, such event also a "**Default**"), then the Trustee at its discretion may, subject as provided in Condition 13(b), give written notice to the Issuer that the Non-Preferred Loss Absorbing Notes or the Dated Subordinated Notes are, and they shall forthwith thereupon become, immediately due and repayable at their principal amount together with accrued interest without further action or formality.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) ***Meetings of Noteholders***: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment

of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

(b) ***Modification of the Trust Deed***: The Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

(c) ***Substitution***: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or any holding company of the Issuer or any other subsidiary of any such holding company or their respective successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) ***Entitlement of the Trustee***: In connection with the exercise of its functions, powers, rights and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Noteholders, the Receiptholders or the Couponholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee, acting for and on behalf of Noteholders, shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in each case in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.

13 Enforcement

(a) Without prejudice to Condition 11, the Trustee may, subject as provided below in this Condition 13, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings as it may think fit against the Issuer if the Issuer fails to perform, observe or comply with any obligation, condition or provision binding on the Issuer under the Notes, the Receipts, the Coupons or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of Dated Subordinated Notes), provided that the Issuer shall not as consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it.

(b) The Trustee shall not be bound to take action as referred to in these Conditions or any other action under the Trust Deed unless (i) it shall have been so requested in writing by Noteholders holding at least 25 per cent. of the principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(c) No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within reasonable period and such failure is continuing. In respect of Dated Subordinated Notes only, subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 11 and Conditions 13(a) and 13(b) or submitting claims in the Winding-Up of the Issuer will be available to the Trustee or the Dated Subordinated Noteholders. No Dated Subordinated Noteholder shall be entitled to institute Winding-Up Proceedings in Hong Kong (or elsewhere) against the Issuer or to submit claim in such Winding-Up except that, if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such holder may, himself institute Winding-Up Proceedings against the Issuer in Hong Kong (but not elsewhere) and/or submit a claim in such Winding-Up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders, Receiptholders or Couponholders on any report, confirmation or certificate or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by

reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Trustee, the Noteholders, the Receiptholders and the Couponholders.

15 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) or talons and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16 Further Issues

The Issuer may from time to time without the consent of the Noteholders, the Couponholders or the Receiptholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and consolidated and forming a single series with the Notes. Any further securities consolidated and forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Registered Notes are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that exchange or a relevant authority so require, published in a daily newspaper having general circulation in the place or places required by those rules. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong (which is expected to be the South China Morning Post in Hong Kong). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 17.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of:

(i) Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Noteholders shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or

(ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in the relevant CMU Issue Position Report issued by the Monetary Authority on the business day preceding the date of despatch of such notice.

A Non-Viability Event Notice or Resolution Notice to the holders of the relevant Dated Subordinated Notes shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Asia (which is expected to be Asian Wall Street Journal) or, so long as Notes are listed on The Stock Exchange of Hong Kong Limited (the "**HKSE**"), published on the website of the HKSE. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

18 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms but this shall not affect any right or remedy that exists or is available apart from such Act and is without prejudice to the rights of the Noteholders as set out in Condition 13.

19 Governing Law and Jurisdiction

(a) ***Governing Law***: The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Conditions 3(c), 3(e), 3(f) and 7 are governed by, and shall be construed in accordance with, Hong Kong law.

(b) ***Jurisdiction***: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons, save that the courts of Hong Kong shall have exclusive jurisdiction to settle any disputes that arise out of or are in connection with Conditions 3(c), 3(e), 3(f) and 7, and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Service of Process***: The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. If for any reason such process agent ceases to be able to accept service of process in England, the Issuer shall appoint a new agent to accept such service of process in England as soon as practicable.

20 Headings

Headings are for convenience only and do not affect the interpretation of these Conditions.

TERMS AND CONDITIONS OF THE UNDATED CAPITAL SECURITIES

The following is the text of the terms and conditions that, save for the paragraphs in italics, and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Undated Capital Securities in definitive form (if any) issued in exchange for the global certificate(s) (the "Global Certificate(s)") representing each Series. Either: (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement; or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Certificates relating to such Undated Capital Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the definitive Undated Capital Securities or Certificates, as the case may be. References in these Conditions to "Undated Capital Securities" are to the Undated Capital Securities of one Series only, not to all Undated Capital Securities that may be issued under the Programme.

The Undated Capital Securities are constituted by an amended and restated Trust Deed dated 24 September 2021 (as may be amended or supplemented as at the date of issue of the Undated Capital Securities (the "**Issue Date**") and as may be further amended, restated, novated or supplemented from time to time thereafter, the "**Trust Deed**") between The Bank of East Asia, Limited (the "**Issuer**") and DB Trustees (Hong Kong) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Securityholders (as defined below).

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. An amended and restated Agency Agreement dated 24 September 2021 (as may be further amended, restated, novated or supplemented from time to time thereafter, the "**Agency Agreement**") has been entered into in relation to the Undated Capital Securities between the Issuer, the Trustee, Deutsche Bank AG, Hong Kong Branch as initial issuing and paying agent, Deutsche Bank AG, Hong Kong Branch as CMU lodging and paying agent, transfer agent and as registrar for Undated Capital Securities to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**"), Deutsche Bank AG, Hong Kong Branch as registrar of each series of Undated Capital Securities to be held in the CMU and Deutsche Bank Luxembourg S.A. as registrar of each series of Undated Capital Securities (other than Undated Capital Securities to be held in the CMU) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrars**", the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**" (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrars and Transfer Agents being together referred to as the "**Agents**"). For the purposes of these Conditions, all references (other than in relation to the determination of Distribution and other amounts payable in respect of the Undated Capital Securities) to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Undated Capital Securities to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement are available for inspection by any Securityholder at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted) at the principal office of the Trustee (presently at Level 52, International Commercial Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified offices of the Paying Agents following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the relevant Paying Agent.

The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed and the applicable Pricing Supplement, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The Pricing Supplement for the Undated Capital Securities of this Tranche is (or the relevant provisions thereof are) attached to or endorsed hereon. References to "**applicable Pricing Supplement**" are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed hereon.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Trust Deed, as the case may be.

As used in these Conditions, "**Tranche**" means Undated Capital Securities which are identical in all respects and "**Series**" means a series of Undated Capital Securities comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of Distribution and their issue price) have identical terms on issue and are expressed to have the same series number.

1 Form, Denomination and Title

The Undated Capital Securities are issued in registered form in the Specified Denomination(s) shown hereon. References to "**hereon**" are to the applicable Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Undated Capital Security and, in the case of definitive Undated Capital Securities, serially numbered, in the currency (the "**Specified Currency**") and in the specified denomination(s) (the "**Specified Denomination(s)**") shown hereon. The principal amount of an Undated Capital Security is subject to adjustment following the occurrence of a Non-Viability Event (as defined in Condition 7(a)) in accordance with Condition 7(a) and references in these Conditions to the "**principal amount**" of an Undated Capital Security shall mean the principal amount of such Undated Capital Security as so adjusted.

All Undated Capital Securities shall have the same Specified Denomination. Notwithstanding any other regulatory or listing requirements in respect of specified denominations, the minimum Specified Denomination for any series or tranche of Undated Capital Securities shall be, if denominated in: (i) Hong Kong dollars, HKD2,000,000; (ii) United States dollars, U.S.$250,000; (iii) Euros, €200,000; or (iv) any other currency, the equivalent in that currency to HKD2,000,000 with reference to the relevant exchange rate on the Issue Date.

Each Undated Capital Security is a Fixed Rate Undated Capital Security, a Floating Rate Undated Capital Security or any other kind of Undated Capital Security, depending on the Distribution and redemption/payment basis shown hereon.

Undated Capital Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Undated Capital Securities by the same holder.

Title to the Undated Capital Securities shall pass only by registration in the register (the "**Register**") that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series. In these Conditions, "**Registrar**" includes, if applicable, in relation to any Series, the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Undated Capital Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Securityholder.

The Conditions are modified by certain provisions contained in the Global Certificate.

The Undated Capital Securities are not issuable in bearer form.

In these Conditions, "**Securityholder**" or "**holder**" in relation to any Undated Capital Securities means the person in whose name an Undated Capital Security is registered.

2 Transfers of Undated Capital Securities

(a) ***Transfers of Interests in Undated Capital Securities***: Subject to Condition 2(e) and Condition 6, one or more Undated Capital Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Undated Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Undated Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Undated Capital Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Undated Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.

Transfers of interests in the Undated Capital Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Transfers of interests in any Undated Capital Securities that are the subject of a Non-Viability Event Notice issued in accordance with Condition 7 or notice of issue of a Resolution Notice shall not be permitted during any Suspension Period (as defined in Condition 2(f)).

(b) ***Exercise of Options or Partial Redemption or Partial Write-off in Respect of Undated Capital Securities***: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or a partial Write-off of or cancellation, modification, conversion and/or change in form pursuant to a Resolution Notice (as defined in Condition 7(b)(iv)) of, a holding of Undated Capital Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or Written-off in accordance with Condition 7 or subject to cancellation, modification, conversion and/or change in form pursuant to a Resolution Notice, as the case may be. In the case of a partial exercise of an option resulting in Undated Capital Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Undated Capital Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Undated Capital Securities to a person who is already a holder of Undated Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) ***Delivery of New Certificates***: Each new Certificate to be issued pursuant to Conditions 2(a) or 2(b) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange, except for any Write-off pursuant to Condition 7(a) in which case any new Certificate to be issued shall be available for delivery as soon as reasonably practicable. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) ***Transfers Free of Charge***: Transfers of Undated Capital Securities and Certificates on registration, transfer, exercise of an option, partial redemption or partial Write-off shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require).

(e) ***Closed Periods***: No Securityholder may require the transfer of an Undated Capital Security to be registered:

(i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of principal or Distributions in respect of, that Undated Capital Security;

(ii) during the period of 15 days prior to any date on which Undated Capital Securities may be called for redemption by the Issuer at its option pursuant to Condition 6(d);

(iii) after any such Undated Capital Security has been called for redemption;

(iv) during the period of seven days ending on (and including) any Record Date; or

(v) during a Suspension Period.

In this Condition 2(e):

"**Business Day**" has the meaning given to such term in Condition 4(i) and shall be deemed to include a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Hong Kong; and

"**Suspension Period**" means the period commencing on the date of a Non-Viability Event Notice (as defined in Condition 7(a) below) and ending on (and including) the close of business in Hong Kong on the effective date of the related Write-off.

*So long as any Undated Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other clearing system, no holder may require the transfer of an Undated Capital Security to be registered during the period of five Clearing System Business Days (or such other period as the relevant clearing systems shall determine in accordance with their rules and procedures) commencing on the*

*Clearing System Business Day immediately following the date on which the Non-Viability Event Notice (as defined in Condition 7(a) below) has been received by the relevant clearing systems (the "**Suspension Period**"). "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive except 25 December and 1 January).*

3 Status, Qualification, Subordination and Set-off

(a) Status and Qualification of the Undated Capital Securities:

(i) *Status*: The Undated Capital Securities (being those securities that specify their status as "**Undated Capital Securities**" in the applicable Pricing Supplement) constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

(ii) *Qualification*: The Undated Capital Securities are intended to qualify as:

(A) Additional Tier 1 capital under the Banking Capital Regulations; and

(B) a Loss Absorbing Instrument.

(b) Subordination of Undated Capital Securities: Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Securityholders to payment of principal and Distributions on the Undated Capital Securities, and any other obligations in respect of the Undated Capital Securities, shall rank:

(i) subordinate and junior in right of payment to, and of all claims of:

(A) all unsubordinated creditors of the Issuer (including its depositors);

(B) the holders of Non-Preferred Loss Absorbing Instruments of the Issuer and/or Tier 2 Capital Instruments of the Issuer; and

(C) all other Subordinated Creditors of the Issuer (other than holders of Non-Preferred Loss Absorbing Instruments of the Issuer and/or Tier 2 Capital Instruments of the Issuer);

(ii) *pari passu* in right of payment to and of all claims of the holders of Parity Obligations and as may be further specified in the applicable Pricing Supplement; and

(iii) senior in right of payment to and of all claims of the holders of Junior Obligations and as may be further specified in the applicable Pricing Supplement,

in each case in the manner provided in the Trust Deed.

In the event of a Winding-Up that requires the Securityholders or the Trustee to provide evidence of their claim to principal or Distribution under the Undated Capital Securities, such claims of the Securityholders of such Undated Capital Securities will only be satisfied after all senior ranking obligations of the Issuer have been satisfied in whole.

No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event (as defined in Condition 5(b)) or an Optional Distribution Cancellation Event (as defined in Condition 5(a)).

In the event that (A) the Securityholders do not receive payment in full of principal due and payable in respect of the Undated Capital Securities plus Distribution thereon accrued to the date of repayment in any Winding-Up and (B) the winding-up order or resolution passed for the Winding-Up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Securityholders did not receive payment in full of such principal of and Distribution on such Undated Capital Securities, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11, and Clause 5 and Clause 7 of the Trust Deed. No amount may be claimed in respect of any Distribution that has been cancelled pursuant to a Mandatory Distribution Cancellation Event or an Optional Distribution Cancellation Event.

The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of any Winding-Up proceedings of the Issuer. In the event that a Non-Viability Event occurs, the rights of holders of Undated Capital Securities shall be subject to Condition 7. This may not result in the same outcome for the holders of Undated Capital Securities as would otherwise occur under this Condition 3(b) upon the occurrence of any Winding-Up proceedings of the Issuer.

On a Winding-Up of the Issuer, there may be no surplus assets available to meet the claims of the Securityholders after the claims of the parties ranking senior to the Securityholders (as provided in this Condition 3 and Clause 5 of the Trust Deed) have been satisfied.

In these Conditions:

"**Additional Tier 1 Capital Instruments**" means any instrument or other obligation issued or entered into by the Issuer that constitutes Additional Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations;

"**Authorized Institution**" has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong;

"**Banking Capital Regulations**" means the Banking (Capital) Rules (Cap. 155L) of Hong Kong or any other banking capital regulations as amended or superseded from time to time applicable to the regulatory capital of Authorized Institutions incorporated in Hong Kong or any supervisory guidelines issued or implemented by the Monetary Authority;

"**Junior Obligation**" means all classes of the Issuer's ordinary share capital, any Tier 1 Capital Instruments which are not Additional Tier 1 Capital Instruments and any instrument or other obligation issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank junior to the Undated Capital Securities by operation of law or contract;

"**Loss Absorbing Capacity Rules**" means the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules (Cap. 628B) of Hong Kong or any other loss-absorbing capacity regulations as amended or superseded from time to time applicable to the loss-absorbing capacity of Authorized Institutions incorporated in Hong Kong or any statutory guidelines issued or implemented by the Monetary Authority;

"**Loss Absorbing Instruments**" means any notes, securities or other instruments issued, entered into, or guaranteed by the Issuer that constitute "**LAC debt instruments**" under the Loss Absorbing Capacity Rules;

"**Non-Preferred Loss Absorbing Instruments**" means any Loss Absorbing Instrument that by operation of law or contract ranks or is expressed to rank senior to any:

(i) Tier 2 Capital Instruments; and

(ii) Tier 1 Capital Instruments;

"**Monetary Authority**" means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap 66.) of Hong Kong or any successor thereto;

"**Parity Obligation**" means any Additional Tier 1 Capital Instrument, and any other instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Undated Capital Securities by operation of law or contract;

"**Permitted Reorganisation**" means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Undated Capital Securities;

"**Shares**" means the ordinary share capital of the Issuer;

"**Subordinated Creditors**" means all creditors the indebtedness of which is subordinated, in the event of the Winding-Up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or is expressed to rank by operation of law or contract *pari passu* with, or junior to, the claims of the Securityholders of the Undated Capital Securities. For this purpose, indebtedness shall include all liabilities, whether actual or contingent;

"**Tier 1 Capital Instruments**" means any instrument or other obligation issued or entered into by the Issuer that constitutes Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations;

"**Tier 2 Capital Instruments**" means any instrument or other obligation issued or entered into by the Issuer that constitutes Tier 2 capital of the Issuer pursuant to the Banking Capital Regulations;

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution by a competent judicial authority in the place of incorporation of the Issuer for the bankruptcy, winding-up, liquidation, administrative receivership, or similar proceeding in respect of the Issuer; and

"**Winding-Up Proceedings**" means, with respect to the Issuer, proceedings for the bankruptcy, liquidation, winding-up, administrative receivership, or other similar proceeding of the Issuer.

(c) ***Set-off***: Subject to applicable law, no Securityholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Undated Capital Securities and each Securityholder shall, by virtue of being the holder of any Undated Capital Security, be deemed to have waived all such rights of such set-off, counter-claim or retention to the fullest extent permitted by law.

In the event that any Securityholder nevertheless receives (whether by set-off or otherwise) directly in any Winding-Up Proceedings in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or

securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Undated Capital Securities, other than in accordance with this Condition 3(c), such Securityholder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the Winding-Up of the Issuer for distribution and each Securityholder, by virtue of becoming a holder or any Undated Capital Security, shall be deemed to have so agreed and undertaken with, and to, the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

4 Distribution and other Calculations

The amount payable in respect of the aggregate principal amount of Undated Capital Securities represented by a Global Certificate in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, save that the calculation is made in respect of the total aggregate amount of the Undated Capital Securities represented by a Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions.

(a) Distribution on Fixed Rate Undated Capital Securities: Subject to Condition 5, each Fixed Rate Undated Capital Security confers a right to receive distribution (each a "**Distribution**") on its outstanding principal amount (subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7) from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date.

The Rate of Distribution in respect of a Fixed Rate Undated Capital Security shall be:

(i) if no Reset Date is specified in the applicable Pricing Supplement, the Initial Distribution Rate; or

(ii) if a Reset Date is specified in the applicable Pricing Supplement:

(A) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the Initial Distribution Rate; and

(B) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

The amount of Distribution payable shall be determined in accordance with Condition 4(e).

For the purposes of this Condition 4(a), "**Reset Distribution Rate**" means the Relevant Rate with respect to the relevant Reset Date plus the Spread.

Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Securityholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, or be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Undated Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Undated Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (x) the date on which all amounts due in respect of such Undated Capital Security have been paid;

and (y) five days after the date on which the full amount of moneys payable in respect of such Undated Capital Security has been received by the Issuing and Paying Agent and notice to that effect has been given to the Securityholders in accordance with Condition 15.

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to these Conditions. Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

(b) Distribution on Floating Rate Undated Capital Securities:

(i) *Distribution Payment Dates*: Subject to Condition 5, each Floating Rate Undated Capital Security confers a right to receive distribution (each a "**Distribution**") on its outstanding principal amount from and including the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Distribution, such Distribution being payable in arrear on each Distribution Payment Date. The amount of Distribution payable shall be determined by the Calculation Agent in accordance with Condition 4(e). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, "**Distribution Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Distribution for Floating Rate Undated Capital Securities*: The Rate of Distribution in respect of Floating Rate Undated Capital Securities for each Distribution Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Undated Capital Securities

Where ISDA Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (A), "**ISDA Rate**" for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Undated Capital Securities (other than Floating Rate Undated Capital Securities which specify the Reference Rate as either SOFR Benchmark or SONIA Benchmark)

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR or Beijing time in the case of SHIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Undated Capital Securities is specified hereon as being other than LIBOR, EURIBOR, HIBOR, CNH HIBOR or SHIBOR, the Rate of Distribution in respect of such Undated Capital Securities will be determined as provided hereon.

(y) If the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall promptly notify the Issuer and the Issuer shall use all commercially reasonable endeavours to appoint an Independent Investment Bank and procure such Independent Investment Bank to request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks or, if the Reference Rate is SHIBOR, the principal Beijing office of each of the Reference Banks, to provide the Independent Investment Bank and the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Independent Investment Bank and the Calculation Agent with such offered quotations, the Rate of Distribution for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent has received offered quotations from fewer than two Reference Banks, subject as provided below, the Rate of Distribution shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated at the request of the Independent Investment Bank to the Independent Investment Bank and the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong interbank market, or, if the Reference Rate is SHIBOR, the Beijing interbank market as the case may be, or, if fewer than two of the Reference Banks provide the Independent Investment Bank and the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m.

(Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), or, if the Reference Rate is SHIBOR, at approximately 11.30 a.m. (Beijing time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Independent Investment Bank suitable for such purpose) informs the Independent Investment Bank and the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong interbank market, or, if the Reference Rate is SHIBOR, the Beijing interbank market, as the case may be, provided that, if the Rate of Distribution cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(iii)(B), the Rate of Distribution shall be determined as at the last preceding Distribution Determination Date (though substituting, where a different Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period).

For the purposes of this Condition 4(b)(iii)(B), "**Independent Investment Bank**" means an internationally recognised independent financial institution or an independent financial adviser with appropriate experience (which shall not be the Calculation Agent) selected and appointed by the Issuer (at the expense of the Issuer) for the purposes of this Condition 4(b)(iii)(B) and notified in writing by the Issuer to the Calculation Agent and the Trustee.

(C) Screen Rate Determination for Floating Rate Undated Capital Securities where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Distribution for each Distribution Accrual Period will, subject as provided below, be equal to the sum of the relevant SOFR Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent on the relevant Distribution Determination Date.

The "**SOFR Benchmark**" will be determined based on Simple SOFR Average, Compounded SOFR Average or SOFR Index Average (as specified in the relevant Pricing Supplement), as follows (subject in each case to Condition 4(i)):

(x) If Simple SOFR Average ("**Simple SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Distribution Accrual Period shall be the arithmetic mean of the SOFR reference rates for each day during such Distribution Accrual Period, as calculated by the Calculation Agent, and where, if applicable and as specified in the relevant

Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the days in the relevant Distribution Accrual Period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the last day of that Distribution Accrual Period.

(y) If Compounded SOFR Average ("**Compounded SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Distribution Accrual Period shall be equal to the value of the SOFR reference rates for each day during the relevant Distribution Accrual Period (where SOFR Observation Lag, SOFR Payment Delay or SOFR Lockout is specified in the relevant Pricing Supplement to determine Compounded SOFR Average) or SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the relevant Pricing Supplement to determine Compounded SOFR Average).

Compounded SOFR Average shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the relevant Pricing Supplement:

(1) SOFR Observation Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i\ -xUSBD}\ \text{x}\ n_i}{360}\right)-1\right)\ \text{x}\ \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"$\mathbf{SOFR_{i\text{-}xUSBD}}$" for any U.S. Government Securities Business Day(i) in the relevant Distribution Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Distribution Accrual Period;

"$\mathbf{d_o}$" means the number of U.S. Government Securities Business Days in the relevant Distribution Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Distribution Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"$\mathbf{n_i}$", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

(2) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of each Distribution Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of the relevant Distribution Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the last day of such Distribution Accrual Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

(3) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Distribution Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**Distribution Payment Date**" shall be the date falling the number of Distribution Payment Delay Days following each Distribution Period Date; provided that the Distribution Payment Date with respect to the final Distribution Accrual Period will be the relevant date for redemption;

"**Distribution Payment Delay Days**" means the number of Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Distribution Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Distribution Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Distribution Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

For the purposes of calculating Compounded SOFR Average with respect to the final Distribution Accrual Period where SOFR Payment Delay is specified in the relevant Pricing Supplement, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the relevant date for redemption, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(4) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Distribution Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the last day of such Distribution Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Distribution Accrual Period;

"**d_o**", means the number of U.S. Government Securities Business Days in the relevant Distribution Accrual Period;

"**i**" means a series of whole numbers ascending from one to d_o, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Distribution Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"$\mathbf{n_i}$", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day(i).

The following defined terms shall have the meanings set out below for purpose of Conditions 4(b)(iii)(C)(x) and 4(b)(iii)(C)(y):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR="or any successor page or service;

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 4(i) shall apply;

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day; and

"**SOFR Rate Cut-Off Date**" has the meaning given in the relevant Pricing Supplement.

(z) If SOFR Index Average ("**SOFR Index Average**") is specified as applicable in the relevant Pricing Supplement, the SOFR Benchmark for each Distribution Accrual Period shall be equal to the value of the SOFR reference rates for each day during the relevant Distribution Accrual Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards) and where:

"**SOFR Index**", with respect to any U.S. Government Securities Business Day, means the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time, provided that if such SOFR Index value is not available and:

(i) if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "SOFR Index Average" shall be calculated on any Distribution Determination Date with respect to a Distribution Accrual Period, in accordance with the Compounded SOFR Average formula described above in Condition 4(b)(iii)(C)(y)(2) (SOFR Observation Shift); or

(ii) if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 4(i) shall apply;

"**SOFR Index$_{End}$**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Pricing Supplement prior to the last day of such Distribution Accrual Period;

"**SOFR Index$_{Start}$**" means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the relevant Pricing Supplement prior to the first day of the relevant Distribution Accrual Period;

"**SOFR Index Determination Time**" means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day; and

"**d_c**" means the number of calendar days from (and including) the day in relation to which SOFR Index$_{Start}$ is determined to (but excluding) the day in relation to which SOFR Index$_{End}$ is determined (being the number of calendar days in the applicable reference period).

The following defined terms shall have the meanings set out below for purpose of this Condition 4(b)(iii)(C):

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source;

"**SOFR Benchmark Replacement Date**" means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark; and

"**U.S. Government Securities Business Day**" or "**USBD**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(D) Screen Rate Determination for Floating Rate Undated Capital Securities which specify the Reference Rate as SONIA Benchmark

(x) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined; (ii) the Reference Rate is specified hereon as being SONIA Benchmark; and (iii) SONIA Compounded Index Rate is specified hereon as the manner in which the Rate of Distribution is to be determined, the Rate of Distribution for each Distribution Period will, subject to Condition 4(h), be the SONIA Compounded Index Rate as follows, plus or minus (as indicated hereon) the Margin.

For the purposes of this Condition 4(b)(iii)(D)(x):

"**SONIA Compounded Index Rate**" means with respect to a Distribution Period, the rate of return of a daily compound distribution investment during the Observation Period corresponding to such Distribution Period (with the daily Sterling overnight reference rate as reference rate for the calculation of distribution) and will be calculated by the Calculation Agent on the Distribution Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

provided, however, that and subject to Condition 4(h), if the SONIA Compounded Index Value is not available in relation to any Distribution Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded $Index_{START}$ and SONIA Compounded $Index_{END}$, the Rate of Distribution shall be calculated for such Distribution Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 4(b)(iii)(D)(y) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified hereon and the "Relevant Screen Page" shall be deemed to be the "Relevant Fallback Screen Page" as specified hereon,

where:

"**d**" means the number of calendar days in the relevant Observation Period;

"**London Business Day**", means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Observation Period**" means, in respect of a Distribution Period, the period from (and including) the date falling "p" London Business Days prior to the first day of such Distribution Period (and the first Observation Period shall begin on and include the date which is "p" London Business Days prior to the Issue Date) and ending on (but excluding) the date which is "p" London Business Days prior to the Distribution Payment Date for such Distribution Period (or the date falling "p" London Business Days prior to such earlier date, if any, on which the Undated Capital Securities become due and payable);

"**p**" means, for any Distribution Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;

"**SONIA Compounded Index**" means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

"**SONIA Compounded Index$_{START}$**" means, in respect of a Distribution Period, the SONIA Compounded Index Value on the date falling "p" London Business Days prior to (i) the first day of such Distribution Period, or (ii) in the case of the first Distribution Period, the Issue Date;

"**SONIA Compounded Index$_{END}$**" means the SONIA Compounded Index Value on the date falling "p" London Business Days prior to (i) in respect of a Distribution Period, the Distribution Payment Date for such Distribution Period, or (ii) if the Undated Capital Securities become due and payable prior to the end of a Distribution Period, the date on which the Undated Capital Securities become so due and payable; and

"**SONIA Compounded Index Value**" means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(y) SONIA Compounded Daily Reference Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Distribution is to be determined (ii) the Reference Rate is specified hereon as being SONIA Benchmark; and (iii) SONIA Compounded Daily Reference Rate is specified hereon, the Rate of Distribution for each Distribution Period will, subject to Condition 4(h), be the SONIA Compounded Daily Reference Rate as follows, plus or minus (as indicated hereon) the Margin,

"**SONIA Compounded Daily Reference Rate**" means, in respect of a Distribution Period, the rate of return of a daily compound distribution investment (with the daily Sterling overnight reference rate as reference rate for the calculation of distribution) and will be calculated by the Calculation Agent on the Distribution Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

Where:

"**London Business Day**", "**Observation Period**" and "**p**" have the meanings set out under Condition 4(b)(iii)(D)(x);

"**d**" is the number of calendar days in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Distribution Period where Lag is specified hereon;

"**d_o**" is the number of London Business Days in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Distribution Period where Lag is specified hereon;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

(i) Observation Period where Observation Shift is specified hereon; or

(ii) Distribution Period where Lag is specified hereon;

"**n_i**", for any London Business Day "i", means the number of calendar days from and including such London Business Day "i" up to but excluding the following London Business Day;

"**$SONIA_i$**" means, in relation to any London Business Day the SONIA reference rate in respect of:

(i) that London Business Day "i" where Observation Shift is specified hereon; or

(ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling "p" London Business Days prior to the relevant London Business Day "i" where Lag is specified hereon; and

the "**SONIA reference rate**", in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate).

(z) Subject to Condition 4(h), where SONIA Benchmark is specified as the Reference Rate hereon and either (i) SONIA Compounded Daily Reference Rate is specified hereon, or (ii) the SONIA Compounded Index Rate is specified hereon and Condition 4(b)(iii)(D)(y) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

(1) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or

(2) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof), and

in each case, SONIAi shall be interpreted accordingly.

(aa) If the Rate of Distribution cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 4(h), the Rate of Distribution shall be (i) that determined as at the last preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period) or (ii) if there is no such preceding Distribution Determination Date, the initial Rate of Distribution which would have been applicable to such Series of Undated Capital Securities for the first Distribution Accrual Period had the Undated Capital Securities been in issue for a period equal in duration to the scheduled first Distribution Accrual Period but ending on (and excluding) the Distribution Commencement Date (but applying the Margin and any Maximum Rate of Distribution or Minimum Rate of Distribution applicable to the first Distribution Accrual Period).

(bb) If the relevant Series of Undated Capital Securities become due and payable in accordance with Condition 11, the final Distribution Determination Date shall, notwithstanding any Distribution Determination Date specified hereon, be deemed to be the date on which such Undated Capital Securities became due and payable and the Rate of Distribution on such Undated Capital Securities shall, for so long as any such Undated Capital Securities remains outstanding, be that determined on such date.

(c) ***Determination and Publication of Reset Distribution Rate***: The Calculation Agent shall, on the second Business Day prior to each Reset Date, calculate the applicable Reset Distribution Rate and cause the Reset Distribution Rate to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders and any other Calculation Agent appointed in respect of the Undated Capital Securities that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than:

(i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or

(ii) in all other cases, the fourth Business Day after such determination.

The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Securityholders.

If the Undated Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority, the Issuer shall notify such stock exchange or other relevant authority as soon as possible.

(d) ***Margin, Maximum/Minimum Rates of Distribution and Redemption Amounts and Rounding***:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Rates of Distribution, in the case of (x), or the Rates of Distribution for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum Rate of Distribution or Minimum Rate of Distribution or Redemption Amount is specified hereon, then any Rate of Distribution or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal place (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(e) ***Calculations***: The amount of Distribution payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Undated Capital Security for any Distribution Accrual Period shall be equal to the product of the Rate of Distribution, the Calculation Amount, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of Distribution payable per Calculation Amount in respect of such Undated Capital Security for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of Distribution payable

per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which Distributions are required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Distributions are required to be calculated.

(f) ***Determination and Publication of Rates of Distribution, Distribution Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***: The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount or make such determination or calculation, as the case may be, and cause the Rate of Distribution and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Securityholders and any other Calculation Agent appointed in respect of the Undated Capital Securities that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than:

(i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or

(ii) in all other cases, the fourth Business Day after such determination.

Where any Distribution Payment Date or Distribution Period End Date is subject to adjustment pursuant to Condition 4(b)(ii), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If the Undated Capital Securities become due and payable under Condition 11, the accrued Distribution and the Rate of Distribution payable in respect of the Undated Capital Securities shall, subject in the case of each of the SONIA Compounded Index Rate and the SONIA Compounded Daily Reference Rate to Condition 4(b)(iii)(D)(y)(i), nevertheless continue to be calculated as previously in accordance with this Condition 4(f) but no publication of the Rate of Distribution or the Distribution Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Securityholders.

If the Undated Capital Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority, the Issuer shall notify such stock exchange or other relevant authority as soon as possible.

(g) ***Determination or Calculation by an agent of the Issuer***: If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Distribution for an Distribution Accrual Period or any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its

opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount and the making of each determination or calculation by such agent pursuant to this Condition 4(g) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Benchmark Discontinuation (other than Floating Rate Undated Capital Securities which specify the Reference Rate as SOFR Benchmark): This Condition 4(h) shall apply to only those Undated Capital Securities for which this Condition 4(h) is specified as "**Applicable**" in the applicable Pricing Supplement.

Notwithstanding any other provision of this Condition 4(h), no Successor Rate or Alternative Rate (as applicable) will be adopted, nor will other amendments to the terms of any Undated Capital Securities be made pursuant to this Condition 4(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Undated Capital Securities as Additional Tier 1 capital of the Issuer and/or the Group, and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of the Banking Capital Regulations and/or any applicable Loss Absorbing Capacity Rules.

(i) *Independent Adviser*: If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (in accordance with Condition 4(h)(ii)) and, in either case, an Adjustment Spread (if any, in accordance with Condition 4(h)(iii)) and any Benchmark Amendments (in accordance with Condition 4(h)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(h) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Securityholders for any determination made by it, pursuant to this Condition 4(h).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate, in accordance with this Condition 4(h)(i) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Accrual Period shall be equal to the Rate of Distribution last determined in relation to the Undated Capital Securities in respect of the immediately preceding Distribution Accrual Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Margin or Maximum Rate of Distribution or Minimum Rate of Distribution is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to the relevant Distribution Accrual Period shall be substituted in place of the Margin or Maximum Rate of Distribution or Minimum Rate of Distribution relating to that last preceding Distribution Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Accrual Period only and any subsequent Distribution Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(h)(i).

(ii) *Successor Rate or Alternative Rate*: If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Undated Capital Securities (subject to the operation of this Condition 4(h)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Undated Capital Securities (subject to the operation of this Condition 4(h)).

(iii) *Adjustment Spread*: If the Independent Advisor determines that:

(A) an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be); and

(B) the quantum of, or a formula or methodology for determining such Adjustment Spread,

then the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*:

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(h) and the Independent Adviser determines:

(A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and

(B) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(h)(v), without any requirement for the consent or approval of Securityholders, the Trustee or the Agents, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer, pursuant to Condition 4(h)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Issuing and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(h)(iv). Securityholders' consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable), any Adjustment Spread, Benchmark Amendments or such other changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required).

In connection with any such variation in accordance with this Condition 4(h)(iv), the Issuer shall comply with the rules of any stock exchange on which the Undated Capital Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(h)(iv), no Successor Rate or Alternative Rate (as applicable) will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Undated Capital Securities as Additional Tier 1 capital of the Issuer and/or the Group, and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of the Banking Capital Regulations and/or any applicable Loss Absorbing Capacity Rules.

(v) *Notices*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(h) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer:

(A) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate (if applicable), (III) the applicable Adjustment Spread (if any) and (IV) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(h); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (if any).

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, Alternative Rate, the Adjustment Spread or the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Securityholders.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 4(h)(i), 4(h)(ii), 4(h)(iii) and 4(h)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(iii)(B), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*:

As used in this Condition 4(h):

"**Adjustment Spread**" means either (A) a spread (which may be positive, negative or zero) or (B) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation as referred to in (i) above of this definition has been made, or in the case of an Alternative Rate) the Independent Adviser determines as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if the Independent Adviser determines that no such spread as referred to in (ii) above of this definition is customarily applied) the Independent Adviser (in consultation with the Issuer) determines, and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(h)(ii) as being customarily applied in market usage in the international debt capital markets transactions for the purposes of determining rates of distribution (or the relevant component part thereof) in the same Specified Currency as the Undated Capital Securities;

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Benchmark Amendments**" has the meaning given to it in Condition 4(h)(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and such cessation is reasonably expected by the Issuer to occur during the term of the Undated Capital Securities; or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur during the term of the Undated Capital Securities; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Undated Capital Securities and such prohibition is reasonably expected by the Issuer to occur during the term of the Undated Capital Securities; or

(v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Securityholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of subparagraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international or national repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(h)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Undated Capital Securities;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(i) ***Benchmark Replacement (SOFR)***: The following provisions shall apply if Benchmark Event (SOFR) is specified as applicable in the relevant Pricing Supplement:

(i) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Undated Capital Securities in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Securityholders.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall, at the request and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 4(i). Securityholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee or the Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to accept and rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(i), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Undated Capital Securities, shall become effective without consent from the holders of the Undated Capital Securities or any other party.

(iv) The following defined terms shall have the meanings set out below for purpose of Conditions 4(b)(iii)(C) and 4(i):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the relevant Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(1) the sum of:

  (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

  (b) the Benchmark Replacement Adjustment;

(2) the sum of:

  (a) the ISDA Fallback Rate; and

  (b) the Benchmark Replacement Adjustment; or

(3) the sum of:

  (a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Undated Capital Securities at such time; and

(b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Undated Capital Securities at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of distribution, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(1) in the case of sub-paragraph (1) or (2) of the definition of "**Benchmark Event**", the later of:

(a) the date of the public statement or publication of information referenced therein; and

(b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(2) in the case of sub-paragraph (3) of the definition of "**Benchmark Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and as amended and updated or (if specified in applicable Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time as at the Issue Date of the first Tranche of the Undated Capital Securities, unless otherwise specified hereon.

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded SOFR Average is specified in the relevant Pricing Supplement) or SOFR Index Determination Time (where SOFR Index Average is specified in the relevant Pricing Supplement); or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Notwithstanding any other provision of this Condition 4(i), no alternative reference rate will be adopted, and no other amendments to the terms of any Undated Capital Securities will be made pursuant to this Condition 4(i), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of any of the Undated Capital Securities under the Capital Regulations.

(j) ***Definitions***: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of Undated Capital Securities denominated in a currency other than Euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency;

(ii) in the case of Undated Capital Securities denominated in Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Euro in Luxembourg;

(iii) in the case of Undated Capital Securities denominated in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of Undated Capital Securities denominated in a currency and/or one or more Financial Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres;

"**CNY**" or "**Renminbi**" means the lawful currency of the PRC;

"**Day Count Fraction**" means, in respect of the calculation of an amount of Distribution on any Undated Capital Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Distribution Period or a Distribution Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual — ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number is 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number is 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified hereon:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s); and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date;

"**Distribution Accrual Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Period End Date and each successive period beginning on (and including) a Distribution Period End Date and ending on (but excluding) the next succeeding Distribution Period End Date;

"**Distribution Amount**" means:

(i) in respect of a Distribution Accrual Period, the amount of Distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Undated Capital Securities, and unless otherwise specified hereon, shall mean the Fixed Distribution Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and

(ii) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Distribution Determination Date**" means, with respect to a Rate of Distribution and Distribution Accrual Period, the date specified as such hereon or, if none is so specified:

(i) the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or

(ii) the day falling two Business Days in London prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor Euro nor Renminbi, or

(iii) the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is Euro; or

(iv) the day falling two Business Days in Hong Kong prior to the first day of such Distribution Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

"**Distribution Period End Date**" means each Distribution Payment Date unless otherwise specified hereon;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended from time to time;

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended;

"**HKD**" or "**Hong Kong dollars**" means the lawful currency of Hong Kong;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (as may be updated, amended or supplemented from time to time), unless otherwise specified hereon;

"**Rate of Distribution**" means the rate of Distribution payable from time to time in respect of this Undated Capital Security and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means:

(i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market;

(ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market;

(iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market; and

(iv) in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Chinese Yuan in the Hong Kong interbank market,

in each case selected by the Issuer or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Rate**" means a fixed rate per annum (expressed as a percentage) of the then prevailing U.S. Treasury Rate (as defined in the applicable Pricing Supplement), payable semi-annually in arrear;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Undated Capital Securities are denominated;

"**Spread**" means the relevant spread as defined in the applicable Pricing Supplement;

"**Sterling**" means the lawful currency of the United Kingdom; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System which was launched on 19 November 2007 or any successor thereto.

(k) ***Calculation Agent***: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Undated Capital Security is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Undated Capital Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or, if the Calculation Agent fails duly to establish the Rate of Distribution for a Distribution Accrual Period or to calculate any Distribution Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Distribution Restrictions

(a) ***Optional Distribution Cancellation Event***: Unless a Distribution has already been cancelled in full pursuant to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of Distribution (each an "**Optional Distribution Cancellation Event**"), in whole or in part, by giving a notice to the Trustee signed by two Authorised Signatories of the Issuer, which shall be conclusive and binding on the Securityholders (such notice, a "**Distribution Cancellation Notice**") of such election to the Securityholders in accordance with Condition 15, and to the Trustee and the Agents at least 10 Business Days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(a) and any failure to pay such Distribution shall not constitute a Default. Distributions are non-cumulative and any Distribution that is cancelled shall therefore not be payable at any time thereafter, whether in a Winding-Up or otherwise.

In this Condition 5, "**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in Hong Kong.

(b) ***Mandatory Distribution Cancellation Event***: Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that:

(i) the Distribution scheduled to be paid together with any dividends, distributions or other payments scheduled to be paid or made during the Issuer's then current fiscal year on any Parity Obligations or any instruments which effectively rank *pari passu* with any Parity Obligations shall exceed Distributable Reserves as at such Distribution Determination Date; or

(ii) the Monetary Authority directs the Issuer to cancel such Distribution (in whole or in part) or applicable Hong Kong banking regulations or other requirements of the Monetary Authority prevent the payment in full of dividends or other distributions when due on Parity Obligations,

(each, a "**Mandatory Distribution Cancellation Event**").

The Issuer shall have no obligation to pay a Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(b) and any failure to pay such Distribution shall not constitute a Default. Distributions are non-cumulative and any Distribution which is cancelled in accordance with these Conditions shall not be payable at any time thereafter, whether in a Winding-Up or otherwise.

(c) ***Distributable Reserves***: Any Distribution may only be paid out of Distributable Reserves.

(d) ***Dividend Stopper***: If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of this Condition 5, the Issuer shall not:

(i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Shares; or

(ii) purchase, cancel or otherwise acquire any Shares or permit any of its Subsidiaries to do so,

in each case, unless or until the earlier of: (x) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to such subsequent Distribution Payment Date) has been paid in full (1) to Securityholders or (2) irrevocably to a designated third party trust account for the benefit of the Securityholders pending payment by the trustee thereof to the Securityholders on such subsequent Distribution Payment Date, or (y) the redemption or purchase and cancellation of the Undated Capital Securities in full, or reduction of the principal amount of the Undated Capital Securities to zero in accordance with these Conditions, or (z) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Securityholders.

(e) ***No Default***: Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 11 on the part of the Issuer.

(f) ***Definitions***: In these Conditions:

"**Auditors**" means the independent certified public accountants for the time being of the Issuer.

"**Distributable Reserves**" means the amounts for the time being available to the Issuer for distribution as a distribution in compliance with section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, as amended or modified from time to time, as at the date of the Issuer's audited balance sheet last preceding the relevant Distribution Payment Date, and subject to the Monetary Authority's then current capital conservation requirements as applicable to the Issuer on the relevant Distribution Payment Date (the "**Available Amount**"); provided that if the Issuer reasonably determines that the Available Amount as at any Distribution Determination Date is lower than the Available Amount as at the date of the Issuer's audited balance sheet last preceding the relevant Distribution Payment Date and is insufficient to pay the Distributions and any payments due on Parity Obligations on the relevant Distribution Payment Date, then on certification by two Authorised Signatories and the Auditors of such revised amount, the Distributable Reserves shall for the purposes of Distributions mean the Available Amount as set forth in such certificate.

As at the date hereof, pursuant to section 297(1) of the Companies Ordinance (Cap. 622) of Hong Kong, the Issuer may only make a distribution out of profits available for distribution. For the purposes of section 297 of the Companies Ordinance (Cap. 622) of Hong Kong, the Issuer's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital.

"**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

6 Redemption and Purchase

(a) ***No Fixed Redemption Date***: The Undated Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Undated Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) ***Early Redemption***: The Early Redemption Amount or Optional Redemption Amount payable in respect of any Undated Capital Security, upon redemption of such Undated Capital Security pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) ***Redemption for Taxation***:

(i) *Withholding Tax in respect of the Undated Capital Securities*: Subject to Condition 6(j), the Undated Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if such Undated Capital Security is at the relevant time a Floating Rate Undated Capital Security) or at any time (if such Undated Capital Security is at the relevant time not a Floating Rate Undated Capital Security), on giving not less than 30 nor more than 60 days' notice to the Securityholders (which notice shall be irrevocable), subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, at their Early Redemption Amount (as described in Condition 6(b)) together with Distribution accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in Condition 9) then due or which will become due on or before the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 9) or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Undated Capital Securities; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts or give effect to such treatment, as the case may be, were a payment in respect of the Undated Capital Securities then due, and no such notice of redemption shall be given prior to the compliance with the requirements in Condition 6(j).

Prior to giving any notice of redemption pursuant to this Condition 6(c)(i), the Issuer shall deliver to the Trustee (I) a certificate signed by two Authorised Signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the relevant conditions have been satisfied; and (II) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in paragraphs (A) and (B) above of this Condition 6(c), in which event the same shall be conclusive and binding on the Securityholders.

(ii) *Tax Deductibility in respect of the Undated Capital Securities*: Subject to Condition 6(j), the Undated Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if such Undated Capital Security is at the relevant time a Floating Rate Undated Capital Security) or at any time (if such Undated Capital Security is at the relevant time not a Floating Rate Undated Capital Security), on giving not less than 30 but not more than 60 days' notice to the Securityholders (which notice shall be irrevocable) at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount (as described in Condition 6(b)) or, if the Early Redemption Amount is not specified hereon, at their principal amount, in each case together with Distribution accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if in respect of payments of Distribution on the Undated Capital Securities, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Hong Kong or any political subdivision or any authority thereof or therein having power to tax:

(I) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident) or any change in the official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Undated Capital Securities; and

(II) the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than (aa) if such Undated Capital Security is a Floating Rate Undated Capital Security, 60 days, or (bb) if such Undated Capital Security is not a Floating Rate Undated Capital Security, 90 days, in each case, prior to the earliest date on which the Issuer would cease to be able to claim a tax deduction in respect of the Distribution payable on the Undated Capital Securities.

Prior to giving any notice of redemption pursuant to this Condition 6(c)(ii), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the relevant conditions have been satisfied, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will cease to be able to claim a tax deduction in respect of the Distribution payable on the Undated Capital Securities; and

(y) a copy of the written consent of the Monetary Authority as referred to in Condition 6(j),

and the Trustee shall be entitled without further enquiry and without liability to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 6(c)(ii), in which event the same shall be conclusive and binding on the Securityholders.

Any redemption of Undated Capital Securities by the Issuer pursuant to this Condition 6(c)(ii) is subject to the Issuer obtaining the prior written consent of the Monetary Authority.

(d) ***Redemption at the Option of the Issuer***: Subject to Condition 6(j), if Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Securityholders (or such other notice period as may be specified hereon) redeem in whole, but not in part, the Undated Capital Securities on the date(s) specified hereon (each, an "**Optional Redemption Date**") (the earliest of which shall not be less than five years from the Issue Date), provided that no such notice of redemption shall be given prior to the compliance with Condition 6(j). Any such redemption of Undated Capital Securities shall be at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Optional Redemption Amount specified hereon together with Distribution accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

All Undated Capital Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

Any redemption of the Undated Capital Securities by the Issuer pursuant to this Condition 6(d) is subject to the Issuer obtaining the prior written consent of the Monetary Authority.

For the avoidance of doubt, the Issuer does not provide any undertaking that it will redeem the Undated Capital Securities at any time.

(e) ***Redemption for Regulatory Reasons***: Subject to Condition 6(j), following the occurrence of a Capital Event, the Issuer may, having given not less than 30 but not more than 60 days' prior written notice to the Securityholders in accordance with Condition 15 (which notice

shall be irrevocable), redeem in accordance with these Conditions on any Distribution Payment Date (if such Undated Capital Security is at the relevant time a Floating Rate Undated Capital Security) or at any time (if such Undated Capital Security is at the relevant time not a Floating Rate Undated Capital Security) all, but not some only, of the relevant Undated Capital Securities at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount or, if no Early Redemption Amount is specified hereon, at their principal amount, in each case together with Distribution accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions and provided that no such notice of redemption shall be given prior to the compliance with Condition 6(j).

For the purposes of this Condition 6(e), a "**Capital Event**" occurs if immediately before the Issuer gives the notice of redemption referred in this Condition 6(e), (i) the Undated Capital Securities, after having qualified as such, will no longer qualify (in whole but not in part) as Additional Tier 1 capital (or equivalent) of the Issuer (other than non-qualification solely as a result of any discounting or amortisation requirements as to the eligibility of the Undated Capital Securities for such inclusion pursuant to the relevant legislation and supervisory guidance in force from time to time) and/or (ii) the Undated Capital Securities cease to be included in the calculation of the Issuer's capital adequacy ratio, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Banking Capital Regulations or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Capital Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer stating that a Capital Event has occurred; and

(y) a copy of the written consent of the Monetary Authority,

and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Securityholders. Upon expiry of such notice, the Issuer shall redeem the Undated Capital Securities in accordance with this Condition 6(e).

Any redemption of the Undated Capital Securities by the Issuer pursuant to this Condition 6(e)is subject to the Issuer obtaining the prior written consent of the Monetary Authority.

(f) ***Redemption due to Loss Absorption Disqualification Event***: Subject to Condition 6(j), following the occurrence of a Loss Absorption Disqualification Event, the Issuer may, having given not less than 30 but not more than 60 days' prior written notice to the Securityholders in accordance with Condition 15 (which notice shall be irrevocable), redeem in accordance with these Conditions on any Distribution Payment Date (if such Undated Capital Security is at the relevant time a Floating Rate Undated Capital Security) or at any time (if such Undated Capital Security is at the relevant time not a Floating Rate Undated Capital Security) all, but not some only, of the relevant Undated Capital Securities at, subject to adjustment following the occurrence of a Non-Viability Event in accordance with Condition 7, their Early Redemption Amount or, if no Early Redemption Amount is

specified hereon, at their principal amount together with Distribution accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions and provided that no such notice of redemption shall be given prior to the compliance with Condition 6(j).

For the purposes of this Condition 6(f), a "**Loss Absorption Disqualification Event**" occurs if immediately before the Issuer gives the notice of redemption referred in this Condition 6(f), the Undated Capital Securities, after having qualified as such, will no longer qualify (in whole but not in part) as a Loss Absorbing Instrument (or equivalent) of the Issuer (other than non-qualification solely as a result of any discounting or amortisation requirements as to the eligibility of the Undated Capital Securities for such inclusion pursuant to the relevant legislation and supervisory guidance in force from time to time) pursuant to the Loss Absorbing Capacity Rules, as a result of a change or amendment in (or any change in the application or official interpretation of) the relevant provisions of the Loss Absorbing Capacity Rules, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Loss Absorption Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee:

(x) a certificate signed by two Authorised Signatories of the Issuer, stating that a Loss Absorption Disqualification Event has occurred; and

(y) a copy of the written consent of the Monetary Authority,

and the Trustee shall accept such certificate without any further inquiry as conclusive evidence of the satisfaction of the conditions set out above without liability to any person in which event it shall be conclusive and binding on the Securityholders. Upon expiry of such notice, the Issuer shall redeem the Undated Capital Securities in accordance with this Condition 6(f).

Any redemption of Undated Capital Securities by the Issuer pursuant to this Condition 6(f) is subject to the Issuer obtaining the prior written consent of the Monetary Authority.

(g) ***Purchases***: The Issuer and any of its Subsidiaries may at any time purchase Undated Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Undated Capital Securities are listed, the requirements of the relevant stock exchange and provided that no such purchase shall be made prior to the compliance with Condition 6(j). The Undated Capital Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating the quorums at meetings of Securityholders or the purposes of Condition 12(a). The Issuer or any such Subsidiary may, at its option, retain such purchased Undated Capital Securities for its own account and/or resell or cancel or otherwise deal with them at its discretion.

(h) ***Cancellation***: All Undated Capital Securities purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Undated Capital Securities to the Registrar and, if so surrendered, shall, together with all Undated Capital Securities redeemed by the Issuer, be cancelled forthwith.

Any Undated Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Undated Capital Securities shall be discharged. Any Undated Capital Security that is written-off in full in accordance with Condition 7 shall be automatically cancelled.

(i) ***No Obligation to Monitor***: The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 or Condition 7 and will not be responsible or liable to the Securityholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice in writing of the occurrence of any event or circumstance within this Condition 6 or Condition 7, it shall be entitled to assume that no such event or circumstance has happened or exists.

(j) ***Conditions for Redemption or Purchase of the Undated Capital Securities***: Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Undated Capital Securities (other than pursuant to Condition 7 or Condition 11) and neither the Issuer nor any of its Subsidiaries shall purchase any of the Undated Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Capital Regulations and/or the Loss Absorbing Capacity Rules, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto. This Condition 6(j) shall not apply to the Issuer or any of its Subsidiaries holding the Undated Capital Securities in a purely nominee, custodian or trustee capacity.

7 Non-Viability Loss Absorption and Hong Kong Resolution Authority Power

The ability to operationally effect any Write-off of any Undated Capital Securities or any cancellation, modification, conversion or change in form of Undated Capital Securities as a result of the exercise of the Hong Kong Resolution Authority Power under this Condition 7 with respect to the clearing and/or settlement of any Undated Capital Securities in or through the relevant clearing system(s) is subject to the availability of procedures to effect any such Write-off or such cancellation, modification, conversion or change in form in the relevant clearing system(s). However, any Write-off of any Undated Capital Securities, or the giving of effect of the Hong Kong Resolution Authority Power with respect to the Issuer under this Condition 7 will be effective upon the exercise of any Hong Kong Resolution Authority Power (or as may otherwise be notified in writing to Securityholders, the Trustee and Agents by the Issuer) notwithstanding any inability to operationally effect any such Write-off or any cancellation, modification, conversion or change in form as a result of the exercise of the Hong Kong Resolution Authority Power under this Condition 7 in the relevant clearing system(s).

The Trust Deed and the Agency Agreement may contain certain protections and disclaimers as applicable to the Trustee and Agents in relation to this Condition 7. Each Securityholder shall be deemed to have authorised, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any Write-off, cancellation, notification, conversion or change in form following the occurrence of the Non-Viability Event and/or exercise of any Hong Kong Resolution Authority Power.

(a) Non-Viability Loss Absorption upon a Non-Viability Event:

(i) If a Non-Viability Event occurs and is continuing, the Issuer shall, on or prior to the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Trustee or the holders of any Undated Capital Securities), reduce the then principal amount of, and cancel any accrued but unpaid Distribution in respect of, each Undated Capital Security (in each case, in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Undated Capital Security

(such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Instruments so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the "**Write-off**", and "**Written-off**" shall be construed accordingly).

(ii) Concurrently with the giving of a Non-Viability Event Notice, the Issuer shall procure unless otherwise directed by the Monetary Authority that:

(A) a similar notice be given in respect of other Parity Capital Instruments in accordance with their terms; and

(B) concurrently and rateably with the Write-off of the Undated Capital Securities, the aggregate principal amount of such other Parity Capital Instruments is subject to a Write-off on a pro rata basis with the Undated Capital Securities.

(iii) Any Write-off pursuant to this provision will not constitute a Default under the Undated Capital Securities.

(iv) Any Undated Capital Security may be subject to one or more Write-offs in part (as the case may be), except where such Undated Capital Security has been Written-off in its entirety.

(v) Once the principal amount of, and any accrued but unpaid Distribution under, the Undated Capital Securities has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances including where the relevant Non-Viability Event ceases to continue. No Securityholder may exercise, claim or plead any right to any amount that has been Written-off, and each Securityholder shall, by virtue of its holding of any Undated Capital Securities, be deemed to have waived all such rights to such amount that has been Written-off.

(vi) Any reference in these Conditions to principal in respect of the Undated Capital Securities shall refer to the principal amount of the Undated Capital Securities, reduced by any applicable Write-off(s).

(vii) Definitions:

In these Conditions:

"**Non-Viability Event**" means the earlier of:

(A) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(B) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public-sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable;

"**Non-Viability Event Notice**" means the notice which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Securityholders, in accordance with Condition 15, and to the Trustee and the Paying Agents in writing, and which shall state:

(A) in reasonable detail the nature of the relevant Non-Viability Event; and

(B) the Non-Viability Event Write-off Amount for:

(x) each Undated Capital Security; and

(y) each other Subordinated Capital Instrument in accordance with its terms;

"**Non-Viability Event Write-off Amount**" means the amount of distributions and/or principal to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt:

(A) the full amount of the Undated Capital Securities will be Written-off in full in the event that the amount Written-off is not sufficient for the Non-Viability Event to cease to continue; and

(B) in the case of an event falling within paragraph (B) of the definition of Non-Viability Event, the Write-off will be effected in full before any public sector injection of capital or equivalent support.

Further, the Non-Viability Event Write-off Amount in respect of each Undated Capital Security will be calculated based on a percentage of the principal amount of that Undated Capital Security;

"**Parity Capital Instrument**" means any Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied; and

"**Subordinated Capital Instrument**" means any Junior Obligation, Parity Obligation or Tier 2 Capital Instruments which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

(b) Hong Kong Resolution Authority Power:

*The Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong, as amended or superseded from time to time (the "**Ordinance**") became effective on 7 July 2017 and all within scope financial institutions in Hong Kong are subject to the Ordinance.*

(i) Notwithstanding any other term of the Undated Capital Securities, including without limitation Condition 7(a), or any other agreement or arrangement, each Securityholder and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Undated Capital Securities being written off, cancelled, converted or modified, or to having the form of the Undated Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:

(A) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Undated Capital Securities;

(B) the conversion of all or a part of the principal amount of, or Distributions on, the Undated Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Undated Capital Securities; and

(C) the amendment or alteration of the maturity of the Undated Capital Securities or amendment or alteration of the amount of Distributions payable on the Undated Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of these Conditions.

(ii) With respect to (A), (B) and (C) above of Condition 7(b)(i), references to principal and Distributions shall include payments of principal and Distributions that have become due and payable, but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the Securityholders and the Trustee under the Undated Capital Securities and these Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

(iii) No repayment of the principal amount of the Undated Capital Securities or payment of Distributions on the Undated Capital Securities shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

(iv) Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities, the Issuer shall provide a written notice (a "**Resolution Notice**") not more than two Business Days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the Securityholders in accordance with Condition 15 and to the Trustee and the Principal Paying Agent in writing.

(v) Neither the reduction or cancellation, in part or in full, of the principal amount of, or Distributions on the Undated Capital Securities, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of these Conditions or any other modification or change in form of the Undated Capital Securities as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Undated Capital Securities shall constitute a Default under Condition 11.

(vi) Definitions:

In this Condition 7(b):

"**Group**" means the Issuer and its Subsidiaries.

"**Hong Kong Resolution Authority Power**" means any power which may exist from time to time under the Ordinance relating to financial institutions, including licensed banks, deposit-taking companies, restricted licence banks, banking group companies, insurance companies and/or investment firms incorporated in or authorised,

designated, recognised or licensed to conduct regulated financial activities in Hong Kong in effect and applicable in Hong Kong to the Issuer or other members of the Group (including, for the avoidance of doubt, powers under Part 4 and Part 5 of the Ordinance) or any other laws, regulations, rules or requirements relating thereto, as the same may be amended from time to time (whether pursuant to the Ordinance or otherwise), and pursuant to which obligations of a licensed bank, deposit-taking company, restricted licence bank, banking group company, insurance company or investment firm or any of its affiliates can be reduced, cancelled, transferred, modified and/or converted into shares or other securities or obligations of the obligor or any other person; and

"**relevant Hong Kong Resolution Authority**" means any authority with the ability to exercise a Hong Kong Resolution Authority Power in relation to the Issuer from time to time.

Please see the investment consideration entitled "The operation of the resolution regime in Hong Kong may override the contractual terms of the Notes and the Undated Capital Securities" in the section headed "Investment Considerations — Considerations Relating to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities" for further information.

8 Payments

(a) Payments in Respect of the Undated Capital Securities:

(i) Payments of principal in respect of Undated Capital Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(a)(ii) below.

(ii) Distributions shall be paid to the person shown on the Register at the close of business:

(A) in the case of Undated Capital Securities denominated in a currency other than Renminbi, on the 15th day before the due date for payment thereof; and

(B) in the case of Undated Capital Securities denominated in Renminbi, on the fifth day before the due date for payment (the "**Record Date**").

Payments of Distributions in respect of each Undated Capital Security shall be made:

(x) in the case of Undated Capital Securities denominated in a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with, or, at the option of the relevant Agent, by a cheque payable in the relevant currency drawn on, a Bank; and

(y) in the case of Undated Capital Securities denominated in Renminbi, by transfer to the registered account of the Securityholder. If a holder does not maintain a registered account in respect of a payment to be made under the Undated Capital Securities, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

In this Condition 8(a):

"**Bank**" means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System; and

"**registered account**" means the Renminbi account maintained by or on behalf of the Securityholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

Please see the section entitled "Clearance and Settlement". Securityholders are required to ensure that they maintain an account or, as the case may be, a registered account into which payments of principal and Distributions in respect of the Undated Capital Securities are able to be paid by the relevant Paying Agent.

Payments of principal and distribution in respect of Undated Capital Securities held in the CMU will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Undated Capital Security are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) ***Payments subject to fiscal laws***: Payments will be subject in all cases to:

(i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9, in the place of payment; and

(ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.

(c) ***Appointment of Agents***: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:

(i) an Issuing and Paying Agent;

(ii) a Registrar;

(iii) a Transfer Agent;

(iv) a CMU Lodging and Paying Agent in relation to Undated Capital Securities accepted for clearance through the CMU;

(v) one or more Calculation Agent(s) where the Conditions so require; and

(vi) such other agents as may be required by any other stock exchange on which the Undated Capital Securities may be listed, in each case as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Securityholders.

(d) ***Non-Business Days***: If any date for payment in respect of any Undated Capital Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any distribution or other sum in respect of such postponed payment. In this Condition 8(d), "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation of the relevant Certificate and in such other jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than Euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in Euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

9 Taxation

All payments of principal and distributions by or on behalf of the Issuer in respect of the Undated Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong (the "**Relevant Taxing Jurisdiction**") or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Issuer is required to make a deduction or withholding by or within Hong Kong, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Undated Capital Security:

(a) ***Other connection***: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Undated Capital Securities by reason of his having some connection with the Relevant Taxing Jurisdiction other than the holding or ownership of the Undated Capital Securities or receiving income therefrom, or the enforcement thereof; or

(b) ***Presentation more than 30 days after the Relevant Date***: where presentation is required or has occurred, presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on or before the 30th such day.

As used in these Conditions, "**Relevant Date**" in respect of any Undated Capital Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the Undated Capital Security (or relevant Certificate) being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Undated Capital Securities, and all amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**Distributions**" shall be deemed to include all Distributions and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "**principal**" and/or "**Distributions**" shall be deemed to include any Additional Amounts that may be payable under this Condition 9 or any undertaking given in addition to or in substitution for it under the Trust Deed.

10 Prescription

Claims against the Issuer for payment in respect of the Undated Capital Securities shall be prescribed and will become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

11 Default and Enforcement

(a) Default and Winding-up Proceedings:

(i) If default is made in the payment of any amount of principal or Distributions in respect of the Undated Capital Securities on the due date for payment thereof and such failure continues for a period of five business days in Hong Kong (in the case of principal) or 10 business days in Hong Kong (in the case of Distribution) (each such event, a "**Default**"), then the Trustee at its discretion may, subject as provided in Condition 11(b), in order to enforce payment, without further notice, institute Winding-Up Proceedings in Hong Kong against the Issuer, but may take no further action in respect of such default (but without prejudice to Condition 11(a)(ii) below). For the avoidance of doubt, no Distribution will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) in accordance with these Conditions. Accordingly, no default in payment under the Undated Capital Securities will have occurred or be deemed to have occurred for the non-payment of any Distribution that has been so cancelled or deemed cancelled.

(ii) If a Write-off has occurred pursuant to, or otherwise in accordance with, Condition 7, such event will not constitute a Default under these Conditions.

(iii) If an order is made or an effective resolution is passed for the Winding-Up of the Issuer in Hong Kong (except for the purposes of reconstruction, amalgamation or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the holders of the Undated Capital Securities) (such event also a "**Default**"), then the Trustee at its discretion may, subject as provided in Condition 11(b), give written notice to the Issuer that the Undated Capital Securities are, and they shall forthwith thereupon become, immediately due and repayable at their principal amount together with accrued Distribution without further action or formality.

In addition, nothing in this Condition 11, including without limitation any restriction on taking action and/or commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or Appointees to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees or expenses properly incurred or liabilities incurred by such party pursuant to or in connection with these Conditions or the Trust Deed.

(b) Enforcement:

(i) Without prejudice to Condition 11(a), the Trustee may subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Undated Capital Securities binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or Distributions in respect of the Undated Capital Securities), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distributions in respect of the Undated Capital Securities sooner than the same would otherwise have been payable by it.

(ii) The Trustee shall not be bound to take action as referred to in Conditions 11(a) and 11(b)(i) or any other action under these Conditions or the Trust Deed unless (a) it shall have been so requested in writing by Securityholders holding at least 25 per cent. in principal amount of the Undated Capital Securities then outstanding or if so directed by an Extraordinary Resolution of the Securityholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(iii) No Securityholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

(iv) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 11(a) and Conditions 11(b)(i) and 11(b)(ii) above or submitting a claim in the Winding-Up of the Issuer will be available to the Trustee or the Securityholders.

(v) No Securityholder shall be entitled either to institute proceedings for the Winding-Up of the Issuer or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Securityholder may, on giving an indemnity and/or security and/or pre-funding satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or submit a claim in the Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

12 Meetings of Securityholders, Modifications and Consolidations

(a) Meetings of Securityholders: The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing by Securityholders holding not less than 10 per cent. in aggregate principal amount of the Undated Capital Securities for the time being outstanding and subject to the Trustee

being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in principal amount of the Undated Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the principal amount of the Undated Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Undated Capital Securities or any date for payment of distribution or Distributions on the Undated Capital Securities, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Undated Capital Securities, (iii) to reduce the rate or rates of distributions in respect of the Undated Capital Securities or to vary the method or basis of calculating the rate or rates or amount of distributions or the basis for calculating any distribution in respect of the Undated Capital Securities, (iv) to vary any method of, or basis for, calculating the relevant redemption amount, (v) to vary the currency or currencies of payment or denomination of the Undated Capital Securities, or (vi) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Undated Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on the Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Securityholders of not less than 90 per cent. in principal amount of the Undated Capital Securities for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

These Conditions may be amended, modified or varied in relation to any Series of Undated Capital Securities by the terms of the applicable Pricing Supplement in relation to such Undated Capital Securities.

(b) ***Modification of the Trust Deed***: The Trustee may agree, without the consent of the Securityholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed and/or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Securityholders as soon as practicable.

(c) ***Substitution***: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Securityholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or any holding company of the Issuer or any other subsidiary of any such holding company or their respective successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Undated Capital Securities. In

the case of such a substitution the Trustee may agree, without the consent of the Securityholders, to a change of the law governing the Undated Capital Securities and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Securityholders.

(d) ***Entitlement of the Trustee***: In connection with the exercise of its functions, powers, rights and discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee, acting for and on behalf of Securityholders, shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in each case in respect of any tax consequence of any such exercise upon individual Securityholders.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Securityholders on any report, confirmation or certificate or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Securityholders.

14 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent and of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15 Notices

Notices to the holders of the Undated Capital Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Undated Capital Securities are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that exchange or a relevant authority so require, published in a daily newspaper having general circulation in the place or places required by those rules. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

So long as the Undated Capital Securities are represented by a Global Certificate and such Global Certificate is held on behalf of:

(i) Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Securityholders shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or

(ii) *the CMU, notices to the holders of Undated Capital Securities of that Series may be given by delivery of the relevant notice to the persons shown in the relevant CMU Issue Position Report issued by the Monetary Authority on the business day preceding the date of despatch of such notice.*

A Non-Viability Event Notice or notice of the issue of a Resolution Notice to the holders of the relevant Undated Capital Securities shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Asia (which is expected to be Asian Wall Street Journal) or, so long as Undated Capital Securities are listed on The Stock Exchange of Hong Kong Limited (the "**HKSE**"), published on the website of the HKSE. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

16 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Undated Capital Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Undated Capital Securities expressly provide for such Act to apply to any of their terms but this shall not affect any right or remedy that exists or is available apart from such Act and is without prejudice to the rights of the Securityholders as set out in Condition 11.

17 Governing Law and Jurisdiction

(a) ***Governing Law***: The Trust Deed, the Undated Capital Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Conditions 3(b), 3(c) and 7 are governed by, and shall be construed in accordance with, Hong Kong law.

(b) ***Jurisdiction***: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Undated Capital Securities, save that the courts of Hong Kong shall have exclusive jurisdiction to settle any disputes that arise out of or are in connection with Conditions 3(b), 3(c) and 7, and accordingly any legal action or proceedings arising out of or in connection with any Undated Capital Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the holders of the Undated Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Service of Process***: The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. If for any reason such process agent ceases to be able to accept service of process in England, the Issuer shall appoint a new agent to accept such service of process in England as soon as practicable.

18 Headings

Headings are for convenience only and do not affect the interpretation of these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES AND THE UNDATED CAPITAL SECURITIES WHILE IN GLOBAL FORM

1 INITIAL ISSUE OF NOTES OR UNDATED CAPITAL SECURITIES

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or a sub-custodian for the Monetary Authority as operator of the CMU.

Upon the initial deposit of a Global Note or Global Certificate with the Common Depositary or with a sub-custodian for the Monetary Authority as operator of the CMU or registration of Registered Notes or Registered Certificates in the name of (i) any nominee for Euroclear and Clearstream or (ii) the Monetary Authority and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the Monetary Authority as operator of the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes or Undated Capital Securities equal to the nominal amount thereof for which it has subscribed and paid.

Notes or Undated Capital Securities that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes or Undated Capital Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

2 RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes or the Undated Capital Securities for so long as the Notes or the Undated Capital Securities are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled (or, in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes or Undated Capital Securities represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes or Undated Capital Securities represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

3 EXCHANGE

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes or Undated Capital Securities such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

If the relevant Pricing Supplement states that the Notes or the Undated Capital Securities are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes or Undated Capital Securities held in Euroclear or Clearstream or the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes or the Undated Capital Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes or the Undated Capital Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes or Undated Capital Securities represented by any Global Certificate pursuant to Note Condition 2 and Undated Capital Securities Condition 2 may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, provided that, in the case of the first transfer of part of a holding, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Note Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes or Undated Capital Securities lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Installment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means (i) in relation to an exchange of a temporary Global Note to a permanent Global Note, the day falling after the expiry of 40 days after its issue date; (ii) in relation to an exchange of a permanent Global Note to a Definitive Note, a day falling not more than 45 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent; (iii) in relation to an exchange of a permanent Global Note to a Registered Note, a day falling not more than five days after the date of receipt of the first relevant notice by the Issuing and Paying Agent; or (iv) in the case of failure to pay principal in respect of any Notes when due or an Event of Default has occurred and is continuing, a day falling 30 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located, the immediately following day.

4 AMENDMENT TO CONDITIONS

The temporary Global Notes, permanent Global Notes and Global Notes contain provisions that apply to the Notes or the Undated Capital Securities that they represent, some of which modify the effect of the Note Conditions or the Undated Capital Securities Conditions, as applicable, set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

All payments in respect of Notes or Undated Capital Securities represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate representing Notes or Undated Capital Securities held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

So long as the Notes or the Undated Capital Securities are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of the Clearing Systems, the Issuer has promised, *inter alia*, to pay interest in respect of such Notes or Undated Capital Securities from the Interest Commencement Date or the Distribution Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Note Conditions or the Undated Capital Securities Conditions, as applicable, save that the calculation is made in respect of the total aggregate amount of the Notes or the Undated Capital Securities represented by the Global Note or Global Certificate.

4.2 Prescription

Claims against the Issuer in respect of Notes or Undated Capital Securities that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Note Condition 9 and Undated Capital Securities Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes or the Undated Capital Securities represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes or the Undated Capital Securities. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes or the Undated Capital Securities comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Note Conditions or the Undated Capital Securities Conditions, as applicable, to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or Global Certificate.

4.5 Purchase

Notes or Undated Capital Securities represented by a permanent Global Note may only be purchased by the Issuer or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Installment Amounts (if any) thereon.

4.6 The Option of the Issuer

Any option of the Issuer provided for in the Conditions of any Notes or Undated Capital Securities while such Notes or Undated Capital Securities are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Note Conditions or the Undated Capital Securities Conditions, as applicable, except that the notice shall not be required to contain, in the case of Bearer Notes, the certificate numbers of Notes or Undated Capital Securities drawn or, in the case of Registered Notes, the holder of the Notes in respect of a partial exercise of an option and accordingly no drawing of Notes or Undated Capital Securities shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes or the Undated Capital Securities of any Series, the rights of accountholders with a clearing system in respect of the Notes or the Undated Capital Securities will be governed by the standard procedures of Euroclear, Clearstream, the CMU or an Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes or Undated Capital Securities while such Notes or Undated Capital Securities are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note (in accordance with the standard procedures of the relevant clearing system) giving notice to the Issuing and Paying Agent or (in respect of Notes or Undated Capital Securities represented by a Global Certificate) the Registrar or Transfer Agent or (in respect of Notes or Undated Capital Securities lodged with the CMU) the CMU Lodging and Paying Agent within the time limits relating to the deposit of Notes or Undated Capital Securities with a Paying Agent set out in the Note Conditions or the Undated Capital Securities Conditions, as applicable, substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes or the Undated Capital Securities in respect of which the option has been exercised, and stating the nominal amount of Notes or Undated Capital Securities in respect of which the option is exercised and at the same time presenting the permanent Global Note or Global Certificate to the Issuing and Paying Agent, the relevant Registrar, a Transfer Agent or the CMU Lodging and Paying Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held by or on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes or the Undated Capital Securities represented by such Global Note or Global Certificate.

4.9 Notices

So long as any Notes or Undated Capital Securities are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes or Undated Capital Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Note Conditions or the Undated Capital Securities Conditions, as applicable, or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, notices to the holders of Notes or Undated Capital Securities of that Series may be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

5 PARTLY PAID NOTES

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates. While any installments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any installment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF PRICING SUPPLEMENT RELATING TO NOTES OTHER THAN THE UNDATED CAPITAL SECURITIES

[**MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes (as defined below) has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes [(as defined below)] has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or] [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**")].[1] Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("**EUWA**")/EUWA]; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No

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[1] Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or] [(iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**")].[2] Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][3]

WARNING

The contents of this Pricing Supplement have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Notes. If you are in any doubt about any of the contents of this Pricing Supplement, you should obtain independent professional advice.

[This document is for distribution to Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Group, or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular (as defined below) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.][4]

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[2] Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

[3] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[4] Applicable for Notes to be listed on the Hong Kong Stock Exchange only.

It is intended that the Notes will constitute "loan capital" and/or a "regulatory capital security" for the purposes of the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong. To the extent there are any concerns, specific Hong Kong tax advice should be sought.

Pricing Supplement dated [●]

The Bank of East Asia, Limited 東亞銀行有限公司
Issue of [*Aggregate Principal Amount of Tranche*] [*Title of Notes*] (the "Notes")
under the U.S.$6,000,000,000 Medium Term Note Programme (the "Programme")

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (as defined below) set forth in the Offering Circular dated [●] (the "**Offering Circular**") [and the supplementary Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplementary Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Note Conditions (the "**Conditions**") set forth in the Offering Circular dated [●]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [●] [and the supplementary Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [●] and are attached hereto. Principal and/or interest of the Notes may be written off upon the occurrence and continuance of a Non-Viability Event in accordance with the terms set out in Condition 7 and paragraph 25 below. In particular, investors in the Notes should read the section titled "Investment Considerations" contained therein, including but not limited to the risk factor titled "The terms of Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes may contain non-viability loss absorption provisions", which apply to the issue of Notes described herein. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplementary Offering Circular dated [●]] and this Pricing Supplement.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1	Issuer	The Bank of East Asia, Limited 東亞銀行有限公司
2	(i) [Series Number:]	[●]
	(ii) [Tranche Number: (*If fungible with an existing Series, details of that Series, including the date on which the Notes became fungible*)]	[●]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	[●]
	(i) [Series:]	[●]
	(ii) [Tranche:]	[●]

	(iii)	[Date on which the Notes become fungible]	[Not applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of series*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below [which is expected to occur on or about [insert date]]]]
5	(i)	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
	(ii)	Net Proceeds:	[●]
6	(i)	Specified Denominations[5] [6] [7]:	[●] *(notwithstanding any other regulatory or listing requirements in respect of specified denominations, the minimum specified denomination for any series or tranche of Non-Preferred Loss Absorbing Notes and of Dated Subordinated Notes shall be, if denominated in: (i) Hong Kong dollars, HKD2,000,000; (ii) United States dollars, U.S.$250,000; (iii) Euros, €200,000; or (iv) any other currency, the equivalent in that currency to HKD2,000,000 with reference to the relevant exchange rate on the date of issue.)*
	(ii)	Calculation Amount:	[●] *[, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice][8] (the applicable Calculation Amount will be: (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes; or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote [3] apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations)*
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[Specify/Issue date/Not Applicable]

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5 If the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower principal amount (for example EUR 1,000), insert the following: "EUR 100,000 and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Notes in definitive form will be issued with a denomination above [EUR 199,000]".

6 Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of GBP 100,000 (or its equivalent in other currencies).

7 Notes to be listed on the Hong Kong Stock Exchange are required to be traded in a board lot size of at least HK$500,000 (or its equivalent in other currencies).

8 Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

8	Maturity Date:	[*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][9]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[EURIBOR/HIBOR/CNH HIBOR/SHIBOR/ SOFR Benchmark/SONIA Benchmark] +/- [●] per cent. Floating Rate][10] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*specify*)]
11	Change of Interest or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*/ Not Applicable]
12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)] [The Issuer shall not redeem any of the Dated Subordinated Notes or Non-Preferred Loss Absorbing Notes unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong or the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto][11]]

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[9] Note that Renminbi or HK dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

[10] Notwithstanding the provisions of the Conditions, Floating Rate Notes referencing LIBOR will not be issued under the Programme.

[11] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

13	(i)	Status of the Notes:	[Senior (Preferred)/Dated Subordinated/Non-Preferred Loss Absorbing]
	(ii)	[Qualification of the Notes:]	[Not Applicable/The Notes are intended to qualify as Tier 2 capital of the Issuer/The Notes are intended to qualify as a Loss Absorbing Instrument]
	(iii)	[Date of [Board approval for issuance of Notes obtained:]	[Not Applicable/*specify details where Board (or similar) authorisation is required for the particular tranche of Notes*]
	(iv)	[Date of regulatory approval for issuance of Notes obtained:]	[Monetary Authority Approval dated [●]/None required]
14		Listing and admission to trading:	[Hong Kong/specify other/Not listed] (*for Notes to be listed on the [Hong Kong Stock Exchange], insert the expected effective listing date of the Notes*)
15		Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16		Fixed Rate Note Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●]] to but excluding the [Interest Payment Date falling on [●]/Maturity Date]] *(If not applicable, delete the remaining sub — paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each [month]/[year][12] [commencing on the [Issue Date/Interest Payment Date falling on [●]] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [*specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"*]/[not adjusted]
	(iii)	Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / other (give details) / not adjusted]

[12] Note that for certain Renminbi and HK dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day".

	For the avoidance of doubt, "**Business Day**" for these Notes shall include the following: (a) [*repeat details of the Financial Centre(s) as per below if applicable*]; (b) [New York City][13] / [Hong Kong][14] / [Singapore][15] / [London] / [TARGET Business Day (being a day on which the TARGET System is operating)[16]].
(iv) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[17] [, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice]
(v) Broken Amount(s):	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)* [[●] per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice, payable on the Interest Payment Date falling [in/on] [●]]
(vi) Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 or Actual/360 or other]
(vii) Determination Dates:	[Applicable/Not Applicable] *(if not applicable, delete the remaining sub-paragraphs of this paragraph.)* [●] in each year [*(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]

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[13] For USD denominated drawdowns.

[14] For HKD or CNY denominated drawdowns.

[15] For SGD denominated drawdowns.

[16] For Euro denominated drawdowns.

[17] For Renminbi or HK dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 for the case of HK dollar denominated Fixed Rate Notes, being rounded upwards".

17	Floating Rate Note Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●]] to but excluding the [Interest Payment Date falling on [●]/Maturity Date]] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Interest Period(s):	[Each period from and including the [Issue Date]/[Interest Payment Date falling on [●]] to (but excluding) the [subsequent Interest Payment Date falling on [●]/[Maturity Date]], except that the first Interest Period will commence on (and include) the [Issue Date]/[the Interest Payment Date falling on [●]] and the final Interest Period shall end (but exclude) the [Interest Payment Date falling on [●]] /[Maturity Date].]
	(ii) Specified Interest Payment Date(s):	[●] in each [month]/[year] [commencing on the [Issue Date/Interest Payment Date falling on [●]] and ending on the [Interest Payment Date falling on [●]/Maturity Date]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
	(iii) Interest Period End Date:	[●] *(Not applicable unless different from Interest Payment Date)*
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*] For the avoidance of doubt, "**Business Day**" for these Notes shall include the following: (a) [*repeat details of the Financial Centre(s) as per below if applicable*]; (b) [New York City][18] / [Hong Kong][19] / [Singapore][20] / [London] / [TARGET Business Day (being a day on which the TARGET System is operating)[21]].

[18] For USD denominated drawdowns.

[19] For HKD or CNY denominated drawdowns.

[20] For SGD denominated drawdowns.

[21] For Euro denominated drawdowns.

(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(vii)	Screen Rate Determination:	
	— Reference Bank:	[●]
	— Reference Rate:	[EURIBOR/HIBOR/CNH HIBOR/ SHIBOR/SOFR Benchmark/SONIA Benchmark/other (*give details*)]
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	— SOFR:	[Applicable/Not Applicable]
	o SOFR Benchmark:	[Simple SOFR Average/Compounded SOFR Average/SOFR Index Average]
	o Compounded SOFR Average	[Not Applicable/SOFR Observation Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout]
	o Lookback Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Observation Lag*)
	o SOFR Observation Shift Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Observation Shift or SOFR Index Average*)
	o Interest Payment Delay Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Payment Delay*)
	o SOFR Rate Cut-Off Date:	[Not Applicable/the day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Period, the Maturity Date or the relevant date for redemption (as the case may be)] (*Only applicable in the case of Simple SOFR Average, SOFR Payment Delay or SOFT Lockout*)
	o SOFR $\text{Index}_{\text{Start}}$:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)

	o SOFR $Index_{End}$:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
	— SONIA:	[Applicable/Not Applicable]
	o Reference Rate:	[SONIA Compounded Index Rate/SONIA Compounded Daily Reference Rate [with Observation Shift]/[with Lag] where "p" is: [●] London Business Days [*being no less than [5] London Business Days*]]/[*insert other applicable reference rates included in terms and conditions*]
	o Interest Determination Date(s):	[The date which is ["p"] London Business Days prior to each Interest Payment Date/[2 London Business Days] prior to the first day in each Interest Period]
	o Relevant Screen Page:	[[Bloomberg Screen Page : SONCINDX]/*see pages of authorised distributors for SONIA Compounded Index Rate*]/[[Bloomberg Screen Page : SONIO/N Index]/*SONIA Compounded Daily Reference Rate as applicable*]/[●]
	o Relevant Fallback Screen Page:	[[Bloomberg Screen Page : SONIO/N Index]/*see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable*]/[●] (*Only applicable in the case of SONIA Compounded Index Rate*)
(viii)	ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(ix)	Margin(s):	[+/−] [●] per cent. per annum
(x)	Minimum Rate of Interest:	[●] per cent. per annum
(xi)	Maximum Rate of Interest:	[●] per cent. per annum
(xii)	Day Count Fraction:	[●]

(xiii)	Benchmark discontinuation and fall back provisions:	
	— Benchmark Discontinuation (other than Floating Rate Notes which specify the Reference Rate as SOFR Benchmark) (Condition 5(k)):	[Applicable/Not Applicable]
	— Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating Distribution on Floating Rate Undated Capital Securities, if different from those set out in the Conditions:	[Benchmark Replacement (SOFR) (Condition 5(l))*/specify other if different from those set out in the Conditions*]
18	Zero Coupon Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Day Count Fraction:	[●]
(iii)	Any other formula/basis of determining amount payable:	[●]
19	Index Linked Interest Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Index/Formula:	[*give or annex details*]
(ii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[●]
(iv)	Interest Period(s):	[●]

	(v) Specified Interest Payment Dates:	[●]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(vii) Minimum Rate of Interest:	[●] per cent. per annum
	(viii) Maximum Rate of Interest:	[●] per cent. per annum
	(ix) Day Count Fraction:	[●]
20	Dual Currency Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Call Option:	[Applicable/Not Applicable] *(If applicable, specify/include details. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●][, subject to the prior written consent of the Monetary Authority][22]
	(ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount [, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice][23]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
22	Put Option:	[Applicable/Not Applicable][, subject to the prior written consent of the Monetary Authority][24] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount[, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power][25]
	(iii) Notice period:	[●]
23	Final Redemption Amount of each Note:	[●] per Calculation Amount[, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power]

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[22] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

[23] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

[24] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

[25] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

24	Early Redemption Amount:	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Note Conditions):	[●][, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice][26]

PROVISIONS RELATING TO NON-VIABILITY AND LOSS ABSORPTION OF DATED SUBORDINATED NOTES AND NON-PREFERRED LOSS ABSORBING NOTES

25	(i) Non-Viability Loss Absorption:	[Applicable — Write-off Applies/Not Applicable] *(if not applicable, delete the remaining sub-paragraphs of this paragraph)* [*specify/give other details if necessary*]
	(ii) Hong Kong Resolution Authority Power:	Applicable, as set out in Condition 7(b)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	**Bearer Notes** [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] *(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "EUR 100,000 plus integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)* **Registered Notes:** [Regulation S Global Note (U.S.$/EUR [●] principal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream]]

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[26] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

27	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details.*][27] For the avoidance of doubt, "**business day**" for these Notes shall include the following: (a) [●], being the place of presentation of the Notes; (b) [*give details of the Financial Centre as per above if applicable*]; (c) [New York City][28] / [Hong Kong][29] / [Singapore][30] / [London] / [TARGET Business Day (being a day on which the TARGET System is operating)[31]]. (*Note that this paragraph relates to the date and place of payment*)
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Applicable/*Not Applicable (if Applicable, give details)*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Applicable/*Not Applicable (if Applicable, give details)*]
30	Details relating to Instalment Notes: amount of each instalment (Instalment Amount), date on which each payment is to be made (Instalment Date):	[Applicable/Not Applicable *(if Applicable, give details)*]
31	Other terms or special conditions:	[Applicable/Not Applicable *(give details e.g. if any additional loss absorption details to be set out in schedule to the Pricing Supplement)*]

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[27] Only include where a Financial Centre has been indicated for the drawdown. This could include the Paying Agent's principal place of business.

[28] For USD denominated drawdowns.

[29] For HKD or CNY denominated drawdowns.

[30] For SGD denominated drawdowns.

[31] For Euro denominated drawdowns.

DISTRIBUTION

32	(i) If syndicated, names of Managers:	[Not Applicable/give names] [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Notes after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Notes]
	(ii) Stabilisation Manager (if any):	[Not Applicable/give name]
33	If non-syndicated, name of Dealer:	[Not Applicable/give name] [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Notes after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Notes]
34	U.S. selling restrictions:	[TEFRA D/TEFRA C/TEFRA not applicable] Regulation S (Category [1/2]) *(TEFRA not applicable for Bearer Notes with a maturity of one year or less or Registered Notes)* *(Where TEFRA D is applicable, a Bearer Note must be issued in the form of a Temporary Note exchangeable upon a U.S. tax certification for a Permanent Global Note or a Definitive Note)*
35	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (If the Notes clearly do not constitute ''packaged'' products, ''Not Applicable'' should be specified. If the Notes may constitute ''packaged'' products and no Key Information Document (as provided for under the PRIIPs Regulation) will be prepared, ''Applicable'' should be specified.)
36	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no Key Information Document (as provided for under the UK PRIIPs Regulation) will be prepared, "Applicable" should be specified.)
37	Additional selling restrictions:	[Not Applicable/*give details*]
38	Private bank rebate/commission:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

39	ISIN Code:	[●]
40	Common Code:	[●]
41	CMU Instrument Number:	[●]
42	Legal Entity Identifier (LEI):	CO6GC26LCGGRTUESIP55
43	Any clearing system(s) other than Euroclear and Clearstream, and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
44	Delivery:	Delivery [against/free of] payment
45	Names and addresses of additional Paying Agent(s) (if any):	[●]

GENERAL

46	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars):	[Not applicable/U.S.$][●]
47	In the case of Registered Notes, specify the location of the office of the Registrar if other than Luxembourg:	[●]
48	In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than Dublin, Ireland:	[●]
49	Governing Law:	English law [save that the provisions relating to Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes in relation to subordination, set-off and payment void and default and enforcement shall be governed by, and construed in accordance with, the laws of Hong Kong][18]
50	Ratings:	[The Notes to be issued have not been rated /The Notes to be issued have been rated: [Moody's Investors Service, Inc.: [●]] [S&P Global Ratings: [●]] [Fitch: [●]] [Other: [●]]

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[18] Only relevant for Dated Subordinated Notes and Non-Preferred Loss Absorbing Notes.

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

HONG KONG SFC CODE OF CONDUCT

51	Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
52	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — Overall Coordinators to provide*] / [Not Applicable]
53	[Marketing and Investor Targeting Strategy:	[As indicated in the Offering Circular] / [*Describe if different from the programme Offering Circular*]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [*specify relevant stock exchange/market*] of the Notes described herein pursuant to the U.S.$6,000,000,000 Medium Term Note Programme.

[USE OF PROCEEDS

*Give details if different from the "Use of Proceeds" section in the Offering Circular.***]**

[STABILISATION

In connection with this issue, [●] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the closing date of the relevant Tranche of Notes. However, there is no obligation on such the Stabilisation Manager to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of relevant Tranche of the Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

[MATERIAL ADVERSE CHANGE STATEMENT

There has been no significant change in the financial or trading position of the Issuer or the Group since [***insert date of last audited full year or interim financial statements***] and no material adverse change in the financial position or prospects of the Issuer or the Group since [***insert date of last published audited annual financial statements***].]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of The Bank of East Asia, Limited 東亞銀行有限公司:

By: _____
Duly authorised

FORM OF PRICING SUPPLEMENT
RELATING TO UNDATED CAPITAL SECURITIES ONLY

[**MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Undated Capital Securities (as defined below) has led to the conclusion that: (i) the target market for the Undated Capital Securities is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Undated Capital Securities to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Undated Capital Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Undated Capital Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Undated Capital Securities [(as defined below)] has led to the conclusion that: (i) the target market for the Undated Capital Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Undated Capital Securities to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Undated Capital Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Undated Capital Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or] [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**")].[1] Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Undated Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Undated Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Undated Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("**EUWA**")/EUWA]; (ii) a customer within the

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[1] Paragraph (iii) is not required where the Undated Capital Securities have a denomination of at least €100,000 or equivalent.

meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or] [(iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**")].[2] Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Undated Capital Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Undated Capital Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Undated Capital Securities are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][3]

WARNING

The contents of this Pricing Supplement have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Undated Capital Securities. If you are in any doubt about any of the contents of this Pricing Supplement, you should obtain independent professional advice.

[This document is for distribution to Professional Investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Undated Capital Securities are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Undated Capital Securities are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Undated Capital Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Undated Capital Securities, the Issuer, the Group, or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

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[2] Paragraph (iii) is not required where the Undated Capital Securities have a denomination of at least €100,000 or equivalent.

[3] For any Undated Capital Securities to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Undated Capital Securities pursuant to Section 309B of the SFA prior to the launch of the offer.

This document together with the Offering Circular (as defined below) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.][4]

It is intended that the Undated Capital Securities will constitute "loan capital" and/or a "regulatory capital security" for the purposes of the Stamp Duty Ordinance (Cap 117) of the Laws of Hong Kong. To the extent there are any concerns, specific Hong Kong tax advice should be sought.

Pricing Supplement dated [●]

The Bank of East Asia, Limited 東亞銀行有限公司
Issue of [*Aggregate Principal Amount of Tranche*] [*Title of Undated Capital Securities*]
(the "Undated Capital Securities")
under the U.S.$6,000,000,000 Medium Term Note Programme (the "Programme")

This document constitutes the Pricing Supplement relating to the issue of the Undated Capital Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Undated Capital Securities Conditions (the "**Conditions**") set forth in the Offering Circular dated [●] (the "**Offering Circular**") [and the supplementary Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Undated Capital Securities and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Undated Capital Securities is only available on the basis of the combination of the Offering Circular[, the supplementary Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Undated Capital Securities (the "**Conditions**") set forth in the Offering Circular dated [●]. This Pricing Supplement contains the final terms of the Undated Capital Securities and must be read in conjunction with the Offering Circular dated [●] [and the supplementary Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [●] and are attached hereto. Principal and/or distribution of the Undated Capital Securities may be written-off upon the occurrence and continuance of a Non-Viability Event in accordance with the terms set out in Condition 7 and paragraph 20 below. In particular, investors in the Undated Capital Securities should read the section titled "Investment Considerations" contained therein, including but not limited to the risk factor titled "[The terms of Undated Capital Securities may contain non-viability loss absorption provisions]", which apply to the issue of Undated Capital Securities described herein. Full information on the Issuer and the offer of the Undated Capital Securities is only available on the basis of the combination of the Offering Circular[, the supplementary Offering Circular dated [●]] and this Pricing Supplement.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1	Issuer	The Bank of East Asia, Limited 東亞銀行有限公司
2	(i) [Series Number:]	[●]

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[4] Applicable for Undated Capital Securities to be listed on the Hong Kong Stock Exchange only.

	(ii)	[Tranche Number: (*If fungible with an existing Series, details of that Series, including the date on which the Undated Capital Securities became fungible*)]	[●]
3		Specified Currency or Currencies:	[●]
4		Aggregate Principal Amount:	[●]
	(i)	[Series:]	[●]
	(ii)	[Tranche:]	[●]
	(iii)	[Date on which the Undated Capital Securities become fungible:]	[The Undated Capital Securities will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/the date that is 40 days after the Issuer Date/Not Applicable] *(if fungible with an existing Series, details of that Series, including the date on which the Undated Capital Securities become fungible)*
5	(i)	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued Distributions from [*insert date*] *(in the case of fungible issues only, if applicable)*]
	(ii)	Net Proceeds:	[●]
6	(i)	Specified Denomination[5] [6]:	[●] (*notwithstanding any other regulatory or listing requirements in respect of specified denomination, the minimum specified denomination for any series or tranche of Undated Capital Securities intending to qualify as Additional Tier 1 capital under the Banking Capital Regulations and/or a LAC debt instrument under the Loss Absorbing Capacity Rules shall be, if denominated in: (i) Hong Kong dollars, HKD2,000,000; (ii) United States dollars, U.S.$250,000; (iii) Euros, €200,000; or (iv) any other currency, the equivalent in that currency to HKD2,000,000 with reference to the relevant exchange rate on the date of issue*)
	(ii)	Calculation Amount:	[●], subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice
7	(i)	Issue Date:	[●]
	(ii)	Distribution Commencement Date:	[Specify/Issue date/Not Applicable]

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5 Undated Capital Securities (including Undated Capital Securities denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). Add appropriate provisions to terms and conditions if included.

6 Undated Capital Securities to be listed on the Hong Kong Stock Exchange are required to be traded in a board lot size of at least HK$500,000 (or its equivalent in other currencies).

8	Distribution	
	(i) Distribution Basis:	[[●] per cent. Fixed Rate from [●] to [●]] [[EURIBOR/HIBOR/CNH HIBOR/SHIBOR/SOFR Benchmark/SONIA Benchmark] +/- [●] per cent. Floating Rate][from [●] to [●]] [Other (*specify*)] (further particulars specified below) Payment of any Distribution is subject to the terms and conditions specified in Condition 5
	(ii) Distribution Stopper (Condition 5(d)):	[Applicable/Not Applicable]
9	Redemption/Payment Basis:	[Redemption at par] [Other (*specify*)]
10	Change of Distribution or Redemption Payment Basis:	[*Specify details of any Payment Basis: provision for convertibility of Undated Capital Securities into another Distribution or redemption/payment basis/* Not Applicable]
11	Call Options:	[Issuer Call (further particulars specified below) The Issuer shall not redeem any of the Undated Capital Securities unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong or the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto]
12	(i) Qualification of the Undated Capital Securities:	[The Undated Capital Securities are intended to qualify as Additional Tier 1 capital of the Issuer/The Undated Capital Securities are intended to qualify as a Loss Absorbing Instrument]
	(ii) [Date of [Board] approval for issuance of Undated Capital Securities obtained:]	[Not Applicable/*specify details where Board (or similar) authorisation is required for the particular tranche of Undated Capital Securities*]
	(iii) [Date of regulatory approval for issuance of Undated Capital Securities obtained:]	[Monetary Authority Approval dated [●]/None required]
13	Listing and admission to trading:	[Hong Kong/*specify other*/Not listed] (*for Undated Capital Securities to be listed on the [Hong Kong Stock Exchange], insert the expected effective listing date of the Undated Capital Securities*)
14	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION (IF ANY) PAYABLE

15	Fixed Rate Undated Capital Securities Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●]] to but excluding the [Distribution Payment Date falling on [●]] (*If not applicable, delete the remaining sub — paragraphs of this paragraph*)
	(i) Rate[(s)] of Distribution:	
	(a) Initial Distribution Rate:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(b) Reset:	[Applicable/Not Applicable]
	(A) First Reset Date:	[●]
	(B) Reset Date[s]:	The First Reset Date and each date falling every [●] after the First Reset Date
	(C) Relevant Rate:	[●]
	(D) Initial Spread:	[●]
	(ii) Distribution Period:	[Each period from and including the [Issue Date]/[Distribution Payment Date falling on [●]] to (but excluding) the [subsequent Distribution Payment Date falling on [●]], except that the first Distribution Period will commence on (and include) the [Issue Date]/ [Distribution Payment Date falling on [●]] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [●]]]
	(iii) Distribution Payment Date(s):	[●] in each year[7] commencing on the [Issue Date/Distribution Payment Date falling on [●]] and ending on the [Distribution Payment Date falling on [●]]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
	(iv) Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

[7] Note that for certain Renminbi and HK dollar denominated Fixed Rate Undated Capital Securities the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day".

	For the avoidance of doubt, "**Business Day**" for these Undated Capital Securities shall include the following: (a) [*repeat details of the Financial Centre(s) as per below if applicable*]; (b) [New York City][8] / [Hong Kong][9] / [Singapore][10] / [London] /[TARGET Business Day (being aday on which the TARGET System is operating)[11]].
(v) Fixed Distribution Amount[(s)]:	[From (and including) the Distribution Commencement Date to (but excluding) the First Reset Date, [●] per Calculation Amount[12], subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice From (and including) the First Reset Date, the respective amounts to be determined pursuant to Item 15(i)(b) above, subject to adjustment following the occurrence of a Non-Viability Event] or the issue of a Resolution Notice
(vi) Broken Amount(s):	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*) [[●] per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice, payable on the Distribution Payment Date falling [in/on] [●]]
(vii) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/*other*]
(viii) Determination Dates:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)

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8 For USD denominated drawdowns.

9 For HKD or CNY denominated drawdowns.

10 For SGD denominated drawdowns.

11 For Euro denominated drawdowns.

12 For Renminbi or HK dollar denominated Fixed Rate Undated Capital Securities where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Undated Capital Securities to the nearest HK$0.01, HK$0.005 for the case of HK dollar denominated Fixed Rate Undated Capital Securities, being rounded upwards".

		[[●] in each year (insert regular Distribution payment dates, ignoring issue date or redemption date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
	(ix) Other terms relating to the method of calculating Distribution for Fixed Rate Undated Capital Securities:	[Not Applicable/give details]
16	Floating Rate Undated Capital Securities Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Distribution Payment Date falling on [●]] to but excluding the [Distribution Payment Date falling on [●]]] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Distribution Period(s):	[Each period from and including the [Issue Date]/[Distribution Payment Date falling on [●]] to (but excluding) the [subsequent Distribution Payment Date falling on [●]], except that the first Distribution Period will commence on (and include) the [Issue Date]/[the Distribution Payment Date falling on [●] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [●]]]
	(ii) Specified Distribution Payment Date(s):	[●] in each year [commencing on the [Issue Date/Distribution Payment Date falling on [●]] and ending on the [Distribution Payment Date falling on [●]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Centre(s) for the definition of "Business Day"]/not adjusted]
	(iii) Distribution Period Date:	[●] (*Not applicable unless different from Distribution Payment Date*)
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

		For the avoidance of doubt, "**Business Day**" for these Undated Capital Securities shall include the following: (a) [*repeat details of the Financial Centre(s) as per below if applicable*]; (b) [New York City][13] / [Hong Kong][14] / [Singapore][15] / [London] / [TARGET Business Day (being a day on which the TARGET System is operating)[16]].
(v)	Manner in which the Rate(s) of Distribution is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vi)	Party responsible for calculating the Rate(s) of Distribution and Distribution Amount(s) (if not the Calculation Agent):	[●]
(vii)	Screen Rate Determination:	
	— Reference Banks:	[●]
	— Reference Rate:	[EURIBOR/HIBOR/CNH HIBOR/ SHIBOR/SOFR Benchmark/SONIA Benchmark/other (*give details*)][17]
	— Distribution Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	— SOFR:	[Applicable/Not Applicable]
	o SOFR Benchmark:	[Simple SOFR Average/Compounded SOFR Average/SOFR Index Average]
	o Compounded SOFR Average:	[Not Applicable/SOFR Observation Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout]
	o Lookback Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Observation Lag*)

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[13] For USD denominated drawdowns.

[14] For HKD or CNY denominated drawdowns.

[15] For SGD denominated drawdowns.

[16] For Euro denominated drawdowns.

[17] Notwithstanding the provisions of the Conditions, Floating Rate Undated Capital Securities referencing LIBOR will not beissued under the Programme.

o	SOFR Observation Shift Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Observation Shift or SOFR Index Average*)
o	Distribution Payment Delay Days:	[[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Payment Delay*)
o	SOFR Rate Cut-Off Date:	[Not Applicable/the day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Distribution Period or the relevant date for redemption (as the case may be)] (*Only applicable in the case of Simple SOFR Average, SOFR Payment Delay or SOFR Lockout*)
o	SOFR $\text{Index}_{\text{Start}}$:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
o	SOFR $\text{Index}_{\text{End}}$:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] (*Only applicable in the case of SOFR Index Average*)
—	SONIA:	[Applicable/Not Applicable]
o	Reference Rate:	[SONIA Compounded Index Rate/SONIA Compounded Daily Reference Rate [with Observation Shift]/[with Lag] where "p" is: [●] London Business Days [*being no less than [5] London Business Days*]]/[*insert other applicable reference rates included in terms and conditions*]
o	Distribution Determination Date(s):	[The date which is ["p"] London Business Days prior to each Distribution Payment Date/[2 London Business Days] prior to the first day in each Distribution Period]
o	Relevant Screen Page:	[[Bloomberg Screen Page : SONCINDX]/*see pages of authorised distributors for SONIA Compounded Index Rate*]/[Bloomberg Screen Page : SONIO/N Index]/*SONIA Compounded Daily Reference Rate as applicable*]/[●]
o	Relevant Fallback Screen Page:	[[Bloomberg Screen Page : SONIO/N Index]/*see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable*]/[●] (*Only applicable in the case of SONIA Compounded Index Rate*)

(viii)	ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(ix)	Margin(s):	[+/−] [●] per cent. per annum
(x)	Minimum Rate of Distribution:	[●] per cent. per annum
(xi)	Maximum Rate of Distribution:	[●] per cent. per annum
(xii)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/360 or Actual/ 365 (Fixed) or [*specify other*]]
(xiii)	Benchmark discontinuation and fall back provisions:	
	— Benchmark Discontinuation (other than Floating Rate Undated Capital Securities which specify the Reference Rate as SOFR Benchmark) (Condition 4(h)):	[Applicable/Not Applicable]
	— Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating Distribution on Floating Rate Undated Capital Securities, if different from those set out in the Conditions:	[Benchmark Replacement (SOFR) (Condition 4(i))/*specify other if different from those set out in the Conditions*]

PROVISIONS RELATING TO REDEMPTION

17	Call Option:	[Applicable/Not Applicable] *(if applicable, specify/include details. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●], subject to the prior written consent of the Monetary Authority
	(ii) Optional Redemption Amount(s) of each Undated Capital Security and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
18	Final Redemption Amount of each Undated Capital Security:	[●] per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
19	Early Redemption Amount:	[●]/ [Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●], subject to adjustment following the occurrence of a Non-Viability Event or the issue of a Resolution Notice

PROVISIONS RELATING TO NON-VIABILITY AND LOSS ABSORPTION OF THE UNDATED CAPITAL SECURITIES

20	(i) Non-Viability Loss Absorption:		
		(a) Suspension Period:	[per Condition [2(e)]/*give details*]
		(b) Non-Viability Event:	[per Condition [7]/*give details*]
		(c) Non-Viability Event Notice:	[per Condition [7]/*give details*]
		(d) Write-off:	[per Condition [7]/*give details*]
		(e) Loss-absorbing capacity:	[per Condition [7]/*give details*]
		(f) Others:	[Not Applicable/*give details e.g. Parity Obligations, Junior Obligations*]
	(ii) Hong Kong Resolution Authority Power:		Applicable, as set out in Condition 7(b)

GENERAL PROVISIONS APPLICABLE TO THE UNDATED CAPITAL SECURITIES

21	Form of Undated Capital Securities:	**Registered Undated Capital Securities:** Global Certificate exchangeable for Individual Security Certificates in the limited circumstances described in the Global Certificate
22	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*][18] For the avoidance of doubt, "**business day**" for these Undated Capital Securities shall include the following: (a) [●], being the place of presentation of the Undated Capital Securities; (b) [*give details of the Financial Centre as per above if applicable*]; (c) [New York City][19] / [Hong Kong][20] / [Singapore][21] / [London] / [TARGET Business Day (being a day on which the TARGET System is operating)[22]]. (*Note* that this paragraph relates to the date and place of payment)
23	Other terms or special conditions:	[Not Applicable/*give details e.g. if any additional loss absorption details to be set out in schedule to the Pricing Supplement*]

DISTRIBUTION

24	(i)	If syndicated, names of Managers:	[Not Applicable/*give names*] [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Undated Capital Securities after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Undated Capital Securities]
	(ii)	Stabilisation Manager (if any):	[Not Applicable/*give name*]

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[18] Only include where a Financial Centre has been indicated for the drawdown. This could include the Paying Agent'sprincipal place of business.

[19] For USD denominated drawdowns.

[20] For HKD or CNY denominated drawdowns.

[21] For SGD denominated drawdowns.

[22] For Euro denominated drawdowns.

25	If non-syndicated, name of Dealer:	[Not Applicable/*give name*] [The Issuer or any of its broker-dealers or other affiliates may engage in market-making transactions involving the Undated Capital Securities after their initial sale as permitted by applicable law, but none of the Issuer, any of its broker-dealer or its affiliates is obligated to do so or to make a market for the Undated Capital Securities]
26	U.S. selling restrictions:	[Reg. S Category [1] / [2]; TEFRA/Not Applicable]
27	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (If the Undated Capital Securities clearly do not constitute ''packaged'' products, ''Not Applicable'' should be specified. If the Undated Capital Securities may constitute ''packaged'' products and no Key Information Document (as provided for under the PRIIPs Regulation) will be prepared, ''Applicable'' should be specified.)
28	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (If the Undated Capital Securities clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Undated Capital Securities may constitute "packaged" products and no Key Information Document (as provided for under the UK PRIIPs Regulation) will be prepared, "Applicable" should be specified.)
29	Additional selling restrictions:	[Not Applicable/*give details*]
30	Private bank rebate/commission:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

31	ISIN Code:	[●]
32	Common Code:	[●]
33	CMU Instrument Number:	[●]/[Not Applicable]
34	Legal Entity Identifier (LEI):	CO6GC26LCGGRTUESIP55
35	Any clearing system(s) other than the CMU and/or Euroclear and Clearstream and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
36	Delivery:	Delivery [against/free of] payment
37	Names and addresses of additional Paying Agent(s) (if any):	[●]

GENERAL

38	Governing Law:	English law, save that the provisions in relation to subordination, set-off and payment void and default and enforcement shall be governed by, and construed in accordance with, the laws of Hong Kong
39	Ratings:	[The Undated Capital Securities to be issued have not been rated/The Undated Capital Securities to be issued have been rated: [Moody's Investors Service, Inc.: [●]] [S&P Global Ratings: [●]] [Fitch: [●]] [Other: [●]] (*The above disclosure should reflect the rating allocated to Undated Capital Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)]

HONG KONG SFC CODE OF CONDUCT

40	Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Undated Capital Securities subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Undated Capital Securities distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
41	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — Overall Coordinators to provide*] / [*Not Applicable*]
42	[Marketing and Investor Targeting Strategy:	[As indicated in the Offering Circular] / [*Describe if different from the programme Offering Circular*]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [*specify relevant stock exchange/market*] of the Undated Capital Securities described herein pursuant to the U.S.$6,000,000,000 Medium Term Note Programme.

[USE OF PROCEEDS

Give details if different from the "Use of Proceeds" section in the Offering Circular.**]**

[STABILISATION

In connection with this issue, [●] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Undated Capital Securities or effect transactions with a view to supporting the market price of the Undated Capital Securities at a level higher than that which might otherwise prevail for a limited period after the closing date of the relevant Tranche of Undated Capital Securities. However, there is no obligation on such Stabilisation Manager to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Undated Capital Securities is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Undated Capital Securities and 60 days after the date of the allotment of the relevant Tranche of Undated Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Undated Capital Securities including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Undated Capital Securities, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Undated Capital Securities unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Undated Capital Securities.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of The Bank of East Asia, Limited 東亞銀行有限公司:

By: _____
Duly authorised

TAXATION

The statements herein regarding taxation are based on the laws and practice in force as at the date of this Offering Circular and are subject to any changes in law or practice occurring after such date, which changes could be made on a retroactive basis, and do not constitute legal or taxation advice. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes or the Undated Capital Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Notes or the Undated Capital Securities.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or the Undated Capital Securities or in respect of any capital gains arising from the sale of the Notes or the Undated Capital Securities.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes or the Undated Capital Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes or the Undated Capital Securities is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes or the Undated Capital Securities is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes or the Undated Capital Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes or the Undated Capital Securities is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, inter alia, an authorized institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no

prospectus involving the issue of the Notes or the Undated Capital Securities is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Notes or the Undated Capital Securities by the Issuer is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes or Undated Capital Securities will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes or Undated Capital Securities will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes or Undated Capital Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes or the Undated Capital Securities are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117) of Hong Kong (the "**SDO**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

Notwithstanding the above, no stamp duty is payable on the transfer of a regulatory capital security (as defined in Section 17A of the IRO).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

EUROPEAN UNION

EU Savings Directive

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes or Undated Capital Securities (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes or Undated Capital Securities where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes or the Undated Capital Securities.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of Notes or Undated Capital Securities are advised to seek their own professional advice in relation to the FTT.

FATCA WITHHOLDING

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes and the Undated Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes and the Undated Capital Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes and the Undated Capital Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes or Undated Capital Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes or Undated Capital Securities that are not distinguishable from previously issued Notes or Undated Capital Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes or Undated Capital Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes and the Undated Capital Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes or the Undated Capital Securities, no person will be required to pay additional amounts as a result of the withholding.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream or the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer or the Arranger takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes or the Undated Capital Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

THE CLEARING SYSTEMS

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes or the Undated Capital Securities held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Monetary Authority for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all financial institutions regulated by the Monetary Authority, SFC, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual. An investor holding an interest through an account with either Euroclear or Clearstream in any Notes or Undated Capital Securities held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

BOOK-ENTRY OWNERSHIP

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes or the Undated Capital Securities to be represented by a Global Certificate. The Issuer may also apply to have Registered Notes or Undated Capital Securities to be represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes or Undated Capital Securities of such Series may hold their interests in a Global Certificate through Euroclear, Clearstream or the CMU (if applicable).

Each Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Subscription and Sale*".

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will be available, in the case of Notes or Undated Capital Securities initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

SUBSCRIPTION AND SALE

AMENDED AND RESTATED DEALER AGREEMENT

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 1 September 2025 (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes or the Undated Capital Securities will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell the Notes or the Undated Capital Securities directly on its own behalf to institutions that are not Dealers. The Notes or the Undated Capital Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes or the Undated Capital Securities may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for the Notes or the Undated Capital Securities to be issued in syndicated Tranches that are severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of the Notes or the Undated Capital Securities subscribed by it. The commissions in respect of an issue of Notes or the Undated Capital Securities on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Arranger and the Dealers against certain liabilities in connection with the offer and sale of the Notes or the Undated Capital Securities. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes or Undated Capital Securities in certain circumstances prior to payment for such Notes or Undated Capital Securities being made to the Issuer.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Dealers or certain of their respective affiliates may purchase the Notes or the Undated Capital Securities and be allocated the Notes or the Undated Capital Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Arranger, the Dealers or any of their respective affiliates may purchase the Notes or the Undated Capital Securities for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes or the Undated Capital Securities and/or other securities of the Issuer or its associates at the same time as the offer and sale of the Notes or the Undated Capital Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes or the Undated Capital Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes or the Undated Capital Securities).

Application has been made to the HKSE for the listing of the Programme under which Notes or Undated Capital Securities may be issued by way of debt issues to Professional Investor only during the 12-month period after the date of this Offering Circular on the HKSE. In connection with the offer and sale of each Series of Notes or Undated Capital Securities, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes or the Undated Capital Securities will be listed. No assurances can be given that the Programme will qualify for listing on a stock exchange. In addition, no assurances can be given that if the Programme qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such Series of Notes or Undated Capital Securities will be listed on a stock exchange, that such Notes or Undated Capital Securities will trade from their date of issuance until maturity (or early redemption) and that such listing will be maintained.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks) — This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes or Undated Capital Securities. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes or Undated Capital Securities (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes or Undated Capital Securities. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those relevant Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes or Undated Capital Securities, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

SELLING RESTRICTIONS

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes or the Undated Capital Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of The Bank of East Asia, Limited 東亞銀行有限公司 in such jurisdiction.

United States

The following sub-paragraphs shall apply in respect of any Notes or Undated Capital Securities the Pricing Supplement for which specifies that "Regulation S Category 1" applies.

The Notes or the Undated Capital Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or (in respect of any Notes or Undated Capital Securities in respect of which the Pricing Supplement or the Subscription Agreement specifies that the "Regulation S Category 2" applies) to, or for the benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The following sub-paragraphs shall apply in respect of any Notes or Undated Capital Securities the Pricing Supplement for which specifies that "Regulation S Category 1" applies. Each Dealer has represented that:

(a) Offers/sales only in accordance with Regulation S: it has not offered or sold, and will not offer or sell, any Notes or Undated Capital Securities constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S;

(b) No directed selling efforts: neither it nor any of its affiliates (nor any persons acting on behalf of such Dealer or any of its affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes or the Undated Capital Securities; and

(c) No contractual arrangements without consent: it has not entered, and will not enter, into any contractual arrangement with respect to the distribution or delivery of the Notes or the Undated Capital Securities, except with its affiliates or with the prior written consent of the Issuer.

The following sub-paragraphs shall apply in respect of any Notes or Undated Capital Securities the Pricing Supplement for which specifies that "Regulation S Category 2" applies.

Each Dealer has represented and agreed that:

(a) Offers/sales only in accordance with Regulation S: it has offered and sold the Notes or the Undated Capital Securities, and will offer and sell the Notes or the Undated Capital Securities:

(i) Original distribution: as part of their distribution, at any time; and

(ii) Outside original distribution: otherwise, until 40 days after the completion of the distribution of an identifiable tranche of which such Notes or Undated Capital Securities are a part, as determined and certified to the Issuer and each relevant Dealer, by the Issuing and Paying Agent or, the relevant Lead Manager (the "**Lead Manager**"),

only in accordance with Rule 903 of Regulation S;

(b) No directed selling efforts: neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes or the Undated Capital Securities;

(c) Offering restrictions: it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S;

(d) No contractual arrangements without consent: neither it, nor any of its Affiliates (nor any person acting on behalf of such Dealer or any of its Affiliates) has entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes or the Undated Capital Securities, except with its Affiliates or with the prior written consent of the Issuer; and

(e) Prescribed form of confirmation: at or prior to confirmation of sale of Notes or Undated Capital Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes or Undated Capital Securities from it during the distribution compliance period a confirmation or notice in substantially the following form:

"The securities covered hereby have not been registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Notes or the Undated Capital Securities as determined and certified by the Issuing and Paying Agent or the Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Completion of distribution: Each Dealer has agreed to notify the Issuing and Paying Agent or, in the case of a Syndicated Issue, the Lead Manager when it has completed the distribution of its portion of the Notes or the Undated Capital Securities of any identifiable tranche so that the Issuing and Paying Agent or, in the case of a Syndicated Issue, the Lead Manager may determine the completion of the distribution of all Notes or Undated Capital Securities of that tranche and notify the other relevant Dealers of the end of the distribution compliance period.

The Notes or the Undated Capital Securities in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each issuance of index-, commodity-or currency-linked Notes or Undated Capital Securities shall be subject to such additional U.S. selling restrictions as the Relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes or Undated Capital Securities. Each Relevant Dealer agrees that it shall offer, sell and deliver such Notes or Undated Capital Securities only in compliance with such additional U.S. selling restrictions.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes or Undated Capital Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes or Undated Capital Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

a) the expression "**retail investor**" means a person who is one (or more) of the following:

i. a retail client as defined in point (11) of Article 4(1) of MiFID II; or

ii. a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

iii. not a qualified investor as defined in the Prospectus Regulation; and

b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or the Undated Capital Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or Undated Capital Securities.

Public Offer Selling Restriction under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes or Undated Capital Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA (each a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes or Undated Capital Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes or Undated Capital Securities to the public in that Relevant State:

(a) if the Pricing Supplement in relation to the Notes or the Undated Capital Securities specifies that an offer of those Notes or Undated Capital Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes or Undated Capital Securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes or Undated Capital Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes or Undated Capital Securities to the public**" in relation to any Notes or Undated Capital Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or the Undated Capital Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or the Undated Capital Securities and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes or Undated Capital Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes or Undated Capital Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or the Undated Capital Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or the Undated Capital Securities.

Public Offer Selling Restriction under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes or Undated Capital Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes or Undated Capital Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes or Undated Capital Securities to the public in the United Kingdom:

(a) if the Pricing Supplement in relation to the Notes or the Undated Capital Securities specifies that an offer of those Notes or Undated Capital Securities may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes or Undated Capital Securities which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes or Undated Capital Securities referred to in (b) to (d) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes or Undated Capital Securities to the public**" in relation to any Notes or Undated Capital Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or the Undated Capital Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or the Undated Capital Securities and the expression "**UK Prospectus Regulation**" means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions in the United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(1) in relation to any Notes or Undated Capital Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes or Undated Capital Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes or the Undated Capital Securities would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes or Undated Capital Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes or the Undated Capital Securities in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes or Undated Capital Securities except for Notes or Undated Capital Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes or the Undated Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes or Undated Capital Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or Undated Capital Securities or caused such Notes or Undated Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or Undated Capital Securities or cause such Notes or Undated Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes or the Undated Capital Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes or Undated Capital Securities, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes or the Undated Capital Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes or the Undated Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes or Undated Capital Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes or the Undated Capital Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Taiwan

The Notes or the Undated Capital Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission and/or other regulatory authority of Taiwan.

GENERAL INFORMATION

1. **Clearing Systems:** The Legal Entity Identifier Code of the Issuer is CO6GC26LCGGRTUESIP55. The Notes or the Undated Capital Securities may be accepted for clearance through the Euroclear, Clearstream and/or the CMU. The relevant ISIN, Common Code and/or CMU Instrument Number will be specified in the relevant Pricing Supplement. If the Notes or the Undated Capital Securities are to be cleared through any additional or alternative clearing system, the appropriate information will be specified in the relevant Pricing Supplement.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the relevant Pricing Supplement.

2. **Listing:** Application has been made to the HKSE for the listing of the Programme under which Notes or Undated Capital Securities may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. Application will be made to the HKSE for the listing of, and permission to deal in, the Notes or the Undated Capital Securities which are agreed at the time of issue to be so listed on the HKSE. There can be no assurance that the application will be approved.

3. **Litigation:** Save as otherwise disclosed in this Offering Circular, neither BEA nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes or the Undated Capital Securities, and BEA is not aware of any such litigation or arbitration proceedings pending or threatened against it or any of its subsidiaries.

4. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations (if any) in connection with the establishment and update of the Programme. The update of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer dated 8 August 2025. The Issuer has obtained and has agreed to obtain from time to time all necessary consents, approvals and authorisations for the issue of Notes or Undated Capital Securities under the Programme.

5. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or the prospects of the Issuer or of the Group since 30 June 2025.

6. **Available Documents:** For so long as Notes or Undated Capital Securities may be issued pursuant to this Offering Circular, copies of the following documents will be available (upon written request and satisfactory proof of holding and identity), at all reasonable times during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at (i) the office of the Trustee (in the case of the documents referred to in sub-paragraph (d) below); or (ii) the office of the Issuer or the specified office of any Paying Agent (in the case of the documents referred to in all the sub-paragraphs below, in the case of any inspection at the specified office of any Paying Agent, subject, in the case of the documents referred to each sub-paragraph below other than sub-paragraph (d) below, to the Issuer first having provided the Paying Agents with the same):

   (a) the Articles of Association of the Issuer;

(b) the 2023 Financial Statements and the 2024 Financial Statements (in each case together with the auditor's report of KPMG in connection therewith);

(c) the 2025 Interim Financial Statements (together with the independent review report of KPMG in connection therewith);

(d) the most recent annual and interim reports (including the financial statements) published by the Issuer;

(e) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons) and the Agency Agreement, each dated 24 September 2021;

(f) this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular; and

(g) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes or Undated Capital Securities will only be available for inspection by a holder of any such Notes or Undated Capital Securities and such holder must produce evidence satisfactory to the Issuer, the Trustee or the relevant Paying Agents as to its holding of Notes or Undated Capital Securities and identity).

7. **Auditor:** The 2023 Financial Statements and the 2024 Financial Statements included in this Offering Circular have been audited by KPMG, Certified Public Accountants, as stated in the auditor's reports appearing in this Offering Circular in relation to such consolidated financial statements. The 2025 Interim Financial Statements included in this Offering Circular have been reviewed by KPMG, Certified Public Accountants, as stated in the independent review report appearing in this Offering Circular in relation to such consolidated interim financial statements.

8. Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

9. The issue price and the amount of the relevant Notes or Undated Capital Securities will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes or Undated Capital Securities.

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Independent Auditor's Report

TO THE MEMBERS OF THE BANK OF EAST ASIA, LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 188 to 377, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Group's advances to customers as at 31 December 2023 amounted to HK$532,111 million, with total expected credit losses ("ECL") amounting to HK$5,127 million as at 31 December 2023. Hong Kong and Chinese Mainland Operations contributed to 55.0% and 26.6% of the Group's advances to customers, and 48.2% and 40.8% of the Group's total ECL respectively. Impairment allowances of loans and advances to customers across the banking industry continues to be an area of elevated focus due to ongoing challenges in the China real estate sector and tightening monetary policy by many central banks to combat inflation. This has led to a more difficult environment for borrowers and leads to challenges in assessing impairment provisions.	Our audit procedures to assess the Group's impairment allowances on loans and advances to customers measured at amortised cost with regards to the methodology, data and assumptions used in the estimate included the following: **Methodology** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on the ECL model monitoring and governance process and on the controls around the final review and determination of impairment allowances by management;

獨立核數師報告

KPMG

致東亞銀行有限公司成員
(於香港註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第188至第377頁的東亞銀行有限公司(以下簡稱「貴銀行」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零二三年十二月三十一日的綜合財務狀況表和截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括重大會計政策資訊及其他解釋資訊。

我們認為,該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了 貴集團於二零二三年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」),我們獨立於 貴集團,並已履行守則中的其他專業道德責任。我們相信,我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷,認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

客戶貸款及墊款的減值準備
請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	審計對策
於二零二三年十二月三十一日, 貴集團的客戶墊款達到港幣5,321.1億元,預期信貸損失於二零二三年十二月三十一日總額為港幣51.27億元。香港與中國內地的業務分別佔 貴集團客戶墊款的55.0%和26.6%,以及佔 貴集團預期信貸損失總額的48.2%和40.8%。 由於中國房地產行業的持續挑戰以及許多央行為應對通脹而收緊貨幣政策,銀行業客戶貸款和墊款的減值準備繼續成為關注的焦點。這導致評估減值準備更加困難。	因應估計中使用的方法、數據和假設,我們就評估 貴集團以攤銷成本計量的客戶貸款及墊款的減值準備相關的審計程序包括以下各項: **方法** • 瞭解並評估與以下項目有關的關鍵內部控制的設計、實施及操作成效:預期信貸損失模型監管和管治流程,以及管理層在最終審閱及釐定減值準備的內部控制;

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Group applies its ECL models to assess impairment allowances of loans and advances to customers measured at amortised cost. Loan exposures that are not already credit-impaired are classified as stage 1 on origination and a 12-month ECL provision is recognised. Loan exposures will remain in stage 1 until they are repaid, experience a significant increase in credit risk (stage 2) or become credit-impaired (stage 3), for which a lifetime ECL provision is recognised. The difficulty in identifying those loans which may have significant increase in credit risk or impaired has remained high. Past historical experience on repayment may be less representative of the borrowers' financial conditions and therefore more judgement is required. Impairment allowances may be materially misstated if the exposures with a significant increase in credit risk are not properly identified and classified in the appropriate stages. The determination of impairment allowances using the ECL models is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions. In particular, the determination of the impairment allowances is heavily dependent on the external macro environment. The expected credit losses are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.	• involving credit risk specialists in assessing the appropriateness of the methodology and reliability of the ECL models used by management in determining impairment allowances; and • in respect of assessing the accuracy of ECL calculation, calculating the amount of credit loss allowance for 12-month and life-time credit losses using the ECL models based on the above parameters and assumptions for a sample of loans and advances to customers where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively and comparing to the results from the Group; **Data** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on financial reporting over approval, recording and monitoring of loans measured at amortised cost, including the recording of key data elements used in the ECL model; • assessing the completeness and accuracy of data used for the key parameters in the ECL models, by comparing individual loan information on a sample basis with the underlying agreements and other related documentation to assess the accuracy of the loan information in the ECL models. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with publicly available sources; and • for key parameters used in the ECL models which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. We involved our information technology specialists in assessing the information systems controls critical to the financial reporting process, such as the compilation of the overdue reports for advances to customers. We also assessed the design, implementation and operating effectiveness of relevant automated application controls within these systems, as well as key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management;

獨立核數師報告(續)

客戶貸款及墊款的減值準備
請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
貴集團使用其預期信貸損失模型來評估以攤銷成本計量的客戶貸款及墊款的減值準備。尚未成為不良信貸的貸款於發放時被劃歸為第一階段，並按照相當於12個月的預期信貸損失的金額確認撥備。貸款會保留於第一階段直至其被償還，信貸風險有顯著增加(第二階段)或已成為不良信貸(第三階段)，相應撥備會按照相當於合約期內之預期信貸損失的金額確認。 識別信貸風險可能顯著增加的貸款及不良信貸的難度仍高。當中需要更多的判斷，因為過去的歷史償還經驗可能較難代表客戶的財務狀況。 倘貸款的信貸風險顯著增加未被恰當地識別及分類，可能導致預期信貸損失存在重大錯誤陳述。 採用預期信貸損失模型釐定減值準備時須考慮若干關鍵參數及假設，包括所識別的損失階段，所估計的違約概率、違約損失率、違約風險承擔和貼現率，就前瞻性資訊所作的調整以及其他調整因素。在選取該等參數及應用上述假設時亦須管理層作出判斷。 當中，減值準備的釐定在很大程度上取決於外部宏觀環境及 貴集團的內部信貸風險管理策略。預期信貸損失乃源自於對歷史損失、內部及外部信貸評級及其他調整因素的估計。個人貸款的預期信貸損失乃源自於管理層考慮了歷史逾期數據、個人貸款的以往損失經驗以及其他調整因素而作出的估計。	• 使用信貸風險專家評估管理層在釐定減值準備時所用的預期信貸損失模型的可靠性；及 • 在評估預期信貸損失計算的準確性方面，抽選信貸風險自初始確認以來尚未顯著增加或已顯著增加的客戶貸款及墊款樣本，同時根據上述參數及假設並使用預期信貸損失模型，分別計算該等樣本按照12個月內的信貸損失和合約期內的信貸損失計量的信貸損失準備金額，並將該計算結果與 貴集團的結果進行比較； **數據** • 瞭解並評估與以下項目有關的關鍵財務報告內部控制的設計、實施及操作成效：以攤銷成本計量的貸款的審批、記錄和監管，包括記錄預期信貸損失模型中使用的關鍵數據； • 通過在抽樣基礎上對比個別貸款資訊與相關協議及其他相關文檔，評估預期信貸損失模型中的貸款資訊是否準確，以此評估預期信貸損失模型中的關鍵參數所用的數據是否完整及準確。對於源自外部數據的關鍵參數，我們採用抽樣方式將該等數據與公開可獲取的數據進行比較，以檢查該等數據的準確性；及 • 對於預期信貸損失模型中所用的、源自系統生成的內部數據的關鍵參數，在抽樣基礎上將輸入數據與原始文檔進行對比以評估輸入參數的準確性。我們使用我們的資訊技術專家來評估對財務報告流程有重要影響的資訊系統控制，包括客戶墊款逾期報告的編制。我們還評估這些系統內的相關自動化應用程式控制，以及對這些相關系統的主要內部控制(包括對系統登入的控制以及對數據和變更管理的控制)在設計、實施和操作上的成效；

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, macroeconomic factors, the seniority of the claim and the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third party valuers and considers the influence of various factors including the market price, location and use when assessing the value of property held as collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount from collateral and, therefore, the amount of impairment allowances as at the end of the reporting period. The assessment of the recoverable amount of collateral is particularly challenging in the Chinese Mainland as the extent of judgement exercised by management in the process of determining the strategy of recovery and assessing the collateral value of these exposures is high. As a result, the impairment allowances of loans and advances to customers in this particular part of business is subject to a higher inherent risk of material misstatements. We identified the impairment allowances of loans and advances to customers measured at amortised cost as a key audit matter because of the complexity of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.	**Assumptions** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on financial reporting over the credit grading process; • understanding and assessing the design, implementation and operating effectiveness of key internal controls on the monitoring and governance process for the assumptions used in the ECL models, including the assessment of the internal credit grading applied to exposures; • evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting samples for which we checked loan overdue information, made enquiries of the credit managers about the borrowers' business operations, checked borrowers' financial information and researched market information about borrowers' businesses. Our sample of loans and advances to customers selected for credit review, including in Chinese Mainland Operations, focused on accounts with high risk characteristics, including industries, features of loan arrangements, types of collateral and credit quality of the accounts; • involving credit risk specialists in assessing the appropriateness of the key assumptions in the ECL models, including the criteria used by management in determining loss stages, the probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments; • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing it to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

獨立核數師報告(續)

客戶貸款及墊款的減值準備
請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
管理層在釐定違約損失率的數額時亦會根據多項因素作出判斷。這些因素包括收回墊款的方式、借款人的財務狀況、抵押品的可收回金額、宏觀經濟因素、索賠受償順序及其他債權人是否存在及其合作意向等。在評估持作抵押品的物業的價值時，管理層會參考合資格第三方評估師出具的估值報告，並考慮各種因素的影響，包括物業的市場價格、位置及用途。收回抵押品的法律依據、變現時間和方法亦會影響抵押品的可收回金額，並從而影響報告期末的減值準備金額。由於管理層在釐定中國內地的抵押物的收回策略及評估抵押品價值的過程中涉及高度的判斷，評估此類抵押物的可收回金額具有特別難度。因此，有關此部份業務的客戶貸款及墊款減值準備存在較高重大錯誤陳述的內含風險。 由於以攤銷成本計量的客戶貸款及墊款的減值準備所涉及的複雜性、管理層判斷以及內含的不確定性，同時由於其對 貴集團財務業績和資本的重大影響，我們將其認定為一項關鍵審計事項。	**假設** • 瞭解並評估與信貸評級流程有關的關鍵財務報告內部控制的設計、實施及操作成效； • 瞭解並評估用於監管和管治預期信貸損失模型中使用的假設的流程的關鍵內部控制的設計、實施及操作成效，包括評估適用於承擔的內部信貸評級； • 採用抽樣的方式檢查貸款逾期資訊，就借款人的業務運營詢問信貸經理，檢查借款人的財務信息並查考有關借款人業務的市場資訊，以評價管理層對於貸款的信貸風險自初始確認以來是否已，或尚未有，顯著增加以及貸款是否已成為不良信貸的評估是否恰當。我們抽查的客戶貸款及墊款樣本，包括中國內地業務的樣本，關注於具有高風險條件的貸款，高風險條件包括行業、貸款安排、抵押品類型及信貸質量； • 使用信貸風險專家評估管理層在預期信貸損失模型中使用的假設的恰當性，包括損失階段的識別、違約概率、違約損失率、違約風險承擔、貼現率、就前瞻性資訊所作的調整以及管理層所作的其他調整； • 對於涉及判斷的關鍵參數，從外部來源獲得證據並將其與 貴集團的內部記錄(包括以往損失經驗和抵押品的類型)進行比較，以對輸入參數進行審慎評估。在這個過程中，我們就管理層對估計及輸入參數的修訂理據提出質詢，並考慮判斷的一致性。我們將模型中所運用的經濟因素與市場資訊進行對比，以評估這些數據是否與市場及經濟發展相符；

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
	• for selected samples of loans and advances to customers that are credit-impaired, evaluating management's assessment of the recoverable amount of the exposure including evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of comparable properties. We also evaluated the timing and means of realisation of other collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; and • assessing the appropriateness of material manual adjustments and overlays on ECL model outputs. Other audit procedures to assess the Group's impairment allowances on loans and advances to customers measured at amortised cost included the following: • in respect of evaluating the accounting treatments of disposal of impaired loans during the year, inspecting the loan disposal agreements and documents, enquiring of management and assessing whether the transactions are recognised appropriately; and • evaluating whether the presentation and disclosures on impairment allowances of loans and advances to customers measured at amortised cost meet the requirements of the prevailing accounting standards.

獨立核數師報告(續)

客戶貸款及墊款的減值準備
請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
	• 對於已抽選的不良信貸的客戶貸款及墊款樣本，評價管理層對信貸風險可收回金額的評估，包括根據持作抵押品的物業的位置及用途以及鄰近物業的價格，將持作抵押品的物業的價值與市場價格進行比較，以評價管理層對該類物業價值的評估。我們還評價了其他抵押品的變現時間和方法以及現金流預測，對　貴集團回收方案的可行性提出了質詢，並對合同條款中的其他信貸提升進行了評價；及 • 評估重大的手動調整以及預期信貸損失模型輸出值的調整是否恰當； 與評估　貴集團以攤銷成本計量的客戶貸款及墊款的減值準備的其他審計程式包括： • 評估年內減值貸款處置的會計處理，檢查相關貸款處置協議和文件，向管理層詢問並評估該等交易是否恰當地確認；及 • 評價以攤銷成本計量的客戶貸款及墊款的減值準備的列報與披露是否滿足現行會計準則的要求。

Impairment assessment of an investment in associate, AFFIN Bank Berhad ("AFFIN")
Refer to notes 2(r), 30 to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit

The quoted market price of the Group's investment in AFFIN has been persistently below the carrying amount for a period of time. This is considered an indicator of potential impairment.
 	
HKAS 36 "Impairment of assets" requires recognition of impairment loss when the carrying amount exceeds the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use ("VIU"). An impairment test was performed by the Group using a VIU model to estimate the investment's value assuming the Group continues to hold this investment.
 	
As at 31 December 2023, the recoverable amount based on the VIU calculation was HK$3,012 million. The carrying value was written down to the recoverable amount and an additional impairment charge of HK$726 million was recognised in 2023.
 	
The VIU model is based on the requirements in HKAS 36 "Impairment of assets" and is dependent on many assumptions, both short-term and long-term in nature. These assumptions, which are judgemental, are derived from a combination of management estimates, forecasts and market data. The assumptions considered the current levels of uncertainty on the economy in Malaysia.
 	
A number of key judgements were made by management in determining the inputs for the VIU calculation which included:
 	
• forecast cash flows;
 	
• forecast regulatory capital adjustments required;
 	
• growth rates and terminal values; and
 	
• discount rate applied to the forecast cash flows.
 	
We identified the impairment assessment of the Group's investment in AFFIN as a key audit matter because of the increased uncertainty of the VIU estimation and its significance to the consolidated financial statements, and because assessing the key assumptions involved a significant degree of management judgement which may affect both the carrying value of the Group's investment in AFFIN at year end and amount of impairment charge for the year.
	Our audit procedures to assess the carrying value of the Group's investment in AFFIN with regards to methodology, data and assumptions used in the estimate included the following:
	
	Methodology
	• engaging our valuation specialists to evaluate the methodology used in the VIU calculation;
	
	Data
	• comparing AFFIN's budgeted income and profits with the assumptions used by management in its discounted cash flow forecast; and
	
	• comparing the actual results of AFFIN for the past years to forecasts prepared by management for the preceding years to assess the accuracy of management's forecasting process;
	
	Assumptions
	• discussing with management, who sit on the board of AFFIN, to understand business performance and future business plans of AFFIN;
	
	• evaluating the assumptions and judgements adopted by management in its discounted cash flow forecast relating to growth rates, terminal value and the discount rate used to derive the recoverable amount of the Group's investment in AFFIN, with support of our valuation specialists, through the following procedures:
	
	  • conducting research on the assumptions and judgements relating to growth rates, terminal value and the discount rate based on available market information;
	
	  • performing an alternative calculation of the discount rate and comparing this calculation with the discount rate applied by management to assess reasonableness of the discount rate used by management;

獨立核數師報告(續)

投資於聯營公司，AFFIN Bank Berhad(「AFFIN」)，的減值評估
請參閱綜合財務報表附註2(r)和30

關鍵審計事項	**審計對策**
貴集團對AFFIN的投資的市場報價持續低於賬面值一段時間。這是潛在減值的指標。 按《香港會計準則》第36號「資產減值」的要求，當賬面值高於可收回價值時，便需要確認減值損失。可收回價值為銷售淨值與使用價值中的較高者。在　貴集團繼續持有此投資的假設下，　貴集團利用使用價值模型進行了減值測試以估計此投資的價值。 於二零二三年十二月三十一日，基於使用價值計算的可收回價值為港幣30.12億元。其賬面值減值到可收回價值並於年內確認港幣7.26億元的減值損失。 其使用價值模型是按《香港會計準則》第36號「資產減值」的要求並取決於很多長期及短期的參數。這些具判斷性的參數綜合了管理層估計，預測及市場數據。其中假設已經考慮現時馬來西亞經濟的不確定性。 管理層於釐定使用價值計算的參數輸入時作出一些關鍵判斷，包括： • 現金流預測； • 預測的監管資本需求調整； • 增長率及終值；及 • 對預測的現金流所使用的折現率。 由於估計使用價值涉及較高的不確定性及其對綜合財務報表的重要性，關鍵參數的評估涉及管理層的重大判斷，這些重大判斷可能影響　貴集團對AFFIN的投資於年末的賬面值及年內的減值損失，我們因此將　貴集團對AFFIN的投資的減值評估識別為關鍵審計事項。	因應估計中使用的方法、數據和假設，我們就　貴集團對AFFIN的投資的減值評估相關的審計程序包括以下各項： **方法** • 使用我們估值專家評估使用價值計算方法； **數據** • 對AFFIN的預算收入及盈利與管理層於折現現金流預測使用的假設作出比較； • 將AFFIN過去的實際業績與管理層為往年準備的預測進行對比，以評估管理層預測程式的準確性； **假設** • 與同時為AFFIN董事會成員的管理層商討並瞭解AFFIN的業務表現及未來商業計劃； • 在我們估值專家的協助下，透過以下程序評估管理層於折現現金流預測用到的假設及判斷，包括用於計算對AFFIN投資的可收回價值時用到的增長率，終值及折現率： 　• 利用可用市場資訊，對增長率，終值及折現率相關的假設及判斷作出調查； 　• 執行折現率替代性計算，將該計算結果與管理層使用的折現率進行比較，以評估管理層使用的折現率的合理性；

Impairment assessment of an investment in associate, AFFIN Bank Berhad ("AFFIN")
Refer to notes 2(r), 30 to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
	• evaluating the assumptions used in forecasting regulatory capital adjustments required; • comparing AFFIN's budgeted income and profits with externally derived data, such as analysts' reports, to assess their reasonableness; • evaluating the sensitivity analyses prepared by management for each of the key assumptions adopted in the discounted cash flow forecast, including growth rates applied, cash flow forecast, and discount rate assumptions, and considering any management bias in formulating these assumptions; and • evaluating the probabilities assigned by management to the various economic scenarios in the VIU calculation by assessing whether they were aligned with market and economic development. In addition to the above audit procedures, we also considered whether the disclosures in the consolidated financial statements in respect of the impairment assessment of the Group's investment in AFFIN reflected the risks inherent in the key assumptions with reference to the requirements of the prevailing accounting standards.

獨立核數師報告(續)

投資於聯營公司，AFFIN Bank Berhad(「AFFIN」)，的減值評估
請參閱綜合財務報表附註2(r)和30

關鍵審計事項	**審計對策**
	• 評價用於預測的監管資本需求調整的假設；及 • 對AFFIN的預算收入及盈利，與源自外部的數據，如分析師報告作出比較，以評估其合理性； • 評估管理層就於折現現金流預測使用的各項關鍵參數準備的敏感性測試包括增長率，現金流預測及折現率的假設，並考慮作出這些假設當中管理層有偏向的可能性；及 • 評估管理層於使用價值計算中對不同經濟情景使用的概率是否符合市場及經濟發展。 除了上述的審計程序，我們還參考現行會計準則的要求，考慮綜合財務報表內關於 貴集團對AFFIN的投資的減值評估的披露是否反映了關鍵假設的固有風險。

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

獨立核數師報告(續)

綜合財務報表及其核數師報告以外的資訊

董事需對其他資訊負責。其他資訊包括刊載於年報內的全部資訊，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資訊，我們亦不對該等其他資訊發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資訊，在此過程中，考慮其他資訊是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他資訊存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估　貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將　貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督　貴集團的財務報告過程的責任。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或淩駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong, Po Shan.

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

21 February 2024

獨立核數師報告(續)

- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對　貴集團內部控制的有效性發表意見。

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對　貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致　貴集團不能持續經營。

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

- 就　貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責　貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及為消除對獨立性的威脅所採取的行動或防範措施(若適用)。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃寶珊。

畢馬威會計師事務所
執業會計師
香港中環
遮打道十號
太子大廈八樓

二零二四年二月二十一日

Consolidated Income Statement
綜合收益表

For the year ended 31st December, 2023　截至2023年12月31日止年度

		Notes 附註	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Interest income	利息收入	5	**39,685**	24,848
Interest income calculated using the effective interest method	按有效利率方法計算的利息收入		**36,788**	24,871
Related interest income/(expense)	相關利息收入／(支出)		**2,897**	(23)
Interest expense	利息支出	6	**(22,811)**	(11,340)
Net interest income	淨利息收入		**16,874**	13,508
Fee and commission income	服務費及佣金收入	7	**3,361**	3,372
Fee and commission expense	服務費及佣金支出		**(721)**	(619)
Net fee and commission income	服務費及佣金收入淨額		**2,640**	2,753
Net trading profit	交易溢利淨額	8	**1,225**	943
Net result on financial instruments at FVTPL	按通過損益以反映公平價值金融工具的淨表現	9	**(262)**	(68)
Net result on financial assets measured at FVOCI	按通過其他全面收益以反映公平價值計量金融資產的淨表現	10	**(26)**	175
Net loss on sale of financial assets measured at amortised cost	出售按攤銷成本計量金融資產之淨虧損		**(22)**	(6)
Net hedging profit	對沖溢利淨額	11	**30**	201
Other operating income	其他經營收入	12	**287**	448
Non-interest income	非利息收入		**3,872**	4,446
Operating income	經營收入		**20,746**	17,954
Operating expenses	經營支出	13	**(9,432)**	(9,224)
Operating profit before impairment losses	未扣除減值損失之經營溢利		**11,314**	8,730
Impairment losses on financial instruments	金融工具減值損失	14	**(5,483)**	(5,923)
Impairment losses on associate	聯營公司減值損失	30	**(726)**	–
Impairment losses on other assets	其他資產減值損失		**(6)**	(3)
Impairment losses	減值損失		**(6,215)**	(5,926)
Operating profit after impairment losses	已扣除減值損失後之經營溢利		**5,099**	2,804
Net profit on sale of assets held for sale	出售持有作出售資產之淨溢利	15	**2**	1,445
Net loss on disposal of subsidiaries/associates	出售附屬公司／聯營公司之淨虧損		**(12)**	(1)
Net profit on disposal of fixed assets	出售固定資產之淨溢利	16	**14**	17
Valuation losses on investment properties	重估投資物業虧損	32	**(86)**	(179)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	30	**293**	855
Profit for the year before taxation	年度內除稅前溢利		**5,310**	4,941
Income tax	所得稅	17	**(1,174)**	(563)
Profit for the year	年度內溢利		**4,136**	4,378
Attributable to:	可歸屬於：			
Owners of the parent	本集團股東	42(j)	**4,118**	4,359
Non-controlling interests	非控股權益		**18**	19
Profit for the year	年度內溢利		**4,136**	4,378
			HK$ 港幣元	HK$ 港幣元
Earnings per share	每股盈利			
Basic	基本	19	**1.32**	1.32
Diluted	攤薄	19	**1.32**	1.32

The notes on pages 196 to 377 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 18.

第196至377頁之附註屬本財務報表之一部分。有關屬年度內溢利並應付予本行股東之股息詳情已詳載於附註18。

Consolidated Statement of Comprehensive Income
綜合全面收益表

For the year ended 31st December, 2023 截至2023年12月31日止年度

		Notes 附註	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net profit	淨溢利		**4,136**	4,378
Other comprehensive income for the year:	年度內其他全面收益：			
Items that will not be reclassified to income statement:	不可轉回收益表的項目：			
Premises:	行址：			
– unrealised surplus on revaluation of premises	－重估行址所產生的未實現盈餘	42(b)	**13**	354
– deferred taxes	－遞延稅項	42(b)	**2**	(4)
Fair value reserve (equity instruments):	公平價值儲備(股本工具)：			
– net change in fair value	－公平價值變動	42(g)	**120**	127
– deferred taxes	－遞延稅項	42(g)	**–**	(4)
Liability credit reserve:	負債信貸儲備：			
– net change in fair value attributable to Group's own credit risk	－因集團自身信貸風險而引致的公平價值變動	34,42(h)	**(13)**	73
– deferred taxes	－遞延稅項	34,42(h)	**2**	(12)
Items that may be reclassified subsequently to income statement:	以後可能轉回收益表的項目：			
Fair value reserve (debt instruments):	公平價值儲備(債務工具)：			
– net change in fair value	－公平價值變動	42(g)	**760**	(1,849)
– amount transferred to income statement on disposal	－於出售時轉入收益表的金額	42(g)	**82**	13
– deferred taxes	－遞延稅項	42(g)	**(134)**	298
Share of changes in equity of associates and joint ventures	應佔聯營公司及合資企業權益的變動	42(i)	**51**	54
Exchange differences arising from translation of accounts/disposal of overseas, Macau and Taiwan branches, subsidiaries, associates and joint ventures	從海外、澳門及台灣分行、附屬公司、聯營公司及合資企業的賬項折算／出售所產生的匯兌差額		**(723)**	(2,880)
Other comprehensive income	其他全面收益		**160**	(3,830)
Total comprehensive income	全面收益總額		**4,296**	548
Total comprehensive income attributable to:	全面收益總額可歸屬於：			
Owners of the parent	本集團股東		**4,278**	529
Non-controlling interests	非控股權益		**18**	19
			4,296	548

The notes on pages 196 to 377 form part of these financial statements. 第196至377頁之附註屬本財務報表之一部分。

Consolidated Statement of Financial Position
綜合財務狀況表

As at 31st December, 2023　於2023年12月31日

		Notes附註	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
ASSETS	資產			
Cash and balances with banks	現金及在銀行的結存	23	**45,903**	54,579
Placements with and advances to banks	在銀行的存款及墊款	24	**43,691**	60,203
Trade bills	貿易票據	25	**373**	529
Trading assets	交易用途資產	26	**3,049**	1,530
Derivative assets	衍生工具資產	45(b)(ii)	**9,056**	11,092
Loans and advances to customers	客戶貸款及墊款	27	**526,984**	542,394
Investment securities	投資證券	28	**167,270**	147,007
Investments in associates and joint ventures	聯營公司及合資企業投資	30	**8,384**	9,061
Fixed assets	固定資產	32	**13,493**	13,476
– Investment properties	－投資物業		**5,105**	5,166
– Other properties and equipment	－其他物業及設備		**7,603**	7,593
– Right-of-use assets	－使用權資產		**785**	717
Goodwill and intangible assets	商譽及無形資產	31	**1,852**	1,870
Deferred tax assets	遞延稅項資產	35(b)	**1,836**	1,849
Other assets	其他資產	33	**38,470**	39,235
Total Assets	資產總額		**860,361**	882,825
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks	銀行的存款及結餘		**25,619**	25,478
– Designated at fair value through profit or loss	－指定為通過損益以反映公平價值	34	**3,199**	4,545
– At amortised cost	－攤銷成本		**22,420**	20,933
Deposits from customers	客戶存款	36	**628,598**	648,093
– Demand deposits and current accounts	－活期存款及往來賬戶		**65,643**	65,899
– Savings deposits	－儲蓄存款		**118,163**	145,107
– Time, call and notice deposits	－定期及通知存款		**444,792**	437,087
Trading liabilities	交易用途負債		**–**	5
Derivative liabilities	衍生工具負債	45(b)(ii)	**4,007**	4,145
Certificates of deposit issued	已發行存款證		**27,618**	32,662
– Designated at fair value through profit or loss	－指定為通過損益以反映公平價值	34	**9,415**	19,001
– At amortised cost	－攤銷成本		**18,203**	13,661
Current taxation	本年稅項	35(a)	**1,602**	1,252
Debt securities issued	已發行債務證券		**844**	2,892
– Designated at fair value through profit or loss	－指定為通過損益以反映公平價值	34	**688**	811
– At amortised cost	－攤銷成本		**156**	2,081
Deferred tax liabilities	遞延稅項負債	35(b)	**468**	226
Other liabilities	其他負債	37	**47,312**	49,799
Loan capital – at amortised cost	借貸資本－攤銷成本	38	**15,967**	11,927
Total Liabilities	負債總額		**752,035**	776,479
Share capital	股本	40	**41,915**	41,856
Reserves	儲備	42	**56,058**	54,131
Total equity attributable to owners of the parent	歸屬於本集團股東權益總額		**97,973**	95,987
Additional equity instruments	額外股本工具	41	**10,090**	10,090
Non-controlling interests	非控股權益		**263**	269
Total Equity	股東權益總額		**108,326**	106,346
Total Equity and Liabilities	股東權益及負債總額		**860,361**	882,825

Approved and authorised for issue by the Board on 21st February, 2024.

董事會於2024年2月21日核准及授權發布。

Executive Chairman	**David LI Kwok-po**	*執行主席*	**李國寶**
Co-Chief Executives	**Adrian David LI Man-kiu**	*聯席行政總裁*	**李民橋**
	Brian David LI Man-bun		**李民斌**
Director	**Meocre LI Kwok-wing**	*董事*	**李國榮**

The notes on pages 196 to 377 form part of these financial statements.

第196至377頁之附註屬本財務報表之一部分。

Consolidated Statement of Changes in Equity
綜合權益變動表

For the year ended 31st December, 2023 截至2023年12月31日止年度

		Share capital 股本 HK$ Mn 港幣百萬元	General reserve 一般儲備 HK$ Mn 港幣百萬元	Revaluation reserve of bank premises 行址重估儲備 HK$ Mn 港幣百萬元	Capital reserve 資本儲備 HK$ Mn 港幣百萬元	Exchange revaluation reserve 匯兌重估儲備 HK$ Mn 港幣百萬元	Capital reserve – staff share options issued 資本儲備–已發行僱員認股權 HK$ Mn 港幣百萬元	Fair value reserve 公平價值儲備 HK$ Mn 港幣百萬元	Liability credit reserve 負債信貸儲備 HK$ Mn 港幣百萬元	Other reserves[2] 其他儲備[2] HK$ Mn 港幣百萬元	Retained profits 留存溢利 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Additional equity instruments 額外股本工具 HK$ Mn 港幣百萬元	Non-controlling interests 非控股權益 HK$ Mn 港幣百萬元	Total equity 權益總額 HK$ Mn 港幣百萬元
At 1st January, 2023	於2023年1月1日	41,856	13,658	2,255	895	(1,822)	150	510	15	5,105	33,365	95,987	10,090	269	106,346
Changes in equity	權益變動														
Profit for the year	年度內溢利	-	-	-	-	-	-	-	-	-	4,118	4,118	-	18	4,136
Other comprehensive income	其他全面收益	-	-	15	-	(723)	-	828	(11)	51	-	160	-	-	160
Total comprehensive income	全面收益總額	-	-	15	-	(723)	-	828	(11)	51	4,118	4,278	-	18	4,296
Shares issued in lieu of dividend *(Note 40)*	以股代息發行的股份 *(附註40)*	59	-	-	-	-	-	-	-	-	-	59	-	-	59
Equity settled share-based transaction *(Note 42(1))*	以股份為基礎作支付之交易 *(附註42(1))*	-	-	-	-	-	24	-	-	-	-	24	-	-	24
Transfer	轉賬	-	-	-	-	-	(35)	-	-	(2)	37	-	-	-	-
Distribution/Dividends declared or approved during the year	年度內的分派及已宣佈或核准派發股息	-	-	-	-	-	-	-	-	-	(2,008)	(2,008)	-	(24)	(2,032)
Share buy-back[1]	股份回購[1]	-	-	-	-	-	-	-	-	-	(367)	(367)	-	-	(367)
At 31st December, 2023	於2023年12月31日	41,915	13,658	2,270	895	(2,545)	139	1,338	4	5,154	35,145	97,973	10,090	263	108,326

1. *During the year, the Bank bought back 36 million issued shares on the Stock Exchange at a total consideration of HK$366 million. Together with the direct transaction cost of approximately HK$1 million, a total amount of HK$367 million was accounted for as a deduction from retained profits. For details of the share buy-back, please refer to Note 40.*

2. *Other reserves include statutory reserve and other reserves.*

1. *年內，本行以總代價港幣3.66億元回購3,600萬股已發行股份。連同直接交易成本港幣100萬元，總額港幣3.67億元已從留存溢利中扣除。有關股份回購的詳情，請參閱附註40。*

2. *其他儲備包括法定儲備及其他儲備。*

The notes on pages 196 to 377 form part of these financial statements.

第196至377頁之附註屬本財務報表之一部分。

Consolidated Statement of Changes in Equity (continued)
綜合權益變動表(續)

For the year ended 31st December, 2022 截至2022年12月31日止年度

		Share capital 股本 HK$ Mn 港幣百萬元	General reserve 一般儲備 HK$ Mn 港幣百萬元	Revaluation reserve of bank premises 行址重估儲備 HK$ Mn 港幣百萬元	Capital reserve 資本儲備 HK$ Mn 港幣百萬元	Exchange revaluation reserve 匯兌重估儲備 HK$ Mn 港幣百萬元	Capital reserve – staff share options issued 資本儲備–已發行僱員認股權 HK$ Mn 港幣百萬元	Fair value reserve 公平價值儲備 HK$ Mn 港幣百萬元	Liability credit reserve 負債信貸儲備 HK$ Mn 港幣百萬元	Other reserves[3] 其他儲備[3] HK$ Mn 港幣百萬元	Retained profits 留存溢利 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Additional equity instruments 額外股本工具 HK$ Mn 港幣百萬元	Non-controlling interests 非控股權益 HK$ Mn 港幣百萬元	Total equity 權益總額 HK$ Mn 港幣百萬元
At 1st January, 2022	於2022年1月1日	41,645	13,658	1,905	895	1,058	152	1,925	(46)	5,191	35,395	101,778	13,968	304	116,050
Changes in equity	權益變動														
Profit for the year	年度內溢利	–	–	–	–	–	–	–	–	–	4,359	4,359	–	19	4,378
Other comprehensive income	其他全面收益	–	–	350	–	(2,880)	–	(1,415)	61	54	–	(3,830)	–	–	(3,830)
Total comprehensive income	全面收益總額	–	–	350	–	(2,880)	–	(1,415)	61	54	4,359	529	–	19	548
Shares issued in lieu of dividend *(Note 40)*	以股代息發行的股份 *(附註40)*	211	–	–	–	–	–	–	–	–	–	211	–	–	211
Equity settled share-based transaction *(Note 42(f))*	以股份為基礎作支付之交易 *(附註42(f))*	–	–	–	–	–	22	–	–	–	–	22	–	–	22
Transfer	轉賬	–	–	–	–	–	(24)	–	–	(140)	164	–	–	–	–
Distribution/Dividends declared or approved during the year	年度內的分派及已宣佈或核准派發股息	–	–	–	–	–	–	–	–	–	(3,455)	(3,455)	–	(48)	(3,503)
Share buy-back[1]	股份回購[1]	–	–	–	–	–	–	–	–	–	(3,051)	(3,051)	–	–	(3,051)
Redemption of additional equity instruments[2]	贖回額外股本工具[2]	–	–	–	–	–	–	–	–	–	(47)	(47)	(3,878)	–	(3,925)
Change of ownership in subsidiaries	附屬公司之擁有權變動	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)
At 31st December, 2022	於2022年12月31日	41,856	13,658	2,255	895	(1,822)	150	510	15	5,105	33,365	95,987	10,090	269	106,346

1. *In 2022, the Bank bought back 262 million issued shares at a total consideration of HK$3,038 million. Together with the direct transaction cost of HK$13 million, a total amount of HK$3,051 million were accounted for as a deduction from retained profits. For details of the share buy-back, please refer to Note 40.*

2. *In 2022, the Bank redeemed HK$3,878 million (US$500 million) undated non-cumulative subordinated Additional Tier 1 capital securities issued in 2017.*

3. *Other reserves include statutory reserve and other reserves.*

1. *2022年內，本行以總代價港幣30.38億元回購2.62億股已發行股份。連同直接交易成本港幣1,300萬元，總額港幣30.51億元已從留存溢利中扣除。有關股份回購的詳情，請參閱附註40。*

2. *2022年內，本行贖回港幣38.78億元(5億美元)於2017年發行的無到期日非累積後償額外一級資本工具。*

3. *其他儲備包括法定儲備及其他儲備。*

The notes on pages 196 to 377 form part of these financial statements.

第196至377頁之附註屬本財務報表之一部分。

Consolidated Cash Flow Statement
綜合現金流量表

For the year ended 31st December, 2023 截至2023年12月31日止年度

		Notes附註	2023 HK$ Mn港幣百萬元	2022 HK$ Mn港幣百萬元
OPERATING ACTIVITIES	**經營業務活動**			
Profit for the year before taxation	年度內除稅前溢利		**5,310**	4,941
Adjustments for:	調整：			
Charge for impairment losses on financial instruments	金融工具減值損失支銷		**5,483**	5,923
Charge for impairment losses on associate	聯營公司減值損失支銷		**726**	–
Charge for impairment losses on other assets	其他資產減值損失支銷		**6**	3
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損		**(293)**	(855)
Net loss on sale of financial assets measured at amortised cost	出售按攤銷成本計量金融資產之淨虧損		**22**	6
Net loss/(profit) on sale of debt securities measured at FVOCI	出售按通過其他全面收益以反映公平價值計量債務證券之淨虧損／(溢利)		**60**	(142)
Net loss on disposal of subsidiaries and associates	出售附屬公司及聯營公司之淨虧損		**12**	1
Net profit on sale of assets held for sale	出售持有作出售資產之淨溢利		**(2)**	(1,445)
Net profit on disposal of fixed assets	出售固定資產之淨溢利		**(14)**	(17)
Interest expense on debt securities issued	已發行債務證券利息支出		**51**	80
Interest expense on loan capital issued	已發行借貸資本利息支出		**949**	454
Interest expense on lease liabilities	租賃負債利息支出		**29**	28
Depreciation on bank premises, furniture, fixtures and equipment	行址、傢俬、裝修及設備折舊	32	**547**	567
Depreciation on right-of-use assets	使用權資產折舊	32	**260**	295
Dividend income from equity securities measured at FVOCI	按通過其他全面收益以反映公平價值計量股份證券股息收入	10	**(34)**	(16)
Amortisation of intangible assets	無形資產攤銷	31(b)	**13**	13
Amortisation of premium/discount on debt securities and loan capital issued	已發行債務證券及借貸資本的溢價／折扣攤銷		**11**	7
Revaluation losses/(gains) on debt securities and loan capital issued	重估已發行債務證券及借貸資本虧損／(盈利)		**201**	(298)
Valuation losses on investment properties	重估投資物業虧損	32	**86**	179
Equity settled share-based payment expenses	以股份為基礎作支付費用	13,42(f)	**24**	22
			13,447	9,746

Consolidated Cash Flow Statement (continued)
綜合現金流量表(續)

For the year ended 31st December, 2023 截至2023年12月31日止年度

		Notes附註	2023 HK$ Mn港幣百萬元	2022 HK$ Mn港幣百萬元
(Increase)/decrease in operating assets:	經營資產(增)／減額：			
Cash and balances with banks with original maturity beyond three months	原本期限為3個月以上的現金及在銀行的結存		**1,533**	1,457
Placements with and advances to banks with original maturity beyond three months	原本期限為3個月以上在銀行的存款及墊款		**(4,028)**	1,618
Trade bills	貿易票據		**156**	10,244
Trading assets	交易用途資產		**(2,728)**	2,228
Derivative assets	衍生工具資產		**2,036**	(7,711)
Loans and advances to customers	客戶貸款及墊款		**10,778**	(3,374)
Debt investment securities measured at amortised cost	按攤銷成本計量債務投資證券		**5,187**	2,260
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券		**(17,193)**	(2,761)
Debt investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量債務投資證券		**1,194**	1,095
Non-trading equity securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量非交易用途股份證券		**95**	193
Other assets	其他資產		**182**	624
Increase/(decrease) in operating liabilities:	經營負債增／(減)額：			
Deposits and balances of banks	銀行的存款及結餘		**141**	(6,288)
Deposits from customers	客戶存款		**(19,495)**	14,588
Certificates of deposit issued	已發行存款證		**(5,056)**	(31,595)
Trading liabilities	交易用途負債		**(5)**	–
Derivative liabilities	衍生工具負債		**(138)**	(905)
Other liabilities	其他負債		**(2,727)**	8,642
Exchange adjustments	匯兌調整		**453**	1,476
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	**經營活動現金(流出)／流入淨額**		**(16,168)**	1,537
Income tax paid	已付所得稅			
Hong Kong profits tax paid	已付香港利得稅		**(261)**	(199)
Outside Hong Kong profits tax paid	已付香港以外利得稅		**(489)**	(244)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(用於)／源自經營業務活動之現金淨額**		**(16,918)**	1,094

Consolidated Cash Flow Statement (continued)
綜合現金流量表(續)

For the year ended 31st December, 2023 截至2023年12月31日止年度

		Notes附註	2023 HK$ Mn港幣百萬元	2022 HK$ Mn港幣百萬元
INVESTING ACTIVITIES	**投資活動**			
Dividends received from associates and joint ventures	收取聯營公司及合資企業股息		**71**	209
Dividends received from equity securities measured at FVOCI	收取按通過其他全面收益以反映公平價值計量股份證券股息		**34**	16
Purchase of fixed assets	購入固定資產		**(680)**	(555)
Proceeds from disposal of other properties and equipment	出售其他物業及設備所得款項		**42**	174
Proceeds from sale of assets held for sale	出售持有作出售資產所得款項		**22**	2,290
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(用於)／源自投資活動之現金淨額**		**(511)**	2,134
FINANCING ACTIVITIES	**融資活動**			
Ordinary dividends paid	支付普通股股息		**(1,377)**	(2,584)
Distribution to Additional Tier 1 issue holders	派發予額外一級資本工具持有人	18(c),42(j)	**(596)**	(708)
Payment for repurchase of shares	支付股份回購		**(367)**	(3,051)
Issue of debt securities	發行債務證券		**–**	388
Issue of loan capital	發行借貸資本		**3,893**	5,793
Capital element of lease rentals paid	支付租賃負債之資本部份		**(245)**	(274)
Interest element of lease rentals paid	支付租賃負債之利息部份		**(29)**	(28)
Redemption of debt securities issued	贖回已發行債務證券		**(2,090)**	(3,061)
Redemption of additional equity instruments	贖回額外股本工具		**–**	(3,925)
Interest paid on debt securities issued	支付已發行債務證券利息		**(58)**	(161)
Interest paid on loan capital	支付已發行借貸資本利息		**(873)**	(374)
NET CASH USED IN FINANCING ACTIVITIES	**用於融資活動之現金淨額**		**(1,742)**	(7,985)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**現金及等同現金項目淨減少**		**(19,171)**	(4,757)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	**於1月1日之現金及等同現金項目**	47(a)	**112,149**	120,646
Effect of foreign exchange rate changes	匯率變動的影響		**(844)**	(3,740)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	**於12月31日之現金及等同現金項目**	47(a)	**92,134**	112,149
Cash flows from operating activities included:	源自經營業務活動的現金流量包括：			
Interest received	利息收入		**39,022**	23,960
Interest paid	利息支出		**20,771**	9,079
Dividend received	股息收入		**10**	34

The notes on pages 196 to 377 form part of these financial statements. 第196至377頁之附註屬本財務報表之一部分。

Notes to the Financial Statements
財務報表附註

1. Principal Activities 主要業務

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services.

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務。

2. Material Accounting Policies 重大會計政策

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the material accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(a) 符合指引聲明

本財務報表乃按照香港會計師公會頒布所有適用的《香港財務報告準則》,其整體已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋,以及香港一般採用的會計原則及《公司條例》的要求。本財務報表亦符合聯交所《上市規則》有關的披露規定。本集團採納的重大會計政策簡列如下。

香港會計師公會已頒布數項《香港財務報告準則》的修訂,並於本年度本集團的會計期首次生效或可被提早採納。附註3提供因首次應用該等準則而引致會計政策變動的資料,而該等資料只包括與本集團有關而須反映在本期及去年會計期的財務報表。

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 31st December, 2023 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading, designated or mandatorily measured at fair value through profit or loss and measured at fair value through other comprehensive income (Note 2(h)(ii));
- derivative financial instruments (Notes 2(k) and 2(l)); and
- investment properties (Note 2(o)(ii)).

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

(b) 財務報表編製基準

截至2023年12月31日止年度的綜合財務報表包括本集團及其應佔聯營公司及合資企業之權益。

除以下資產及負債是以公平價值列賬外,本財務報表是以原值成本作為計量基準。有關詳情載列於下列會計政策:

- 分類作交易用途、指定為或強制按通過損益以反映公平價值計量及按通過其他全面收益以反映公平價值計量的金融工具(附註2(h)(ii));
- 衍生金融工具(附註2(k)及2(l));及
- 投資物業(附註2(o)(ii))。

按《香港財務報告準則》之要求,在編製財務報表時,管理層須作判斷、估計及假設從而影響政策實施及資產和負債、及收入與支出之呈報金額。有關估計及假設乃按在既定情況下可合理地相信,根據過往之經驗及其他因素,作出判斷那些未能從其他來源確定的資產及負債的賬面值。實際結果可能與此等估計存在差異。

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

有關估計及假設須持續作檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期內確認。

Details of judgements made by management in the application of HKFRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 52.

在附註52內，管理層已解釋實施對財務報表有重大影響的《香港財務報告準則》所作的詳細判斷及不明朗估計的主要來源。

(c) Basis of Consolidation

These consolidated financial statements cover the consolidated position of the Bank and all subsidiaries unless otherwise stated and the Group's interest in associates and joint ventures. For information required to be reported in accordance with the Banking (Disclosures) Rules, the basis of consolidation is set out in Note 1 in the Unaudited Supplementary Financial Information.

(c) 綜合基準

除另外陳述外，本綜合財務報表包括本行及其所有附屬公司及本集團所佔聯營公司及合資企業之權益的綜合狀況。根據《銀行業(披露)規則》所要求匯報的資料，所採納的綜合基準已在未經審核補充財務資料附註1列載。

(i) Subsidiaries and non-controlling interests

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to 31st December each year. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

(i) 附屬公司及非控股權益

本綜合財務報表包括本行及其所有附屬公司截至各相關年度之12月31日止的財務報表。附屬公司為本集團所控制之實體。本集團基於對有關實體之權利、參與度及權力並可運用此等條件以影響其所得回報，則視為本集團對該實體擁有控制權。在評估是否有控制權時，本集團只考慮實質的權力(由本集團及其他人士所擁有)。

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

附屬公司之投資由控制權生效日起至控制權失效日止在綜合財務報表內計算。在編製綜合財務報表時，集團之間的結餘、交易及現金流及任何因集團之間交易所產生的未實現溢利均被抵銷。跟未實現盈利相同，因集團之間交易所產生的未實現虧損亦同樣被抵銷，但只局限於未有減值證據。

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

非控股權益指無論是直接或間接並不歸屬於本行之附屬公司的權益部分，及本集團並未與該等權益持有者達成附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。就每一業務合併而言，本集團可選擇按公平價值或非控股權益按比例應佔該附屬公司的可辨識淨資產以計量非控股權益。

2. Material Accounting Policies (continued) 主要會計政策(續)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the net profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Bank.

非控股權益在綜合財務狀況表內的股東權益中列示，但與可歸屬於本集團股東權益分開。非控股權益佔本集團之業績，在綜合收益表內以分配年度溢利之形式列示，而在綜合全面收益表則以分配年度全面收益總額予非控股權益與及可歸屬於本集團股東權益之形式列示。

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

本集團將不導致喪失控股權之附屬公司權益的變動按權益交易方式入賬，即只調整在綜合權益內之控股及非控股權益的金額以反映其相關權益的變動，但不調整商譽及確認盈虧。

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (Note 2(c)(ii)), and is offset against the gain or loss on the loss of control of that subsidiary.

當本集團喪失對一附屬公司之控股權，將按出售該附屬公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度附屬公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(h))的公平價值，或(如適用)按成本初始確認一聯營公司及合資企業投資(附註2(c)(ii))，及當喪失對該附屬公司控股權時與盈虧沖銷。

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less any impairment losses, if any (Note 2(r)).

在本行的財務狀況表中，附屬公司投資是以成本減除任何減值損失(附註2(r))列賬。

(ii) Associates and joint ventures

The consolidated financial statements include the attributable share of the results and reserves of associates and joint ventures based on financial statements prepared at dates not earlier than three months prior to 31st December each year.

(ii) 聯營公司及合資企業

本綜合財務報表包括根據截至每年的12月31日止之前不超過三個月的財務報表所編製應佔聯營公司及合資企業的業績及儲備。

An associate is a company in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

聯營公司是指本集團或本行可對其管理發揮重大影響力，包括參與其財務及經營政策的決策，但並不控制或共同控制其管理層。

A joint venture is an arrangement whereby the Group or the Bank and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

合資企業是指本集團或本行與其他合約方共同擁有該合資企業之控制權，及對淨資產擁有權的安排。

Investments in associates and joint ventures are accounted for in the consolidated financial statements under the equity method, unless they are classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(ac)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate or joint venture's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 2(q) and 2(r)). Any excess of fair values of the investees' net identifiable assets over the cost of investment upon acquisition, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income. Any dividend income received from associates and joint ventures reduces the carrying values of the investments in associates and joint ventures, respectively.

除分類為持有作出售資產 (或包括在分類為持有作出售資產的出售組別內) (附註2(ac)) 外，聯營公司及合資企業投資是以權益會計法在綜合財務報表內入賬。根據權益會計法，投資的入賬方法是先以成本入賬，另調整本集團於購入後應佔該聯營公司及合資企業的可辨識淨資產所超出成本之任何金額。往後，需調整在收購後本集團應佔被投資方淨資產之變動及在 (附註2(q)和2(r)) 所載有關投資的減值損失。任何於收購日應佔被投資方可辨識淨資產的公平價值超出投資成本、本集團應佔被投資方收購後和已除稅的業績及年度內的任何減值損失均在綜合收益表內確認，而本集團應佔被投資方收購後和已除稅之其他全面收益項目則在綜合全面收益表內確認。任何由聯營公司及合資企業投資收取的股息收入將分別減低聯營公司及合資企業投資的賬面值。

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For these purposes, the Group's interest in the associate or the joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

除本集團對該聯營公司及合資企業所作具法律或推定義務或替該被投資方償付的承擔外，當本集團應佔該聯營公司及合資企業的虧損超出本集團之應佔權益時，超出的虧損將不被確認，而本集團應佔該被投資方之權益將被減值至零。因此，本集團應佔該聯營公司及合資企業權益即按權益會計法計算投資賬面值，及實質上構成本集團應佔該聯營公司及合資企業淨資產的長期權益。

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except when unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

本集團與聯營公司及合資企業交易而產生之未實現溢利及虧損，按本集團應佔該被投資方之權益為限作沖銷。若有證據顯示未實現虧損屬資產轉讓的減值損失，則須立即於損益賬內確認。

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(h)).

當本集團喪失對一聯營公司之重大影響力或合資企業之共同控制權，將按出售該被投資方之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失重大影響力或共同控股權日仍保留該前度被投資方之權益按公平價值確認，而此金額被視為初始確認一金融資產 (附註2(h)) 的公平價值。

2. Material Accounting Policies (continued) 主要會計政策(續)

The Bank accounts for the results of associates and joint ventures to the extent of dividends received. Investments in associates and joint ventures are stated in the Bank's statement of financial position at cost less any impairment losses (Note 2(r)).

本行按照已收取股息計算應佔聯營公司及合資企業之業績。在本行的財務狀況表中，聯營公司及合資企業投資是以成本減除任何減值損失(附註2(r))列賬。

(d) Translation of Foreign Currencies

Foreign currencies transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the end of the reporting period. Exchange gains and losses are recognised in the income statement.

(d) 外幣換算

年度內的外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按報告期結束日的匯率折算為港幣。匯兌盈虧則計入收益表內。

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算為港幣。以外幣為單位及按公平價值列賬的非貨幣性資產及負債按釐定其公平價值日的匯率折算。

Exchange differences relating to investments at fair value through profit or loss ("FVTPL") and derivative financial instruments are included in gains less losses from trading securities or financial instruments at FVTPL. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising from translation of equity investments for which an election has been made to present subsequent changes in fair value in other comprehensive income are recognised in other comprehensive income and accumulated separately in equity.

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券淨盈虧或通過損益以反映公平價值投資淨盈虧。其他有關貨幣性資產及負債的匯兌差額則於收益表之外幣買賣溢利項下列示。因折算已選擇將往後公平價值變動在其他全面收益列示的股份證券所產生的差額則於其他全面收益內確認，並在股東權益內分開累計。

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1st January, 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1st January, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

海外業務之業績按交易日相約的匯率折算為港幣。財務狀況表的項目中，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按報告期結束日的匯率折算為港幣。產生的匯兌差額直接在其他全面收益內確認，並在股東權益之匯兌儲備內分開累計。因於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the income statement when the profit or loss on disposal is recognised.

當確認出售海外業務的損益時，因該海外業務產生的累計匯兌差額由股東權益計入收益表。

(e) Interest

Effective interest rate

Interest income for financial assets measured at fair value through other comprehensive income ("FVOCI") or amortised cost, and interest expense on financial liabilities measured at amortised cost is recognised in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For financial assets that were purchased or originated as credit-impaired on initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses (i.e. no expected credit loss provision is required at initial recognition).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The Group adopts Interest Rate Benchmark Reform – Phase 2 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (the "Phase 2 amendments"), which allows a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of interest rate benchmark reform and that the transition takes place on an economically equivalent basis.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

(e) 利息

有效利率

按通過其他全面收益以反映公平價值計量或按攤銷成本計量的金融資產的利息收入及按攤銷成本計量的金融負債的利息支出均按有效利率方法於收益表內確認。

有效利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為該金融資產的賬面值總額或該金融負債的攤銷成本的利率。

在計算除信貸不良資產外的金融工具的有效利率時，本集團計及金融工具的所有合約條款，但不計及預期信貸損失，以估計未來現金流。就初始確認時已購入或源生的信貸不良金融資產，使用估計未來現金流(包括預期信貸損失)計算信貸調整有效利率(即在初始確認時無需作出預期信貸損失撥備)。

有效利率的計算包括構成有效利率組成部分的交易成本及費用以及基點支出或收入。交易成本包括金融資產或金融負債的收購或發行直接應佔的增加成本。

本集團採用《香港財務報告準則》第9號、《香港會計準則》第39號、《香港財務報告準則》第7號、《香港財務報告準則》第4號及《香港財務報告準則》第16號有關利率基準改革之第二期修訂(「第二期修訂」)，第二期修訂提供了合約現金流之改變可視為浮動利率改變的實務操作方法，若符合某些條件。該等條件包括該變動必須是利率基準改革直接導致的結果；和該變動在經濟上是等同的。

攤銷成本及賬面值總額

金融資產或金融負債的「攤銷成本」是金融資產或金融負債於初始確認時計量的金額減本金還款額，加減使用有效利率方法計算的初始確認金額與到期金額之任何差額而計算的累計攤銷，而就金融資產而言，經任何預期信貸損失準備作調整。

2. Material Accounting Policies (continued) 主要會計政策(續)

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

「金融資產的賬面值總額」是金融資產就任何預期信貸損失準備作調整前的攤銷成本。

Calculation of interest income and expense
In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

計算利息收入及支出
在計算利息收入及支出時，有效利率應用於資產的賬面值總額(當資產並非信貸不良時)或負債的攤銷成本。

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

然而，就初始確認後成為信貸不良的金融資產而言，透過將有效利率應用於該金融資產的攤銷成本而計算利息收入。若資產不再屬信貸不良，則恢復使用總額基準計算利息收入。

For financial assets that were purchased or originated as credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

就初始確認時已購入或源生的信貸不良金融資產而言，透過將經信貸調整的有效利率應用於該資產的攤銷成本計算利息收入。即使該資產的信貸風險有所改善，亦不恢復使用總額基準計算利息收入。

For information on when financial assets are credit-impaired, please refer to Note 2(h)(vii).

有關金融資產屬信貸不良時的資料見附註2(h)(vii)。

(f) Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate calculation (Note 2(e)).

(f) 服務費及佣金

有效利率的計算(附註2(e))包括金融資產及金融負債中構成有效利率組成部分的服務費及佣金收入及支出。

Other fee and commission income is recognised in the income statement when the corresponding service is provided.

其他服務費及佣金收入在有關服務提供時確認在收益表內。

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If it is uncertain that a loan commitment will result in draw-down of a loan, then the related loan commitment fee is recognised as revenue on a straight-line basis over the commitment period.

因本集團開展或購入金融資產而產生之開立或承擔服務費收入／支出須遞延及確認為有效利率之調整。如不確定會否借出貸款，該相關承擔服務費按承擔期限以直線法列作收入。

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed when the services are received.

其他服務費及佣金支出主要是交易及服務費，並在獲得服務時支銷。

(g) Other Revenue Recognition

Other revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Net income from financial instruments at FVTPL and net trading income

Net income from financial instruments designated at FVTPL, net income from non-trading financial assets mandatorily measured at FVTPL and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with foreign exchange differences and dividend income attributable to these financial instruments. Coupon interest from these financial assets and financial liabilities measured at FVTPL is accrued and presented as interest income or interest expense.

(ii) Finance income from finance leases

Finance income implicit in finance leases is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

(iii) Rental income from operating leases

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established unconditionally. Dividend income from listed investments is recognised when the share price of the investment is quoted ex-dividend.

(g) 其他收入確認

其他收入按已收或應收價款的公平價值釐定。假設經濟利益有可能流向本集團及收入和支出(如適用)屬可靠計量的，在收益表內確認收入的方法如下：

(i) 通過損益以反映公平價值金融工具的淨收入及淨交易收入

指定為通過損益以反映公平價值金融工具的淨收入，強制按通過損益以反映公平價值計量之非交易用途金融資產及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的盈虧(減除應計利息)，以及應歸屬於該等金融工具的匯兌差額及股息收入。由該等按通過損益以反映公平價值金融資產及金融負債產生的應計票面利息列作利息收入或利息支出。

(ii) 融資租賃收入

融資租賃隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。

(iii) 經營租賃租金收入

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨收款總額的組成部分。或有租金以賺取該收入的會計期間列作收入。

(iv) 股息收入

非上市投資股息收入在股東收取權被無條件確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

2. Material Accounting Policies (continued) 主要會計政策(續)

(h) Financial Instruments

(i) Initial recognition

The Group initially recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets at FVTPL, investment securities classified as measured at amortised cost or at FVOCI, derivative transactions or debts issued are recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities measured at FVTPL are expensed immediately.

Any gains and losses of the financial assets or financial liabilities measured at fair value are recorded from the date of initial recognition.

Accrued contractual interests from financial assets and liabilities are presented as accrued interest receivables and payables separately in the financial statements.

(ii) Classification

Financial assets and liabilities

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(h) 金融工具

(i) 初始確認

當本集團成為金融工具合約其中一方時初始確認金融資產和金融負債。以正常方式購買或出售按通過損益以反映公平價值的金融資產、按攤銷成本或按通過其他全面收益以反映公平價值計量的投資證券、衍生產品交易或已發行債務俱按交易日會計法確認。其他金融資產和金融負債則按結算日會計法確認。

金融工具於初始期按公平價值計量，而公平價值大致與交易價相同。如金融資產或金融負債不屬於按通過損益以反映公平價值計量，則包括直接歸屬於購入之金融資產或發行金融負債的交易成本。按通過損益以反映公平價值的金融資產或金融負債的交易成本立即作費用支銷。

自初始確認日期起，按公平價值計量的金融資產或金融負債產生的任何盈利及虧損均予以記錄。

金融資產及負債的應計合約利息在財務報表中作為應計應收及應付利息分開列示。

(ii) 分類

金融資產及金融負債

金融資產

於初始確認時，金融資產分類為：按攤銷成本、按通過其他全面收益以反映公平價值或按通過損益以反映公平價值計量。

一項金融資產按攤銷成本計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- 該資產是在一個以持有該資產以收取合約現金流為目的之商業模式中持有；及
- 該金融資產的合約條款於指定日期產生符合本金及按本金結餘的利息支付特徵的現金流。

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

一項債務工具按通過其他全面收益以反映公平價值計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 該資產是在一個以收取合約現金流及出售金融資產為目的之商業模式中持有；及
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 該金融資產的合約條款於指定日期產生符合本金及按本金結餘的利息支付特徵的現金流。

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (Note 2(n)). This election is made on an investment-by-investment basis.

非交易用途之股份投資初始確認時，本集團可作出不可撤回的選擇，將其後續公平價值變化確認於其他全面收益 (附註 (2(n))。該選擇是按投資逐項作出。

All other financial assets are classified as measured at FVTPL.

所有其他金融資產均分類為按通過損益以反映公平價值計量。

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

此外，於初始確認時，在可消除或明顯減少會計錯配的情況下，本集團可不可撤回地指定在其他情況下符合按攤銷成本或按通過其他全面收益以反映公平價值計量條件的金融資產為按通過損益以反映公平價值計量。

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

商業模式評估
本集團評估在組合層面持有資產的商業模式之目標，因為這最能反映業務管理的方法及向管理層提供資料的方式。所考慮的資料包括：

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- 組合的既定政策和目標以及該等政策的實際操作。尤其是，管理層的策略專注於賺取合約利息收入、維持特定的利率曲線、將金融資產的期限與為該等資產提供資金的負債或通過出售資產變現現金流的期限相配；
- how the performance of the portfolio is evaluated and reported to the Group's management;
- 如何評估組合的表現並向本集團的管理層報告；
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 影響商業模式 (及該商業模式下持有的金融資產) 表現的風險以及如何管理該等風險；

2. Material Accounting Policies (continued) 主要會計政策(續)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- 業務管理人員如何得到補償－例如，補償是否根據所管理資產的公平價值或所收取的合約現金流釐定；及

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

- 過往期間的出售頻率、銷量和出售時點，出售原因以及其對未來出售活動的預期。然而，銷售活動的資料並非孤立考慮，而是作為關於本集團如何實現既定的金融資產管理目標及如何實現現金流的整體評估的一部分。

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

持作交易用途或管理或按公平值基準評估其表現的金融資產乃按通過損益以反映公平價值計量，因其既非持作收取合約現金流之用，亦非持作收取合約現金流及出售金融資產之用。

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

評估合約現金流是否純粹為支付本金及利息
就此項評估而言，「本金」的定義是金融資產在初始確認時的公平價值。「利息」的定義是貨幣的時間價值以及與特定時段內未償還本金有關的信用風險以及其他基本貸款風險和成本(例如流動性風險和管理費用)及利潤率的代價。

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

在評估合約現金流是否純粹為支付本金及利息時，本集團考慮工具的合約條款。這包括評估金融資產是否包含可能改變合約現金流的時點或金額，致使其不符合該項條件。在評估時，本集團考慮：

- contingent events that would change the amount and timing of cash flows;

- 將會改變現金流金額及時點的或有事件；

- leverage features;

- 槓桿特徵；

- prepayment and extension terms;

- 提前還款和延期條款；

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and

- 限制本集團要求取得指定資產(例如無追索權資產安排)的現金流的條款；及

- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

- 修正金錢時間值代價的特徵(例如定期調整利率)。

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. When (and only when) the Group changes its business model for managing financial assets, it reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the "reclassification date", which is defined as, "the first day of the first reporting period following the change in business model that results in reclassifying financial assets". Accordingly, any previously recognised gains, losses or interest will not be restated.

If a financial asset is reclassified out of the amortised cost measurement category and into the FVTPL or FVOCI measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss (if reclassification as FVTPL measurement category) or is recognised in other comprehensive income (if reclassification as FVOCI measurement category).

If a financial asset is reclassified out of the FVOCI measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost.

If a financial asset is reclassified out of the FVOCI measurement category and into the FVTPL measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

If a financial asset is reclassified out of the FVTPL measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.

重新分類

除於本集團改變管理金融資產的商業模式後期間外，金融資產在初始確認後不會作出重新分類。當 (並且僅當) 本集團更改其管理金融資產的商業模式時，所有受影響的金融資產會根據新商業模式重新分類。重新分類應由「重分類日」前瞻性地應用。「重分類日」定義為「因商業模式變化而重新分類金融資產後的第一個報告期首天」。因此，任何之前確認的收益、虧損或利息不會重報。

如金融資產從按攤銷成本計量重新分類為按通過損益以反映公平價值計量或按通過其他全面收益以反映公平價值計量，則其公平價值會在重分類日計量。金融資產的先前攤銷成本與公平價值之間的差額產生的任何收益或損失會在收益表內確認 (如重分類為按通過損益以反映公平價值計量) 或在其他全面收益內確認 (如果重新分類為按通過其他全面收益以反映公平價值計量)。

如金融資產從按通過其他全面收益以反映公平價值計量重新分類為按攤銷成本計量，則金融資產會在重分類日按其公平價值重新分類。然而，先前於其他全面收益確認的累計收益或虧損將從權益中扣除，並於重分類日按金融資產的公平價值調整。因此，金融資產在重分類日進行計量，就好像它一直按攤銷成本計量一樣。

如金融資產從按通過其他全面收益以反映公平價值計量重新分類為按通過損益以反映公平價值計量，則該金融資產會繼續以公平價值計量。先前於其他全面收益確認的累計收益或虧損於重分類日重新分類由權益轉入收益表作為重新分類調整。

如金融資產從按通過損益以反映公平價值計量重新分類為按攤銷成本計量，則其在重新分類日的公平價值作為新的賬面值總額。

2. Material Accounting Policies (continued) 主要會計政策(續)

If an entity reclassifies a financial asset out of the FVTPL measurement category and into the FVOCI measurement category, the financial asset continues to be measured at fair value and subsequent changes in fair value will be recognised in other comprehensive income.

如金融資產從按通過損益以反映公平價值計量重新分類為按通過其他全面收益以反映公平價值計量，則該金融資產會繼續以公平價值計量，而其後的公平價值變動會在其他全面收益中確認。

Financial liabilities
The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

金融負債
本集團將其金融負債(財務擔保及貸款承擔除外)分類為按攤銷成本或按通過損益以反映公平價值計量類別。

The Group may, at initial recognition, irrevocably designate a financial liability as measured at FVTPL in either of the following circumstances:

本集團將其金融負債於初始確認時，在以下任一情況下，或分類為不可撤銷形式指定為按通過損益以反映公平價值計量：

(i) When doing so results in more relevant information because either:

- a group of liabilities or a group of financial assets and liabilities is managed and its performance is evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

(i) 當指定為按通過損益以反映公平價值計量可提供更相關資訊，因：

- 該負債組別或金融資產及負債是按公平價值作內部管理、評估及呈報；或
- 該指定可抵銷或明顯減少因計量資產及負債或按不同基準確認盈利和虧損時可能產生計量或確認的不一致。

(ii) If a liability contract contains one or more embedded derivatives unless the embedded derivative(s) does not significantly modify the cash flows that would otherwise be required by the contract or if it is obvious that separation of the embedded derivative(s) is prohibited.

(ii) 如負債合約包含一個或多個嵌入式衍生工具，除非該等嵌入式衍生工具不會顯著改變合約原本要求的現金流量，或分拆該等嵌入式衍生工具是明顯地禁止。

(iii) Fair value measurement principles
The fair value of financial instruments is based on their quoted market prices, where available, at the end of the reporting period without any deduction for estimated future selling costs.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

(iii) 計量公平價值之原則
金融工具的公平價值是根據報告期結束日之可得市場報價但未減除將來的估計出售成本。

如沒有公眾知悉的最後交易價格或在認可交易所的市場報價，或從經紀／交易員獲得屬於非交易所買賣的金融工具報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據實際市場交易提供可靠的估計價格。

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

當採用現金流折讓價格模式,估計將來現金流按管理層的最佳估計及採用的貼現率是在報告期結束日適用於相同條款工具的市場利率。當採用其他價格模式時,參數是在報告期結束日的市場價格資料。

(iv) Derecognition

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset, together with substantially all the risks and rewards of ownership, has been transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iv) 終止確認

當從金融資產獲得現金流的法定權利屆滿或已將重大風險及回報擁有權同時轉移,或本集團既沒有轉移也沒有保留金融資產的重大風險和回報,並且也沒有保留對該金融資產的控制後,本集團終止確認該金融資產。

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement. Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated at FVOCI is not recognised in the income statement on derecognition of such securities, as explained in (Note 2(n)).

於終止確認金融資產時,資產賬面值(或終止確認部分資產的賬面值)與(i)已收代價(包括任何所得新資產減任何新負債)及(ii)已於其他全面收益確認的任何累計收益或虧損會於收益表內確認。指定為通過其他全面收益以反映公平價值的股份投資證券在其他全面收益中確認的任何累計收益/虧損均不會在終止確認時在收益表中確認(附註2(n))。

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

當合約的義務已被履行、取消或到期,本集團終止確認金融負債。

The Group uses the weighted average or first-in first-out method, where appropriate, to determine realised gains and losses to be recognised in the income statement on derecognition.

本集團採用加權平均法或先進先出法(如適用)以釐定在終止確認時須在收益表確認的已實現盈利和虧損。

(v) Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (Note 2(h)(iv)) and a new financial asset is recognised at fair value.

(v) 修改金融資產及金融負債

若金融資產的條款被修改,本集團會評估經修訂資產的現金流量是否重大不同。如現金流量有重大不同,則原金融資產的現金流量的法定權利被視為已過期。在此情況下,原金融資產會被終止確認(附註2(h)(iv)),並按公平價值確認為新金融資產。

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the income statement. If such a modification is carried out because of financial difficulties of the borrower (Note 2(h)(vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

如果按攤銷成本計量的已修訂資產之現金流量並無重大差異,則該修訂不會終止確認該金融資產。在這種情況下,本集團會重新計算金融資產的賬面值總額,並將調整賬面值總額所產生的金額在收益表內確認為修訂損益。如果由於借款人的財務困難而進行此類修改(附註2(h)(vii)),則將損益與減值損失一併列報。在其他情況下,應列示為利息收入。

2. Material Accounting Policies (continued) 主要會計政策(續)

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the income statement.

當合約條款被修改及已修訂之金融負債的現金流量有重大不同，本集團會終止確認其金融負債。在這種情況下，基於修改條款後的新金融負債會按公平價值確認。已終止的金融負債與已修改條款的新金融負債的賬面值差額會在收益表內確認。

In the context of interest rate benchmark reform, the Group's assessment of whether a change to an amortised cost financial instrument is substantial is made after applying the practical expedient introduced by the Phase 2 amendments. This requires the transition from an interbank offered rate to a new alternative benchmark rate to be treated as a change to a floating interest rate as described in (Note 2(e)) above.

根據第二期修訂容許，本集團會應用第二期修訂的實務操作方法後評估按攤銷成本計量的金融工具是否有實質變動。基準利率被替代基準利率所取代會被視為浮動利率變動(如以上附註2(e)所述)。

The Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the interest rate benchmark reform if the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

本集團更新金融資產或金融負債的有效利率，以反映因利率基準改革而導致按攤銷成本計量的金融資產或金融負債之合約現金流的基礎變動。因利率基準改革要求而改變釐定合約現金流的基礎必須符合以下條件：

- the change is necessary as a direct consequence of the reform; and
- 該變動必須是利率基準改革直接導致的結果；和
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.
- 用於確定合約現金流的新基礎在經濟上是等同於舊基礎(即變動前的基礎)。

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

如果金融資產或金融負債合約現金流的基礎發生除利率基準改革要求以外的變動，則本集團首先更新該金融資產或金融負債的有效利率，以反映利率基準改革要求的變動。隨後，本集團應用以上修訂的會計政策於額外變動。

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) 抵銷

只有具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，並在財務狀況表內以淨額列示。

Notes to the Financial Statements (continued)
財務報表附註(續)

(vii) Impairment

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued; and
- contract assets

No impairment loss is recognised on equity investments.

The Group measures loss allowances for 12-month or lifetime ECL using a 3-stage approach as follows:

(vii) 減值

本集團就以下非按通過損益以反映公平價值計量的金融工具的預期信貸損失確認減值準備：

- 屬債務工具的金融資產；
- 租賃應收賬款；
- 已發出的財務擔保合約；
- 已發出的貸款承擔；及
- 合約資產

無需為股份投資計算減值。

本集團使用3階段法計量12個月或合約期內之預期信貸損失的減值準備如下：

Stage 階段	Description 描述	Impairment Loss Allowance Measurement 減值損失準備計量
1	Performing 履行中	12-month ECL 12個月內之預期信貸損失
2	Performing but with a significant increase in credit risk at reporting date compared to initial recognition 履約中但自其初始確認以來於報告日的信用風險大幅增加	Lifetime ECL 合約期內之預期信貸損失
3	Non-performing 不良	Lifetime ECL 合約期內之預期信貸損失

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

12個月內之預期信貸損失指金融工具在報告日後之12個月內，所有潛在違約事件所導致的信貸損失。

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

本集團的階段分配與金管局的5級資產分類對應關係如下：

HKMA's 5-Grade Asset Classification 金管局的5級資產類別		Stage Allocation 階段分配
Pass 合格	General (i.e. do not meet the Bank's criteria of "Significant Increase of Credit Risk") 一般(即不符合本行的「信貸風險顯著增加」的準則)	1
	Meet the Bank's criteria of "Significant Increase of Credit Risk" 符合本行的「信貸風險顯著增加」的準則	2
Special Mention 需要關注		2
Substandard 次級		3
Doubtful 呆滯		
Loss 虧損		

2. Material Accounting Policies (continued) 主要會計政策(續)

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

1. The exposure has a significant deterioration of internal or external rating as compared with the rating at the time when the exposure was originated;
2. The exposure is classified as Special Mention;
3. The rating of the exposure falls out of the "Low-Credit Risk Threshold" that is equivalent to the globally understood definition of "investment grade"; or
4. Other events and indications that the credit risk of the exposure has significantly increased since origination or purchase.

「信貸風險顯著增加」的準則已計及以下任何一個關鍵因素：

1. 風險的內部或外部評級與風險產生之時的評級相比顯著轉差；
2. 風險被分類為「需要關注」金管局資產類別；
3. 風險的評級不再屬於相當於普遍理解的「投資級別」定義的「低信貸風險界限」；或
4. 其他事件及徵兆顯示其信貸風險自產生或購買後顯著增加。

Measurement of ECL
ECL are a probability-weighted estimate of credit losses under different economic scenarios. They are measured as:

Exposure at Default x Probability of Default x Loss Given Default

計量預期信貸損失
預期信貸損失是在不同經濟情景中一個信貸損失的概率在加權後的估算值，以如下方法計量：

違約風險承擔x違約概率x違約損失率

Credit-impaired (non-performing) financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

信貸不良金融資產
於各報告日，本集團評估按攤銷成本列賬的金融資產及按通過其他全面收益以反映公平價值列賬的債務金融資產是否為信貸不良。當發生一宗或多宗對金融資產的估計未來現金流造成不利影響的事件，則該金融資產屬「信貸不良」。

Evidence that a financial asset is credit-impaired includes but not limited to the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

金融資產出現信貸減值的證據包括但不限於以下可觀察數據：

- 借款人或發行人出現重大財政困難；
- 違反合約，如拖欠或逾期事件；
- 本集團根據其他情況下不會考慮的條款重組貸款或墊款；
- 借款人很可能會破產或進行其他財務重組；或
- 因財政困難而導致某擔保失去活躍市場。

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision on the liabilities side; and
- debt instruments measured at FVOCI: no loss allowance is presented in the statement of financial position because the carrying amount of these assets is their fair value, inclusive of any ECL. However, the loss allowance is disclosed separately.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

因借款人的財政狀況惡化而重訂條款的貸款，除有證據證明無法收取合約現金流的風險已顯著減低且並無其他減值跡象外，通常被視為信貸不良。此外，逾期90日或以上的貸款被視為已減值。

在財務狀況表中列示預期信貸損失的準備

預期信貸損失的損失準備在財務狀況表中按以下方式列示：

- 按攤銷成本計量的金融資產：從資產的賬面值總額中扣除；
- 貸款承擔及財務擔保合約：一般作為負債方面的撥備；及
- 按通過其他全面收益以反映公平價值計量的債務工具：在財務狀況表中並不列示損失準備，因該等資產的賬面值為其公平價值，包括任何預期信貸損失。然而，損失準備會分開披露。

撇銷

若貸款及債務證券無實際可收回的前景，則予撇銷(部分或全部)。當本集團判斷借款人並無資產或收入來源可產生足夠的現金流以償還應撇銷的金額時，一般會如此處理。然而，已撇銷的金融資產仍可進行追討，以遵守本集團收回應收金額的程序。

(i) Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities which are acquired or incurred principally for the purpose of selling or repurchasing them in the near term, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Trading assets and liabilities are initially recognised and subsequently measured at FVTPL.

(i) 交易用途資產及負債

作交易用途的資產和負債包括主要是作短期出售或購入的金融資產和金融負債，或屬於組合一部分並共同管理的可辨識金融工具，及有證據顯示近期有短期出售以賺取利潤的模式。交易資產和負債於初始確認，及其後以公平價值計量且其變動計入當期損益。

(j) Contract Assets and Liabilities

When revenue is recognised by transferring goods or services to a customer before the consideration is received or before payment is due, the Group presents the amount of revenue as a contract asset, excluding any amounts presented as a receivable. A contract asset is recognised in statement of financial position when there is a right to consideration that is conditional on factors other than the passage of time. The contract asset is transferred to receivables when the right to consideration becomes unconditional. Impairment of a contract asset is measured on the same basis as a financial asset as (Note 2(h)(vii)) above. The Group includes the contract assets in "Others" under "Other assets" in the statement of financial position.

(j) 合約資產及負債

若本集團透過向客戶轉讓貨品或服務履約並於客戶支付代價或款項到期前確認收入，則本集團應將該合約有關收益金額列示為合約資產，惟任何列示為應收賬款的金額除外。若獲取代價的權利以隨時間流逝以外的因素為條件，則合約資產於財務狀況表中確認。當獲取代價的權利成為無條件時，合約資產將轉至應收賬款。合約資產減值與金融資產(附註2(h)(vii))的計算相同。本集團包括合約資產於財務狀況表中「其他資產」內的「其他賬項」。

2. Material Accounting Policies (continued) 主要會計政策(續)

A contract liability is recognised when a customer pays non-refundable consideration or when the Group has a right to an amount of non-refundable consideration that is unconditional, before the Group transfers a good or service to the customer. The Group includes the contract liabilities in "Others" under "Other liabilities" in the statement of financial position.

當客戶在本集團已獲取代價或款項到期時(以較早者為準)擁有收取不可退還代價的權利,則確認為合約負債。本集團的合約負債包括在財務狀況表內的「其他負債」項下的「其他賬項」。

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

視乎實際情況,若本集團在訂立合約時預期實體向客戶轉讓已承諾的貨品或服務之時起至客戶支付該貨品或服務款項時止的期間為一年或以內,則本集團毋須就重大融資組成部分的影響而調整已承諾的代價金額。若本集團原本會確認的資產攤銷期為一年或以內,則本集團可於產生時將獲得合約的增加成本確認為支出。

(k) Hedging

Hedge accounting recognises the offsetting effects on the income statement of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (i) the hedging instrument expires or is sold, terminated or exercised; (ii) the hedge no longer meets the criteria for hedge accounting; or (iii) the Group revokes the designation.

(k) 對沖

對沖會計法是確認因用作對沖工具與被對沖項目因公平價值變動而在收益表內產生之相互抵銷損益的影響。於衍生工具開始列作對沖工具及在對沖期間,本集團會評估及記錄用作對沖交易的金融工具是否有效地對沖相關項目的公平價值變動或現金流之風險。當(i)該用作對沖工具到期或已出售、終止或行使;(ii)該對沖交易不再符合對沖會計法的要求;或(iii)本集團取消對沖指定,本集團會停止繼續採用對沖會計法。

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in the income statement.

(i) 現金流量對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量,或是甚有可能發生的預計交易,或已承諾未來交易之外匯風險,其重新計量衍生金融工具至公平價值有效對沖部分盈利或虧損會在其他全面收益內確認,並在股東權益中的對沖儲備內分開累計。而無效對沖部份的盈利或虧損則立即在收益表內確認。

If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (such as when interest income or expense is recognised).

如因對沖預計交易而其後須確認為非金融資產或非金融負債,其相關之盈虧由股東權益重新分類並包括在該非金融資產或負債的初始成本或其他賬面值內。如因對沖一項預計交易而其後須確認為金融資產或金融負債,其相關之盈虧由股東權益轉入收益表並計入相同期間或當購入資產或引起負債而影響該期間之收益表(如當確認為利息收入或支出)。

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

就現金流量對沖而言，除以上兩段政策已涵蓋外，其相關之盈虧由股東權益重新分類並包括在相同期間或受對沖預計交易所影響期間的收益表。當用作對沖工具已到期或出售，終止或行使，或當本集團取消指定對沖關係但對沖預計交易預期仍會發生，截至此期間所累計的盈利或虧損仍保留在股東權益內，直至交易發生時按以上的政策確認。如預計對沖交易不會發生，在股東權益內的累計盈利或虧損會立即由股東權益轉入收益表。

(ii) Fair value hedges

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in the income statement.

The hedging instrument is measured at fair value, with fair value changes recognised in the income statement. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the income statement to offset the effect of the gain or loss on the hedging instrument.

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes designation of the hedge relationship, any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortised to the income statement as part of the recalculated effective interest rate of the item over its remaining life.

(ii) 公平價值對沖

公平價值對沖用作抵銷已確認資產或負債因公平價值變動產生須在收益表內入賬的盈利和虧損的風險。

對沖工具按公平價值列賬，而公平價值的變動在收益表內入賬。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整在收益表內入賬以抵銷對沖工具產生的盈利和虧損。

當用作對沖工具到期或已出售，終止或行使，或當對沖不再符合對沖會計法的要求，或本集團取消對沖指定關係，所有截至此期間內按有效利率方式調整的被對沖項目，會按該項目餘下年期當作重新計算有效利率在收益表內攤銷。

(iii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

(iii) 對沖效用測試

為符合對沖會計法，本集團必須進行兩種測試：在開始對沖時進行「預計效用」測試，顯示預期成效極高；在對沖期內持續進行「追溯效用」測試，証明實際有效。

有關各對沖關係之文件載有如何評估對沖效用。本集團採納之對沖效用評估方法，是按照既定風險管理策略而實施。

2. Material Accounting Policies (continued) 主要會計政策(續)

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationship, the Group utilises the change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

對於公平價值對沖關係，本集團採用累計價值抵銷法或回歸分析作為效用測試之方法。對於現金流量對沖關係，本集團會測試現金流量的變動或對沖組合的規模是否充足，或以模擬衍生工具方式，運用累計價值抵銷法測試。

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

就預計效用而言，對沖工具必須被預期為在劃定對沖期間內，能高度有效地抵銷對沖風險之公平價值或現金流量之變動。就實際效用而言，公平價值或現金流量之變動抵銷額在80%至125%範圍才被視為有效。

(iv) Specific policies for hedges affected by interest rate benchmark reform

The Group applies Interest Rate Benchmark Reform: Amendments to HKFRS 9, HKAS 39 and HKFRS 7 (the "Phase 1 amendments") reliefs to hedging relationships directly affected by interest rate benchmark reform during the period before the replacement of an existing interest rate benchmark with a new alternative benchmark rate.

(iv) 受利率基準改革影響的對沖特定政策

本集團應用《香港財務報告準則》第9號、《香港會計準則》第39號及《香港財務報告準則》第7號之修訂(「第一期修訂」)中有關受利率基準改革直接影響的對沖關係，在現有基準利率被替代基準利率所取代前期間的豁免。

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item when the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

當符合某些條件後，該豁免應停止使用。條件包括當利率基準改革對被對沖項目或用作對沖工具以利率為基礎的現金流在時間和金額上於對沖關係終止或金額在現金流對沖儲備轉出不再存在不確定性時。

The Group also applies the Phase 2 amendments, which provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with a new alternative benchmark rate.

本集團並採用第二期修訂，對某些對沖會計規定亦提供了臨時豁免，當現有基準利率被替代基準利率所取代時，對沖關係得以繼續。

(i) The Phase 1 amendments

The Phase 1 amendments modify specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform so that entities applying those hedge accounting requirements assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of interest rate benchmark reform. These amendments replace the need for specific judgements to determine whether certain hedge accounting relationships that hedge the variability of cash flows or interest rate risk exposures for periods after the interest rate benchmarks are expected to be reformed or replaced continue to qualify for hedge accounting.

(i) 第一期修訂

第一期修訂對特定對沖會計的規定作出修改，以減輕因利率基準改革所引起的不確定因素之潛在影響，以使實體採用該等對沖會計規定時，假設被對沖的現金流及用作對沖工具的現金流所依據的利率基準並無因利率基準改革而改變。有關修訂豁免了就利率基準預計被改革或取代後的期間，處理對沖現金流或利率風險承擔變動的若干對沖會計關係時運用特定判斷以釐定該等關係是否仍合資格採用對沖會計法的需要。

(ii) The Phase 2 amendments

The Phase 2 amendments provide a series of temporary exemptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedging relationship to be continued without interruption. The Group applies the following relief as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

(ii) 第二期修訂

第二期修訂對某些對沖會計規定亦提供了一系列的臨時豁免，容許當被對沖項目和／或用作對沖工具發生利率基準改革所要求的變動時，對沖關係得以繼續並不受干擾。當利率基準改革對被對沖項目或用作對沖工具以利率為基礎的現金流在時間和金額上不再存在不確定性時，本集團採用以下操作：

- 本集團修改對沖關係的指定，以反映改革所要求的變動，且不會導致對沖關係終止；和
- 當現金流對沖的被對沖項目被修改以體現改革要求的變動時，現金流對沖儲備中的累計金額將被視為以用於確定未來被對沖現金流的替代基準利率為基礎而確定的金額。

當被對沖項目或用作對沖工具基於利率基準的現金流在時間或金額上仍存在不確定性，本集團則繼續採用現有會計政策。

(l) Derivatives

Derivatives are recognised initially and are subsequently remeasured, at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative, this includes embedded derivatives which are bifurcated from the host contract, when they meet the definition of a derivative on a standalone basis.

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of HKFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and

(l) 衍生工具

衍生工具初始確認及其後按公平價值重新計量。當衍生工具的公平價值為正數時，衍生工具分類為資產；當公平價值為負數時，衍生工具則分類為負債，這包括在獨立基礎上符合衍生工具定義但從主合同分拆的嵌入式衍生工具。

衍生工具可能嵌入另一合同(主合同)。在下列情況下，本集團會分開計算主合同及嵌入的衍生工具：

- 該主合同並非在《香港財務報告準則》第9號所覆蓋的資產；
- 該主合同不是按通過損益以反映公平價值計量；
- 嵌入衍生工具的條款如果包含在單獨的合同中，符合衍生工具的定義；及

2. Material Accounting Policies (continued) 主要會計政策(續)

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

- 該嵌入衍生工具的經濟特性及風險與主合同並非緊密關連的。

分離的嵌入式衍生工具按公平價值計量，公平價值的所有變動均在收益內確認，除非他們構成合資格現金流量或淨投資對沖關係的一部分。

(m) Loans and Advances

Loans and advances mainly comprise placements with and advances to banks, trade bills and loans and advances to customers:

- loans and advances measured at amortised cost (Note 2(h)(ii)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at FVTPL or designated at FVTPL (Note 2(h)(ii)); these are measured at fair value with changes recognised immediately in the income statement;
- loans and advances measured at FVOCI (Note 2(h)(ii)); and
- finance lease receivables (Note 2(s)).

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan, and the underlying asset is not recognised in the Group's financial statements.

(m) 貸款及墊款

貸款和墊款主要包括在銀行的存款及墊款、貿易票據和客戶貸款及墊款：

- 按攤銷成本計量的貸款和墊款(附註2(h)(ii))；初始以公平價值加上直接相關的交易成本計量，其後以有效利率法按攤銷成本計量；
- 強制按通過損益以反映公平價值計量或指定為通過損益以反映公平價值計量的貸款及墊款(附註2(h)(ii))；以公平價值計量，其變動立即在收益表內確認；
- 按通過其他全面收益以反映公平價值計量的貸款及墊款(附註2(h)(ii))；及
- 融資租賃應收款項(附註2(s))。

當本集團購買金融資產並同時訂立協議以未來日期的固定價格(反向回購或股票借入)轉售資產(或實質上相似的資產)時，該安排將作為貸款入賬，相關資產不會在本集團財務報表中確認。

(n) Investment Securities

The "investment securities" caption in the statement of financial position includes:

- debt investment securities measured at amortised cost (Note 2(h)(ii)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated at FVTPL (Note 2(h)(ii)); these are measured at fair value with changes recognised immediately in the income statement;

(n) 投資證券

財務狀況表中的「投資證券」包括：

- 按攤銷成本計量的債務投資證券(附註2(h)(ii))；這些初始按公平價值加上直接相關交易成本計量，其後以有效利率法按攤銷成本計量；
- 債務和股權投資證券強制按通過損益以反映公平價值計量或指定為通過損益以反映公平價值計量(附註2(h)(ii))，其公平價值變動立即在收益表中確認；

- debt securities measured at FVOCI (Note 2(h)(ii)); and
- equity investment securities designated at FVOCI (Note 2(h)(ii)).

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in the income statement in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

The Group elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to the income statement and no impairment is recognised in the income statement. Dividends are recognised in the income statement unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

(o) Properties

(i) Bank premises are stated in the statement of financial position at cost or at Directors' valuation as of 1989, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(r)).

In 1989, any deficit arising from revaluation was charged to the income statement, to the extent that it exceeded the amount held in the bank premises revaluation reserve in respect of that same asset immediately prior to the revaluation. Any surplus arising from revaluation was credited to the income statement, to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.

- 按通過其他全面收益以反映公平價值計量的債務證券 (附註2(h)(ii)) ；及
- 指定為通過其他全面收益以反映公平價值的股權投資證券 (附註2(h)(ii)) 。

就按通過其他全面收益以反映公平價值計量的債務證券而言，收益及虧損於其他全面收益確認，惟以下各項會於收益表內確認，與按攤銷成本計量的金融資產相同：

- 以有效利率法計算的利息收入；
- 預期信用損失和轉回；及
- 外匯收益和損失。

當按通過其他全面收益以反映公平價值計量的債務證券被終止確認時，以前在其他全面收益中確認的累計收益或虧損將從權益重新分類至收益表內。

本集團選擇在其他全面收益中列示非持有作交易用途的股份工具投資之公平價值變動。該選擇是按個別工具於初始確認時進行，並不可撤銷的。

此類股份工具的收益和損失不會重新分類至收益表，亦不會在收益表中確認減值。股息在收益表內確認，但若該等股息明確顯示為收回部分投資成本者，會在其他全面收益中確認。其他全面收益中確認的累計收益和損失會於出售投資時轉入留存溢利。

(o) 物業

(i) 行址是按成本或於1989年董事參照獨立專業評估作出的估值，減除累計折舊及減值損失 (附註2(r)) 後於財務狀況表中列賬。

於1989年，任何重估出現虧損時於收益表支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘。任何重估出現盈餘時存入收益表內的金額不可超過以往因重估相同行址曾於收益表支銷的重估虧損。

2. Material Accounting Policies (continued) 主要會計政策(續)

In preparing these financial statements, advantage of the transitional provisions set out in paragraph 80AA of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA has been taken, with the effect that bank premises have not been revalued to fair value at the end of the reporting period.

在編製此等財務報表時,由於可採用香港會計師公會頒布的《香港會計準則》第16號「物業、廠房及設備」第80AA段所載的過度條款,故行址並未在報告期結束日重估至公平價值。

(ii) Investment properties are properties which are held either to earn rental income, for capital appreciation or for both. Investment properties are stated at fair value. Investment properties are valued semi-annually by external independent valuation companies, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. No allowance has been made in the valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale.

(ii) 投資物業是持有用作賺取租金收益或資本增值或二者皆是的物業。投資物業按公平價值列賬。投資物業由外來獨立估價公司每半年作估值,該公司擁有適當認可專業資格及對估值物業的所在地和類別有近期經驗。估值並未計算任何抵押、按揭、欠款、及在出售時可能產生的任何費用或稅項。

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in Note 2(g)(iii).

因公平價值變動而產生的損益在收益表內入賬。投資物業租金收入按附註2(g)(iii)所載計算。

When a bank property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the bank property immediately prior to transfer and its fair value is recognised as a revaluation of bank premises as described in Note 2(o)(i).

如附註2(o)(i)所載,當一項物業因其用途改變而須轉作投資物業時,該物業於轉賬日前的賬面值與公平價值之差額視作行址重估。

If an investment property becomes owner-occupied, it is reclassified as bank premises and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

如一投資物業轉為自用,該物業須重新分類為行址。於重新分類日的公平價值視作日後作會計用途的成本值。

A property interest under a lease is classified and accounted for as an investment property when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under a lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in Note 2(s).

本集團以租賃方式持有用作租金收入或資本增值或二者皆是的物業權益分類為投資物業。此等以租賃方式持有的物業權益按公平價值列賬。租金支出按附註2(s)所載入賬。

(iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement upon disposal. Any surplus that is included in the bank premises revaluation reserve related to the bank premises disposed is transferred to the general reserve.

(iii) 出售行址及投資物業的損益是以出售所得款項淨額與資產賬面值的差價計算,並在出售時於收益表內入賬。任何有關之重估行址盈餘於出售時從行址重估儲備撥入一般儲備內。

(p) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(q) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (Note 2(r)).

On disposal of a cash-generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

(p) 攤銷及折舊

(i) 行址

永久業權之土地不予攤銷。用作經營租賃的租賃土地，而其公平價值是不能夠與租賃於初始時已存在之建築物的公平價值分開計量，則當作持有融資租賃入賬。租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊及減值損失於財務狀況表中列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(q) 商譽

商譽指：

(i) 對價轉讓的公平價值、任何被購入者的非控股權益金額及以往本集團曾經持有該被購入者的股東權益公平價值的總和；超出

(ii) 本集團在收購日計量應佔該被購入者之可辨識資產及負債的公平價值淨額。

當(ii)是大於(i)時，此超出金額立即在損益賬確認為一項議價收購的盈利。

商譽按成本減除累計減值損失列賬。因商業合併而產生的商譽被分配予每一現金生產單位，或一組合之現金生產單位，而預計該現金生產單位是可從商業合併中獲得協同效應，以及須每年接受減值測試(附註2(r))。

當出售單一現金生產單位時，計算出售溢利包括任何可歸屬購入商譽的金額。

由內部產生之商譽及品牌的開支按在發生期間內確認為支出。

2. Material Accounting Policies (continued) 主要會計政策(續)

(r) Impairment of Non-Financial Assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that any non-financial assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measurable, or value in use, if determinable.

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(r) 非金融資產減值

在報告期結束日，須檢討對內及對外資料來源以辨識任何非金融資產是否有減值徵兆或，除商譽外，以往已確認之減值損失是否仍然存在或可能已經減少。

如任何該等徵兆存在，須估計該資產的可收回金額。此外，商譽須每年估計可收回金額以確定是否有減值徵兆。

可收回金額之計算

可收回金額是公平價值減出售成本及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合(即單一現金生產單位)。

減值損失之確認

當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於收益表內確認減值損失。有關確認現金生產單位減值損失時，首先減低分配予現金生產單位(或其單位群組)之賬面值，其後再按比例減低在該單位(或其單位群組)其他資產的賬面值，但該資產的賬面值不可低過其個別公平價值減出售成本(如可計量的話)或使用值(如可確定的話)。

減值損失之轉回

除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只局限至該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入收益表內。

(s) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to directing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(s) 租賃

本集團於訂立合約時會評估有關合約是否屬於租賃或包含租賃。倘某項合約為換取代價而給予在某段時間內對可識別資產使用的控制權，則該合約屬於租賃或包含租賃。為評估合約會否給予對可識別資產使用的控制權，本集團會評估：

- 該合約是否涉及使用可識別資產；
- 本集團是否有權於整段使用期間從使用資產獲得絕大部分的經濟利益；及
- 本集團是否有權指示使用資產。當本集團擁有與指示如何及為何使用資產最為相關的決策權時，本集團便擁有此項權利。倘本集團需要預先決定如何及為何使用資產，本集團便可在出現以下其中一種情況時有權指示使用資產：
  - 本集團有權經營該資產；或
  - 本集團以預先決定將會如何及為何使用資產的方式設計資產。

本集團會在訂立或重新評估包含租賃部分的合約時，根據各租賃部分的相對單獨價格，將合約代價分配予各該等部分。

(i) 作為承租人

本集團於租賃生效日期確認使用權資產及租賃負債。使用權資產初步按成本計量，其包括租賃負債的初始金額加上任何於生效日期或之前已付之租賃款項，及任何已付之初始直接成本。如適用，使用權資產的成本亦包括拆卸及移除相關資產或還原相關資產或其所在的估計成本之折讓現值，並減去任何已收之租賃激勵款項。

2. Material Accounting Policies (continued) 主要會計政策(續)

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses (Note 2(r)), and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is initially measured at cost, and subsequently at fair value, in accordance with the accounting policy set out in Note 2(o)(ii).

使用權資產其後按成本減任何累計折舊及減值損失計量(附註2(r)),並調整若干重新計量的租賃負債。倘使用權資產符合投資物業的定義,根據附註2(o)(ii)本集團之會計政策,該使用權初始按成本計量,其後按公平價值計量。

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

租賃負債初始按照生效日期尚未支付的租賃款項之現值計量,並採用租約隱含的利率或(倘該利率無法輕易釐定)本集團的增量借款率。本集團一般以其增量借款利率用作貼現率。

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. Lease payments included in the measurement of the lease liability comprises the following:

租賃負債其後因租賃負債的利息成本而增加,並因所付租賃款項而減少。計量租賃負債時計入的租賃項包括以下項目:

- fixed payments, including in-substance fixed payments;
- 固定款項,包括實質固定款項;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 基於指數或利率而定且初步採用截至生效日期的指數或利率計量的可變租賃款項;
- amounts expected to be payable under a residual value guarantee; and
- 根據剩餘價值擔保預計應付的款項;及
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.
- 本集團所合理肯定行使的購買選擇權行使價、可選續租年期的租賃款項(倘本集團合理肯定行使延長選擇權)以及提早終止租賃的罰款(除非本集團合理肯定不會提早終止租賃)。

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the Group's assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

租賃負債採用有效利率方法按攤銷成本計量。當未來租賃款項因指數或利率變動而有所改變,根據剩餘價值擔保預計應付的款項之估計出現變動、改變有關會否合理肯定行使購買或延長選擇權或是否合理肯定不會行使終止選擇權的評估時,租賃負債會重新計量。

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

當租賃負債重新計量時,相應調整會在使用權資產之賬面值上調整,或要是使用權資產的賬面值已減至零時,該金額則記入損益賬內。

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exception is any rent concession which arose as a direct consequence of the COVID-19 pandemic and satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such case, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification. The rent concessions are recognised as a credit to variable lease expenses in profit or loss.

當租賃範圍或代價變更時，且該變更不是原租賃合同的一部分（「租賃修改」），租賃負債將重新計量，並且不構成為單獨的租賃。在這情況下，租賃負債將根據修訂後的租賃款項及租期，在修改生效日使用修訂後的貼現率重新計量。唯一的例外是因2019冠狀病毒大流行而直接產生，並符合載於《香港財務報告準則》第16號「租賃」第46B段之條件的任何租金寬免。在此情況下，本集團採用《香港財務報告準則》第16號第46A段所載之務實權宜方法，並確認該代價變動並非租賃修改。有關之租金寬免在損益表中確認為可變租賃款項的貸方。

In the situation that if a lease modification is required by interest rate benchmark reform, the Phase 2 amendments allow the Group to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability.

因利率基準改革所要求的租賃修改，在重新計量租賃負債時，第二期修訂容許使用修訂後的貼現率以反映利率變動。

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options in which it is a lessee. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

本集團運用判斷以釐定作為承租人若干包括續租權之租約的租期。本集團是否合理肯定行使該等選擇權的評估會影響租期，而租期則會對租賃負債及使用權資產的確認金額產生重大影響。

The Group presents right-of-use assets that do not meet the definition of investment property in "Fixed assets" (Note 32) and lease liabilities in "Other liabilities" (Note 37) in the statement of financial position.

本集團呈列並不符合投資物業定義之使用權資產於「固定資產」(附註32) 中及將租賃負債列於財務狀況表內的「其他負債」(附註37)。

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less ("short-term leases") and leases of underlying assets with an approximate value of HK$0.04 million or less ("low-value assets"). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term (Note 13).

短期租賃及低價值資產租賃

本集團已選擇不就若干12個月或以下之租賃（「短期租賃」）及相關資產價值約港幣4萬元或以下之租賃（「低價值資產租賃」）確認使用權資產及租賃負債。本集團將此等租賃相關的租賃款項按租期以直線法確認為支出（附註13）。

2. Material Accounting Policies (continued) 主要會計政策(續)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applied HKFRS 15 to allocate the consideration in the contract.

The amounts due from lessees in respect of finance leases are recorded in the statement of financial position as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Notes 2(g)(ii) and 2(e).

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease period as part of "other operating income", as set out in Note 2(g)(iii).

(ii) 作為出租人

當本集團作為出租人時，其會於租賃生效時釐定各項租賃屬融資租賃或經營租賃。

為劃分各項租賃，本集團會整體評估租賃會否轉移了相關資產擁有權所附帶的絕大部分風險及回報。如屬上述情況，該租賃便為融資租賃；反之則為經營租賃。作為評估的一部分，本集團會考慮若干指標，例如租賃是否佔資產經濟壽命的大部分。

倘某項安排包括租賃及非租賃部分，本集團便按照《香港財務報告準則》第15號分配合約代價。

有關融資租賃的應收承租人款項按淨投資金額(等於融資租賃項下應收租金總額減去未實現收入)以客戶墊款列載於財務狀況表。融資租賃所產生的收益已根據附註2(g)(ii)及2(e)所載的本集團收入確認政策獲確認。

本集團於租賃期內按直線基準確認經營租賃項下已收租賃款項為收入，以作為附註2(g)(iii)所載「其他經營收入」的一部分。

(t) Repossession of Assets

In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2(h)(vii), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are reported as assets held for sale under other assets if the risks and rewards of ownership of the relevant repossessed assets have been substantially transferred to the Group and it is highly probable that the future economic benefits will flow to the Group, their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition. Related loans and advances are then written off.

(t) 收回資產

在收回減值貸款及墊款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2(h)(vii)所載的會計政策，計算減值貸款及墊款之減值準備已顧及抵押品資產之可變現淨值，通常引致須在減值準備內撇銷部分貸款及墊款。如相關收回資產擁有權所附帶的絕大部分風險及回報已轉移至本集團及大有可能本集團享有未來經濟收益，其賬面值須透過變賣而不是持續使用該資產，及該資產可在現況下出售，收回資產在其他資產的持有作出售資產項下列賬。有關貸款及墊款隨後撇銷。

Repossessed assets are recorded at the lower of the amount of the related loans and advances and fair value less costs to sell at the date of exchange. They are not depreciated or amortised.

收回資產按有關貸款及墊款的金額或於轉換日已減除出售成本後之公平價值，按兩者之較低者入賬。收回資產毋須計算折舊或攤銷。

Impairment losses subsequent to initial classification are recognised in the income statement.

緊隨初始確認後的減值損失於收益表確認。

(u) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing deductible temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

(u) 所得稅

(i) 本年度所得稅包括本年及遞延稅項資產和負債的變動。除該稅款與其他全面收益或股東權益有關而須在其他全面收益或股東權益確認的金額外，本年稅項及遞延稅項資產和負債的變動計入收益表內。

(ii) 本年稅項為年度應課稅收入按報告期結束日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。

(iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

除了若干有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在若干期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支持由未使用的稅損或稅免產生的遞延稅項資產確認，即如果是屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

2. Material Accounting Policies (continued) 主要會計政策(續)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債(須不是商業合併的一部分)、及有關投資附屬公司的暫時性差異，就應課稅差異而言，當本集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就可扣稅差異而言，除非該差異在可見將來可以轉回。

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(o)(ii), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

當投資物業根據附註2(o)(ii)所載按公平價值列賬，除非該物業是需折舊的及以一商業模式持有，而其目的是要透過時間使用而並非出售該物業以獲取隱含於該物業之重大經濟利益，確認遞延稅項的金額按該物業於結算日假設以賬面值出售的稅率計算。在其他情況下，確認遞延稅項的金額是根據預期變現或償還該資產及負債的賬面值的方式，按在報告日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

於每報告期結束日，本行須重新檢視有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。可轉回之金額不可超過預期將來出現足夠可供扣減的應課稅溢利。

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(iv) 本年稅項與遞延稅項結餘及其變動之金額會分別列示而不會相互抵銷。本行或本集團只在有合法權利對本年稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本年及遞延稅項資產及負債作出抵銷：

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- 就本年稅項資產及負債而言，本行或本集團計劃支付淨額或同時間收回資產及償還負債；或

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- 有關的遞延稅項資產及負債屬同一稅務機關對以下機構徵收所得稅而產生：

- the same taxable entity; or

- different taxable entities, which in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

- 同一個應課稅實體；或

- 不同的應課稅實體，並預計在未來期間會償還或收回重大遞延稅項負債或資產，該實體計劃以淨額形式變現本年稅項資產及償還本年稅項負債，或同時間變現及償還。

(v) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) 準備及或然負債

當負債的限期或金額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當金額的時間值屬重大的，準備金額須按估計清償負債支出的現值列賬。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作或然負債披露。如潛在義務的存在須視乎會否發生一項或多項未來事件才獲確定，除非付出經濟利益的機會是極微，此潛在義務亦視作或然負債披露。

(w) Financial Guarantees and Loan Commitments

"Financial guarantees" are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. "Loan commitments" are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance (Note 2(h)(vii)).

For other loan commitments, the Group recognises impairment loss allowances (Note 2(h)(vii)).

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

(w) 財務擔保和貸款承諾

「財務擔保」是指要求本集團支付特定款項以償還持有人因其特定債務人在債務工具條款到期時未能支付而產生的損失的合同。「貸款承諾」是在預定的條款和條件下提供信貸的承諾。

已發行的財務擔保或以低於市場利率的貸款承諾初始按公平價值計量，初始公平價值在擔保或承諾期內攤銷。往後，該擔保及承諾按該攤銷金額及損失準備 (附註2(h)(vii))，二者之較高者，計量。

對於其他貸款承諾，本集團確認減值損失準備 (附註2(h)(vii))。

財務擔保和貸款承諾產生的負債包含在其他負債中。

2. Material Accounting Policies (continued) 主要會計政策(續)

(x) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the end of the reporting period, are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contributions to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC, overseas, Macau and Taiwan employees are defined contribution schemes at various funding rates, and are in accordance with local practices and regulations.

The cost of all these schemes is charged to the income statement for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(x) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。至報告期結束日已撥備因僱員提供服務所享有之年假的估計負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務而本集團有現存法律或推定義務於報告期結束日後12個月內須全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有中國內地、海外、澳門及台灣員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本在相關期間的收益表內支銷，而所有此類計劃的資產均與本集團的資產分開處理。在強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。

(iv) Share based payments

The Bank adopted equity-settled share based payment arrangement under Staff Share Option Schemes to grant the options to eligible employees of the Group.

The fair value of share options granted to employees is recognised as an expense in the income statement with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the trinomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Bank's shares.

The equity amount is recognised in capital reserve until either the option is exercised and new shares allotted (when it is transferred to share capital) or the option expires (when it is released directly to retained profits). For Grantees who do not meet the applicable vesting conditions, the unvested options are forfeited, either in whole or in part. Forfeited share options are cancelled. When the options are exercised, equity is increased by the amount of the proceeds received.

(y) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(iv) 以股份為基礎作支付

據僱員認股計劃，本行採納按股權結算之股份報酬安排向本集團合資格僱員授予購股權。

授予僱員之認股權的公平價值於收益表內確認為支出，而在股東權益賬內的資本儲備作相應的增加。公平價值乃採用三項式期權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，估計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之所需調整須在檢討期內的收益表支銷或回撥，並在資本儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本行股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整 (並在資本儲備作相應調整)。

屬股東權益金額確認在資本儲備內，直至當認股權被行使及分配新股時 (轉入股本)，或當認股權之有效期屆滿時 (轉入留存溢利)。對於未能符合適用的歸屬條件的承授人，其未歸屬的認股權會全部或部分被撤銷。被撤銷的認股權會被註銷。當認股權被行使時，所得款項計入股東權益。

(y) 關聯人士

在編製本財務報表時，與本集團關聯人士是指：

(i) 個人或該個人之近親家庭成員，如該個人在以下情況下視為與本集團有關聯：

(a) 可控制或共同控制本集團；

(b) 對本集團有重大影響力；或

(c) 是本集團或本集團之母公司的主要管理人員之成員。

2. Material Accounting Policies (continued) 主要會計政策(續)

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ii) 在以下任何情況下一實體會視為與本集團有關聯：

(a) 該實體及本集團皆是同一集團成員(即每一間母公司、附屬公司及同系附屬公司與其他有關聯)。

(b) 一實體是另一實體的聯營公司或合營公司(或該聯營公司或合營公司與該另一實體均屬同一集團)。

(c) 兩個實體是同一第三者的合營公司。

(d) 一實體是一第三者的合營公司而另一實體則是該第三者的聯營公司。

(e) 該實體是提供福利予本集團或與本集團有關聯之實體的僱員離職後之福利計劃。

(f) 該實體受在(i)項中所辨識的個人所控制或共同控制。

(g) 在(i)(a)項中所辨識的個人而該個人對該實體有重大影響力，或該個人是該實體(或是該實體的母公司)的主要管理人員之成員。

(h) 該實體或是其集團中一部分之任何成員，而提供主要管理人員服務予本集團或本集團之母公司。

個人的近親家庭成員指可影響，或受該個人影響，他們與該實體交易的家庭成員。

(z) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) 分部報告

經營分部，及在財務報表列報的每一分部項目金額，是從財務資料中辨識出來的，並定期地提供予本集團的最高行政管理層作為資源分配，以及評核本集團各項業務和區域所在地的表現。

除非分部有相同經濟特性及在產品和服務之性質、生產程序之性質、客戶類別和等級、用作銷售產品和提供服務之方法、及監管環境之性質是相同的，個別重大的營運分部不會在財務報表內合計。如它們擁有以上大部份的標準，並非個別重大的營運分部可能會被合計。

(aa) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash and balances with banks, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(aa) 現金及等同現金項目

就編製現金流量表而言，現金及等同現金項目包括由購入日起少於3個月到期日的結餘，包括現金及在銀行結餘、國庫債券、及其他受較低風險影響價值及隨時可轉換成預知金額的認可票據及存款證。

(ab) Deposits, Debt Securities Issued and Capital Instruments

Deposits, debt securities issued and capital instruments are the Group's sources of funding.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The substance of a financial instrument, rather than its legal form, governs its classification. A financial instrument is classified as a liability where there is a contractual obligation to deliver either cash or another financial asset to the holder of that instrument, regardless of the manner in which the contractual obligation will be settled.

Subsequent to initial recognition deposits, debt securities issued and capital instruments classified as financial liabilities are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

For those capital instruments classified as equity instruments, they are not redeemable by holders and bear an entitlement to coupons at the Bank's sole discretion. Accordingly, they are presented within equity. Distribution thereon are recognised in equity.

(ab) 存款、已發行債務證券及資本工具

存款、已發行債務證券及資本工具是本集團籌募資金的來源。

本集團按工具合約條款的實質分類資本工具為金融負債或股本工具。

金融工具的實質而非其法律形式決定其分類。如有法定義務將現金或另一金融資產交付予該金融工具的持有人，則該金融工具被分類為負債，該法定義務的結算方式不影響其分類。

緊隨初始確認後，本集團為存款、已發行債務證券及分類為股本工具的資本工具，惟指定為通過損益的負債除外，已按有效利率方式計算攤銷成本。

就分類為股本工具的資本工具，該等工具是不可贖回及視乎本行決定是否可享有利息。因此，該等工具在股東權益內列賬。相關分派於股東權益內確認。

2. Material Accounting Policies (continued) 主要會計政策(續)

(ac) Assets Held for Sale

Non-current assets and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (a) their carrying amounts will be recovered principally through sale; (b) they are available for sale in their present condition; and (c) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the asset (or assets and liabilities in the disposal group) are measured in accordance with applicable HKFRSs. On subsequent remeasurement of a disposal group, the carrying amounts of the assets and liabilities that are not within the scope of the measurement requirements of HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with applicable HKFRSs before the fair value less costs to sell of the disposal group is determined.

Income earned and expenses incurred on assets and liabilities of disposal groups held for sale continue to be recognised in the appropriate line items in the income statement until the transaction is complete.

(ac) 持有作出售資產

當(a)其賬面值將主要需通過出售才可收回;(b)它們可以在現況下可供出售;(c)出售之機會率是非常高的,非流動資產及出售組別(包括出售組別的資產和負債)按其賬面值及公平價值減出售成本,兩者之較低者,分類為持有作出售資產。

在被初始分類為持有作出售之前,資產的賬面值(或出售組別的資產和負債)按適用的《香港財務報告準則》計算。而往後在重新計算出售組別時,在未決定出售組別的公平價值減成本前,非在《香港財務報告準則》第5號「持有作出售資產的非流動資產及結束營運」所覆蓋的計算要求的資產和負債之賬面值,按適用的《香港財務報告準則》計算。

出售組別的資產和負債之已賺取收入和已發生支出仍繼續在收益表內之有關項目中確認,直至交易完成。

(ad) Interim Financial Reporting and Impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, "Interim Financial Reporting", in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (Note 2(h)(vii) and Note 2(r)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(ad) 中期財務報告及減值

根據聯交所《上市規則》,本集團須按《香港會計準則》第34號「中期財務報告」編制有關年度首6個月的中期財務報告。於中期期末,本集團採用等同年末的減值測試、確認、及轉回標準(附註2(h)(vii)至附註2(r))。

已確認於中期期間的商譽減值損失,均不能在較後期間轉回。就算假如該減值只在與該中期期間有關之年底作評估而該減值損失是不會發生、或損失之金額會較小,在此情況下亦不可轉回。

3. Changes in Accounting Policies 會計政策之變動

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

香港會計師公會已頒布多項新訂及修訂香港財務報告準則,並於集團本年度的會計期首次生效。

以上修訂對已編製或已呈報本集團本年度或往期之業績及財務狀況並無重大影響。本集團並未採納任何於本年會計期尚未生效的新準則或詮釋。

New HKICPA Guidance on the Accounting Implications of the Abolition of the MPF-LSP Offsetting Mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1st May, 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group's LSP liability and staff cost.

香港會計師公會就取消強積金對沖長期服務金機制的會計影響作出的新指引

於2022年6月，香港特別行政區政府(「政府」)刊憲公布《2022年僱傭及退休計劃法例(抵銷安排)(修訂)條例》(「修訂條例」)，並將於2025年5月1日(「轉制日」)起生效。一旦修訂條例予以生效，僱主不可再使用其強制性公積金(「強積金」)供款所產生的累算權益，以抵銷僱員自轉制日起提供的服務產生的長期服務金(取消「對沖機制」)。此外，轉制日前提供的服務所產生的長期服務金將根據轉制日前僱員的月薪及截至該日的服務年期計算。

於2023年7月，香港會計師公會公布「香港取消強積金對沖長期服務金機制的會計影響」，就對沖機制及取消對沖機制提供會計指引。該指引尤其指出，實體可以將其強積金供款的累算權益(預計用於抵銷應付僱員的長期服務金)視為僱員對長期服務金的供款。

運用此方法，自2022年6月修訂條例生效後，不再允許應用《香港會計準則》第19號第93(b)段中的實務操作方法，將該等僱員對長期服務金的供款於提供相關服務期間減低服務成本(「負服務成本」)。相反，該等供款應與長期服務金福利一致於服務期間確認。該修訂條例對本集團長期服務金負債及員工成本並無產生重大影響。

4. Bank-Level Statement of Financial Position 銀行層面之財務狀況表

		Notes 附註	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
ASSETS	資產			
Cash and balances with banks	現金及在銀行的結存		**22,336**	25,498
Placements with and advances to banks	在銀行的存款及墊款		**36,752**	48,296
Trade bills	貿易票據		**224**	41
Trading assets	交易用途資產		**285**	355
Derivative assets	衍生工具資產		**7,644**	9,733
Loans and advances to customers	客戶貸款及墊款		**387,217**	397,533
Investment securities	投資證券		**144,710**	125,620
Amounts due from subsidiaries	附屬公司欠款		**14,705**	14,145
Investments in subsidiaries	附屬公司投資		**19,461**	19,469
Investments in associates and joint ventures	聯營公司及合資企業投資		**4,483**	4,466
Fixed assets	固定資產		**9,501**	9,493
– Investment properties	–投資物業		**4,718**	4,774
– Other properties and equipment	–其他物業及設備		**4,338**	4,293
– Right-of-use assets	–使用權資產		**445**	426
Goodwill and intangible assets	商譽及無形資產		**1,460**	1,460
Deferred tax assets	遞延稅項資產		**72**	197
Other assets	其他資產		**9,643**	9,529
– Assets held for sale	–持有作出售資產		**15**	15
– Others	–其他		**9,628**	9,514
Total Assets	資產總額		**658,493**	665,835
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks	銀行的存款及結餘		**24,538**	24,031
– Designated at fair value through profit or loss	–指定為通過損益以反映公平價值		**3,199**	4,545
– At amortised cost	–攤銷成本		**21,339**	19,486
Deposits from customers	客戶存款		**487,537**	483,553
Trading liabilities	交易用途負債		**–**	5
Derivative liabilities	衍生工具負債		**2,707**	2,816
Certificates of deposit issued	已發行存款證		**10,876**	27,018
– Designated at fair value through profit or loss	–指定為通過損益以反映公平價值		**9,415**	19,001
– At amortised cost	–攤銷成本		**1,461**	8,017
Amounts due to subsidiaries	欠附屬公司款項		**1,561**	1,777
Current taxation	本年稅項		**1,444**	1,255
Debt securities issued	已發行債務證券		**844**	2,892
– Designated at fair value through profit or loss	–指定為通過損益以反映公平價值		**688**	811
– At amortised cost	–攤銷成本		**156**	2,081
Deferred tax liabilities	遞延稅項負債		**420**	185
Other liabilities	其他負債		**16,979**	18,299
Loan capital – at amortised cost	借貸資本–攤銷成本		**14,318**	10,232
Total Liabilities	負債總額		**561,224**	572,063
Share capital	股本	40	**41,915**	41,856
Reserves	儲備	42(k)	**45,264**	41,826
Total equity attributable to owners of the Bank	歸屬於本行股東權益總額		**87,179**	83,682
Additional equity instruments	額外股本工具	41	**10,090**	10,090
			97,269	93,772
Total Equity and Liabilities	股東權益及負債總額		**658,493**	665,835

Approved and authorised for issue by the Board on 21st February, 2024. 董事會於2024年2月21日核准及授權發布。

Executive Chairman	**David LI Kwok-po**	*執行主席*	**李國寶**
Co-Chief Executives	**Adrian David LI Man-kiu**	*聯席行政總裁*	**李民橋**
	Brian David LI Man-bun		**李民斌**
Director	**Meocre LI Kwok-wing**	*董事*	**李國榮**

Notes to the Financial Statements (continued)
財務報表附註 (續)

5. Interest Income 利息收入

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Loans, placements with banks, and trade bills	貸款、在銀行的存款、及貿易票據	**31,179**	20,624
Investment securities	投資證券		
– measured at amortised cost or FVOCI	–按攤銷成本或按通過其他全面收益以反映公平價值計量	**8,269**	4,076
– mandatorily measured at FVTPL	–強制按通過損益以反映公平價值計量	**141**	120
Trading assets	交易用途資產	**96**	28
		39,685	24,848

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

就已對沖利率風險的交易，賺取利息金融資產的合格對沖工具或可個別地與賺取利息金融資產共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融資產產生的利息收入合併。

The above included interest income of HK$36,788 million (2022: HK$24,871 million), before hedging effect, for financial assets that are not recognised at fair value through profit or loss.

在不包括對沖影響前，來自非按公平價值確認損益的金融資產之利息收入為港幣367.88億元 (2022年：港幣248.71億元)。

6. Interest Expense 利息支出

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Customer deposits and deposits of banks	客戶存款及銀行的存款		
– at amortised cost	–按攤銷成本計量	**19,914**	9,713
– designated at FVTPL	–指定為通過損益以反映公平價值計量	**202**	84
Certificates of deposit and debt securities issued	已發行存款證及債務證券		
– at amortised cost	–按攤銷成本計量	**581**	511
– designated at FVTPL	–指定為通過損益以反映公平價值計量	**914**	485
Subordinated notes carried at amortised cost	按攤銷成本計量的後償票據	**960**	460
Lease liabilities	租賃負債	**29**	28
Other borrowings	其他借款	**211**	59
		22,811	11,340

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

就已對沖利率風險的交易，帶息金融負債的合格對沖工具或可個別地與帶息金融負債共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融負債產生的利息支出合併。

The above included interest expense of HK$21,491 million (2022: HK$10,782 million), before hedging effect, for financial liabilities that are not recognised at fair value through profit or loss.

在不包括對沖影響前，來自非按公平價值確認損益的金融負債之利息支出為港幣214.91億元 (2022年：港幣107.82億元)。

7. Fee and Commission Income 服務費及佣金收入

Fee and commission income is disaggregated by services: 服務費及佣金收入按服務分類如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Loans, overdrafts and guarantees	貸款、透支及擔保	**888**	846
Credit cards	信用卡	**759**	692
Sale of third party insurance policies	銷售第三者發行的保單	**528**	484
Other retail banking services	其他零售銀行服務	**208**	197
Trust and other fiduciary activities	信託及其他代理業務	**177**	224
Investment products	投資產品	**162**	195
Securities brokerage	證券經紀	**141**	203
Trade finance	貿易融資	**96**	92
Others	其他	**402**	439
Total fee and commission income	服務費及佣金收入總額	**3,361**	3,372
Net fee income on financial assets and financial liabilities that are not measured at FVTPL (other than those included in determining the effective interest rate)	由非按通過損益以反映公平價值計量之金融資產或金融負債所產生之淨服務費收入(不包括用作計算有效利率之金額)	**2,648**	2,762
Fee income	服務費收入	**3,361**	3,372
Fee expenses	服務費支出	**(713)**	(610)

8. Net Trading Profit 交易溢利淨額

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Profit on dealing in foreign currencies and funding swaps	外幣買賣及外匯掉期溢利	**382**	501
Profit/(loss) on trading securities	交易用途證券溢利／(虧損)	**22**	(124)
Net gain on derivatives	衍生工具淨盈利	**811**	549
Loss on other dealing activities	其他交易業務虧損	**–**	(1)
Dividend income from trading equity securities	交易用途股份證券的股息收入	**10**	18
		1,225	943

Notes to the Financial Statements (continued)
財務報表附註 (續)

9. Net Result on Financial Instruments at FVTPL 按通過損益以反映公平價值金融工具的淨表現

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net (loss)/gain from financial instruments designated at FVTPL	指定為通過損益以反映公平價值金融工具的淨 (虧損) ／盈利	**(263)**	292
Net gain/(loss) from financial instruments mandatorily measured at FVTPL (other than those included in net trading profit)	強制按通過損益以反映公平價值計量金融工具的淨盈利／(虧損) (除已包括在交易溢利淨額內)	**1**	(360)
		(262)	(68)

10. Net Result on Financial Assets Measured at FVOCI 按通過其他全面收益以反映公平價值計量金融資產的淨表現

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net (loss)/profit on sale of debt securities	出售債務證券之淨 (虧損) ／溢利	**(60)**	159
Dividend income from equity securities	股份證券股息收入	**34**	16
		(26)	175

11. Net Hedging Profit 對沖溢利淨額

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Fair value hedges	公平價值對沖		
– Net gain/(loss) on hedged items attributable to the hedged risk	－可歸屬於被對沖項目之對沖風險產生的淨盈利／(虧損)	**1,735**	(8,541)
– Net (loss)/gain on hedging instruments	－用作對沖工具的淨 (虧損) ／盈利	**(1,705)**	8,742
		30	201

12. Other Operating Income 其他經營收入

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net insurance profit	保險業務淨溢利	**–**	158
Rental from safe deposit boxes	保險箱租金收入	**117**	120
Rental income on properties *(Note 32(ii))*	物業租金收入 *(附註32(ii))*	**129**	133
Government subsidy – Employment Support Scheme	政府補貼 －「保就業」計劃	**–**	8
Others	其他	**41**	29
		287	448

13. Operating Expenses 經營支出

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Contributions to defined contribution plan*	定額供款公積金供款*		
– Hong Kong	—香港	**191**	170
– Outside Hong Kong	—香港以外	**223**	223
Equity settled share-based payment expenses *(Note 42(f))*	以股份為基礎作支付的費用 *(附註42(f))*	**24**	22
Salaries and other staff costs	薪金及其他員工成本	**5,007**	5,078
Total staff costs	員工成本總額	**5,445**	5,493
Premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出		
– Expenses relating to short-term leases	—有關短期租賃支出	**8**	15
– Expenses relating to low value assets	—有關低價值資產租賃支出	**10**	6
– Variable lease payments not included in the measurement of lease liabilities**	—不包括計量租賃負債的可變租賃款項**	**1**	(2)
– Maintenance, repairs and others	—保養、維修及其他	**739**	702
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出總額	**758**	721
Depreciation and amortisation	折舊及攤銷	**820**	875
Other operating expenses	其他經營支出		
– Internet platform charges	—互聯網平台費用	**560**	460
– Legal and professional fees	—法律及專業服務費	**457**	423
– Communications, stationery and printing	—通訊、文具及印刷	**295**	294
– Advertising and business promotion expenses	—廣告費及業務推廣支出	**294**	298
– Others	—其他	**803**	660
Total other operating expenses	其他經營支出總額	**2,409**	2,135
Total operating expenses***	經營支出總額***	**9,432**	9,224

* *Forfeited contributions totalling HK$27 million (2022: HK$36 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2022: Nil).*

** *For the year ended 31st December, 2022, there were a credit of HK$2 million of COVID-19-related rent concessions and a credit of HK$1 million of rent concession for the purpose of entering into a new lease. There was no such rental concession during the year.*

*** *Included direct operating expenses of HK$10 million (2022: HK$7 million) in respect of investment properties which generated rental income during the year.*

* *本年度內沒收之供款共港幣2,700萬元(2022年:港幣3,600萬元)已被用作減少本集團的供款。於本年末並無任何被沒收而可用作減低將來之供款(2022年:無)。*

** *截至2022年12月31日止年度,2019冠狀病毒病相關租金寬免為港幣200萬元及因訂立新租賃的租金寬免為港幣100萬元。本年度內並無該等租金寬免。*

*** *本年度內包括由有租金收益的投資物業產生的直接經營支出,金額為港幣1,000萬元(2022年:港幣700萬元)。*

14. Impairment Losses on Financial Instruments 金融工具減值損失

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Loans and advances to customers	客戶貸款及墊款	**5,164**	5,416
Debt securities	債務證券	**211**	345
Others	其他	**108**	162
		5,483	5,923

15. Net Profit on Sale of Assets Held for Sale 出售持有作出售資產之淨溢利

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net loss on sale of properties	出售物業之淨虧損	**(2)**	(1)
Net profit on sale of disposal groups	出售出售組別之淨溢利	**4**	1,446
		2	1,445

16. Net Profit on Disposal of Fixed Assets 出售固定資產之淨溢利

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net profit on disposal of bank premises, furniture, fixtures and equipment	出售行址、傢俬、裝修及設備之淨溢利	**14**	18
Net loss on termination of lease	終止租賃之淨虧損	**–**	(1)
		14	17

17. Income Tax 所得稅

(a) Taxation in the Consolidated Income Statement Represents: **(a) 綜合收益表內的稅項為：**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Current tax – Hong Kong	本年稅項－香港		
Tax for the year	本年度稅項	**482**	485
Over-provision in respect of prior years	往年度過剩的回撥	**(63)**	(57)
		419	428
Current tax – outside Hong Kong	本年稅項－香港以外		
Tax for the year	本年度稅項	**693**	325
Over-provision in respect of prior years	往年度過剩的回撥	**(17)**	(16)
		676	309
Deferred tax	遞延稅項		
Origination and reversal of temporary differences *(Note 35(b))*	暫時性差異的源生及轉回 *(附註35(b))*	**79**	(174)
		1,174	563

The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year.

香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%(2022年：16.5%)計算。

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

海外、澳門及台灣分行及附屬公司的稅款是按其經營所在地現行稅率而計算。

(b) Reconciliation Between Tax Expense and Accounting Profit at Applicable Tax Rates: **(b) 稅項支出與會計溢利按適用稅率計算稅項的對賬：**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Profit before tax	除稅前溢利	**5,310**	4,941
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	根據相關司法地區適用之利得稅稅率按除稅前溢利計算的名義稅款	**1,000**	730
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	**484**	273
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	**(234)**	(385)
Tax effect of tax losses not recognised	未確認的稅損的稅項影響	**3**	8
Write back of over-provision in respect of prior years	往年度過剩的回撥	**(80)**	(73)
Others	其他	**1**	10
Actual tax expense charged to income statement	於收益表支銷的實際稅項	**1,174**	563

18. Distribution/Dividends 分派／股息

(a) Dividends Payable to Equity Owners of the Parent Attributable to the Year **(a) 可歸屬於本年度而應付予本集團股東的股息**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Interim dividend declared and paid of HK$0.36 per share on 2,658 million shares (2022: HK$0.16 per share on 2,689 million shares) *(Note 42(j))*	已宣布派發及支付中期股息予26.58億股每股港幣0.36元 (2022年：26.89億股每股港幣0.16元) *(附註42(j))*	**957**	430
Special dividend declared and paid (2022: HK$0.48 per share on 2,695 million shares) *(Note 42(j))*	已宣布派發及支付特別股息 (2022年：26.95億股每股港幣0.48元) *(附註42(j))*	**–**	1,294
Second interim dividend of HK$0.18 per share on 2,650 million shares (2022: HK$0.17 per share on 2,680 million shares)	第二次中期股息予26.50億股每股港幣0.18元 (2022年：26.80億股每股港幣0.17元)	**477**	456
		1,434	2,180

The total dividends attributable to the year is HK$0.54 per share (2022: HK$0.81 per share). The second interim dividend has not been recognised as a liability at the end of the reporting period.

應屬本年度股息為每股港幣0.54元 (2022年：每股港幣0.81元)。於報告期期末，該第二次中期股息並未確認為負債。

(b) Dividends Payable to Equity Owners of the Parent Attributable to the Previous Financial Year, Approved and Paid During the Year **(b) 已核准及在本年度內支付可歸屬於上年度應付予本集團股東的股息**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Second interim dividend in respect of the previous financial year, approved and paid during the year, of HK$0.17 per share on 2,677 million shares (2022: HK$0.35 per share on 2,923 million shares) *(Note 42(j))*	年度內核准及支付予26.77億股每股港幣0.17元 (2022年：29.23億股每股港幣0.35元) 的上年度第二次中期股息 *(附註42(j))*	**455**	1,023

(c) Distribution to Holders of Additional Tier 1 Capital Instruments **(c) 分派予額外一級資本工具持有人**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Distribution paid on the Additional Tier 1 capital instruments *(Note 42(j))*	已付額外一級資本工具的分派 *(附註42(j))*	**596**	708

19. Earnings Per Share 每股盈利

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to owners of the parent of HK$3,522 million (2022: HK$3,651 million) after accounting for the distribution of HK$596 million (2022: HK$708 million) to Additional Tier 1 issue holders, and on the weighted average of 2,668 million ordinary shares outstanding during the year (2022: 2,759 million), calculated as follows:

(a) 每股基本盈利

每股基本盈利乃按照已分派予額外一級資本工具持有人港幣5.96億元(2022年:港幣7.08億元)後的可歸屬於本集團股東溢利港幣35.22億元(2022年:港幣36.51億元)及年度內已發行普通股份的加權平均數26.68億股(2022年:27.59億股)計算。

Weighted average number of ordinary shares

普通股份的加權平均數

		2023 Number of shares 股份數目 Million 百萬	2022 Number of shares 股份數目 Million 百萬
Issued ordinary shares at 1st January	於1月1日的已發行普通股	**2,680**	2,923
Effect of shares issued in lieu of dividends	以股代息發行新股的影響	**2**	11
Effect of share buy-back	股份回購的影響	**(14)**	(175)
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	**2,668**	2,759

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is the same as the calculation of basic earnings per share, except that the weighted average of ordinary shares is adjusted for the effects of all dilutive potential shares. For the year ended 31st December, 2023, the weighted average of ordinary shares adjusted for the effects of all dilutive potential shares was 2,668 million (2022: 2,759 million).

(b) 每股攤薄盈利

每股攤薄盈利的計算與每股基本盈利的計算相同,只是普通股份的加權平均數根據所有具備潛在攤薄影響的股份進行調整。截至2023年12月31日止年度,就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數26.68億股(2022年:27.59億股)計算。

Weighted average number of ordinary shares (diluted)

普通股份的加權平均數(攤薄)

		2023 Number of shares 股份數目 Million 百萬	2022 Number of shares 股份數目 Million 百萬
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	**2,668**	2,759
Effect of deemed issue of ordinary shares under the Bank's share option schemes	假設按認股權計劃發行的普通股份之影響	**–**	–
Weighted average number of ordinary shares (diluted) at 31st December	於12月31日普通股份的加權平均數(攤薄)	**2,668**	2,759

20. Directors' Remuneration 董事酬金

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

根據《公司條例》第383(1)條及《公司(披露董事利益資料)規則》第2部之規定披露董事酬金如下：

		Directors' fees 袍金 HK$ Mn 港幣百萬元	Salaries, allowances and benefits in kind 薪金、津貼及實物收益 HK$ Mn 港幣百萬元	Discretionary bonuses 酌情花紅 HK$ Mn 港幣百萬元	Share options (Note) 認股權(註) HK$ Mn 港幣百萬元	Retirement scheme contributions 退休計劃供款 HK$ Mn 港幣百萬元	2023 Total 總額 HK$ Mn 港幣百萬元
Executive Chairman	**執行主席**						
Dr. the Hon. Sir David LI Kwok-po	李國寶爵士	0.7	11.8	3.8	2.7	1.1	20.1
Co-Chief Executives	**聯席行政總裁**						
Mr. Adrian David LI Man-kiu	李民橋先生	0.5	8.0	7.0	5.2	0.7	21.4
Mr. Brian David LI Man-bun	李民斌先生	0.5	8.0	7.0	5.2	0.7	21.4
Non-executive Directors	**非執行董事**						
Prof. Arthur LI Kwok-cheung	李國章教授	0.6	–	–	–	–	0.6
Mr. Aubrey LI Kwok-sing	李國星先生	0.6	–	–	–	–	0.6
Mr. Winston LO Yau-lai	羅友禮先生	0.5	–	–	–	–	0.5
Mr. Stephen Charles LI Kwok-sze	李國仕先生	0.5	–	–	–	–	0.5
Dr. Daryl NG Win-kong	黃永光博士	0.6	–	–	–	–	0.6
Mr. Masayuki OKU	奧正之先生	0.5	–	–	–	–	0.5
Dr. Francisco Javier SERRADO TREPAT	Francisco Javier SERRADO TREPAT 博士	0.5	–	–	–	–	0.5
Independent Non-executive Directors	**獨立非執行董事**						
Dr. Allan WONG Chi-yun	黃子欣博士	1.0	–	–	–	–	1.0
Dr. the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.6	–	–	–	–	0.6
Mr. Meocre LI Kwok-wing	李國榮先生	0.9	–	–	–	–	0.9
Dr. the Hon. Henry TANG Ying-yen	唐英年博士	1.1	–	–	–	–	1.1
Dr. Delman LEE	李國本博士	1.0	–	–	–	–	1.0
Mr. William Junior Guilherme DOO	杜家駒先生	0.9	–	–	–	–	0.9
Dr. David MONG Tak-yeung	蒙德揚博士	0.7	–	–	–	–	0.7
		11.7	27.8	17.8	13.1	2.5	72.9

Note: The share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The values of share options represented the fair values of the share options granted in 2023 and prior years amortised over the respective vesting periods without actual cash payment. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 39.

註： 執行董事是根據本行的僱員認股權計劃獲授予認股權。認股權金額是指該等認股權於2023年及往年授予並在歸屬期內攤銷的公平價值，而並非屬於現金支付。有關此等實物收益的詳情列載於董事會報告書的「認股權資料」及附註39內。

20. Directors' Remuneration (continued) 董事酬金(續)

		Directors' fees 袍金 HK$ Mn 港幣百萬元	Salaries, allowances and benefits in kind 薪金、津貼及實物收益 HK$ Mn 港幣百萬元	Discretionary bonuses 酌情花紅 HK$ Mn 港幣百萬元	Share options (Note) 認股權(註) HK$ Mn 港幣百萬元	Retirement scheme contributions 退休計劃供款 HK$ Mn 港幣百萬元	2022 Total 總額 HK$ Mn 港幣百萬元
Executive Chairman	**執行主席**						
Dr. the Hon. Sir David LI Kwok-po	李國寶爵士	0.6	11.8	3.6	2.9	1.1	20.0
Co-Chief Executives	**聯席行政總裁**						
Mr. Adrian David LI Man-kiu	李民橋先生	0.5	7.7	6.4	4.7	0.7	20.0
Mr. Brian David LI Man-bun	李民斌先生	0.5	7.7	6.4	4.6	0.7	19.9
Non-executive Directors	**非執行董事**						
Prof. Arthur LI Kwok-cheung	李國章教授	0.6	–	–	–	–	0.6
Mr. Aubrey LI Kwok-sing	李國星先生	0.6	–	–	–	–	0.6
Mr. Winston LO Yau-lai	羅友禮先生	0.4	–	–	–	–	0.4
Mr. Stephen Charles LI Kwok-sze	李國仕先生	0.4	–	–	–	–	0.4
Dr. Daryl NG Win-kong	黃永光博士	0.6	–	–	–	–	0.6
Mr. Masayuki OKU	奧正之先生	0.5	–	–	–	–	0.5
Dr. Francisco Javier SERRADO TREPAT	Francisco Javier SERRADO TREPAT 博士	0.5	–	–	–	–	0.5
Independent Non-executive Directors	**獨立非執行董事**						
Dr. Allan WONG Chi-yun	黃子欣博士	0.9	–	–	–	–	0.9
Dr. the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.6	–	–	–	–	0.6
Mr. Meocre LI Kwok-wing	李國榮先生	1.2	–	–	–	–	1.2
Dr. the Hon. Henry TANG Ying-yen	唐英年博士	1.0	–	–	–	–	1.0
Dr. Delman LEE	李國本博士	0.9	–	–	–	–	0.9
Mr. William Junior Guilherme DOO	杜家駒先生	0.8	–	–	–	–	0.8
Dr. David MONG Tak-yeung	蒙德揚博士	0.6	–	–	–	–	0.6
		11.2	27.2	16.4	12.2	2.5	69.5

Note: The share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The values of share options represented the fair values of the share options granted in 2022 and prior years amortised over the respective vesting periods without actual cash payment. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 39.

註：執行董事是根據本行的僱員認股權計劃獲授予認股權。認股權金額是指該等認股權於2022年及往年授予並在歸屬期內攤銷的公平價值，而並非屬於現金支付。有關此等實物收益的詳情列載於董事會報告書的「認股權資料」及附註39內。

21. Five Top-Paid Employees 5名薪酬最高的僱員

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Salaries and other emoluments	薪金及其他酬金	41	39
Performance-related bonuses	表現獎勵花紅	26	24
Share options	認股權	17	16
Pension contributions	退休金供款	3	3
		87	82

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

	2023 Number of Employees 僱員人數	2022 Number of Employees 僱員人數
HK$港幣元		
11,000,001 – 11,500,000	–	2
12,000,001 – 12,500,000	2	–
19,500,001 – 20,000,000	–	2
20,000,001 – 20,500,000	1	1
21,000,001 – 21,500,000	2	–

Included in the emoluments of the five top-paid employees were the emoluments of 3 (2022: 3) Directors and 2 (2022: 2) senior management members. Their director's emoluments have been included in Note 20 above.

5名薪酬最高的僱員中包括3位 (2022年：3位) 董事及2位 (2022年：2位) 高層管理人員。他們的董事酬金已包括於上述附註20內。

22. Segment Reporting 分部報告

(a) Business Segments

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

Hong Kong operations divided into the following five reportable segments.

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

(a) 營業分部

本集團按分處管理其業務，而分處則由業務及地區混合組成。分部資料的列報與內部匯報予本集團的高層管理人員作為資源分配及表現評核的方式是一致的。本集團列報以下八個可匯報分部。

香港業務分類為以下五個可匯報分部。

個人銀行包括分行營運、個人電子網絡銀行、消費貸款、物業貸款、強制性公積金業務及信用卡業務。

22. Segment Reporting (continued) 分部報告(續)

(a) **Business Segments (continued)**

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

Treasury markets include treasury operations and securities dealing.

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

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

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

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

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

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

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

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

(a) **營業分部(續)**

批發銀行包括企業借貸及銀團貸款、資產融資、商業貸款、證券貸款及與同業間的銀行代理行及企業的金融貿易業務。

財資市場包括財資運作及證券買賣。

財富管理包括私人銀行業務、投資產品和諮詢業務及證券和期貨經紀業務。

其他業務主要包括由在香港附屬公司經營之信託業務，及其他支援香港業務的後勤單位。

中國內地業務主要包括在香港支援中國內地業務的後勤單位、所有在中國內地經營的附屬公司及聯營公司，但不包括在中國內地經營資料處理及其他後勤支援香港業務之附屬公司。

國際、澳門及台灣業務包括在香港支援國際、澳門及台灣業務的後勤單位、所有在海外經營的分行包括澳門及台灣、附屬公司及聯營公司。

企業管理承擔本行發行借貸資本的監管資本成本及從香港業務獲得由本行發行資本工具所資助之業務活動的利息收入。

在評估分部表現及分配分部間的資源時，集團的高層管理人員根據以下基準監控可歸屬於每一可匯報分部之業績、資產及負債：

除聯營公司及合資企業之權益及持有作出售資產外，分部資產包括所有資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及服務費用和佣金收入，及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。

Notes to the Financial Statements (continued)
財務報表附註 (續)

		2023										
		Hong Kong operations 香港業務										
		Personal banking 個人銀行 HK$ Mn 港幣百萬元	Wholesale banking 批發銀行 HK$ Mn 港幣百萬元	Treasury markets 財資市場 HK$ Mn 港幣百萬元	Wealth management 財富管理 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Chinese Mainland operations 中國內地業務 HK$ Mn 港幣百萬元	Overseas, Macau and Taiwan operations 國際、澳門及台灣業務 HK$ Mn 港幣百萬元	Corporate management 企業管理 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Net interest income/(expense)	淨利息收入／(支出)	5,653	2,888	1,352	387	(251)	10,029	4,082	2,637	126	–	16,874
Non-interest income/(expense)	非利息收入／(支出)	1,189	676	(42)	554	345	2,722	978	202	–	(30)	3,872
Operating income	經營收入	6,842	3,564	1,310	941	94	12,751	5,060	2,839	126	(30)	20,746
Operating expenses	經營支出	(1,792)	(485)	(194)	(399)	(2,378)	(5,248)	(3,409)	(805)	–	30	(9,432)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利／(虧損)	5,050	3,079	1,116	542	(2,284)	7,503	1,651	2,034	126	–	11,314
(Charge for)/write back of impairment losses on financial instruments	金融工具減值(損失)／回撥	(128)	(3,652)	95	(261)	(3)	(3,949)	(1,657)	123	–	–	(5,483)
Impairment losses on associate	聯營公司減值損失	–	–	–	–	–	–	–	(726)	–	–	(726)
Impairment losses on other assets	其他資產減值損失	–	–	–	–	–	–	(6)	–	–	–	(6)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利／(虧損)	4,922	(573)	1,211	281	(2,287)	3,554	(12)	1,431	126	–	5,099
Net profit/(loss) on sale of assets held for sale	出售持有作出售資產之淨溢利／(虧損)	–	–	–	–	4	4	(2)	–	–	–	2
Net profit/(loss) on disposal of subsidiaries/associates	出售附屬公司／聯營公司之淨溢利／(虧損)	–	–	–	–	1	1	–	(13)	–	–	(12)
Net profit/(loss) on disposal of fixed assets	出售固定資產之淨溢利／(虧損)	(4)	–	–	–	1	(3)	17	–	–	–	14
Valuation losses on investment properties	重估投資物業虧損	–	–	–	–	(84)	(84)	–	(2)	–	–	(86)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	–	–	–	–	(9)	(9)	51	251	–	–	293
Profit/(loss) before taxation	除稅前溢利／(虧損)	4,918	(573)	1,211	281	(2,374)	3,463	54	1,667	126	–	5,310
Depreciation for the year	年內折舊	(207)	(19)	(12)	(9)	(206)	(453)	(295)	(59)	–	–	(807)
Segment assets	分部資產	124,381	150,293	233,644	17,488	11,299	537,105	231,335	128,647	–	(45,125)	851,962
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	48	48	3,843	4,493	–	–	8,384
Other assets – Assets held for sale	其他資產–持有作出售資產	–	–	–	–	15	15	–	–	–	–	15
Total assets	資產總額	124,381	150,293	233,644	17,488	11,362	537,168	235,178	133,140	–	(45,125)	860,361
Total liabilities	負債總額	358,753	41,148	37,547	33,026	3,139	473,613	206,654	116,422	–	(44,654)	752,035
Capital expenditure incurred during the year	年度內資本開支	225	26	12	11	245	519	457	32	–	–	1,008

22. Segment Reporting (continued) 分部報告 (續)

(a) Business Segments (continued) (a) 營業分部 (續)

		2022										
		Hong Kong operations (Restated)[Note] 香港業務 (重報)[註]										
		Personal banking 個人銀行 HK$ Mn 港幣百萬元	Wholesale banking 批發銀行 HK$ Mn 港幣百萬元	Treasury markets 財資市場 HK$ Mn 港幣百萬元	Wealth management 財富管理 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Chinese Mainland operations 中國內地業務 HK$ Mn 港幣百萬元	Overseas, Macau and Taiwan operations 國際、澳門及台灣業務 HK$ Mn 港幣百萬元	Corporate management 企業管理 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Net interest income/(expense)	淨利息收入／(支出)	4,007	2,859	(19)	367	(106)	7,108	3,997	2,177	226	–	13,508
Non-interest income	非利息收入	1,249	657	373	565	592	3,436	860	179	–	(29)	4,446
Operating income	經營收入	5,256	3,516	354	932	486	10,544	4,857	2,356	226	(29)	17,954
Operating expenses	經營支出	(1,713)	(500)	(168)	(358)	(2,401)	(5,140)	(3,374)	(739)	–	29	(9,224)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利／(虧損)	3,543	3,016	186	574	(1,915)	5,404	1,483	1,617	226	–	8,730
Impairment losses on financial instruments	金融工具減值損失	(127)	(3,258)	(70)	(40)	–	(3,495)	(2,088)	(340)	–	–	(5,923)
Impairment losses on other assets	其他資產減值損失	–	–	–	–	–	–	(3)	–	–	–	(3)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利／(虧損)	3,416	(242)	116	534	(1,915)	1,909	(608)	1,277	226	–	2,804
Net profit/(loss) on sale of assets held for sale	出售持有作出售資產之淨溢利／(虧損)	–	–	–	–	1,446	1,446	(1)	–	–	–	1,445
Net loss on disposal of subsidiaries/associates	出售附屬公司／聯營公司之淨虧損	–	–	–	–	(1)	(1)	–	–	–	–	(1)
Net profit/(loss) on disposal of fixed assets	出售固定資產之淨溢利／(虧損)	(16)	–	–	–	–	(16)	34	(1)	–	–	17
Valuation losses on investment properties	重估投資物業虧損	–	–	–	–	(177)	(177)	–	(2)	–	–	(179)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	–	–	–	–	(9)	(9)	221	643	–	–	855
Profit/(loss) before taxation	除稅前溢利／(虧損)	3,400	(242)	116	534	(656)	3,152	(354)	1,917	226	–	4,941
Depreciation for the year	年內折舊	(239)	(16)	(12)	(7)	(246)	(520)	(286)	(56)	–	–	(862)
Segment assets	分部資產	120,111	163,414	231,299	22,679	11,560	549,063	245,349	126,730	–	(47,405)	873,737
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	56	56	3,893	5,112	–	–	9,061
Other assets – Assets held for sale	其他資產－持有作出售資產	–	–	–	–	15	15	12	–	–	–	27
Total assets	資產總額	120,111	163,414	231,299	22,679	11,631	549,134	249,254	131,842	–	(47,405)	882,825
Total liabilities	負債總額	342,982	54,275	51,773	35,141	2,940	487,111	220,008	116,307	–	(46,947)	776,479
Capital expenditure incurred during the year	年度內資本開支	108	33	63	9	114	327	442	28	–	–	797

Note: The financials of Hong Kong operations have been restated to conform to the current year's presentation that reflected the organisational restructure during the year. The restructure includes regrouping MPF business from "Others" segment to "Personal banking" segment, regrouping merchant acquiring business from "Personal banking" segment to "Wholesale banking" segment, and combining previous "Centralised operations" segment and "Others" segment into one single "Others" segment under Hong Kong operations.

註：香港業務之財務數據已經重新分類，以符合本年度的呈報方式及反映年內的架構重組。重組包括將強制性公積金業務從「其他」業務分部重組為「個人銀行」業務分部，將商戶收單業務從「個人銀行」業務分部重組為「批發銀行」業務分部，並將原有的「中央營運」和「其他」業務分部合併至香港業務下的單一「其他」業務分部。

(b) Geographical Segments

The information concerning geographical analysis has been classified by the location of the principal operations of the entities and branches of the Bank responsible for reporting the results or booking the assets or, by the location where the subsidiaries or business units with special risks associated with operations originate.

(b) 地區分部

按地區分部之資料是根據負責報告業績或將資產入賬之實體或本行之分行的主要業務所在地點，或按與附屬公司或業務單位之營運有特殊風險關連的所在地點予以劃分。

		2023					
		Hong Kong 香港 HK$ Mn 港幣百萬元	Chinese Mainland 中國內地 HK$ Mn 港幣百萬元	Other Asian Countries and Regions 其他亞洲國家及地區 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Operating income	經營收入	**13,181**	**5,031**	**888**	**1,953**	**(307)**	**20,746**
Profit/(loss) before taxation	除稅前溢利／(虧損)	**3,512**	**83**	**(188)**	**1,903**	**–**	**5,310**
Total assets	資產總額	**537,607**	**234,486**	**48,322**	**84,781**	**(44,835)**	**860,361**
Total liabilities	負債總額	**473,670**	**206,304**	**40,901**	**75,525**	**(44,365)**	**752,035**
Contingent liabilities and commitments	或然負債及承擔	**90,012**	**270,752**	**7,795**	**6,533**	**–**	**375,092**
Capital expenditure during the year	年度內資本開支	**521**	**456**	**20**	**11**	**–**	**1,008**

		2022					
		Hong Kong 香港 HK$ Mn 港幣百萬元	Chinese Mainland 中國內地 HK$ Mn 港幣百萬元	Other Asian Countries and Regions 其他亞洲國家及地區 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Operating income	經營收入	11,081	4,832	770	1,590	(319)	17,954
Profit/(loss) before taxation	除稅前溢利／(虧損)	3,167	(179)	938	1,015	–	4,941
Total assets	資產總額	549,662	248,570	51,427	80,336	(47,170)	882,825
Total liabilities	負債總額	487,253	219,631	43,686	72,621	(46,712)	776,479
Contingent liabilities and commitments	或然負債及承擔	94,745	242,178	8,729	6,749	–	352,401
Capital expenditure during the year	年度內資本開支	327	442	24	4	–	797

23. Cash and Balances with Banks *(Note 47(a)(ii))*
現金及在銀行的結存 *(附註47(a)(ii))*

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cash in hand	現金	**1,417**	1,465
Balances with central banks	在中央銀行的結存	**32,139**	34,496
Balances with other banks	在其他銀行的結存	**12,348**	18,620
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**45,904**	54,581
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(1)**	(2)
		45,903	54,579

24. Placements with and Advances to Banks *(Note 47(a)(ii))*
在銀行的存款及墊款 *(附註47(a)(ii))*

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款		
Maturing	到期期限		
– within one month	一1個月內	**40,885**	52,337
– after one month but within one year	一1個月至1年內	**2,808**	7,867
– after one year	一1年後	**–**	–
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**43,693**	60,204
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(2)**	(1)
		43,691	60,203
Of which:	其中：		
Placements with and advances to central banks	在中央銀行的存款及墊款	**2,142**	495

Notes to the Financial Statements (continued)
財務報表附註 (續)

25. Trade Bills 貿易票據

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Measured at amortised cost	按攤銷成本計量		
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**251**	41
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**–**	–
		251	41
Measured at FVOCI	按通過其他全面收益以反映公平價值計量	**122**	488
		373	529

26. Trading Assets 交易用途資產

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Treasury bills (including Exchange Fund Bills) *(Note 47(a)(ii))*	國庫債券 (包括外匯基金票據) *(附註47(a)(ii))*	**–**	292
Debt securities *(Note 47(a)(ii))*	債務證券 *(附註47(a)(ii))*	**2,764**	983
Equity securities	股份證券	**285**	255
		3,049	1,530

27. Loans and Advances to Customers 客戶貸款及墊款

(a) Loans and Advances to Customers (a) 客戶貸款及墊款

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**532,111**	549,014
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(5,127)**	(6,620)
		526,984	542,394

27. Loans and Advances to Customers (continued) 客戶貸款及墊款(續)

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

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

(b) 客戶貸款及墊款－按行業分類

按行業分類的客戶墊款總額及有抵押墊款的百分比是按照金管局所採用的類別和定義。

		2023		2022	
		Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	－物業發展	**28,590**	**59.39**	36,872	59.19
– Property investment	－物業投資	**50,155**	**92.35**	52,366	92.57
– Financial concerns	－金融企業	**14,171**	**54.48**	14,892	67.56
– Stockbrokers	－股票經紀	**1,218**	**91.77**	708	99.54
– Wholesale and retail trade	－批發與零售業	**5,996**	**53.85**	6,560	56.18
– Manufacturing	－製造業	**3,219**	**39.40**	4,485	29.00
– Transport and transport equipment	－運輸與運輸設備	**4,106**	**50.05**	5,495	42.22
– Recreational activities	－娛樂活動	**108**	**99.41**	347	93.76
– Information technology	－資訊科技	**2,093**	**63.13**	1,438	34.22
– Others	－其他	**20,868**	**54.76**	16,262	49.00
Sub-total	小計	**130,524**	**70.14**	139,425	69.69
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	－購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇貸款	**1,081**	**99.10**	1,200	99.97
– Loans for the purchase of other residential properties	－購買其他住宅物業的貸款	**96,147**	**99.53**	91,944	99.95
– Credit card advances	－信用卡墊款	**4,740**	**0.00**	4,115	0.00
– Others	－其他	**20,555**	**58.71**	24,367	55.23
Sub-total	小計	**122,523**	**88.83**	121,626	87.61
Total loans for use in Hong Kong	在香港使用的貸款總額	**253,047**	**79.19**	261,051	78.07
Trade finance	貿易融資	**5,592**	**32.97**	5,110	38.56
Loans for use outside Hong Kong *(Note)*	在香港以外使用的貸款*(註)*	**273,472**	**35.82**	282,853	35.50
Total advances to customers	客戶墊款總額	**532,111**	**56.41**	549,014	55.75

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

註：在香港以外使用的貸款包括以下在中國內地使用的貸款及在香港及中國內地以外使用的貸款。

Notes to the Financial Statements (continued)
財務報表附註 (續)

		2023		2022	
		Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率
Loans for use in Chinese Mainland	在中國內地使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	–物業發展	**29,598**	**43.16**	38,339	33.92
– Property investment	–物業投資	**7,796**	**67.72**	10,918	76.61
– Financial concerns	–金融企業	**43,746**	**10.19**	43,747	0.79
– Stockbrokers	–股票經紀	**440**	**100.00**	678	100.00
– Wholesale and retail trade	–批發與零售業	**8,509**	**10.42**	9,331	13.91
– Manufacturing	–製造業	**14,255**	**7.35**	13,291	7.76
– Transport and transport equipment	–運輸與運輸設備	**1,921**	**61.89**	2,077	81.44
– Information technology	–資訊科技	**1,194**	**0.74**	1,994	0.27
– Others	–其他	**18,123**	**14.07**	18,709	11.63
Sub-total	小計	**125,582**	**22.80**	139,084	20.56
Individuals	個人				
– Loans for the purchase of other residential properties	–購買其他住宅物業的貸款	**10,398**	**99.96**	13,139	100.00
– Credit card advances	–信用卡墊款	**3,825**	**0.00**	4,962	0.00
– Others	–其他	**18,552**	**3.67**	16,340	3.34
Sub-total	小計	**32,775**	**33.79**	34,441	39.73
Total loans for use in Chinese Mainland	在中國內地使用的貸款總額	**158,357**	**25.08**	173,525	24.37
Loans for use outside Hong Kong and Chinese Mainland	在香港及中國內地以外使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	–物業發展	**8,239**	**50.27**	11,335	56.55
– Property investment	–物業投資	**33,696**	**77.20**	40,054	78.58
– Financial concerns	–金融企業	**14,109**	**73.80**	3,379	41.54
– Wholesale and retail trade	–批發與零售業	**4,808**	**15.39**	4,184	18.43
– Manufacturing	–製造業	**15,032**	**1.41**	13,440	3.69
– Transport and transport equipment	–運輸與運輸設備	**2,693**	**44.13**	3,069	44.94
– Recreational activities	–娛樂活動	**885**	**80.27**	517	94.78
– Information technology	–資訊科技	**4,741**	**3.66**	4,063	8.12
– Others	–其他	**27,536**	**40.97**	25,444	45.35
Sub-total	小計	**111,739**	**49.11**	105,485	51.47
Individuals	個人				
– Loans for the purchase of other residential properties	–購買其他住宅物業的貸款	**3,297**	**99.91**	3,767	100.00
– Credit card advances	–信用卡墊款	**1**	**0.00**	2	0.00
– Others	–其他	**78**	**99.65**	74	87.24
Sub-total	小計	**3,376**	**99.86**	3,843	99.70
Total loans for use outside Hong Kong and Chinese Mainland	在香港及中國內地以外使用的貸款總額	**115,115**	**50.60**	109,328	53.16
Total loans for use outside Hong Kong	在香港以外使用的貸款總額	**273,472**	**35.82**	282,853	35.50

27. Loans and Advances to Customers (continued) 客戶貸款及墊款(續)

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

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

(b) 客戶貸款及墊款－按行業分類(續)

佔客戶墊款總額百分之十或以上的行業中已個別減值的貸款以及其相關資料如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
(i) Property development	(i) 物業發展		
a. Individually impaired loans	a. 已個別減值的貸款	**7,581**	8,114
b. Specific provisions	b. 特殊準備	**2,162**	2,643
c. Collective provisions	c. 整體準備	**404**	502
d. New provision charged to income statement	d. 於收益表支銷的準備	**2,157**	2,949
e. Written off	e. 撇銷	**3,934**	659
(ii) Property investment	(ii) 物業投資		
a. Individually impaired loans	a. 已個別減值的貸款	**4,094**	3,325
b. Specific provisions	b. 特殊準備	**441**	956
c. Collective provisions	c. 整體準備	**67**	286
d. New provision charged to income statement	d. 於收益表支銷的準備	**227**	589
e. Written off	e. 撇銷	**910**	605
(iii) Loans for purchase of residential properties	(iii) 購買其他住宅物業的貸款		
a. Individually impaired loans	a. 已個別減值的貸款	**359**	318
b. Specific provisions	b. 特殊準備	**12**	13
c. Collective provisions	c. 整體準備	**25**	40
d. New provision charged to income statement	d. 於收益表支銷的準備	**17**	34
e. Written off	e. 撇銷	**1**	3
(iv) Financial concerns	(iv) 金融企業		
a. Individually impaired loans	a. 已個別減值的貸款	**640**	43
b. Specific provisions	b. 特殊準備	**50**	27
c. Collective provisions	c. 整體準備	**121**	118
d. New provision charged to income statement	d. 於收益表支銷的準備	**140**	107
e. Written off	e. 撇銷	**45**	–

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

特殊準備指減值信貸風險在合約期內的預期信貸損失(第三階段)準備及整體準備指非減值信貸風險在12個月及合約期內的預期信貸損失(第一階段及第二階段)準備。

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

The information concerning the breakdown of the gross amount of advances to customers by geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk in accordance with the requirements of Banking (Disclosure) Rules. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. The location of a party is determined by its residence which is the economic territory under whose laws the party is incorporated or registered. This requirement is different from the allocation under segment reporting in Note 22 which is prepared in a manner consistent with the way in which information is reported internally to the Group's Senior Management. The specific provisions represent lifetime expected credit loss provisions for credit impaired (Stage 3) exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired (Stage 1 and Stage 2) exposures.

(c) 客戶貸款及墊款－按區域分類

根據《銀行業(披露)規則》，客戶墊款總額按區域的分類是根據交易對手的所在地，並考慮轉移風險因素後得出的。一般而言，有關墊款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。一方的所在地由其居住地決定，而該居住地是該締約方註冊或登記的法律所規定的經濟領土。此要求與附註22分部報告的分配不同，後者的編製方法與內部匯報資料予集團高層管理人員的方法是一致的。特殊準備指減值信貸風險在合約期內的預期信貸損失(第三階段)準備及整體準備指非減值信貸風險12個月及合約期內的預期信貸損失(第一階段及第二階段)準備。

		2023				
		Total advances to customers 客戶墊款總額 HK$ Mn 港幣百萬元	Advances overdue for over three months 逾期3個月以上的墊款 HK$ Mn 港幣百萬元	Impaired advances to customers 減值客戶墊款 HK$ Mn 港幣百萬元	Specific provisions 特殊準備 HK$ Mn 港幣百萬元	Collective provisions 整體準備 HK$ Mn 港幣百萬元
Hong Kong	香港	251,929	2,329	4,863	825	215
Chinese Mainland	中國內地	174,954	5,393	8,567	2,648	1,072
Other Asian Countries and Regions	其他亞洲國家及地區	31,279	61	111	31	121
Others	其他	73,949	297	793	32	183
Total	總額	532,111	8,080	14,334	3,536	1,591
% of total advances to customers	佔客戶墊款總額的百分比			2.69%		

27. Loans and Advances to Customers (continued) 客戶貸款及墊款(續)

(c) Loans and Advances to Customers – by Geographical Areas (continued) (c) 客戶貸款及墊款－按區域分類(續)

		2022				
		Total advances to customers 客戶墊款總額 HK$ Mn 港幣百萬元	Advances overdue for over three months 逾期3個月以上的墊款 HK$ Mn 港幣百萬元	Impaired advances to customers 減值客戶墊款 HK$ Mn 港幣百萬元	Specific provisions 特殊準備 HK$ Mn 港幣百萬元	Collective provisions 整體準備 HK$ Mn 港幣百萬元
Hong Kong	香港	270,332	552	1,924	813	450
Chinese Mainland	中國內地	183,886	4,405	10,824	3,623	1,069
Other Asian Countries and Regions	其他亞洲國家及地區	30,227	48	58	8	109
Others	其他	64,569	–	339	74	474
Total	總額	549,014	5,005	13,145	4,518	2,102
% of total advances to customers	佔客戶墊款總額的百分比			2.39%		

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

減值貸款及墊款是個別出現客觀減值證據而須個別評估的貸款。上述按區域分類的資訊，是根據交易對手的所在地並已考慮轉移風險因素。

(d) Loans and Advances to Customers – Net Investment in Finance Leases

Loans and advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

(d) 客戶貸款及墊款－融資租賃的淨投資額

客戶貸款及墊款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

		2023			2022		
		Present value of the minimum lease payments 最低租賃付款現值 HK$ Mn 港幣百萬元	Interest income relating to future periods 相關未來利息收入 HK$ Mn 港幣百萬元	Total minimum lease payments 最低租賃付款總額 HK$ Mn 港幣百萬元	Present value of the minimum lease payments 最低租賃付款現值 HK$ Mn 港幣百萬元	Interest income relating to future periods 相關未來利息收入 HK$ Mn 港幣百萬元	Total minimum lease payments 最低租賃付款總額 HK$ Mn 港幣百萬元
Amounts receivable:	應收賬款：						
Within one year	1年以內	**165**	**72**	**237**	179	69	248
After one year but within two years	1年以後至2年內	**148**	**64**	**212**	151	62	213
After two years but within three years	2年以後至3年內	**138**	**58**	**196**	141	56	197
After three years but within four years	3年以後至4年內	**130**	**52**	**182**	124	51	175
After four years but within five years	4年以後至5年內	**124**	**47**	**171**	120	48	168
After five years	5年以後	**1,463**	**312**	**1,775**	1,614	336	1,950
		2,168	**605**	**2,773**	2,329	622	2,951
Less: Impairment allowances	減：減值準備	**(12)**			(10)		
Net investment in finance leases	融資租賃的淨投資額	**2,156**			2,319		

The net investment in finance leases is carried on the statement of financial position as loans and advances to customers. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作客戶貸款及墊款在財務狀況表中列賬，未來期間的利息收入並無計算。

28. Investment Securities 投資證券

		2023					
		Treasury bills (including Exchange Fund Bills) 國庫債券 (包括外匯基金票據) HK$ Mn 港幣百萬元	Certificates of deposit held 持有存款證 HK$ Mn 港幣百萬元	Debt securities 債務證券 HK$ Mn 港幣百萬元	Equity securities 股份證券 HK$ Mn 港幣百萬元	Investment funds 投資基金 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Investment securities measured at amortised cost	按攤銷成本計量投資證券						
Gross carrying amount before impairment allowances	未扣除減值準之賬面值總額	2,660	1,103	8,099	–	–	11,862
Less: Impairment allowances	減：減值準備	–	–	(672)	–	–	(672)
		2,660	1,103	7,427	–	–	11,190
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券	27,914	–	124,347	959	–	153,220
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量投資證券	–	–	2,076	–	784	2,860
		30,574	1,103	133,850	959	784	167,270

		2022					
		Treasury bills (including Exchange Fund Bills) 國庫債券 (包括外匯基金票據) HK$ Mn 港幣百萬元	Certificates of deposit held 持有存款證 HK$ Mn 港幣百萬元	Debt securities 債務證券 HK$ Mn 港幣百萬元	Equity securities 股份證券 HK$ Mn 港幣百萬元	Investment funds 投資基金 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Investment securities measured at amortised cost	按攤銷成本計量投資證券						
Gross carrying amount before impairment allowances	未扣除減值準之賬面值總額	2,428	809	11,630	–	–	14,867
Less: Impairment allowances	減：減值準備	–	–	(405)	–	–	(405)
		2,428	809	11,225	–	–	14,462
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券	22,390	–	105,167	839	–	128,396
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量投資證券	–	–	3,270	37	842	4,149
		24,818	809	119,662	876	842	147,007

Equity Securities Designated at FVOCI **指定為通過其他全面收益以反映公平價值的股份證券**

		2023		2022	
		Fair value 公平價值 HK$ Mn 港幣百萬元	Dividend income recognised 已確認股息收入 HK$ Mn 港幣百萬元	Fair value 公平價值 HK$ Mn 港幣百萬元	Dividend income recognised 已確認股息收入 HK$ Mn 港幣百萬元
Equity investments held for long-term strategic purposes	持有作長期策略用途的股份投資	**959**	**34**	839	16

As at 31st December, 2023, equity securities designated at FVOCI amounting to HK$959 million (2022: HK$839 million) were held for long-term strategic purposes, of which HK$809 million (2022: HK$694 million) was attributable to the fair value of the Bank's investment in China UnionPay Co., Ltd. None of these strategic investments was disposed of during 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

於2023年12月31日，持有作長期策略用途之指定為通過其他全面收益以反映公平價值的股份證券金額為港幣9.59億元 (2022年：港幣8.39億元)，其中港幣8.09億元 (2022年：港幣6.94億元) 為本行於中國銀聯股份有限公司之投資的公平價值。在2023及2022年度內沒有出售該等策略投資，亦沒有將該等投資的累計盈利及虧損於股東權益內轉賬。

29. Investments in Subsidiaries 附屬公司投資

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary.

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。此等股份屬普通股份。

Details of these companies are as follows:

此等公司的詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by The Bank 銀行所佔權益	% Held by The Group *(Note 3)* 集團所佔權益 *(註3)*	Nature of business 業務性質
Ample Delight Limited 承悅有限公司	Hong Kong 香港	HK$港幣450,000,000元		100%	Investment holding 投資控股
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK$港幣150,000,000元	100%		Trustee service 信託服務
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Hong Kong 香港	HK$港幣374,580,000元	51%		Asset management 資產管理
BEA Union Investment Management (Shenzhen) Limited *(Note 1)* 東亞聯豐投資管理(深圳)有限公司 *(註1)*	PRC 中華人民共和國	US$7,000,000美元		51%	Asset management/Investment management 資產管理／投資管理
Central Town Limited 滙中興業有限公司	Hong Kong 香港	HK$港幣2元	100%		Property investment 物業投資
Century Able Limited 階潤有限公司	Hong Kong 香港	HK$港幣929,752,849元		100%	Investment holding 投資控股
Corona Light Limited	BVI 英屬處女群島	HK$港幣929,752,849元		100%	Investment holding 投資控股
Credit Gain Finance Company Limited 領達財務有限公司	Hong Kong 香港	HK$港幣640,000,000元	100%		Money lenders 放債人
Crystal Gleaming Limited	BVI 英屬處女群島	HK$港幣929,752,849元	100%		Investment holding 投資控股
Dragon Jade Holdings Company Limited 卓領控股有限公司	Hong Kong 香港	HK$港幣1,127,510,000元	100%		Investment holding 投資控股
East Asia Digital Information Services (Guangdong) Limited *(Note 1)* 東亞數據信息服務(廣東)有限公司 *(註1)*	PRC 中華人民共和國	US$3,000,000美元		100%	Servicing 服務

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by The Bank 銀行所佔權益	% Held by The Group *(Note 3)* 集團所佔權益 *(註3)*	Nature of business 業務性質
East Asia Holding Company, Inc. *(Note 2)*	U.S.A. 美國	US$5美元	100%		Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK$港幣25,000,000元	100%		Securities broking 證券買賣
East Asia Services (Holdings) Limited 東亞服務 (控股) 有限公司	Hong Kong 香港	HK$港幣10,000元	100%		Holding company 控股公司
Skyray Holdings Limited	BVI 英屬處女群島	HK$港幣450,000,000元	100%		Investment holding 投資控股
Speedfull Limited	BVI 英屬處女群島	HK$港幣450,000,000元		100%	Investment holding 投資控股
The Bank of East Asia (China) Limited *(Note 1)* 東亞銀行 (中國) 有限公司 *(附註1)*	PRC 中華人民共和國	CNY人民幣14,160,000,000元	100%		Banking and related financial services 銀行及有關的金融服務

Note:

1. *Represents a wholly foreign owned enterprise registered under the PRC laws.*
2. *Audited by auditors other than KPMG with total net assets and total income constituting approximately 0.6% and less than 0.1% respectively of the related consolidated totals.*
3. *Entities held by the Bank's subsidiaries.*

註：

1. *指根據中華人民共和國法例註冊由外資全資擁有之企業。*
2. *非由畢馬威會計師事務所審核的公司，其財務報表之資產淨總額及收入總額分別佔相關綜合總額的0.6%及低於0.1%。*
3. *實體由銀行之子公司持有。*

30. Investments in Associates and Joint Ventures 聯營公司及合資企業投資

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Share of net assets	應佔淨資產	**9,469**	9,408
Goodwill	商譽	**440**	452
		9,909	9,860
Less: Impairment allowances	減：減值準備	**(1,525)**	(799)
		8,384	9,061

30. Investments in Associates and Joint Ventures (continued) 聯營公司及合資企業投資(續)

The following list contains only the particulars of principal associates and joint ventures.

以下列載只包括本集團的主要聯營公司及合資企業。

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares held by The Group (Note 1) 普通股所佔權益(註1) The Bank 銀行	The Group 集團	Nature of business 業務性質
Associates 聯營公司				
Listed 上市				
AFFIN Bank Berhad	Malaysia 馬來西亞	23.93%		Banking and related financial business 銀行及有關的金融業務
Unlisted 非上市				
Brilliance-BEA Auto Finance Co., Ltd. 華晨東亞汽車金融有限公司	PRC 中華人民共和國		22.5%	Auto finance and other related financial businesses 汽車貸款及其他有關金融業務
Dolford Property Holdings Limited	BVI 英屬處女群島		30%	Property investment 物業投資
East Asia Qianhai Securities Company Limited 東亞前海證券有限責任公司	PRC 中華人民共和國	49%		Securities business 證券業務
GUOTONG Trust Co., Ltd. 國通信託有限責任公司	PRC 中華人民共和國	15.38%		Trust and other financial business 信託及其他金融業務
Industrial and Commercial Bank of China (Canada) 中國工商銀行(加拿大)有限公司	Canada 加拿大	20%		Banking services 銀行服務
Industrial and Commercial Bank of China (USA) N.A. 中國工商銀行(美國)	U.S.A. 美國		20%	Banking services 銀行服務
Million Fortune Development (Shenzhen) Co., Ltd. 寰裕置業(深圳)有限公司	PRC 中華人民共和國		25%	Property development 物業發展
Platinum Holdings Company Limited	Cayman Islands 開曼群島	30%		Investment holding 投資控股
Shanghai Ctrip Financial Information Services Co., Ltd. 上海攜程金融信息服務有限公司	PRC 中華人民共和國		9.6%	Financial services 金融服務

Note:

1. *Entities held by the Bank's subsidiaries.*

註：

1. *實體由銀行之子公司持有。*

At 31st December, 2023, the fair value of the Group's investment in AFFIN Bank Berhad ("AFFIN") based on the quoted market price had been persistently below the carrying amount. As a result, the Group performed an impairment test on the investment using a value-in-use ("VIU") methodology and this demonstrated that the recoverable amount of the investment was HK$3,012 million. The recoverable amount was lower than the carrying value of HK$3,738 million, thus an additional impairment charge of HK$726 million was recognised in 2023 (2022: no impairment charge). The VIU calculation uses discounted cash flow projections based on AFFIN's latest forecast of financial results and estimates made by the Group's management for the next five years and extrapolating in perpetuity using a long-term growth rate of 3% to derive a terminal value. Discount rate of 12.03% (2022: 11.95%), which is based on a Capital Asset Pricing Model calculation for AFFIN, is used in the VIU calculation.

於2023年12月31日，按市場報價的公平價值，本集團對AFFIN Bank Berhad(「AFFIN」)之投資的市值持續低於賬面值。因此，本集團對此項投資透過使用價值計算方法進行減值測試，測試顯示此項投資的可收回金額為港幣30.12億元。由於可收回金額低於港幣37.38億元之賬面值，因此於2023年確認額外港幣7.26億元的減值損失(2022年沒有減值損失)。使用價值計算方法採用了集團管理層基於AFFIN最新的財務業績的預測以及對未來五年的估計的折現現金流量預測，並使用3%長期增長率永久性推算得出終端價值。在價值計算方法中使用基於AFFIN的資本資產定價模型計算得出的12.03%(2022年：11.95%)折現率。

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

下表列出主要假設的合理可能變動對使用價值產生的影響。有關資料反映使用價值對各主要假設本身的敏感度。超過一項有利及／或不利變動有可能同時發生。

			Favourable change 有利變動			Unfavourable change 不利變動	
			Increase in VIU 使用價值增加 HK$ Mn 港幣百萬元	VIU 使用價值 HK$ Mn 港幣百萬元		Decrease in VIU 使用價值減少 HK$ Mn 港幣百萬元	VIU 使用價值 HK$ Mn 港幣百萬元
At 31st December, 2023	於2023年12月31日						
Discount rate	折現率	-50 bps 基點	199	3,211	+50 bps 基點	(177)	2,835
Long-term growth rate	長期增長率	+50 bps 基點	2	3,014	-50 bps 基點	(3)	3,009
Expected cash flows	預計現金流	+10%	302	3,314	-10%	(301)	2,711

30. Investments in Associates and Joint Ventures (continued) 聯營公司及合資企業投資(續)

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Aggregate information of associates and joint ventures that are not individually material	個別不重大聯營公司及合資企業之總和資料		
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	個別不重大聯營公司及合資企業在綜合財務報表之總和賬面值	**8,384**	9,061
Aggregate amounts of the Group's share of those associates and joint ventures	本集團佔該等聯營公司及合資企業之總和金額		
Profit after tax	源自持續營運溢利	**293**	855
Other comprehensive income	其他全面收益	**(217)**	(511)
Total comprehensive income	全面收益總額	**76**	344
Reconciliation of carrying amounts to the Group's total interest in the associates and joint ventures	賬面值與本集團於聯營公司及合資企業的權益對賬		
Carrying amount of material associates and joint ventures	重大聯營公司及合資企業之賬面值	**–**	–
Carrying amount of individually immaterial associates and joint ventures	個別不重大聯營公司及合資企業之賬面值	**8,384**	9,061
Interest in associates and joint ventures in the consolidated financial statements	在綜合財務報表中聯營公司及合資企業權益	**8,384**	9,061

31. Goodwill and Intangible Assets 商譽及無形資產

Goodwill and intangible assets include goodwill arising on business combinations and acquired intangible assets. Acquired intangible assets are amortised over their estimated economic useful life.

商譽及無形資產包括因業務合併產生的商譽及購入無形資產。購入無形資產按其估計經濟使用期攤銷。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Goodwill	商譽	**1,460**	1,460
Acquired intangible assets	購入無形資產	**392**	410
		1,852	1,870

Notes to the Financial Statements (continued)
財務報表附註(續)

(a) Goodwill **(a) 商譽**

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
At 1st January and 31st December	於1月1日及12月31日	**1,460**	1,460

Impairment tests for cash-generating units containing goodwill
Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segments as follows:

包含商譽的現金生產單位之減值測試
本集團按業務分部分配商譽予可辨識的現金生產單位如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Personal banking	個人銀行	**849**	849
Wholesale banking	批發銀行	**453**	453
Treasury markets	財資市場	**158**	158
		1,460	1,460

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流作估計。超過5年期間的現金流按下述的估計利率作推斷。增長率不可超過該現金生產單位所經營業務的長期平均增長率。

The discount rate used for value-in-use calculations is 9.62% (2022: 7.98%) and the long-term growth rate is 3% (2022: 3%).

用於計算使用價值的折扣率為9.62%（2022年：7.98%）及長期增長率為3%（2022年：3%）。

Management determined the budgeted net profit based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the internal forecasts.

管理層根據過往表現及預計市場發展以釐定預算淨溢利。所採用的加權平均增長率與內部預測是一致的。

31. Goodwill and Intangible Assets (continued) 商譽及無形資產(續)

(b) Intangible Assets (other than Goodwill)

Intangible assets consist of building naming rights only. Intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(r)).

Amortisation of intangible assets with finite useful lives is charged to the income statement over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:

Naming rights: Over the shorter of the lease period of building or land

Both the period and method of amortisation are reviewed annually.

(b) 無形資產(商譽除外)

無形資產只包括建築物命名權。無形資產按成本減除累計攤銷及減值損失列賬(附註2(r))。

有限定可用期的無形資產按其估計可用期於收益表內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷:

命名權:按建築物或土地兩者較短的租賃期

每年須檢討其期限及攤銷方法。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cost	成本		
At 1st January	於1月1日	**1,402**	1,404
Exchange adjustments	匯兌調整	**–**	(2)
At 31st December	於12月31日	**1,402**	1,402
Accumulated amortisation	累計攤銷		
At 1st January	於1月1日	**(336)**	(323)
Amortisation charge for the year	年度內攤銷	**(13)**	(13)
Exchange adjustments	匯兌調整	**–**	–
At 31st December	於12月31日	**(349)**	(336)
Impairment allowance	減值準備		
At 1st January	於1月1日	**(656)**	(656)
Charge for the year	年度內支銷	**(5)**	–
Exchange adjustments	匯兌調整	**–**	–
As at 31st December	於12月31日	**(661)**	(656)
Carrying amount at 31st December	於12月31日賬面值	**392**	410

Notes to the Financial Statements (continued)
財務報表附註 (續)

32. Fixed Assets 固定資產

		2023							
		Investment properties 投資物業 HK$ Mn 港幣百萬元	Bank premises 行址 HK$ Mn 港幣百萬元	Furniture, fixtures and equipment 傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Right-of-use assets – Bank premises 使用權資產–行址 HK$ Mn 港幣百萬元	Right-of-use assets – Furniture, fixtures and equipment 使用權資產–傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Cost or valuation	成本或估值								
At 1st January, 2023	於2023年1月1日	5,166	8,064	6,478	14,542	1,304	25	1,329	21,037
Additions	增置	–	13	667	680	326	2	328	1,008
Revaluation deficit	重估虧損	(86)	–	–	–	–	–	–	(86)
Disposals	出售	–	(24)	(191)	(215)	–	–	–	(215)
Revaluation surplus on bank premises upon transfer to investment properties *(Note 42(b))*	行址重估盈餘轉入投資物業 *(附註42(b))*	–	13	–	13	–	–	–	13
Transfer from bank premises to investment properties	由行址轉入投資物業	24	(24)	–	(24)	–	–	–	–
Expiry/termination of lease contracts	到期/終止租賃合約	–	–	–	–	(199)	(4)	(203)	(203)
Less: Elimination of accumulated depreciation on revalued bank premises	減：抵銷行址重估的累計折舊	–	(3)	–	(3)	–	–	–	(3)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	–	(21)	–	(21)	–	–	–	(21)
Exchange adjustments	匯兌調整	1	(87)	(44)	(131)	(3)	–	(3)	(133)
At 31st December, 2023	於2023年12月31日	5,105	7,931	6,910	14,841	1,428	23	1,451	21,397
Accumulated depreciation and impairment	累計折舊及減值								
At 1st January, 2023	於2023年1月1日	–	2,289	4,660	6,949	598	14	612	7,561
Depreciation for the year	年內折舊	–	134	413	547	255	5	260	807
Impairment for the year	年內減值	–	1	–	1	–	–	–	1
Expiry/termination of lease contracts	到期/終止租賃合約	–	–	–	–	(199)	(4)	(203)	(203)
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	–	(3)	–	(3)	–	–	–	(3)
Written off on disposal	出售時撇銷	–	(13)	(174)	(187)	–	–	–	(187)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	–	(8)	–	(8)	–	–	–	(8)
Exchange adjustments	匯兌調整	–	(35)	(26)	(61)	(3)	–	(3)	(64)
At 31st December, 2023	於2023年12月31日	–	2,365	4,873	7,238	651	15	666	7,904
Net book value at 31st December, 2023	賬面淨值 於2023年12月31日	5,105	5,566	2,037	7,603	777	8	785	13,493
The gross amounts of the above assets are stated:	上述資產的總額列示如下：								
At cost	按成本	–	7,183	6,910	14,093	1,428	23	1,451	15,544
At Directors' valuation – 1989	按董事估值–1989年	–	748	–	748	–	–	–	748
At professional valuation – 2023	按專業估值–2023年	5,105	–	–	–	–	–	–	5,105
		5,105	7,931	6,910	14,841	1,428	23	1,451	21,397

32. Fixed Assets (continued) 固定資產(續)

		2022							
		Investment properties 投資物業 HK$ Mn 港幣百萬元	Bank premises 行址 HK$ Mn 港幣百萬元	Furniture, fixtures and equipment 傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Right-of-use assets – Bank premises 使用權資產–行址 HK$ Mn 港幣百萬元	Right-of-use assets – Furniture, fixtures and equipment 使用權資產–傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Cost or valuation	成本或估值								
At 1st January, 2022	於2022年1月1日	4,992	8,529	6,448	14,977	1,507	23	1,530	21,499
Additions	增置	–	82	473	555	238	4	242	797
Revaluation deficit	重估虧損	(179)	–	–	–	–	–	–	(179)
Disposals	出售	–	(209)	(270)	(479)	–	–	–	(479)
Remeasurement	重新計量	–	–	–	–	(15)	–	(15)	(15)
Revaluation surplus on bank premises upon transfer to investment properties *(Note 42(b))*	行址重估盈餘轉入投資物業 *(附註42(b))*	–	354	–	354	–	–	–	354
Transfer from bank premises to investment properties	由行址轉入投資物業	493	(493)	–	(493)	–	–	–	–
Transfer from investment properties to bank premises	由投資物業轉入行址	(139)	139	–	139	–	–	–	–
Expiry/termination of lease contracts	到期/終止租賃合約	–	–	–	–	(367)	(2)	(369)	(369)
Less: Elimination of accumulated depreciation on revalued bank premises	減:抵銷行址重估的累計折舊	–	(35)	–	(35)	–	–	–	(35)
Exchange adjustments	匯兌調整	(1)	(303)	(173)	(476)	(59)	–	(59)	(536)
At 31st December, 2022	於2022年12月31日	5,166	8,064	6,478	14,542	1,304	25	1,329	21,037
Accumulated depreciation and impairment	累計折舊及減值								
At 1st January, 2022	於2022年1月1日	–	2,378	4,584	6,962	682	11	693	7,655
Depreciation for the year	年內折舊	–	139	428	567	290	5	295	862
Expiry/termination of lease contracts	到期/終止租賃合約	–	–	–	–	(350)	(2)	(352)	(352)
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	–	(35)	–	(35)	–	–	–	(35)
Written off on disposal	出售時撇銷	–	(83)	(239)	(322)	–	–	–	(322)
Exchange adjustments	匯兌調整	–	(110)	(113)	(223)	(24)	–	(24)	(247)
At 31st December, 2022	於2022年12月31日	–	2,289	4,660	6,949	598	14	612	7,561
Net book value at 31st December, 2022	賬面淨值 於2022年12月31日	5,166	5,775	1,818	7,593	706	11	717	13,476
The gross amounts of the above assets are stated:	上述資產的總額列示如下:								
At cost	按成本	–	7,316	6,478	13,794	1,304	25	1,329	15,123
At Directors' valuation – 1989	按董事估值 –1989年	–	748	–	748	–	–	–	748
At professional valuation – 2022	按專業估值 –2022年	5,166	–	–	–	–	–	–	5,166
		5,166	8,064	6,478	14,542	1,304	25	1,329	21,037

Fair Value Measurement of Properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

物業公平價值之釐定

(i) 公平價值分級

根據《香港財務報告準則》第十三號*「釐定公平價值」*三級公平價值分級之分類定義，下表列示本集團於報告期期末按重覆發生基準以釐定物業之公平價值。分類予每一分級之公平價值釐定取決於以下所採用的估值模式的參數之可觀察性及重要性：

第一級估值：釐定公平價值只採用第一級參數，即於釐定日在活躍市場相同資產或負債的未經調整報價。

第二級估值：釐定公平價值採用第二級參數，即不符合第一級的可觀察參數，及未採用重要的非可觀察參數。非可觀察參數是指沒有市場資料之參數。

第三級估值：釐定公平價值採用重要的非可觀察參數。

		Fair value at 31st December, 2023 於2023年12月31日之公平價值 HK$ Mn港幣百萬元	Fair value measurements as at 31st December, 2023 categorised into 於2023年12月31日釐定公平價值之分類 Level 1 第一級 HK$ Mn港幣百萬元	Level 2 第二級 HK$ Mn港幣百萬元	Level 3 第三級 HK$ Mn港幣百萬元
Recurring fair value measurement	**重覆發生的公平價值釐定**				
Investment properties	投資物業				
Commercial – Hong Kong	商業–香港	**5,094**	**–**	**–**	**5,094**
Commercial – Others	商業–其他	**11**	**–**	**–**	**11**
		5,105	**–**	**–**	**5,105**

		Fair value at 31st December, 2022 於2022年12月31日之公平價值 HK$ Mn港幣百萬元	Fair value measurements as at 31st December, 2022 categorised into 於2022年12月31日釐定公平價值之分類 Level 1 第一級 HK$ Mn港幣百萬元	Level 2 第二級 HK$ Mn港幣百萬元	Level 3 第三級 HK$ Mn港幣百萬元
Recurring fair value measurement	**重覆發生的公平價值釐定**				
Investment properties	投資物業				
Commercial – Hong Kong	商業–香港	5,154	–	–	5,154
Commercial – Others	商業–其他	12	–	–	12
		5,166	–	–	5,166

32. Fixed Assets (continued) 固定資產(續)

Fair Value Measurement of Properties (continued)

(i) Fair value hierarchy (continued)

During the years ended 31st December, 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued by independent valuers as at 31st December, 2023 and 2022.

Investment properties in Hong Kong were valued at HK$5,094 million (2022: HK$5,154 million) as at 31st December, 2023 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the financial statements as at 31st December, 2023 and it was performed on an open market value basis. Details of valuation techniques are described below:

(ii) Information about Level 3 fair value measurement of properties

	Valuation techniques 估值模式	Unobservable input 不可觀察輸入參數
Investment properties 投資物業	Income capitalisation approach 收入還原法	Expected market rental 預期市場租金
		Capitalisation rate 還原率
	Direct comparison approach 直接比較法	Premium (discount) on quality of the buildings 樓宇質素溢價(折扣)

Investment properties not under construction

The fair value of investment properties is determined by adoption of the Income Capitalisation Approach whereby the existing rental income of all lettable units of the property are capitalised for their respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the valuation date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the valuation date, which in turn capitalised at the market yield as expected by investors for each type of property. Due consideration has been given to expectations of the renewals of Government lease upon its expiry. The summation of the capitalised value of the term income for the leased portion, the capitalised value of the reversion income as appropriately deferred for the leased portion and the capitalised value for the vacant portion provides the market value of the property.

物業公平價值之釐定(續)

(i) 公平價值分級(續)

2023年及2022年12月31日止年度內,沒有第一級和第二級兩者之間的轉移,亦未有第三級的轉入或轉出。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

於2023年及2022年12月31日,所有本集團的投資物業均由獨立估值師估價。

於2023年12月31日,香港投資物業的估值為港幣50.94億元(2022年:港幣51.54億元)。該等物業由獨立估值師—特許測量師第一太平戴維斯估價,其僱員具香港測量師學會會士資歷並對估值物業的所在地及類別有近期經驗。估值是以公開市場價值為基礎,並已計入2023年12月31日之賬項內。估值模式詳述如下:

(ii) 有關第三級釐定公平價值的物業

非正在建築中的投資物業

投資物業的公平價值是按採納收入還原法計算,其方法是將現時物業已出租單位之租金收入按其分別未到期租約條款還原,而空置單位則假設於估價日每一單位可按市值租金租出,再根據投資者預期每一類別物業之市場回報來還原。其中已顧及並預期政府之租約於期限屆滿後可續約。出租部分期間收入之還原值、已適當遞延出租部分之歸還收入的還原值及空置部分之還原值之總和計算出物業的市場價值。

The market rentals of all lettable units are made (a) by reference to the rentals fetched in the property and/or (b) by reference to the lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the market expectation from property investors. This expected return reflects implicitly the quality of the investment, the expectation of the potential for future rental growth and capital appreciation, operating costs, risk factor and the like.

所有已租出單位市場租金之計算是(a)參考由物業賺取的租金及/或(b)參考鄰近所租出之類同物業。採納之還原率是參考分析市場出售交易得出之回報及物業投資者對市場的預期。此預期回報已潛在地反映投資的質素、預期未來租金增長和資本增值的潛力、營運成本、風險因素及其他。

As a supporting approach to the Income Capitalisation Approach, the Direct Comparison Approach is also adopted as a check for the valuation. Comparable sales transactions of similar properties in the locality are collected and analysed each in terms of a price per square footage. The collected comparables are then adjusted to take account of the discrepancies between the property and comparables in terms of time, location, age, building quality and the like.

除收入還原法外，亦採納直接比較法以核實估值。在鄰近可比較類同物業之出售交易會被收集及分析，以計算每一平方呎的價值。已收集之比較資料根據物業及可比較資料的差異，並按時間、位置、樓齡、樓宇質素及其他作調整。

The fair value measurement is positively correlated to the market rental and negatively correlated to the capitalisation rate.

釐定公平價值與市場租金有正面相互關聯及與還原率有負面相互關聯。

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

年內該等第三級公平價值釐定之餘額變動如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Investment properties – Commercial – Hong Kong	投資物業－商業－香港		
At 1st January	於1月1日	**5,154**	4,978
Transfer from bank premises to investment properties	由行址轉入投資物業	**24**	493
Transfer from investment properties to bank premises	由投資物業轉入行址	**–**	(139)
Revaluation deficit	重估虧損	**(84)**	(178)
At 31st December	於12月31日	**5,094**	5,154
Investment properties – Commercial – Others	投資物業－商業－其他		
At 1st January	於1月1日	**12**	14
Revaluation deficit	重估虧損	**(2)**	(1)
Exchange adjustments	匯兌調整	**1**	(1)
At 31st December	於12月31日	**11**	12

Fair value adjustment of investment properties is recognised in the line item "valuation losses on investment properties" on the face of the consolidated income statement.

投資物業的公平價值調整在綜合收益表上之「重估投資物業虧損」項下確認。

All the losses recognised in the income statement for the year arise from the properties held at the end of the reporting period.

所有確認於年度收益表之虧損均源自於報告期期末持有之物業。

32. Fixed Assets (continued) 固定資產(續)

Fair Value Measurement of Properties (continued)

(ii) Information about Level 3 fair value measurement of properties (continued)

The net book value of bank premises and investment properties comprises:

物業公平價值之釐定(續)

(ii) 有關第三級釐定公平價值的物業(續)

行址及投資物業的賬面淨值包括：

		2023		2022	
		Investment properties 投資物業 HK$ Mn 港幣百萬元	Bank premises 行址 HK$ Mn 港幣百萬元	Investment properties 投資物業 HK$ Mn 港幣百萬元	Bank premises 行址 HK$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	**11**	**610**	12	606
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	**3,952**	**1,611**	4,003	1,620
On medium-term lease (10–50 years)	中期租約(10至50年)	**1,142**	**1,113**	1,151	1,163
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	**–**	**12**	–	13
On medium-term lease (10–50 years)	中期租約(10至50年)	**–**	**2,210**	–	2,363
On short-term lease (below 10 years)	短期租約(10年以下)	**–**	**10**	–	10
		5,105	**5,566**	5,166	5,775

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 5 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

本集團以經營租賃形式租出投資物業。租賃年期通常由1年至5年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

Rental income from investment properties held for use under operating leases amounted to HK$129 million in 2023 (2022: HK$133 million).

於年內，以經營租賃形式租出的投資物業之租金收入為港幣1.29億元(2022年：港幣1.33億元)。

The total future minimum lease payments of investment properties under non-cancellable operating leases are receivable as follows:

以不可撤銷經營租賃作出租的投資物業的未來最低應收租賃付款總額如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Within one year	1年以內	**105**	104
After one year but within two years	1年以後至2年內	**55**	38
After two years but within three years	2年以後至3年內	**25**	14
After three years but within four years	3年以後至4年內	**8**	3
After four years but within five years	4年以後至5年內	**5**	–
After five years	5年以後	**6**	–
		204	159

33. Other Assets 其他資產

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Accrued interest	應計利息	**4,200**	3,537
Customer liabilities under acceptances	承兌客戶負債	**26,771**	27,796
Other accounts	其他賬項	**7,776**	8,094
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**38,747**	39,427
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(292)**	(219)
		38,455	39,208
Assets held for sale	持有作出售資產	**15**	27
		38,470	39,235

34. Financial Liabilities Designated at Fair Value through Profit or Loss
指定為通過損益以反映公平價值的金融負債

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	**3,199**	4,545
Deposits from customers *(Note 36)*	客戶存款 *(附註36)*	**199**	–
Certificates of deposits issued	已發行存款證	**9,415**	19,001
Debt securities issued	已發行債務證券	**688**	811
		13,501	24,357

Financial liabilities above have been designated at FVTPL when the Group holds related derivatives at FVTPL, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

當本集團持有指定為通過損益以反映公平價值的相關衍生工具，以上金融負債被指定為通過損益以反映公平價值，而該指定可消除或明顯減少會計錯配的情況。

The amount of change, during the year and cumulatively, in the fair value of financial liabilities designated at FVTPL that is attributable to changes in the credit risk of these liabilities and recognised in other comprehensive income is set out below.

年內及累計結餘，下表列示指定為通過損益以反映公平價值的金融負債的公平價值變動及在其他全面收益表內確認的金額，而該變動是歸屬於該等負債的信貸風險。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Balance at 1st January	於1月1日結餘	**15**	(46)
Recognised in other comprehensive income during the year *(Note 42(h))*	年內在其他全面收益表內確認的金額 *(附註42(h))*	**(13)**	73
Deferred tax *(Note 42(h))*	遞延稅項 *(附註42(h))*	**2**	(12)
Balance at 31st December	於12月31日結餘	**4**	15

There was no transfer of cumulative gain or loss within equity due to de-recognition of liabilities designated at FVTPL during the year (2022: Nil).

年內(2022年：無)並未有指定為通過損益以反映公平價值的負債被終止確認，亦未有將其累計盈利或虧損在股東權益內轉賬。

The change in fair value attributable to changes in credit risk on financial liabilities is calculated using the difference between the fair value of the financial liabilities at the reporting date and the present value computed with adjusted asset swap spread.

計算可歸屬於金融負債信貸風險的公平價值變動是根據於報告日該等金融負債的的公平價值與經調整資產掉期利差之現值後的差額。

The carrying amount of financial liabilities designated at FVTPL was HK$120 million lower than the contractual amount due at maturity (2022: HK$428 million lower).

於2023年，指定為通過損益以反映公平價值金融負債的賬面值較其到期日之合約金額低港幣1.20億元(2022年：低港幣4.28億元)。

Notes to the Financial Statements (continued)
財務報表附註 (續)

35. Income Tax in the Statement of Financial Position 財務狀況表內的所得稅

(a) Current Taxation in the Statement of Financial Position Represents:

(a) 資產負債表內的本年稅項為：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Provision for Hong Kong profits tax for the year	本年度香港利得稅準備	482	486
Provisional profits tax paid	已付暫繳利得稅	(217)	(260)
		265	226
Balance of profits tax provision relating to prior years	以往年度利得稅準備餘額	891	772
Taxation outside Hong Kong	在香港以外稅項	446	254
		1,602	1,252

(b) Deferred Tax Assets and Liabilities Recognised

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

(b) 遞延稅項資產及負債確認

確認於綜合財務狀況表中遞延稅項資產／(負債) 的組成部分及年內之變動如下：

		2023						
Deferred tax arising from: 遞延稅項源自：		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產減值損失 HK$ Mn 港幣百萬元	Revaluation of financial assets at FVOCI 按通過其他全面收益以反映公平價值金融資產重估 HK$ Mn 港幣百萬元	Tax losses 稅損 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1st January, 2023	於2023年1月1日	(354)	(113)	1,904	15	16	155	1,623
(Charged)/credited to income statement *(Note 17(a))*	收益表內 (支銷) ／存入 *(附註17(a))*	(27)	–	2	–	(13)	(41)	(79)
(Charged)/credited to reserves *(Notes 42(b), (g) and (h))*	儲備內 (支銷) ／存入 *(附註42(b)、(g)及(h))*	–	2	–	(134)	–	2	(130)
Exchange and other adjustments	匯兌及其他調整	–	–	(43)	–	–	(3)	(46)
At 31st December, 2023	於2023年12月31日	(381)	(111)	1,863	(119)	3	113	1,368

35. Income Tax in the Statement of Financial Position (continued)
財務狀況表內的所得稅 (續)

(b) Deferred Tax Assets and Liabilities Recognised (continued)
(b) 遞延稅項資產及負債確認 (續)

2022

Deferred tax arising from:	遞延稅項源自：	Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產減值損失 HK$ Mn 港幣百萬元	Revaluation of financial assets at FVOCI 按通過其他全面收益以反映公平價值金融資產重估 HK$ Mn 港幣百萬元	Tax losses 稅損 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1st January, 2022	於2022年1月1日	(339)	(109)	1,515	(282)	303	214	1,302
(Charged)/credited to income statement *(Note 17(a))*	收益表內 (支銷) / 存入 *(附註17(a))*	(15)	–	494	–	(272)	(33)	174
(Charged)/credited to reserves *(Notes 42(b), (g) and (h))*	儲備內 (支銷) / 存入 *(附註42(b)、(g)及(h))*	–	(4)	–	294	–	(12)	278
Reversal due to disposal of subsidiaries	出售附屬公司的轉回	–	–	–	(1)	–	(1)	(2)
Exchange and other adjustments	匯兌及其他調整	–	–	(105)	4	(15)	(13)	(129)
At 31st December, 2022	於2022年12月31日	(354)	(113)	1,904	15	16	155	1,623

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Net deferred tax assets recognised on the statement of financial position	確認於財務狀況表的遞延稅項資產淨額	**1,836**	1,849
Net deferred tax liabilities recognised on the statement of financial position	確認於財務狀況表的遞延稅項負債淨額	**(468)**	(226)
		1,368	1,623

(c) Deferred Tax Assets Not Recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$109 million (2022: HK$101 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣1.09億元 (2022年：港幣1.01億元) 為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Expiring within 5 years	於五年內到期	**47**	41
No expiry date	無到期日	**62**	60
		109	101

36. Deposits from Customers 客戶存款

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Measured at amortised cost	按攤銷成本計量	**628,399**	648,093
Designated at FVTPL *(Note 34)*	指定為通過損益以反映公平價值 *(附註34)*	**199**	–
		628,598	648,093

37. Other Liabilities 其他負債

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Accrued interest payable	應計應付利息	**5,265**	4,155
Acceptance draft payable	應付承兌票據	**26,771**	27,796
Impairment allowances on financial guarantee contracts issued and loan commitments issued *(Note 43(a)(ix))*	已發行的財務擔保及已發行的貸款承擔之減值準備 *(附註43(a)(ix))*	**415**	318
Lease Liabilities	租賃負債	**852**	774
Other accounts *(Note)*	其他賬項 *(註)*	**14,009**	16,756
		47,312	49,799

Note: Include contract liabilities of HK$2,162 million (2022: HK$2,476 million) from contracts with customers under HKFRS 15.

註：包括由《香港財務報告準則》第15號所產生的合約負債港幣21.62億元 (2022年：港幣24.76億元)。

38. Loan Capital 借貸資本

			2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Subordinated notes/Loss absorbing notes, at amortised cost with fair value hedge adjustments		按攤銷成本及經公平價值對沖調整後列賬的後償票據／吸收虧損票據		
USD500 million fixed rate subordinated notes due 22nd April, 2032	(1)	在2032年4月22日到期的定息5億美元後償票據	(1)	**3,750**	3,691
USD600 million fixed rate subordinated notes due 29th May, 2030	(2)	在2030年5月29日到期的定息6億美元後償票據	(2)	**4,727**	4,665
USD250 million fixed rate loss absorbing notes due 7th July, 2028	(3)	在2028年7月7日到期的定息2.5億美元吸收虧損票據	(3)	**1,899**	1,876
USD500 million fixed rate loss absorbing notes due 15th March, 2027	(4)	在2027年3月15日到期的定息5億美元吸收虧損票據	(4)	**3,942**	–
Subordinated notes, at amortised cost without hedging		按攤銷成本列賬及並未對沖的後償票據			
RMB1,500 million fixed rate subordinated notes due 25th April, 2029	(5)	在2029年4月25日到期的定息人民幣15億元後償票據	(5)	**1,649**	1,695
				15,967	11,927

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the years ended 31st December, 2023 and 2022.

截至2023及2022年12月31日止年度內本集團對其所發行之債務證券的本金和利息並無違約或不履行。

(1) Loan capital with face value of US$500 million (equivalent to HK$3,906 million) and carrying amount of HK$3,750 million (2022: HK$3,691 million) represents subordinated notes carrying a coupon rate of 4.875% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 22nd April, 2022 by the Bank. The notes are listed on the Hong Kong Stock Exchange, will mature on 22nd April, 2032 and are callable on 22nd April, 2027. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.6 million loss was recorded in 2023.

(1) 票面值5億美元(相等於港幣39.06億元)及賬面值港幣37.50億元(於2022年12月31日:港幣36.91億元)的借貸資本,是指由本行於2022年4月22日發行年息4.875%,並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市,並將於2032年4月22日到期及可於2027年4月22日贖回。在2023年,因採用公平價值對沖會計法而錄得的無效對沖部分虧損港幣60萬元。

(2) Loan capital with face value of US$600 million (equivalent to HK$4,687 million) and carrying amount of HK$4,727 million (2022: HK$4,665 million) represents subordinated notes carrying a coupon of 4% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 29th May, 2020 by the Bank. The notes are listed on the Hong Kong Stock Exchange, will mature on 29th May, 2030 and are callable on 29th May, 2025. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$17.7 million loss was recorded in 2023.

(2) 票面值6億美元(相等於港幣46.87億元)及賬面值港幣47.27億元(於2022年12月31日:港幣46.65億元)的借貸資本,是指由本行於2020年5月29日發行年息4%,並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市,並將於2030年5月29日到期及可於2025年5月29日贖回。在2023年,因採用公平價值對沖會計法而錄得的無效對沖部分虧損港幣1,770萬元。

(3) Loan capital with face value of US$250 million (equivalent to HK$1,953 million) and carrying amount of HK$1,899 million (2022: HK$1,876 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 5.125% p.a. and meeting the loss-absorbing capacity requirements issued on 7th July, 2022 by the Bank. The notes are listed on the Hong Kong Stock Exchange, will mature on 7th July, 2028 and are callable on 7th July, 2027. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in 2023.

(3) 票面值2.5億美元(相等於港幣19.53億元)及賬面值港幣18.99億元(於2022年12月31日:港幣18.76億元)的借貸資本,是指由本行於2022年7月7日發行年息5.125%,及符合吸收虧損能力之要求的非優先吸收虧損能力票據。該等票據於聯交所上市,並將於2028年7月7日到期及可於2027年7月7日贖回。在2023年,因採用公平價值對沖會計法而錄得的無效對沖部分虧損並不重大。

(4) Loan capital with face value of US$500 million (equivalent to HK$3,906 million) and carrying amount of HK$3,942 million represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.75% p.a. and meeting the loss-absorbing capacity requirements issued on 15th March, 2023 by the Bank. The notes are listed on the Hong Kong Stock Exchange, will mature on 15th March, 2027 and are callable on 15th March, 2026. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$4.8 million loss was recorded in 2023.

(4) 票面值5億美元(相等於港幣39.06億元)及賬面值港幣39.42億元的借貸資本,是指由本行於2023年3月15日發行年息6.75%,及符合吸收虧損能力之要求的非優先吸收虧損能力票據。該等票據於聯交所上市,並將於2027年3月15日到期及可於2026年3月15日贖回。在2023年,因採用公平價值對沖會計法而錄得的無效對沖部分虧損港幣480萬元。

(5) Loan capital with face value of RMB1,500 million (equivalent to HK$1,650 million) and carrying amount of HK$1,649 million (2022: HK$1,695 million) represents subordinated notes carrying a coupon of 4.94% p.a. issued on 25th April, 2019 by the Bank's subsidiary, The Bank of East Asia (China) Limited. The notes will mature on 25th April, 2029 and are callable on 25th April, 2024.

(5) 票面值人民幣15億元(相等於港幣16.50億元)及賬面值港幣16.49億元(於2022年12月31日:港幣16.95億元)的借貸資本,是指由本行附屬公司東亞中國於2019年4月25日發行年息4.94%的後償票據。該等票據將於2029年4月25日到期及可於2024年4月25日贖回。

39. Equity Settled Share-Based Transactions 以股份為基礎作支付的交易

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Director(s) and Co-Chief Executives, of the Group options to subscribe for ordinary shares of the Bank. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under the 2011 Scheme, 2016 Scheme and 2021 Scheme may be exercised beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date. All options were granted for nil consideration.

本行所採納的僱員認股權計劃是董事會可酌情授出認股權予本集團之任何僱員，包括執行董事及聯席行政總裁，以認購本行普通股股份。除有關計劃的規則另有規定外，根據2011計劃、2016計劃及2021計劃所授予的認股權的行使期限為歸屬日開始至歸屬日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of Share Options:

(i) Share options granted in years 2015 to 2022:

(a) 認股權詳情：

(i) 在2015年至2022年所授予的認股權：

Date of grant 授予日期	Tranche 部分	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$ 港幣元
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T2	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017	T1	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018	T1	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018	T2	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018	T3	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019	T1	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019	T2	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019	T3	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020	T1	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020	T2	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020	T3	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58
13/4/2021	T1	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021	T2	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021	T3	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08
12/4/2022	T1	12/4/2022 – 11/4/2023	12/4/2023 – 12/4/2028	12.17
12/4/2022	T2	12/4/2022 – 11/4/2024	12/4/2024 – 12/4/2029	12.17
12/4/2022	T3	12/4/2022 – 11/4/2025	12/4/2025 – 12/4/2030	12.17

(ii) Share options granted in year 2023:

(ii) 在2023年所授予的認股權：

Date of grant 授予日期	Tranche 部分	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$ 港幣元
12/4/2023	T1	12/4/2023 – 11/4/2024	12/4/2024 – 12/4/2029	10.08
12/4/2023	T2	12/4/2023 – 11/4/2025	12/4/2025 – 12/4/2030	10.08
12/4/2023	T3	12/4/2023 – 11/4/2026	12/4/2026 – 12/4/2031	10.08

(b) The Number and Weighted Average Exercise Prices of Share Options are as Follows:

(b) 認股權的數目及加權平均行使價如下：

		2023		2022	
		Weighted average exercise price 加權平均行使價 HK$ 港幣元	Number of options 認股權數目 Million 百萬	Weighted average exercise price 加權平均行使價 HK$ 港幣元	Number of options 認股權數目 Million 百萬
Outstanding at the beginning of the year	年初結餘	**21.08**	**47**	26.57	36
Exercised during the year	年內行使	**–**	**–**	–	–
Granted during the year	年內授予	**10.08**	**12**	12.17	16
Lapsed during the year	年內失效	**30.81**	**(7)**	32.04	(5)
Outstanding at the end of the year	年末結餘	**17.37**	**52**	21.08	47
Exercisable at the end of the year	年末可供行使	**22.36**	**28**	27.24	27

There were no share options exercised during the years 2023 and 2022.

於2023年及2022年並無認股權被行使。

The options outstanding at 31st December, 2023 had an exercise price from HK$10.08 to HK$32.25 (2022: from HK$12.17 to HK$34.15) and a weighted average remaining contractual life of 4.09 years (2022: 3.91 years).

於2023年12月31日，尚未行使認股權的行使價由港幣10.08元至港幣32.25元(2022年：由港幣12.17元至港幣34.15元)，及剩餘合約年期之加權平均數為4.09年(2022年：3.91年)。

39. Equity Settled Share-Based Transactions (continued) 以股份為基礎作支付的交易(續)

(c) Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a trinomial lattice model. The contractual life of the option is used as an input into this model.

(c) 認股權的公平價值及假設

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式。認股權的合約年期為該定價模式的參數。

		2023	2022
Fair value at measurement date	於計量日的公平價值		
– Tranche 1	一部分1	**HK$港幣1.88元**	HK$港幣1.65元
– Tranche 2	一部分2	**HK$港幣1.88元**	HK$港幣1.50元
– Tranche 3	一部分3	**HK$港幣1.80元**	HK$港幣1.30元
Share price at measurement date	於計量日的股價	**HK$港幣10.08元**	HK$港幣12.17元
Exercise price	行使價	**HK$港幣10.08元**	HK$港幣12.17元
Expected volatility	預計波幅	**26.97%**	25.12%
Option life	認股權年期		
– Tranche 1	一部分1	**6 years年**	6 years年
– Tranche 2	一部分2	**7 years年**	7 years年
– Tranche 3	一部分3	**8 years年**	8 years年
Expected dividends	預計股息	**9.64%–12.95%**	16.06%–18.69%
Risk-free interest rate (based on Hong Kong Government Bonds)	無風險利率(根據香港政府債券)	**2.88%**	2.67%–2.69%

The expected volatility is based on the historic volatility and the expected dividends are based on historical dividends prior to grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

預計波幅是根據過往之波幅及按在發行日前過往股息的預計股息。主觀輸入假設的變動可能重大影響公平價值的估計。

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

認股權的授予須符合服務條件。該服務條件並未納入計算於授予日獲得服務的公平價值。授予認股權與市場情況並無關係。

40. Share Capital 股本

		2023		2022	
		No. of shares 股份數目 Million 百萬	HK$ Mn 港幣百萬元	No. of shares 股份數目 Million 百萬	HK$ Mn 港幣百萬元
Ordinary shares, issued and fully paid:	已發行及繳足普通股：				
At 1st January	於1月1日	**2,680**	**41,856**	2,923	41,645
Shares issued in lieu of dividend	以股代息發行的股份	**6**	**59**	19	211
Share repurchased and cancelled	股份回購和註銷	**(36)**	**–**	(262)	–
At 31st December	於12月31日	**2,650**	**41,915**	2,680	41,856

Share Buy-back

In 2023, 35,940,800 shares were repurchased on the Stock Exchange at an aggregate consideration (excluding expenses) of HK$366 million and 35,797,200 shares were cancelled (including 686,200 shares repurchased in 2022), representing 1.34% and 1.34% of the ordinary shares in issue at the beginning of the year, respectively. The remaining 829,800 shares repurchased in 2023 were cancelled on 8th January, 2024.

In 2022, the Bank repurchased 246,510,173 shares of the Bank by share buy-back deed with Elliot Investment Management's affiliate entities at a consideration of HK$2,904 million, and 15,744,800 shares on the Stock Exchange at a consideration of HK$134 million. As at 31st December, 2022, the total number of shares repurchased and cancelled were 262,254,973 and 261,568,773 respectively, representing 8.97% and 8.95% of the ordinary shares in issue at the beginning of the year.

股份回購

在2023年，本行於聯交所以總代價(不包括開支)港幣3.66億元回購35,940,800股股份並註銷35,797,200股股份(其中包括於2022年回購之686,200股股份)，分別佔期初已發行普通股的1.34%和1.34%。2023年回購的剩餘829,800股股份已於2024年1月8日被註銷。

在2022年，本行與Elliot Investment Management之附屬公司通過股份回購協議，回購本行246,510,173股股份，代價為港幣29.04億元，及於聯交所回購15,744,800股股份，代價為港幣1.34億元。截至2022年12月31日止年度，回購及註銷股份總數分別為262,254,973股和261,568,773股，佔該年初已發行普通股的8.97%和8.95%。

40. Share Capital (continued) 股本(續)

Below table shows the details of the shares repurchased and cancelled during 2023.

下表列載2023年已回購和註銷股份之詳情。

Month 月份		Number of shares 股數	Highest price per share 每股的最高價格 HK$ 港幣	Lowest price per share 每股的最低價格 HK$ 港幣	Average price per share 每股的平均價格 HK$ 港幣	Aggregate consideration 總代價 HK$ Mn 港幣百萬元
Share repurchased:	已回購股份：					
On-market share buy-back	*場內股份回購*					
– February 2023	–2023年2月	2,932,400	11.24	10.50	10.86	32
– April 2023	–2023年4月	3,991,200	10.50	9.88	10.16	41
– May 2023	–2023年5月	6,884,000	10.72	9.58	10.18	70
– June 2023	–2023年6月	4,032,600	10.56	9.77	10.17	41
– July 2023	–2023年7月	3,906,800	12.20	10.38	11.28	44
– August 2023	–2023年8月	1,494,400	11.34	10.92	11.14	17
– September 2023	–2023年9月	259,400	11.42	11.18	11.33	3
– October 2023	–2023年10月	4,754,600	10.34	9.23	9.66	46
– November 2023	–2023年11月	4,455,400	9.92	9.01	9.46	42
– December 2023	–2023年12月	3,230,000	9.72	9.09	9.39	30
– Settled	–已結算	2,919,400				27
– Not yet settled at year end	–於年末尚未結算	310,600				3
		35,940,800				366
Share cancelled	已註銷股份	35,797,200				

Staff Share Option Schemes

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible employees. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under 2011 Scheme, 2016 Scheme and 2021 Scheme will be exercisable during the period beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date.

There were no options exercised and shares issued under the Schemes during the years 2023 and 2022.

僱員認股權計劃

根據已核准的僱員認股權計劃(「計劃」)，認股權授予合資格僱員以認購本行的普通股股份。除在有關計劃的規則另有規定外，根據2011計劃、2016計劃及2021計劃所授予的認股權的行使期限則由歸屬日開始至歸屬日的第5周年止。

於2023年和2022年，在該等計劃下並無任何認股權和股份被行使和發行。

41. Additional Equity Instruments 額外股本工具

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Additional Tier 1 Capital Securities	額外一級資本工具		
USD650 million undated non-cumulative subordinated capital securities	(1) 6.5億美元無到期日非累積後償資本證券 (1)	**5,069**	5,069
USD650 million undated non-cumulative subordinated capital securities	(2) 6.5億美元無到期日非累積後償資本證券 (2)	**5,021**	5,021
		10,090	10,090

(1) On 19th September, 2019, the Bank issued Additional Tier 1 capital securities with a face value of US$650 million (equivalent to HK$5,069 million net of related issuance costs). The Additional Tier 1 capital securities are undated non-cumulative subordinated capital securities and bear a 5.875% per annum coupon until the first call date on 19th September, 2024. The coupon will be reset every five years, if the Additional Tier 1 capital securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 4.257% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 capital securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirement.

The first scheduled coupon payment date was 19th March, 2020 and the coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 capital securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 capital securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

The Bank has a call option to redeem all the outstanding Additional Tier 1 capital securities from 19th September, 2024 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

(1) 於2019年9月19日，本行發行面值6.5億美元 (扣除有關發行成本後等值港幣50.69億元) 額外一級資本工具。該額外一級資本工具是無到期日非累積後償資本工具及附帶5.875%年息率，直至2024年9月19日的第一次贖回日。如該額外一級資本工具未被贖回，息率將會每五年按相等於當時五年期美國庫券息率加年息4.257%之固定利率重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本工具將會被撇銷。該額外一級資本工具在發生清盤事件時比普通股有優先權，及符合吸收虧損能力之要求。

第一次既定派息日為2020年3月19日，每半年派發一次。本行可自行決定是否取消支付利息 (受限於發行額外一級資本證券所載規則及條款的要求) 及利息是不可累計。但是，除非下次利息按既定日支付，本行不能宣佈派發股息予普通股股東。

如金管局通知本行並認為本行如不撇銷額外一級資本工具之本金將無法繼續經營，本行將按金管局的指示或與金管局共同協商後得出之金額從額外一級資本工具之本金中撇銷。

由2024年9月19日或以後任何利息支付日，本行可行使認購權以贖回所有額外一級資本工具之結餘，但須受已列載之條款及細則所規限。

41. Additional Equity Instruments (continued) 額外股本工具(續)

(2) On 21st October, 2020, the Bank issued Additional Tier 1 capital securities with a face value of US$650 million (equivalent to HK$5,021 million net of related issuance costs). The Additional Tier 1 capital securities are undated non-cumulative subordinated capital securities and bear a 5.825% per annum coupon until the first call date on 21st October, 2025. The coupon will be reset every five years, if the Additional Tier 1 capital securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 5.527% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 capital securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirement.

The first scheduled coupon payment date was 21st April, 2021 and the coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 capital securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 capital securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

The Bank has a call option to redeem all the outstanding Additional Tier 1 capital securities from 21st October, 2025 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

(2) 於2020年10月21日，本行發行面值6.5億美元(扣除有關發行成本後等值港幣50.21億元)額外一級資本工具。該額外一級資本工具是無到期日非累積後償資本工具及附帶5.825%年息率，直至2025年10月21日的第一次贖回日。如該額外一級資本工具未被贖回，息率將會每五年按相等於當時五年期美國庫券息率加年息5.527%之固定利率重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本工具將會被撇銷。該額外一級資本工具在發生清盤事件時比普通股有優先權，及符合吸收虧損能力之要求。

第一次既定派息日為2021年4月21日，每半年派發一次。本行可自行決定是否取消支付利息(受限於發行額外一級資本工具所載規則及條款的要求)及利息是不可累計。但是，除非下次利息按既定日支付，本行不能宣佈派發股息予普通股股東。

如金管局通知本行並認為本行如不撇銷額外一級資本工具之本金將無法繼續經營，本行將按金管局的指示或與金管局共同協商後得出之金額從額外一級資本工具之本金中撇銷。

由2025年10月21日或以後任何利息支付日，本行可行使認購權以贖回所有資本工具之結餘，但須受已列載之條款及細則所規限。

Notes to the Financial Statements (continued)
財務報表附註 (續)

42. Reserves 儲備

		The Group 集團		The Bank 銀行	
		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
(a) General Reserve	**(a) 一般儲備**				
At 1st January	於1月1日	**13,658**	13,658	**13,472**	13,472
Transferred from property revaluation reserve on disposals	出售後轉自物業重估儲備	**–**	–	**–**	–
At 31st December	於12月31日	**13,658**	13,658	**13,472**	13,472
(b) Revaluation Reserve on Bank Premises	**(b) 行址重估儲備**				
At 1st January	於1月1日	**2,255**	1,905	**1,895**	1,899
Recognition of deferred tax assets/(liabilities) *(Note 35(b))*	確認遞延稅項資產／(負債) *(附註35(b))*	**2**	(4)	**2**	(4)
Revaluation surplus on bank premises transferred to investment properties *(Note 32)*	行址重估盈餘轉入投資物業 *(附註32)*	**13**	354	**13**	–
At 31st December	於12月31日	**2,270**	2,255	**1,910**	1,895
(c) Statutory Reserves	**(c) 法定儲備**				
At 1st January	於1月1日	**5,138**	5,273	**–**	–
Transfer to retained profits	撥入留存溢利	**(2)**	(135)	**–**	–
At 31st December	於12月31日	**5,136**	5,138	**–**	–
(d) Capital Reserve	**(d) 資本儲備**				
At 1st January	於1月1日	**895**	895	**–**	–
Transfer to retained profits	撥入留存溢利	**–**	–	**–**	–
At 31st December	於12月31日	**895**	895	**–**	–
(e) Exchange Revaluation Reserve	**(e) 匯兌重估儲備**				
At 1st January	於1月1日	**(1,822)**	1,058	**(125)**	127
Exchange adjustments	匯兌調整	**(723)**	(2,880)	**223**	(252)
At 31st December	於12月31日	**(2,545)**	(1,822)	**98**	(125)
(f) Capital Reserve – Staff Share Options Issued	**(f) 資本儲備–已發行僱員認股權**				
At 1st January	於1月1日	**150**	152	**150**	152
Forfeited options transferred to retained profits	已註銷認股權轉入留存溢利	**(35)**	(24)	**(35)**	(24)
Additions *(Note 13)*	增加 *(附註13)*	**24**	22	**24**	22
At 31st December	於12月31日	**139**	150	**139**	150

42. Reserves (continued) 儲備(續)

		The Group 集團		The Bank 銀行	
		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
(g)	**Fair Value Reserve** (g) **公平價值儲備**				
	At 1st January 於1月1日	**510**	1,925	**360**	1,763
	Changes in fair value of securities 證券的公平價值變動	**880**	(1,722)	**897**	(1,545)
	Reversal upon disposal 於出售時轉回	**82**	13	**121**	(153)
	Recognition of deferred tax (liabilities)/assets *(Note 35(b))* 確認遞延稅項(負債)/資產 *(附註35(b))*	**(134)**	294	**(148)**	295
	At 31st December 於12月31日	**1,338**	510	**1,230**	360
(h)	**Liability Credit Reserve** (h) **負債信貸儲備**				
	At 1st January 於1月1日	**15**	(46)	**15**	(46)
	Changes in fair value arising from changes in own credit risk *(Note 34)* 自身信貸變動產生的公平價值變動 *(附註34)*	**(13)**	73	**(13)**	73
	Recognition of deferred tax assets/(liabilities) *(Notes 34 and 35(b))* 確認遞延稅項資產/(負債) *(附註34及35(b))*	**2**	(12)	**2**	(12)
	At 31st December 於12月31日	**4**	15	**4**	15
(i)	**Other Reserves** (i) **其他儲備**				
	At 1st January 於1月1日	**(33)**	(82)	**–**	–
	Transfer to retained profits 撥入留存溢利	**–**	(5)	**–**	–
	Share of changes in equity of associates and joint ventures 應佔聯營公司及合資企業權益的變動	**51**	54	**–**	–
	At 31st December 於12月31日	**18**	(33)	**–**	–
(j)	**Retained Profits** (j) **留存溢利**				
	At 1st January 於1月1日	**33,365**	35,395	**26,059**	28,292
	Net profit for the year 年度內溢利	**4,118**	4,359	**4,692**	4,296
	Transfer from capital reserve 撥自資本儲備				
	– staff share options issued –已發行僱員認股權	**35**	24	**35**	24
	Transfer from statutory reserve 撥自法定儲備	**2**	135	**–**	–
	Transfer from other reserves 撥自其他儲備	**–**	5	**–**	–
	Share buy-back 股份回購	**(367)**	(3,051)	**(367)**	(3,051)
	Redemption of Additional Tier 1 capital instruments 贖回額外一級股本工具	**–**	(47)	**–**	(47)
	Distribution/Dividends *(Note 18)* 分派/股息 *(附註18)*				
	– Interim dividend –中期股息	**(957)**	(430)	**(957)**	(430)
	– Second interim dividend in respect of prior years –上年度第二次中期股息	**(455)**	(1,023)	**(455)**	(1,023)
	– Special dividend –特別股息	**–**	(1,294)	**–**	(1,294)
	– Additional Tier 1 capital instruments –額外一級資本工具	**(596)**	(708)	**(596)**	(708)
	At 31st December 於12月31日	**35,145**	33,365	**28,411**	26,059
(k)	**Total Reserves** (k) **儲備總額**	**56,058**	54,131	**45,264**	41,826

General reserve was set up from the transfer of retained earnings and the realised revaluation surplus on disposal of properties.

一般儲備的建立，包括來自留存溢利及出售物業時的已實現重估盈餘。

Revaluation reserve on bank premises and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises and foreign currency translation.

行址及匯兌重估儲備的建立及處理是根據重估行址和外幣折算所採用的會計政策。

Statutory reserves are set up to satisfy the statutory requirements of certain overseas subsidiaries and associates mainly for the purpose of covering unidentified potential losses on risk assets in addition to those recognised under the prevailing accounting requirements in their jurisdictions.

法定儲備是用作滿足若干海外附屬公司及聯營公司之法定要求，主要用途為除按當地現行會計要求下已確認而需額外涵蓋風險資產的不可辨別之可能損失。

Capital reserve represents the capitalisation of subsidiaries', associates' and joint ventures' reserves.

資本儲備指附屬公司、聯營公司及合資企業投資儲備的資本化發行。

Capital reserve – staff share options issued comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Bank recognised in accordance with the accounting policy adopted for share based payment in Note 2(x)(iv).

資本儲備 (已發行僱員認股權) 包括根據已採納有關附註2(x)(iv)所載以股份為基礎作支付的會計政策確認授予本行僱員之實際或估計未行使認股權數目的公平價值。

Fair value reserve comprises the cumulative net change in the fair value of FVOCI securities held until the securities are derecognised and is dealt with in accordance with the accounting policies in Note 2(h).

公平價值儲備包括持有按通過其他全面收益以反映公平價值證券直至證券被終止確認的累計公平價值變動淨額，有關處理的會計政策已詳載於附註2(h)。

Liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated at FVTPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss.

負債信貸儲備包括指定為通過損益以反映公平價值金融負債的累計公平價值變動，而有關於該等負債引致的信貸風險變動並非在收益表內確認。

Other reserves represent share of changes in equity of associates in respect of investment revaluation reserve and revaluation reserve of bank premises.

其他儲備包括應佔聯營公司權益之投資重估儲備及重估行址儲備的變動。

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 31st December, 2023, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Bank to shareholders by HK$2,138 million (2022: HK$1,742 million).

為符合香港《銀行業條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款及投資減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2023年12月31日，該要求的影響是要限制本行可派發予本集團股東的儲備，金額為港幣21.38億元 (2022年：港幣17.42億元)。

At 31st December, 2023, the aggregate amount of reserves available for distribution to equity holders of the Bank was HK$37,462 million (2022: HK$34,698 million). After the end of the reporting period the directors declared a second interim dividend of HK$0.18 per ordinary share (2022: HK$0.17 per share), amounting to HK$477 million (2022: HK$456 million). The dividend has not been recognised as a liability at the end of the reporting period.

於2023年12月31日，可派發予本行股東的儲備總額為港幣374.62億元 (2022年：港幣346.98億元)。在報告期期末後董事宣布派發第二次中期股息每股普通股港幣0.18元 (2022年：每股港幣0.17元)，總額達港幣4.77億元 (2022年：港幣4.56億元)。於報告期期末並未確認該等股息為負債。

43. Principal Risk Management 主要風險管理

This section presents information on the Group's management of principal risks.

本部分載述有關本集團主要風險管理的資料。

The Group has established a risk governance and management framework in line with the requirements set out by the HKMA and other regulators. This framework is built around a structure that enables the Board and Senior Management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. These responsibilities include defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring, and remedy of risks.

根據金管局及其他監管機構的規定，本集團已建立風險管治及管理架構。該架構讓董事會及高層管理人員能夠以適當授權和制衡方式履行其與風險管理相關的職責。此等職責包括根據本集團的業務策略及目標設定風險偏好、制定風險政策以管理上述策略的執行，並設立風險審批、控制、監控及補救的程序及限額。

The Risk Committee stands at the highest level of the Group's risk governance structure under the Board. It consists of five independent non-executive directors and two non-executive directors and is chaired by one of the independent non-executive directors. The Risk Committee provides direct oversight over the formulation of the Group's risk appetite, and sets the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

風險委員會為本集團僅次於董事會的最高風險管治機構，成員包括五名獨立非執行董事及兩名非執行董事，並由其中一名獨立非執行董事擔任主席。風險委員會直接監督本集團風險偏好的制定，並因應本集團的財務能力、策略性指引、當前市場情況及監管要求設定可承擔的風險水平。

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that Senior Management adopt to execute their business functions. Through the Group's management committees, including Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee – and with overall co-ordination by the Risk Management Division – the Risk Committee regularly reviews the Group's risk management framework and ensures that all important risk-related tasks are performed according to established policies with appropriate resources.

風險委員會亦確保本集團的風險偏好獲反映於政策及程序上，讓高層管理人員加以採用，以行使其業務職能。透過本集團的各個管理委員會，包括危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會，並在風險管理處的整體協調下，風險委員會定期檢討本集團的風險管理架構，確保所有與風險相關的重要任務是根據現有政策及運用適當資源執行。

The Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee comprise the Senior Management, the Group Chief Risk Officer and where appropriate senior executives from relevant areas.

危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會由高層管理人員、集團風險總監及(在適當情況下)其他有關方面的高級行政人員組成。

The Group has implemented an Enterprise Risk Management framework to identify and manage potential risks in a holistic and effective manner. The ERM framework assists the Group to achieve this, and reinforces the "Three Lines of Defence" risk management model.

本集團已推行企業風險管理架構,旨在全面有效地識別及管理潛在風險。企業風險管理架構協助本集團達到這目標,以及鞏固「三道防線」風險管理模式。

The Group has adopted the "Three Lines of Defence" risk management structure to ensure that roles and responsibilities in regard to risk management within the Group are clearly defined. The "Three Lines of Defence" model is summarised as follows:

為確保本集團內與風險管理有關的角色與責任能明確分工,本集團已採納「三道防線」風險管理框架。「三道防線」模式概述如下:

- The first line of defence comprises the Risk Owners, who are heads of business units or supporting units of the Bank Group, together with staff under their management. They are primarily responsible for the day-to-day risk management of their units, including establishing and executing specific risk control mechanisms and detailed procedures.

- 第一道防線為「風險負責人」,由本集團各業務或後勤單位主管,連同其屬下職員組成,主要負責其業務單位的日常風險管理,包括特定風險管理機制及具體程序的設立及執行。

- The second line of defence consists of the Risk Controllers who are designated staff responsible for setting out a risk management governance framework, monitoring risks independently and supporting the management committees in their oversight of risk management for the Bank Group.

- 第二道防線為「風險監控人」,由指定的職員組成,負責為本集團制定風險管理管治架構、獨立監控風險及輔助各管理委員會對本銀行集團風險管理的監督。

- The third line of defence is the Internal Audit Division, which is responsible for providing assurance as to the effectiveness of the Group's risk management framework, including risk governance arrangements.

- 第三道防線為稽核處,負責為本集團風險管理架構(包括風險管治安排)的有效性提供保證。

The Group Chief Risk Officer co-ordinates all risk management-related matters of the Group, works closely with the Risk Controllers on the formulation of risk management policies and exercises risk oversight at the Group level through a functional working relationship with all Risk Controllers and Risk Owners.

集團風險總監協調本集團所有與風險管理相關的事務,與各風險監控人就風險管理政策的制定作出緊密協作,並透過與所有風險監控人及風險負責人的職能工作關係,在集團層面監督風險。

The Group faces a variety of risks that could affect its franchise, operations, and financial conditions. Under the ERM framework, the principal risks comprise credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk, and technology risk.

本集團面臨可能影響其品牌、營運及財務狀況的各類風險。在企業風險管理架構下,主要風險包括信貸風險、利率風險、市場風險、流動性風險、營運風險、聲譽風險、策略性風險、法律風險、合規風險及科技風險。

43. Principal Risk Management (continued) 主要風險管理(續)

The Group has formulated policies to identify, measure, monitor, control, and report on the various types of risk and, where appropriate, to allocate adequate capital to cover those risks. The Group's major risk management policies and control limits are approved by the Board and are reviewed and enhanced on a regular basis to cater for market changes, statutory requirements, and best practice in risk management processes. The Board has delegated the responsibility for ongoing risk management to the Risk Committee and the management committees. Significant risk management-related issues must be reported to the Board, which oversees risk management, through the Risk Committee. Moreover, on a daily basis, the Group Chief Risk Officer is responsible for overseeing the Group's risk management issues, which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources.

本集團已制定政策,以識別、衡量、監察、控制及匯報各類風險,並於適當的情況下調配資本以抵禦該等風險。本集團的主要風險管理政策及控制限額由董事會批准,並定期予以檢討及改善,以配合市場轉變、法定要求,以及達致風險管理程序的最佳做法。董事會已將持續管理風險的責任授予風險委員會及相關的管理委員會。與重要風險管理相關的事項須經由風險委員會上報至監督風險管理的董事會。此外,集團風險總監的日常職責為監督與集團風險管理相關的事項,包括但不限於風險管理基礎架構及策略、風險偏好、風險管治文化及有關資源。

Stress testing is an integral part of the Group's risk management. The Group regularly performs stress tests on the principal risks, where appropriate, to assess the potential impact of stressed business conditions (including hypothetical situations such as a significant economic downturn in Chinese Mainland and Hong Kong) on the Group's financial positions, in particular, capital adequacy, profitability, and liquidity. Whenever necessary, a prompt management response will be developed and executed to mitigate potential impacts.

壓力測試為本集團風險管理的重要部分。本集團在適當情況下定期對相關的主要風險進行壓力測試,評估受壓營商環境(包括中國內地及香港出現嚴重經濟下滑等假設情景)對本集團的財務狀況,尤其是資本充足性、盈利能力及流動性的潛在影響。有需要時,管理層亦會及時制定並執行應對措施以減低潛在影響。

(a) Credit Risk Management

Credit risk is the risk of loss arising from a borrower or counterparty failing to meet its obligations.

(a) 信貸風險管理

信貸風險是指因借款人或交易對手未能履行其責任而導致損失的風險。

The Credit Committee is responsible for managing all credit risk-related issues of the Group, while the Credit Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to credit risk. The Group identifies and manages credit risk by defining the target market segment, formulating appropriate credit policies, and carrying out credit assessment and monitoring of asset quality. Credit risk control limits are set for different levels. Risk, return, and market situation are considered when setting all limits. Active limit monitoring is undertaken.

信貸委員會負責管理所有與本集團信貸風險有關的事項,而本集團風險管理處轄下的信貸風險管理部則負責監察與信貸風險有關的活動。本集團透過設定目標市場、制定適當的信貸政策、進行信貸評核,以及監控資產質素,來識別和管理信貸風險。信貸風險控制限額設有不同層次。釐定所有限額時會考慮風險、回報及市場情況,並且採用積極限額監控程序。

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

在評估與個別客戶或交易對手相關的信貸風險時,其財政實力以及還款能力是主要的考慮因素。此外,客戶或交易對手所提供的抵押品亦有助減低信貸風險。

The Group has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit underwriting criteria, credit monitoring processes, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practice in risk management processes.

本集團已制定多項政策、程序及評級系統,以識別、衡量、監察、控制及匯報信貸風險。在此方面,本集團已將信貸風險管理指引詳列於集團的信貸風險管理手冊內,對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收程序及撥備政策訂下規定。本集團持續檢討和改善該等指引,以配合市場轉變及有關法定要求,及達致風險管理程序的最佳做法。

The Group's credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and financial institutions credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that incorporate different risk factors (e.g. region of operation, corporate size) and are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are adopted. To monitor credit concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of the internal rating system and formulation of credit policies are primarily based on customers' background, credit behaviours and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit risk of treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate and financial institutions credit risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

(iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及金融機構信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定不同的內部評級系統(例如經營地區、企業規模)以適用於所有交易對手。專門性借貸的風險承擔則採用監管分類準則。為監控信貸集中的風險，本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

本集團持續進行多個層次的信貸分析和監控。有關政策旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括客戶背景、信貸行為和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

(iii) 財資交易的信貸風險

本集團採用企業及金融機構信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請、組合保存和抵押要求。

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(v) Concentrations of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's credit portfolio is diversified along geographic, industry and product sectors. For analysis of loans and advances to customers by industry sectors and geographical areas, please refer to Notes 27(b) and 27(c) respectively.

The Group monitors its credit concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(vi) Maximum exposure

The maximum exposure to credit risk at the end of the reporting period without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

(a) 信貸風險管理(續)

(v) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地區、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的信貸組合分散覆蓋不同地區、行業和產品。有關按行業分類及區域分類的客戶貸款及墊款，請分別參閱附註27(b)及27(c)。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

(vi) 最高風險

於報告期結束日並未計算任何抵押品或其他信貸提升的最高信貸風險，即指每一項已減除任何減值準備的金融資產在財務狀況表的賬面值。最高風險摘要如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cash and balances with banks	現金及在銀行的結存	**44,486**	53,114
Placements with and advances to banks	在銀行的存款及墊款	**43,691**	60,203
Trade bills	貿易票據	**373**	529
Trading assets	交易用途資產	**2,764**	1,275
Derivative assets	衍生工具資產	**9,056**	11,092
Loans and advances to customers	客戶貸款及墊款	**526,984**	542,394
Investment securities	投資證券	**165,527**	145,289
Other assets	其他資產	**38,218**	38,974
Financial guarantees contracts	財務擔保合約	**13,570**	14,032
Loan commitments	貸款承擔	**360,382**	338,673
		1,205,051	1,205,575

(vii) Credit quality analysis

Credit quality of loans and advances

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

(vii) 信貸質素分析

貸款及墊款的信貸質素

下表載列貸款及墊款的信貸質素分析。除特別指明者外，表格內的金額為賬面值總額。

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Loans and advances to customers at amortised cost	按攤銷成本計量的客戶貸款及墊款								
– Grades 1–15: Pass	–1–15級：合格	493,730	1,748	14,060	50	–	–	507,790	1,798
– Grades 16–17: Special Mention	–16–17級：需要關注	–	–	9,987	55	–	–	9,987	55
– Grade 18: Substandard	–18級：次級	–	–	–	–	6,711	120	6,711	120
– Grade 19: Doubtful	–19級：呆滯	–	–	–	–	1,918	99	1,918	99
– Grade 20: Loss	–20級：虧損	–	–	–	–	5,705	230	5,705	230
Total gross carrying amount	賬面值總額	493,730	1,748	24,047	105	14,334	449	532,111	2,302
Impairment allowances	減值準備	(900)	(4)	(691)	(7)	(3,536)	(163)	(5,127)	(174)
Carrying amount	賬面值	492,830	1,744	23,356	98	10,798	286	526,984	2,128
Market value of collateral held against impaired loans and advances to customers	減值客戶貸款及墊款抵押品市值					7,041			

43. Principal Risk Management (continued) 主要風險管理 (續)

(a) Credit Risk Management (continued) (a) 信貸風險管理 (續)

(vii) Credit quality analysis (continued) (vii) 信貸質素分析 (續)

***Credit quality of loans and advances** (continued)* ***貸款及墊款的信貸質素** (續)*

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Loans and advances to customers at amortised cost	按攤銷成本計量的客戶貸款及墊款								
– Grades 1–15: Pass	–1–15級：合格	508,308	1,534	11,543	51	–	–	519,851	1,585
– Grades 16–17: Special Mention	–16–17級：需要關注	–	–	16,018	95	–	–	16,018	95
– Grade 18: Substandard	–18級：次級	–	–	–	–	9,498	96	9,498	96
– Grade 19: Doubtful	–19級：呆滯	–	–	–	–	2,756	97	2,756	97
– Grade 20: Loss	–20級：虧損	–	–	–	–	891	30	891	30
Total gross carrying amount	賬面值總額	508,308	1,534	27,561	146	13,145	223	549,014	1,903
Impairment allowances	減值準備	(1,084)	(5)	(1,018)	(8)	(4,518)	(123)	(6,620)	(136)
Carrying amount	賬面值	507,224	1,529	26,543	138	8,627	100	542,394	1,767
Market value of collateral held against impaired loans and advances to customers	減值客戶貸款及墊款抵押品市值					5,901			

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

抵押品包括任何具公平價值及可隨時出售的有形抵押品。這些抵押品包括 (但不限於) 現金及存款、股票及債券、物業按揭及其他固定資產如器材及設備之押記。倘抵押品價值高於客戶貸款及墊款總額，則只計入最高達貸款及墊款總額的抵押品金額。

Credit quality of financial assets other than loans and advances

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

除貸款及墊款外的金融資產的信貸質素

下表載列除貸款及墊款外並按攤銷成本及按通過其他全面收益以反映公平價值計量的債務工具的信貸分析。除特別指明者外，就金融資產而言，表格內的金額為賬面值總額／公平價值。就貸款承擔及財務擔保合約而言，表格內的金額分別為所承擔或擔保的金額。

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at amortised cost	按攤銷成本計量的貿易票據								
– Grades 1–15: Pass	–1–15級：合格	250	–	1	–	–	–	251	–
Total gross carrying amount	賬面值總額	250	–	1	–	–	–	251	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–
Carrying amount	賬面值	250	–	1	–	–	–	251	–

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at amortised cost	按攤銷成本計量的貿易票據								
– Grades 1–15: Pass	–1–15級：合格	41	–	–	–	–	–	41	–
Total gross carrying amount	賬面值總額	41	–	–	–	–	–	41	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–
Carrying amount	賬面值	41	–	–	–	–	–	41	–

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理(續)

(vii) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at FVOCI	按通過其他全面收益以反映公平價值計量的貿易票據								
– Grades 1–15: Pass	–1–15級：合格	122	–	–	–	–	–	122	–
Total carrying amount at fair value	賬面值總額–按公平價值	122	–	–	–	–	–	122	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at FVOCI	按通過其他全面收益以反映公平價值計量的貿易票據								
– Grades 1–15: Pass	–1–15級：合格	480	–	8	–	–	–	488	–
Total carrying amount at fair value	賬面值總額–按公平價值	480	–	8	–	–	–	488	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–

Notes to the Financial Statements (continued)
財務報表附註 (續)

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款								
– Grades 1–15: Pass	–1–15級：合格	43,693	164	–	–	–	–	43,693	164
Total gross carrying amount	賬面值總額	43,693	164	–	–	–	–	43,693	164
Impairment allowances	減值準備	(2)	–	–	–	–	–	(2)	–
Carrying amount	賬面值	43,691	164	–	–	–	–	43,691	164

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款								
– Grades 1–15: Pass	–1–15級：合格	60,204	122	–	–	–	–	60,204	122
Total gross carrying amount	賬面值總額	60,204	122	–	–	–	–	60,204	122
Impairment allowances	減值準備	(1)	–	–	–	–	–	(1)	–
Carrying amount	賬面值	60,203	122	–	–	–	–	60,203	122

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理(續)

(vii) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loan commitments	**貸款承擔**				
– Grades 1–15: Pass	–1–15級:合格	355,118	4,843	–	359,961
– Grades 16–17: Special Mention	–16–17級:需要關注	–	522	–	522
Total	總額	355,118	5,365	–	360,483
Impairment allowances	減值準備	(90)	(11)	–	(101)
Financial guarantee contracts	**財務擔保合約**				
– Grades 1–15: Pass	–1–15級:合格	13,110	8	–	13,118
– Grades 16–17: Special Mention	–16–17級:需要關注	–	136	–	136
– Grade 18: Substandard	–18級:次級	–	–	630	630
Total	總額	13,110	144	630	13,884
Impairment allowances	減值準備	(22)	(11)	(281)	(314)

		2022			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loan commitments	**貸款承擔**				
– Grades 1–15: Pass	–1–15級:合格	334,520	3,906	–	338,426
– Grades 16–17: Special Mention	–16–17級:需要關注	–	373	–	373
Total	總額	334,520	4,279	–	338,799
Impairment allowances	減值準備	(107)	(19)	–	(126)
Financial guarantee contracts	**財務擔保合約**				
– Grades 1–15: Pass	–1–15級:合格	12,476	1,058	–	13,534
– Grades 16–17: Special Mention	–16–17級:需要關注	–	28	–	28
– Grade 18: Substandard	–18級:次級	–	–	662	662
Total	總額	12,476	1,086	662	14,224
Impairment allowances	減值準備	(14)	(4)	(174)	(192)

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

資金交易的信貸風險管理方法，與本集團管理其企業及銀行借貸的方法一致及風險級別是適用於設有個別對手限額的對手。

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

於報告期結束日，按照外部信貸評級機構，穆迪投資服務，或相同等級的評級機構，所指定之債務證券投資的信貸質素分析如下：

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at amortised cost	按攤銷成本計量的債務投資證券								
Aaa	Aaa	–	–	–	–	–	–	–	–
Aa1 to Aa3	Aa1至Aa3	3,252	2	–	–	–	–	3,252	2
A1 to A3	A1至A3	2,244	49	–	–	–	–	2,244	49
Baa1 to Baa3	Baa1至Baa3	1,886	8	–	–	–	–	1,886	8
Below Baa3	Baa3以下	650	6	172	1	682	29	1,504	36
Unrated	無評級	2,395	27	207	6	374	16	2,976	49
Total gross carrying amount	賬面值總額	10,427	92	379	7	1,056	45	11,862	144
Impairment allowances	減值準備	(19)	–	(8)	–	(645)	(45)	(672)	(45)
Carrying amount	賬面值	10,408	92	371	7	411	–	11,190	99

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理(續)

(vii) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at amortised cost	按攤銷成本計量的債務投資證券								
Aaa	Aaa	–	–	–	–	–	–	–	–
Aa1 to Aa3	Aa1至Aa3	3,210	1	–	–	–	–	3,210	1
A1 to A3	A1至A3	4,068	72	–	–	–	–	4,068	72
Baa1 to Baa3	Baa1至Baa3	2,248	18	–	–	–	–	2,248	18
Below Baa3	Baa3以下	538	7	405	4	193	2	1,136	13
Unrated	無評級	3,584	48	368	8	253	5	4,205	61
Total gross carrying amount	賬面值總額	13,648	146	773	12	446	7	14,867	165
Impairment allowances	減值準備	(66)	(1)	(98)	(2)	(241)	(7)	(405)	(10)
Carrying amount	賬面值	13,582	145	675	10	205	–	14,462	155

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的債務投資證券								
Aaa	Aaa	9,057	3	–	–	–	–	9,057	3
Aa1 to Aa3	Aa1至Aa3	30,720	131	–	–	–	–	30,720	131
A1 to A3	A1至A3	66,383	848	–	–	–	–	66,383	848
Baa1 to Baa3	Baa1至Baa3	42,922	473	–	–	–	–	42,922	473
Below Baa3	Baa3以下	76	–	315	3	14	4	405	7
Unrated	無評級	2,243	43	531	9	–	–	2,774	52
Total carrying amount at fair value	賬面值總額–按公平價值	151,401	1,498	846	12	14	4	152,261	1,514
where impairment allowances included	包括減值準備	(98)	(1)	(14)	–	(48)	(4)	(160)	(5)

43. Principal Risk Management (continued) 主要風險管理 (續)

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理 (續)

(vii) 信貸質素分析 (續)

除貸款及墊款外的金融資產的信貸質素 (續)

		2022							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的債務投資證券								
Aaa	Aaa	7,305	10	–	–	–	–	7,305	10
Aa1 to Aa3	Aa1至Aa3	21,855	37	–	–	–	–	21,855	37
A1 to A3	A1至A3	56,412	798	–	–	–	–	56,412	798
Baa1 to Baa3	Baa1至Baa3	37,906	419	803	9	–	–	38,709	428
Below Baa3	Baa3以下	233	2	228	3	–	–	461	5
Unrated	無評級	2,815	37	–	–	–	–	2,815	37
Total carrying amount at fair value	賬面值總額–按公平價值	126,526	1,303	1,031	12	–	–	127,557	1,315
where impairment allowances included	包括減值準備	(214)	(2)	(41)	–	–	–	(255)	(2)

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

下表載列按通過損益以反映公平價值計量的非交易用途債務投資證券的信貸分析。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Non-trading debt investment securities measured at FVTPL	**按通過損益以反映公平價值計量的非交易用途債務投資證券**		
Aaa	Aaa	–	–
Aa1 to Aa3	Aa1至Aa3	–	–
A1 to A3	A1至A3	–	192
Baa1 to Baa3	Baa1至Baa3	**2,076**	2,963
Below Baa3	Baa3以下	–	–
Unrated	無評級	–	115
Total carrying amount at fair value	賬面值總額－按公平價值	**2,076**	3,270

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

下表載列作交易用途債務投資證券的信貸分析。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Trading debt investment securities measured at FVTPL	**按通過損益以反映公平價值計量的交易用途債務投資證券**		
Aaa	Aaa	–	–
Aa1 to Aa3	Aa1至Aa3	–	99
A1 to A3	A1至A3	**2,764**	1,176
Baa1 to Baa3	Baa1至Baa3	–	–
Below Baa3	Baa3以下	–	–
Unrated	無評級	–	–
Total carrying amount at fair value	賬面值總額－按公平價值	**2,764**	1,275

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

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

(a) 信貸風險管理(續)

(vii) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

下表載列由衍生工具資產交易所產生之對手信貸質素分析如下。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Derivative assets	**衍生工具資產**		
Aa1 to Aa3	Aa1至Aa3	**6,438**	8,317
A1 to A3	A1至A3	**989**	1,183
Baa1 to Baa3	Baa1至Baa3	**698**	612
Below Baa3	Baa3以下	**–**	–
Unrated	無評級	**931**	980
Total carrying amount at fair value	賬面值總額－按公平價值	**9,056**	11,092

Cash and balances with banks

At 31st December, 2023, the Group held cash and balances with banks of HK$45,904 million (2022: HK$54,581 million), of which 96% (2022: 97%) of cash and balances with banks counterparties that are rated at investment grade, based on Moody's Investors Service, or equivalent ratings.

現金及在銀行的結存

於2023年12月31日，本集團持有現金及在銀行的結存為港幣459.04億元(2022年：港幣545.81億元)。基於穆迪投資服務或相當的評級，其中96%(2022年：97%)的現金及在銀行交易對手的結存評級為投資評級。

(viii) Details of key areas in measurement of ECLs

The Group adopts a forward-looking "expected credit loss" model for measuring and recognising impairment loss to meet the requirement of HKFRS 9.

The impairment requirements of HKFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an asset has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

The key inputs into the measurement of ECL are Probability of default (PD); Loss given default (LGD); and Exposure at default (EAD).

(viii) 「預期信貸損失」估算中主要之處的詳述

本集團採納一套具前瞻性的「預期信貸損失」模型以估算和確認《香港財務報告準則》第9號要求的減值。

《香港財務報告準則》第9號的減值規定具複雜性並需要管理層作出判斷、估算及假設，特別是在以下將會詳述之處：

- 評估金融資產的信貸風險會否較初始承擔時明顯增加；及
- 整合前瞻性資料以作估算預期信貸損失。

「預期信貸損失」估算的關鍵輸入是違責或然率(PD)、違責損失率(LGD)及違責風險承擔(EAD)。

The Group has established a framework to determine whether the credit risk on a particular financial asset has increased significantly since initial recognition (see Note 2(h)(vii)). The framework aligns with the Group's internal credit risk management process.

本集團已建立機制以確定某一金融資產的信貸風險是否較初始承擔時明顯增加 (詳見附註2(h)(vii))。此機制與本集團的內部信貸風險管理程序吻合。

Credit risk grades

For majority of the Group's portfolios, the Group assigns each exposure to a credit risk grade that is determined according to the predicted level of the risk of default. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

信用風險等級

對於本集團大多數信貸組合，本集團為每一個信貸風險承擔根據違約風險的預測而配定一個信貸風險評級。信用風險等級使用表明違約風險的定性和定量因素來定義。這些因素取決於風險承擔的性質和借款人的類型。

The table below provides the 12-month Probability of default ("PD") range for each credit risk grade of retail and non-retail portfolios. The table also provides an indicative mapping of how the Group's internal credit risk grades relate to PD and, for the non-retail portfolio, to external credit ratings of Standard & Poor's.

下表提供了零售和非零售投資組合的每個信用風險等級的12個月違責或然率範圍。該表還提供了本集團非零售信貸組合的內部信用風險等級與標準普爾的外部信用評級的指示性參考。

Internal Credit Risk Grade 內部信用風險等級	Remarks on Default Risk 違約風險的備註	12-Month PD Range 12個月PD範圍	External Rating Benchmark 外部評級基準
1–3	Minimal to Low risk 極小至低的風險	0.0000% to至0.0857%	AAA to至A-
4–8	Moderate risk 適度風險	0.0857% to至0.4290%	BBB+ to至BBB-
9–11	Substantial risk 略高風險	0.4290% to至1.6500%	BB+ to至BB-
12–15	High risk 高風險	1.6500% to至8.3531%	B+ to至B-
16–17	Very High risk 很高風險	8.3531% to至100%	CCC+ to至C
18–20	Default 違約	100%	D

For the remaining portfolios without credit risk grade assignment, references of peer bank PD estimates of similar portfolios and the long-run average default rate of the portfolios are used.

對於餘下沒有信用風險等級分配的信貸組合，我們使用類似信貸組合的同行銀行違責或然率估計的參考或信貸組合的長期平均違責或然率。

43. Principal Risk Management (continued) 主要風險管理 (續)

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group also collects historical performance and default information about portfolios of credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios with no internal data available, information from external data sources is used. In particular,

(a) 信貸風險管理 (續)

(viii) 「預期信貸損失」估算中主要之處的詳述 (續)

違責或然率的期限結構

信用風險等級是確定違責或然率的期限結構的主要輸入。本集團亦會按司法管轄區或地區收集有關分析的信貸風險承擔，以及產品及借款人類別以及信貸風險評級的歷史表現及違約信息。對於一些沒有內部數據的投資組合，自外部數據源的信息會被使用。特別是，

Portfolio 組合	External data sources 外部數據源
Debt exposures 債務風險承擔	Moody's Investors Service: Annual default study report 穆迪投資服務：年度違約研究報告 Wind Information Co., Ltd: Debt default report 萬得信息技術股份有限公司：違約債券報告
Bank exposures 銀行風險承擔	
Sovereign exposures 主體風險承擔	

The Group deploys statistical models to analyse the data collected and generate estimates of PD of exposures expected to change as a result of the passage of time. The estimation of PD term structure makes use of the annual credit risk grade transition for the portfolios with credit risk grade assignment. For the portfolios without credit risk grade assignment and no credit risk grade transition information available, the PD term structure estimation is referenced to forecasts of economic index relevant to the portfolio.

本集團採用統計模型分析所收集的數據，並產生預計會因時間推移而發生變化的違責或然率的估計值。具有信用風險等級分配的組合，我們利用信用風險等級的年度轉換以估計對的違責或然率期限結構。對於沒有信用風險等級分配的組合或沒有可用的信用風險等級轉換信息。違責或然率期限結構估計參考了與組合相關的經濟指數預測。

LGD is the magnitude of the likely loss if there is a default. For the retail and corporate portfolio with sufficient historical loss and recovery data, the collateral recovery rates and the LGD estimates can be derived. For portfolios with insufficient historical loss and recovery data, either reference to peer bank LGD estimates of the similar portfolios or external data source are used for deriving the LGD estimates.

如果存在違約，違責損失率是可能損失的幅度。對於具有足夠歷史損失和恢復數據的零售和公司投資組合，可以推導出抵押品回收率和違責損失率估計值。對於歷史損失和恢復數據不足的組合，可以使用同行銀行類似組合的違責損失率估計值或外部數據源來推導違責損失率估計值。

For portfolio with individual assessment of credit risk mitigation measures, collateral values are projected for different economic scenarios so as to reflect the LGD estimates under different economic scenarios. For other portfolios, different scenario portfolio LGDs are derived by benchmarking to corresponding LGDs within a long period of historical LGDs.

對於單獨評估信用風險緩解措施的組合，預測不同經濟情景的抵押品價值，以反映不同經濟情景下的違約損失率估計。對於其他組合，不同情景組合違責損失率通過在長期歷史期間對相應的違責損失率進行基準測試而得出。

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments or undrawn limit of retail revolving products, the EAD is the potential future amounts that may be drawn under the contract. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. The EAD estimates are adopted using the parameters suggested by BASEL or statistical model based on historical data.

違責風險承擔表示發生違約時的預期風險。金融資產的違責風險承擔是其違約時的賬面值總額。對於貸款承諾或零售周轉產品的未提取限額，違責風險承擔是可能根據合同提取的未來潛在金額。對於財務擔保，違責風險承擔表示財務擔保到期時的擔保風險金額。違責風險承擔估計採用BASEL建議的參數或基於歷史數據的統計模型。

Significant increase in credit risk

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade when the risk of asset changes. The Group primarily identifies whether a significant increase in credit risk under HKFRS 9 has occurred for an exposure by comparing:

- the credit risk grade at the reporting date; with
- the credit risk grade at the initial recognition of the exposure.

The Group deems the credit risk of a particular exposure to have increased significantly since initial recognition if the current credit risk grade deteriorates by a pre-determined number of notches. The criteria for determining the number of notches may vary by portfolio and include a backstop based on delinquency.

As a backstop, and as required by HKFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Also, being Special-mention under HKMA classification is also an indicator of significant increase in credit risk.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular review to confirm that:

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

明顯增加的信貸風險

信貸風險承擔會持續受監控並在其風險程度有所改變時被調配至不同的信貸風險評級。在《香港財務報告準則》第9號下,集團識別一個資產的信貸風險是否明顯增加主要透過比較該資產:

- 於結算日的信貸風險評級;和
- 於初始承擔時的信貸風險評級。

如某一資產的現行信貸風險評級已較本集團初始承擔時的評級轉差了超過一個指定數量的級別,本集團視該資產的信貸風險已有明顯增加。不同的資產組合會以不同的級別數量作為衡量標準,並以逾期情況作為預設的基本標準。

在《香港財務報告準則》第9號下,作為一個基本標準,本集團預設某一已逾期超過30日的資產為信貸風險已經明顯增加。此外,在金管局貸款分類制度下成為需要關注貸款也表明信貸風險顯著增加。

本集團監控識別信貸風險增加的衡量標準的有效性,透過定期檢討以確保:

- 衡量標準能在風險承擔違約前識別信貸風險增加;
- 風險承擔一般不會從12個月內之預期信貸損失直接轉為不良信貸;及
- 不會導致減值撥備因為風險承擔在計算12個月內之預期信貸損失和合約期內之預期信貸損失中的轉變時出現不必要的波動。

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Incorporating forward-looking information into the measurement of ECLs

The Group has identified key drivers of systematic credit risk for each portfolio of financial assets based on an analysis of historical data in which relationship between macro-economic indicators and the systematic credit risk is exhibited.

The Group formulates economic forward looking scenarios for the view of the future direction of major economic indicators such as GDP, unemployment rate, property price index, interest rate and other economic indicators specific to particular portfolio.

For each portfolio, the key drivers under forward looking scenarios are applied for estimating the systematic credit risk component of an obligor's Probability of Default ("PD") used in calculating ECLs. In addition to PD, relevant macro-economic indicators are used for projection of the collateral value for recovery rate estimates used in ECL calculation.

The Group adopts the use of three economic scenarios. In each region/country where the Group operates, the Group formulates probability for each scenario and forecast the major macro-economic indicators to reflect the Group's forward-looking view on the future business outcomes in that particular region/country under each scenario.

The forecasts of baseline scenario are based on advice from the in-house economic experts and considerations of a variety of actual and forecast information, such as economic data and forecasts published by governmental bodies and monetary authorities in the regions/countries where the Group operates. The Group also takes reference from the forecasts by international agencies and private sector analysts to formulate an objective assessment, while taking into account domestic and international economic and political developments, and changes in local economic policies. Econometric methods such as autoregressive and linear regression models are applied as a tool to forecast the variables, like equity and property prices movements, etc., in the regions/countries concerned.

The baseline scenario represents the most-likely outcome that the Group expects. The corresponding probability is reflecting the confidence of the future uncertainties are being captured in the baseline scenario forecast.

(a) 信貸風險管理(續)

(viii)「預期信貸損失」估算中主要之處的詳述(續)

整合前瞻性資料以作估算預期信貸損失

本集團根據歷史數據對宏觀經濟指標與系統信用風險之間關係進行分析，確定了各金融資產組合的系統信用風險的關鍵驅動因素。

本集團制定經濟前瞻情景，以了解主要經濟指標的未來方向，例如國內生產總值、失業率、房地產價格指數、利率及特定投資組合的其他經濟指標。

對於每個投資組合，前瞻性情景下的關鍵驅動因素將用於估算債務人的違約概率的系統信用風險部分以用於計算預期信貸損失。除違約概率外，相關的宏觀經濟指標將用於預測抵押品價值以估算回收率並使用作計算預期信貸損失。

本集團會採納使用三個經濟情景。在本集團經營的每個地區／國家，本集團將為每個情景制定情景的可能性並預測主要的宏觀經濟指標，以反映集團在每種情景下，該地區／國家未來業務成果的前瞻性觀點。

基準情景的預測是根據本集團經濟專家的建議和對各種外部實際和預測信息的考慮，例如本集團經營所在地區／國家的政府機構和金融管理局公佈的經濟數據和預測。同時，本集團參考國際機構及私營機構分析師的預測，以及考慮國內外經濟及政治發展情況、當地經濟政策的轉變。至於相關地區或國家的股票及樓價指數，則使用自迴歸及線性迴歸經濟模型作出估算。

基準情景是代表本集團預期中的最具可能性的結果。其相對應的機會率反映了集團在預測基準情景中對未來不確定性的掌握置信度。

The other scenarios are an optimistic scenario and a pessimistic scenario, to capture the less likely, yet possible, upside and downside divergence from the baseline forecast. These scenarios and their probabilities represent the Group's view that in case the future outcome is outside the expectation as in the baseline scenario, how likely it would be optimistic (i.e. unexpectedly good) or pessimistic (i.e. unexpectedly bad) and how unexpectedly good or unexpectedly bad outcomes will be, based on economic outlook, potential domestic and international economic and political risks affecting the regions/countries the Group has business presence, and the strength of a region/country's fundamentals to weather through crises. Forecasts for these two scenarios are mainly derived from the historical volatility of the data series, with a wider divergence from the baseline over time.

其他情景是一個樂觀情景和一個悲觀情景。在這些情景中,我們對可能性較低、卻可能發生的上行和下行狀況作出預測。這些情景及其機會率代表了集團的觀點,即當未來結果超出基準情景預期時,經濟將傾向樂觀(即出乎意料的好)或悲觀(即出乎意外的差)的可能性有多大,以及出乎意料的好或意外的壞的結果將會是怎樣,基於經濟前景、潛在的國內外經濟及政治風險,及其對本集團有業務之地區/國家的影響,並且這些地區/國家的經濟面、應付危機的能力。這兩種情景的預測主要是基於數據列的歷史波動。隨著時間的推移,與基準的差異更大。

The baseline, optimistic and pessimistic scenarios are updated quarterly to timely reflect a change in the current economic sentiment locally and internationally.

基準、樂觀及悲觀情景會每季度更新,以及時反映當地及國際經濟情緒的變化。

Baseline scenario – Hong Kong

The Hong Kong economy continued to recover, driven by economic reopening and pent-up demand. For the first three quarters of 2023, Hong Kong's real GDP grew by 2.8% year-on-year. Solid private consumption and a rebound in inbound tourism have served as the primary growth engines for the economic recovery. Meanwhile, global monetary tightening and rising geopolitical risks have adversely affected investment sentiment and external demand. The Government also implemented measures to support the economy, such as the disbursement consumption vouchers and launching a series of mega events to encourage household spending and attract tourists, while overall public spending has gradually returned to the pre-pandemic trend after the huge Covid-related budgets in 2021 and 2022.

基準情景－香港

在經濟重啓和疫情積壓的需求得到釋放的帶動下,香港經濟持續復甦。2023年首3季,香港本地生產總值實質按年擴張約2.8%。強勁的私人消費和訪港旅遊業成為推動經濟復甦的主要引擎。同時,全球貨幣緊縮政策和地緣政治風險上升對投資情緒和外圍需求產生不利影響。特區政府推出多項經濟措施,如發放消費券、舉辦一系列大型活動等,以鼓勵家庭消費和吸引更多遊客。另一方面,在2021年和2022年為應對疫情大幅增加開支後,政府開支正在逐步返回疫情前的趨勢。

Looking ahead, the Hong Kong economy is set to leverage its solid fundamentals against a challenging external environment. On one hand, private consumption and inbound tourism, two major supporting forces for the economy, are expected to remain resilient to ensure a continued recovery. In particular, ongoing progress in resuming cross-border and international transportation capacity is likely to further boost visitor arrivals to Hong Kong. Besides, the Government's efforts to attract talent have begun to bear fruit. As of the end of September, about 60,000 talents have already arrived Hong Kong, nearly 1.6% of the labour force. The talent inflows would help relieve the labour market's tightness, further boosting the recovery momentum. On the external front, with global monetary tightening remaining intact as interest rates are poised to stay higher for longer, investment and merchandise trade demand are likely to remain a drag on growth. It is worth noting that the 2023 Policy Address announced a series of measures to support the residential property market and rolled out a comprehensive plan to develop Hong Kong's economic strengths in the "eight centres" as outlined in the 14th Five-Year Plan. On balance, the Hong Kong economy is anticipated to continue a steady recovery ahead.

展望未來,香港經濟將憑藉穩健的基本面以應對外部挑戰。一方面,强韌的私人消費和訪港旅遊業將繼續擔當經濟的兩大增長引擎,以持續推動經濟復甦。其中,跨境和國際運輸能力持續恢復將進一步推動訪港旅客人數增加。此外,政府吸引人才的措施已初見成效。截至9月底,已有約6萬名人才陸續到達香港,約佔本地勞動人口總數的1.6%。人才流入將有助緩解勞工市場的緊張情況,並進一步提振復甦動力。外圍方面,預計全球貨幣政策環境在高利率環境長期持續下將維持偏緊,故投資和商品貿易需求料將繼續影響香港經濟。值得注意的是,2023年《施政報告》公布了一系列支持房地產市場的措施,以及為「十四五規劃綱要」提出的「八大中心」發展目標制定全面規劃。整體而言,預計香港經濟未來將繼續穩定復甦。

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Incorporating forward-looking information into the measurement of ECLs (continued)

Baseline scenario – Chinese Mainland

The Chinese Mainland economy has staged a steady recovery in the post-pandemic period. For the first three quarters of 2023, gross domestic product growth reached 5.2% year-on-year. Domestic consumption, particularly in the services sector, took the lead in the recovery. Industrial production and infrastructure investment expanded steadily. Moreover, the policy easing measures by the Mainland authorities are gaining momentum. The policy measures are not only limited to conventional fiscal and monetary policy, such as reductions of reserve requirement ratio and policy rates, and support to the targeted sectors, but also include raising fiscal deficits, and frontloading local government special bond issuances, etc. In addition, the enhanced policy mix also covered demand-side property easing and developers' funding support as well as measures to foster capital market developments, improve the operating environment of private sector, and attract foreign investment, etc.

Looking ahead, the Chinese Mainland economy will maintain a more balanced and stable growth, with a continued focus on high-quality development. In the near-term, there is still room for stronger policy support to reinforce consumption and investment, ensuring stability in growth, employment and prices. In the medium-to-long term, dual-circulation strategy is upheld as the top economic agenda. Domestic consumption will be increasingly playing a pivotal role in the economy, with continued measures to expand middle income consumers. Innovation and technology will be further developed into a major growth driver, with a focus in fostering strategic emerging industries such as advanced manufacturing, next-generation information technology, biological sciences, new materials, new energy, artificial intelligence, etc.

(a) 信貸風險管理(續)

(viii) 預期信貸損失」估算中主要之處的詳述(續)

整合前瞻性資料以作估算預期信貸損失(續)

基準情景－中國內地

中國內地經濟於疫後穩步復甦。2023年首3季，國內生產總值按年增長5.2%。內部消費(尤其是服務業)復甦持續領先，工業生產及基建投資則穩定擴張。此外，內地當局亦正加大政策力度，其對穩經濟的正面效果料將逐步浮現。政策措施亦不限於傳統的財政及貨幣政策，如下調存款準備金率及政策利率，以及定向支持重點環節等，亦涵蓋上調財政赤字率及提前下達地方政府專項債發行額度等。另外，政策組合拳力度涵蓋各個經濟環節，包括刺激樓市需求、為房地產開發商提供融資支持、促進資本市場發展、改善民營企業營商環境、以至吸引外來投資等。

展望未來，中國內地經濟料將趨於平衡和穩定增長，並聚焦高質量發展。短期而言，政策措施尚有進一步加大力度的空間，以鞏固消費及投資表現，達致穩增長、穩就業及穩物價。中長期而言，雙循環戰略是未來國家經濟發展的重點，其中內部消費對經濟發展的角色將更為關鍵，料續有政策出台，如擴大中等收入消費群體，以配合其發展所需。創新科技亦是未來國家高質量發展的主要動力來源，料將聚焦戰略性新興產業的發展，如先進製造業、新一代信息技術、生物科學、新材料、新能源和人工智能等。

Forecast of key macroeconomic indicators (3 years average (2024–2026)) *主要宏觀經濟指標預測 (3年平均 (2024–2026))*

Scenario 情景	Macroeconomic Indicator 宏觀經濟指標	Hong Kong 香港	Chinese Mainland 中國內地
Optimistic 樂觀情景	Real GDP (YoY growth) 實質本地生產總值 (按年增長)	6.4%	6.6%
	Property Price Index (Compounded annual growth rate) 房地產價格指數 (複合年均增長率)	5.9%	3.2%
	Unemployment Rate 失業率	2.0%	4.9%
	3-month Interest Rate 3個月期利率	5.5%	4.5%
Baseline 基準情景	Real GDP (YoY growth) 實質本地生產總值 (按年增長)	3.3%	5.0%
	Property Price Index (Compounded annual growth rate) 房地產價格指數 (複合年均增長率)	2.3%	1.8%
	Unemployment Rate 失業率	2.8%	5.0%
	3-month Interest Rate 3個月期利率	4.5%	3.4%
Pessimistic 悲觀情景	Real GDP (YoY growth) 實質本地生產總值 (按年增長)	0.2%	3.3%
	Property Price Index (Compounded annual growth rate) 房地產價格指數 (複合年均增長率)	-1.7%	0.3%
	Unemployment Rate 失業率	3.8%	5.1%
	3-month Interest Rate 3個月期利率	2.5%	2.3%

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(ix) Impairment allowances reconciliation

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

Explanations of 12-month ECL, lifetime ECL and credit-impaired are included in Note 2.

(a) 信貸風險管理(續)

(ix) 減值準備對賬

下表列示按金融工具的類別劃分的減值準備的期初結餘與期末結餘的對賬。編製對賬的方法是比較減值準備於1月1日至12月31日期間交易層面的狀況。預期信貸損失不同階段之間的轉撥被視為於年初發生，故金額轉撥淨額為零。因預期信貸損失階段轉變而引致的重新計量預期信貸損失會記於其所轉撥的預期信貸損失階段項下。

關於12個月內之預期信貸損失、合約期內之預期信貸損失及信貸不良的解釋見附註2。

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loans and advances to customers	**客戶貸款及墊款**				
Balance at 1st January	於1月1日的結餘	1,089	1,026	4,641	6,756
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	117	(117)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(24)	24	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(37)	(493)	530	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	源生或購入之新金融資產、撤銷確認資產、還款及進一步貸款	106	232	344	682
Write-offs	撇銷	–	–	(6,819)	(6,819)
Changes in models	模型變動	(175)	(34)	–	(209)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額(包括外匯調整)	(172)	60	5,003	4,891
Balance at 31st December	於12月31日的結餘	904	698	3,699	5,301
Of which:	其中：				
For loans and advances to customers at amortised cost *(Note 27(a))*	就按攤銷成本的客戶貸款及墊款 *(附註27(a))*	900	691	3,536	5,127
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	4	7	163	174
		904	698	3,699	5,301

		2022			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loans and advances to customers	**客戶貸款及墊款**				
Balance at 1st January	於1月1日的結餘	670	528	3,231	4,429
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	155	(155)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(27)	54	(27)	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(24)	(141)	165	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	源生或購入之新金融資產、撤銷確認資產、還款及進一步貸款	350	114	273	737
Write-offs	撇銷	–	–	(3,095)	(3,095)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額(包括外匯調整)	(35)	626	4,094	4,685
Balance at 31st December	於12月31日的結餘	1,089	1,026	4,641	6,756
Of which:	其中：				
For loans and advances to customers at amortised cost *(Note 27(a))*	就按攤銷成本的客戶貸款及墊款*(附註27(a))*	1,084	1,018	4,518	6,620
For related accrued interest receivable *(Note 33)*	就相關應收應計利息*(附註33)*	5	8	123	136
		1,089	1,026	4,641	6,756

The total contractual amounts of loans and advances to customers written off during the year ended 31st December, 2023 and 2022 which are still subject to enforcement activity are HK$5,513 million and HK$1,067 million respectively.

在截至2023年及2022年12月31日止年度內已撇銷的客戶貸款及墊款的合約餘額中仍在進行追討的貸款分別為港幣55.13億元及港幣10.67億元。

43. Principal Risk Management (continued) 主要風險管理 (續)

(a) Credit Risk Management (continued) (a) 信貸風險管理 (續)

(ix) Impairment allowances reconciliation (continued) (ix) 減值準備對賬 (續)

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Debt investment securities	**債務投資證券**				
Balance at 1st January	於1月1日的結餘	283	141	248	672
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	12	(12)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(7)	7	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	(99)	99	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	源生或購入之新金融資產、撤銷確認資產、還款及進一步投資	(16)	(10)	–	(26)
Write-offs	撇銷	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額 (包括外匯調整)	(154)	(5)	395	236
Balance at 31st December	於12月31日的結餘	118	22	742	882
Of which:	其中：				
For debt investment securities measured at amortised cost *(Note 28)*	就按攤銷成本計量的債務投資證券 *(附註28)*	19	8	645	672
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	–	–	45	45
		19	8	690	717
For debt investment securities measured at FVOCI	就按通過其他全面收益以反映公平價值計量的債務投資證券	98	14	48	160
For related accrued interest receivable	就相關應收應計利息	1	–	4	5
		99	14	52	165

		2022			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Debt investment securities	**債務投資證券**				
Balance at 1st January	於1月1日的結餘	284	47	–	331
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	–	–	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(11)	11	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(5)	(13)	18	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	源生或購入之新金融資產、撤銷確認資產、還款及進一步投資	25	21	–	46
Write-offs	撇銷	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	(10)	75	230	295
Balance at 31st December	於12月31日的結餘	283	141	248	672
Of which:	其中：				
For debt investment securities measured at amortised cost *(Note 28)*	就按攤銷成本計量的債務投資證券 *(附註28)*	66	98	241	405
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	1	2	7	10
		67	100	248	415
For debt investment securities measured at FVOCI	就按通過其他全面收益以反映公平價值計量的債務投資證券	214	41	–	255
For related accrued interest receivable	就相關應收應計利息	2	–	–	2
		216	41	–	257

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

按通過其他全面收益以反映公平價值計量的債務證券的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值計量的債務投資證券的賬面值是其公平價值。

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued) (a) 信貸風險管理(續)

(ix) Impairment allowances reconciliation (continued) (ix) 減值準備對賬(續)

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Others	**其他**				
Balance at 1st January	於1月1日的結餘	133	23	238	394
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	12	(12)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(1)	1	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	–	–	–
New financial assets originated or purchased, assets derecognised and repayments	源生或購入之新金融資產、撤銷確認資產及還款	(18)	2	(11)	(27)
Write-offs	撇銷	–	–	(2)	(2)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額(包括外匯調整)	(4)	8	122	126
Balance at 31st December	於12月31日的結餘	122	22	347	491
Of which:	其中:				
For trade bills measured at FVOCI	就按通過其他全面收益以反映公平價值計量的貿易票據	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For trade bills measured at amortised cost *(Note 25)*	就按攤銷成本計量的貿易票據 *(附註25)*	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For placements with and advances to banks *(Note 24)*	就在銀行的存款及墊款 *(附註24)*	2	–	–	2
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		2	–	–	2
For cash and balances with banks *(Note 23)*	就現金及在銀行的結存 *(附註23)*	1	–	–	1
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		1	–	–	1
For loan commitments and financial guarantee contracts *(Note 37)*	就貸款承擔和財務擔保合約 *(附註37)*	112	22	281	415
For account receivables and other accounts other than accrued interest receivable *(Note 33)*	就應收賬款及其他賬項(應收應計利息除外) *(附註33)*	7	–	66	73

		2022			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Others	**其他**				
Balance at 1st January	於1月1日的結餘	143	24	85	252
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	2	(2)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	–	–	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(1)	(7)	8	–
New financial assets originated or purchased, assets derecognised and repayments	源生或購入之新金融資產、撤銷確認資產及還款	11	(3)	68	76
Write-offs	撇銷	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額(包括外匯調整)	(22)	11	77	66
Balance at 31st December	於12月31日的結餘	133	23	238	394
Of which:	其中：				
For trade bills measured at FVOCI	就按通過其他全面收益以反映公平價值計量的貿易票據	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For trade bills measured at amortised cost *(Note 25)*	就按攤銷成本計量的貿易票據 *(附註25)*	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For placements with and advances to banks *(Note 24)*	就在銀行的存款及墊款 *(附註24)*	1	–	–	1
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		1	–	–	1
For cash and balances with banks *(Note 23)*	就現金及在銀行的結存 *(附註23)*	2	–	–	2
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		2	–	–	2
For loan commitments and financial guarantee contracts *(Note 37)*	就貸款承擔和財務擔保合約 *(附註37)*	121	23	174	318
For account receivables and other accounts other than accrued interest receivable *(Note 33)*	就應收賬款及其他賬項(應收應計利息除外) *(附註33)*	9	–	64	73

The impairment allowances of trade bills measured at FVOCI are not recognised in the statement of financial position because the carrying amount of trade bills measured at FVOCI is their fair value.

按通過其他全面收益以反映公平價值計量的貿易票據的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值計量的貿易票據的賬面值是其公平價值。

43. Principal Risk Management (continued) 主要風險管理(續)

(a) Credit Risk Management (continued)

(x) Collateral and other credit enhancements

The Group has established guidelines on the acceptability of various classes of collateral and determined the corresponding valuation parameters. The guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management.

The extent of collateral coverage over the Group's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, aircraft, other registered securities over assets, cash deposits, standby letters of credit and guarantees. Collateral generally is not held over balances and placements with banks, and loans and advances to banks, except when securities are held as part of sale and repurchase and securities borrowing activity. The Group takes possession of collateral through court proceedings or voluntary delivery of possession by the borrowers during the course of the recovery of impaired loans and advances. These repossessed assets are reported in the statement of financial position within "other assets" (Note 2(t)). If the recovery from the repossessed assets exceeds the corresponding gross exposure, the surplus fund is made available either to repay the borrower's other secured loans with lower priority or is returned to the borrower.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-based securities and similar instruments, which are secured by pools of financial assets. However the credit risk may be implicit in the terms or reflected in the fair value of the corresponding instruments.

The Group's preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults or following other pre-agreed termination events. It is also common for the Group to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty under which collateral is passed between the parties to mitigate the market contingent counterparty risk inherent in the outstanding position.

For contingent liabilities and commitments that are unconditionally cancellable (Note 45), the Group will assess the necessity to withdraw the credit line when there is a concern over the credit quality of the customers. Accordingly, the exposure to significant credit risk is considered as minimal. For commitments that are not unconditionally cancellable, the Group assesses the necessity of collateral depending on the type of customer and the product offered.

(a) 信貸風險管理(續)

(x) 抵押品及其他信用提升

本集團已制訂可接受不同類別抵押品的指引,並釐定相關估值參數。本集團會定期檢討指引及抵押品估值參數,以確保信貸風險管理的成效。

本集團客戶貸款及墊款的抵押品範圍視乎客戶類別及所提供產品而定。抵押品類別包括住宅物業(以物業按揭形式)、其他物業、飛機、其他登記抵押資產、現金存款、備用信用證及擔保。除持有用作回購及證券借貸活動的抵押品外,在銀行的結存及存款,以及銀行貸款及墊款一般不需要抵押品。在收回減值貸款及墊款時,本集團會通過法庭程序或借款人自願交出擁有權收回抵押品。該等收回資產於財務狀況表中以「其他資產」列賬(附註2(t))。倘從收回資產所得之追收額超出相關風險承擔時,則會使用盈餘資金償還借款人優先次序較低的已抵押貸款或退回予借款人。

持有用作非貸款及墊款金融資產的抵押品,是按照工具之性質決定。除以一籃子金融資產作抵押的資產融資證券及相同工具外,債務證券、庫券及其他認可票據一般俱屬無抵押的。然而,信貸風險可能隱含於相關工具的條款內或於相關工具的公平價值中反映。

ISDA的主合約為本集團處理衍生交易文件的優先合約,當中涵蓋合約框架,而在合約框架之下,本集團可進行一系列的場外產品交易活動,如其中一方違約或發生其他預先協定的終止事件,則按合約約束參與者以淨額結算合約涵蓋的所有未履行交易。本集團亦會在簽訂ISDA的主合約的同時,與交易對手簽訂信貸附約,據此,抵押品可於訂約方之間轉交,以降低出現在未履約情況下的內在市場或然交易對手風險。

對於或然負債及可無條件取消的承擔(附註45),如本集團對客戶的信貸質素有疑慮,則會評估是否需要撤回信貸額。因此,本集團面臨重大信貸風險機會視為微乎其微。對於不可無條件取消的承擔,本集團會視乎客戶類別及所提供產品評估是否需要進行抵押。

(b) Market Risk Management

Market risk is the risk arising from adverse movements in market rates and prices such as interest rates, foreign exchange rates, equity prices, debt security prices and commodity prices, which result in potential losses for the Group. The aim in managing market risk is to reduce the Group's exposure to the volatility inherent in market factors.

The Asset and Liability Management Committee deals with all market risk-related issues of the Group. It is also responsible for conducting a regular review of interest rate trends and deciding the corresponding future business strategy. Market risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to market risk. The Internal Audit Division performs periodic reviews to ensure that the market risk management functions are performed effectively.

The use of derivatives for trading and the sale of derivatives to customers as risk management products are integral parts of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivative instruments used by the Group are interest rate, foreign exchange, and equity-related contracts, in the form of both over-the-counter derivatives and exchange-traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

In this connection, the key types of market risk that must be managed are:

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing (including derivatives), commercial banking operations, and structural foreign currency exposures. The Group's non-structural foreign currency exposures are denominated in major currencies, particularly USD and RMB. All foreign currency positions are managed within limits approved by the Board and the Asset and Liability Management Committee.

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries, and associated companies, are excluded from value-at-risk measurements, as related gains or losses are taken to reserves. Such foreign currency positions are held with the intention of hedging any adverse effect, partially or totally, of exchange rate movements on the capital adequacy ratio. The Group seeks to match its foreign currency denominated assets closely with corresponding liabilities in the same currencies.

(b) 市場風險管理

市場風險是指因市場價格，例如利率、匯率、股票價格、債務證券價格及商品價格的不利變動而導致本集團有機會出現虧損的風險。市場風險管理旨在減少市場因素的波動為本集團帶來的風險。

資產負債管理委員會負責處理所有與本集團市場風險有關的事項，亦負責定期檢討利率走勢及釐定相應的未來業務策略。市場風險由集團的資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。本集團風險管理處轄下的市場及流動性風險管理部，負責監察與市場風險有關的活動。稽核處會進行定期審查，以確保市場風險管理職能得到有效執行。

透過衍生工具進行自營交易及向客戶出售衍生工具以用作風險管理產品，為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的一部分。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場內交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此等和其他交易項目而進行對沖。

在此方面，本集團必須管理的主要市場風險包括：

(i) 貨幣風險

本集團的外幣持倉源自外匯買賣 (包括衍生工具)、商業銀行業務和結構性外匯風險。本集團的非結構性外匯風險以主要貨幣計值，當中以美元及人民幣為主。所有外幣持倉均維持在董事會或資產負債管理委員會所訂定的限額內。

結構性外匯持倉主要源自於本集團分行、附屬公司和聯營公司的外匯投資，其有關的溢利或虧損因為已撥入儲備，所以未計算在風險值內。此等結構性外幣持倉的主要目的，是對沖因匯率變動而對本集團資本充足比率產生的部分或全部不利影響。本集團盡力將以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

43. Principal Risk Management (continued) 主要風險管理(續)

(b) Market Risk Management (continued)

(i) Currency risk (continued)

The Group had the following net structural positions which were not less than 10% of the total net structural foreign currency position at the end of the reporting period:

(b) 市場風險管理(續)

(i) 貨幣風險(續)

於報告期結束日，本集團的以下結構性持倉淨額不低於結構性外幣淨持倉總額10%：

		2023			2022		
		RMB 人民幣 HK$ Mn 港幣百萬元	MYR 馬幣 HK$ Mn 港幣百萬元	USD 美元 HK$ Mn 港幣百萬元	RMB 人民幣 HK$ Mn 港幣百萬元	MYR 馬幣 HK$ Mn 港幣百萬元	USD 美元 HK$ Mn 港幣百萬元
Net structural position	結構性持倉淨額	**15,297**	**2,269**	**(9,111)**	15,727	2,335	(9,098)

(ii) Interest rate risk in trading book

The Group's trading interest rate positions arise from treasury and dynamic hedging of retail and commercial banking activities. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The instruments used to manage interest rate risk include interest rate swaps and other derivatives. For the interest rate risk management of the Group's banking book positions, please refer to Note 43(e).

(ii) 交易賬冊的利率風險

本集團的交易組合中的利率持倉來自零售及商業銀行業務的動態對沖。利率風險由本集團資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。就管理本集團銀行賬冊持倉的利率風險而言，請參閱附註43(e)。

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of customer-driven business. Equity risk is managed daily by the Investment Department within the limits approved by the Board, Investment Committee, or the Asset and Liability Management Committee.

(iii) 股份風險

本集團的股份持倉來自股份投資及客戶業務的動態對沖。股份風險由投資部按董事會、投資委員會或資產負債管理委員會批准的限額範圍進行日常管理。

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board approves the core control limits and has delegated the authority to set detailed control limits to the Asset and Liability Management Committee. Risk, return, and market conditions are considered when setting limits. Active limit monitoring is carried out.

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from the risk-taking activities of the Group to ensure that market risk exposures are within the Group's risk tolerance levels. Risk exposures are monitored frequently to ensure that they are within established control limits.

在此方面，資產負債管理委員會負責監察本集團進行風險活動時所產生的相關市場風險，確保其市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

The Group quantifies the market risk of the underlying trading portfolio by means of value-at-risk ("VaR"). VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, assuming that positions are held unchanged over a certain horizon time period.

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度假設於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

The Group estimates VaR for the Group's trading portfolio by the historical simulation approach, where the VaR is calculated by revaluing the portfolio for each of the market movement scenarios obtained from the historical observation period. This methodology uses movements in market rates and prices over a one-day holding period with a 99% confidence level under a two-year observation period.

本集團通過歷史模擬法評估本集團交易組合的風險值，其按從歷史觀察期中截獲的每個市場波動情景對有關組合進行重新估值以計算風險值。該方法是依據1日持倉期、99%置信水平以及過往兩年觀察期來推算市場利率與價格的波動。

The market value of listed shares, the fair value of private equity funds and unlisted equities (collectively the "Unlisted Securities"), are subject to limits and these are managed by the Investment Department of the Group. The Unlisted Securities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Asset and Liability Management Committee.

上市股份的市值、私人股份基金及非上市股份(統稱「非上市證券」)的公平價值均由本集團投資部按限額管理。非上市證券是根據特定限額管理，且不包括在交易股份持倉的風險值計算內。資產負債管理委員會須定期檢討該限額。

Value-at-risk statistics

風險值統計

		2023			
		At 31st December 於12月31日 HK$ Mn 港幣百萬元	Maximum 最高 HK$ Mn 港幣百萬元	Minimum 最低 HK$ Mn 港幣百萬元	Mean 平均 HK$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	7	13	7	9
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	2	7	1	3
VaR for interest rate trading positions	利率交易持倉的風險值	1	3	–	2
VaR for equity trading positions	股份交易持倉的風險值	5	6	4	5

		2022			
		At 31st December 於12月31日 HK$ Mn 港幣百萬元	Maximum 最高 HK$ Mn 港幣百萬元	Minimum 最低 HK$ Mn 港幣百萬元	Mean 平均 HK$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	11	33	11	19
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	6	12	5	8
VaR for interest rate trading positions	利率交易持倉的風險值	–	5	–	1
VaR for equity trading positions	股份交易持倉的風險值	5	20	5	11

* *Including all foreign exchange positions but excluding structural foreign exchange positions.*

* *包括所有外匯持倉但不包括結構性外匯持倉。*

43. Principal Risk Management (continued) 主要風險管理 (續)

(b) Market Risk Management (continued) (b) 市場風險管理 (續)

		2023			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	16	29	15	22

		2022			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	27	59	24	41

A stressed VaR measure is intended to replicate a VaR calculation that would be generated on current trading portfolio if the relevant market factors were experiencing a period of stress.

受壓風險值是假設相關市場因素在受壓期間下，模擬計算由現行交易組合產生的風險值。

(c) Operational Risk Management (c) 營運風險管理

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

營運風險是指由於內部流程、人員和系統不足或缺陷，或因外部事件而導致損失的風險。

The objectives of operational risk management are to identify, measure, assess and monitor the operational risk exposures associated to the Group; to control and mitigate the exposures by taking effective measures; to report in a structured, systematic and consistent manner; and to comply with the relevant regulatory requirements.

營運風險管理的目的在於識別、衡量、評估及監控與本集團有關的營運風險；採取有效的措施以管控及緩減風險承擔；以具組織，系統及一致的方式作出匯報；以及遵守相關監管規定的要求。

The Operational Risk Management Committee is responsible for overseeing the effectiveness of operational risk management of the Group while the Operational Risk Management Department under the Risk Management Division of the Group assists the Management in managing the Group's operational risk, including the establishment and review of the operational risk management, third party risk management and operational resilience policies and framework; designing the operational risk management tools and reporting mechanism; assessing, monitoring and reporting the overall operational risk position to the Management and Risk Management Committee. All the heads of business units and support units of the Group are responsible for the day-to-day operational risk management of their units.

營運風險管理委員會負責監督集團的營運風險管理的有效性，而本集團風險管理處轄下的營運風險管理部負責協助管理層管理本集團的營運風險，包括制定和重檢營運風險管理，第三方風險管理，及運作穩健性政策和框架；設計營運風險的管理工具和匯報機制；評估、監察及向管理層和風險管理委員會匯報總體營運風險狀況。本集團所有部門或後勤單位主管均負責其單位的日常營運風險管理。

The Group has put in place an effective internal control process which requires the establishment of policies and control procedures for all the key activities. The Group adopts various operational risk management tools such as key risk indicators, risk and control self-assessments, operational risk incident management to identify, assess, monitor and control the risks inherent in business activities and products, as well as purchase of insurance to mitigate unforeseeable and significant operational risk incidents. Business continuity plans are established to support business operations in the event of an emergency or disaster.

本集團建立了有效的內部控制程序，對所有重大活動訂下政策及監控措施。本集團採用關鍵風險指標、風險與管控自我評估、營運風險事件匯報及檢查等不同的營運風險管理工具及方法以識別、評估、監察及控制潛在於業務活動及產品內的風險，同時透過購買保險，將未能預見的重大營運風險減低。對支援緊急或災難事件時的業務運作備有持續業務運作計劃。

(d) Liquidity Risk Management

Liquidity risk is the risk that the Group may not be able to meet its obligations as they come due because of an inability to obtain adequate funding (funding liquidity risk); or that the Group cannot easily liquidate assets quickly without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk).

The purpose of liquidity risk management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to make new loans and investments as opportunities arise and, last but not least, to comply with all the statutory requirements for liquidity risk management, including Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

The Group reviews the risk profile through regular assessments of both qualitative and quantitative risk factors to determine its tolerance of prevailing risk levels against applicable risk appetite statement for liquidity risk approved annually by the Board. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's liquidity risk management. The Asset and Liability Management Committee comprises balanced representation of senior staff from various business units, Treasury, Risk Management and Finance, who jointly formulate funding strategies. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

The LCR and NSFR statutory requirements are part of the stringent regulatory regime that covers the liquidity risk management of the Group. To ensure compliance with the regulatory requirements, internal targets for LCR and NSFR have been set above regulatory required levels, after considering the Group's liquidity risk appetite. In addition, material changes in the LCR and NSFR are reviewed regularly by the Asset and Liability Management Committee together with proposed mitigation actions to cope with adverse changes arising from, but not limited to, composition of the deposit base and remaining tenor to maturity, lending activities with respect to different maturity tenors, and the Group's asset and liability mix strategy. In planning the asset and liability mix strategy, the Group's relevant business units contribute to an assessment of the impact of asset growth and funding structure on the LCR and NSFR for review and decision by the Asset and Liability Management Committee.

(d) 流動性風險管理

流動性風險是指本集團因未能獲得充足資金投入而可能無法履行到期責任的風險 (資金流動性風險)；或因市場深度不足或市場失序，本集團非得大幅降低市場價格的情況下無法輕易迅速變現資產的風險 (市場流動性風險)。

流動性風險管理是為了確保本集團維持充足的現金流量以履行所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足提款要求，在借款期滿時能夠還款，掌握貸款和投資的機會，以及符合所有有關流動性風險管理的法定規定，包括流動性覆蓋比率及穩定資金淨額比率。

本集團通過定期評估定性及定量的風險因素檢討風險狀況，根據董事會每年批准的適用於流動性風險的風險偏好釐定其現行風險承受範圍。資產負債管理委員會獲董事會授權，負責監察本集團的流動性風險管理。資產負債管理委員會由各業務單位、司庫、風險管理及財務的管理層出任以共同制定資金策略方案。資產負債管理委員會制訂管理流動性風險的策略、政策及限額，以及確保執行有關策略與政策的措施。委員會定期舉行會議，檢討各既有監控架構的合規情況，以及是否需要改變策略及政策。流動資金狀況由本集團資金市場處轄下的資本市場及流動資金管理部每日按所訂限額範圍進行管理。本集團風險管理處轄下的市場及流動性風險管理部負責監察與流動性風險相關的活動。稽核處會定期作出檢討，確保流動性風險管理功能得以有效執行。

流動性覆蓋比率及穩定資金淨額比率的法定要求是本集團對流動性風險管理的嚴格監管制度部份之一。為確保遵守監管要求，本集團考慮過其流動性風險偏好後，為流動性覆蓋比率及穩定資金淨額比率設定的內部目標均高於上述監管規定水平。此外，資產負債管理委員會會定期檢閱流動性覆蓋比率及穩定資金淨額比率的重大變動，並提出建議補救措施，以應對來自 (但不限於) 存款基礎及其餘下到期期限、不同到期期限的貸款活動以及本集團資產及負債組合策略所產生的不利變動。在規劃資產及負債組合策略時，本集團的相關業務單位就資產增長及資金結構對流動性覆蓋比率及穩定資金淨額比率的影響提交評估，以供資產負債管理委員會檢討和作出決策。

43. Principal Risk Management (continued) 主要風險管理(續)

(d) Liquidity Risk Management (continued)

As part of Group efforts to manage the LCR and NSFR effectively, emphasis is placed on strengthening the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement, and other borrowings for the purposes of providing additional funding, maintaining a presence in local money markets, and optimising asset and liability maturities.

The Group manages liquidity risk of the branches in Macau, Taiwan and overseas and significant subsidiary in a holistic approach. The liquidity risk management policies of the Group are abided by all of the branches in Macau, Taiwan and overseas and significant subsidiary, while supplementing their respective local practices and statutory requirements. Reporting to the Group Chief Risk Officer, the Risk Management Unit of each of the branches in Macau, Taiwan and overseas and significant subsidiary reports and escalates liquidity risk related matter to the liquidity risk management team at Head Office. The respective local Asset and Liability Management Committee or respective local authorities are also established for overseeing liquidity risk in accordance with the local regulatory requirements and limits approved.

In addition to observing the statutory LCR and NSFR, the Group has established different liquidity metrics – including but not limited to the loan-to-deposit ratio, cumulative maturity mismatch ratio, funding concentration ratio, intra-group exposure threshold, and cross currency funding ratio – to measure and analyse the Group's liquidity risk. The Group maintains sufficient High-quality liquid assets ("HQLAs") as a liquidity cushion that can be accessed in times of stress. The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets. The majority of HQLAs are denominated in Hong Kong dollars. Contingent funding sources are maintained to provide strategic liquidity to meet unexpected and material cash outflows.

Internally, intra-group funding transactions are carried out at arm's length and treated in a manner in line with third-party transactions, with regular monitoring and appropriate control. A majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's asset and liability portfolios. The Group manages liquidity risk by conducting regular cash flow analysis and projections through the use of the Bank's management information system so as to facilitate the identification of funding needs arising from on and off-balance sheet items over a set of time horizons.

(d) 流動性風險管理(續)

為有效地管理流動性覆蓋比率及穩定資金淨額比率，本集團特別著重存留忠實客戶及維持客戶關係，藉以增強存款基礎。本集團在零售、小企業以及批發市場資金之間保持平衡，避免資金集中於任何一種來源。本集團透過發行存款證、中期票據、後償債項、貨幣市場拆借及其他借貸進入專業市場，獲取額外資金，以此維持本行於本地金融市場的地位及優化資產及負債的期限。

本集團全面有效地管理澳門、台灣及海外分行及主要附屬公司的流動性風險。集團的流動性風險管理政策涵蓋了所有澳門、台灣及海外分行及主要附屬公司，當中包括了當地法定要求及個別管理辦法。各澳門、台灣及海外分行及主要附屬公司的風險管理單位需要向本行風險管理部門匯報有關流動性風險事宜，而各風險管理單位需上報集團風險總監。此外，本集團在各澳門、台灣及海外分行及主要附屬公司當地成立了資產負債管理委員會或相關管理委員會，以監督各澳門、台灣及海外分行及主要附屬公司需符合當地監管規定及已批准的風險限額。

除了緊守法定的流動性覆蓋比率及穩定資金淨額比率外，本集團已設立不同的流動性指標，以衡量及分析流動性風險，包括(但不限於)貸存比率、累積到期錯配比例、資金集中比率、集團內公司之間風險限額以及跨貨幣資金比率。本集團維持充足的優質流動資產，作為能夠在資金受壓時取用的流動資金緩衝。作為滿足流動性覆蓋比率所需的優質流動資產包括：現金、外匯基金票據和債券、優質的政府債務票據，以及其他同等的而可供出售的流動資產，其中大部分優質流動資產以港幣計值。本集團維持應急資金來源，能提供策略性的流動資金，以應付未能預計及大量的資金需求。

內部方面，集團內公司間的融資交易乃按一般正常公平交易原則進行，處理方式與第三方交易一致，並會定期進行監察及適當控制。本集團大部分流動性風險來自資產與負債組合之間的期限錯配差距。本集團會透過使用本行的管理資訊系統，對一系列時間內的資產負債表內、外項目定期進行現金流量分析及預測，以確定不同時段的資金需要，從而管理流動性風險。

The Group also conducts stress-testing regularly to analyse liquidity risk. Both on and off-balance sheet items and their impact on cash flow are considered, together with applicable hypothetical and historical assumptions. The assessment and review of market liquidity risk are included in the various control processes, including investment/trading strategy, market risk monitoring, valuation, and portfolio review. Three stress scenarios – namely an institution-specific crisis, a general market crisis, and a crisis involving a combination of the two – are adopted with minimum survival period defined according to the HKMA's Supervisory Policy Manual LM-2, "Sound Systems and Controls for Liquidity Risk Management".

本集團亦會定期進行壓力測試，以分析流動資金風險。透過適用的虛擬及歷史假設，本集團的壓力測試均已考慮資產負債表內外項目及其對現金流量造成的影響。市場流動資金風險的評估及檢討納入各個控制環節，包括投資／交易策略、市場風險監控、估值及組合檢討。三個壓力情景－即個別銀行危機、整體市場危機，以及結合上述兩種情況的綜合危機－均採用金管局監管政策手冊LM-2「穩健的流動性風險管理系統及管控措施」界定的最短存活期。

With reference to the stress-testing results, the Group identifies potential vulnerabilities within the Group, establishes internal limits and formulates a contingency funding plan that sets out the Group's strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

本集團會參照壓力測試結果，確認集團內的潛在弱點，訂立內部限額，並制訂應急資金計劃，當中載列了本集團處理流動資金問題的策略及於緊急情況下彌補現金流不足的程序。

The contingency funding plan is designed to be pro-active and pre-emptive, and stipulates the following three stages:

應急資金計劃旨在提供防患未然的積極措施，並訂明以下3個階段：

1. The Group utilises early warning indicators, which cover both qualitative and quantitative measures, and monitors both internal and external factors. Should there be any early signs of significant impact on the Group's liquidity position, the Asset and Liability Management Committee is informed. The Asset and Liability Management Committee will consider appropriate remedial actions and will consider employing crisis management if the situation warrants.

1. 本集團運用預早警報指標，當中包括質量性及數量性的措施，及監察內部及外在因素。假如有任何早期跡象顯示本集團流動資金狀況將受重大影響，應通知資產負債管理委員會。資產負債管理委員會將考慮適當的補救措施，並在情況需要時會考慮採用危機管理措施。

2. A Crisis Management Committee, which is chaired by the Co-Chief Executives, is formed to handle the crisis. Strategy and procedures for obtaining contingency funding, as well as roles and responsibilities of the parties concerned, are clearly stated.

2. 本集團已設立危機管理委員會，並由聯席行政總裁擔任該委員會的主席，該委員會專責處理危機，並明確規定取得應急資金的策略及程序，以及有關各方的職務及職責。

3. In the final stage, a post-crisis review is carried out to recommend necessary improvements to avoid incidents of a similar nature in the future.

3. 於最後階段，本集團會在危機結束後對問題進行檢討，並作出必要改進，避免日後出現同類事件。

An annual drill test is conducted and the contingency funding plan is subject to regular review in order to accommodate any changes in the business environment. Any significant changes to the contingency funding plan are approved by the Board.

為應付商業環境中的任何轉變，本集團每年進行演習測試，並定期檢討應急資金。應急資金計劃如有任何重大變動，均須分別取得董事會的批准。

43. Principal Risk Management (continued) 主要風險管理(續)

(d) Liquidity Risk Management (continued)

Analysis of assets and liabilities by remaining maturity:

(d) 流動性風險管理(續)

資產及負債的剩餘期限分析：

		2023							
		Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Within 1 month 1個月內 HK$ Mn 港幣百萬元	3 months or less but over 1 month 1個月以上至3個月 HK$ Mn 港幣百萬元	1 year or less but over 3 months 3個月以上至1年 HK$ Mn 港幣百萬元	5 years or less but over 1 year 1年以上至5年 HK$ Mn 港幣百萬元	Over 5 years 5年以上 HK$ Mn 港幣百萬元	Undated or overdue 無註明日期或逾期 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Assets	**資產**								
Cash and balances with banks	現金及在銀行的結存	37,014	12	20	121	–	–	8,736	45,903
Placements with and advances to banks	在銀行的存款及墊款	–	40,883	2,687	121	–	–	–	43,691
Trade bills	貿易票據	94	62	133	84	–	–	–	373
Trading assets	交易用途資產	–	–	66	1,925	773	–	285	3,049
Derivative assets	衍生工具資產	–	–	–	–	–	–	9,056	9,056
Loans and advances to customers	客戶貸款及墊款	2,460	64,389	47,667	118,973	170,070	115,063	8,362	526,984
Investment securities	投資證券	–	10,854	18,513	21,090	60,567	54,242	2,004	167,270
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	–	–	8,384	8,384
Fixed assets	固定資產	–	–	–	–	–	–	13,493	13,493
Goodwill and intangible assets	商譽及無形資產	–	–	–	–	–	–	1,852	1,852
Deferred tax assets	遞延稅項資產	–	–	–	–	–	–	1,836	1,836
Other assets	其他資產	23	6,748	12,635	10,463	575	571	7,455	38,470
Total assets	資產總額	39,591	122,948	81,721	152,777	231,985	169,876	61,463	860,361
Liabilities	**負債**								
Deposits and balances of banks	銀行的存款及結餘	633	9,318	8,777	6,891	–	–	–	25,619
Deposits from customers	客戶存款	185,225	125,787	188,736	113,622	15,228	–	–	628,598
– Demand deposits and current accounts	–活期存款及往來賬戶	65,643	–	–	–	–	–	–	65,643
– Savings deposits	–儲蓄存款	118,163	–	–	–	–	–	–	118,163
– Time, call and notice deposits	–定期及通知存款	1,419	125,787	188,736	113,622	15,228	–	–	444,792
Derivative liabilities	衍生工具負債	–	–	–	–	–	–	4,007	4,007
Certificates of deposit issued	已發行存款證	–	2,783	5,296	8,851	10,688	–	–	27,618
Current taxation	本年稅項	–	–	–	1,602	–	–	–	1,602
Debt securities issued	已發行債務證券	–	–	155	306	383	–	–	844
Deferred tax liabilities	遞延稅項負債	–	–	–	–	–	–	468	468
Other liabilities	其他負債	1,005	7,392	13,936	11,373	1,445	1,317	10,844	47,312
– Lease liabilities	–租賃負債	–	27	43	167	389	226	–	852
– Other accounts	–其他賬項	1,005	7,365	13,893	11,206	1,056	1,091	10,844	46,460
Loan capital	借貸資本	–	–	–	1,649	14,318	–	–	15,967
Total liabilities	負債總額	186,863	145,280	216,900	144,294	42,062	1,317	15,319	752,035
Net gap	淨差距	(147,272)	(22,332)	(135,179)	8,483	189,923	168,559		

		2022							
		Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Within 1 month 1個月內 HK$ Mn 港幣百萬元	3 months or less but over 1 month 1個月以上至3個月 HK$ Mn 港幣百萬元	1 year or less but over 3 months 3個月以上至1年 HK$ Mn 港幣百萬元	5 years or less but over 1 year 1年以上至5年 HK$ Mn 港幣百萬元	Over 5 years 5年以上 HK$ Mn 港幣百萬元	Undated or overdue 無註明日期或逾期 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Assets	**資產**								
Cash and balances with banks	現金及在銀行的結存	44,156	–	–	96	–	–	10,327	54,579
Placements with and advances to banks	在銀行的存款及墊款	–	52,337	7,866	–	–	–	–	60,203
Trade bills	貿易票據	1	147	148	233	–	–	–	529
Trading assets	交易用途資產	–	1,176	99	–	–	–	255	1,530
Derivative assets	衍生工具資產	–	–	–	–	–	–	11,092	11,092
Loans and advances to customers	客戶貸款及墊款	2,594	53,685	38,832	116,096	202,555	121,575	7,057	542,394
Investment securities	投資證券	–	10,446	10,510	19,043	64,709	40,618	1,681	147,007
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	–	–	9,061	9,061
Fixed assets	固定資產	–	–	–	–	–	–	13,476	13,476
Goodwill and intangible assets	商譽及無形資產	–	–	–	–	–	–	1,870	1,870
Deferred tax assets	遞延稅項資產	–	–	–	–	–	–	1,849	1,849
Other assets	其他資產	27	4,845	7,463	18,286	505	437	7,672	39,235
Total assets	資產總額	46,778	122,636	64,918	153,754	267,769	162,630	64,340	882,825
Liabilities	**負債**								
Deposits and balances of banks	銀行的存款及結餘	2,263	8,074	9,255	5,886	–	–	–	25,478
Deposits from customers	客戶存款	212,727	106,604	160,879	151,421	16,462	–	–	648,093
– Demand deposits and current accounts	–活期存款及往來賬戶	65,899	–	–	–	–	–	–	65,899
– Savings deposits	–儲蓄存款	145,107	–	–	–	–	–	–	145,107
– Time, call and notice deposits	–定期及通知存款	1,721	106,604	160,879	151,421	16,462	–	–	437,087
Trading liabilities	交易用途負債	–	–	–	–	–	–	5	5
Derivative liabilities	衍生工具負債	–	–	–	–	–	–	4,145	4,145
Certificates of deposit issued	已發行存款證	–	3,559	12,971	12,244	3,888	–	–	32,662
Current taxation	本年稅項	–	–	–	1,252	–	–	–	1,252
Debt securities issued	已發行債務證券	–	–	1,404	672	816	–	–	2,892
Deferred tax liabilities	遞延稅項負債	–	–	–	–	–	–	226	226
Other liabilities	其他負債	779	5,027	8,261	19,697	1,124	1,541	13,370	49,799
– Lease liabilities	–租賃負債	1	24	40	155	347	207	–	774
– Other accounts	–其他賬項	778	5,003	8,221	19,542	777	1,334	13,370	49,025
Loan capital	借貸資本	–	–	–	–	11,927	–	–	11,927
Total liabilities	負債總額	215,769	123,264	192,770	191,172	34,217	1,541	17,746	776,479
Net gap	淨差距	(168,991)	(628)	(127,852)	(37,418)	233,552	161,089		

As the trading assets and debt instruments measured at FVOCI may be sold before maturity or deposits from customers may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

由於交易用途資產及按通過其他全面收益以反映公平價值計量之債務工具可能於到期前出售或客戶存款可能在到期前未被提取，合約到期日並非代表未來現金流的預計日期。

43. Principal Risk Management (continued) 主要風險管理(續)

(d) Liquidity Risk Management (continued)

The following tables provide an analysis of the undiscounted cashflow projection of the non-derivative financial liabilities of the Group at the end of the reporting period based on the dates of their contractual payment obligations:

(d) 流動性風險管理(續)

下表展示於報告期結束日集團的未經折扣之非衍生工具金融負債的預計現金流按其合約支付債務之日期分析：

		2023							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	25,619	26,283	633	18,341	7,309	–	–	–
Deposits from customers	客戶存款	628,598	637,171	185,665	319,344	116,501	15,661	–	–
– Demand deposits and current accounts	–活期存款及往來賬戶	65,643	65,737	65,737	–	–	–	–	–
– Savings deposits	–儲蓄存款	118,163	118,335	118,335	–	–	–	–	–
– Time, call and notice deposits	–定期及通知存款	444,792	453,099	1,593	319,344	116,501	15,661	–	–
Certificates of deposit issued	已發行存款證	27,618	29,053	–	8,248	9,119	11,686	–	–
Current taxation	本年稅項	1,602	1,602	–	–	1,602	–	–	–
Debt securities issued	已發行債務證券	844	870	–	164	316	390	–	–
Loan capital	借貸資本	15,967	18,056	–	182	2,290	15,584	–	–
Other liabilities	其他負債	47,312	42,157	587	20,016	9,369	472	869	10,844
– Lease liabilities	–租賃負債	852	962	–	78	187	448	249	–
– Other accounts	–其他賬項	46,460	41,195	587	19,938	9,182	24	620	10,844
Total	總額	747,560	755,192	186,885	366,295	146,506	43,793	869	10,844

Notes to the Financial Statements (continued)
財務報表附註 (續)

		2022							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	25,478	26,017	2,263	17,510	6,244	–	–	–
Deposits from customers	客戶存款	648,093	655,121	212,946	270,268	155,184	16,723	–	–
– Demand deposits and current accounts	–活期存款及往來賬戶	65,899	65,978	65,978	–	–	–	–	–
– Savings deposits	–儲蓄存款	145,107	145,174	145,174	–	–	–	–	–
– Time, call and notice deposits	–定期及通知存款	437,087	443,969	1,794	270,268	155,184	16,723	–	–
Trading liabilities	交易用途負債	5	5	–	–	–	–	–	5
Certificates of deposit issued	已發行存款證	32,662	33,270	–	16,727	12,559	3,984	–	–
Current taxation	本年稅項	1,252	1,252	–	–	1,252	–	–	–
Debt securities issued	已發行債務證券	2,892	2,946	–	1,435	690	821	–	–
Loan capital	借貸資本	11,927	13,918	–	50	511	13,357	–	–
Other liabilities	其他負債	49,799	45,742	540	11,265	18,119	982	1,466	13,370
– Lease liabilities	–租賃負債	774	872	1	69	171	398	233	–
– Other accounts	–其他賬項	49,025	44,870	539	11,196	17,948	584	1,233	13,370
Total	總額	772,108	778,271	215,749	317,255	194,559	35,867	1,466	13,375

43. Principal Risk Management (continued) 主要風險管理(續)

(d) Liquidity Risk Management (continued)

The following tables summarise the undiscounted cashflows of the Group by remaining contractual maturity as at 31st December for derivative financial liabilities that will be settled on net and gross basis. The Group's derivative financial liabilities that will be settled on a net basis mainly include interest rate swaps whereas the derivative financial liabilities that will be settled on a gross basis mainly include foreign exchange forwards and futures and foreign exchange swaps.

(d) 流動性風險管理(續)

下表概述了本集團於12月31日以剩餘合約到期日列示之現金流，包括按淨額基準結算及所有按總額基準之衍生金融負債。本集團按淨額基準結算之衍生金融工具主要包括利率掉期，而按總額基準結算之衍生金融工具主要包括外匯遠期及外匯掉期。

		2023							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Derivative financial liabilities	衍生金融負債	4,007	2,675	(10)	1,407	748	705	(175)	–
Derivative financial liabilities settled on a net basis	按淨額基準結算之衍生金融負債								
Total net cash outflow/(inflow)	總淨現金流出/(流入)		1,835	15	763	615	617	(175)	–
Derivative financial liabilities settled on a gross basis	按總額基準結算之衍生金融負債								
Total cash inflow	總現金流入		(64,063)	(9,409)	(47,133)	(5,749)	(1,772)	–	–
Total cash outflow	總現金流出		64,903	9,384	47,777	5,882	1,860	–	–

		2022							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Derivative financial liabilities	衍生金融負債	4,145	3,978	37	1,261	1,180	1,172	328	–
Derivative financial liabilities settled on a net basis	按淨額基準結算之衍生金融負債								
Total net cash outflow	總淨現金流出		3,074	6	767	998	1,024	279	–
Derivative financial liabilities settled on a gross basis	按總額基準結算之衍生金融負債								
Total cash inflow	總現金流入		(51,195)	(325)	(33,383)	(12,552)	(4,782)	(153)	–
Total cash outflow	總現金流出		52,099	356	33,877	12,734	4,930	202	–

Certificates of Deposit, Debt Securities Issued, and Loan Capital
In 2023, BEA issued fixed rate certificates of deposit and debt securities with face values of US$1,129 million, CNY10,614 million, EUR50 million; and zero coupon certificates of deposit and debt securities with face values of US$488 million, CNY12,900 million, GBP158 million and EUR403 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK$51,198 million equivalent upon maturity.

已發行存款證、債務證券及借貸資本
2023年，東亞銀行發行了面值為11.29億美元、人民幣106.14億元及0.5億歐元的定息存款證及債務證券；以及面值為4.88億美元、人民幣129億元、1.58億英鎊及4.03億歐元的零息存款證及債務證券。本集團於到期時贖回的各類存款證及債務證券達等值港幣511.98億元。

At the end of December 2023, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK$28,759 million, with a carrying amount equivalent to HK$28,462 million.

於2023年12月底，已發行在外的存款證及債務證券面值相等於港幣287.59億元，賬面值則相等於港幣284.62億元。

Maturity Profile of Certificates of Deposit and Debt Securities Issued
As at 31st December, 2023
(All amounts expressed in millions of dollars of respective currencies)

已發行存款證及債務證券的年期
於2023年12月31日
(金額以各個貨幣的百萬元位列示)

	Total Face Value 總面值	Year of Maturity 到期年份		
		2024	2025	2026
Amount in currencies of issuance 發行金額的貨幣				
Floating Rate 浮息				
HKD 港元	200	–	200	–
USD 美元	78	58	20	–
Fixed Rate *(Note)* 定息 *(註)*				
USD 美元	884	763	121	–
CNY 人民幣	9,055	155	–	8,900
EUR 歐元	50	50	–	–
Zero Coupon 零息				
USD 美元	173	173	–	–
CNY 人民幣	6,250	6,250	–	–
GBP 英鎊	158	158	–	–
EUR 歐元	100	100	–	–
Total Certificates of Deposit and Debt Securities issued in HKD equivalent 所有已發行存款證及債務證券 (港幣等值)	28,759	17,669	1,302	9,788

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

註：已就管理已發行長期存款證及債務證券引致的利率風險，安排認為必要的相關利率掉期。

43. Principal Risk Management (continued) 主要風險管理(續)

(d) Liquidity Risk Management (continued)

Certificates of Deposit, Debt Securities Issued, and Loan Capital (continued)

In 2023, BEA issued fixed rate loan capital with a face value of US$500 million.

At the end of December 2023, the face value of the outstanding loan capital issued was equivalent to HK$16,102 million, with a carrying amount equivalent to HK$15,967 million.

Maturity Profile of Loan Capital
As at 31st December, 2023
(All amounts expressed in millions of dollars of respective currencies)

(d) 流動性風險管理(續)

已發行存款證、債務證券及借貸資本(續)

2023年，東亞銀行發行了面值為5億美元的借貸資本。

於2023年12月底，已發行在外的借貸資本面值相等於港幣161.02億元，賬面值則相等於港幣159.67億元。

借貸資本的年期
於2023年12月31日
(金額以各個貨幣的百萬元位列示)

	Total Face Value 總面值	Year of Maturity 到期年份				
		2027	2028	2029	2030	2032
Amount in currencies of issuance 發行金額的貨幣						
USD (Note 1, 2, 4, 5) 美元 *(註1、2、4、5)*	1,850	500	250	–	600	500
CNY (Note 3) 人民幣 *(註3)*	1,500	–	–	1,500	–	–
Total Loan Capital issued in HKD equivalent 所有已發行借貸資本(港幣等值)	16,102	3,906	1,953	1,650	4,687	3,906

Notes:

1. *The US$500 million loan capital that will mature in 2027 is callable on 15th March, 2026.*
2. *The US$250 million loan capital that will mature in 2028 is callable on 7th July, 2027.*
3. *The CNY1,500 million loan capital that will mature in 2029 is callable on 25th April, 2024.*
4. *The US$600 million loan capital that will mature in 2030 is callable on 29th May, 2025.*
5. *The US$500 million loan capital that will mature in 2032 is callable on 22nd April, 2027.*

註：

1. *將於2027年到期的5億美元借貸資本於2026年3月15日可贖回。*
2. *將於2028年到期的2.5億美元借貸資本於2027年7月7日可贖回。*
3. *將於2029年到期的人民幣15億元借貸資本於2024年4月25日可贖回。*
4. *將於2030年到期的6億美元借貸資本於2025年5月29日可贖回。*
5. *將於2032年到期的5億美元借貸資本於2027年4月22日可贖回。*

(e) Interest Rate Risk Management

Interest rate risk is the risk resulting from adverse movements in interest rates that affect the earnings and economic value of the Group's banking book positions. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's interest rate risk management, establish the strategy and policy for managing interest rate risk, and determine the means for ensuring that such strategies and policies are implemented. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to interest rate risk. The Internal Audit Division performs periodic reviews to ensure that the interest rate risk management functions are implemented effectively.

Interest rate risk primarily results from the timing differences in the re-pricing of interest rate-sensitive assets, liabilities, and off-balance sheet items in the banking book. In determining the level of interest rate risk, assessments are made for the gap risk, basis risk and option risk. The Group manages the interest rate risk on the banking book primarily by focusing on re-pricing mismatches. Gap analysis provides a static view of the maturity and re-pricing characteristics of the Group's interest rate-sensitive assets, liabilities, and off-balance sheet positions. Re-pricing gap position limits are set to control the Group's interest rate risk.

Sensitivity analysis in relation to the impact of changes in interest rates on earnings, in terms of net interest income ("NII"), and economic value, in terms of economic value of equity ("EVE") is assessed regularly through a number of hypothetical interest rate shock scenarios prescribed by the HKMA. EVE represents an assessment of the present value of expected net cash flows, discounted to reflect market rates. As fluctuations in interest rates will affect earnings, they will also affect its net worth. Sensitivity limits are set to control the Group's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee on a regular basis.

In order to produce quantitative estimation on IRRBB, the Group has assumed shock scenarios to interest rate yield curves which allow changes in economic value and earnings to be computed with consideration of optionality and behavioural assumptions. These scenarios are applied to IRRBB exposures in each currency for which the Group has material positions.

(e) 利率風險管理

利率風險是指本集團的銀行帳內的利率風險 (簡稱「IRRBB」) 受到不利的利率走勢對其盈利及經濟價值造成不利的影響所帶來的風險。資產負債管理委員會獲董事會授權，負責監察本集團的利率風險管理，訂立管理利率風險的策略與政策，並制定相應措施，以確保執行有關策略與政策。利率風險由本集團資金市場處按董事會或資產負債管理委員會批核的限額範圍進行日常管理。本集團風險管理處轄下的市場及流動性風險管理部，負責監察利率風險相關的活動。稽核處會定期作出檢討，確保利率風險管理功能得以有效執行。

利率風險主要是由銀行賬冊內利率敏感性資產、負債及資產負債表外項目在再定息時的時差所致。釐定利率風險水平時，對差距風險、息率基準風險及期權風險進行評估。本集團管理銀行賬冊上的利率風險主要集中於重訂息率的錯配。差距分析可讓本集團從靜態角度了解利率敏感性資產、負債和資產負債表外持倉的到期情況及重訂息率特點。本行設有重訂息率差距限額，以控制本集團的利率風險。

本集團每月定期進行敏感度分析，以估算利率變動對盈利和股權經濟價值的影響，當中包括金管局規定的不同利率衝擊假設情景。股權經濟價值反映對按照市場利率折算其預計淨現金流的現值的評估。由於利率變動會影響本集團的盈利，因此亦會影響本集團的淨值。本集團設有敏感度限額，以控制本集團的盈利及經濟價值兩方面的利率風險承擔。有關結果會定期向資產負債管理委員會匯報。

為了對IRRBB進行定量估計，本集團假設利率收益率曲線受到衝擊並考慮了選擇權和習性的設定，從而計算經濟價值和盈利的變化。這些情境適用於本集團持有的IRRBB風險敞口於各種重要貨幣。

43. Principal Risk Management (continued) 主要風險管理(續)

(e) Interest Rate Risk Management (continued)

The prescribed interest rate shock scenarios are provided by the HKMA in their Supervisory Policy Manual IR-1, Interest Rate Risk in the Banking Book and generally described as follows:

1.	Parallel up:	A constant parallel shock up across all time buckets
2.	Parallel down:	A constant parallel shock down across all time buckets
3.	Steepener:	Short rates down and long rates up
4.	Flattener:	Short rates up and long rates down
5.	Short rate up:	Rates up are greatest at shortest time bucket and diminish towards current rates in longer time buckets
6.	Short rate down:	Rates down are greatest at shortest time bucket and diminish towards current rates in longer time buckets

Based on the sensitivity analysis performed by the Group for each of the prescribed interest rate shock scenarios for the annual reporting date at 31st December, 2023, the maximum adverse impact on EVE and NII over the next 12 months are HK$1,839 million (31st December, 2022: HK$1,687 million) and HK$2,674 million (31st December, 2022: HK$2,927 million) respectively.

Details of the sensitivity analysis on interest rate risk can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

(e) 利率風險管理(續)

規定的利率衝擊情境是由香港金融管理局在其監管政策手冊IR-1「銀行帳內的利率風險」中提供，其一般描述如下：

1.	平行向上：	利率收益率曲線在所有時間段內平行向上移動
2.	平行向下：	利率收益率曲線在所有時間段內平行向下移動
3.	較傾斜：	短期利率下降而長期利率上升
4.	較橫向：	短期利率上升而長期利率下降
5.	短率上升：	利率在最短的時間段內上升差距最大，而差距隨著較長時段減少至與當前利率相若
6.	短率下跌：	利率在最短的時間段內下降差距最大，而差距隨著較長時段減少至與當前利率相若

根據本集團在2023年12月31日年度報告日於規定的利率衝擊情境下的敏感性分析，未來12個月對股權經濟價值及淨利息收入的最高不利影響分別為港幣18.39億元(2022年12月31日：港幣16.87億元)及港幣26.74億元(2022年12月31日：港幣29.27億元)。

有關利率風險敏感性分析可瀏覽本行網站www.hkbea.com/html/tc主頁內「監管披露」的連繫或按www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html的直接連繫。

(f) Strategic Risk Management

Strategic risk is the risk of current or potential impact on the Group's earnings, capital, reputation, or standing arising from changes in the environment the Group operates in, adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic, or technological changes.

The objective of managing strategic risk is to identify, assess, monitor, report, and mitigate strategic risk, and to ensure compliance with the relevant regulatory requirements.

The Group establishes comprehensive policies, manuals, profiles and reports to set out the management framework as well as assessment and monitoring tools.

The Group formulates, and adheres to the Strategic Risk Management Manual, which outlines a systematic approach to the management of strategic risk, including a framework for strategic risk identification, assessment, monitoring, mitigation and control, thereby enhancing the level of strategic risk management of the Group.

The Risk Management Committee is responsible for overseeing the management of the Group's strategic risk.

(f) 策略性風險管理

策略性風險是指因本集團營運環境變動、不良策略決策、決策實施不當或對工業、經濟或技術變動反應遲緩而對本集團盈利、資本、聲譽或地位造成當前或潛在影響的風險。

策略性風險管理的目的在於識別、評估、監控、匯報及降低策略性風險，以及確保符合相關監管規定的要求。

本集團制定全面的政策、指引、狀況及報告，載列管理架構及評估和監控工具。

本集團制定並遵從策略性風險管理手冊，該手冊載錄對策略性風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制策略性風險的機制，藉此提升本集團的策略性風險管理水平。

風險管理委員會負責監督本集團的策略性風險管理。

(g) Legal Risk Management

Legal risk is the risk of loss arising from unenforceable contracts, lawsuits, or adverse judgements that may disrupt or otherwise negatively affect the operations or financial condition of the Group.

The objective of managing legal risk is to identify, assess, monitor and report on legal risk, and to comply with the relevant legal and regulatory requirements.

From time to time, the Group provides training conducted by qualified internal personnel and/or external lawyers/professionals to staff members. It also issues reminders to staff members when necessary. When dealing with legal matters, the Group consults qualified internal personnel and, when necessary and appropriate, engages external lawyers with relevant expertise.

The Operational Risk Management Committee is responsible for overseeing the management of the Group's legal risk.

(g) 法律風險管理

法律風險是指出現合約未能執行、訴訟或不利審判的情況，可能對本集團的日常運作或財務狀況造成擾亂或負面影響而導致損失的風險。

法律風險管理的目的，在於識別、評估、監控及匯報法律風險，以及遵守相關法律及監管規定的要求。

本集團會不時向員工提供由合資格內部人員及／或外聘律師／專業人士講解的培訓，並於有需要時向員工發出提示。當處理法律事宜，本集團諮詢合資格內部人員，並於必要及適當的情況下聘請具備相應專業知識的外聘律師。

營運風險管理委員會負責監督本集團的法律風險管理。

43. Principal Risk Management (continued) 主要風險管理(續)

(h) Reputation Risk Management

Reputation risk is the risk that the Group's reputation is damaged by one or more events that result in negative publicity about the business practices, conduct, or financial condition of the Group. Such negative publicity, whether true or not, may impair public confidence in the Group and may result in costly litigation, or lead to a decline in the Group's customer base, business, and/or revenue.

The objective of managing reputation risk is to identify, assess, monitor, report, and mitigate reputation risk, and to ensure compliance with the relevant regulatory requirements.

The Group establishes various policies, guidelines, manuals and codes to ensure compliance with applicable laws, rules and regulations, and to ensure that the Group maintains a high standard of corporate governance, which in turn helps to safeguard and enhance the Group's reputation.

The Group formulates, and adheres to the Reputation Risk Management Manual, which outlines a systematic approach to the management of reputation risk, including a framework for reputation risk identification, assessment, mitigation, control, and monitoring, thereby protecting and enhancing the reputation of the Group. The Guidelines for Incident Response and Management are established for swift response to and management of unexpected incidents. The Media Guidelines are established to ensure effective and consistent delivery of the Group's key messages to the media.

The Operational Risk Management Committee is responsible for overseeing the management of the Group's reputation risk.

(h) 聲譽風險管理

聲譽風險是指因對本集團一項或多項有關營商手法、行為或財務狀況事件的負面報導而損及本集團聲譽的風險。此等負面報導，不管真確與否，有可能影響公眾對本集團的信心，並可能導致高昂的訴訟費用，或令本集團客戶基礎、業務及／或收入減少。

聲譽風險管理的目的在於識別、評估、監控、匯報及降低聲譽風險，以及確保符合相關監管規定的要求。

本集團制定各項政策、指引、手冊及守則，確保遵守適用法例、規則及規例，同時確保本集團維持高水準的企業管治，藉此保障及提升本集團的聲譽。

本集團制定並遵從聲譽風險管理手冊，該手冊載錄對聲譽風險實施系統化管理的方法，包括識別、評估、緩減、控制及監控聲譽風險的機制，藉此保護及提升本集團的聲譽。本集團已建立事件應對及管理指引，以快速應對並管理未能預期的事件。並已建立媒體指引，以確保有效及一致地將本集團的關鍵信息傳達予媒體。

營運風險管理委員會負責監督本集團的聲譽風險管理。

(i) Compliance Risk Management

Compliance risk is the risk of potential losses arising from legal or regulatory sanctions, fines and penalties, financial losses or damage to reputation that the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its business activities.

The Group establishes various policies, guidelines and manuals to ensure compliance with all applicable legislation, rules, codes of conduct, industry standards, and guidelines issued by the relevant regulatory authorities that govern the Group's operations. The Group formulates, and adheres to, the Compliance Risk Management Manual, which outlines a systematic approach to the management of compliance risk, including a framework for compliance risk identification, assessment, monitoring, mitigation and control, thereby enabling the Group to manage its compliance risk effectively. Independent regulatory compliance reviews are conducted on major functions of the Group using a risk-based approach.

(j) Technology Risk Management

Technology risk is the risk of loss to the Group due to inadequate or failed technical processes, people, and/or computing systems, or unauthorised access or disruption to technology resources, in particular relating to cyber security and e-banking.

To address increasing cyber security threats, the Group has put in place adequate security resources and proper control measures based on a defined risk appetite level. The Group has developed technology risk related policies and cyber security strategies as well as comprehensive security awareness programmes to strengthen cyber security at all levels.

The Group has also established a framework for proper management of technology risk. The Board and designated committees at the top level are responsible for overall management of technology risk for the Group. They lead various working teams and the "Three Lines of Defence" to address specific areas of concern.

Comprehensive control policies, standards, guidelines, and procedures are maintained to ensure that adequate control measures relating to the security of internet systems and applications, customer authentication, risk assessment for new products and services, third-party security and confidentiality, integrity and availability of information are all in place.

(i) 合規風險管理

合規風險是指因未能遵守適用於本集團業務活動的法例、規例、規則、相關自我監管機構所定的標準及行為守則而引致的法律及監管制裁、罰金或罰款、財務損失，或令聲譽受損而導致本集團可能損失的風險。

本集團已制定各項政策、指引及手冊，確保遵守所有適用法例、規則、行為守則、行業標準及有關監管機構發出的規管本集團營運的指引。本集團已制定並遵從合規風險管理手冊，該手冊載錄對合規風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制合規風險的機制，藉此令本集團有效地管理合規風險。並採用風險為本的方式對本集團主要職能進行獨立合規監察審查。

(j) 科技風險管理

科技風險是指因技術程序、人員及／或計算系統不足或出現故障；或因未經授權使用或破壞技術資源(尤其在涉及網絡安全及電子銀行時)導致本集團損失的風險。

為應對日漸上升的網絡安全威脅，本集團已根據既定風險偏好級別投入充足的網絡安全資源和實施適當的控制措施。本集團已制定科技風險相關政策及網絡安全策略，以及全面的安全意識計劃，以加強各個級別的網絡安全。

本集團亦已為科技風險設立妥善管理框架。處於集團頂層的董事會及其指定委員會負責對本集團科技風險的整體管理，統領各工作小組及「三道防線」解決個別領域的問題。

本集團繼續落實全面的控制政策、標準、指引及程序，確保充分實施與網絡系統及應用程式安全、客戶身份驗證、新產品及服務風險評估、第三方安全性、以及資料保密、完整性及可用性相關的控制措施。

43. Principal Risk Management (continued) 主要風險管理(續)

(k) Capital Management

The Group's primary objectives when managing capital are to meet the regulatory requirements and safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

Capital managed by the Group to achieve these objectives includes ordinary share capital, retained profits, other reserves, and non-controlling interests after deductions for goodwill and intangible assets. It also includes subordinated liabilities, impairment allowances and regulatory reserve for general banking risks as allowed under Banking (Capital) Rules.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Steering Group for Capital Management and Recovery and Resolution Planning is responsible for overseeing issues related to the capital positions and monitoring the capital adequacy against all regulatory and internal reference. The capital position is also reviewed regularly by the Risk Management Committee, Risk Committee and the Board.

The HKMA supervises the Group on both a consolidated basis and a solo-consolidated basis and, as such, sets capital requirements and receives information of capital adequacy on a regular basis for the Group as a whole. Individual branches in Macau, Taiwan and overseas and banking subsidiaries are directly regulated by respective domestic banking supervisors, who set and monitor their capital adequacy requirements. In certain jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital requirements of domestic regulatory authorities.

In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group monitors its capital structure on the basis of the capital adequacy ratios and there have been no material changes in the Group's policy on the management of capital during the year.

The capital adequacy ratios as at 31st December, 2023 and 31st December, 2022 as disclosed are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2023 and 31st December, 2022 and the Group's capital ratios are well above the minimum required by the HKMA.

(k) 資本管理

本集團管理資本的主要目的是要符合監管規定及保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

以求達至該目的，本集團管理資本包括股本、留存溢利、其他儲備，及非控股權益(已扣除商譽和無形資產)。管理資本亦包括無償負債、減值準備及資本規則所容許的一般銀行業風險的規管儲備。

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

資本管理、恢復及處置規劃督導組負責監督與資本狀況相關的事項，並根據監管機構及內部指引以監控資本充足度。風險管理委員會、風險委員會及董事會亦會定期檢討資本狀況。

金管局按綜合基準及單獨綜合基準以監管本集團，並制訂資本要求及定期收集本集團整體性的資本充足資料。個別澳門、台灣及海外分行及銀行附屬公司分別由當地的銀行監管機關直接監管，並制訂及監控其資本充足要求。在某些地區，非銀行財務附屬公司是受當地監管機關規管及資本要求。

在實施現行資本要求，金管局要求本集團維持特定的總資本對風險資產總額比率。

本集團以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變。

2023年12月31日及2022年12月31日的資本充足比率的披露是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合《銀行業條例》的《銀行業(資本)規則》。

截至2023年12月31日及2022年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團的資本比率俱遠高於金管局所定的最低規定比率。

(I) Climate-Related Risk Management

The Group is of the view that there is growing urgency for immediate climate action in building resilience and to mitigate potential negative impacts of climate change. The Group distinguishes climate related risk between physical risk and transition risk. "Physical risk" refers to the impacts of weather and climate-related events, which could lead to disruptions to the business and operations of banks and their clients. "Transition risk" refers to the risk related to the process of adjustment towards a low-carbon economy, which can be prompted by policy, legal, technology and market changes as climate-change mitigation and adaptation measures are adopted. The Group views climate risk as a transverse risk that can manifest in the traditional and principal risk types such as credit, operational and reputation risks, etc. The impacts can materialise in the business and operational activities of the Bank.

The Bank's Board of Directors has established a Board-level ESG Committee to oversee the Group's ESG performance. The ESG Steering Committee ("Steering Committee") reports directly to the ESG Committee. The Steering Committee, chaired by the Co-Chief Executive, is responsible for driving ESG strategy development, assessing the materiality of existing and emerging ESG topics, and ESG target setting and performance review, which is then reported to the ESG Committee. The Group Chief Risk Officer sits on the ESG Steering Committee and is tasked with managing and reporting on ESG risks.

Through the HKMA-led Climate Risk Stress Test ("CRST") exercise, the Group has identified emerging climate risks and opportunities which may materially affect the Group's business and operations. Based on the results from the climate risk and scenario analysis, the Group is able to determine certain financial and non-financial impacts of climate change which could manifest in the major risk categories through impacting of the asset quality (i.e. borrower repayment ability, collateral quality), valuation of financial instruments (i.e. market fluctuation), operational resilience (i.e. operational damage to bank premises and assets and business disruption) and reputational impact to the Group. The Group has developed plans to strengthen its strategies and risk governance framework to ensure its resilience against extreme climate events and to mitigate the vulnerabilities identified during this CRST exercise. Due to strong capital buffers built up over past years, the estimated financial impact from climate change do not create material capital impact to the Group.

The Group's climate risk management measures include supporting customers towards transition to a low carbon economy, expanding green and sustainable finance products, controlling the Group's exposure to high climate risk sectors, and the development of net zero roadmaps for both operational emissions (Scope 1 and 2), as well as financed emissions (Scope 3). The significant climate risk issues will be reported and escalated to management committees and the Board through the existing enterprise risk management organizational structure. To strengthen our climate risk management capability and assess the operational and financial impact arising from extreme weather events, the Group has developed and implemented new risk management tools in 2023, including qualitative and quantitative risk appetite statement for climate risk and climate risk heatmap, and strengthened ESG risk assessment to customers and debt securities issuers.

(I) 氣候相關風險管理

本集團認為應對氣候行動刻不容緩，必須建立氣候抗禦力和緩解氣候變化潛在的不利影響。本集團將氣候相關風險區分為實體風險及轉型風險。「實體風險」指天氣及氣候相關事件的影響，可能對銀行及相關客戶的業務和營運以造成干擾。「轉型風險」指與轉型至低碳經濟過程中的相關風險，可以是歸因於推行氣候變化的緩解及適應措施導致的政策、法規、科技和市場變化。本行認為氣候風險屬於橫向風險，可體現在傳統和主要風險類別中，例如信貸、營運及信譽風險等，其影響可體現於本行的業務及營運活動。

本行董事會已成立董事會層面的環境、社會及管治委員會以監督集團的可持續發展表現。環境、社會及管治督導委員會(「督導委員會」)直接向環境、社會及管治委員會匯報。督導委員會由聯席行政總裁擔任主席，負責促進制訂可持續發展策略、評估現有及新興可持續發展議題的重要性、訂立可持續發展目標和檢討表現，然後向環境、社會及管治委員會匯報。集團風險總監為環境、社會及管治督導委員會的成員之一，專責管理和匯報環境、社會及管治風險。

本集團藉著金管局推出的氣候風險壓力測試識別可能對本集團業務及營運構成重大影響的新興氣候風險與機遇。本集團根據氣候風險及情境分析結果，透過對資產質素(即借款人償還能力、抵押品質素)、金融票據的估值(即市場波動)、營運抗禦力(即銀行處所及資產運作受損和業務中斷)造成的影響，確定可能落入主要風險類別的氣候變化的財務及非財務影響，以及對本集團聲譽的影響。本集團已制訂多個方案強化策略及風險管治架構，確保可以抵禦極端氣候事件和緩解氣候風險壓力測試所識別的弱點。由於本集團過去多年建立了雄厚的緩衝資本，因此氣候變化的估計財務影響不會對本集團的資本構成重大影響。

本集團的氣候風險管理措施包括協助客戶過渡至低碳經濟、增加綠色及可持續金融產品類型、控制本集團於高氣候風險行業的投資，以及為營運碳排放(範圍1及2)和本集團提供融資的排放量(範圍3)擬定淨零碳排放路線圖。重大氣候風險議題將通過現有的企業風險管理架構匯報給相關的管理層委員會和董事會。為加強本集團的氣候風險管理能力及評估極端天氣事件對營運以及財務上的影響，本集團於2023年度已推行各項風險管理措施，包括定性和定量氣候風險偏好聲明和氣候風險熱圖，及加強對客戶和債務證券發行人於環境、社會及管治的風險評估。

44. Fair Values of Financial Instruments 金融工具的公平價值

(a) Financial Instruments Carried at Fair Value

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

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

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

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

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

(a) 以公平價值列賬的金融工具

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。本集團以下列的分級方法計算公平價值：

第一級－參考同一工具在活躍市場取得的市場報價。

第二級－根據可觀察的參數之估值模式。為此級別估值的工具，包括以下方式：就相若工具在活躍市場取得的市場報價；就相若工具在非活躍市場取得的市場報價；或其他估值模式，而該等估值模式所用的參數，是直接或間接可從市場觀察所得的數據。

第三級－根據不可觀察之重要參數之估值模式。為此級別估值的工具，其估值模式所輸入之參數為非可觀察的數據，惟該等非可觀察的數據可以對估值產生重大影響。為此級別估值的工具，也包括在活躍市場取得相若金融工具的市場報價，惟當中需要作出非可觀察之調整或假設，以反映不同金融工具之間的差別。

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是計量公平價值，藉以在申報日能反映金融工具的價格，而該價格可被視為在正常交易下市場人士當賣出資產時可收取或當轉移負債時須支付之款項。

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

本集團會使用廣泛應用的估值模式，以釐定一般性及較簡單金融工具的公平價值，例如僅使用可觀察市場價格、及毋須管理層耗時判斷及估計之利率及貨幣掉期。可觀察價格及模式的參數，通常可從市場上的上市債務及股份證券、在交易所買賣的衍生工具和簡單的場外交易衍生工具如利率掉期獲取。獲取可觀察市場價格及模式的參數，可以減省管理層需時判斷及估計，也可減少有關釐定公平價值的不穩定因素。是否取得可觀察市場價格及參數，視乎產品及市場性質，並會因金融市場的個別事件和一般情況而有不同變化。

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

至於較複雜的金融工具，本集團會使用通常由已有認受性的估值模式改動而來。部分甚或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用不可觀察之重要參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值；而揀選適當的估值模式、為估值之金融工具決定其預期的未來現金流、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

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

本集團已就計算公平價值設立了監控機制。此機制包括擁有產品監控功能並獨立於前線管理人員，稱為金融工具估值群組(「群組」)。價格核實的程序已經確立。任何將被採用的價格模式必須經過嚴格的檢測及審批程序。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值(續)

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

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

(a) 以公平價值列賬的金融工具(續)

下表是分析於報告期期末，在公平價值分級內以公平價值計量的金融工具之公平價值的處理方式：

		2023				2022			
		Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Recurring fair value measurement	**重覆發生的公平價值釐定**								
Assets	**資產**								
Trade Bills – Measured at FVOCI	貿易票據－按通過其他全面收益以反映公平價值計量	–	122	–	122	–	488	–	488
Trading assets	交易用途資產	285	2,764	–	3,049	354	1,176	–	1,530
Derivative assets	衍生工具資產	12	9,044	–	9,056	200	10,892	–	11,092
Investment securities	投資證券								
– Mandatorily measured at FVTPL	－強制按通過損益以反映公平價值計量	–	2,327	533	2,860	–	3,417	732	4,149
–Measured at FVOCI	－按通過其他全面收益以反映公平價值計量	35,922	116,339	959	153,220	24,654	102,903	839	128,396
		36,219	130,596	1,492	168,307	25,208	118,876	1,571	145,655
Liabilities	**負債**								
Trading liabilities	交易用途負債	–	–	–	–	5	–	–	5
Derivative liabilities	衍生工具負債	–	4,007	–	4,007	99	4,046	–	4,145
Financial liabilities designated at FVTPL	指定為通過損益以反映公平價值的金融負債	–	13,501	–	13,501	–	24,357	–	24,357
		–	17,508	–	17,508	104	28,403	–	28,507

During the years ended 31st December, 2023 and 2022, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至2023年及2022年12月31日止之年度內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間並無重大的轉移。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

Information about significant unobservable inputs in Level 3 valuations 有關第三級估值的不可觀察之重要參數資料

	Valuation technique 估值模式	Significant unobservable input(s) 不可觀察之重要參數	Range 幅度
Unlisted debt securities, equity securities and investment funds 非上市債務證券、股份證券及投資基金	Counterparty quote 交易對手報價	N/A 不適用	N/A 不適用
	Net asset value 資產淨值	N/A 不適用	N/A 不適用
	Discounted cash flow model 現金流折扣模式	Discount rate 折扣率	13.4% (2022年:12.2%)
		Marketability discount 市場性折扣	20% (2022年:20%)
	Market-comparable approach 市場可類比法	Earnings multiple 盈利倍數	14.38–36.36 (2022年:20.51–27.66)
		EV/EBIT 企業價值／稅息前利潤	18.26–26.75 (2022年:21.61–27.78)
		Marketability discount 市場性折扣	50% (2022年:50%)

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

強制按通過損益以反映公平價值計量或按通過其他全面收益以反映公平價值計量的非上市股本工具的公平價值，是採用現金流折扣模式作估算，根據受投資公司的財務狀況及業績之分析，或參考可比較上市公司之倍數，並計入市場性折扣以反映該股份並非有活躍交易之調整。任何因比率／受投資公司的財務狀況及業績之個別增加對公平價值有正面影響，而因折扣率／市場性折扣之個別增加則對公平價值有負面影響。非上市投資基金的公平價值是採用基金經理提供的資產淨值作估算。

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

在第三級之金融工具估值是受以上所述之相同估值監控機制及金融工具估值群組的定期檢視。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值(續)

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

(1) Valuation of financial instruments with significant unobservable inputs

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

(a) 以公平價值列賬的金融工具(續)

(1) 使用不可觀察之重要參數的金融工具估值

已列賬並含有不可觀察之重要參數的工具，其公平價值之變動如下：

		2023		2022	
		Investment securities mandatorily measured at FVTPL 強制按通過損益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities measured at FVOCI 按通過其他全面收益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities mandatorily measured at FVTPL 強制按通過損益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities measured at FVOCI 按通過其他全面收益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元
Assets	**資產**				
At 1st January	於1月1日	**732**	**839**	808	712
Additions/Purchases	增加／購入	**8**	**–**	31	–
Disposals/Settlements	出售／結算	**(208)**	**–**	(27)	–
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	**1**	**–**	(80)	–
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面收益	**–**	**120**	–	127
At 31st December	於12月31日年度內	**533**	**959**	732	839
Total gains for the year included in FVOCI fair value reserve of the other comprehensive income for assets held at the end of the reporting period	於報告期結束日持有按通過其他全面收益以反映公平價值資產而已計入其他全面收益的公平價值儲備之年度內收益總額	**–**	**120**	–	127
Total gains/(losses) for the year included in the income statement for assets held at the end of the reporting period recorded in net results from other financial instruments at FVTPL	於報告期結束日持有之資產而已計入期內收益表之按通過損益以反映公平價值金融工具的淨表現之年度內收益／(虧損)收益總額	**1**	**–**	(80)	–

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

(2) 因不可觀察之重要假設變動至合理可行之另類假設所產生的影響

		2023			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元	Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元
Financial assets	金融資產				
Investment securities mandatorily measured at FVTPL	强制按通過損益以反映公平價值計量的投資證券	45	(45)	–	–
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的投資證券	–	–	80	(80)
		45	(45)	80	(80)

		2022			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元	Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元
Financial assets	金融資產				
Investment securities mandatorily measured at FVTPL	强制按通過損益以反映公平價值計量的投資證券	61	(61)	–	–
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的投資證券	–	–	70	(70)
		61	(61)	70	(70)

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

在若干情況下，計算金融工具的公平價值所使用的估值模式，其含有的假設並非依據在相同工具的當前可觀察市場交易價格，亦非依賴其他可觀察的市場數據。上表顯示公平價值之敏感度，即因轉用至合理可能的替代假設所產生的正、負10%的價值的並行變動。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值(續)

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

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

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

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

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2023 and 2022.

(b) 以公平價值以外列賬的金融工具公平價值

本集團採用下列方法和重要假定，以釐定如下的金融工具的公平價值：

(i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於報告期結束日可按要求而支付的金額。

(ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。

(iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。

(iv) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，亦可以就貸款機構對發出擔保所實際徵收的息率，與在沒有取得擔保之情況下而貸款機構將可能徵收的估計息率作出比較，並在當中取用較可靠的相關資料以釐定公平價值。

本集團以成本或攤銷成本入賬的金融工具賬面值，與其於2023年12月31日及2022年同日之公平價值並無重大差異。

45. Off-Balance Sheet Exposures 資產負債表以外的風險

(a) Contingent Liabilities and Commitments

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

(a) 或然負債及承擔

參照金管局資本充足比率申報表的填報指示，各主要類別的或然負債及承擔的合約金額及信貸風險加權金額摘要如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Contingent liabilities	或然負債		
Direct credit substitutes	直接信貸代替品	**3,522**	4,220
Transaction-related contingencies	與交易有關的或然項目	**3,927**	3,846
Trade-related contingencies	與貿易有關的或然項目	**7,741**	6,143
		15,190	14,209
Commitments	承擔		
Commitments that are unconditionally cancellable without prior notice	可無條件取消而毋須事先通知的承擔	**332,203**	303,920
Other commitments with an original maturity	其他承擔的原到期日		
– up to 1 year	一1年或以下	**2,531**	2,229
– over 1 year	一1年以上	**25,168**	32,043
		359,902	338,192
Total	總額	**375,092**	352,401
Credit risk-weighted amounts	信貸風險加權金額	**17,458**	23,651

The credit risk-weighted amount is calculated in accordance with the Capital Rules. Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts does not represent expected future cash flows.

信貸風險加權金額是按《資本規則》計算。或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。合約金額是指當合約被完全提取及客戶違約時所承擔風險的金額。由於預期擔保書及承付款項的大部分金額會在未經提取前逾期，合約金額並不代表預計未來現金流量。

(b) Derivatives

(i) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

(b) 衍生工具

(i) 衍生工具的名義金額

衍生工具是指由一項或多項潛在資產或指數價值釐定價值的財務合約。

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險 (續)

(b) Derivatives (continued)

(i) Notional amount of derivatives (continued)

The following is a summary of the notional amounts of each significant type of derivative of the Group:

(b) 衍生工具 (續)

(i) 衍生工具的名義金額 (續)

集團的每項衍生工具主要類別的名義金額摘要如下：

		2023			
		Qualifying for hedge accounting 符合對沖會計法 HK$ Mn 港幣百萬元	Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具模式管理 HK$ Mn 港幣百萬元	Others, including held for trading 其他，包括持有作交易用途 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	–	2,932	311,977	314,909
Interest rate contracts	利率合約	115,455	8,171	195,198	318,824
Equity contracts	股份合約	–	–	6,245	6,245
		115,455	11,103	513,420	639,978

		2022			
		Qualifying for hedge accounting 符合對沖會計法 HK$ Mn 港幣百萬元	Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具模式管理 HK$ Mn 港幣百萬元	Others, including held for trading 其他，包括持有作交易用途 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	–	4,163	288,758	292,921
Interest rate contracts	利率合約	113,222	19,685	186,718	319,625
Equity contracts	股份合約	–	–	4,774	4,774
		113,222	23,848	480,250	617,320

Derivatives arise from futures, forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting period; they do not represent amounts at risk.

衍生工具是由本集團在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在報告期結束日仍未完成的交易量，但並不代表所承受風險的金額。

(ii) Fair value of derivatives

(ii) 衍生工具之公平價值

		2023 Fair value 公平價值		2022 Fair value 公平價值	
		Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	**1,650**	**1,733**	1,781	1,749
Interest rate contracts	利率合約	**7,307**	**2,169**	9,220	2,297
Equity contracts	股份合約	**99**	**105**	91	99
		9,056	**4,007**	11,092	4,145

(iii) Hedge accounting

Fair value hedges of interest rate risk

The Group's fair value hedge principally consists of interest rate swaps that are used to protect against changes in the fair value of fixed rate long-term financial instruments due to movements in market interest rates.

The Group uses interest rate swaps to hedge its exposure to changes in the fair values of certain fixed rate financial assets and financial liabilities in respect of a benchmark interest rate. Pay-floating/receive-fixed interest rate swaps are matched to specific issuances of fixed rate financial liabilities or pay-fixed/receive-floating interest rate swaps are matched to fixed rate financial assets with terms that closely align with the critical terms of the hedged item.

(iii) 對沖會計

利率風險的公平價值對沖

本集團的公平價值對沖主要包括利率掉期，用於防範定息長期金融工具的公平價值因市場利率變動而轉變。

本集團以利率掉期對沖若干定息金融資產及金融負債因基準利率而導致的公平價值轉變的風險。對沖以支付浮動／收取固定利率掉期合約與定息金融負債的特定發行配對或以支付固定利率／收取浮動利率掉期合約與定息金融資產配對，其條款與被對沖項目的關鍵條款一致。

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

Fair value hedges of interest rate risk (continued)

The Group's approach to managing market risk, including interest rate risk, is discussed in Note 43(b). Interest rate risk to which the Group applies hedge accounting arises from fixed rate financial assets and financial liabilities, whose fair value fluctuates when benchmark interest rates change. The Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed rate financial asset and financial liability are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties and requiring the counterparties to post collateral (see Note 43(a)(x)).

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Group further supports this qualitative assessment by using cumulative dollar offset method or regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

The Group establishes a hedge ratio by aligning the par amount of the hedged item and the notional amount of the interest rate swap designated as a hedging instrument. Under the Group policy, in order to conclude that a hedge relationship is effective, all of the following criteria should be met.

- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 0.8.
- The slope of the regression line is within a 0.8–1.25 range.
- The confidence level of the slope is at least 95%.

(b) 衍生工具(續)

(iii) 對沖會計(續)

利率風險的公平價值對沖(續)

本集團管理市場風險的方法，包括利率風險詳述於附註43(b)。本集團採用對沖會計的利率風險來自定息金融資產及金融負債，其公平價值在基準利率變動時波動。因定息金融資產及金融負債的公平價值變動受基準利率變動的顯著影響，本集團僅在基準利率範圍內對沖利率風險。對沖會計適用於符合對沖會計條件的經濟對沖關係。

通過使用衍生金融工具對沖利率變動的風險，本集團亦面對衍生工具交易對手的信貸風險，而該風險並未被被對沖項目抵銷。本集團通過與高質量交易對手進行交易，要求交易對手提供抵押品，減低衍生工具交易對手的信用風險(詳見附註43(a)(x))。

在採用公平價值對沖會計法前，本集團根據被對沖項目和對沖工具的定性特徵評估和支持對沖風險評估的定量分析，以確定被對沖項目與對沖工具之間是否存在經濟關係。本集團在評估經濟關係的存在時，會考慮被對沖項目及對沖工具的關鍵條款是否一致。本集團評估被對沖項目和對沖工具的公平價值是否對類似風險反應相似。本集團採用累計價值抵銷法或回歸分析評估對沖工具是否預期及非常有效地抵銷被對沖項目的公平價值變動以進一步支持定性評估。

本集團通過調整對沖項目的面值與指定為對沖工具的利率掉期合約的名義金額來確定對沖比率。根據本集團政策，有效對沖關係應滿足以下所有條件：

- 測量回歸中變量之間相關性的回歸係數(R平方)至少為0.8。
- 回歸線的斜率在0.8–1.25範圍內。
- 斜率的置信水平至少為95%。

In these hedge relationships, the main sources of ineffectiveness are:

在這些對沖關係中，無效對沖部份的主要來源是：

- the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and

- 交易對手和本集團自身信用風險對利率掉期合約公平價值的影響未能反映在利率變動導致的被對沖項目的公平價值中；及

- differences in maturities of the interest rate swap and the hedged item.

- 利率掉期和相關對沖項目的到期日之差異。

At 31st December, 2023 and 2022, the Group held the following interest rate swaps as hedging instruments in fair value hedges of interest risk:

於2023年及2022年12月31日，本集團持有以下利率掉期合約作為利率風險公平價值對沖的對沖工具：

		2023 Maturity 到期日		
		Less than 1 year 少於1年	1–5 years 1–5年	More than 5 years 多於5年
Risk category	風險類別			
Interest rate risk	利率風險			
Hedge of debt securities investment	對沖債務證券投資			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	**6,832**	**40,841**	**51,483**
Average fixed interest rate	平均固定利率	**2.21%**	**1.54%**	**1.47%**
Hedge of loans and advances	對沖貸款及墊款			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	**124**	**698**	**27**
Average fixed interest rate	平均固定利率	**2.76%**	**1.19%**	**2.59%**
Hedge of subordinated notes issued	對沖已發行後償票據			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	**–**	**14,452**	**–**
Average fixed interest rate	平均固定利率	**–**	**3.98%**	**–**
Hedge of deposits from customers	對沖客戶存款			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	**998**	**–**	**–**
Average fixed interest rate	平均固定利率	**4.04%**	**–**	**–**

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險(續)

(b) Derivatives (continued) **(b) 衍生工具(續)**

(iii) Hedge accounting (continued) (iii) 對沖會計(續)

Fair value hedges of interest rate risk (continued) ***利率風險的公平價值對沖(續)***

		2022 Maturity 到期日		
		Less than 1 year 少於1年	1–5 years 1-5年	More than 5 years 多於5年
Risk category	風險類別			
Interest rate risk	利率風險			
Hedge of debt securities investment	對沖債務證券投資			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	9,953	39,974	44,403
Average fixed interest rate	平均固定利率	2.33%	1.33%	1.33%
Hedge of loans and advances	對沖貸款及墊款			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	125	869	27
Average fixed interest rate	平均固定利率	2.78%	1.54%	2.59%
Hedge of subordinated notes issued	對沖已發行後償票據			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	–	5,852	–
Average fixed interest rate	平均固定利率	–	2.72%	–
Hedge of deposits from customers	對沖客戶存款			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	9,631	–	–
Average fixed interest rate	平均固定利率	3.67%	–	–
Hedge of repo	對沖回購			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	2,388	–	–
Average fixed interest rate	平均固定利率	4.72%	–	–

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

指定為對沖工具及無效對沖金額如下：

	2023						
	Nominal amount 名義金額 HK$ Mn 港幣百萬元	Carrying amount 賬面值 Assets 資產 HK$ Mn 港幣百萬元	Carrying amount 賬面值 Liabilities 負債 HK$ Mn 港幣百萬元	Line item in the consolidated statement of financial position where the hedging instrument is included 包含對沖工具的綜合財務狀況表的項目	Change in fair value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份 HK$ Mn 港幣百萬元	Ineffectiveness recognised in profit or loss 於損益表內確認的無效對沖部份 HK$ Mn 港幣百萬元	Line item in consolidated income statement that includes hedge ineffectiveness 包含無效對沖部份的綜合收益表的項目
Interest rate risk 利率風險							
Interest rate swaps – hedge of debt securities investment 利率掉期－對沖債務證券投資	99,156	5,689	(412)	Derivative assets/ (liabilities) 衍生工具資產／(負債)	(1,860)	76	Net hedging profit/(loss) 對沖溢利／(虧損)淨額
Interest rate swaps – hedge of loans and advances 利率掉期－對沖貸款及墊款	849	42	–	Derivative assets/ (liabilities) 衍生工具資產／(負債)	(24)	(2)	Net hedging profit/(loss) 對沖溢利／(虧損)淨額
Interest rate swaps – hedge of subordinated notes issued 利率掉期－對沖已發行後償票據	14,452	29	(402)	Derivative assets/ (liabilities) 衍生工具資產／(負債)	147	(23)	Net hedging profit/(loss) 對沖溢利／(虧損)淨額
Interest rate swaps – hedge of deposits from customers 利率掉期－對沖客戶存款	998	–	(2)	Derivative assets/ (liabilities) 衍生工具資產／(負債)	28	2	Net hedging profit/(loss) 對沖溢利／(虧損)淨額
Interest rate swaps – hedge of repo 利率掉期－對沖回購	–	–	–	Derivative assets/ (liabilities) 衍生工具資產／(負債)	4	(23)	Net hedging profit/(loss) 對沖溢利／(虧損)淨額

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險 (續)

(b) Derivatives (continued) **(b) 衍生工具 (續)**

(iii) Hedge accounting (continued) (iii) 對沖會計 (續)

Fair value hedges of interest rate risk (continued) ***利率風險的公平價值對沖 (續)***

				2022			
		Carrying amount 賬面值		Line item in the consolidated statement of financial position where the hedging instrument is included 包含對沖工具的綜合財務狀況表的項目	Change in fair value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份	Ineffectiveness recognised in profit or loss 於損益表內確認的無效對沖部份	Line item in consolidated income statement that includes hedge ineffectiveness 包含無效對沖部份的綜合收益表的項目
	Nominal amount 名義金額	Assets 資產	Liabilities 負債				
	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	
Interest rate risk 利率風險							
Interest rate swaps – hedge of debt securities investment 利率掉期–對沖債務證券投資	94,330	7,311	(113)	Derivative assets/(liabilities) 衍生工具資產/(負債)	8,958	172	Net hedging profit/(loss) 對沖溢利/(虧損)淨額
Interest rate swaps – hedge of loans and advances 利率掉期–對沖貸款及墊款	1,021	65	–	Derivative assets/(liabilities) 衍生工具資產/(負債)	72	4	Net hedging profit/(loss) 對沖溢利/(虧損)淨額
Interest rate swaps – hedge of subordinated notes issued 利率掉期–對沖已發行後償票據	5,852	–	(299)	Derivative assets/(liabilities) 衍生工具資產/(負債)	(255)	4	Net hedging profit/(loss) 對沖溢利/(虧損)淨額
Interest rate swaps – hedge of deposits from customers 利率掉期–對沖客戶存款	9,631	9	(37)	Derivative assets/(liabilities) 衍生工具資產/(負債)	(29)	(2)	Net hedging profit/(loss) 對沖溢利/(虧損)淨額
Interest rate swaps – hedge of repo 利率掉期–對沖回購	2,388	–	(1)	Derivative assets/(liabilities) 衍生工具資產/(負債)	(4)	23	Net hedging profit/(loss) 對沖溢利/(虧損)淨額

The amounts relating to items designated as hedged items were as follows:

指定為被對沖項目金額如下：

	2023						
	Carrying amount 賬面值		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item 包含於被對沖項目賬面值的累計公平價值對沖調整		Line item in the consolidated statement of financial position where the hedged item is included 包含被對沖項目的綜合財務狀況表的項目	Change in value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses 包含於財務狀況表的已終止調整對沖盈利及虧損的被對沖項目之累計公平價值對沖調整餘額
	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Debt securities investment 債務證券投資	92,652	–	(4,449)	–	Investment securities 投資證券	1,936	–
Loans and advances 貸款及墊款	845	–	(40)	–	Loans and advances to customers 客戶貸款及墊款	22	–
Subordinated notes issued 已發行後償票據	–	14,318	–	(88)	Loan capital 借貸資本	(170)	–
Deposits from customers 客戶存款	–	997	–	(2)	Deposits from customers 客戶存款	(26)	–
Repo 回購	–	–	–	–	Deposits and balances of banks 銀行的存款及結餘	(27)	–

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

Fair value hedges of interest rate risk (continued)

(b) 衍生工具(續)

(iii) 對沖會計(續)

利率風險的公平價值對沖(續)

2022

	Carrying amount 賬面值		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item 包含於被對沖項目賬面值的累計公平價值對沖調整		Line item in the consolidated statement of financial position where the hedged item is included 包含被對沖項目的綜合財務狀況表的項目	Change in value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses 包含於財務狀況表的已終止調整對沖盈利及虧損的被對沖項目之累計公平價值對沖調整餘額
	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Debt securities investment 債務證券投資	85,306	–	(7,683)	–	Investment securities 投資證券	(8,786)	–
Loans and advances 貸款及墊款	1,028	–	(62)	–	Loans and advances to customers 客戶貸款及墊款	(68)	–
Subordinated notes issued 已發行後償票據	–	5,567	–	(257)	Loan capital 借貸資本	259	–
Deposits from customers 客戶存款	–	9,604	–	(27)	Deposits from customers 客戶存款	27	–
Repo 回購	–	2,361	–	(27)	Deposits and balances of banks 銀行的存款及結餘	27	–

Notes to the Financial Statements (continued)
財務報表附註 (續)

(c) Capital Commitments

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

(c) 資本承擔

於12月31日未償付但並未在財務報表中提撥準備的資本承擔如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Expenditure authorised and contracted for	已核准支出並已簽約	**484**	452
Expenditure authorised but not contracted for	已核准支出但未簽約	**90**	138
		574	590

(d) Leases Committed But Not Yet Commenced

At 31st December, 2023 and 2022, the total future cash outflows to which the Group (as a lessee) is exposed that are not reflected in the measurement of lease liabilities are as follows:

(d) 已承擔但仍未開始的租賃

於2023年及2022年12月31日，本集團作為承租人所承擔但並未反映於租賃負債計量中的未來現金流出總額如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Properties	物業		
Within one year	1年以內	**4**	2
After one year but within five years	1年至5年內	**5**	20
After five years	5年以後	**–**	6
		9	28
Equipment	設備		
Within one year	1年以內	**–**	–
After one year but within five years	1年至5年內	**–**	–
		–	–
Total lease committed but not yet commenced	已承擔但仍未開始的租賃總額	**9**	28

(e) Contingencies

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

(e) 或有事項

本集團收到正常業務過程中產生的法律索賠。本集團認為這些事項均不重大。在適當情況下，本集團在很可能需要經濟利益流出並且可以對該責任作出可靠估計時確認負債準備。

46. Offsetting of Financial Assets and Liabilities 抵銷金融資產及金融負債

To mitigate credit risks, the Group enters into master netting arrangements with same counterparties. Netting agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position.

本集團與其相同對手簽訂淨額結算總安排以減低信貸風險。若發生違約事件，根據淨額結算協議，所有與該對手之交易會終止及所有結餘金額以淨額結算。除發生違約事件外，所有與對手之交易會以總額結算及在財務狀況表中的資產和負債通常不會互相抵銷。

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

下表列示受抵銷、具法律效力之淨額結算總安排及相近協議約束的金融工具詳情。

		2023								
		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial assets	**金融資產**									
Derivative assets	衍生工具資產	7,672	-	7,672	(2,094)	-	(2,821)	2,757	1,384	9,056
Placements with and advances to banks – under reverse repos, securities borrowing and similar agreements with banks	在銀行的存款及墊款 – 與銀行的反向回購、證券借入及相近協議	4,932	-	4,932	-	(4,828)	(104)	-	-	4,932
Loans and advances to customers – under reverse repos, securities borrowing and similar agreements with non-banks	客戶貸款及墊款 – 與非銀行的反向回購、證券借入及相近協議	11,940	-	11,940	-	(11,546)	(394)	-	-	11,940
Other assets	其他資產	2,381	(2,124)	257	-	-	-	257	-	257
Total	總額	26,925	(2,124)	24,801	(2,094)	(16,374)	(3,319)	3,014	1,384	26,185

		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial liabilities	**金融負債**									
Derivative liabilities	衍生工具負債	2,781	–	2,781	(2,094)	–	(65)	622	1,226	4,007
Deposits and balances of banks	銀行的存款及結餘									
– under repos, securities lending and similar agreements with banks	–與銀行的回購、證券借出及相近協議	5,250	–	5,250	–	(4,246)	(1,004)	–	–	5,250
Other liabilities	其他負債	2,124	(2,124)	–	–	–	–	–	–	–
Total	總額	10,155	(2,124)	8,031	(2,094)	(4,246)	(1,069)	622	1,226	9,257

46. Offsetting of Financial Assets and Liabilities (continued)
抵銷金融資產及金融負債(續)

		2022								
		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial assets	**金融資產**									
Derivative assets	衍生工具資產	9,985	–	9,985	(2,298)	–	(5,264)	2,423	1,107	11,092
Placements with and advances to banks – under reverse repos, securities borrowing and similar agreements with banks	在銀行的存款及墊款 –與銀行的反向回購、證券借入及相近協議	3,498	–	3,498	–	(3,232)	(11)	255	–	3,498
Other assets	其他資產	431	(396)	35	–	–	–	35	–	35
Total	總額	13,914	(396)	13,518	(2,298)	(3,232)	(5,275)	2,713	1,107	14,625

		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial liabilities	**金融負債**									
Derivative liabilities	衍生工具負債	3,404	–	3,404	(2,298)	–	(109)	997	741	4,145
Deposits and balances of banks	銀行的存款及結餘									
– under repos, securities lending and similar agreements with banks	–與銀行的回購、證券借出及相近協議	2,953	–	2,953	–	(2,900)	(53)	–	–	2,953
Deposits from customers	客戶存款									
– under repos, securities lending and similar agreements with non-banks	–與非銀行的回購、證券借出及相近協議	283	–	283	–	(283)	–	–	–	283
Other liabilities	其他負債	396	(396)	–	–	–	–	–	–	–
Total	總額	7,036	(396)	6,640	(2,298)	(3,183)	(162)	997	741	7,381

47. Notes on Consolidated Cash Flow Statement 綜合現金流量表附註

(a) Cash and Cash Equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(a) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cash and balances with banks with original maturity within three months	原本期限為3個月以內之現金及在銀行的結存	**37,014**	44,158
Placements with and advances to banks with original maturity within three months	原本期限為3個月以內在銀行的存款及墊款	**39,552**	60,091
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券	**14,394**	6,107
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證	**516**	226
Debt securities with original maturity within three months	原本期限為3個月以內的債務證券	**658**	1,567
		92,134	112,149

(ii) Reconciliation with the consolidated statement of financial position

(ii) 與綜合財務狀況表的對賬

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cash and balances with banks *(Note 23)*	現金及在銀行的結存 *(附註23)*	**45,903**	54,579
Placements with and advances to banks *(Note 24)*	在銀行的存款及墊款 *(附註24)*	**43,691**	60,203
Treasury bills, certificates of deposit held and debt securities	國庫債券、持有存款證及債務證券		
– trading assets *(Note 26)*	–交易用途資產 *(附註26)*	**2,764**	1,275
– investment securities *(Note 28)*	–投資證券 *(附註28)*	**165,527**	145,289
		168,291	146,564
Amounts shown in the consolidated statement of financial position	在綜合財務狀況表列示的金額	**257,885**	261,346
Less: Amounts with an original maturity of beyond three months	減：原本期限為3個月以上的金額	**(156,861)**	(138,774)
Cash balance with central bank subject to regulatory restriction	受規管限制的在中央銀行的現金結存	**(8,890)**	(10,423)
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目	**92,134**	112,149

(b) Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

(b) 源自融資活動產生的負債之對賬

下表列載本集團由融資活動產生的負債之變動，包括現金及非現金之變動。源自融資活動產生的負債指在本集團的綜合現金流量表內分類為由融資活動產生的現金流或未來現金流產生的負債。

		Debt securities issued 已發行債務證券 HK$ Mn 港幣百萬元	Loan capital 借貸資本 HK$ Mn 港幣百萬元	Debt securities issued accrued interest payable 已發行債務證券之應計利息 HK$ Mn 港幣百萬元	Loan capital accrued interest payable 借貸資本之應計利息 HK$ Mn 港幣百萬元	Lease liabilities 租賃負債 HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings (assets) 持有作對沖借款的利率掉期合約(資產) HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings liabilities 持有作對沖借款的利率掉期合約負債 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1st January, 2023	**於2023年1月1日**	2,892	11,927	14	159	774	–	307	16,073
Changes from financing cash flows	**源自融資現金流的變動**								
Issue of loan capital	發行借貸資本	–	3,893	–	–	–	–	–	3,893
Redemption of debt securities issued	贖回已發行債務證券	(2,090)	–	–	–	–	–	–	(2,090)
Interest paid on loan capital	支付借貸資本利息	–	–	–	(873)	–	–	–	(873)
Interest paid on debt securities issued	支付已發行債務證券利息	–	–	(58)	–	–	–	–	(58)
Payment of lease liabilities	支付租賃負債	–	–	–	–	(274)	–	–	(274)
Total changes from financing cash flows	源自融資現金流的變動總額	(2,090)	3,893	(58)	(873)	(274)	–	–	598
Exchange adjustments	匯兌調整	10	(34)	–	–	1	–	–	(23)
Changes in fair value	公平價值變動	32	–	–	–	–	–	(7)	25
Revaluation under hedge accounting	對沖會計法的重估	–	170	–	–	–	(29)	102	243
Interest expenses	利息支出	–	11	51	949	29	–	–	1,040
Increase in lease liabilities from entering into new leases during the year	年度內訂立新租賃引致租賃負債增加	–	–	–	–	322	–	–	322
Total other changes	其他變動總額	42	147	51	949	352	(29)	95	1,607
At 31st December, 2023	**於2023年12月31日**	844	15,967	7	235	852	(29)	402	18,278

47. Notes on Consolidated Cash Flow Statement (continued) 綜合現金流量表附註 (續)

(b) Reconciliation of Liabilities Arising from Financing Activities (continued) **(b) 源自融資活動產生的負債之對賬 (續)**

		Debt securities issued 已發行債務證券 HK$ Mn 港幣百萬元	Loan capital 借貸資本 HK$ Mn 港幣百萬元	Debt securities issued accrued interest payable 已發行債務證券之應計利息 HK$ Mn 港幣百萬元	Loan capital accrued interest payable 借貸資本之應計利息 HK$ Mn 港幣百萬元	Lease liabilities 租賃負債 HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings liabilities 持有作對沖借款的利率掉期合約負債 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1st January, 2022	**於2022年1月1日**	5,847	6,488	95	79	884	2	13,395
Changes from financing cash flows	**源自融資現金流的變動**							
Issue of debt securities	發行債務證券	388	–	–	–	–	–	388
Issue of loan capital	發行借貸資本	–	5,793	–	–	–	–	5,793
Redemption of debt securities issued	贖回已發行債務證券	(3,061)	–	–	–	–	–	(3,061)
Interest paid on loan capital	支付借貸資本利息	–	–	–	(374)	–	–	(374)
Interest paid on debt securities issued	支付已發行債務證券利息	–	–	(161)	–	–	–	(161)
Payment of lease liabilities	支付租賃負債	–	–	–	–	(302)	–	(302)
Total changes from financing cash flows	源自融資現金流的變動總額	(2,673)	5,793	(161)	(374)	(302)	–	2,283
Exchange adjustments	匯兌調整	(239)	(103)	–	–	(41)	–	(383)
Changes in fair value	公平價值變動	(44)	–	–	–	–	6	(38)
Revaluation under hedge accounting	對沖會計法的重估	–	(257)	–	–	–	299	42
Interest expenses	利息支出	1	6	80	454	28	–	569
Increase in lease liabilities from entering into new leases during the year	年度內訂立新租賃引致租賃負債增加	–	–	–	–	205	–	205
Total other changes	其他變動總額	(282)	(354)	80	454	192	305	395
At 31st December, 2022	**於2022年12月31日**	2,892	11,927	14	159	774	307	16,073

Notes to the Financial Statements (continued)
財務報表附註 (續)

48. Assets Pledged As Security 用作抵押品的資產

The following assets have been pledged as collateral for own liabilities at the end of the reporting period.

於報告期期末，以下資產經已用作本身負債之抵押品。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Secured liabilities	有抵押負債	**5,250**	3,236
Assets pledged:	抵押資產:		
On-balance sheet	資產負債表內		
Investment securities	投資證券		
– measured at FVOCI	－按通過其他全面收益以反映公平價值計量	**5,071**	2,999
– measured at amortised cost	－按攤銷成本計量	**–**	461
		5,071	3,460
Off-balance sheet	資產負債表外		
Repledged collateral received	已收並再抵押的抵押品	**392**	–
		5,463	3,460

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives.

以下的銀行結餘已用作證券借貸及衍生工具孖展按金之抵押品。

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Cash collateral for borrowed securities	用作證券借貸的現金抵押品	**497**	24
Margin accounts for open futures and forward contracts	用作開立期貨及遠期合約的孖展賬戶	**3,671**	3,125
		4,168	3,149

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

49. Loans to Directors and Entities Connected with Directors 董事及與董事有關連實體的貸款

The aggregate of loans to directors of the Bank and entities connected with directors disclosed pursuant to Section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

根據《公司條例》第383(1)(d)條及《公司(披露董事利益資料)規則》第3部規定，本行董事及與董事有關連實體之貸款總額披露如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Aggregate amount of relevant loans outstanding at 31st December	相關貸款於12月31日的結欠總額		
By the Bank	由銀行借出	**867**	1,613
By subsidiaries	由附屬公司借出	**–**	–
		867	1,613
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額		
By the Bank	由銀行借出	**1,712**	2,465
By subsidiaries	由附屬公司借出	**–**	–
		1,712	2,465

As at 31st December, 2023 and 2022, there was no interest due but unpaid and the impairment allowance made against these loans as required under HKFRS 9 were insignificant.

於2023年12月31日及2022年12月31日，沒有逾期未償付利息，面對該等貸款按《香港財務報告準則》第9號所作出之減值準備是不重大的。

50. Material Related Party Transactions 關聯人士的重大交易

(a) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors as disclosed in Note 20 and certain of the highest paid employees as disclosed in Note 21, is as follows:

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，已包括在附註20中所披露支付予本行董事及在附註21中所披露支付予本行若干最高薪酬僱員的金額如下：

		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Short-term employee benefits	短期僱員福利	**164**	169
Post-employment benefits	僱員退休福利	**7**	8
Equity compensation benefits	股份補償福利	**23**	23
		194	200

(b) The Group maintains certain retirement benefit schemes for its staff as per Note 2(x)(iii). In 2023, the total amount of contributions the Group made to the schemes was HK$219 million (2022: HK$204 million).

The Group enters into a number of transactions with the Group's related parties, including its associates, shareholders with significant influence, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. All interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

(b) 本集團為其職員提供若干退休保障計劃，並已於附註2(x)(iii)披露。於2023年內，本集團對該等計劃的供款總數為港幣2.19億元(2022年：港幣2.04億元)。

本集團與其關聯人士進行多項交易，該等人士包括聯營公司、有重大影響力之股東、及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

年度內，本集團從關聯人士所收取與支付的利息，及在年末關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

		Key management personnel 主要管理人員		Associates 聯營公司		Shareholders with significant influence 有重大影響力之股東	
		2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2022 HK$ Mn 港幣百萬元
Interest income	利息收入	**41**	40	**73**	76	**12**	–
Interest expense	利息支出	**96**	26	**1**	–	**–**	–
Amounts due from	關聯人士的欠款	**815**	1,763	**1,374**	1,335	**422**	120
Amounts due to	欠關聯人士的款項	**2,180**	3,075	**209**	34	**5**	1
Maximum amounts due from	關聯人士的最高欠款	**1,681**	2,636	**1,988**	2,219	**1,316**	8,054
Maximum amounts due to	欠關聯人士的最高款項	**5,273**	6,599	**789**	438	**212**	43
Committed facilities to	給予信貸承諾	**1,293**	876	**1,755**	2,244	**59**	–

51. Equity Compensation Plans 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees of the Group, including Executive Director and Co-Chief Executives, options to subscribe for ordinary shares of the Bank. All options were granted for nil consideration.

本行所採納的僱員認股權計劃是董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及聯席行政總裁，以認購本行普通股股份。所有認股權均以無計價款形式發出。

(a) Particulars of Share Options

(a) 認股權詳情

Date of grant 授予日期	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$港幣元
04/5/2015(T3)	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016(T2)	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016(T3)	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017(T1)	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017(T2)	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017(T3)	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018(T1)	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018(T2)	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018(T3)	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019(T1)	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019(T2)	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019(T3)	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020(T1)	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020(T2)	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020(T3)	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58
13/4/2021(T1)	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021(T2)	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021(T3)	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08
12/4/2022(T1)	12/4/2022 – 11/4/2023	12/4/2023 – 12/4/2028	12.17
12/4/2022(T2)	12/4/2022 – 11/4/2024	12/4/2024 – 12/4/2029	12.17
12/4/2022(T3)	12/4/2022 – 11/4/2025	12/4/2025 – 12/4/2030	12.17
12/4/2023(T1)	12/4/2023 – 11/4/2024	12/4/2024 – 12/4/2029	10.08
12/4/2023(T2)	12/4/2023 – 11/4/2025	12/4/2025 – 12/4/2030	10.08
12/4/2023(T3)	12/4/2023 – 11/4/2026	12/4/2026 – 12/4/2031	10.08

Notes to the Financial Statements (continued)
財務報表附註 (續)

(b) Movement of Share Options During the Year

(b) 年內認股權之變動

2023				Number of share options 認股權數目			
Date of grant 授予日期	Tranche 部分	Exercise price per share 每股行使價 HK$港幣元	Outstanding at 1/1/2023 於2023年1月1日尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	Outstanding at 31/12/2023 於2023年12月31日尚未行使
04/5/2015	T3	34.15	1,955,746	–	–	1,955,746	–
08/4/2016	T2	28.45	1,946,000	–	–	1,946,000	–
08/4/2016	T3	28.45	2,046,500	–	–	50,000	1,996,500
07/4/2017	T1	32.25	2,080,000	–	–	2,080,000	–
07/4/2017	T2	32.25	2,080,000	–	–	50,000	2,030,000
07/4/2017	T3	32.25	1,563,000	–	–	50,000	1,513,000
10/4/2018	T1	32.25	2,125,000	–	–	50,000	2,075,000
10/4/2018	T2	32.25	1,613,500	–	–	50,000	1,563,500
10/4/2018	T3	32.25	1,623,000	–	–	50,000	1,573,000
19/7/2019	T1	22.45	1,493,500	–	–	50,000	1,443,500
19/7/2019	T2	22.45	1,493,500	–	–	50,000	1,443,500
19/7/2019	T3	22.45	1,550,500	–	–	100,000	1,450,500
07/4/2020	T1	16.58	1,728,165	–	–	50,000	1,678,165
07/4/2020	T2	16.58	1,785,328	–	–	100,000	1,685,328
07/4/2020	T3	16.58	1,818,336	–	–	–	1,818,336
13/4/2021	T1	17.08	1,443,797	–	–	100,000	1,343,797
13/4/2021	T2	17.08	1,443,906	–	–	–	1,443,906
13/4/2021	T3	17.08	1,448,850	–	–	–	1,448,850
12/4/2022	T1	12.17	5,353,820	–	–	–	5,353,820
12/4/2022	T2	12.17	5,347,653	–	–	–	5,347,653
12/4/2022	T3	12.17	5,417,117	–	–	–	5,417,117
12/4/2023	T1	10.08	–	3,906,879	–	–	3,906,879
12/4/2023	T2	10.08	–	3,906,877	–	–	3,906,877
12/4/2023	T3	10.08	–	3,911,167	–	–	3,911,167
Total 總額			47,357,218	11,724,923	–	6,731,746	52,350,395

51. Equity Compensation Plans (continued) 股份補償計劃 (續)

(b) Movement of Share Options During the Year (continued) **(b) 年內認股權之變動 (續)**

2022				Number of share options 認股權數目			
Date of grant 授予日期	Tranche 部分	Exercise price per share 每股行使價 HK$港幣元	Outstanding at 1/1/2022 於2022年1月1日尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	Outstanding at 31/12/2022 於2022年12月31日尚未行使
02/5/2014	T3	32.50	1,903,500	–	–	1,903,500	–
04/5/2015	T2	34.15	1,980,000	–	–	1,980,000	–
04/5/2015	T3	34.15	1,955,746	–	–	–	1,955,746
08/4/2016	T1	28.45	1,064,000	–	–	1,064,000	–
08/4/2016	T2	28.45	1,946,000	–	–	–	1,946,000
08/4/2016	T3	28.45	2,046,500	–	–	–	2,046,500
07/4/2017	T1	32.25	2,080,000	–	–	–	2,080,000
07/4/2017	T2	32.25	2,080,000	–	–	–	2,080,000
07/4/2017	T3	32.25	1,563,000	–	–	–	1,563,000
10/4/2018	T1	32.25	2,125,000	–	–	–	2,125,000
10/4/2018	T2	32.25	1,613,500	–	–	–	1,613,500
10/4/2018	T3	32.25	1,673,000	–	–	50,000	1,623,000
19/7/2019	T1	22.45	1,493,500	–	–	–	1,493,500
19/7/2019	T2	22.45	1,543,500	–	–	50,000	1,493,500
19/7/2019	T3	22.45	1,550,500	–	–	–	1,550,500
07/4/2020	T1	16.58	1,778,165	–	–	50,000	1,728,165
07/4/2020	T2	16.58	1,785,328	–	–	–	1,785,328
07/4/2020	T3	16.58	1,818,336	–	–	–	1,818,336
13/4/2021	T1	17.08	1,443,797	–	–	–	1,443,797
13/4/2021	T2	17.08	1,443,906	–	–	–	1,443,906
13/4/2021	T3	17.08	1,448,850	–	–	–	1,448,850
12/4/2022	T1	12.17	–	5,353,820	–	–	5,353,820
12/4/2022	T2	12.17	–	5,347,653	–	–	5,347,653
12/4/2022	T3	12.17	–	5,417,117	–	–	5,417,117
Total 總額			36,336,128	16,118,590	–	5,097,500	47,357,218

(c) There were no share option forfeited and cancelled during the year ended 31st December, 2023 and 2022.

(c) 截至2023年12月31日及2022年12月31日止年度內並無被撤銷並註銷的認股權。

52. Accounting Estimates and Judgements 會計估計及判斷

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

在編製本綜合財務報表時，管理層經已作出若干對應用本集團會計政策及所匯報的資產、負債、收入及支出之金額披露有影響的判斷、估計和假定。最終結果與該等估計可能不儘相同。

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

估計及相關假定會定期作檢討。估計之修改不會被追溯確認。

(a) Key Sources of Estimation Uncertainty

Notes 31, 39 and 44 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) 估計不穩定因素的主要來源

附註31、39和44載述有關商譽減值、已授予股權的公平價值和金融工具的公平價值的假設及其風險因素。估計不穩定因素的其他主要來源如下：

(i) Impairment losses

Note 43(a)(viii): impairment of financial instruments involves determining inputs into the ECL measurement model, including incorporation of forward-looking information.

Note 30: impairment testing of investments in associates involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment.

(i) 減值損失

附註43(a)(viii)：金融工具減值涉及決定預期信貸損失計量模型的計算因素，包括植入具前瞻性的資料。

附註30：聯營公司投資的減值測試包括估計使用值的重大判斷，及估算因持續持有該投資而產生的預計現金流的現值。

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market recognised pricing models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management estimation are usually required for selection of the appropriate valuation model, assumptions and inputs to be used.

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀／交易員的報價。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。部分或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用重要而非可觀察之參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值。一般而言，揀選適當的估值模式、假設及參數亦需要管理層估計。

(iii) Provisions for tax uncertainties

The Group makes provisions for tax uncertainties by either estimating the most likely amount, which is the single most likely amount in a range of possible outcomes, or the expected value in a range of possible outcomes. The estimate could be different from the actual results of resolution. Any increase or decrease in the provision would affect profit or loss in future years.

(iii) 稅務不確定性之撥備

本集團對稅務之不確定性會以最大可能，即最具可能性或預期價值的結果範圍內，作出撥備。該估計值可能與實際情況有差異。撥備的任何增加或減少將影響未來年度的損益。

52. Accounting Estimates and Judgements (continued) 會計估計及判斷(續)

(b) Critical Accounting Judgements in Applying the Group's Accounting Policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Classification of financial assets
Note 2(h)(ii): assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(ii) Measurement of ECL
Note 43(a)(viii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection of models used to measure ECL.

(iii) Recognition of deferred tax assets
The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 金融資產分類
附註2(h)(ii)：評估持有資產的商業模型，即金融資產合約期內是否純粹是本金及按本金結餘的利息支付。

(ii) 預期信貸損失計量
附註43(a)(viii)：訂立標準以決定金融資產的信貸風險是否比初始確認時經已大幅增加及制定方法以植入具前瞻性計量預期信貸損失的資料及選擇模型以計算預期信貸損失。

(iii) 遞延稅項資產之確認
須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

53. Comparative Figures 比較數字

Certain 2022 comparative figures have been restated to conform to current year's presentation. Please refer to Note 22 for the effect of restatement.

若干2022年的比較數字經已重報以符合本年度的呈報方式。請參閱附註22中所述的重報影響。

54. Non-Adjusting Events After the Reporting Period 毋須調整的報告期結束日後的事件

After the end of the reporting period, the directors declared a second interim dividend. Further details are disclosed in Note 18(a).

董事於報告期結束日後擬派發第二次中期股息。詳情已在附註18(a)作披露。

55. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31st December, 2023
在截至2023年12月31日止年度前已公布但尚未生效的修訂、新準則和詮釋所產生的可能影響

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to standards and new standards which are not yet effective for the year ended 31st December, 2023 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

直至此等財務報表之發布日期，香港會計師公會已頒布了多項修訂及新準則；但該等修訂和新準則於截至2023年12月31日止會計年度尚未生效，因此尚未應用於此等財務報表。可能與本集團有關之修訂和新準則如下。

	Effective for accounting periods beginning on or after 由會計期開始或以後起生效
Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback* 《香港財務報告準則》第16號之修訂*「售後租回交易中的租賃負債」*	1st January, 2024 2024年1月1日
Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* 《香港會計準則》第1號之修訂*「流動及非流動負債的分類」*及*「附有契約條款的非流動負債」*	1st January, 2024 2024年1月1日
Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements* 《香港會計準則》第7號及《香港財務報告準則》第7號之修訂*「供應商融資安排」*	1st January, 2024 2024年1月1日
Amendments to HKAS 21, *Lack of Exchangeability* 《香港會計準則》第21號之修訂*「缺乏可兌換性」*	1st January, 2025 2025年1月1日

The Group is in the process of making an assessment of what the impact of these amendments and new standards are expected to be in the period of initial application. So far the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團正在評估該等修訂和新準則對首個應用期可能產生的影響。至今所得結論是若採納該等修訂、新準則和詮釋對本集團的綜合財務報表不可能構成重大影響。

Independent Auditor's Report

TO THE MEMBERS OF THE BANK OF EAST ASIA, LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 198 to 391, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment allowances of loans and advances to customers

Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Group's advances to customers as at 31 December 2024 amounted to HK$532,931 million, with total expected credit losses ("ECL") amounting to HK$5,102 million as at 31 December 2024. Hong Kong and Chinese Mainland Operations contributed to 54.1% and 27.6% of the Group's advances to customers, and 48.0% and 39.3% of the Group's total ECL respectively. Impairment allowances of loans and advances to customers across the banking industry continues to be an area of elevated focus due to ongoing challenges in the real estate sector, particularly in Hong Kong and Chinese Mainland. This has led to a more difficult environment for borrowers and leads to challenges in assessing impairment provisions.	Our audit procedures to assess the Group's impairment allowances on loans and advances to customers measured at amortised cost with regards to the methodology, data and assumptions used in the estimate included the following: **Methodology** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on the ECL model monitoring and governance process and on the controls around the final review and determination of impairment allowances by management;

獨立核數師報告

致東亞銀行有限公司成員

(於香港註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第198至第391頁的東亞銀行有限公司(以下簡稱「貴銀行」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零二四年十二月三十一日的綜合財務狀況表和截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括重大會計政策資訊及其他解釋資訊。

我們認為,該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了 貴集團於二零二四年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」),我們獨立於 貴集團,並已履行守則中的其他專業道德責任。我們相信,我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷,認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

客戶貸款及墊款的減值準備

請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	審計對策
於二零二四年十二月三十一日, 貴集團的客戶墊款達到港幣5,329.31億元,預期信貸損失於二零二四年十二月三十一日總額為港幣51.02億元。香港與中國內地的業務分別佔 貴集團客戶墊款的54.1%和27.6%,以及佔 貴集團預期信貸損失總額的48.0%和39.3%。 由於房地產行業的持續挑戰,特別是香港與中國內地,銀行業客戶貸款和墊款的減值準備繼續成為關注的焦點。這導致評估減值準備更加困難。	因應估計中使用的方法、數據和假設,我們就評估 貴集團以攤銷成本計量的客戶貸款及墊款的減值準備相關的審計程序包括以下各項: **方法** • 瞭解並評估與以下項目有關的關鍵內部控制的設計、實施及操作成效:預期信貸損失模型監管和管治流程,以及管理層在最終審閱及釐定減值準備的內部控制;

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The Group applies its ECL models to assess impairment allowances of loans and advances to customers measured at amortised cost. Loan exposures that are not already credit-impaired are classified as stage 1 on origination and a 12-month ECL provision is recognised. Loan exposures will remain in stage 1 until they are repaid, experience a significant increase in credit risk (stage 2) or become credit-impaired (stage 3), for which a lifetime ECL provision is recognised. The difficulty in identifying those loans which may have significant increase in credit risk or impaired has remained high. Past historical experience on repayment may be less representative of the borrowers' financial conditions and therefore more judgement is required. Impairment allowances may be materially misstated if the exposures with a significant increase in credit risk are not properly identified and classified in the appropriate stages. The determination of impairment allowances using the ECL models is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions. In particular, the determination of the impairment allowances is heavily dependent on the external macro environment. The expected credit losses are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.	• involving credit risk specialists in assessing the appropriateness of the methodology and reliability of the ECL models used by management in determining impairment allowances; and • in respect of assessing the accuracy of ECL calculation, calculating the amount of credit loss allowance for 12-month and life-time credit losses using the ECL models based on the above parameters and assumptions for a sample of loans and advances to customers where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively and comparing to the results from the Group; **Data** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on financial reporting over approval, recording and monitoring of loans measured at amortised cost, including the recording of key data elements used in the ECL model; • assessing the completeness and accuracy of data used for the key parameters in the ECL models, by comparing individual loan information on a sample basis with the underlying agreements and other related documentation to assess the accuracy of the loan information in the ECL models. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with publicly available sources; and • for key parameters used in the ECL models which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. We involved our information technology specialists in assessing the information systems controls critical to the financial reporting process, such as the compilation of the overdue reports for advances to customers. We also assessed the design, implementation and operating effectiveness of relevant automated application controls within these systems, as well as key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management;

獨立核數師報告（續）

客戶貸款及墊款的減值準備

請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
貴集團使用其預期信貸損失模型來評估以攤銷成本計量的客戶貸款及墊款的減值準備。尚未成為不良信貸的貸款於發放時被劃歸為第一階段，並按照相當於12個月的預期信貸損失的金額確認撥備。貸款會保留於第一階段直至其被償還，信貸風險有顯著增加（第二階段）或已成為不良信貸（第三階段），相應撥備會按照相當於合約期內之預期信貸損失的金額確認。 識別信貸風險可能顯著增加的貸款及不良信貸的難度仍高。當中需要更多的判斷，因為過去的歷史償還經驗可能較難代表客戶的財務狀況。 倘貸款的信貸風險顯著增加未被恰當地識別及分類，可能導致預期信貸損失存在重大錯誤陳述。 採用預期信貸損失模型釐定減值準備時須考慮若干關鍵參數及假設，包括所識別的損失階段，所估計的違約概率、違約損失率、違約風險承擔和貼現率，就前瞻性資訊所作的調整以及其他調整因素。在選取該等參數及應用上述假設時亦須管理層作出判斷。 當中，減值準備的釐定在很大程度上取決於外部宏觀環境及 貴集團的內部信貸風險管理策略。預期信貸損失乃源自於對歷史損失、內部及外部信貸評級及其他調整因素的估計。個人貸款的預期信貸損失乃源自於管理層考慮了歷史逾期數據、個人貸款的以往損失經驗以及其他調整因素而作出的估計。	• 使用信貸風險專家評估管理層在釐定減值準備時所用的預期信貸損失模型的可靠性；及 • 在評估預期信貸損失計算的準確性方面，抽選信貸風險自初始確認以來尚未顯著增加或已顯著增加的客戶貸款及墊款樣本，同時根據上述參數及假設並使用預期信貸損失模型，分別計算該等樣本按照12個月內的信貸損失和合約期內的信貸損失計量的信貸損失準備金額，並將該計算結果與 貴集團的結果進行比較； **數據** • 瞭解並評估與以下項目有關的關鍵財務報告內部控制的設計、實施及操作成效：以攤銷成本計量的貸款的審批、記錄和監管，包括記錄預期信貸損失模型中使用的關鍵數據； • 通過在抽樣基礎上對比個別貸款資訊與相關協議及其他相關文檔，評估預期信貸損失模型中的貸款資訊是否準確，以此評估預期信貸損失模型中的關鍵參數所用的數據是否完整及準確。對於源自外部數據的關鍵參數，我們採用抽樣方式將該等數據與公開可獲取的數據進行比較，以檢查該等數據的準確性；及 • 對於預期信貸損失模型中所用的、源自系統生成的內部數據的關鍵參數，在抽樣基礎上將輸入數據與原始文檔進行對比以評估輸入參數的準確性。我們使用我們的資訊技術專家來評估對財務報告流程有重要影響的資訊系統控制，包括客戶墊款逾期報告的編製。我們還評估這些系統內的相關自動化應用程式控制，以及對這些相關系統的主要內部控制（包括對系統登入的控制以及對數據和變更管理的控制）在設計、實施和操作上的成效；

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, macroeconomic factors, the seniority of the claim and the existence and cooperativeness of other creditors. Management refers to valuation reports issued by qualified third party valuers and considers the influence of various factors including the market price, location and use when assessing the value of property held as collateral. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount from collateral and, therefore, the amount of impairment allowances as at the end of the reporting period. The assessment of the recoverable amount of collateral is particularly challenging in the Chinese Mainland as the extent of judgement exercised by management in the process of determining the strategy of recovery and assessing the collateral value of these exposures is high. As a result, the impairment allowances of loans and advances to customers in this particular part of business is subject to a higher inherent risk of material misstatements. We identified the impairment allowances of loans and advances to customers measured at amortised cost as a key audit matter because of the complexity of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.	**Assumptions** • understanding and assessing the design, implementation and operating effectiveness of key internal controls on financial reporting over the credit grading process; • understanding and assessing the design, implementation and operating effectiveness of key internal controls on the monitoring and governance process for the assumptions used in the ECL models, including the assessment of the internal credit grading applied to exposures; • evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting samples for which we checked loan overdue information, made enquiries of the credit managers about the borrowers' business operations, checked borrowers' financial information and researched market information about borrowers' businesses. Our sample of loans and advances to customers selected for credit review focused on accounts with high risk characteristics, including industries, features of loan arrangements, types of collateral and credit quality of the accounts; • involving credit risk specialists in assessing the appropriateness of the key assumptions in the ECL models, including the criteria used by management in determining loss stages, the probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other material management adjustments; • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing it to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

獨立核數師報告（續）

客戶貸款及墊款的減值準備

請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
管理層在釐定違約損失率的數額時亦會根據多項因素作出判斷。這些因素包括收回墊款的方式、借款人的財務狀況、抵押品的可收回金額、宏觀經濟因素、索賠受償順序及其他債權人是否存在及其合作意向等。在評估持作抵押品的物業的價值時，管理層會參考合資格第三方評估師出具的估值報告，並考慮各種因素的影響，包括物業的市場價格、位置及用途。收回抵押品的法律依據、變現時間和方法亦會影響抵押品的可收回金額，並從而影響報告期末的減值準備金額。由於管理層在釐定中國內地的抵押物的收回策略及評估抵押品價值的過程中涉及高度的判斷，評估此類抵押物的可收回金額具有特別難度。因此，有關此部份業務的客戶貸款及墊款減值準備存在較高重大錯誤陳述的內含風險。 由於以攤銷成本計量的客戶貸款及墊款的減值準備所涉及的複雜性、管理層判斷以及內含的不確定性，同時由於其對　貴集團財務業績和資本的重大影響，我們將其認定為一項關鍵審計事項。	**假設** • 瞭解並評估與信貸評級流程有關的關鍵財務報告內部控制的設計、實施及操作成效； • 瞭解並評估用於監管和管治預期信貸損失模型中使用的假設的流程的關鍵內部控制的設計、實施及操作成效，包括評估適用於承擔的內部信貸評級； • 採用抽樣的方式檢查貸款逾期資訊，就借款人的業務運營詢問信貸經理，檢查借款人的財務信息並查考有關借款人業務的市場資訊，以評價管理層對於貸款的信貸風險自初始確認以來是否已，或尚未有，顯著增加以及貸款是否已成為不良信貸的評估是否恰當。我們抽查的客戶貸款及墊款樣本，關注於具有高風險條件的貸款，高風險條件包括行業、貸款安排、抵押品類型及信貸質量； • 使用信貸風險專家評估管理層在預期信貸損失模型中使用的假設的恰當性，包括損失階段的識別、違約概率、違約損失率、違約風險承擔、貼現率、就前瞻性資訊所作的調整以及管理層所作的其他重大調整； • 對於涉及判斷的關鍵參數，從外部來源獲得證據並將其與　貴集團的內部記錄（包括以往損失經驗和抵押品的類型）進行比較，以對輸入參數進行審慎評估。在這個過程中，我們就管理層對估計及輸入參數的修訂理據提出質詢，並考慮判斷的一致性。我們將模型中所運用的經濟因素與市場資訊進行對比，以評估這些數據是否與市場及經濟發展相符；

Impairment allowances of loans and advances to customers
Refer to notes 2(h)(vii), 27(a), 43(a)(ix) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
	• for selected samples of loans and advances to customers that are credit-impaired, evaluating management's assessment of the recoverable amount of the exposure including evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of comparable properties. We also evaluated the timing and means of realisation of other collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; and • assessing the appropriateness of material manual adjustments and overlays on ECL model outputs. Other audit procedures to assess the Group's impairment allowances on loans and advances to customers measured at amortised cost included the following: • in respect of evaluating the accounting treatments of disposal of impaired loans during the year, inspecting the loan disposal agreements and documents, enquiring of management and assessing whether the transactions are recognised appropriately; and • evaluating whether the presentation and disclosures on impairment allowances of loans and advances to customers measured at amortised cost meet the requirements of the prevailing accounting standards.

獨立核數師報告（續）

客戶貸款及墊款的減值準備
請參閱綜合財務報表附註2(h)(vii)、27(a)和43(a)(ix)

關鍵審計事項	**審計對策**
	• 對於已抽選的不良信貸的客戶貸款及墊款樣本，評價管理層對信貸風險可收回金額的評估，包括根據持作抵押品的物業的位置及用途以及鄰近物業的價格，將持作抵押品的物業的價值與市場價格進行比較，以評價管理層對該類物業價值的評估。我們還評價了其他抵押品的變現時間和方法以及現金流預測，對　貴集團回收方案的可行性提出了質詢，並對合同條款中的其他信貸提升進行了評價；及 • 評估重大的手動調整以及預期信貸損失模型輸出值的調整是否恰當； 與評估　貴集團以攤銷成本計量的客戶貸款及墊款的減值準備的其他審計程式包括： • 評估年內減值貸款處置的會計處理，檢查相關貸款處置協議和文件，向管理層詢問並評估該等交易是否恰當地確認；及 • 評價以攤銷成本計量的客戶貸款及墊款的減值準備的列報與披露是否滿足現行會計準則的要求。

Impairment assessment of an investment in associate, AFFIN Bank Berhad ("AFFIN")
Refer to notes 2(r), 30 to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit

The quoted market price of the Group's investment in AFFIN has been persistently below the carrying amount for a period of time. This is considered an indicator of potential impairment.
 	
HKAS 36 "Impairment of assets" requires recognition of impairment loss when the carrying amount exceeds the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use ("VIU"). An impairment test was performed by the Group using a VIU model to estimate the investment's value assuming the Group continues to hold this investment.
 	
As at 31 December 2024, the recoverable amount was HK$3,675 million, which was above the carrying amount of HK$3,323 million and no further impairment charge was recognised.
 	
The VIU model is based on the requirements in HKAS 36 "Impairment of assets" and is dependent on many assumptions, both short-term and long-term in nature. These assumptions, which are judgemental, are derived from a combination of management estimates, forecasts and market data. The assumptions considered the current levels of uncertainty on the economy in Malaysia.
 	
A number of key judgements were made by management in determining the inputs for the VIU calculation which included:
 	
• forecast cash flows;
 	
• forecast regulatory capital adjustments required;
 	
• growth rates and terminal values; and
 	
• discount rate applied to the forecast cash flows.
 	
We identified the impairment assessment of the Group's investment in AFFIN as a key audit matter because of the increased uncertainty of the VIU estimation and its significance to the consolidated financial statements, and because assessing the key assumptions involved a significant degree of management judgement which may affect both the carrying value of the Group's investment in AFFIN at year end and amount of impairment charge for the year.
	Our audit procedures to assess the carrying value of the Group's investment in AFFIN with regards to methodology, data and assumptions used in the estimate included the following:
	
	Methodology
	• engaging our valuation specialists to evaluate the methodology used in the VIU calculation;
	
	Data
	• comparing AFFIN's budgeted income and profits with the assumptions used by management in its discounted cash flow forecast; and
	
	• comparing the actual results of AFFIN for the past years to forecasts prepared by management for the preceding years to assess the accuracy of management's forecasting process;
	
	Assumptions
	• discussing with management, who sit on the board of AFFIN, to understand business performance and future business plans of AFFIN;
	
	• evaluating the assumptions and judgements adopted by management in its discounted cash flow forecast relating to growth rates, terminal value and the discount rate used to derive the recoverable amount of the Group's investment in AFFIN, with support of our valuation specialists, through the following procedures:
	
	  • conducting research on the assumptions and judgements relating to growth rates, terminal value and the discount rate based on available market information;
	
	  • performing an alternative calculation of the discount rate and comparing this calculation with the discount rate applied by management to assess reasonableness of the discount rate used by management;

獨立核數師報告（續）

投資於聯營公司，AFFIN Bank Berhad（「AFFIN」），的減值評估
請參閱綜合財務報表附註2(r)和30

關鍵審計事項	**審計對策**
貴集團對AFFIN的投資的市場報價持續低於賬面值一段時間。這是潛在減值的指標。 按《香港會計準則》第36號「資產減值」的要求，當賬面值高於可收回價值時，便需要確認減值損失。可收回價值為銷售淨值與使用價值中的較高者。在　貴集團繼續持有此投資的假設下，　貴集團利用使用價值模型進行了減值測試以估計此投資的價值。 於二零二四年十二月三十一日，可收回價值為港幣36.75億元，高於賬面值港幣33.23億元。年內沒有確認進一步的減值損失。 其使用價值模型是按《香港會計準則》第36號「資產減值」的要求並取決於很多長期及短期的參數。這些具判斷性的參數綜合了管理層估計，預測及市場數據。其中假設已經考慮現時馬來西亞經濟產生的不確定性。 管理層於釐定使用價值計算的參數輸入時作出一些關鍵判斷，包括： • 現金流預測； • 預測的監管資本需求調整； • 增長率及終值；及 • 對預測的現金流所使用的折現率。 由於估計使用價值涉及較高的不確定性及其對綜合財務報表的重要性，關鍵參數的評估涉及管理層的重大判斷，這些重大判斷可能影響　貴集團對AFFIN的投資於年末的賬面值及年內的減值損失，我們因此將　貴集團對AFFIN的投資的減值評估識別為關鍵審計事項。	因應估計中使用的方法、數據和假設，我們就　貴集團對AFFIN的投資的減值評估相關的審計程序包括以下各項： **方法** • 使用我們估值專家評估使用價值計算方法； **數據** • 對AFFIN的預算收入及盈利與管理層於折現現金流預測使用的假設作出比較； • 將AFFIN過去的實際業績與管理層為往年準備的預測進行對比，以評估管理層預測程式的準確性； **假設** • 與同時為AFFIN董事會成員的管理層商討並瞭解AFFIN的業務表現及未來商業計劃； • 在我們估值專家的協助下，透過以下程序評估管理層於折現現金流預測用到的假設及判斷，包括用於計算對AFFIN投資的可收回價值時用到的增長率，終值及折現率。 　• 利用可用市場資訊，對增長率，終值及折現率相關的假設及判斷作出調查； 　• 執行折現率替代性計算，將該計算結果與管理層使用的折現率進行比較，以評估管理層使用的折現率的合理性；

Impairment assessment of an investment in associate, AFFIN Bank Berhad ("AFFIN")
Refer to notes 2(r), 30 to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
	• evaluating the assumptions used in forecasting regulatory capital adjustments required; • comparing AFFIN's budgeted income and profits with externally derived data, such as analysts' reports, to assess their reasonableness; • evaluating the sensitivity analyses prepared by management for each of the key assumptions adopted in the discounted cash flow forecast, including growth rates applied, cash flow forecast, and discount rate assumptions, and considering any management bias in formulating these assumptions; and • evaluating the probabilities assigned by management to the various economic scenarios in the VIU calculation by assessing whether they were aligned with market and economic development. In addition to the above audit procedures, we also considered whether the disclosures in the consolidated financial statements in respect of the impairment assessment of the Group's investment in AFFIN reflected the risks inherent in the key assumptions with reference to the requirements of the prevailing accounting standards.

獨立核數師報告（續）

投資於聯營公司，AFFIN Bank Berhad（「AFFIN」），的減值評估
請參閱綜合財務報表附註2(r)和30

關鍵審計事項	**審計對策**
	• 評價用於預測的監管資本需求調整的假設；及 • 對AFFIN的預算收入及盈利，與源自外部的數據，如分析師報告作出比較，以評估其合理性； • 評估管理層就於折現現金流預測使用的各項關鍵參數準備的敏感性測試包括增長率，現金流預測及折現率的假設，並考慮作出這些假設當中管理層有偏向的可能性；及 • 評估管理層於使用價值計算中對不同經濟情景使用的概率是否符合市場及經濟發展。 除了上述的審計程序，我們還參考現行會計準則的要求，考慮綜合財務報表內關於　貴集團對AFFIN的投資的減值評估的披露是否反映了關鍵假設的固有風險。

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

獨立核數師報告（續）

綜合財務報表及其核數師報告以外的資訊

董事需對其他資訊負責。其他資訊包括刊載於年報內的全部資訊，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資訊，我們亦不對該等其他資訊發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資訊，在此過程中，考慮其他資訊是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他資訊存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估　貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將　貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督　貴集團的財務報告過程的責任。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong, Po Shan.

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

20 February 2025

獨立核數師報告（續）

- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對　貴集團內部控制的有效性發表意見。

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對　貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致　貴集團不能持續經營。

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

- 就　貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責　貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及為消除對獨立性的威脅所採取的行動或防範措施（若適用）。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃寶珊。

畢馬威會計師事務所
執業會計師
香港中環
遮打道十號
太子大廈八樓

二零二五年二月二十日

Consolidated Income Statement
綜合收益表

For the year ended 31 December 2024　截至2024年12月31日止年度

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Interest income	利息收入	5	**39,809**	39,685
Interest income calculated using the effective interest method	按有效利率方法計算的利息收入		**37,163**	36,788
Related interest income	相關利息收入		**2,646**	2,897
Interest expense	利息支出	6	**(23,280)**	(22,811)
Net interest income	淨利息收入		**16,529**	16,874
Fee and commission income	服務費及佣金收入	7	**3,648**	3,361
Fee and commission expense	服務費及佣金支出		**(846)**	(721)
Net fee and commission income	服務費及佣金收入淨額		**2,802**	2,640
Net trading profit	交易溢利淨額	8	**1,421**	1,225
Net result on financial instruments at FVTPL	按通過損益以反映公平價值金融工具的淨表現	9	**(35)**	(262)
Net result on financial assets measured at FVOCI	按通過其他全面收益以反映公平價值計量金融資產的淨表現	10	**(38)**	(26)
Net loss on sale of financial assets measured at amortised cost	出售按攤銷成本計量金融資產之淨虧損		**(104)**	(22)
Net hedging profit	對沖溢利淨額	11	**92**	30
Other operating income	其他經營收入	12	**312**	287
Non-interest income	非利息收入		**4,450**	3,872
Operating income	經營收入		**20,979**	20,746
Operating expenses	經營支出	13	**(9,634)**	(9,432)
Operating profit before impairment losses	未扣除減值損失之經營溢利		**11,345**	11,314
Impairment losses on financial instruments	金融工具減值損失	14	**(5,497)**	(5,483)
Impairment losses on associate	聯營公司減值損失	30	**(94)**	(726)
Impairment losses on other assets	其他資產減值損失		**(2)**	(6)
Impairment losses	減值損失		**(5,593)**	(6,215)
Operating profit after impairment losses	已扣除減值損失後之經營溢利		**5,752**	5,099
Net profit on sale of assets held for sale	出售持有作出售資產之淨溢利	15	**22**	2
Net loss on disposal of subsidiaries/associates	出售附屬公司／聯營公司之淨虧損		**–**	(12)
Net profit on disposal of fixed assets	出售固定資產之淨溢利	16	**16**	14
Valuation losses on investment properties	重估投資物業虧損	32	**(145)**	(86)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	30	**195**	293
Profit for the year before taxation	年度內除稅前溢利		**5,840**	5,310
Income tax	所得稅	17	**(1,211)**	(1,174)
Profit for the year	年度內溢利		**4,629**	4,136
Attributable to:	可歸屬於：			
Owners of the parent	本集團股東	42(j)	**4,608**	4,118
Non-controlling interests	非控股權益		**21**	18
Profit for the year	年度內溢利		**4,629**	4,136
			HK$港幣元	HK$港幣元
Earnings per share	每股盈利			
Basic	基本	19	**1.52**	1.32
Diluted	攤薄	19	**1.52**	1.32

The notes on pages 206 to 391 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 18.

第206至391頁之附註屬本財務報表之一部分。有關屬年度內溢利並應付予本行股東之股息詳情已詳載於附註18。

Consolidated Statement of Comprehensive Income
綜合全面收益表

For the year ended 31 December 2024 截至2024年12月31日止年度

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net profit	淨溢利		**4,629**	4,136
Other comprehensive income for the year:	年度內其他全面收益：			
Items that will not be reclassified to income statement:	不可轉回收益表的項目：			
Premises:	行址：			
– unrealised surplus on revaluation of premises	— 重估行址所產生的未實現盈餘	42(b)	**11**	13
– deferred taxes	— 遞延稅項	42(b)	**5**	2
Fair value reserve (equity instruments):	公平價值儲備（股本工具）：			
– net change in fair value	— 公平價值變動	42(f)	**40**	120
– deferred taxes	— 遞延稅項	42(f)	**7**	–
Liability credit reserve:	負債信貸儲備：			
– net change in fair value attributable to Group's own credit risk	— 因集團自身信貸風險而引致的公平價值變動	34, 42(h)	**(5)**	(13)
– deferred taxes	— 遞延稅項	34, 42(h)	**1**	2
Items that may be reclassified subsequently to income statement:	以後可能轉回收益表的項目：			
Fair value reserve (debt instruments):	公平價值儲備（債務工具）：			
– net change in fair value	— 公平價值變動	42(f)	**1,086**	760
– amount transferred to income statement on disposal	— 於出售時轉入收益表的金額	42(f)	**93**	82
– deferred taxes	— 遞延稅項	42(f)	**(199)**	(134)
Hedging reserve (cash flow hedges):	對沖儲備（現金流對沖）：			
– effective portion of changes in fair value of hedging instruments	— 對沖工具公平價值變動的有效部分	42(g)	**(28)**	–
– amount transferred to income statement	— 轉入收益表的金額	42(g)	**4**	–
– deferred taxes	— 遞延稅項	42(g)	**4**	–
Share of changes in equity of associates and joint ventures	應佔聯營公司及合資企業權益的變動	42(i)	**50**	51
Exchange differences arising from translation of accounts/disposal of overseas, Macau and Taiwan branches, subsidiaries, associates and joint ventures	從海外、澳門及台灣分行、附屬公司、聯營公司及合資企業的賬項折算／出售所產生的匯兌差額		**(1,145)**	(723)
Other comprehensive income	其他全面收益		**(76)**	160
Total comprehensive income	全面收益總額		**4,553**	4,296
Total comprehensive income attributable to:	全面收益總額可歸屬於：			
Owners of the parent	本集團股東		**4,532**	4,278
Non-controlling interests	非控股權益		**21**	18
			4,553	4,296

The notes on pages 206 to 391 form part of these financial statements.

第206至391頁之附註屬本財務報表之一部分。

Consolidated Statement of Financial Position
綜合財務狀況表

As at 31 December 2024　於2024年12月31日

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
ASSETS	資產			
Cash and balances with banks	現金及在銀行的結存	23	**41,304**	45,903
Placements with and advances to banks	在銀行的存款及墊款	24	**37,705**	43,691
Trade bills	貿易票據	25	**1,456**	373
Trading assets	交易用途資產	26	**207**	3,049
Derivative assets	衍生工具資產	45(b)(ii)	**6,227**	9,056
Loans and advances to customers	客戶貸款及墊款	27	**527,829**	526,984
Investment securities	投資證券	28	**190,783**	167,270
Investments in associates and joint ventures	聯營公司及合資企業投資	30	**8,448**	8,384
Fixed assets	固定資產	32	**12,971**	13,493
– Investment properties	– 投資物業		**4,979**	5,105
– Other properties and equipment	– 其他物業及設備		**7,298**	7,603
– Right-of-use assets	– 使用權資產		**694**	785
Goodwill and intangible assets	商譽及無形資產	31	**1,836**	1,852
Deferred tax assets	遞延稅項資產	35(b)	**1,600**	1,836
Other assets	其他資產	33	**47,393**	38,470
Total Assets	資產總額		**877,759**	860,361
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks	銀行的存款及結餘		**24,157**	25,619
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	34	**–**	3,199
– At amortised cost	– 攤銷成本		**24,157**	22,420
Deposits from customers	客戶存款	36	**643,093**	628,598
– Demand deposits and current accounts	– 活期存款及往來賬戶		**65,685**	65,643
– Savings deposits	– 儲蓄存款		**134,908**	118,163
– Time, call and notice deposits	– 定期及通知存款		**442,500**	444,792
Trading liabilities	交易用途負債		**66**	–
Derivative liabilities	衍生工具負債	45(b)(ii)	**5,796**	4,007
Certificates of deposit issued	已發行存款證		**21,578**	27,618
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	34	**705**	9,415
– At amortised cost	– 攤銷成本		**20,873**	18,203
Current taxation	本年稅項	35(a)	**1,870**	1,602
Debt securities issued	已發行債務證券		**387**	844
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	34	**232**	688
– At amortised cost	– 攤銷成本		**155**	156
Deferred tax liabilities	遞延稅項負債	35(b)	**685**	468
Other liabilities	其他負債	37	**51,299**	47,312
Loan capital – at amortised cost	借貸資本 – 攤銷成本	38	**23,089**	15,967
Total Liabilities	負債總額		**772,020**	752,035
Share capital	股本	40	**42,060**	41,915
Reserves	儲備	42	**58,383**	56,058
Total equity attributable to owners of the parent	歸屬於本集團股東權益總額		**100,443**	97,973
Additional equity instruments	額外股本工具	41	**5,021**	10,090
Non-controlling interests	非控股權益		**275**	263
Total Equity	股東權益總額		**105,739**	108,326
Total Equity and Liabilities	股東權益及負債總額		**877,759**	860,361

Approved and authorised for issue by the Board on 20 February 2025.　董事會於2025年2月20日核准及授權發布。

Executive Chairman	**David LI Kwok-po**	*執行主席*	**李國寶**
Co-Chief Executives	**Adrian David LI Man-kiu**	*聯席行政總裁*	**李民橋**
	Brian David LI Man-bun		**李民斌**
Director	**Meocre LI Kwok-wing**	*董事*	**李國榮**

The notes on pages 206 to 391 form part of these financial statements.　第206至391頁之附註屬本財務報表之一部分。

Consolidated Statement of Changes In Equity
綜合權益變動表

For the year ended 31 December 2024 截至2024年12月31日止年度

		Share capital 股本 HK$ Mn 港幣百萬元	General reserve 一般儲備 HK$ Mn 港幣百萬元	Revaluation reserve of bank premises 行址重估儲備 HK$ Mn 港幣百萬元	Capital reserve 資本儲備 HK$ Mn 港幣百萬元	Exchange revaluation reserve 匯兌重估儲備 HK$ Mn 港幣百萬元	Fair value reserve 公平價值儲備 HK$ Mn 港幣百萬元	Hedging reserve 對沖儲備 HK$ Mn 港幣百萬元	Liability credit reserve 負債信貸儲備 HK$ Mn 港幣百萬元	Other reserves[3] 其他儲備[3] HK$ Mn 港幣百萬元	Retained profits 留存溢利 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Additional equity instruments 額外股本工具 HK$ Mn 港幣百萬元	Non-controlling interests 非控股權益 HK$ Mn 港幣百萬元	Total equity 權益總額 HK$ Mn 港幣百萬元
At 1 January 2024	於2024年1月1日	41,915	13,658	2,270	1,034	(2,545)	1,338	-	4	5,154	35,145	97,973	10,090	263	108,326
Changes in equity	權益變動														
Profit for the year	年度內溢利	-	-	-	-	-	-	-	-	-	4,608	4,608	-	21	4,629
Other comprehensive income	其他全面收益	-	-	16	-	(1,145)	1,027	(20)	(4)	50	-	(76)	-	-	(76)
Total comprehensive income	全面收益總額	-	-	16	-	(1,145)	1,027	(20)	(4)	50	4,608	4,532	-	21	4,553
Shares issued in lieu of dividend *(Note 40)*	以股代息發行的股份 *(附註40)*	145	-	-	-	-	-	-	-	-	-	145	-	-	145
Equity settled share-based transaction *(Note 42(d))*	以股份為基礎作支付之交易 *(附註42(d))*	-	-	-	22	-	-	-	-	-	-	22	-	-	22
Transfer	轉賬	-	-	-	(39)	-	-	-	-	22	17	-	-	-	-
Distribution/Dividends declared or approved during the year	年度內的分派及已宣布或核准派發股息	-	-	-	-	-	-	-	-	-	(1,886)	(1,886)	-	(9)	(1,895)
Redemption of additional equity instruments[1]	贖回額外股本工具[1]	-	-	-	-	-	-	-	-	-	-	-	(5,069)	-	(5,069)
Share buy-back[2]	股份回購[2]	-	-	-	-	-	-	-	-	-	(343)	(343)	-	-	(343)
At 31 December 2024	於2024年12月31日	42,060	13,658	2,286	1,017	(3,690)	2,365	(20)	-	5,226	37,541	100,443	5,021	275	105,739

1. *During the year, the Bank fully redeemed the HK$5,069 million (US$650 million) Additional Tier 1 capital securities issued in 2019.*

2. *During the year, the Bank bought back 35 million issued shares on the Stock Exchange at a total consideration of HK$342 million. Together with the direct transaction cost of approximately HK$1 million, a total amount of HK$343 million was accounted for as a deduction from retained profits. For details of the share buy-back, please refer to Note 40.*

3. *Other reserves include statutory reserve and other reserves.*

The notes on pages 206 to 391 form part of these financial statements.

1. *年內，本行全數贖回港幣50.69億元(6.5億美元)於2019年發行的額外一級資本證券。*

2. *年內，本行於聯交所以總代價港幣3.42億元回購約3,500萬股已發行股份。連同直接交易成本港幣100萬元，總額港幣3.43億元已從留存溢利中扣除。有關股份回購的詳情，請參閱附註40。*

3. *其他儲備包括法定儲備及其他儲備。*

第206至391頁之附註屬本財務報表之一部分。

Consolidated Statement of Changes In Equity (continued)
綜合權益變動表（續）

For the year ended 31 December 2023 截至2023年12月31日止年度

		Share capital 股本 HK$ Mn 港幣百萬元	General reserve 一般儲備 HK$ Mn 港幣百萬元	Revaluation reserve of bank premises 行址重估儲備 HK$ Mn 港幣百萬元	Capital reserve 資本儲備 HK$ Mn 港幣百萬元	Exchange revaluation reserve 匯兌重估儲備 HK$ Mn 港幣百萬元	Fair value reserve 公平價值儲備 HK$ Mn 港幣百萬元	Hedging reserve 對沖儲備 HK$ Mn 港幣百萬元	Liability credit reserve 負債信貸儲備 HK$ Mn 港幣百萬元	Other reserves[2] 其他儲備[2] HK$ Mn 港幣百萬元	Retained profits 留存溢利 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Additional equity instruments 額外股本工具 HK$ Mn 港幣百萬元	Non-controlling interests 非控股權益 HK$ Mn 港幣百萬元	Total equity 權益總額 HK$ Mn 港幣百萬元
At 1 January 2023	於2023年1月1日	41,856	13,658	2,255	1,045	(1,822)	510	–	15	5,105	33,365	95,987	10,090	269	106,346
Changes in equity	權益變動														
Profit for the year	年度內溢利	–	–	–	–	–	–	–	–	–	4,118	4,118	–	18	4,136
Other comprehensive income	其他全面收益	–	–	15	–	(723)	828	–	(11)	51	–	160	–	–	160
Total comprehensive income	全面收益總額	–	–	15	–	(723)	828	–	(11)	51	4,118	4,278	–	18	4,296
Shares issued in lieu of dividend *(Note 40)*	以股代息發行的股份 *(附註40)*	59	–	–	–	–	–	–	–	–	–	59	–	–	59
Equity settled share-based transaction *(Note 42(d))*	以股份為基礎作支付之交易 *(附註42(d))*	–	–	–	24	–	–	–	–	–	–	24	–	–	24
Transfer	轉賬	–	–	–	(35)	–	–	–	–	(2)	37	–	–	–	–
Distribution/Dividends declared or approved during the year	年度內的分派及已宣布或核准派發股息	–	–	–	–	–	–	–	–	–	(2,008)	(2,008)	–	(24)	(2,032)
Share buy-back[1]	股份回購[1]	–	–	–	–	–	–	–	–	–	(367)	(367)	–	–	(367)
At 31 December 2023	於2023年12月31日	41,915	13,658	2,270	1,034	(2,545)	1,338	–	4	5,154	35,145	97,973	10,090	263	108,326

1. *In 2023, the Bank bought back 36 million issued shares on the Stock Exchange at a total consideration of HK$366 million. Together with the direct transaction cost of approximately HK$1 million, a total amount of HK$367 million was accounted for as a deduction from retained profits. For details of the share buy-back, please refer to Note 40.*

2. *Other reserves include statutory reserve and other reserves.*

1. *2023年內，本行於聯交所以總代價港幣3.66億元回購約3,600萬股已發行股份。連同直接交易成本港幣100萬元，總額港幣3.67億元已從留存溢利中扣除。有關股份回購的詳情，請參閱附註40。*

2. *其他儲備包括法定儲備及其他儲備。*

The notes on pages 206 to 391 form part of these financial statements.

第206至391頁之附註屬本財務報表之一部分。

Consolidated Cash Flow Statement
綜合現金流量表

For the year ended 31 December 2024 截至2024年12月31日止年度

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
OPERATING ACTIVITIES	**經營業務活動**			
Profit for the year before taxation	年度內除稅前溢利		**5,840**	5,310
Adjustments for:	調整:			
Charge for impairment losses on financial instruments	金融工具減值損失支銷		**5,497**	5,483
Charge for impairment losses on associate	聯營公司減值損失支銷		**94**	726
Charge for impairment losses on other assets	其他資產減值損失支銷		**2**	6
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損		**(195)**	(293)
Net loss on sale of financial assets measured at amortised cost	出售按攤銷成本計量金融資產之淨虧損		**104**	22
Net loss on sale of debt securities measured at FVOCI	出售按通過其他全面收益以反映公平價值計量債務證券之淨虧損		**54**	60
Net loss on disposal of subsidiaries and associates	出售附屬公司及聯營公司之淨虧損		**–**	12
Net profit on sale of assets held for sale	出售持有作出售資產之淨溢利		**(22)**	(2)
Net profit on disposal of fixed assets	出售固定資產之淨溢利		**(16)**	(14)
Interest expense on debt securities issued	已發行債務證券利息支出		**16**	51
Interest expense on loan capital issued	已發行借貸資本利息支出		**1,404**	949
Interest expense on lease liabilities	租賃負債利息支出		**31**	29
Depreciation on bank premises, furniture, fixtures and equipment	行址、傢俬、裝修及設備折舊	32	**596**	547
Depreciation on right-of-use assets	使用權資產折舊	32	**266**	260
Dividend income from equity securities measured at FVOCI	按通過其他全面收益以反映公平價值計量股份證券股息收入	10	**(16)**	(34)
Amortisation of intangible assets	無形資產攤銷	31(b)	**13**	13
Amortisation of premium/discount on debt securities and loan capital issued	已發行債務證券及借貸資本的溢價／折扣攤銷		**34**	11
Revaluation (gains)/losses on debt securities and loan capital issued	重估已發行債務證券及借貸資本(盈利)／虧損		**(24)**	201
Valuation losses on investment properties	重估投資物業虧損	32	**145**	86
Equity settled share-based payment expenses	以股份為基礎作支付費用	13, 42(d)	**22**	24
			13,845	13,447

Consolidated Cash Flow Statement (continued)
綜合現金流量表（續）

For the year ended 31 December 2024　截至2024年12月31日止年度

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Decrease/(increase) in operating assets:	經營資產減／(增) 額：			
Cash and balances with banks with original maturity beyond three months	原本期限為3個月以上的現金及在銀行的結存		**905**	1,533
Placements with and advances to banks with original maturity beyond three months	原本期限為3個月以上在銀行的存款及墊款		**2,000**	(4,028)
Trade bills	貿易票據		**(1,084)**	156
Trading assets	交易用途資產		**2,776**	(2,728)
Derivative assets	衍生工具資產		**2,805**	2,036
Loans and advances to customers	客戶貸款及墊款		**(5,357)**	10,778
Debt investment securities measured at amortised cost	按攤銷成本計量債務投資證券		**(19,574)**	5,187
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券		**(591)**	(17,193)
Debt investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量債務投資證券		**857**	1,194
Non-trading equity securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量非交易用途股份證券		**10**	95
Other assets	其他資產		**(9,614)**	182
(Decrease)/increase in operating liabilities:	經營負債 (減)／增額：			
Deposits and balances of banks	銀行的存款及結餘		**(1,462)**	141
Deposits from customers	客戶存款		**14,495**	(19,495)
Certificates of deposit issued	已發行存款證		**(6,047)**	(5,056)
Trading liabilities	交易用途負債		**66**	(5)
Derivative liabilities	衍生工具負債		**1,789**	(138)
Other liabilities	其他負債		**3,999**	(2,727)
Exchange adjustments	匯兌調整		**83**	453
NET CASH OUTFLOW FROM OPERATIONS	**經營活動現金流出淨額**		**(99)**	(16,168)
Income tax paid	已付所得稅			
Hong Kong profits tax paid	已付香港利得稅		**(197)**	(261)
Outside Hong Kong profits tax paid	已付香港以外利得稅		**(462)**	(489)
NET CASH USED IN OPERATING ACTIVITIES	**用於經營業務活動之現金淨額**		**(758)**	(16,918)

Consolidated Cash Flow Statement (continued)
綜合現金流量表（續）

For the year ended 31 December 2024 截至2024年12月31日止年度

		Notes 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
INVESTING ACTIVITIES	**投資活動**			
Dividends received from associates and joint ventures	收取聯營公司及合資企業股息		–	71
Dividends received from equity securities measured at FVOCI	收取按通過其他全面收益以反映公平價值計量股份證券股息		**16**	34
Purchase of fixed assets	購入固定資產		**(537)**	(680)
Proceeds from disposal of other properties and equipment	出售其他物業及設備所得款項		**135**	42
Proceeds from sale of assets held for sale	出售持有作出售資產所得款項		**68**	22
NET CASH USED IN INVESTING ACTIVITIES	**用於投資活動之現金淨額**		**(318)**	(511)
FINANCING ACTIVITIES	**融資活動**			
Ordinary dividends paid	支付普通股股息		**(1,156)**	(1,377)
Distribution to Additional Tier 1 issue holders	派發予額外一級資本工具持有人	18(c), 42(j)	**(594)**	(596)
Payment for repurchase of shares	支付股份回購		**(343)**	(367)
Issue of loan capital	發行借貸資本		**8,864**	3,893
Capital element of lease rentals paid	支付租賃負債之資本部份		**(255)**	(245)
Interest element of lease rentals paid	支付租賃負債之利息部份		**(29)**	(29)
Redemption of debt securities issued	贖回已發行債務證券		**(467)**	(2,090)
Redemption of loan capital issued	贖回已發行借貸資本		**(1,594)**	–
Redemption of additional equity instruments	贖回額外股本工具		**(5,069)**	–
Interest paid on debt securities issued	支付已發行債務證券利息		**(19)**	(58)
Interest paid on loan capital	支付已發行借貸資本利息		**(1,380)**	(873)
NET CASH USED IN FINANCING ACTIVITIES	**用於融資活動之現金淨額**		**(2,042)**	(1,742)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**現金及等同現金項目淨減少**		**(3,118)**	(19,171)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**於1月1日之現金及等同現金項目**	**47(a)**	**92,134**	112,149
Effect of foreign exchange rate changes	匯率變動的影響		**(1,146)**	(844)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**於12月31日之現金及等同現金項目**	47(a)	**87,870**	92,134
Cash flows from operating activities included:	源自經營業務活動的現金流量包括：			
Interest received	利息收入		**39,570**	39,022
Interest paid	利息支出		**22,481**	20,771
Dividend received	股息收入		**9**	10

The notes on pages 206 to 391 form part of these financial statements.

第206至391頁之附註屬本財務報表之一部分。

Notes to the Financial Statements
財務報表附註

1. Principal Activities 主要業務

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services.

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務。

2. Material Accounting Policies 主要會計政策

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the material accounting policies adopted by the Group is set out below.

(a) 符合指引聲明

本財務報表乃按照香港會計師公會頒布所有適用的《香港財務報告準則》,其整體已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋,以及香港一般採用的會計原則及《公司條例》的要求。本財務報表亦符合聯交所《上市規則》有關的披露規定。本集團採納的重大會計政策簡列如下。

The HKICPA has issued a number of amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

香港會計師公會已頒布數項《香港財務報告準則》的修訂,並於本年度本集團的會計期首次生效或可被提早採納。附註3提供因首次應用該等準則而引致會計政策變動的資料,而該等資料只包括與本集團有關而須反映在本期及去年會計期的財務報表。

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interest in associates and joint ventures.

(b) 財務報表編製基準

截至2024年12月31日止年度的綜合財務報表包括本集團及其應佔聯營公司及合資企業之權益。

The measurement basis used in the preparation of the financial statements is historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

除以下資產及負債是以公平價值列賬外,本財務報表是以原值成本作為計量基準。有關詳情載列於下列會計政策:

- financial instruments classified as trading, designated or mandatorily measured at fair value through profit or loss ("FVTPL") and measured at fair value through other comprehensive income ("FVOCI") (Note 2(h)(ii));
- derivative financial instruments (Notes 2(k) and 2(l)); and
- investment properties (Note 2(o)(ii)).

- 分類作交易用途、指定為或強制按通過損益以反映公平價值計量及按通過其他全面收益以反映公平價值計量的金融工具(附註2(h)(ii));
- 衍生金融工具(附註2(k)及2(l));及
- 投資物業(附註2(o)(ii))。

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

按《香港財務報告準則》之要求,在編製財務報表時,管理層須作判斷、估計及假設從而影響政策實施及資產和負債、及收入與支出之呈報金額。有關估計及假設乃按在既定情況下可合理地相信,根據過往之經驗及其他因素,作出判斷那些未能從其他來源確定的資產及負債的賬面值。實際結果可能與此等估計存在差異。

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

有關估計及假設須持續作檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期內確認。

Details of judgements made by management in the application of HKFRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 52.

在附註52內，管理層已解釋實施對財務報表有重大影響的《香港財務報告準則》所作的詳細判斷及不明朗估計的主要來源。

(c) Basis of Consolidation

These consolidated financial statements cover the consolidated position of the Bank and all subsidiaries unless otherwise stated and the Group's interest in associates and joint ventures. For information required to be reported in accordance with the Banking (Disclosures) Rules, the basis of consolidation is set out in Note 1 in the Unaudited Supplementary Financial Information.

(c) 綜合基準

除另外陳述外，本綜合財務報表包括本行及其所有附屬公司及本集團所佔聯營公司及合資企業之權益的綜合狀況。根據《銀行業（披露）規則》所要求匯報的資料，所採納的綜合基準已在未經審核補充財務資料附註1列載。

(i) Subsidiaries and non-controlling interests

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to 31 December each year. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

(i) 附屬公司及非控股權益

本綜合財務報表包括本行及其所有附屬公司截至各相關年度之12月31日止的財務報表。附屬公司為本集團所控制之實體。本集團基於對有關實體之權利、參與度及權力並可運用此等條件以影響其所得回報，則視為本集團對該實體擁有控制權。在評估是否有控制權時，本集團只考慮實質的權力（由本集團及其他人士所擁有）。

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

附屬公司之投資由控制權生效日起至控制權失效日止在綜合財務報表內計算。在編製綜合財務報表時，集團之間的結餘、交易及現金流及任何因集團之間交易所產生的未實現溢利均被抵銷。跟未實現盈利相同，因集團之間交易所產生的未實現虧損亦同樣被抵銷，但只局限於未有減值證據。

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

非控股權益指無論是直接或間接並不歸屬於本行之附屬公司的權益部分，及本集團並未與該等權益持有者達成附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。就每一業務合併而言，本集團可選擇按公平價值或非控股權益按比例應佔該附屬公司的可辨識淨資產以計量非控股權益。

2. Material Accounting Policies (continued) 主要會計政策（續）

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the net profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Bank.

非控股權益在綜合財務狀況表內的股東權益中列示，但與可歸屬於本集團股東權益分開。非控股權益佔本集團之業績，在綜合收益表內以分配年度溢利之形式列示，而在綜合全面收益表則以分配年度全面收益總額予非控股權益與及可歸屬於本集團股東權益之形式列示。

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

本集團將不導致喪失控股權之附屬公司權益的變動按權益交易方式入賬，即只調整在綜合權益內之控股及非控股權益的金額以反映其相關權益的變動，但不調整商譽及確認盈虧。

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (Note 2(c)(ii)), and is offset against the gain or loss on the loss of control of that subsidiary.

當本集團喪失對一附屬公司之控股權，將按出售該附屬公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度附屬公司之權益按公平價值確認，而此金額被視為初始確認一金融資產（附註2(h)）的公平價值，或（如適用）按成本初始確認一聯營公司及合資企業投資（附註2(c)(ii)），及當喪失對該附屬公司控股權時與盈虧沖銷。

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less any impairment losses, if any (Note 2(r)).

在本行的財務狀況表中，附屬公司投資是以成本減除任何減值損失（附註2(r)）列賬。

(ii) Associates and joint ventures

The consolidated financial statements include the attributable share of the results and reserves of associates and joint ventures based on financial statements prepared at dates not earlier than three months prior to 31 December each year.

(ii) 聯營公司及合資企業

本綜合財務報表包括根據截至每年的12月31日止之前不超過三個月的財務報表所編製應佔聯營公司及合資企業的業績及儲備。

An associate is a company in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

聯營公司是指本集團或本行可對其管理發揮重大影響力，包括參與其財務及經營政策的決策，但並不控制或共同控制其管理層。

A joint venture is an arrangement whereby the Group or the Bank and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

合資企業是指本集團或本行與其他合約方共同擁有該合資企業之控制權，及對淨資產擁有權的安排。

Investments in associates and joint ventures are accounted for in the consolidated financial statements under the equity method, unless they are classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(ac)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate or joint venture's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 2(r)). Any excess of fair values of the investees' net identifiable assets over the cost of investment upon acquisition, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income. Any dividend income received from associates and joint ventures reduces the carrying values of the investments in associates and joint ventures, respectively.

除分類為持有作出售資產（或包括在分類為持有作出售資產的出售組別內）（附註2(ac)）外，聯營公司及合資企業投資是以權益會計法在綜合財務報表內入賬。根據權益會計法，投資的入賬方法是先以成本入賬，另調整本集團於購入後應佔該聯營公司及合資企業的可辨識淨資產所超出成本之任何金額。往後，需調整在收購後本集團應佔被投資方淨資產之變動及在（附註2(r)）所載有關投資的減值損失。任何於收購日應佔被投資方可辨識淨資產的公平價值超出投資成本、本集團應佔被投資方收購後和已除稅的業績及年度內的任何減值損失均在綜合收益表內確認，而本集團應佔被投資方收購後和已除稅之其他全面收益項目則在綜合全面收益表內確認。任何由聯營公司及合資企業投資收取的股息收入將分別減低聯營公司及合資企業投資的賬面值。

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For these purposes, the Group's interest in the associate or the joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

除本集團對該聯營公司及合資企業所作具法律或推定義務或替該被投資方償付的承擔外，當本集團應佔該聯營公司及合資企業的虧損超出本集團之應佔權益時，超出的虧損將不被確認，而本集團應佔該被投資方之權益將被減值至零。因此，本集團應佔該聯營公司及合資企業權益即按權益會計法計算投資賬面值，及實質上構成本集團應佔該聯營公司及合資企業淨資產的長期權益。

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except when unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

本集團與聯營公司及合資企業交易而產生之未實現溢利及虧損，按本集團應佔該被投資方之權益為限作沖銷。若有證據顯示未實現虧損屬資產轉讓的減值損失，則須立即於損益賬內確認。

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(h)).

當本集團喪失對一聯營公司之重大影響力或合資企業之共同控制權，將按出售該被投資方之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失重大影響力或共同控股權日仍保留該前度被投資方之權益按公平價值確認，而此金額被視為初始確認一金融資產（附註2(h)）的公平價值。

2. Material Accounting Policies (continued) 主要會計政策（續）

The Bank accounts for the results of associates and joint ventures to the extent of dividends received. Investments in associates and joint ventures are stated in the Bank's statement of financial position at cost less any impairment losses (Note 2(r)).

本行按照已收取股息計算應佔聯營公司及合資企業之業績。在本行的財務狀況表中，聯營公司及合資企業投資是以成本減除任何減值損失（附註2(r)）列賬。

(d) Translation of Foreign Currencies

Foreign currencies transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the end of the reporting period. Exchange gains and losses are recognised in the income statement.

(d) 外幣換算

年度內的外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按報告期結束日的匯率折算為港幣。匯兌盈虧則計入收益表內。

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算為港幣。以外幣為單位及按公平價值列賬的非貨幣性資產及負債按釐定其公平價值日的匯率折算。

Exchange differences relating to investments at FVTPL and derivative financial instruments are included in gains less losses from trading securities or financial instruments at FVTPL. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising from translation of equity investments for which an election has been made to present subsequent changes in fair value in other comprehensive income are recognised in other comprehensive income and accumulated separately in equity.

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券淨盈虧或通過損益以反映公平價值投資淨盈虧。其他有關貨幣性資產及負債的匯兌差額則於收益表之外幣買賣溢利項下列示。因折算已選擇將往後公平價值變動在其他全面收益列示的股份證券所產生的差額則於其他全面收益內確認，並在股東權益內分開累計。

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

海外業務之業績按交易日相約的匯率折算為港幣。財務狀況表的項目中，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按報告期結束日的匯率折算為港幣。產生的匯兌差額直接在其他全面收益內確認，並在股東權益之匯兌儲備內分開累計。因於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the income statement when the profit or loss on disposal is recognised.

當確認出售海外業務的損益時，因該海外業務產生的累計匯兌差額由股東權益計入收益表。

(e) Interest

Effective interest rate

Interest income for financial assets measured at FVOCI or amortised cost, and interest expense on financial liabilities measured at amortised cost is recognised in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses. For financial assets that were purchased or originated as credit-impaired on initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses (i.e. no expected credit loss provision is required at initial recognition).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The Group adopts Interest Rate Benchmark Reform – Phase 2 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (the "Phase 2 amendments"), which allows a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of interest rate benchmark reform and that the transition takes place on an economically equivalent basis.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

(e) 利息

有效利率

按通過其他全面收益以反映公平價值計量或按攤銷成本計量的金融資產的利息收入及按攤銷成本計量的金融負債的利息支出均按有效利率方法於收益表內確認。

有效利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為該金融資產的賬面值總額或該金融負債的攤銷成本的利率。

在計算除信貸不良資產外的金融工具的有效利率時，本集團計及金融工具的所有合約條款，但不計及預期信貸損失，以估計未來現金流。就初始確認時已購入或源生的信貸不良金融資產，使用估計未來現金流（包括預期信貸損失）計算信貸調整有效利率（即在初始確認時無需作出預期信貸損失撥備）。

有效利率的計算包括構成有效利率組成部分的交易成本及費用以及基點支出或收入。交易成本包括金融資產或金融負債的收購或發行直接應佔的增加成本。

本集團採用《香港財務報告準則》第9號、《香港會計準則》第39號、《香港財務報告準則》第7號、《香港財務報告準則》第4號及《香港財務報告準則》第16號有關利率基準改革之第二期修訂（「第二期修訂」），第二期修訂提供了合約現金流之改變可視為浮動利率改變的實務操作方法，若符合某些條件。該等條件包括該變動必須是利率基準改革直接導致的結果；和該變動在經濟上是等同的。

攤銷成本及賬面值總額

金融資產或金融負債的「攤銷成本」是金融資產或金融負債於初始確認時計量的金額減本金還款額，加減使用有效利率方法計算的初始確認金額與到期金額之任何差額而計算的累計攤銷，而就金融資產而言，經任何預期信貸損失準備作調整。

2. Material Accounting Policies (continued) 主要會計政策（續）

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

「金融資產的賬面值總額」是金融資產就任何預期信貸損失準備作調整前的攤銷成本。

Calculation of interest income and expense
In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

計算利息收入及支出
在計算利息收入及支出時，有效利率應用於資產的賬面值總額（當資產並非信貸不良時）或負債的攤銷成本。

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

然而，就初始確認後成為信貸不良的金融資產而言，透過將有效利率應用於該金融資產的攤銷成本而計算利息收入。若資產不再屬信貸不良，則恢復使用總額基準計算利息收入。

For financial assets that were purchased or originated as credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

就初始確認時已購入或源生的信貸不良金融資產而言，透過將經信貸調整的有效利率應用於該資產的攤銷成本計算利息收入。即使該資產的信貸風險有所改善，亦不恢復使用總額基準計算利息收入。

For information on when financial assets are credit-impaired, please refer to Note 2(h)(vii).

有關金融資產屬信貸不良時的資料見附註2(h)(vii)。

(f) Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate calculation (Note 2(e)).

(f) 服務費及佣金

有效利率的計算（附註2(e)）包括金融資產及金融負債中構成有效利率組成部分的服務費及佣金收入及支出。

Other fee and commission income is recognised in the income statement when the corresponding service is provided.

其他服務費及佣金收入在有關服務提供時確認在收益表內。

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If it is uncertain that a loan commitment will result in draw-down of a loan, then the related loan commitment fee is recognised as revenue on a straight-line basis over the commitment period.

因本集團開展或購入金融資產而產生之開立或承擔服務費收入／支出須遞延及確認為有效利率之調整。如不確定會否借出貸款，該相關承擔服務費按承擔期限以直線法列作收入。

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed when the services are received.

其他服務費及佣金支出主要是交易及服務費，並在獲得服務時支銷。

(g) Other Revenue Recognition

Other revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Net income from financial instruments at FVTPL and net trading income

Net income from financial instruments designated at FVTPL, net income from non-trading financial assets mandatorily measured at FVTPL and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with foreign exchange differences and dividend income attributable to these financial instruments. Coupon interest from these financial assets and financial liabilities measured at FVTPL is accrued and presented as interest income or interest expense.

(ii) Finance income from finance leases

Finance income implicit in finance leases is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

(iii) Rental income from operating leases

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established unconditionally. Dividend income from listed investments is recognised when the share price of the investment is quoted ex-dividend.

(g) 其他收入確認

其他收入按已收或應收價款的公平價值釐定。假設經濟利益有可能流向本集團及收入和支出（如適用）屬可靠計量的，在收益表內確認收入的方法如下：

(i) 通過損益以反映公平價值金融工具的淨收入及淨交易收入

指定為通過損益以反映公平價值金融工具的淨收入，強制按通過損益以反映公平價值計量之非交易用途金融資產及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的盈虧（減除應計利息），以及應歸屬於該等金融工具的匯兌差額及股息收入。由該等按通過損益以反映公平價值金融資產及金融負債產生的應計票面利息列作利息收入或利息支出。

(ii) 融資租賃收入

融資租賃隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。

(iii) 經營租賃租金收入

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨收款總額的組成部分。或有租金以賺取該收入的會計期間列作收入。

(iv) 股息收入

非上市投資股息收入在股東收取權被無條件確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

2. Material Accounting Policies (continued) 主要會計政策（續）

(h) Financial Instruments

(i) Initial recognition

The Group initially recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets at FVTPL, investment securities classified as measured at amortised cost or at FVOCI, derivative transactions or debts issued are recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities measured at FVTPL are expensed immediately.

Any gains and losses of the financial assets or financial liabilities measured at fair value are recorded from the date of initial recognition.

Accrued contractual interests from financial assets and liabilities are presented as accrued interest receivables and payables separately in the financial statements.

(ii) Classification

Financial assets and liabilities

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(h) 金融工具

(i) 初始確認

當本集團成為金融工具合約其中一方時初始確認金融資產和金融負債。以正常方式購買或出售按通過損益以反映公平價值的金融資產、按攤銷成本或按通過其他全面收益以反映公平價值計量的投資證券、衍生產品交易或已發行債務俱按交易日會計法確認。其他金融資產和金融負債則按結算日會計法確認。

金融工具於初始期按公平價值計量，而公平價值大致與交易價相同。如金融資產或金融負債不屬於按通過損益以反映公平價值計量，則包括直接歸屬於購入之金融資產或發行金融負債的交易成本。按通過損益以反映公平價值的金融資產或金融負債的交易成本立即作費用支銷。

自初始確認日期起，按公平價值計量的金融資產或金融負債產生的任何盈利及虧損均予以記錄。

金融資產及負債的應計合約利息在財務報表中作為應計應收及應付利息分開列示。

(ii) 分類

金融資產及金融負債

金融資產

於初始確認時，金融資產分類為：按攤銷成本、按通過其他全面收益以反映公平價值或按通過損益以反映公平價值計量。

一項金融資產按攤銷成本計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- 該資產是在一個以持有該資產以收取合約現金流為目的之商業模式中持有；及
- 該金融資產的合約條款於指定日期產生符合本金及按本金結餘的利息支付特徵的現金流。

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

一項債務工具按通過其他全面收益以反映公平價值計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 該資產是在一個以收取合約現金流及出售金融資產為目的之商業模式中持有；及

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 該金融資產的合約條款於指定日期產生符合本金及按本金結餘的利息支付特徵的現金流。

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (Note 2(n)). This election is made on an investment-by-investment basis.

非交易用途之股份投資初始確認時，本集團可作出不可撤回的選擇，將其後續公平價值變化確認於其他全面收益（附註(2(n)）。該選擇是按投資逐項作出。

All other financial assets are classified as measured at FVTPL.

所有其他金融資產均分類為按通過損益以反映公平價值計量。

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

此外，於初始確認時，在可消除或明顯減少會計錯配的情況下，本集團可不可撤回地指定在其他情況下符合按攤銷成本或按通過其他全面收益以反映公平價值計量條件的金融資產為按通過損益以反映公平價值計量。

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

商業模式評估
本集團評估在組合層面持有資產的商業模式之目標，因為這最能反映業務管理的方法及向管理層提供資料的方式。所考慮的資料包括：

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- 組合的既定政策和目標以及該等政策的實際操作。尤其是，管理層的策略專注於賺取合約利息收入、維持特定的利率曲線、將金融資產的期限與為該等資產提供資金的負債或通過出售資產變現現金流的期限相配；

- how the performance of the portfolio is evaluated and reported to the Group's management;
- 如何評估組合的表現並向本集團的管理層報告；

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 影響商業模式（及該商業模式下持有的金融資產）表現的風險以及如何管理該等風險；

2. Material Accounting Policies (continued) 主要會計政策（續）

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- 業務管理人員如何得到補償－例如，補償是否根據所管理資產的公平價值或所收取的合約現金流釐定；及

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

- 過往期間的出售頻率、銷量和出售時點，出售原因以及其對未來出售活動的預期。然而，銷售活動的資料並非孤立考慮，而是作為關於本集團如何實現既定的金融資產管理目標及如何實現現金流的整體評估的一部分。

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

持作交易用途或管理或按公平值基準評估其表現的金融資產乃按通過損益以反映公平價值計量，因其既非持作收取合約現金流之用，亦非持作收取合約現金流及出售金融資產之用。

Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

評估合約現金流是否純粹為支付本金及利息
就此項評估而言，「本金」的定義是金融資產在初始確認時的公平價值。「利息」的定義是貨幣的時間價值以及與特定時段內未償還本金有關的信用風險以及其他基本貸款風險和成本（例如流動性風險和管理費用）及利潤率的代價。

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

在評估合約現金流是否純粹為支付本金及利息時，本集團考慮工具的合約條款。這包括評估金融資產是否包含可能改變合約現金流的時點或金額，致使其不符合該項條件。在評估時，本集團考慮：

- contingent events that would change the amount and timing of cash flows;

- 將會改變現金流金額及時點的或有事件；

- leverage features;

- 槓桿特徵；

- prepayment and extension terms;

- 提前還款和延期條款；

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and

- 限制本集團要求取得指定資產（例如無追索權資產安排）的現金流的條款；及

- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

- 修正金錢時間值代價的特徵（例如定期調整利率）。

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. When (and only when) the Group changes its business model for managing financial assets, it reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the "reclassification date", which is defined as, "the first day of the first reporting period following the change in business model that results in reclassifying financial assets". Accordingly, any previously recognised gains, losses or interest will not be restated.

If a financial asset is reclassified out of the amortised cost measurement category and into the FVTPL or FVOCI measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss (if reclassification as FVTPL measurement category) or is recognised in other comprehensive income (if reclassification as FVOCI measurement category).

If a financial asset is reclassified out of the FVOCI measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost.

If a financial asset is reclassified out of the FVOCI measurement category and into the FVTPL measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

If a financial asset is reclassified out of the FVTPL measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.

重新分類

除於本集團改變管理金融資產的商業模式後期間外，金融資產在初始確認後不會作出重新分類。當（並且僅當）本集團更改其管理金融資產的商業模式時，所有受影響的金融資產會根據新商業模式重新分類。重新分類應由「重分類日」前瞻性地應用。「重分類日」定義為「因商業模式變化而重新分類金融資產後的第一個報告期首天」。因此，任何之前確認的收益、虧損或利息不會重報。

如金融資產從按攤銷成本計量重新分類為按通過損益以反映公平價值計量或按通過其他全面收益以反映公平價值計量，則其公平價值會在重分類日計量。金融資產的先前攤銷成本與公平價值之間的差額產生的任何收益或損失會在收益表內確認（如重分類為按通過損益以反映公平價值計量）或在其他全面收益內確認（如果重新分類為按通過其他全面收益以反映公平價值計量）。

如金融資產從按通過其他全面收益以反映公平價值計量重新分類為按攤銷成本計量，則金融資產會在重分類日按其公平價值重新分類。然而，先前於其他全面收益確認的累計收益或虧損將從權益中扣除，並於重分類日按金融資產的公平價值調整。因此，金融資產在重分類日進行計量，就好像它一直按攤銷成本計量一樣。

如金融資產從按通過其他全面收益以反映公平價值計量重新分類為按通過損益以反映公平價值計量，則該金融資產會繼續以公平價值計量。先前於其他全面收益確認的累計收益或虧損於重分類日重新分類由權益轉入收益表作為重新分類調整。

如金融資產從按通過損益以反映公平價值計量重新分類為按攤銷成本計量，則其在重新分類日的公平價值作為新的賬面值總額。

2. Material Accounting Policies (continued) 主要會計政策（續）

If an entity reclassifies a financial asset out of the FVTPL measurement category and into the FVOCI measurement category, the financial asset continues to be measured at fair value and subsequent changes in fair value will be recognised in other comprehensive income.

如金融資產從按通過損益以反映公平價值計量重新分類為按通過其他全面收益以反映公平價值計量，則該金融資產會繼續以公平價值計量，而其後的公平價值變動會在其他全面收益中確認。

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

金融負債

本集團將其金融負債（財務擔保及貸款承擔除外）分類為按攤銷成本或按通過損益以反映公平價值計量類別。

The Group may, at initial recognition, irrevocably designate a financial liability as measured at FVTPL in either of the following circumstances:

本集團將其金融負債於初始確認時，在以下任一情況下，或分類為不可撤銷形式指定為按通過損益以反映公平價值計量：

(i) When doing so results in more relevant information because either:

- a group of liabilities or a group of financial assets and liabilities is managed and its performance is evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

(i) 當指定為按通過損益以反映公平價值計量可提供更相關資訊，因：

- 該負債組別或金融資產及負債是按公平價值作內部管理、評估及呈報；或
- 該指定可抵銷或明顯減少因計量資產及負債或按不同基準確認盈利和虧損時可能產生計量或確認的不一致。

(ii) If a liability contract contains one or more embedded derivatives unless the embedded derivative(s) does not significantly modify the cash flows that would otherwise be required by the contract or if it is obvious that separation of the embedded derivative(s) is prohibited.

(ii) 如負債合約包含一個或多個嵌入式衍生工具，除非該等嵌入式衍生工具不會顯著改變合約原本要求的現金流量，或分拆該等嵌入式衍生工具是明顯地禁止。

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices, where available, at the end of the reporting period without any deduction for estimated future selling costs.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

(iii) 計量公平價值之原則

金融工具的公平價值是根據報告期結束日之可得市場報價但未減除將來的估計出售成本。

如沒有公眾知悉的最後交易價格或在認可交易所的市場報價，或從經紀／交易員獲得屬於非交易所買賣的金融工具報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據實際市場交易提供可靠的估計價格。

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

當採用現金流折讓價格模式，估計將來現金流按管理層的最佳估計及採用的貼現率是在報告期結束日適用於相同條款工具的市場利率。當採用其他價格模式時，參數是在報告期結束日的市場價格資料。

(iv) Derecognition

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset, together with substantially all the risks and rewards of ownership, has been transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iv) 終止確認

當從金融資產獲得現金流的法定權利屆滿或已將重大風險及回報擁有權同時轉移，或本集團既沒有轉移也沒有保留金融資產的重大風險和回報，並且也沒有保留對該金融資產的控制後，本集團終止確認該金融資產。

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement. Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated at FVOCI is not recognised in the income statement on derecognition of such securities, as explained in (Note 2(n)).

於終止確認金融資產時，資產賬面值（或終止確認部分資產的賬面值）與(i)已收代價（包括任何所得新資產減任何新負債）及(ii)已於其他全面收益確認的任何累計收益或虧損會於收益表內確認。指定為通過其他全面收益以反映公平價值的股份投資證券在其他全面收益中確認的任何累計收益／虧損均不會在終止確認時在收益表中確認（附註2(n)）。

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

當合約的義務已被履行、取消或到期，本集團終止確認金融負債。

The Group uses the weighted average or first-in first-out method, where appropriate, to determine realised gains and losses to be recognised in the income statement on derecognition.

本集團採用加權平均法或先進先出法（如適用）以釐定在終止確認時須在收益表確認的已實現盈利和虧損。

(v) Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (Note 2(h)(iv)) and a new financial asset is recognised at fair value.

(v) 修改金融資產及金融負債

若金融資產的條款被修改，本集團會評估經修訂資產的現金流量是否重大不同。如現金流量有重大不同，則原金融資產的現金流量的法定權利被視為已過期。在此情況下，原金融資產會被終止確認（附註2(h)(iv)），並按公平價值確認為新金融資產。

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the income statement. If such a modification is carried out because of financial difficulties of the borrower (Note 2(h)(vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

如果按攤銷成本計量的已修訂資產之現金流量並無重大差異，則該修訂不會終止確認該金融資產。在這種情況下，本集團會重新計算金融資產的賬面值總額，並將調整賬面值總額所產生的金額在收益表內確認為修訂損益。如果由於借款人的財務困難而進行此類修改（附註2(h)(vii)），則將損益與減值損失一併列報。在其他情況下，應列示為利息收入。

2. Material Accounting Policies (continued) 主要會計政策（續）

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the income statement.

當合約條款被修改及已修訂之金融負債的現金流量有重大不同，本集團會終止確認其金融負債。在這種情況下，基於修改條款後的新金融負債會按公平價值確認。已終止的金融負債與已修改條款的新金融負債的賬面值差額會在收益表內確認。

In the context of interest rate benchmark reform, the Group's assessment of whether a change to an amortised cost financial instrument is substantial is made after applying the practical expedient introduced by the Phase 2 amendments. This requires the transition from an interbank offered rate to a new alternative benchmark rate to be treated as a change to a floating interest rate as described in (Note 2(e)) above.

根據第二期修訂容許，本集團會應用第二期修訂的實務操作方法後評估按攤銷成本計量的金融工具是否有實質變動。基準利率被替代基準利率所取代會被視為浮動利率變動（如以上附註2(e)所述）。

The Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the interest rate benchmark reform if the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

本集團更新金融資產或金融負債的有效利率，以反映因利率基準改革而導致按攤銷成本計量的金融資產或金融負債之合約現金流的基礎變動。因利率基準改革要求而改變釐定合約現金流的基礎必須符合以下條件：

- the change is necessary as a direct consequence of the reform; and
- 該變動必須是利率基準改革直接導致的結果；和
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.
- 用於確定合約現金流的新基礎在經濟上是等同於舊基礎（即變動前的基礎）。

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

如果金融資產或金融負債合約現金流的基礎發生除利率基準改革要求以外的變動，則本集團首先更新該金融資產或金融負債的有效利率，以反映利率基準改革要求的變動。隨後，本集團應用以上修訂的會計政策於額外變動。

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) 抵銷

只有具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，並在財務狀況表內以淨額列示。

(vii) Impairment

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued; and
- contract assets

No impairment loss is recognised on equity investments.

The Group measures loss allowances for 12-month or lifetime ECL using a 3-stage approach as follows:–

(vii) 減值

本集團就以下非按通過損益以反映公平價值計量的金融工具的預期信貸損失確認減值準備：

- 屬債務工具的金融資產；
- 租賃應收賬款；
- 已發出的財務擔保合約；
- 已發出的貸款承擔；及
- 合約資產

無需為股份投資計算減值。

本集團使用3階段法計量12個月或合約期內之預期信貸損失的減值準備如下：

Stage 階段	Description 描述	Impairment Loss Allowance Measurement 減值損失準備計量
1	Performing 履行中	12-month ECL 12個月內之預期信貸損失
2	Performing but with a significant increase in credit risk at reporting date compared to initial recognition 履約中但自其初始確認以來於報告日的信用風險大幅增加	Lifetime ECL 合約期內之預期信貸損失
3	Non-performing 不良	Lifetime ECL 合約期內之預期信貸損失

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

12個月內之預期信貸損失指金融工具在報告日後之12個月內，所有潛在違約事件所導致的信貸損失。

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

本集團的階分配與金管局的5級資產分類對應關係如下：

HKMA's 5-Grade Asset Classification 金管局的 5 級資產類別		Stage Allocation 階段分配
Pass 合格	General (i.e. do not meet the Bank's criteria of "Significant Increase of Credit Risk") 一般（即不符合本行的「信貸風險顯著增加」的準則）	1
	Meet the Bank's criteria of "Significant Increase of Credit Risk" 符合本行的「信貸風險顯著增加」的準則	2
Special Mention 需要關注		2
Substandard 次級		3
Doubtful 呆滯		
Loss 虧損		

2. Material Accounting Policies (continued) 主要會計政策（續）

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

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

2. The exposure is classified as Special Mention;

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

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

Measurement of ECL
ECL are a probability-weighted estimate of credit losses under different economic scenarios. They are measured as:

Exposure at Default x Probability of Default x Loss Given Default

Credit-impaired (non-performing) financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes but not limited to the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

「信貸風險顯著增加」的準則已計及以下任何一個關鍵因素：

1. 風險的內部或外部評級與風險產生之時的評級相比顯著轉差；

2. 風險被分類為「需要關注」金管局資產類別；

3. 風險的評級不再屬於相當於普遍理解的「投資級別」定義的「低信貸風險界限」；或

4. 其他事件及徵兆顯示其信貸風險自產生或購買後顯著增加。

計量預期信貸損失
預期信貸損失是在不同經濟情景中一個信貸損失的概率在加權後的估算值，以如下方法計量：

違約風險承擔x違約概率x違約損失率

信貸不良金融資產
於各報告日，本集團評估按攤銷成本列賬的金融資產及按通過其他全面收益以反映公平價值列賬的債務金融資產是否為信貸不良。當發生一宗或多宗對金融資產的估計未來現金流造成不利影響的事件，則該金融資產屬「信貸不良」。

金融資產出現信貸減值的證據包括但不限於以下可觀察數據：

- 借款人或發行人出現重大財政困難；
- 違反合約，如拖欠或逾期事件；
- 本集團根據其他情況下不會考慮的條款重組貸款或墊款；
- 借款人很可能會破產或進行其他財務重組；或
- 因財政困難而導致某擔保失去活躍市場。

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

因借款人的財政狀況惡化而重訂條款的貸款，除有證據證明無法收取合約現金流的風險已顯著減低且並無其他減值跡象外，通常被視為信貸不良。此外，逾期90日或以上的貸款被視為已減值。

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

在財務狀況表中列示預期信貸損失的準備

預期信貸損失的損失準備在財務狀況表中按以下方式列示：

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision on the liabilities side; and
- debt instruments measured at FVOCI: no loss allowance is presented in the statement of financial position because the carrying amount of these assets is their fair value, inclusive of any ECL. However, the loss allowance is disclosed separately.

- 按攤銷成本計量的金融資產：從資產的賬面值總額中扣除；
- 貸款承擔及財務擔保合約：一般作為負債方面的撥備；及
- 按通過其他全面收益以反映公平價值計量的債務工具：在財務狀況表中並不列示損失準備，因該等資產的賬面值為其公平價值，包括任何預期信貸損失。然而，損失準備會分開披露。

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

撇銷

若貸款及債務證券無實際可收回的前景，則予撇銷（部分或全部）。當本集團判斷借款人並無資產或收入來源可產生足夠的現金流以償還應撇銷的金額時，一般會如此處理。然而，已撇銷的金融資產仍可進行追討，以遵守本集團收回應收金額的程序。

(i) Trading Assets and Liabilities

Trading assets and liabilities are those assets and liabilities which are acquired or incurred principally for the purpose of selling or repurchasing them in the near term, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Trading assets and liabilities are initially recognised and subsequently measured at FVTPL.

(i) 交易用途資產及負債

作交易用途的資產和負債包括主要是作短期出售或購入的金融資產和金融負債，或屬於組合一部分並共同管理的可辨識金融工具，及有證據顯示近期有短期出售以賺取利潤的模式。交易資產和負債於初始確認，及其後以公平價值計量且其變動計入當期損益。

(j) Contract Assets and Liabilities

When revenue is recognised by transferring goods or services to a customer before the consideration is received or before payment is due, the Group presents the amount of revenue as a contract asset, excluding any amounts presented as a receivable. A contract asset is recognised in statement of financial position when there is a right to consideration that is conditional on factors other than the passage of time. The contract asset is transferred to receivables when the right to consideration becomes unconditional. Impairment of a contract asset is measured on the same basis as a financial asset as (Note 2(h)(vii)) above. The Group includes the contract assets in "Others" under "Other assets" in the statement of financial position.

(j) 合約資產及負債

若本集團透過向客戶轉讓貨品或服務履約並於客戶支付代價或款項到期前確認收入，則本集團應將該合約有關收益金額列示為合約資產，惟任何列示為應收賬款的金額除外。若獲取代價的權利以隨時間流逝以外的因素為條件，則合約資產於財務狀況表中確認。當獲取代價的權利成為無條件時，合約資產將轉至應收賬款。合約資產減值與金融資產（附註2(h)(vii)）的計算相同。本集團包括合約資產於財務狀況表中「其他資產」內的「其他賬項」。

2. Material Accounting Policies (continued) 主要會計政策（續）

A contract liability is recognised when a customer pays non-refundable consideration or when the Group has a right to an amount of non-refundable consideration that is unconditional, before the Group transfers a good or service to the customer. The Group includes the contract liabilities in "Others" under "Other liabilities" in the statement of financial position.

當本集團向客戶轉讓貨品或服務前，本集團已獲取代價或款項到期時擁有收取不可退還代價的權利，則確認為合約負債。本集團的合約負債包括在財務狀況表內的「其他負債」項下的「其他賬項」。

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

視乎實際情況，若本集團在訂立合約時預期實體向客戶轉讓已承諾的貨品或服務之時起至客戶支付該貨品或服務款項時止的期間為一年或以內，則本集團無需就重大融資組成部分的影響而調整已承諾的代價金額。若本集團原本會確認的資產攤銷期為一年或以內，則本集團可於產生時將獲得合約的增加成本確認為支出。

(k) Hedging

Hedge accounting recognises the offsetting effects on the income statement of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (i) the hedging instrument expires or is sold, terminated or exercised; (ii) the hedge no longer meets the criteria for hedge accounting; or (iii) the Group revokes the designation.

(k) 對沖

對沖會計法是確認因用作對沖工具與被對沖項目因公平價值變動而在收益表內產生之相互抵銷損益的影響。於衍生工具開始列作對沖工具及在對沖期間，本集團會評估及記錄用作對沖交易的金融工具是否有效地對沖相關項目的公平價值變動或現金流之風險。當(i)該用作對沖工具到期或已出售、終止或行使；(ii)該對沖交易不再符合對沖會計法的要求；或(iii)本集團取消對沖指定，本集團會停止繼續採用對沖會計法。

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in the income statement.

(i) 現金流對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量，或是甚有可能發生的預計交易，或已承諾未來交易之外匯風險，其重新計量衍生金融工具至公平價值有效對沖部分盈利或虧損會在其他全面收益內確認，並在股東權益中的對沖儲備內分開累計。而無效對沖部份的盈利或虧損則立即在收益表內確認。

If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (such as when interest income or expense is recognised).

如因對沖預計交易而其後須確認為非金融資產或非金融負債，其相關之盈虧由股東權益重新分類並包括在該非金融資產或負債的初始成本或其他賬面值內。如因對沖一項預計交易而其後須確認為金融資產或金融負債，其相關之盈虧由股東權益轉入收益表並計入相同期間或當購入資產或引起負債而影響該期間之收益表（如當確認為利息收入或支出）。

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

就現金流對沖而言，除以上兩段政策已涵蓋外，其相關之盈虧由股東權益重新分類並包括在相同期間或受對沖預計交易所影響期間的收益表。當用作對沖工具已到期或出售，終止或行使，或當本集團取消指定對沖關係但對沖預計交易預期仍會發生，截至此期間所累計的盈利或虧損仍保留在股東權益內，直至交易發生時按以上的政策確認。如預計對沖交易不會發生，在股東權益內的累計盈利或虧損會立即由股東權益轉入收益表。

(ii) Fair value hedges

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in the income statement.

(ii) 公平價值對沖

公平價值對沖用作抵銷已確認資產或負債因公平價值變動產生須在收益表內入賬的盈利和虧損的風險。

The hedging instrument is measured at fair value, with fair value changes recognised in the income statement. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the income statement to offset the effect of the gain or loss on the hedging instrument.

對沖工具按公平價值列賬，而公平價值的變動在收益表內入賬。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整在收益表內入賬以抵銷對沖工具產生的盈利和虧損。

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes designation of the hedge relationship, any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortised to the income statement as part of the recalculated effective interest rate of the item over its remaining life.

當用作對沖工具到期或已出售，終止或行使，或當對沖不再符合對沖會計法的要求，或本集團取消對沖指定關係，所有截至此期間內按有效利率方式調整的被對沖項目，會按該項目餘下年期當作重新計算有效利率在收益表內攤銷。

(iii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

(iii) 對沖效用測試

為符合對沖會計法，本集團必須進行兩種測試：在開始對沖時進行「預計效用」測試，顯示預期成效極高；在對沖期內持續進行「追溯效用」測試，證明實際有效。

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

有關各對沖關係之文件載有如何評估對沖效用。本集團採納之對沖效用評估方法，是按照既定風險管理策略而實施。

2. Material Accounting Policies (continued) 主要會計政策（續）

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationship, the Group utilises the principal term match method, change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

對於公平價值對沖關係，本集團採用累計價值抵銷法或回歸分析作為效用測試之方法。對於現金流對沖關係，本集團會以關鍵條款配對法、測試現金流量的變動，或以模擬衍生工具方式的累計價值抵銷法測試。

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

就預計效用而言，對沖工具必須被預期為在劃定對沖期間內，能高度有效地抵銷對沖風險之公平價值或現金流量之變動。就實際效用而言，公平價值或現金流量之變動抵銷額在80%至125%範圍才被視為有效。

(iv) Specific policies for hedges affected by interest rate benchmark reform

The Group applies Interest Rate Benchmark Reform: Amendments to HKFRS 9, HKAS 39 and HKFRS 7 (the "Phase 1 amendments") reliefs to hedging relationships directly affected by interest rate benchmark reform during the period before the replacement of an existing interest rate benchmark with a new alternative benchmark rate.

(iv) 受利率基準改革影響的對沖特定政策

本集團應用《香港財務報告準則》第9號、《香港會計準則》第39號及《香港財務報告準則》第7號之修訂（「第一期修訂」）中有關受利率基準改革直接影響的對沖關係，在現有基準利率被替代基準利率所取代前期間的豁免。

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item when the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

當符合某些條件後，該豁免應停止使用。條件包括當利率基準改革對被對沖項目或用作對沖工具以利率為基礎的現金流在時間和金額上於對沖關係終止或金額在現金流對沖儲備轉出不再存在不確定性時。

The Group also applies the Phase 2 amendments, which provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with a new alternative benchmark rate.

本集團並採用第二期修訂，對某些對沖會計規定亦提供了臨時豁免，當現有基準利率被替代基準利率所取代時，對沖關係得以繼續。

(i) The Phase 1 amendments

The Phase 1 amendments modify specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform so that entities applying those hedge accounting requirements assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of interest rate benchmark reform. These amendments replace the need for specific judgements to determine whether certain hedge accounting relationships that hedge the variability of cash flows or interest rate risk exposures for periods after the interest rate benchmarks are expected to be reformed or replaced continue to qualify for hedge accounting.

(i) 第一期修訂

第一期修訂對特定對沖會計的規定作出修改，以減輕因利率基準改革所引起的不確定因素之潛在影響，以使實體採用該等對沖會計規定時，假設被對沖的現金流及用作對沖工具的現金流所依據的利率基準並無因利率基準改革而改變。有關修訂豁免了就利率基準預計被改革或取代後的期間，處理對沖現金流或利率風險承擔變動的若干對沖會計關係時運用特定判斷以釐定該等關係是否仍合資格採用對沖會計法的需要。

(ii) The Phase 2 amendments

The Phase 2 amendments provide a series of temporary exemptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedging relationship to be continued without interruption. The Group applies the following relief as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

(ii) 第二期修訂

第二期修訂對某些對沖會計規定亦提供了一系列的臨時豁免，容許當被對沖項目和／或用作對沖工具發生利率基準改革所要求的變動時，對沖關係得以繼續並不受干擾。當利率基準改革對被對沖項目或用作對沖工具以利率為基礎的現金流在時間和金額上不再存在不確定性時，本集團採用以下操作：

- 本集團修改對沖關係的指定，以反映改革所要求的變動，且不會導致對沖關係終止；和
- 當現金流對沖的被對沖項目被修改以體現改革要求的變動時，現金流對沖儲備中的累計金額將被視為以用於確定未來被對沖現金流的替代基準利率為基礎而確定的金額。

當被對沖項目或用作對沖工具基於利率基準的現金流在時間或金額上仍存在不確定性，本集團則繼續採用現有會計政策。

(l) Derivatives

Derivatives are recognised initially and are subsequently remeasured, at fair value. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative, this includes embedded derivatives which are bifurcated from the host contract, when they meet the definition of a derivative on a standalone basis.

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of HKFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and

(l) 衍生工具

衍生工具初始確認及其後按公平價值重新計量。當衍生工具的公平價值為正數時，衍生工具分類為資產；當公平價值為負數時，衍生工具則分類為負債，這包括在獨立基礎上符合衍生工具定義但從主合同分拆的嵌入式衍生工具。

衍生工具可能嵌入另一合同（主合同）。在下列情況下，本集團會分開計算主合同及嵌入的衍生工具：

- 該主合同並非在《香港財務報告準則》第9號所覆蓋的資產；
- 該主合同不是按通過損益以反映公平價值計量；
- 嵌入衍生工具的條款如果包含在單獨的合同中，符合衍生工具的定義；及

2. Material Accounting Policies (continued) 主要會計政策（續）

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

- 該嵌入衍生工具的經濟特性及風險與主合同並非緊密關連的。

分離的嵌入式衍生工具按公平價值計量，公平價值的所有變動均在收益內確認，除非他們構成合資格現金流量或淨投資對沖關係的一部分。

(m) Loans and Advances

Loans and advances mainly comprise placements with and advances to banks, trade bills and loans and advances to customers:

- loans and advances measured at amortised cost (Note 2(h)(ii)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at FVTPL or designated at FVTPL (Note 2(h)(ii)); these are measured at fair value with changes recognised immediately in the income statement;
- loans and advances measured at FVOCI (Note 2(h)(ii)); and
- finance lease receivables (Note 2(s)).

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

(m) 貸款及墊款

貸款和墊款主要包括在銀行的存款及墊款、貿易票據和客戶貸款及墊款：

- 按攤銷成本計量的貸款和墊款（附註2(h)(ii)）；初始以公平價值加上直接相關的交易成本計量，其後以有效利率法按攤銷成本計量；
- 強制按通過損益以反映公平價值計量或指定為通過損益以反映公平價值計量的貸款及墊款（附註2(h)(ii)）；以公平價值計量，其變動立即在收益表內確認；
- 按通過其他全面收益以反映公平價值計量的貸款及墊款（附註2(h)(ii)）；及
- 融資租賃應收款項（附註2(s)）。

當本集團購買金融資產並同時訂立協議以未來日期的固定價格（反向回購或股票借入）轉售資產（或實質上相似的資產）時，該已付之代價將作為貸款及墊款入賬，相關資產不會在本集團財務報表中確認。

(n) Investment Securities

The "investment securities" caption in the statement of financial position includes:

- debt investment securities measured at amortised cost (Note 2(h)(ii)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated at FVTPL (Note 2(h)(ii)); these are measured at fair value with changes recognised immediately in the income statement;

(n) 投資證券

財務狀況表中的「投資證券」包括：

- 按攤銷成本計量的債務投資證券（附註2(h)(ii)）；這些初始按公平價值加上直接相關交易成本計量，其後以有效利率法按攤銷成本計量；
- 債務和股權投資證券強制按通過損益以反映公平價值計量或指定為通過損益以反映公平價值計量（附註2(h)(ii)），其公平價值變動立即在收益表中確認；

- debt securities measured at FVOCI (Note 2(h)(ii)); and
- 按通過其他全面收益以反映公平價值計量的債務證券（附註2(h)(ii)）；及

- equity investment securities designated at FVOCI (Note 2(h)(ii)).
- 指定為通過其他全面收益以反映公平價值的股權投資證券（附註2(h)(ii)）。

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in the income statement in the same manner as for financial assets measured at amortised cost:

就按通過其他全面收益以反映公平價值計量的債務證券而言，收益及虧損於其他全面收益確認，惟以下各項會於收益表內確認，與按攤銷成本計量的金融資產相同：

- interest revenue using the effective interest method;
- 以有效利率法計算的利息收入；

- ECL and reversals; and
- 預期信用損失和轉回；及

- foreign exchange gains and losses.
- 外匯收益和損失。

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

當按通過其他全面收益以反映公平價值計量的債務證券被終止確認時，以前在其他全面收益中確認的累計收益或虧損將從權益重新分類至收益表內。

The Group elects to present changes in the fair value of certain investments in equity instruments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

本集團選擇在其他全面收益中列示非持有作交易用途的股份工具投資之公平價值變動。該選擇是按個別工具於初始確認時進行，並不可撤銷的。

Gains and losses on such equity instruments are never reclassified to the income statement and no impairment is recognised in the income statement. Dividends are recognised in the income statement unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

此類股份工具的收益和損失不會重新分類至收益表，亦不會在收益表中確認減值。股息在收益表內確認，但若該等股息明確顯示為收回部分投資成本者，會在其他全面收益中確認。其他全面收益中確認的累計收益和損失會於出售投資時轉入留存溢利。

(o) Properties

(i) Bank premises are stated in the statement of financial position at cost or at Directors' valuation as of 1989, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(r)).

In 1989, any deficit arising from revaluation was charged to the income statement, to the extent that it exceeded the amount held in the bank premises revaluation reserve in respect of that same asset immediately prior to the revaluation. Any surplus arising from revaluation was credited to the income statement, to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.

(o) 物業

(i) 行址是按成本或於1989年董事參照獨立專業評估作出的估值，減除累計折舊及減值損失（附註2(r)）後於財務狀況表中列賬。

於1989年，任何重估出現虧損時於收益表支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘。任何重估出現盈餘時存入收益表內的金額不可超過以往因重估相同行址曾於收益表支銷的重估虧損。

2. Material Accounting Policies (continued) 主要會計政策（續）

In preparing these financial statements, advantage of the transitional provisions set out in paragraph 80AA of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA has been taken, with the effect that bank premises have not been revalued to fair value at the end of the reporting period.

在編製此等財務報表時，由於可採用香港會計師公會頒布的《香港會計準則》第16號「物業、廠房及設備」第80AA段所載的過渡條款，故行址並未在報告期結束日重估至公平價值。

(ii) Investment properties are properties which are held either to earn rental income, for capital appreciation or for both. Investment properties are stated at fair value. Investment properties are valued semi-annually by external independent valuation companies, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. No allowance has been made in the valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale.

(ii) 投資物業是持有用作賺取租金收益或資本增值或二者皆是的物業。投資物業按公平價值列賬。投資物業由外來獨立估價公司每半年作估值，該公司擁有適當認可專業資格及對估值物業的所在地和類別有近期經驗。估值並未計算任何抵押、按揭、欠款、及在出售時可能產生的任何費用或稅項。

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in Note 2(g)(iii).

因公平價值變動而產生的損益在收益表內入賬。投資物業租金收入按附註2(g)(iii)所載計算。

When a bank property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the bank property immediately prior to transfer and its fair value is recognised as a revaluation of bank premises as described in Note 2(o)(i).

如附註2(o)(i)所載，當一項物業因其用途改變而須轉作投資物業時，該物業於轉賬日前的賬面值與公平價值之差額視作行址重估。

If an investment property becomes owner-occupied, it is reclassified as bank premises and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

如一投資物業轉為自用，該物業須重新分類為行址。於重新分類日的公平價值視作日後作會計用途的成本值。

A property interest under a lease is classified and accounted for as an investment property when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under a lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in Note 2(s).

本集團以租賃方式持有用作租金收入或資本增值或二者皆是的物業權益分類為投資物業。此等以租賃方式持有的物業權益按公平價值列賬。租金支出按附註2(s)所載入賬。

(iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement upon disposal. Any surplus that is included in the bank premises revaluation reserve related to the bank premises disposed is transferred to the general reserve.

(iii) 出售行址及投資物業的損益是以出售所得款項淨額與資產賬面值的差價計算，並在出售時於收益表內入賬。任何有關之重估行址盈餘於出售時從行址重估儲備撥入一般儲備內。

(p) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(q) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (Note 2(r)).

On disposal of a cash-generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

(p) 攤銷及折舊

(i) 行址

永久業權之土地不予攤銷。用作經營租賃的租賃土地，而其公平價值是不能夠與租賃於初始時已存在之建築物的公平價值分開計量，則當作持有融資租賃入賬。租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊及減值損失於財務狀況表中列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(q) 商譽

商譽指：

(i) 對價轉讓的公平價值、任何被購入者的非控股權益金額及以往本集團曾經持有該被購入者的股東權益公平價值的總和；超出

(ii) 本集團在收購日計量應佔該被購入者之可辨識資產及負債的公平價值淨額。

當(ii)是大於(i)時，此超出金額立即在損益賬確認為一項議價收購的盈利。

商譽按成本減除累計減值損失列賬。因商業合併而產生的商譽被分配予每一現金生產單位，或一組合之現金生產單位，而預計該現金生產單位是可從商業合併中獲得協同效應，以及須每年接受減值測試（附註2(r)）。

當出售單一現金生產單位時，計算出售溢利包括任何可歸屬購入商譽的金額。

由內部產生之商譽及品牌的開支按在發生期間內確認為支出。

2. Material Accounting Policies (continued) 主要會計政策（續）

(r) Impairment of Non-Financial Assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that any non-financial assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses
An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measurable, or value in use, if determinable.

Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(r) 非金融資產減值

在報告期結束日，須檢討對內及對外資料來源以辨識任何非金融資產是否有減值徵兆或，除商譽外，以往已確認之減值損失是否仍然存在或可能已經減少。

如任何該等徵兆存在，須估計該資產的可收回金額。此外，商譽須每年估計可收回金額以確定是否有減值徵兆。

可收回金額之計算
可收回金額是公平價值減出售成本及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合（即單一現金生產單位）。

減值損失之確認
當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於收益表內確認減值損失。有關確認現金生產單位減值損失時，首先減低分配予現金生產單位（或其單位群組）之賬面值，其後再按比例減低在該單位（或其單位群組）其他資產的賬面值，但該資產的賬面值不可低過其個別公平價值減出售成本（如可計量的話）或使用值（如可確定的話）。

減值損失之轉回
除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只局限至該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入收益表內。

(s) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to directing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(s) 租賃

本集團於訂立合約時會評估有關合約是否屬於租賃或包含租賃。倘某項合約為換取代價而給予在某段時間內對可識別資產使用的控制權，則該合約屬於租賃或包含租賃。為評估合約會否給予對可識別資產使用的控制權，本集團會評估：

- 該合約是否涉及使用可識別資產；
- 本集團是否有權於整段使用期間從使用資產獲得絕大部分的經濟利益；及
- 本集團是否有權指示使用資產。當本集團擁有與指示如何及為何使用資產最為相關的決策權時，本集團便擁有此項權利。倘本集團需要預先決定如何及為何使用資產，本集團便可在出現以下其中一種情況時有權指示使用資產：
  - 本集團有權經營該資產；或
  - 本集團以預先決定將會如何及為何使用資產的方式設計資產。

本集團會在訂立或重新評估包含租賃部分的合約時，根據各租賃部分的相對單獨價格，將合約代價分配予各該等部分。

(i) 作為承租人

本集團於租賃生效日期確認使用權資產及租賃負債。使用權資產初步按成本計量，其包括租賃負債的初始金額加上任何於生效日期或之前已付之租賃款項，及任何已付之初始直接成本。如適用，使用權資產的成本亦包括拆卸及移除相關資產或還原相關資產或其所在的估計成本之折讓現值，並減去任何已收之租賃激勵款項。

2. Material Accounting Policies (continued) 主要會計政策（續）

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses (Note 2(r)), and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is initially measured at cost, and subsequently at fair value, in accordance with the accounting policy set out in Note 2(o)(ii).

使用權資產其後按成本減任何累計折舊及減值損失計量（附註2(r)），並調整若干重新計量的租賃負債。倘使用權資產符合投資物業的定義，根據附註2(o)(ii)本集團之會計政策，該使用權初始按成本計量，其後按公平價值計量。

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

租賃負債初始按照生效日期尚未支付的租賃款項之現值計量，並採用租約隱含的利率或（倘該利率無法輕易釐定）本集團的增量借款率。本集團一般以其增量借款利率用作貼現率。

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. Lease payments included in the measurement of the lease liability comprises the following:

租賃負債其後因租賃負債的利息成本而增加，並因所付租賃款項而減少。計量租賃負債時計入的租賃項包括以下項目：

- fixed payments, including in-substance fixed payments;
- 固定款項，包括實質固定款項；
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 基於指數或利率而定且初步採用截至生效日期的指數或利率計量的可變租賃款項；
- amounts expected to be payable under a residual value guarantee; and
- 根據剩餘價值擔保預計應付的款項；及
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.
- 本集團所合理肯定行使的購買選擇權行使價、可選續租年期的租賃款項（倘本集團合理肯定行使延長選擇權）以及提早終止租賃的罰款（除非本集團合理肯定不會提早終止租賃）。

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the Group's assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

租賃負債採用有效利率方法按攤銷成本計量。當未來租賃款項因指數或利率變動而有所改變，根據剩餘價值擔保預計應付的款項之估計出現變動、改變有關會否合理肯定行使購買或延長選擇權或是否合理肯定不會行使終止選擇權的評估時，租賃負債會重新計量。

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

當租賃負債重新計量時，相應調整會在使用權資產之賬面值上調整，或要是使用權資產的賬面值已減至零時，該金額則記入損益賬內。

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exception is any rent concession which arose as a direct consequence of the COVID-19 pandemic and satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such case, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification. The rent concessions are recognised as a credit to variable lease expenses in profit or loss.

當租賃範圍或代價變更時，且該變更不是原租賃合同的一部分（「租賃修改」），租賃負債將重新計量，並且不構成為單獨的租賃。在這情況下，租賃負債將根據修訂後的租賃款項及租期，在修改生效日使用修訂後的貼現率重新計量。唯一的例外是因2019冠狀病毒大流行而直接產生，並符合載於《香港財務報告準則》第16號「租賃」第46B段之條件的任何租金寬免。在此情況下，本集團採用《香港財務報告準則》第16號第46A段所載之務實權宜方法，並確認該代價變動並非租賃修改。有關之租金寬免在收益表中確認為可變租賃款項的貸方。

In the situation that if a lease modification is required by interest rate benchmark reform, the Phase 2 amendments allow the Group to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability.

因利率基準改革所要求的租賃修改，在重新計量租賃負債時，第二期修訂容許使用修訂後的貼現率以反映利率變動。

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options in which it is a lessee. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

本集團運用判斷以釐定作為承租人若干包括續租權之租約的租期。本集團是否合理肯定行使該等選擇權的評估會影響租期，而租期則會對租賃負債及使用權資產的確認金額產生重大影響。

The Group presents right-of-use assets that do not meet the definition of investment property in "Fixed assets" (Note 32) and lease liabilities in "Other liabilities" (Note 37) in the statement of financial position.

本集團呈列並不符合投資物業定義之使用權資產於「固定資產」（附註32）中及將租賃負債列於財務狀況表內的「其他負債」（附註37）。

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less ("short-term leases") and leases of underlying assets with an approximate value of HK$0.04 million or less ("low-value assets"). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term (Note 13).

短期租賃及低價值資產租賃

本集團已選擇不就若干12個月或以下之租賃（「短期租賃」）及相關資產價值約港幣4萬元或以下之租賃（「低價值資產租賃」）確認使用權資產及租賃負債。本集團將此等租賃相關的租賃款項按租期以直線法確認為支出（附註13）。

2. Material Accounting Policies (continued) 主要會計政策（續）

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applied HKFRS 15 to allocate the consideration in the contract.

The amounts due from lessees in respect of finance leases are recorded in the statement of financial position as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Notes 2(g)(ii) and 2(e).

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease period as part of "other operating income", as set out in Note 2(g)(iii).

(ii) 作為出租人

當本集團作為出租人時，其會於租賃生效時釐定各項租賃屬融資租賃或經營租賃。

為劃分各項租賃，本集團會整體評估租賃會否轉移了相關資產擁有權所附帶的絕大部分風險及回報。如屬上述情況，該租賃便為融資租賃；反之則為經營租賃。作為評估的一部分，本集團會考慮若干指標，例如租賃是否佔資產經濟壽命的大部分。

倘某項安排包括租賃及非租賃部分，本集團便按照《香港財務報告準則》第15號分配合約代價。

有關融資租賃的應收承租人款項按淨投資金額（等於融資租賃項下應收租金總額減去未實現收入）以客戶墊款列載於財務狀況表。融資租賃所產生的收益已根據附註2(g)(ii)及2(e)所載的本集團收入確認政策獲確認。

本集團於租賃期內按直線基準確認經營租賃項下已收租賃款項為收入，以作為附註2(g)(iii)所載「其他經營收入」的一部分。

(t) Repossession of Assets

In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2(h)(vii), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are reported as assets held for sale under other assets if the risks and rewards of ownership of the relevant repossessed assets have been substantially transferred to the Group and it is highly probable that the future economic benefits will flow to the Group, their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition. Related loans and advances are then written off.

(t) 收回資產

在收回減值貸款及墊款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2(h)(vii)所載的會計政策，計算減值貸款及墊款之減值準備已顧及抵押品資產之可變現淨值，通常引致須在減值準備內撇銷部分貸款及墊款。如相關收回資產擁有權所附帶的絕大部分風險及回報已轉移至本集團及大有可能本集團享有未來經濟收益，其賬面值須透過變賣而不是持續使用該資產，及該資產可在現況下出售，收回資產在其他資產的持有作出售資產項下列賬。有關貸款及墊款隨後撇銷。

Repossessed assets are recorded at the lower of the amount of the related loans and advances and fair value less costs to sell at the date of exchange. They are not depreciated or amortised.

收回資產按有關貸款及墊款的金額或於轉換日已減除出售成本後之公平價值，按兩者之較低者入賬。收回資產無需計算折舊或攤銷。

Impairment losses subsequent to initial classification are recognised in the income statement.

緊隨初始確認後的減值損失於收益表確認。

(u) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(u) 所得稅

(i) 本年度所得稅包括本年及遞延稅項資產和負債的變動。除該稅款與其他全面收益或股東權益有關而須在其他全面收益或股東權益確認的金額外，本年稅項及遞延稅項資產和負債的變動計入收益表內。

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(ii) 本年稅項為年度應課稅收入按報告期結束日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

(iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing deductible temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

除了若干有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在若干期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支持由未使用的稅損或稅免產生的遞延稅項資產確認，即如果是屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

2. Material Accounting Policies (continued) 主要會計政策（續）

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債（須不是商業合併的一部分）、及有關投資附屬公司的暫時性差異，就應課稅差異而言，當本集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就可扣稅差異而言，除非該差異在可見將來可以轉回。

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(o)(ii), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

當投資物業根據附註2(o)(ii)所載按公平價值列賬，除非該物業是需折舊的及以一商業模式持有，而其目的是要透過時間使用而並非出售該物業以獲取隱含於該物業之重大經濟利益，確認遞延稅項的金額按該物業於結算日假設以賬面值出售的稅率計算。在其他情況下，確認遞延稅項的金額是根據預期變現或償還該資產及負債的賬面值的方式，按在報告日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

於每報告期結束日，本行須重新檢視有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。可轉回之金額不可超過預期將來出現足夠可供扣減的應課稅溢利。

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(iv) 本年稅項與遞延稅項結餘及其變動之金額會分別列示而不會相互抵銷。本行或本集團只在有合法權利對本年稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本年及遞延稅項資產及負債作出抵銷：

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- 就本年稅項資產及負債而言，本行或本集團計劃支付淨額或同時間收回資產及償還負債；或

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- 有關的遞延稅項資產及負債屬同一稅務機關對以下機構徵收所得稅而產生：

- the same taxable entity; or

- different taxable entities, which in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

- 同一個應課稅實體；或

- 不同的應課稅實體，並預計在未來期間會償還或收回重大遞延稅項負債或資產，該實體計劃以淨額形式變現本年稅項資產及償還本年稅項負債，或同時間變現及償還。

(v) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) 準備及或然負債

當負債的限期或金額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當金額的時間值屬重大的，準備金額須按估計清償負債支出的現值列賬。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作或然負債披露。如潛在義務的存在須視乎會否發生一項或多項未來事件才獲確定，除非付出經濟利益的機會是極微，此潛在義務亦視作或然負債披露。

(w) Financial Guarantees and Loan Commitments

"Financial guarantees" are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. "Loan commitments" are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance (Note 2(h)(vii)).

For other loan commitments, the Group recognises impairment loss allowances (Note 2(h)(vii)).

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

(w) 財務擔保和貸款承諾

「財務擔保」是指要求本集團支付特定款項以償還持有人因其特定債務人在債務工具條款到期時未能支付而產生的損失的合同。「貸款承諾」是在預定的條款和條件下提供信貸的承諾。

已發行的財務擔保或以低於市場利率的貸款承諾初始按公平價值計量，初始公平價值在擔保或承諾期內攤銷。往後，該擔保及承諾按該攤銷金額及損失準備（附註2(h)(vii)），二者之較高者，計量。

對於其他貸款承諾，本集團確認減值損失準備（附註2(h)(vii)）。

財務擔保和貸款承諾產生的負債包含在其他負債中。

2. Material Accounting Policies (continued) 主要會計政策（續）

(x) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the end of the reporting period, are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contributions to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC, overseas, Macau and Taiwan employees are defined contribution schemes at various funding rates, and are in accordance with local practices and regulations.

The cost of all these schemes is charged to the income statement for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(x) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。至報告期結束日已撥備因僱員提供服務所享有之年假的估計負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務而本集團有現存法律或推定義務於報告期結束日後12個月內須全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有中國內地、海外、澳門及台灣員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本在相關期間的收益表內支銷，而所有此類計劃的資產均與本集團的資產分開處理。在強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。

(iv) Share based payments

The Bank adopted equity-settled share based payment arrangement under Staff Share Option Schemes to grant the options to eligible employees of the Group.

The fair value of share options granted to employees is recognised as an expense in the income statement with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the trinomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Bank's shares.

The equity amount is recognised in capital reserve until either the option is exercised and new shares allotted (when it is transferred to share capital) or the option expires (when it is released directly to retained profits). For Grantees who do not meet the applicable vesting conditions, the unvested options are forfeited, either in whole or in part. Forfeited share options are cancelled. When the options are exercised, equity is increased by the amount of the proceeds received.

(y) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(iv) 以股份為基礎作支付

據僱員認股計劃，本行採納按股權結算之股份報酬安排向本集團合資格僱員授予購股權。

授予僱員之認股權的公平價值於收益表內確認為支出，而在股東權益賬內的資本儲備作相應的增加。公平價值乃採用三項式期權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，估計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之所需調整須在檢討期內的收益表支銷或回撥，並在資本儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本行股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整（並在資本儲備作相應調整）。

屬股東權益金額確認在資本儲備內，直至當認股權被行使及分配新股時（轉入股本），或當認股權之有效期屆滿時（轉入留存溢利）。對於未能符合適用的歸屬條件的承授人，其未歸屬的認股權會全部或部分被撤銷。被撤銷的認股權會被註銷。當認股權被行使時，所得款項計入股東權益。

(y) 關聯人士

在編製本財務報表時，與本集團關聯人士是指：

(i) 個人或該個人之近親家庭成員，如該個人在以下情況下視為與本集團有關聯：

(a) 可控制或共同控制本集團；

(b) 對本集團有重大影響力；或

(c) 是本集團或本集團之母公司的主要管理人員之成員。

2. Material Accounting Policies (continued) 主要會計政策（續）

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ii) 在以下任何情況下一實體會視為與本集團有關聯：

(a) 該實體及本集團皆是同一集團成員（即每一間母公司、附屬公司及同系附屬公司與其他有關聯）。

(b) 一實體是另一實體的聯營公司或合營公司（或該聯營公司或合營公司與該另一實體均屬同一集團）。

(c) 兩個實體是同一第三者的合營公司。

(d) 一實體是一第三者的合營公司而另一實體則是該第三者的聯營公司。

(e) 該實體是提供福利予本集團或與本集團有關聯之實體的僱員離職後之福利計劃。

(f) 該實體受在(i)項中所辨識的個人所控制或共同控制。

(g) 在(i)(a)項中所辨識的個人而該個人對該實體有重大影響力，或該個人是該實體（或是該實體的母公司）的主要管理人員之成員。

(h) 該實體或是其集團中一部分之任何成員，而提供主要管理人員服務予本集團或本集團之母公司。

個人的近親家庭成員指可影響，或受該個人影響，他們與該實體交易的家庭成員。

(z) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) 分部報告

經營分部，及在財務報表列報的每一分部項目金額，是從財務資料中辨識出來的，並定期地提供予本集團的最高行政管理層作為資源分配，以及評核本集團各項業務和區域所在地的表現。

除非分部有相同經濟特性及在產品和服務之性質、生產程序之性質、客戶類別和等級、用作銷售產品和提供服務之方法、及監管環境之性質是相同的，個別重大的營運分部不會在財務報表內合計。如它們擁有以上大部份的標準，並非個別重大的營運分部可能會被合計。

(aa) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash and balances with banks, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(aa) 現金及等同現金項目

就編製現金流量表而言，現金及等同現金項目包括由購入日起少於3個月到期日的結餘，包括現金及在銀行結餘、國庫債券、及其他受較低風險影響價值及隨時可轉換成預知金額的認可票據及存款證。

(ab) Deposits, Debt Securities Issued and Capital Instruments

Deposits, debt securities issued and capital instruments are the Group's sources of funding.

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a substantially similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the consideration received is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The substance of a financial instrument, rather than its legal form, governs its classification. A financial instrument is classified as a liability where there is a contractual obligation to deliver either cash or another financial asset to the holder of that instrument, regardless of the manner in which the contractual obligation will be settled.

Subsequent to initial recognition deposits, debt securities issued and capital instruments classified as financial liabilities are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

For those capital instruments classified as equity instruments, they are not redeemable by holders and bear an entitlement to coupons at the Bank's sole discretion. Accordingly, they are presented within equity. Distribution thereon are recognised in equity.

(ab) 存款、已發行債務證券及資本工具

存款、已發行債務證券及資本工具是本集團籌募資金的來源。

當本集團出售金融資產並同時訂立協議以未來日期的固定價格（售後回購協議）回購資產（或實質上相似的資產）時，該已收之代價將作為存款入賬，相關資產繼續在本集團財務報表中確認。

本集團按工具合約條款的實質分類資本工具為金融負債或股本工具。

金融工具的實質而非其法律形式決定其分類。如有法定義務將現金或另一金融資產交付予該金融工具的持有人，則該金融工具被分類為負債，該法定義務的結算方式不影響其分類。

緊隨初始確認後，本集團為存款、已發行債務證券及分類為股本工具的資本工具，惟指定為通過損益的負債除外，已按有效利率方式計算攤銷成本。

就分類為股本工具的資本工具，該等工具是不可贖回及視乎本行決定是否可享有利息。因此，該等工具在股東權益內列賬。相關分派於股東權益內確認。

2. Material Accounting Policies (continued) 主要會計政策（續）

(ac) Assets Held for Sale

Non-current assets and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (a) their carrying amounts will be recovered principally through sale; (b) they are available for sale in their present condition; and (c) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the asset (or assets and liabilities in the disposal group) are measured in accordance with applicable HKFRSs. On subsequent remeasurement of a disposal group, the carrying amounts of the assets and liabilities that are not within the scope of the measurement requirements of HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with applicable HKFRSs before the fair value less costs to sell of the disposal group is determined.

Income earned and expenses incurred on assets and liabilities of disposal groups held for sale continue to be recognised in the appropriate line items in the income statement until the transaction is complete.

(ac) 持有作出售資產

當(a)其賬面值將主要需通過出售才可收回；(b)它們可以在現況下可供出售；(c)出售之機會率是非常高的，非流動資產及出售組別（包括出售組別的資產和負債）按其賬面值及公平價值減出售成本，兩者之較低者，分類為持有作出售資產。

在被初始分類為持有作出售之前，資產的賬面值（或出售組別的資產和負債）按適用的《香港財務報告準則》計算。而往後在重新計算出售組別時，在未決定出售組別的公平價值減成本前，非在《香港財務報告準則》第5號「持有作出售資產的非流動資產及結束營運」所覆蓋的計算要求的資產和負債之賬面值，按適用的《香港財務報告準則》計算。

出售組別的資產和負債之已賺取收入和已發生支出仍繼續在收益表內之有關項目中確認，直至交易完成。

(ad) Interim Financial Reporting and Impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, "Interim Financial Reporting", in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (Note 2(h)(vii) and Note 2(r)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(ad) 中期財務報告及減值

根據聯交所《上市規則》，本集團須按《香港會計準則》第34號「中期財務報告」編製有關年度首6個月的中期財務報告。於中期期末，本集團採用等同年末的減值測試、確認、及轉回標準（附註2(h)(vii)至附註2(r)）。

已確認於中期期間的商譽減值損失，均不能在較後期間轉回。就算假如該減值只在與該中期期間有關之年底作評估而該減值損失是不會發生、或損失之金額會較小，在此情況下亦不可轉回。

3. Changes in Accounting Policies 會計政策之變動

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

香港會計師公會已頒布多項修訂香港財務報告準則，並於集團本年度的會計期首次生效。

以上修訂對已編製或已呈報本集團本年度或往期之業績及財務狀況並無重大影響。本集團並未採納任何於本年會計期尚未生效的新準則或詮釋。

Notes to the Financial Statements (continued)
財務報表附註（續）

4. Bank-Level Statement of Financial Position 銀行層面之財務狀況表

		Note 附註	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
ASSETS	資產			
Cash and balances with banks	現金及在銀行的結存		**20,101**	22,336
Placements with and advances to banks	在銀行的存款及墊款		**26,753**	36,752
Trade bills	貿易票據		**791**	224
Trading assets	交易用途資產		**207**	285
Derivative assets	衍生工具資產		**2,024**	7,644
Loans and advances to customers	客戶貸款及墊款		**382,609**	387,217
Investment securities	投資證券		**170,954**	144,710
Amounts due from subsidiaries	附屬公司欠款		**9,019**	14,705
Investments in subsidiaries	附屬公司投資		**19,751**	19,461
Investments in associates and joint ventures	聯營公司及合資企業投資		**4,529**	4,483
Fixed assets	固定資產		**9,296**	9,501
– Investment properties	– 投資物業		**4,599**	4,718
– Other properties and equipment	– 其他物業及設備		**4,274**	4,338
– Right-of-use assets	– 使用權資產		**423**	445
Goodwill and intangible assets	商譽及無形資產		**1,460**	1,460
Deferred tax assets	遞延稅項資產		**72**	72
Other assets	其他資產		**11,313**	9,643
Total Assets	資產總額		**658,879**	658,493
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks	銀行的存款及結餘		**19,868**	24,538
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		**–**	3,199
– At amortised cost	– 攤銷成本		**19,868**	21,339
Deposits from customers	客戶存款		**486,503**	487,537
– Demand deposits and current accounts	– 活期存款及往來賬戶		**30,936**	35,380
– Savings deposits	– 儲蓄存款		**134,602**	117,839
– Time, call and notice deposits	– 定期及通知存款		**320,965**	334,318
Trading liabilities	交易用途負債		**66**	–
Derivative liabilities	衍生工具負債		**1,805**	2,707
Certificates of deposit issued	已發行存款證		**12,930**	10,876
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		**705**	9,415
– At amortised cost	– 攤銷成本		**12,225**	1,461
Amounts due to subsidiaries	欠附屬公司款項		**2,103**	1,561
Current taxation	本年稅項		**1,825**	1,444
Debt securities issued	已發行債務證券		**387**	844
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		**232**	688
– At amortised cost	– 攤銷成本		**155**	156
Deferred tax liabilities	遞延稅項負債		**631**	420
Other liabilities	其他負債		**14,532**	16,979
Loan capital – at amortised cost	借貸資本 – 攤銷成本		**23,089**	14,318
Total Liabilities	負債總額		**563,739**	561,224
Share capital	股本	40	**42,060**	41,915
Reserves	儲備	42(k)	**48,059**	45,264
Total equity attributable to owners of the Bank	歸屬於本行股東權益總額		**90,119**	87,179
Additional equity instruments	額外股本工具	41	**5,021**	10,090
			95,140	97,269
Total Equity and Liabilities	股東權益及負債總額		**658,879**	658,493

Approved and authorised for issue by the Board on 20 February 2025.

董事會於2025年2月20日核准及授權發布。

Executive Chairman	**David LI Kwok-po**	*執行主席*	**李國寶**
Co-Chief Executives	**Adrian David LI Man-kiu**	*聯席行政總裁*	**李民橋**
	Brian David LI Man-bun		**李民斌**
Director	**Meocre LI Kwok-wing**	*董事*	**李國榮**

5. Interest Income 利息收入

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Loans, placements with banks, and trade bills	貸款、在銀行的存款、及貿易票據	**30,032**	31,179
Investment securities	投資證券		
– measured at amortised cost or FVOCI	– 按攤銷成本或按通過其他全面收益以反映公平價值計量	**9,662**	8,269
– mandatorily measured at FVTPL	– 強制按通過損益以反映公平價值計量	**79**	141
Trading assets	交易用途資產	**36**	96
		39,809	39,685

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

The above included interest income of HK$37,163 million (2023: HK$36,788 million), before hedging effect, for financial assets that are not recognised at FVTPL.

就已對沖利率風險的交易，賺取利息金融資產的合格對沖工具或可個別地與賺取利息金融資產共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融資產產生的利息收入合併。

在不包括對沖影響前，來自非按公平價值確認損益的金融資產之利息收入為港幣371.63億元（2023年：港幣367.88億元）。

6. Interest Expense 利息支出

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Customer deposits and deposits of banks	客戶存款及銀行的存款		
– at amortised cost	– 按攤銷成本計量	**20,555**	19,914
– designated at FVTPL	– 指定為通過損益以反映公平價值計量	**57**	202
Certificates of deposit and debt securities issued	已發行存款證及債務證券		
– at amortised cost	– 按攤銷成本計量	**805**	581
– designated at FVTPL	– 指定為通過損益以反映公平價值計量	**239**	914
Subordinated notes carried at amortised cost	按攤銷成本計量的後償票據	**1,438**	960
Lease liabilities	租賃負債	**31**	29
Other borrowings	其他借款	**155**	211
		23,280	22,811

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

The above included interest expense of HK$22,712 million (2023: HK$21,491 million), before hedging effect, for financial liabilities that are not recognised at FVTPL.

就已對沖利率風險的交易，帶息金融負債的合格對沖工具或可個別地與帶息金融負債共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融負債產生的利息支出合併。

在不包括對沖影響前，來自非按公平價值確認損益的金融負債之利息支出為港幣227.12億元（2023年：港幣214.91億元）。

7. Fee and Commission Income 服務費及佣金收入

Fee and commission income is disaggregated by services:

服務費及佣金收入按服務分類如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Credit cards	信用卡	**831**	759
Loans, overdrafts and guarantees	貸款、透支及擔保	**823**	888
Sale of third party insurance policies	銷售第三者發行的保單	**596**	528
Securities brokerage	證券經紀	**225**	141
Other retail banking services	其他零售銀行服務	**213**	208
Investment products	投資產品	**205**	162
Trust and other fiduciary activities	信託及其他代理業務	**170**	177
Trade finance	貿易融資	**131**	96
Others	其他	**454**	402
Total fee and commission income	服務費及佣金收入總額	**3,648**	3,361

For fee income and expense arising from financial assets and financial liabilities not measured at FVTPL, the Group earned fee and commission income of HK$716 million (2023: HK$751 million) which were included in above loan, overdrafts and guarantees and trade finance categories, and recognised relevant expenses of HK$5 million (2023: HK$8 million) under fee and commission expenses. These figures excluded amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

對於由非通過損益以反映公平價值計量之金融資產及金融負債所產生之服務費收入和支出，本集團賺取的服務費及佣金收入為港幣7.16億元（2023年：港幣7.51億元），該等收入已計入上述貸款、透支及擔保及貿易融資類別，並於服務費及佣金支出項下確認相關支出港幣500萬元（2023年：港幣800萬元）。該等收入和支出不包括用作計算該等金融資產和金融負債的有效利率時納入的金額。

For fee income and expense arising from trust and other fiduciary activities, the Group earned fee and commission income of HK$170 million (2023: HK$177 million) as stated above and recognised relevant expenses of HK$17 million (2023: HK$19 million) under fee and commission expenses.

對於信託及其他代理業務產生的服務費收入和支出，本集團已賺取的服務費及佣金收入為港幣1.70億元（2023年：港幣1.77億元）（同上列），並於服務費及佣金支出項下確認相關支出港幣1,700萬元（2023年：港幣1,900萬元）。

8. Net Trading Profit 交易溢利淨額

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Profit on dealing in foreign currencies and funding swaps	外幣買賣及外匯掉期溢利	**619**	382
Profit on trading securities	交易用途證券溢利	**132**	22
Net gain on derivatives	衍生工具淨盈利	**661**	811
Dividend income from trading equity securities	交易用途股份證券的股息收入	**9**	10
		1,421	1,225

9. Net Result on Financial Instruments at FVTPL 按通過損益以反映公平價值金融工具的淨表現

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net loss from financial instruments designated at FVTPL	指定為通過損益以反映公平價值金融工具的淨虧損	**(90)**	(263)
Net gain from financial instruments mandatorily measured at FVTPL (other than those included in net trading profit)	強制按通過損益以反映公平價值計量金融工具的淨盈利（除已包括在交易溢利淨額內）	**55**	1
		(35)	(262)

10. Net Result on Financial Assets Measured at FVOCI 按通過其他全面收益以反映公平價值計量金融資產的淨表現

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net loss on sale of debt securities	出售債務證券之淨虧損	**(54)**	(60)
Dividend income from equity securities	股份證券股息收入	**16**	34
		(38)	(26)

11. Net Hedging Profit 對沖溢利淨額

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Fair value hedges	公平價值對沖	**92**	30
Cash flow hedges	現金流對沖	**–**	–
		92	30

12. Other Operating Income 其他經營收入

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Rental from safe deposit boxes	保險箱租金收入	**122**	117
Rental income on properties *(Note 32(ii))*	物業租金收入 *(附註32(ii))*	**117**	129
Others	其他	**73**	41
		312	287

13. Operating Expenses 經營支出

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Contributions to defined contribution plan*	定額供款公積金供款*		
– Hong Kong	– 香港	**216**	191
– Outside Hong Kong	– 香港以外	**234**	223
Equity settled share-based payment expenses *(Note 42(d))*	以股份為基礎作支付的費用 *(附註42(d))*	**22**	24
Salaries and other staff costs	薪金及其他員工成本	**5,144**	5,007
Total staff costs	員工成本總額	**5,616**	5,445
Premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出		
– Expenses relating to short-term leases	– 有關短期租賃支出	**10**	8
– Expenses relating to low value assets	– 有關低價值資產租賃支出	**7**	10
– Variable lease payments not included in the measurement of lease liabilities	– 不包括計量租賃負債的可變租賃款項	**1**	1
– Maintenance, repairs and others	– 保養、維修及其他	**768**	739
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出總額	**786**	758
Depreciation and amortisation	折舊及攤銷	**875**	820
Other operating expenses	其他經營支出		
– Internet platform charges	– 互聯網平台費用	**540**	560
– Legal and professional fees	– 法律及專業服務費	**491**	457
– Communications, stationery and printing	– 通訊、文具及印刷	**304**	295
– Advertising and business promotion expenses	– 廣告費及業務推廣支出	**256**	294
– Others	– 其他	**766**	803
Total other operating expenses	其他經營支出總額	**2,357**	2,409
Total operating expenses**	經營支出總額**	**9,634**	9,432

* *Forfeited contributions totalling HK$26 million (2023: HK$27 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2023: Nil).*

** *Included direct operating expenses of HK$10 million (2023: HK$10 million) in respect of investment properties which generated rental income during the year.*

* *本年度內沒收之供款共港幣2,600萬元（2023年：港幣2,700萬元）已被用作減少本集團的供款。於本年末並無任何被沒收而可用作減低將來之供款（2023年：無）。*

** *本年度內包括由有租金收益的投資物業產生的直接經營支出，金額為港幣1,000萬元（2023年：港幣1,000萬元）。*

14. Impairment Losses on Financial Instruments 金融工具減值損失

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Loans and advances to customers	客戶貸款及墊款	**5,152**	5,164
Debt securities	債務證券	**330**	211
Others	其他	**15**	108
		5,497	5,483

15. Net Profit on Sale of Assets Held for Sale 出售持有作出售資產之淨溢利

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net profit/(loss) on sale of properties	出售物業之淨溢利／(虧損)	**21**	(2)
Net profit on sale of disposal groups	出售出售組別之淨溢利	**1**	4
		22	2

16. Net Profit on Disposal of Fixed Assets 出售固定資產之淨溢利

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net profit on disposal of bank premises, furniture, fixtures and equipment	出售行址、傢俬、裝修及設備之淨溢利	**15**	14
Net profit on termination of lease	終止租賃之淨溢利	**1**	–
		16	14

17. Income Tax 所得稅

(a) Taxation in the Consolidated Income Statement Represents:

(a) 綜合收益表內的稅項為：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Current tax – Hong Kong	本年稅項－香港		
Tax for the year	本年度稅項	**710**	482
Over-provision in respect of prior years	往年度過剩的回撥	**(63)**	(63)
		647	419
Current tax – outside Hong Kong	本年稅項－香港以外		
Tax for the year	本年度稅項	**495**	693
Over-provision in respect of prior years	往年度過剩的回撥	**(147)**	(17)
		348	676
Deferred tax	遞延稅項		
Origination and reversal of temporary differences *(Note 35(b))*	暫時性差異的源生及轉回 *(附註35(b))*	**216**	79
		1,211	1,174

The provision for Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year.

香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%（2023年：16.5%）計算。

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

海外、澳門及台灣分行及附屬公司的稅款是按相關司法地區現行稅率而計算。

(b) Reconciliation Between Tax Expense and Accounting Profit At Applicable Tax Rates:

(b) 稅項支出與會計溢利按適用稅率計算稅項的對賬：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Profit before tax	除稅前溢利	**5,840**	5,310
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	根據相關司法地區適用之利得稅稅率按除稅前溢利計算的名義稅款	**1,104**	1,000
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	**412**	484
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	**(209)**	(234)
Tax effect of tax losses not recognised	未確認的稅損的稅項影響	**2**	3
Write back of over-provision in respect of prior years	往年度過剩的回撥	**(210)**	(80)
Others	其他	**112**	1
Actual tax expense charged to income statement	於收益表支銷的實際稅項	**1,211**	1,174

17. Income Tax (continued) 所得稅 (續)

(c) Pillar Two Income Taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. The Group falls within the scope of the Pillar Two model rules. Among the jurisdictions in which the Group operates ("operating jurisdictions"), the Pillar Two legislation became effective in the UK on 1 January 2024, while it is expected to become effective in Singapore and Hong Kong from 1 January 2025 retrospectively after relevant domestic legislations are enacted.

Under the legislation, the Group is obligated to pay a top-up tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate ("ETR") per jurisdiction and the 15% minimum rate. For the year ended 31 December 2024, the top-up tax exposure to the Group relating to the UK was assessed and no current tax expenses were recognised related to Pillar Two income taxes. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

For other operating jurisdictions which are in the process of implementing their Pillar Two income tax legislation, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions from 2025. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

(c) 支柱二所得稅

於2021年，經濟合作暨發展組織就針對大型跨國企業的全新國際最低稅率改革而發表全球反侵蝕稅基模型規則（「支柱二模型規則」）。本集團符合支柱二模型規則的範圍。在本集團營運業務的司法地區（「營運司法地區」）中，支柱二立法於2024年1月1日在英國生效，並預計在新加坡和香港相關本地頒布立法後，該立法將追溯2025年1月1日起生效。

立法下，本集團有義務為其每個司法地區的全球反侵蝕稅（「GloBE」）有效稅率（「ETR」）與15%最低稅率之間的差額繳納補足稅。截至2024年12月31日止年度，本集團已評估與英國相關的補足稅風險，並無確認與支柱二所得稅相關的當期稅項。本集團已應用臨時強制性例外來確認及披露與支柱二所得稅相關的遞延稅資產和負債的資料。

對於正在實施支柱二所得稅立法的其他營運司法地區，本集團可能從2025年起在這些司法地區繳納額外的支柱二所得稅。本集團正繼續評估支柱二所得稅立法對其未來財務表現的影響。

Notes to the Financial Statements (continued)
財務報表附註（續）

18. Distribution/Dividends 分派／股息

(a) Dividends Payable to Equity Owners of the Parent Attributable to the Year

(a) 可歸屬於本年度而應付予本集團股東的股息

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Interim dividend declared and paid of HK$0.31 per share on 2,631 million shares (2023: HK$0.36 per share on 2,658 million shares) *(Note 42(j))*	已宣布派發及支付中期股息予26.31億股每股港幣0.31元（2023年：26.58億股每股港幣0.36元）*(附註42(j))*	**816**	957
Second interim dividend of HK$0.38 per share on 2,630 million shares (2023: HK$0.18 per share on 2,650 million shares)	第二次中期股息予26.30億股每股港幣0.38元（2023年：26.50億股每股港幣0.18元）	**999**	477
		1,815	1,434

The total dividends attributable to the year is HK$0.69 per share (2023: HK$0.54 per share). The second interim dividend has not been recognised as a liability at the end of the reporting period.

應屬本年度股息為每股港幣0.69元（2023年：每股港幣0.54元）。於報告期期末，該第二次中期股息並未確認為負債。

(b) Dividends Payable to Equity Owners of the Parent Attributable to the Previous Financial Year, Approved and Paid During the Year

(b) 已核准及在本年度內支付可歸屬於上年度應付予本集團股東的股息

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Second interim dividend in respect of the previous financial year, approved and paid during the year, of HK$0.18 per share on 2,645 million shares (2023: HK$0.17 per share on 2,677 million shares) *(Note 42(j))*	年度內核准及支付予26.45億股每股港幣0.18元（2023年：26.77億股每股港幣0.17元）的上年度第二次中期股息*(附註42(j))*	**476**	455

(c) Distribution to Holders of Additional Tier 1 Capital Instruments

(c) 分派予額外一級資本工具持有人

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Distribution paid on the Additional Tier 1 capital instruments (*Note 42(j)*)	已付額外一級資本工具的分派*(附註42(j))*	**594**	596

19. Earnings Per Share 每股盈利

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the consolidated profit for the year attributable to owners of the parent of HK$4,014 million (2023: HK$3,522 million) after accounting for the distribution of HK$594 million (2023: HK$596 million) to Additional Tier 1 issue holders, and on the weighted average of 2,639 million ordinary shares outstanding during the year (2023: 2,668 million), calculated as follows:

(a) 每股基本盈利

每股基本盈利乃按照已分派予額外一級資本工具持有人港幣5.94億元（2023年：港幣5.96億元）後的可歸屬於本集團股東溢利港幣40.14億元（2023年：港幣35.22億元）及年度內已發行普通股份的加權平均數26.39億股（2023年：26.68億股）計算。

Weighted average number of ordinary shares

普通股份的加權平均數

		2024 Number of shares 股份數目 Million 百萬	2023 Number of shares 股份數目 Million 百萬
Issued ordinary shares at 1 January	於1月1日的已發行普通股	**2,650**	2,680
Effect of shares issued in lieu of dividends	以股代息發行新股的影響	**4**	2
Effect of share buy-back	股份回購的影響	**(15)**	(14)
Weighted average number of ordinary shares at 31 December	於12月31日普通股份的加權平均數	**2,639**	2,668

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is the same as the calculation of basic earnings per share, except that the weighted average of ordinary shares is adjusted for the effects of all dilutive potential shares. For the year ended 31 December 2024, the weighted average of ordinary shares adjusted for the effects of all dilutive potential shares was 2,639 million (2023: 2,668 million).

(b) 每股攤薄盈利

每股攤薄盈利的計算與每股基本盈利的計算相同，只是普通股份的加權平均數根據所有具備潛在攤薄影響的股份進行調整。截至2024年12月31日止年度，就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數26.39億股（2023年：26.68億股）計算。

Weighted average number of ordinary shares (diluted)

普通股份的加權平均數（攤薄）

		2024 Number of shares 股份數目 Million 百萬	2023 Number of shares 股份數目 Million 百萬
Weighted average number of ordinary shares at 31 December	於12月31日普通股份的加權平均數	**2,639**	2,668
Effect of deemed issue of ordinary shares under the Bank's share option schemes	假設按認股權計劃發行的普通股份之影響	**–**	–
Weighted average number of ordinary shares (diluted) at 31 December	於12月31日普通股份的加權平均數（攤薄）	**2,639**	2,668

20. Directors' Remuneration 董事酬金

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

根據《公司條例》第383(1)條及《公司（披露董事利益資料）規則》第2部之規定披露董事酬金如下：

		Directors' fees 袍金 HK$ Mn 港幣百萬元	Salaries, allowances and benefits in kind 薪金、津貼及實物收益 HK$ Mn 港幣百萬元	Discretionary bonuses 酌情花紅 HK$ Mn 港幣百萬元	Share options (Note) 認股權(註) HK$ Mn 港幣百萬元	Retirement scheme contributions 退休計劃供款 HK$ Mn 港幣百萬元	2024 Total 總額 HK$ Mn 港幣百萬元
Executive Chairman	**執行主席**						
Dr the Hon. Sir David LI Kwok-po	李國寶爵士	0.7	11.8	3.7	2.6	1.2	20.0
Co-Chief Executives	**聯席行政總裁**						
Mr Adrian David LI Man-kiu	李民橋先生	0.5	8.0	6.8	5.3	0.8	21.4
Mr Brian David LI Man-bun	李民斌先生	0.5	8.0	6.8	5.3	0.8	21.4
Non-executive Directors	**非執行董事**						
Prof. Arthur LI Kwok-cheung	李國章教授	0.6	–	–	–	–	0.6
Mr Aubrey LI Kwok-sing	李國星先生	0.6	–	–	–	–	0.6
Mr Winston LO Yau-lai	羅友禮先生	0.5	–	–	–	–	0.5
Mr Stephen Charles LI Kwok-sze	李國仕先生	0.5	–	–	–	–	0.5
Dr Daryl NG Win-kong	黃永光博士	0.6	–	–	–	–	0.6
Mr Masayuki OKU	奧正之先生	0.5	–	–	–	–	0.5
Dr Francisco Javier SERRADO TREPAT	Francisco Javier SERRADO TREPAT博士	0.5	–	–	–	–	0.5
Independent Non-executive Directors	**獨立非執行董事**						
Dr Allan WONG Chi-yun	黃子欣博士	1.0	–	–	–	–	1.0
Dr the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.6	–	–	–	–	0.6
Mr Meocre LI Kwok-wing	李國榮先生	0.9	–	–	–	–	0.9
Dr the Hon. Henry TANG Ying-yen	唐英年博士	1.1	–	–	–	–	1.1
Dr Delman LEE	李國本博士	1.0	–	–	–	–	1.0
Mr William Junior Guilherme DOO	杜家駒先生	0.9	–	–	–	–	0.9
Dr David MONG Tak-yeung	蒙德揚博士	0.7	–	–	–	–	0.7
		11.7	27.8	17.3	13.2	2.8	72.8

Note: The share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The values of share options represented the fair values of the share options granted in 2024 and prior years amortised over the respective vesting periods without actual cash payment. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 39.

註：執行董事是根據本行的僱員認股權計劃獲授予認股權。認股權金額是指該等認股權於2024年及往年授予並在歸屬期內攤銷的公平價值，而並非屬於現金支付。有關此等實物收益的詳情列載於董事會報告書的「認股權資料」及附註39內。

20. Directors' Remuneration (continued) 董事酬金（續）

		Directors' fees 袍金 HK$ Mn 港幣百萬元	Salaries, allowances and benefits in kind 薪金、津貼及實物收益 HK$ Mn 港幣百萬元	Discretionary bonuses 酌情花紅 HK$ Mn 港幣百萬元	Share options (Note) 認股權（註） HK$ Mn 港幣百萬元	Retirement scheme contributions 退休計劃供款 HK$ Mn 港幣百萬元	2023 Total 總額 HK$ Mn 港幣百萬元
Executive Chairman	**執行主席**						
Dr the Hon. Sir David LI Kwok-po	李國寶爵士	0.7	11.8	3.8	2.7	1.1	20.1
Co-Chief Executives	**聯席行政總裁**						
Mr Adrian David LI Man-kiu	李民橋先生	0.5	8.0	7.0	5.2	0.7	21.4
Mr Brian David LI Man-bun	李民斌先生	0.5	8.0	7.0	5.2	0.7	21.4
Non-executive Directors	**非執行董事**						
Prof. Arthur LI Kwok-cheung	李國章教授	0.6	–	–	–	–	0.6
Mr Aubrey LI Kwok-sing	李國星先生	0.6	–	–	–	–	0.6
Mr Winston LO Yau-lai	羅友禮先生	0.5	–	–	–	–	0.5
Mr Stephen Charles LI Kwok-sze	李國仕先生	0.5	–	–	–	–	0.5
Dr Daryl NG Win-kong	黃永光博士	0.6	–	–	–	–	0.6
Mr Masayuki OKU	奧正之先生	0.5	–	–	–	–	0.5
Dr Francisco Javier SERRADO TREPAT	Francisco Javier SERRADO TREPAT博士	0.5	–	–	–	–	0.5
Independent Non-executive Directors	**獨立非執行董事**						
Dr Allan WONG Chi-yun	黃子欣博士	1.0	–	–	–	–	1.0
Dr the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.6	–	–	–	–	0.6
Mr Meocre LI Kwok-wing	李國榮先生	0.9	–	–	–	–	0.9
Dr the Hon. Henry TANG Ying-yen	唐英年博士	1.1	–	–	–	–	1.1
Dr Delman LEE	李國本博士	1.0	–	–	–	–	1.0
Mr William Junior Guilherme DOO	杜家駒先生	0.9	–	–	–	–	0.9
Dr David MONG Tak-yeung	蒙德揚博士	0.7	–	–	–	–	0.7
		11.7	27.8	17.8	13.1	2.5	72.9

Note: The share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The values of share options represented the fair values of the share options granted in 2023 and prior years amortised over the respective vesting periods without actual cash payment. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 39.

註：執行董事是根據本行的僱員認股權計劃獲授予認股權。認股權金額是指該等認股權於2023年及往年授予並在歸屬期內攤銷的公平價值，而並非屬於現金支付。有關此等實物收益的詳情列載於董事會報告書的「認股權資料」及附註39內。

21. Five Top-Paid Employees 5名薪酬最高的僱員

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Salaries and other emoluments	薪金及其他酬金	**41**	41
Performance-related bonuses	表現獎勵花紅	**26**	26
Share options	認股權	**18**	17
Pension contributions	退休金供款	**4**	3
		89	87

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

	2024 Number of Employees 僱員人數	2023 Number of Employees 僱員人數
HK$ 港幣元		
12,000,001 – 12,500,000	**–**	2
12,500,001 – 13,000,000	**2**	–
19,500,001 – 20,000,000	**1**	–
20,000,001 – 20,500,000	**–**	1
21,000,001 – 21,500,000	**2**	2

Included in the emoluments of the five top-paid employees were the emoluments of 3 (2023: 3) Directors and 2 (2023: 2) senior management members. Their directors' emoluments have been included in Note 20 above.

5名薪酬最高的僱員中包括3位（2023年：3位）董事及2位（2023年：2位）高層管理人員。他們的董事酬金已包括於上述附註20內。

22. Segment Reporting 分部報告

(a) Business Segments

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

Hong Kong operations divided into the following five reportable segments.

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

(a) 營業分部

本集團按分處管理其業務，而分處則由業務及地區混合組成。分部資料的列報與內部匯報予本集團的高層管理人員作為資源分配及表現評核的方式是一致的。本集團列報以下八個可匯報分部。

香港業務分類為以下五個可匯報分部。

個人銀行包括分行營運、個人電子網絡銀行、消費貸款、物業貸款、強制性公積金業務及信用卡業務。

22. Segment Reporting (continued) 分部報告（續）

(a) **Business Segments (continued)**

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

Treasury markets include treasury operations and securities dealing.

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

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

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

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

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

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

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

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

(a) **營業分部（續）**

批發銀行包括企業借貸及銀團貸款、資產融資、商業貸款、證券貸款及與同業間的銀行代理行及企業的金融貿易業務。

財資市場包括財資運作及證券買賣。

財富管理包括私人銀行業務、投資產品和諮詢業務及證券和期貨經紀業務。

其他業務主要包括由在香港附屬公司經營之信託業務，及其他支援香港業務的後勤單位。

中國內地業務主要包括在香港支援中國內地業務的後勤單位、所有在中國內地經營的附屬公司及聯營公司，但不包括在中國內地經營資料處理及其他後勤支援香港業務之附屬公司。

國際、澳門及台灣業務包括在香港支援國際、澳門及台灣業務的後勤單位、所有在海外經營的分行包括澳門及台灣、附屬公司及聯營公司。

企業管理承擔本行發行借貸資本的監管資本成本及從香港業務獲得由本行發行資本工具所資助之業務活動的利息收入。

在評估分部表現及分配分部間的資源時，集團的高層管理人員根據以下基準監控可歸屬於每一可匯報分部之業績、資產及負債：

除聯營公司及合資企業之權益及持有作出售資產外，分部資產包括所有資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及服務費用和佣金收入，及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024										
		Hong Kong operations 香港業務										
		Personal banking 個人銀行 HK$ Mn 港幣百萬元	Wholesale banking 批發銀行 HK$ Mn 港幣百萬元	Treasury markets 財資市場 HK$ Mn 港幣百萬元	Wealth management 財富管理 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Chinese Mainland operations 中國內地業務 HK$ Mn 港幣百萬元	Overseas, Macau and Taiwan operations 國際、澳門及台灣業務 HK$ Mn 港幣百萬元	Corporate management 企業管理 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Net interest income/(expense)	淨利息收入／(支出)	5,678	2,735	1,514	368	(236)	10,059	3,845	2,635	(10)	–	16,529
Non-interest income/(expense)	非利息收入／(支出)	1,336	601	108	688	337	3,070	1,234	173	–	(27)	4,450
Operating income/(expense)	經營收入／(支出)	7,014	3,336	1,622	1,056	101	13,129	5,079	2,808	(10)	(27)	20,979
Operating expenses	經營支出	(1,746)	(499)	(193)	(420)	(2,570)	(5,428)	(3,376)	(857)	–	27	(9,634)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利／(虧損)	5,268	2,837	1,429	636	(2,469)	7,701	1,703	1,951	(10)	–	11,345
Impairment losses on financial instruments	金融工具減值損失	(147)	(3,214)	(63)	(346)	(1)	(3,771)	(1,557)	(169)	–	–	(5,497)
Impairment losses on associate	聯營公司減值損失	–	–	–	–	–	–	(94)	–	–	–	(94)
Impairment losses on other assets	其他資產減值損失	–	–	–	–	–	–	(2)	–	–	–	(2)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利／(虧損)	5,121	(377)	1,366	290	(2,470)	3,930	50	1,782	(10)	–	5,752
Net profit on sale of assets held for sale	出售持有作出售資產之淨溢利	–	–	–	–	–	–	21	1	–	–	22
Net profit on disposal of fixed assets	出售固定資產之淨溢利	–	–	–	–	–	–	16	–	–	–	16
Valuation losses on investment properties	重估投資物業虧損	–	–	–	–	(145)	(145)	–	–	–	–	(145)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	–	–	–	–	(3)	(3)	(23)	221	–	–	195
Profit/(loss) before taxation	除稅前溢利／(虧損)	5,121	(377)	1,366	290	(2,618)	3,782	64	2,004	(10)	–	5,840
Depreciation for the year	年內折舊	(207)	(22)	(11)	(9)	(220)	(469)	(332)	(61)	–	–	(862)
Segment assets	分部資產	124,403	147,833	250,180	16,480	12,427	551,323	242,878	127,701	–	(52,606)	869,296
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	44	44	3,598	4,806	–	–	8,448
Other assets – Assets held for sale	其他資產－持有作出售資產	–	–	–	–	15	15	–	–	–	–	15
Total assets	資產總額	124,403	147,833	250,180	16,480	12,486	551,382	246,476	132,507	–	(52,606)	877,759
Total liabilities	負債總額	361,929	42,612	49,125	33,622	3,578	490,866	218,836	114,439	–	(52,121)	772,020
Capital expenditure incurred during the year	年度內資本開支	251	28	–	9	157	445	266	30	–	–	741

Notes to the Financial Statements (continued)
財務報表附註（續）

22. Segment Reporting (continued) 分部報告（續）

(a) Business Segments (continued)　(a) 營業分部（續）

		2023										
		Hong Kong operations 香港業務										
		Personal banking 個人銀行 HK$ Mn 港幣百萬元	Wholesale banking 批發銀行 HK$ Mn 港幣百萬元	Treasury markets 財資市場 HK$ Mn 港幣百萬元	Wealth management 財富管理 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Chinese Mainland operations 中國內地業務 HK$ Mn 港幣百萬元	Overseas, Macau and Taiwan operations 國際、澳門及台灣業務 HK$ Mn 港幣百萬元	Corporate management 企業管理 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Net interest income/(expense)	淨利息收入／(支出)	5,653	2,888	1,352	387	(251)	10,029	4,082	2,637	126	–	16,874
Non-interest income/(expense)	非利息收入／(支出)	1,189	676	(42)	554	345	2,722	978	202	–	(30)	3,872
Operating income	經營收入	6,842	3,564	1,310	941	94	12,751	5,060	2,839	126	(30)	20,746
Operating expenses	經營支出	(1,792)	(485)	(194)	(399)	(2,378)	(5,248)	(3,409)	(805)	–	30	(9,432)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利／(虧損)	5,050	3,079	1,116	542	(2,284)	7,503	1,651	2,034	126	–	11,314
(Charge for)/write back of impairment losses on financial instruments	金融工具減值(損失)／回撥	(128)	(3,652)	95	(261)	(3)	(3,949)	(1,657)	123	–	–	(5,483)
Impairment losses on associate	聯營公司減值損失	–	–	–	–	–	–	–	(726)	–	–	(726)
Impairment losses on other assets	其他資產減值損失	–	–	–	–	–	–	(6)	–	–	–	(6)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利／(虧損)	4,922	(573)	1,211	281	(2,287)	3,554	(12)	1,431	126	–	5,099
Net profit/(loss) on sale of assets held for sale	出售持有作出售資產之淨溢利／(虧損)	–	–	–	–	4	4	(2)	–	–	–	2
Net profit/(loss) on disposal of subsidiaries/associates	出售附屬公司／聯營公司之淨溢利／ (虧損)	–	–	–	–	1	1	–	(13)	–	–	(12)
Net profit/(loss) on disposal of fixed assets	出售固定資產之淨溢利／(虧損)	(4)	–	–	–	1	(3)	17	–	–	–	14
Valuation losses on investment properties	重估投資物業虧損	–	–	–	–	(84)	(84)	–	(2)	–	–	(86)
Share of profits less losses of associates and joint ventures	應佔聯營公司及合資企業溢利減虧損	–	–	–	–	(9)	(9)	51	251	–	–	293
Profit/(loss) before taxation	除稅前溢利／(虧損)	4,918	(573)	1,211	281	(2,374)	3,463	54	1,667	126	–	5,310
Depreciation for the year	年內折舊	(207)	(19)	(12)	(9)	(206)	(453)	(295)	(59)	–	–	(807)
Segment assets	分部資產	124,381	150,293	233,644	17,488	11,299	537,105	231,335	128,647	–	(45,125)	851,962
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	48	48	3,843	4,493	–	–	8,384
Other assets – Assets held for sale	其他資產 – 持有作出售資產	–	–	–	–	15	15	–	–	–	–	15
Total assets	資產總額	124,381	150,293	233,644	17,488	11,362	537,168	235,178	133,140	–	(45,125)	860,361
Total liabilities	負債總額	358,753	41,148	37,547	33,026	3,139	473,613	206,654	116,422	–	(44,654)	752,035
Capital expenditure incurred during the year	年度內資本開支	225	26	12	11	245	519	457	32	–	–	1,008

(b) Geographical Segments

The information concerning geographical analysis has been classified by the location of the principal operations of the entities and branches of the Bank responsible for reporting the results or booking the assets or, by the location where the subsidiaries or business units with special risks associated with operations originate.

(b) 地區分部

按地區分部之資料是根據負責報告業績或將資產入賬之實體或本行之分行的主要業務所在地點，或按與附屬公司或業務單位之營運有特殊風險關連的所在地點予以劃分。

		2024					
		Hong Kong 香港 HK$ Mn 港幣百萬元	Chinese Mainland 中國內地 HK$ Mn 港幣百萬元	Other Asian Countries and Regions 其他亞洲國家及地區 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Operating income	經營收入	**13,446**	**5,044**	**808**	**2,003**	**(322)**	**20,979**
Profit before taxation	除稅前溢利	**3,770**	**48**	**384**	**1,638**	**–**	**5,840**
Total assets	資產總額	**551,818**	**245,798**	**48,664**	**83,834**	**(52,355)**	**877,759**
Total liabilities	負債總額	**490,846**	**218,512**	**41,033**	**73,499**	**(51,870)**	**772,020**
Contingent liabilities and commitments	或然負債及承擔	**97,730**	**213,744**	**9,304**	**6,745**	**–**	**327,523**
Capital expenditure during the year	年度內資本開支	**445**	**266**	**12**	**18**	**–**	**741**

		2023					
		Hong Kong 香港 HK$ Mn 港幣百萬元	Chinese Mainland 中國內地 HK$ Mn 港幣百萬元	Other Asian Countries and Regions 其他亞洲國家及地區 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Inter-segment elimination 分部間之交易抵銷 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Operating income	經營收入	13,181	5,031	888	1,953	(307)	20,746
Profit/(loss) before taxation	除稅前溢利／（虧損）	3,512	83	(188)	1,903	–	5,310
Total assets	資產總額	537,607	234,486	48,322	84,781	(44,835)	860,361
Total liabilities	負債總額	473,670	206,304	40,901	75,525	(44,365)	752,035
Contingent liabilities and commitments	或然負債及承擔	90,012	270,752	7,795	6,533	–	375,092
Capital expenditure during the year	年度內資本開支	521	456	20	11	–	1,008

23. Cash and Balances with Banks *(Note 47(a)(ii))*
現金及在銀行的結存 *（附註47(a)(ii)）*

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cash in hand	現金	**1,435**	1,417
Balances with central banks	在中央銀行的結存	**29,410**	32,139
Balances with other banks	在其他銀行的結存	**10,459**	12,348
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**41,304**	45,904
Less: Impairment allowances *(Note 43(a)(ix))*	減: 減值準備 *（附註43(a)(ix)）*	**–**	(1)
		41,304	45,903

24. Placements with and Advances to Banks *(Note 47(a)(ii))*
在銀行的存款及墊款 *（附註47(a)(ii)）*

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款		
Maturing	到期期限		
– within one month	–1 個月內	**37,033**	40,885
– after one month but within one year	–1 個月至 1 年內	**673**	2,808
– after one year	–1 年後	**–**	–
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**37,706**	43,693
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *（附註43(a)(ix)）*	**(1)**	(2)
		37,705	43,691
Of which:	其中：		
Placements with and advances to central banks	在中央銀行的存款及墊款	**2,600**	2,142

Notes to the Financial Statements (continued)
財務報表附註（續）

25. Trade Bills 貿易票據

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Measured at amortised cost	按攤銷成本計量		
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**803**	251
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**–**	–
		803	251
Measured at FVOCI	按通過其他全面收益以反映公平價值計量	**653**	122
		1,456	373

26. Trading Assets 交易用途資產

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Debt securities *(Note 47(a)(ii))*	債務證券 *(附註47(a)(ii))*	**–**	2,764
Equity securities	股份證券	**53**	285
Investment funds	投資基金	**154**	–
		207	3,049

27. Loans and Advances to Customers 客戶貸款及墊款

(a) Loans and Advances to Customers (a) 客戶貸款及墊款

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**532,931**	532,111
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(5,102)**	(5,127)
		527,829	526,984

27. Loans and Advances to Customers (continued) 客戶貸款及墊款 (續)

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

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

(b) 客戶貸款及墊款 – 按行業分類

按行業分類的客戶墊款總額及有抵押墊款的百分比是按照金管局所採用的類別和定義。

		2024		2023	
		Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率
Loans for use in Hong Kong	**在香港使用的貸款**				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	**20,317**	**62.87**	28,590	59.39
– Property investment	– 物業投資	**39,520**	**92.24**	50,155	92.35
– Financial concerns	– 金融企業	**13,148**	**47.41**	14,171	54.48
– Stockbrokers	– 股票經紀	**1,437**	**72.92**	1,218	91.77
– Wholesale and retail trade	– 批發與零售業	**8,940**	**44.72**	5,996	53.85
– Manufacturing	– 製造業	**4,169**	**29.80**	3,219	39.40
– Transport and transport equipment	– 運輸與運輸設備	**3,766**	**19.38**	4,106	50.05
– Recreational activities	– 娛樂活動	**132**	**99.42**	108	99.41
– Information technology	– 資訊科技	**3,465**	**48.90**	2,093	63.13
– Others	– 其他	**30,000**	**52.68**	20,868	54.76
Sub-total	小計	**124,894**	**64.14**	130,524	70.14
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇貸款	**1,131**	**97.98**	1,081	99.10
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	**98,966**	**99.06**	96,147	99.53
– Credit card advances	– 信用卡墊款	**3,501**	**0.00**	4,740	0.00
– Others	– 其他	**22,502**	**62.98**	20,555	58.71
Sub-total	小計	**126,100**	**89.86**	122,523	88.83
Total loans for use in Hong Kong	在香港使用的貸款總額	**250,994**	**77.06**	253,047	79.19
Trade finance	貿易融資	**6,889**	**24.79**	5,592	32.97
Loans for use outside Hong Kong *(Note)*	在香港以外使用的貸款 *(註)*	**275,048**	**31.44**	273,472	35.82
Total advances to customers	客戶墊款總額	**532,931**	**52.84**	532,111	56.41

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

註：在香港以外使用的貸款包括以下在中國內地使用的貸款及在香港及中國內地以外使用的貸款。

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024		2023	
		Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK$ Mn 港幣百萬元	% of gross advances covered by collateral 有抵押墊款的百分比 % 百分率
Loans for use in Chinese Mainland	**在中國內地使用的貸款**				
Industrial, commercial and financial	**工商金融**				
– Property development	– 物業發展	**21,473**	**51.91**	29,598	43.16
– Property investment	– 物業投資	**6,016**	**71.40**	7,796	67.72
– Financial concerns	– 金融企業	**44,808**	**13.92**	43,746	10.19
– Stockbrokers	– 股票經紀	**–**	**–**	440	100.00
– Wholesale and retail trade	– 批發與零售業	**13,177**	**6.06**	8,509	10.42
– Manufacturing	– 製造業	**16,002**	**1.47**	14,255	7.35
– Transport and transport equipment	– 運輸與運輸設備	**1,949**	**75.70**	1,921	61.89
– Recreational activities	– 娛樂活動	**298**	**0.00**	–	–
– Information technology	– 資訊科技	**2,389**	**1.08**	1,194	0.74
– Others	– 其他	**25,644**	**10.59**	18,123	14.07
Sub-total	小計	**131,756**	**20.44**	125,582	22.80
Individuals	個人				
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	**8,277**	**99.74**	10,398	99.96
– Credit card advances	– 信用卡墊款	**2,923**	**0.00**	3,825	0.00
– Others	– 其他	**16,243**	**1.81**	18,552	3.67
Sub-total	小計	**27,443**	**31.16**	32,775	33.79
Total loans for use in Chinese Mainland	在中國內地使用的貸款總額	**159,199**	**22.29**	158,357	25.08
Loans for use outside Hong Kong and Chinese Mainland	**在香港及中國內地以外使用的貸款**				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	**6,298**	**64.05**	8,239	50.27
– Property investment	– 物業投資	**26,676**	**77.20**	33,696	77.20
– Financial concerns	– 金融企業	**13,739**	**63.34**	14,109	73.80
– Wholesale and retail trade	– 批發與零售業	**4,697**	**13.06**	4,808	15.39
– Manufacturing	– 製造業	**13,860**	**1.25**	15,032	1.41
– Transport and transport equipment	– 運輸與運輸設備	**5,287**	**19.72**	2,693	44.13
– Recreational activities	– 娛樂活動	**1,149**	**43.75**	885	80.27
– Information technology	– 資訊科技	**7,248**	**3.34**	4,741	3.66
– Others	– 其他	**33,779**	**35.80**	27,536	40.97
Sub-total	小計	**112,733**	**42.58**	111,739	49.11
Individuals	個人				
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	**2,816**	**100.00**	3,297	99.91
– Credit card advances	– 信用卡墊款	**2**	**0.00**	1	0.00
– Others	– 其他	**298**	**64.28**	78	99.65
Sub-total	小計	**3,116**	**96.52**	3,376	99.86
Total loans for use outside Hong Kong and Chinese Mainland	在香港及中國內地以外使用的貸款總額	**115,849**	**44.03**	115,115	50.60
Total loans for use outside Hong Kong	在香港以外使用的貸款總額	**275,048**	**31.44**	273,472	35.82

27. Loans and advances to Customers (continued) 客戶貸款及墊款 (續)

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

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

(b) 客戶貸款及墊款 – 按行業分類 (續)

佔客戶貸款及墊款總額不少於百分之十的行業中已個別減值的貸款以及相關資料如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
(i) Property development *(Note)*	(i) 物業發展*(註)*		
a. Individually impaired loans	a. 已個別減值的貸款	**8,424**	7,581
b. Specific provisions	b. 特殊準備	**2,206**	2,162
c. Collective provisions	c. 整體準備	**127**	404
d. New provision charged to income statement	d. 於收益表支銷的準備	**2,788**	2,157
e. Written off	e. 撇銷	**2,841**	3,934
(ii) Property investment	(ii) 物業投資		
a. Individually impaired loans	a. 已個別減值的貸款	**3,464**	4,094
b. Specific provisions	b. 特殊準備	**582**	441
c. Collective provisions	c. 整體準備	**57**	67
d. New provision charged to income statement	d. 於收益表支銷的準備	**918**	227
e. Written off	e. 撇銷	**426**	910
(iii) Loans for purchase of other residential properties	(iii) 購買其他住宅物業的貸款		
a. Individually impaired loans	a. 已個別減值的貸款	**453**	359
b. Specific provisions	b. 特殊準備	**9**	12
c. Collective provisions	c. 整體準備	**25**	25
d. New provision charged to income statement	d. 於收益表支銷的準備	**21**	17
e. Written off	e. 撇銷	**1**	1
(iv) Financial concerns	(iv) 金融企業		
a. Individually impaired loans	a. 已個別減值的貸款	**229**	640
b. Specific provisions	b. 特殊準備	**128**	50
c. Collective provisions	c. 整體準備	**72**	121
d. New provision charged to income statement	d. 於收益表支銷的準備	**342**	140
e. Written off	e. 撇銷	**249**	45

Note: As at 31 December 2024, amount of loans and advances to the property development sector constitutes 9.0% of total loans and advances to customers (2023: 12.5%).

註：於2024年12月31日，物業發展行業的客戶貸款及墊款佔客戶貸款及墊款總額的9.0% (2023年：12.5%)。

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

特殊準備指減值信貸風險在合約期內的預期信貸損失 (第三階段) 準備及整體準備指非減值信貸風險在12個月及合約期內的預期信貸損失 (第一階段及第二階段) 準備。

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

The information concerning the breakdown of the gross amount of advances to customers by geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk in accordance with the requirements of Banking (Disclosure) Rules. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. The location of a party is determined by its residence which is the economic territory under whose laws the party is incorporated or registered. This requirement is different from the allocation under segment reporting in Note 22 which is prepared in a manner consistent with the way in which information is reported internally to the Group's Senior Management. The specific provisions represent lifetime expected credit loss provisions for credit impaired (Stage 3) exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired (Stage 1 and Stage 2) exposures.

(c) 客戶貸款及墊款－按區域分類

根據《銀行業（披露）規則》，客戶墊款總額按區域的分類是根據交易對手的所在地，並考慮轉移風險因素後得出的。一般而言，有關墊款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。一方的所在地由其居住地決定，而該居住地是該締約方註冊或登記的法律所規定的經濟領土。此要求與附註22分部報告的分配不同，後者的編製方法與內部匯報資料予集團高層管理人員的方法是一致的。特殊準備指減值信貸風險在合約期內的預期信貸損失（第三階段）準備及整體準備指非減值信貸風險12個月及合約期內的預期信貸損失（第一階段及第二階段）準備。

		2024				
		Total advances to customers 客戶墊款總額 HK$ Mn 港幣百萬元	Advances overdue for over three months 逾期3個月以上的墊款 HK$ Mn 港幣百萬元	Impaired advances to customers 減值客戶墊款 HK$ Mn 港幣百萬元	Specific provisions 特殊準備 HK$ Mn 港幣百萬元	Collective provisions 整體準備 HK$ Mn 港幣百萬元
Hong Kong	香港	239,272	3,180	6,824	1,834	353
Chinese Mainland	中國內地	188,654	3,163	6,938	1,964	561
Other Asian Countries and Regions	其他亞洲國家及地區	34,585	221	272	135	95
Others	其他	70,420	245	459	21	139
Total	總額	532,931	6,809	14,493	3,954	1,148
% of total advances to customers	佔客戶墊款總額的百分比			2.72%		

27. Loans and Advances to Customers (continued) 客戶貸款及墊款 (續)

(c) Loans and Advances to Customers – by Geographical Areas (continued) **(c) 客戶貸款及墊款 – 按區域分類 (續)**

		2023				
		Total advances to customers 客戶墊款總額 HK$ Mn 港幣百萬元	Advances overdue for over three months 逾期 3 個月以上的墊款 HK$ Mn 港幣百萬元	Impaired advances to customers 減值客戶墊款 HK$ Mn 港幣百萬元	Specific provisions 特殊準備 HK$ Mn 港幣百萬元	Collective provisions 整體準備 HK$ Mn 港幣百萬元
Hong Kong	香港	251,929	2,329	4,863	825	215
Chinese Mainland	中國內地	174,954	5,393	8,567	2,648	1,072
Other Asian Countries and Regions	其他亞洲國家及地區	31,279	61	111	31	121
Others	其他	73,949	297	793	32	183
Total	總額	532,111	8,080	14,334	3,536	1,591
% of total advances to customers	佔客戶墊款總額的百分比			2.69%		

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

減值貸款及墊款是個別出現客觀減值證據而須個別評估的貸款。上述按區域分類的資訊，是根據交易對手的所在地並已考慮轉移風險因素。

(d) Loans and Advances to Customers – Net Investment in Finance Leases

Loans and advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

(d) 客戶貸款及墊款 – 融資租賃的淨投資額

客戶貸款及墊款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

		2024			2023		
		Present value of the minimum lease payments 最低租賃付款現值 HK$ Mn 港幣百萬元	Interest income relating to future periods 相關未來利息收入 HK$ Mn 港幣百萬元	Total minimum lease payments 最低租賃付款總額 HK$ Mn 港幣百萬元	Present value of the minimum lease payments 最低租賃付款現值 HK$ Mn 港幣百萬元	Interest income relating to future periods 相關未來利息收入 HK$ Mn 港幣百萬元	Total minimum lease payments 最低租賃付款總額 HK$ Mn 港幣百萬元
Amounts receivable:	應收賬款:						
Within one year	1年以內	**238**	**54**	**292**	165	72	237
After one year but within two years	1年以後至2年內	**143**	**44**	**187**	148	64	212
After two years but within three years	2年以後至3年內	**127**	**39**	**166**	138	58	196
After three years but within four years	3年以後至4年內	**115**	**36**	**151**	130	52	182
After four years but within five years	4年以後至5年內	**109**	**33**	**142**	124	47	171
After five years	5年以後	**1,277**	**202**	**1,479**	1,463	312	1,775
		2,009	**408**	**2,417**	2,168	605	2,773
Less: Impairment allowances	減: 減值準備	**(31)**			(12)		
Net investment in finance leases	融資租賃的淨投資額	**1,978**			2,156		

The net investment in finance leases is carried on the statement of financial position as loans and advances to customers. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作客戶貸款及墊款在財務狀況表中列賬，未來期間的利息收入並無計算。

28. Investment Securities 投資證券

		2024					
		Treasury bills (including Exchange Fund Bills) 國庫債券（包括外匯基金票據） HK$ Mn 港幣百萬元	Certificates of deposit held 持有存款證 HK$ Mn 港幣百萬元	Debt securities 債務證券 HK$ Mn 港幣百萬元	Equity securities 股份證券 HK$ Mn 港幣百萬元	Investment funds 投資基金 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Investment securities measured at amortised cost	按攤銷成本計量投資證券						
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	2,566	544	27,660	–	–	30,770
Less: Impairment allowances	減: 減值準備	–	–	(927)	–	–	(927)
		2,566	544	26,733	–	–	29,843
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券	30,020	–	127,928	999	–	158,947
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量投資證券	–	–	1,219	1	773	1,993
		32,586	544	155,880	1,000	773	190,783

		2023					
		Treasury bills (including Exchange Fund Bills) 國庫債券（包括外匯基金票據） HK$ Mn 港幣百萬元	Certificates of deposit held 持有存款證 HK$ Mn 港幣百萬元	Debt securities 債務證券 HK$ Mn 港幣百萬元	Equity securities 股份證券 HK$ Mn 港幣百萬元	Investment funds 投資基金 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Investment securities measured at amortised cost	按攤銷成本計量投資證券						
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	2,660	1,103	8,099	–	–	11,862
Less: Impairment allowances	減: 減值準備	–	–	(672)	–	–	(672)
		2,660	1,103	7,427	–	–	11,190
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量投資證券	27,914	–	124,347	959	–	153,220
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量投資證券	–	–	2,076	–	784	2,860
		30,574	1,103	133,850	959	784	167,270

Equity Securities Designated at FVOCI **指定為通過其他全面收益以反映公平價值的股份證券**

		2024		2023	
		Fair value 公平價值 HK$ Mn 港幣百萬元	Dividend income recognised 已確認股息收入 HK$ Mn 港幣百萬元	Fair value 公平價值 HK$ Mn 港幣百萬元	Dividend income recognised 已確認股息收入 HK$ Mn 港幣百萬元
Equity investments held for long-term strategic purposes	持有作長期策略用途的股份投資	**999**	**16**	959	34

As at 31 December 2024, equity securities designated at FVOCI amounting to HK$999 million (2023: HK$959 million) were held for long-term strategic purposes, of which HK$807 million (2023: HK$809 million) was attributable to the fair value of the Bank's investment in China UnionPay Co., Ltd. None of these strategic investments was disposed of during 2024 and 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

於2024年12月31日，持有作長期策略用途之指定為通過其他全面收益以反映公平價值的股份證券金額為港幣9.99億元（2023年：港幣9.59億元），其中港幣8.07億元（2023年：港幣8.09億元）為本行於中國銀聯股份有限公司之投資的公平價值。在2024及2023年度內沒有出售該等策略投資，亦沒有將該等投資的累計盈利及虧損於股東權益內轉賬。

29. Investments in Subsidiaries 附屬公司投資

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary.

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。此等股份屬普通股份。

Details of these companies are as follows:

此等公司的詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	Percentage of shareholding 持股比率	Nature of business 業務性質
Ample Delight Limited 承悅有限公司	Hong Kong 香港	HK$港幣450,000,000元	100%	Investment holding 投資控股
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK$港幣150,000,000元	100%	Trustee service 信託服務
BEA Global Services Centre (Guangdong) Co., Ltd (formerly known as East Asia Digital Information Services (Guangdong) Limited) *(Note 1)* 東亞環球商業服務（廣東）有限公司（前稱東亞數據信息服務（廣東）有限公司）*(註1)*	PRC 中華人民共和國	US$3,000,000美元	100%	Servicing 服務
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Hong Kong 香港	HK$港幣 374,580,000元	51%	Asset management 資產管理
BEA Union Investment Management (Shenzhen) Limited *(Note 1)* 東亞聯豐投資管理（深圳）有限公司 *(註1)*	PRC 中華人民共和國	US$7,000,000美元	51%	Asset management/Investment management 資產管理／投資管理
Central Town Limited 滙中興業有限公司	Hong Kong 香港	HK$港幣2元	100%	Property investment 物業投資
Corona Light Limited	BVI 英屬處女群島	HK$港幣929,752,849元	100%	Investment holding 投資控股
Credit Gain Finance Company Limited 領達財務有限公司	Hong Kong 香港	HK$港幣640,000,000元	100%	Money lenders 放債人
Crystal Gleaming Limited	BVI 英屬處女群島	HK$港幣929,752,849元	100%	Investment holding 投資控股
Dragon Jade Holdings Company Limited 卓領控股有限公司	Hong Kong 香港	HK$港幣1,127,510,000元	100%	Investment holding 投資控股

Notes to the Financial Statements (continued)
財務報表附註（續）

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	Percentage of shareholding 持股比率	Nature of business 業務性質
East Asia Holding Company, Inc. *(Note 2)*	U.S.A. 美國	US$5美元	100%	Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK$港幣25,000,000元	100%	Securities broking 證券買賣
Skyray Holdings Limited	BVI 英屬處女群島	HK$港幣450,000,000元	100%	Investment holding 投資控股
Speedfull Limited	BVI 英屬處女群島	HK$港幣450,000,000元	100%	Investment holding 投資控股
The Bank of East Asia (China) Limited (*Note 1*) 東亞銀行（中國）有限公司（*附註1*）	PRC 中華人民共和國	CNY 人民幣 14,160,000,000 元	100%	Banking and related financial services 銀行及有關的金融服務

Note:

1. *Represent wholly foreign owned enterprises registered under the PRC laws.*
2. *Company not audited by KPMG with total net assets and total income constituting approximately 0.6% and less than 0.1% respectively of the related consolidated totals.*

註：

1. *指根據中華人民共和國法例註冊由外資全資擁有之企業。*
2. *非由畢馬威會計師事務所審核的公司，其財務報表之資產淨總額及收入總額分別佔相關綜合總額的0.6%及低於0.1%。*

30. Investments in Associates and Joint Ventures 聯營公司及合資企業投資

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Share of net assets	應佔淨資產	**9,629**	9,469
Goodwill	商譽	**438**	440
		10,067	9,909
Less: Impairment allowances	減: 減值準備	**(1,619)**	(1,525)
		8,448	8,384

30. Investments in Associates and Joint Ventures (continued) 聯營公司及合資企業投資（續）

The following list contains only the particulars of principal associates and joint ventures.

以下列載只包括本集團的主要聯營公司及合資企業。

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Percentage of shareholding 持股比率	Nature of business 業務性質
Listed 上市			
AFFIN Bank Berhad	Malaysia 馬來西亞	23.93%	Banking and related financial business 銀行及有關的金融業務
Unlisted 非上市			
Brilliance-BEA Auto Finance Co., Ltd. 華晨東亞汽車金融有限公司	PRC 中華人民共和國	22.5%	Auto finance and other related financial businesses 汽車貸款及其他有關金融業務
Dolford Property Holdings Limited	BVI 英屬處女群島	30%	Property investment 物業投資
East Asia Qianhai Securities Company Limited 東亞前海證券有限責任公司	PRC 中華人民共和國	49%	Securities business 證券業務
GUOTONG Trust Co., Ltd. 國通信託有限責任公司	PRC 中華人民共和國	15.38%	Trust and other financial business 信託及其他金融業務
Industrial and Commercial Bank of China (Canada) 中國工商銀行（加拿大）有限公司	Canada 加拿大	20%	Banking services 銀行服務
Industrial and Commercial Bank of China (USA), National Association 中國工商銀行（美國）	U.S.A. 美國	20%	Banking services 銀行服務
Million Fortune Development (Shenzhen) Co., Ltd. 寰裕置業（深圳）有限公司	PRC 中華人民共和國	25%	Property development 物業發展
Platinum Holdings Company Limited	Cayman Islands 開曼群島	30%	Investment holding 投資控股
Shanghai Ctrip Financial Information Services Co., Ltd. 上海攜程金融信息服務有限公司	PRC 中華人民共和國	9.6%	Financial services 金融服務

In 2024, the Group recognised an impairment loss of HK$94 million for its investment in an unlisted associate operating in Chinese Mainland as a result of decrease in value-in-use ("VIU") of the investment (2023: no impairment charge). At 31 December 2024, the investment's assessed recoverable amount of HK$100 million (representing the estimated fair value less costs of disposal) was higher than the investment carrying value of HK$90 million. The fair value (categorised as Level 3 valuation) was measured under market-comparable approach with reference to multiples of comparable listed companies, adjusted for a marketability discount to reflect the fact that the shares are not actively traded.

於2024年，由於集團投資的一家在中國內地經營的非上市聯營公司的使用價值下降，本集團確認減值損失港幣9,400萬元（2023年：沒有減值損失）。於2024年12月31日，該投資的評估後可收回金額為港幣1億元（即估計公平價值減處置成本），高於港幣9,000萬元之賬面值。公平價值（分類為第三級估值）是按照市場可類比法計量，參考可比較上市公司之倍數，並計入市場性折扣以反映該股份並非有活躍交易之調整。

Update on Impairment Assessment of the Group's Investment in AFFIN Bank Berhad ("AFFIN")

At 31 December 2024, the fair value of the Group's investment in AFFIN based on the quoted market price had been persistently below the carrying amount. As a result, the Group performed an impairment test on the investment using a VIU methodology and this demonstrated that the recoverable amount of the investment was HK$3,675 million. The recoverable amount was higher than the carrying value of HK$3,323 million and no further impairment charge was recognised (2023: HK$726 million). The VIU calculation uses discounted cash flow projections based on AFFIN's latest forecast of financial results and estimates made by the Group's management for the next five years and extrapolating in perpetuity using a long-term growth rate of 3% to derive a terminal value. Discount rate of 11.57% (2023: 12.03%), which is based on a Capital Asset Pricing Model calculation for AFFIN, is used in the VIU calculation.

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

對AFFIN Bank Berhad（「AFFIN」）的投資減值評估更新

於2024年12月31日，按市場報價的公平價值，本集團對AFFIN Bank Berhad（「AFFIN」）之投資的市值持續低於賬面值。因此，本集團對此項投資透過使用價值計算方法進行減值測試，測試顯示此項投資的可收回金額為港幣36.75億元。由於可收回金額高於港幣33.23億元之賬面值，年內並無確認額外減值損失（2023年：港幣7.26億元）。使用價值計算方法採用了集團管理層基於AFFIN最新的財務業績的預測以及對未來五年的估計的折現現金流量預測，並使用3%長期增長率永久性推算得出終端價值。在價值計算方法中使用基於AFFIN的資本資產定價模型計算得出的11.57%（2023年：12.03%）折現率。

下表列出主要假設的合理可能變動對使用價值產生的影響。有關資料反映使用價值對各主要假設本身的敏感度。超過一項有利及／或不利變動有可能同時發生。

			Favourable change 有利變動			Unfavourable change 不利變動	
			Increase in VIU 使用價值增加 HK$ Mn 港幣百萬元	VIU 使用價值 HK$ Mn 港幣百萬元		Decrease in VIU 使用價值減少 HK$ Mn 港幣百萬元	VIU 使用價值 HK$ Mn 港幣百萬元
At 31 December 2024	於2024年12月31日						
Discount rate	折現率	-50 bps 基點	242	3,917	+50 bps 基點	(215)	3,460
Long-term growth rate	長期增長率	+50 bps 基點	19	3,694	-50 bps基點	(17)	3,658
Expected cash flows	預計現金流	+10%	368	4,043	-10%	(367)	3,308

30. Investments in Associates and Joint Ventures (continued) 聯營公司及合資企業投資 (續)

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Aggregate information of associates and joint ventures that are not individually material	個別不重大聯營公司及合資企業之總和資料		
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	個別不重大聯營公司及合資企業在綜合財務報表之總和賬面值	**8,448**	8,384
Aggregate amounts of the Group's share of those associates and joint ventures	本集團佔該等聯營公司及合資企業之總和金額		
Profit after tax	源自持續營運溢利	**195**	293
Other comprehensive income	其他全面收益	**(19)**	(217)
Total comprehensive income	全面收益總額	**176**	76
Reconciliation of carrying amounts to the Group's total interest in the associates and joint ventures	賬面值與本集團於聯營公司及合資企業的權益對賬		
Carrying amount of material associates and joint ventures	重大聯營公司及合資企業之賬面值	**–**	–
Carrying amount of individually immaterial associates and joint ventures	個別不重大聯營公司及合資企業之賬面值	**8,448**	8,384
Interest in associates and joint ventures in the consolidated financial statements	在綜合財務報表中聯營公司及合資企業權益	**8,448**	8,384

31. Goodwill and Intangible Assets 商譽及無形資產

Goodwill and intangible assets include goodwill arising on business combinations and acquired intangible assets. Acquired intangible assets are amortised over their estimated economic useful life.

商譽及無形資產包括因業務合併產生的商譽及購入無形資產。購入無形資產按其估計經濟使用期攤銷。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Goodwill	商譽	**1,460**	1,460
Acquired intangible assets	購入無形資產	**376**	392
		1,836	1,852

Notes to the Financial Statements (continued)
財務報表附註（續）

(a) Goodwill **(a) 商譽**

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
At 1 January and 31 December	於1月1日及12月31日	**1,460**	1,460

Impairment tests for cash-generating units ("CGU") containing goodwill
Goodwill is allocated to the Group's CGU identified according to business segments as follows:

包含商譽的現金生產單位之減值測試
本集團按業務分部分配商譽予可辨識的現金生產單位如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Personal banking	個人銀行	**849**	849
Wholesale banking	批發銀行	**453**	453
Treasury markets	財資市場	**158**	158
		1,460	1,460

The recoverable amount of the CGU is determined based on VIU calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流作估計。超過5年期間的現金流按下述的估計利率作推斷。增長率不可超過該現金生產單位所經營業務的長期平均增長率。

The discount rate used for VIU calculations is 8.26% (2023: 9.62%) and the long-term growth rate is 2.5% (2023: 3%).

用於計算使用價值的折扣率為8.26%（2023年：9.62%）及長期增長率為2.5%（2023年：3%）。

Management determined the budgeted net profit based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the internal forecasts.

管理層根據過往表現及預計市場發展以釐定預算淨溢利。所採用的加權平均增長率與內部預測是一致的。

31. Goodwill and Intangible Assets (continued) 商譽及無形資產 (續)

(b) Intangible Assets (other than goodwill)

Intangible assets consist of building naming rights only. Intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(r)).

Amortisation of intangible assets with finite useful lives is charged to the income statement over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:

Naming rights: Over the shorter of the lease period of building or land

Both the period and method of amortisation are reviewed annually.

(b) 無形資產（商譽除外）

無形資產只包括建築物命名權。無形資產按成本減除累計攤銷及減值損失列賬（附註2(r)）。

有限定可用期的無形資產按其估計可用期於收益表內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

命名權：按建築物或土地兩者較短的租賃期

每年須檢討其期限及攤銷方法。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cost	成本		
At 1 January	於1月1日	**1,402**	1,402
Exchange adjustments	匯兌調整	**(1)**	–
At 31 December	於12月31日	**1,401**	1,402
Accumulated amortisation	累計攤銷		
At 1 January	於1月1日	**(349)**	(336)
Amortisation charge for the year	年度內攤銷	**(13)**	(13)
Exchange adjustments	匯兌調整	**–**	–
At 31 December	於12月31日	**(362)**	(349)
Impairment allowance	減值準備		
At 1 January	於1月1日	**(661)**	(656)
Charge for the year	年度內支銷	**(2)**	(5)
Exchange adjustments	匯兌調整	**–**	–
As at 31 December	於12月31日	**(663)**	(661)
Carrying amount at 31 December	於12月31日賬面值	**376**	392

Notes to the Financial Statements (continued)
財務報表附註（續）

32. Fixed Assets 固定資產

		2024							
		Investment properties 投資物業 HK$ Mn 港幣百萬元	Bank premises 行址 HK$ Mn 港幣百萬元	Furniture, fixtures and equipment 傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Right-of-use assets – Bank premises 使用權資產－行址 HK$ Mn 港幣百萬元	Right-of-use assets – Furniture, fixtures and equipment 使用權資產－傢俬、裝修及設備 HK$ Mn 港幣百萬元	Sub-total 小計 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Cost or valuation	成本或估值								
At 1 January 2024	於2024年1月1日	5,105	7,931	6,910	14,841	1,428	23	1,451	21,397
Additions	增置	–	5	532	537	199	5	204	741
Revaluation deficit	重估虧損	(145)	–	–	–	–	–	–	(145)
Disposals	出售	–	(207)	(147)	(354)	–	–	–	(354)
Remeasurement	重新計量	–	–	–	–	(6)	–	(6)	(6)
Revaluation surplus on bank premises upon transfer to investment properties *(Note 42(b))*	行址重估盈餘轉入投資物業 *(附註42(b))*	–	11	–	11	–	–	–	11
Transfer from bank premises to investment properties	由行址轉入投資物業	45	(45)	–	(45)	–	–	–	–
Transfer from investment properties to bank premises	由投資物業轉入行址	(26)	26	–	26	–	–	–	–
Expiry/termination of lease contracts	到期／終止租賃合約	–	–	–	–	(267)	(2)	(269)	(269)
Less: Elimination of accumulated depreciation on revalued bank premises	減：抵銷行址重估的累計折舊	–	(6)	–	(6)	–	–	–	(6)
Exchange adjustments	匯兌調整	–	(137)	(79)	(216)	(25)	–	(25)	(241)
At 31 December 2024	於2024年12月31日	4,979	7,578	7,216	14,794	1,329	26	1,355	21,128
Accumulated depreciation and impairment	累計折舊及減值								
At 1 January 2024	於2024年1月1日	–	2,365	4,873	7,238	651	15	666	7,904
Depreciation for the year	年內折舊	–	130	466	596	260	6	266	862
Expiry/termination of lease contracts	到期／終止租賃合約	–	–	–	–	(257)	(2)	(259)	(259)
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	–	(6)	–	(6)	–	–	–	(6)
Written off on disposal	出售時撇銷	–	(101)	(133)	(234)	–	–	–	(234)
Exchange adjustments	匯兌調整	–	(48)	(50)	(98)	(12)	–	(12)	(110)
At 31 December 2024	於2024年12月31日	–	2,340	5,156	7,496	642	19	661	8,157
Net book value at 31 December 2024	賬面淨值 於2024年12月31日	4,979	5,238	2,060	7,298	687	7	694	12,971
The gross amounts of the above assets are stated:	上述資產的總額列示如下：								
At cost	按成本	–	6,830	7,216	14,046	1,329	26	1,355	15,401
At Directors' valuation – 1989	按董事估值–1989年	–	748	–	748	–	–	–	748
At professional valuation – 2024	按專業估值–2024年	4,979	–	–	–	–	–	–	4,979
		4,979	7,578	7,216	14,794	1,329	26	1,355	21,128

32. Fixed Assets (continued) 固定資產（續）

		2023							
		Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
		投資物業	行址	傢俬、裝修及設備	小計	使用權資產－行址	使用權資產－傢俬、裝修及設備	小計	總額
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Cost or valuation	成本或估值								
At 1 January 2023	於2023年1月1日	5,166	8,064	6,478	14,542	1,304	25	1,329	21,037
Additions	增置	–	13	667	680	326	2	328	1,008
Revaluation deficit	重估虧損	(86)	–	–	–	–	–	–	(86)
Disposals	出售	–	(24)	(191)	(215)	–	–	–	(215)
Revaluation surplus on bank premises upon transfer to investment properties *(Note 42(b))*	行址重估盈餘轉入投資物業 *(附註42(b))*	–	13	–	13	–	–	–	13
Transfer from bank premises to investment properties	由行址轉入投資物業	24	(24)	–	(24)	–	–	–	–
Expiry/termination of lease contracts	到期／終止租賃合約	–	–	–	–	(199)	(4)	(203)	(203)
Less: Elimination of accumulated depreciation on revalued bank premises	減：抵銷行址重估的累計折舊	–	(3)	–	(3)	–	–	–	(3)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	–	(21)	–	(21)	–	–	–	(21)
Exchange adjustments	匯兌調整	1	(87)	(44)	(131)	(3)	–	(3)	(133)
At 31 December 2023	於2023年12月31日	5,105	7,931	6,910	14,841	1,428	23	1,451	21,397
Accumulated depreciation and impairment	累計折舊及減值								
At 1 January 2023	於2023年1月1日	–	2,289	4,660	6,949	598	14	612	7,561
Depreciation for the year	年內折舊	–	134	413	547	255	5	260	807
Impairment for the year	年內減值	–	1	–	1	–	–	–	1
Expiry/termination of lease contracts	到期／終止租賃合約	–	–	–	–	(199)	(4)	(203)	(203)
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	–	(3)	–	(3)	–	–	–	(3)
Written off on disposal	出售時撇銷	–	(13)	(174)	(187)	–	–	–	(187)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	–	(8)	–	(8)	–	–	–	(8)
Exchange adjustments	匯兌調整	–	(35)	(26)	(61)	(3)	–	(3)	(64)
At 31 December 2023	於2023年12月31日	–	2,365	4,873	7,238	651	15	666	7,904
Net book value at 31 December 2023	賬面淨值 於2023年12月31日	5,105	5,566	2,037	7,603	777	8	785	13,493
The gross amounts of the above assets are stated:	上述資產的總額列示如下：								
At cost	按成本	–	7,183	6,910	14,093	1,428	23	1,451	15,544
At Directors' valuation – 1989	按董事估值–1989年	–	748	–	748	–	–	–	748
At professional valuation – 2023	按專業估值–2023年	5,105	–	–	–	–	–	–	5,105
		5,105	7,931	6,910	14,841	1,428	23	1,451	21,397

Fair Value Measurement of Properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

物業公平價值之釐定

(i) 公平價值分級

根據《香港財務報告準則》第十三號「釐定公平價值」三級公平價值分級之分類定義，下表列示本集團於報告期期末按重複發生基準以釐定物業之公平價值。分類予每一分級之公平價值釐定取決於以下所採用的估值模式的參數之可觀察性及重要性：

第一級估值： 釐定公平價值只採用第一級參數，即於釐定日在活躍市場相同資產或負債的未經調整報價。

第二級估值： 釐定公平價值採用第二級參數，即不符合第一級的可觀察參數，及未採用重要的非可觀察參數。非可觀察參數是指沒有市場資料之參數。

第三級估值： 釐定公平價值採用重要的非可觀察參數。

		Fair value at 31 December 2024 於2024年12月31日之公平價值 HK$ Mn 港幣百萬元	Fair value measurements as at 31 December 2024 categorised into 於2024年12月31日釐定公平價值之分類 Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元
Recurring fair value measurement	**重複發生的公平價值釐定**				
Investment properties	投資物業				
Commercial – Hong Kong	商業－香港	**4,969**	**–**	**–**	**4,969**
Commercial – Others	商業－其他	**10**	**–**	**–**	**10**
		4,979	**–**	**–**	**4,979**

		Fair value at 31 December 2023 於2023年12月31日之公平價值 HK$ Mn 港幣百萬元	Fair value measurements as at 31 December 2023 categorised into 於2023年12月31日釐定公平價值之分類 Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元
Recurring fair value measurement	**重複發生的公平價值釐定**				
Investment properties	投資物業				
Commercial – Hong Kong	商業－香港	5,094	–	–	5,094
Commercial – Others	商業－其他	11	–	–	11
		5,105	–	–	5,105

32. Fixed Assets (continued) 固定資產 (續)

Fair Value Measurement of Properties (continued)

(i) Fair value hierarchy (continued)

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued by independent valuers as at 31 December 2024 and 2023.

Investment properties in Hong Kong were valued at HK$4,969 million (2023: HK$5,094 million) as at 31 December 2024 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the financial statements as at 31 December 2024 and it was performed on an open market value basis. Details of valuation techniques are described below:

(ii) Information about Level 3 fair value measurement of properties

	Valuation techniques 估值模式	Unobservable input 不可觀察輸入參數
Investment properties 投資物業	Income capitalisation approach 收入還原法	Expected market rental 預期市場租金
		Capitalisation rate 還原率
	Direct comparison approach 直接比較法	Premium (discount) on quality of the buildings 樓宇質素溢價(折扣)

The fair value of investment properties is determined by adoption of the Income Capitalisation Approach whereby the existing rental income of all lettable units of the property are capitalised for their respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the valuation date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the valuation date, which in turn capitalised at the market yield as expected by investors for each type of property. Due consideration has been given to expectations of the renewals of Government lease upon its expiry. The summation of the capitalised value of the term income for the leased portion, the capitalised value of the reversion income as appropriately deferred for the leased portion and the capitalised value for the vacant portion provides the market value of the property.

物業公平價值之釐定（續）

(i) 公平價值分級（續）

2024年及2023年12月31日止年度內，沒有第一級和第二級兩者之間的轉移，亦未有第三級的轉入或轉出。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

於2024年及2023年12月31日，所有本集團的投資物業均由獨立估值師估價。

於2024年12月31日，香港投資物業的估值為港幣49.69億元（2023年：港幣50.94億元）。該等物業由獨立估值師－特許測量師第一太平戴維斯估價，其僱員具香港測量師學會會士資歷並對估值物業的所在地及類別有近期經驗。估值是以公開市場價值為基礎，並已計入2024年12月31日之賬項內。估值模式詳述如下：

(ii) 有關第三級釐定公平價值的物業

投資物業的公平價值是按採納收入還原法計算，其方法是將現時物業已出租單位之租金收入按其分別未到期租約條款還原，而空置單位則假設於估價日每一單位可按市值租金租出，再根據投資者預期每一類別物業之市場回報來還原。其中已顧及並預期政府之租約於期限屆滿後可續約。出租部分期間收入之還原值、已適當遞延出租部分之歸還收入的還原值及空置部分之還原值之總和計算出物業的市場價值。

The market rentals of all lettable units are made (a) by reference to the rentals fetched in the property and/or (b) by reference to the lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the market expectation from property investors. This expected return reflects implicitly the quality of the investment, the expectation of the potential for future rental growth and capital appreciation, operating costs, risk factor and the like.

所有已租出單位市場租金之計算是(a)參考由物業賺取的租金及／或(b)參考鄰近所租出之類同物業。採納之還原率是參考分析市場出售交易得出之回報及物業投資者對市場的預期。此預期回報已潛在地反映投資的質素、預期未來租金增長和資本增值的潛力、營運成本、風險因素及其他。

As a supporting approach to the Income Capitalisation Approach, the Direct Comparison Approach is also adopted as a check for the valuation. Comparable sales transactions of similar properties in the locality are collected and analysed each in terms of a price per square footage. The collected comparables are then adjusted to take account of the discrepancies between the property and comparables in terms of time, location, age, building quality and the like.

除收入還原法外，亦採納直接比較法以核實估值。在鄰近可比較類同物業之出售交易會被收集及分析，以計算每一平方呎的價值。已收集之比較資料根據物業及可比較資料的差異，並按時間、位置、樓齡、樓宇質素及其他作調整。

The fair value measurement is positively correlated to the market rental and negatively correlated to the capitalisation rate.

釐定公平價值與市場租金有正面相互關聯及與還原率有負面相互關聯。

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

年內該等第三級公平價值釐定之餘額變動如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Investment properties – Commercial – Hong Kong	投資物業－商業－香港		
At 1 January	於1月1日	**5,094**	5,154
Transfer from bank premises to investment properties	由行址轉入投資物業	**45**	24
Transfer from investment properties to bank premises	由投資物業轉入行址	**(26)**	–
Revaluation deficit	重估虧損	**(144)**	(84)
At 31 December	於12月31日	**4,969**	5,094
Investment properties – Commercial – Others	投資物業－商業－其他		
At 1 January	於1月1日	**11**	12
Revaluation deficit	重估虧損	**(1)**	(2)
Exchange adjustments	匯兌調整	**–**	1
At 31 December	於12月31日	**10**	11

Fair value adjustment of investment properties is recognised in the line item "valuation losses on investment properties" on the face of the consolidated income statement.

投資物業的公平價值調整在綜合收益表上之「重估投資物業虧損」項下確認。

All the losses recognised in the income statement for the year arise from the properties held at the end of the reporting period.

所有確認於年度收益表之虧損均源自於報告期期末持有之物業。

32. Fixed Assets (continued) 固定資產 (續)

Fair Value Measurement of Properties (continued)

(ii) Information about Level 3 fair value measurement of properties (continued)

The net book value of bank premises and investment properties comprises:

物業公平價值之釐定 (續)

(ii) 有關第三級釐定公平價值的物業 (續)

行址及投資物業的賬面淨值包括：

		2024		2023	
		Investment properties 投資物業	Bank premises 行址	Investment properties 投資物業	Bank premises 行址
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	10	584	11	610
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約 (50年以上)	3,825	1,602	3,952	1,611
On medium-term lease (10 – 50 years)	中期租約 (10至50年)	1,144	1,065	1,142	1,113
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約 (50年以上)	–	12	–	12
On medium-term lease (10 – 50 years)	中期租約 (10至50年)	–	1,967	–	2,210
On short-term lease (below 10 years)	短期租約 (10年以下)	–	8	–	10
		4,979	5,238	5,105	5,566

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 5 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

本集團以經營租賃形式租出投資物業。租賃年期通常由1年至5年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

Rental income from investment properties held for use under operating leases amounted to HK$117 million in 2024 (2023: HK$129 million).

於年內，以經營租賃形式租出的投資物業之租金收入為港幣1.17億元 (2023年：港幣1.29億元)。

The total future minimum lease payments of investment properties under non-cancellable operating leases are receivable as follows:

以不可撤銷經營租賃作出租的投資物業的未來最低應收租賃付款總額如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Within one year	1年以內	**109**	105
After one year but within two years	1年以後至 2 年內	**69**	55
After two years but within three years	2年以後至 3 年內	**26**	25
After three years but within four years	3年以後至 4 年內	**8**	8
After four years but within five years	4年以後至 5 年內	**2**	5
After five years	5年以後	**6**	6
		220	204

33. Other Assets 其他資產

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Accrued interest	應計利息	**4,439**	4,200
Customer liabilities under acceptances	承兌客戶負債	**32,817**	26,771
Other accounts	其他賬項	**10,601**	7,776
Gross carrying amount before impairment allowances	未扣除減值準備之賬面值總額	**47,857**	38,747
Less: Impairment allowances *(Note 43(a)(ix))*	減：減值準備 *(附註43(a)(ix))*	**(479)**	(292)
		47,378	38,455
Assets held for sale	持有作出售資產	**15**	15
		47,393	38,470

34. Financial Liabilities Designated at Fair Value through Profit or Loss
指定為通過損益以反映公平價值的金融負債

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	–	3,199
Deposits from customers *(Note 36)*	客戶存款 *(附註36)*	–	199
Certificates of deposits issued	已發行存款證	**705**	9,415
Debt securities issued	已發行債務證券	**232**	688
		937	13,501

Financial liabilities above have been designated at FVTPL when the Group holds related derivatives at FVTPL, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

當本集團持有指定為通過損益以反映公平價值的相關衍生工具，以上金融負債被指定為通過損益以反映公平價值，而該指定可消除或明顯減少會計錯配的情況。

The amount of change, during the year and cumulatively, in the fair value of financial liabilities designated at FVTPL that is attributable to changes in the credit risk of these liabilities and recognised in other comprehensive income is set out below.

年內及累計結餘，下表列示指定為通過損益以反映公平價值的金融負債的公平價值變動及在其他全面收益表內確認的金額，而該變動是歸屬於該等負債的信貸風險。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Balance at 1 January	於1月1日結餘	**4**	15
Recognised in other comprehensive income during the year *(Note 42(h))*	年內在其他全面收益表內確認的金額 *(附註42(h))*	**(5)**	(13)
Deferred tax *(Note 42(h))*	遞延稅項 *(附註42(h))*	**1**	2
Balance at 31 December	於12月31日結餘	**–**	4

There was no transfer of cumulative gain or loss within equity due to de-recognition of liabilities designated at FVTPL during the year (2023: Nil).

年內（2023年：無）並未有指定為通過損益以反映公平價值的負債被終止確認，亦未有將其累計盈利或虧損在股東權益內轉賬。

The change in fair value attributable to changes in credit risk on financial liabilities is calculated using the difference between the fair value of the financial liabilities at the reporting date and the present value computed with adjusted asset swap spread.

計算可歸屬於金融負債信貸風險的公平價值變動是根據於報告日該等金融負債的公平價值與經調整資產掉期利差之現值後的差額。

The carrying amount of financial liabilities designated at FVTPL was HK$2 million lower than the contractual amount due at maturity (2023: HK$120 million lower).

於2024年，指定為通過損益以反映公平價值金融負債的賬面值較其到期日之合約金額低港幣200萬元（2023年：低港幣1.20億元）。

Notes to the Financial Statements (continued)
財務報表附註（續）

35. Income Tax In the Statement of Financial Position 財務狀況表內的所得稅

(a) Current Taxation in the Statement of Financial Position Represents:

(a) 資產負債表內的本年稅項為：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Provision for Hong Kong profits tax for the year	本年度香港利得稅準備	**710**	482
Provisional profits tax paid	已付暫繳利得稅	**(238)**	(217)
		472	265
Balance of profits tax provision relating to prior years	以往年度利得稅準備餘額	**1,081**	891
Taxation outside Hong Kong	在香港以外稅項	**317**	446
		1,870	1,602

(b) Deferred Tax Assets and Liabilities Recognised

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

(b) 遞延稅項資產及負債確認

確認於綜合財務狀況表中遞延稅項資產／（負債）的組成部分及年內之變動如下：

		2024							
Deferred tax arising from: **遞延稅項源自:**		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產減值損失 HK$ Mn 港幣百萬元	Revaluation of financial assets at FVOCI 按通過其他全面收益以反映公平價值金融資產重估 HK$ Mn 港幣百萬元	Cash flow hedge 現金流對沖 HK$ Mn 港幣百萬元	Tax losses 稅損 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 31 December 2023/ 1 January 2024	於2023年12月31日／2024年1月1日	(381)	(111)	1,863	(119)	–	3	113	1,368
(Charged)/credited to income statement *(Note 17(a))*	收益表內（支銷）／存入 *(附註17(a))*	(23)	–	(146)	–	–	12	(59)	(216)
(Charged)/credited to reserves *(Notes 42(b), (f), (g) and (h))*	儲備內（支銷）／存入 *(附註42(b)、(f)、(g)及(h))*	–	5	–	(192)	4	–	1	(182)
Exchange and other adjustments	匯兌及其他調整	–	(1)	(54)	1	–	–	(1)	(55)
At 31 December 2024	於2024年12月31日	(404)	(107)	1,663	(310)	4	15	54	915

35. Income Tax in the Statement of Financial Position (continued) 財務狀況表內的所得稅（續）

(b) Deferred Tax Assets and Liabilities Recognised (continued)　(b) 遞延稅項資產及負債確認（續）

2023

Deferred tax arising from:: 遞延稅項源自:		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產減值損失 HK$ Mn 港幣百萬元	Revaluation of financial assets at FVOCI 按通過其他全面收益以反映公平價值金融資產重估 HK$ Mn 港幣百萬元	Cash flow hedge 現金流對沖 HK$ Mn 港幣百萬元	Tax losses 稅損 HK$ Mn 港幣百萬元	Others 其他 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 31 December 2022/ 1 January 2023	於2022年12月31日／2023年1月1日	(354)	(113)	1,904	15	–	16	155	1,623
(Charged)/credited to income statement *(Note 17(a))*	收益表內（支銷）／存入 *(附註17(a))*	(27)	–	2	–	–	(13)	(41)	(79)
(Charged)/credited to reserves *(Notes 42(b), (f), (g) and (h))*	儲備內（支銷）／存入 *(附註42(b)、(f)、(g)及(h))*	–	2	–	(134)	–	–	2	(130)
Exchange and other adjustments	匯兌及其他調整	–	–	(43)	–	–	–	(3)	(46)
At 31 December 2023	於2023年12月31日	(381)	(111)	1,863	(119)	–	3	113	1,368

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Net deferred tax assets recognised on the statement of financial position	確認於財務狀況表的遞延稅項資產淨額	**1,600**	1,836
Net deferred tax liabilities recognised on the statement of financial position	確認於財務狀況表的遞延稅項負債淨額	**(685)**	(468)
		915	1,368

(c) Deferred Tax Assets not Recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$107 million (2023: HK$109 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣1.07億元（2023年：港幣1.09億元）為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Expiring within 5 years	於五年內到期	**44**	47
No expiry date	無到期日	**63**	62
		107	109

36. Deposits from Customers 客戶存款

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Measured at amortised cost	按攤銷成本計量	**643,093**	628,399
Designated at FVTPL *(Note 34)*	指定為通過損益以反映公平價值 *(附註34)*	**–**	199
		643,093	628,598

37. Other Liabilities 其他負債

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Accrued interest payable	應計應付利息	**4,667**	5,265
Acceptance draft payable	應付承兌票據	**32,817**	26,771
Impairment allowances on financial guarantee contracts issued and loan commitments issued *(Note 43(a)(ix))*	已發行的財務擔保及已發行的貸款承擔之減值準備 *(附註43(a)(ix))*	**133**	415
Lease liabilities	租賃負債	**765**	852
Other accounts *(Note)*	其他賬項 *(註)*	**12,917**	14,009
		51,299	47,312

Note: Include contract liabilities of HK$1,956 million (2023: HK$2,162 million) from contracts with customers under HKFRS 15.

註：包括由《香港財務報告準則》第15號所產生的合約負債港幣19.56億元（2023年：港幣21.62億元）。

38. Loan Capital 借貸資本

			2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Subordinated notes, at amortised cost with fair value hedge adjustments:		按攤銷成本及經公平價值對沖調整後列賬的後償票據：		
USD500 million fixed rate Tier 2 capital securities due 22 April 2032	(1)	在2032年4月22日到期的定息5億美元二級資本證券	(1) **3,744**	3,750
USD600 million fixed rate Tier 2 capital securities due 29 May 2030	(2)	在2030年5月29日到期的定息6億美元二級資本證券	(2) **4,669**	4,727
USD650 million fixed rate Tier 2 capital securities due 27 June 2034	(3)	在2034年6月27日到期的定息6.5億美元二級資本證券	(3) **5,012**	–
USD250 million fixed rate non-preferred loss absorbing capacity notes due 7 July 2028	(4)	在2028年7月7日到期的定息2.5億美元非優先吸收虧損能力票據	(4) **1,886**	1,899
USD500 million fixed rate non-preferred loss absorbing capacity notes due 15 March 2027	(5)	在2027年3月15日到期的定息5億美元非優先吸收虧損能力票據	(5) **3,898**	3,942
USD500 million fixed rate non-preferred loss absorbing capacity notes due 13 March 2027	(6)	在2027年3月13日到期的定息5億美元非優先吸收虧損能力票據	(6) **3,880**	–
Subordinated notes, at amortised cost without hedging:		按攤銷成本列賬及並未對沖的後償票據：		
RMB1,500 million fixed rate due 25 April 2029	(7)	在2029年4月25日到期的定息人民幣15億元後償票據	(7) –	1,649
			23,089	15,967

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the years ended 31 December 2024 and 2023.

截至2024及2023年12月31日止年度內本集團對其所發行之債務證券的本金和利息並無違約或不履行。

(1) Loan capital with face value of US$500 million (equivalent to HK$3,882 million) and carrying amount of HK$3,744 million (2023: HK$3,750 million) represents subordinated notes carrying a coupon rate of 4.875% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 22 April 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 22 April 2032 and are callable on 22 April 2027. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.8 million loss was recorded in 2024.

(1) 票面值5億美元（相等於港幣38.82億元）及賬面值港幣37.44億元（於2023年12月31日：港幣37.50億元）的借貸資本，是指由本行於2022年4月22日發行年息4.875%，並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市，並將於2032年4月22日到期及可於2027年4月22日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分虧損港幣80萬元。

(2) Loan capital with face value of US$600 million (equivalent to HK$4,659 million) and carrying amount of HK$4,669 million (2023: HK$4,727 million) represents subordinated notes carrying a coupon of 4% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 29 May 2020 by the Bank. The notes are listed on the Stock Exchange, will mature on 29 May 2030 and are callable on 29 May 2025. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$17.9 million profit was recorded in 2024.

(2) 票面值6億美元（相等於港幣46.59億元）及賬面值港幣46.69億元（於2023年12月31日：港幣47.27億元）的借貸資本，是指由本行於2020年5月29日發行年息4%，並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市，並將於2030年5月29日到期及可於2025年5月29日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利港幣1,790萬元。

(3) Loan capital with face value of US$650 million (equivalent to HK$5,047 million) and carrying amount of HK$5,012 million represents subordinated notes carrying a coupon of 6.75% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 27 June 2024 by the Bank. The notes are listed on the Stock Exchange, will mature on 27 June 2034 and are callable on 27 June 2029. The notes are under fair value hedge accounting and hedge ineffectiveness of HK$3.9 million profit was recorded in 2024.

(3) 票面值6.5億美元（相等於港幣50.47億元）及賬面值港幣50.12億元的借貸資本，是指由本行於2024年6月27日發行年息6.75%，並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市，並將於2034年6月27日到期及可於2029年6月27日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利港幣390萬元。

(4) Loan capital with face value of US$250 million (equivalent to HK$1,941 million) and carrying amount of HK$1,886 million (2023: HK$1,899 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 5.125% p.a. and meeting the loss-absorbing capacity requirements issued on 7 July 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 7 July 2028 and are callable on 7 July 2027. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in 2024.

(4) 票面值2.5億美元（相等於港幣19.41億元）及賬面值港幣18.86億元（於2023年12月31日：港幣18.99億元）的借貸資本，是指由本行於2022年7月7日發行年息5.125%，及符合吸收虧損能力之要求的非優先吸收虧損能力票據。該等票據於聯交所上市，並將於2028年7月7日到期及可於2027年7月7日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分並不重大。

(5) Loan capital with face value of US$500 million (equivalent to HK$3,882 million) and carrying amount of HK$3,898 million (2023: HK$3,942 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.75% p.a. and meeting the loss-absorbing capacity requirements issued on 15 March 2023 by the Bank. The notes are listed on the Stock Exchange, will mature on 15 March 2027 and are callable on 15 March 2026. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$2.2 million profit was recorded in 2024.

(5) 票面值5億美元（相等於港幣38.82億元）及賬面值港幣38.98億元（於2023年12月31日：港幣39.42億元）的借貸資本，是指由本行於2023年3月15日發行年息6.75%，及符合吸收虧損能力之要求的非優先吸收虧損能力票據。該等票據於聯交所上市，並將於2027年3月15日到期及可於2026年3月15日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利港幣220萬元。

(6) Loan capital with face value of US$500 million (equivalent to HK$3,882 million) and carrying amount of HK$3,880 million represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.625% p.a. and meeting the loss-absorbing capacity requirements issued on 13 March 2024 by the Bank. The notes are listed on the Stock Exchange, will mature on 13 March 2027 and are callable on 13 March 2026. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in 2024.

(6) 票面值5億美元（相等於港幣38.82億元）及賬面值港幣38.80億元的借貸資本，是指由本行於2024年3月13日發行年息6.625%，及符合吸收虧損能力之要求的非優先吸收虧損能力票據。該等票據於聯交所上市，並將於2027年3月13日到期及可於2026年3月13日贖回。在2024年，因採用公平價值對沖會計法而錄得的無效對沖部分並不重大。

(7) Loan capital with face value of RMB1,500 million (equivalent to HK$1,650 million) and carrying amount of HK$1,649 million as at 31 December 2023 represented subordinated notes carrying a coupon of 4.94% p.a. issued on 25 April 2019 by the Bank's subsidiary, The Bank of East Asia (China) Limited. The notes were fully redeemed when they became callable on 25 April 2024.

(7) 於2023年12月31日，票面值人民幣15億元（相等於港幣16.50億元）及賬面值港幣16.49億元的借貸資本，是指由本行附屬公司東亞中國於2019年4月25日發行年息4.94%的後償票據。該等票據已於2024年4月25日可贖回日全數贖回。

39. Equity Settled Share-Based Transactions 以股份為基礎作支付的交易

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Director(s) and Co-Chief Executives, of the Group options to subscribe for ordinary shares of the Bank. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under the 2016 Scheme and 2021 Scheme may be exercised beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date. All options were granted for nil consideration.

本行所採納的僱員認股權計劃是董事會可酌情授出認股權予本集團之任何僱員，包括執行董事及聯席行政總裁，以認購本行普通股股份。除有關計劃的規則另有規定外，根據2016計劃及2021計劃所授予的認股權的行使期限為歸屬日開始至歸屬日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of Share Options:

(i) Share options granted in years 2016 to 2023:

(a) 認股權詳情：

(i) 在2016年至2023年所授予的認股權：

Date of grant 授予日期	Tranche 部分	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$ 港幣元
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018	T1	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018	T2	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018	T3	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019	T1	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019	T2	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019	T3	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020	T1	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020	T2	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020	T3	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58
13/4/2021	T1	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021	T2	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021	T3	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08
12/4/2022	T1	12/4/2022 – 11/4/2023	12/4/2023 – 12/4/2028	12.17
12/4/2022	T2	12/4/2022 – 11/4/2024	12/4/2024 – 12/4/2029	12.17
12/4/2022	T3	12/4/2022 – 11/4/2025	12/4/2025 – 12/4/2030	12.17
12/4/2023	T1	12/4/2023 – 11/4/2024	12/4/2024 – 12/4/2029	10.08
12/4/2023	T2	12/4/2023 – 11/4/2025	12/4/2025 – 12/4/2030	10.08
12/4/2023	T3	12/4/2023 – 11/4/2026	12/4/2026 – 12/4/2031	10.08

(ii) Share options granted in year 2024:

(ii) 在2024年所授予的認股權：

Date of grant 授予日期	Tranche 部分	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$ 港幣元
11/4/2024	T1	11/4/2024 – 10/4/2025	11/4/2025 – 11/4/2030	9.33
11/4/2024	T2	11/4/2024 – 10/4/2026	11/4/2026 – 11/4/2031	9.33
11/4/2024	T3	11/4/2024 – 10/4/2027	11/4/2027 – 11/4/2032	9.33

(b) The Number and Weighted Average Exercise Prices of Share Options are as follows:

(b) 認股權的數目及加權平均行使價如下：

		2024		2023	
		Weighted average exercise price 加權平均行使價 HK$ 港幣元	Number of options 認股權數目 Million 百萬	Weighted average exercise price 加權平均行使價 HK$ 港幣元	Number of options 認股權數目 Million 百萬
Outstanding at the beginning of the year	年初結餘	**17.37**	**52**	21.08	47
Exercised during the year	年內行使	**–**	**–**	–	–
Granted during the year	年內授予	**9.33**	**14**	10.08	12
Lapsed during the year	年內失效	**29.78**	**(7)**	30.81	(7)
Outstanding at the end of the year	年末結餘	**14.04**	**59**	17.37	52
Exercisable at the end of the year	年末可供行使	**17.35**	**32**	22.36	28

There were no share options exercised during the years 2024 and 2023.

The options outstanding at 31 December 2024 had an exercise price from HK$9.33 to HK$32.25 (2023: from HK$10.08 to HK$32.25) and a weighted average remaining contractual life of 4.24 years (2023: 4.09 years).

於2024年及2023年並無認股權被行使。

於2024年12月31日，尚未行使認股權的行使價由港幣9.33元至港幣32.25元（2023年：由港幣10.08元至港幣32.25元），及剩餘合約年期之加權平均數為4.24年（2023年：4.09年）。

39. Equity Settled Share-Based Transactions (continued) 以股份為基礎作支付的交易 (續)

(c) Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a trinomial model. The contractual life of the option is used as an input into this model.

(c) 認股權的公平價值及假設

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式。認股權的合約年期為該定價模式的參數。

		2024	2023
Fair value at measurement date	於計量日的公平價值		
– Tranche 1	– 部分1	**HK$港幣 1.61 元**	HK$港幣 1.88 元
– Tranche 2	– 部分2	**HK$港幣 1.69 元**	HK$港幣 1.88 元
– Tranche 3	– 部分3	**HK$港幣 1.74 元**	HK$港幣 1.80 元
Share price at measurement date	於計量日的股價	**HK$港幣 9.33 元**	HK$港幣 10.08 元
Exercise price	行使價	**HK$港幣 9.33 元**	HK$港幣 10.08 元
Expected volatility	預計波幅	**25.68%**	26.97%
Option life	認股權年期		
– Tranche 1	– 部分1	**6 years 年**	6 years 年
– Tranche 2	– 部分2	**7 years 年**	7 years 年
– Tranche 3	– 部分3	**8 years 年**	8 years 年
Expected dividends	預計股息	**6.86%**	9.64%-12.95%
Risk-free interest rate (based on Hong Kong Government Bonds)	無風險利率（根據香港政府債券）	**3.65%-3.66%**	2.88%

The expected volatility is based on the historic volatility and the expected dividends are based on historical dividends prior to grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

預計波幅是根據過往之波幅及按在發行日前過往股息的預計股息。主觀輸入假設的變動可能重大影響公平價值的估計。

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

認股權的授予須符合服務條件。該服務條件並未納入計算於授予日獲得服務的公平價值。授予認股權與市場情況並無關係。

40. Share Capital 股本

		2024		2023	
		No. of shares 股份數目 Million 百萬	HK$ Mn 港幣百萬元	No. of shares 股份數目 Million 百萬	HK$ Mn 港幣百萬元
Ordinary shares, issued and fully paid:	已發行及繳足普通股：				
At 1 January	於1月1日	**2,650**	**41,915**	2,680	41,856
Shares issued in lieu of dividend	以股代息發行的股份	**15**	**145**	6	59
Share repurchased and cancelled	股份回購和註銷	**(35)**	**–**	(36)	–
At 31 December	於12月31日	**2,630**	**42,060**	2,650	41,915

Share Buy-Back

In 2024, 34,602,200 shares were repurchased on the Stock Exchange at an aggregate consideration (excluding expenses) of HK$342 million and 35,432,000 shares were cancelled (including 829,800 shares repurchased in 2023), representing 1.31% and 1.34% of the ordinary shares in issue at the beginning of the year, respectively.

In 2023, 35,940,800 shares were repurchased on the Stock Exchange at an aggregate consideration (excluding expenses) of HK$366 million and 35,797,200 shares were cancelled (including 686,200 shares repurchased in 2022), representing 1.34% and 1.34% of the ordinary shares in issue at the beginning of the year, respectively. The remaining 829,800 shares repurchased in 2023 were cancelled on 8 January 2024.

股份回購

在2024年，本行於聯交所以總代價（不包括開支）港幣3.42億元回購34,602,200股股份並註銷35,432,000股股份（其中包括於2023年回購之829,800股股份），分別佔年初已發行普通股的1.31%和1.34%。

在2023年，本行於聯交所以總代價（不包括開支）港幣3.66億元回購35,940,800股股份並註銷35,797,200股股份（其中包括於2022年回購之686,200股股份），分別佔該年初已發行普通股的1.34%和1.34%。2023年回購的剩餘829,800股股份已於2024年1月8日被註銷。

40. Share Capital (continued) 股本（續）

Below table shows the details of the shares repurchased and cancelled during 2024.

下表列載2024年已回購和註銷股份之詳情。

Month 月份		Number of shares 股數	Highest price per share 每股的最高價格 HK$ 港幣	Lowest price per share 每股的最低價格 HK$ 港幣	Average price per share 每股的平均價格 HK$ 港幣	Aggregate consideration 總代價 HK$ Mn 港幣百萬元
Share repurchased:	已回購股份:					
On-market share buy-back	*場內股份回購*					
– February 2024	– 2024年2月	3,936,200	10.04	9.29	9.80	39
– March 2024	– 2024年3月	1,538,400	10.06	9.53	9.85	15
– April 2024	– 2024年4月	2,908,400	9.95	9.01	9.43	27
– May 2024	– 2024年5月	4,757,200	10.96	9.90	10.38	49
– June 2024	– 2024年6月	2,902,400	10.42	9.59	9.90	29
– July 2024	– 2024年7月	2,995,400	10.26	9.70	9.95	30
– August 2024	– 2024年8月	2,209,200	9.93	9.57	9.83	22
– September 2024	– 2024年9月	6,992,600	9.93	9.19	9.52	66
– October 2024	– 2024年10月	6,362,400	10.66	9.90	10.20	65
		34,602,200				342
Share cancelled	已註銷股份	35,432,000				

Staff Share Option Schemes

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible employees. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under 2016 Scheme and 2021 Scheme will be exercisable during the period beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date.

There were no options exercised and shares issued under the Schemes during the years 2024 and 2023.

僱員認股權計劃

根據已核准的僱員認股權計劃（「計劃」），認股權授予合資格僱員以認購本行的普通股股份。除在有關計劃的規則另有規定外，根據2016計劃及2021計劃所授予的認股權的行使期限則由歸屬日開始至歸屬日的第5周年止。

於2024年和2023年，在該等計劃下並無任何認股權和股份被行使和發行。

41. Additional Equity Instruments 額外股本工具

			2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
USD650 million Additional Tier 1 capital securities	6.5 億美元額外一級資本證券 (1)	(1)	–	5,069
USD650 million Additional Tier 1 capital securities	6.5 億美元額外一級資本證券 (2)	(2)	**5,021**	5,021
			5,021	10,090

(1) On 19 September 2019, the Bank issued Additional Tier 1 capital securities with a face value of US$650 million (equivalent to HK$5,069 million net of related issuance costs). The Additional Tier 1 capital securities are undated non-cumulative subordinated capital securities and bear a 5.875% per annum coupon until the first call date on 19 September 2024. The Bank fully redeemed all the outstanding Additional Tier 1 capital securities on 19 September 2024.

(2) On 21 October 2020, the Bank issued Additional Tier 1 capital securities with a face value of US$650 million (equivalent to HK$5,021 million net of related issuance costs). The Additional Tier 1 capital securities are undated non-cumulative subordinated capital securities and bear a 5.825% per annum coupon until the first call date on 21 October 2025. The coupon will be reset every five years, if the Additional Tier 1 capital securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 5.527% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 capital securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirement.

(1) 於2019年9月19日，本行發行面值6.5億美元（扣除有關發行成本後等值港幣50.69億元）額外一級資本證券。該額外一級資本證券是無到期日非累積後償資本工具及附帶5.875%年息率，直至2024年9月19日的第一次贖回日。本行於2024年9月19日全數贖回該等額外一級資本證券。

(2) 於2020年10月21日，本行發行面值6.5億美元（扣除有關發行成本後等值港幣50.21億元）額外一級資本證券。該額外一級資本證券是無到期日非累積後償資本工具及附帶5.825%年息率，直至2025年10月21日的第一次贖回日。如該額外一級資本證券未被贖回，息率將會每五年按相等於當時五年期美國庫券息率加年息5.527%之固定利率重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本證券將會被撇銷。該額外一級資本證券在發生清盤事件時比普通股有優先權，及符合吸收虧損能力之要求。

41. Additional Equity Instruments (continued) 額外股本工具 (續)

The first scheduled coupon payment date was 21 April 2021 and the coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 capital securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

第一次既定派息日為2021年4月21日，每半年派發一次。本行可自行決定是否取消支付利息（受限於發行額外一級資本證券所載規則及條款的要求）及利息是不可累計。但是，除非下次利息按既定日支付，本行不能宣佈派發股息予普通股股東。

The principal of the Additional Tier 1 capital securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

如金管局通知本行並認為本行如不撇銷額外一級資本證券之本金將無法繼續經營，本行將按金管局的指示或與金管局共同協商後得出之金額從額外一級資本證券之本金中撇銷。

The Bank has a call option to redeem all the outstanding Additional Tier 1 capital securities from 21 October 2025 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

由2025年10月21日或以後任何利息支付日，本行可行使認購權以贖回所有資本工具之結餘，但須受已列載之條款及細則所規限。

Notes to the Financial Statements (continued)
財務報表附註（續）

42. Reserves 儲備

		The Group 集團		The Bank 銀行	
		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
(a) General reserve	**(a) 一般儲備**				
At 1 January and 31 December	於1月1日及12月31日	**13,658**	13,658	**13,472**	13,472
(b) Revaluation reserve on bank premises	**(b) 行址重估儲備**				
At 1 January	於1月1日	**2,270**	2,255	**1,910**	1,895
Recognition of deferred tax assets *(Note 35(b))*	確認遞延稅項資產 *(附註35(b))*	**5**	2	**5**	2
Revaluation surplus on bank premises transferred to investment properties *(Note 32)*	行址重估盈餘轉入投資物業 *(附註32)*	**11**	13	**11**	13
At 31 December	於12月31日	**2,286**	2,270	**1,926**	1,910
(c) Statutory reserves	**(c) 法定儲備**				
At 1 January	於1月1日	**5,136**	5,138	**–**	–
Transfer from/(to) retained profits	撥自／(撥入) 留存溢利	**22**	(2)	**–**	–
At 31 December	於12月31日	**5,158**	5,136	**–**	–
(d) Capital reserve	**(d) 資本儲備**				
At 1 January	於1月1日	**1,034**	1,045	**139**	150
Equity settled share-based transaction *(Note 13)*	以股份為基礎作支付之交易 *(附註13)*	**22**	24	**22**	24
Transfer to retained profits	撥入留存溢利	**(39)**	(35)	**(39)**	(35)
At 31 December	於12月31日	**1,017**	1,034	**122**	139
(e) Exchange revaluation reserve	**(e) 匯兌重估儲備**				
At 1 January	於1月1日	**(2,545)**	(1,822)	**98**	(125)
Exchange adjustments	匯兌調整	**(1,145)**	(723)	**(273)**	223
At 31 December	於12月31日	**(3,690)**	(2,545)	**(175)**	98
(f) Fair value reserve	**(f) 公平價值儲備**				
At 1 January	於1月1日	**1,338**	510	**1,230**	360
Changes in fair value of securities	證券的公平價值變動	**1,126**	880	**974**	897
Reversal upon disposal	於出售時轉回	**93**	82	**172**	121
Recognition of deferred tax liabilities *(Note 35(b))*	確認遞延稅項負債 *(附註35(b))*	**(192)**	(134)	**(175)**	(148)
At 31 December	於12月31日	**2,365**	1,338	**2,201**	1,230

42. Reserves (continued) 儲備（續）

		The Group 集團		The Bank 銀行	
		2024	2023	2024	2023
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
(g) Hedging reserve	**(g) 對沖儲備**				
At 1 January	於1月1日	–	–	–	–
Effective portion of changes in fair value of hedging instruments	對沖工具公平價值變動的有效部分	(28)	–	(28)	–
Transfer to income statement	撥入收益表	4	–	4	–
Recognition of deferred tax assets *(Note 35(b))*	確認遞延稅項資產 *(附註35(b))*	4	–	4	–
At 31 December	於12月31日	(20)	–	(20)	–
(h) Liability credit reserve	**(h) 負債信貸儲備**				
At 1 January	於1月1日	4	15	4	15
Changes in fair value arising from changes in own credit risk *(Note 34)*	自身信貸變動產生的公平價值變動 *(附註34)*	(5)	(13)	(5)	(13)
Recognition of deferred tax assets *(Notes 34 and 35(b))*	確認遞延稅項資產 *(附註34及35(b))*	1	2	1	2
At 31 December	於12月31日	–	4	–	4
(i) Other reserves	**(i) 其他儲備**				
At 1 January	於1月1日	18	(33)	–	–
Share of changes in equity of associates and joint ventures	應佔聯營公司及合資企業權益的變動	50	51	–	–
At 31 December	於12月31日	68	18	–	–
(j) Retained profits	**(j) 留存溢利**				
At 1 January	於1月1日	35,145	33,365	28,411	26,059
Net profit for the year	年度內溢利	4,608	4,118	4,312	4,692
Transfer from capital reserve	撥自資本儲備	39	35	39	35
Transfer (to)/from statutory reserve	(撥入)／撥自法定儲備	(22)	2	–	–
Share buy-back	股份回購	(343)	(367)	(343)	(367)
Distribution/Dividends *(Note 18)*	分派／股息 *(附註18)*				
– Interim dividend	– 中期股息	(816)	(957)	(816)	(957)
– Second interim dividend in respect of prior years	– 上年度第二次中期股息	(476)	(455)	(476)	(455)
– Additional Tier 1 capital instruments	– 額外一級資本工具	(594)	(596)	(594)	(596)
At 31 December	於12月31日	37,541	35,145	30,533	28,411
(k) Total reserves	**(k) 儲備總額**	58,383	56,058	48,059	45,264

General reserve was set up from the transfer of retained earnings and the realised revaluation surplus on disposal of properties.

一般儲備的建立，包括來自留存溢利及出售物業時的已實現重估盈餘。

Revaluation reserve on bank premises and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises and foreign currency translation.

行址及匯兌重估儲備的建立及處理是根據重估行址和外幣折算所採用的會計政策。

Statutory reserves are set up to satisfy the statutory requirements of certain overseas subsidiaries and associates mainly for the purpose of covering unidentified potential losses on risk assets in addition to those recognised under the prevailing accounting requirements in their jurisdictions.

法定儲備是用作滿足若干海外附屬公司及聯營公司之法定要求，主要用途為除按當地現行會計要求下已確認而需額外涵蓋風險資產的不可辨別之可能損失。

Capital reserve includes the capitalisation of subsidiaries', associates' and joint ventures' reserves and the fair value of the actual or estimated number of unexercised share options granted to employees of the Bank recognised in accordance with the accounting policy adopted for share based payment in Note 2(x)(iv).

資本儲備包括附屬公司、聯營公司及合資企業投資儲備的資本化發行，並根據已採納有關附註2(x)(iv)所載以股份為基礎作支付的會計政策確認授予本行僱員之實際或估計未行使認股權數目的公平價值。

Fair value reserve comprises the cumulative net change in the fair value of FVOCI securities held until the securities are derecognised and is dealt with in accordance with the accounting policies in Note 2(h).

公平價值儲備包括持有按通過其他全面收益以反映公平價值證券直至證券被終止確認的累計公平價值變動淨額，有關處理的會計政策已詳載於附註2(h)。

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flow in accordance with accounting policy adopted for cash flow hedges in Note 2(k)(i).

對沖儲備包括根據已採納有關附註2(k)(i)所載以現金流對沖的會計政策之用作現金流對沖工具的有關待以後確認的對沖現金流之對沖交易的累計公平價值變動淨額的有效部分。

Liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated at FVTPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss.

負債信貸儲備包括指定為通過損益以反映公平價值金融負債的累計公平價值變動，而有關於該等負債引致的信貸風險變動並非在收益表內確認。

Other reserves represent share of changes in equity of associates in respect of investment revaluation reserve and revaluation reserve of bank premises.

其他儲備包括應佔聯營公司權益之投資重估儲備及重估行址儲備的變動。

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 31 December 2024, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Bank to shareholders by HK$2,586 million (2023: HK$2,138 million).

為符合香港《銀行業條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款及投資減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2024年12月31日，該要求的影響是要限制本行可派發予本集團股東的儲備，金額為港幣25.86億元（2023年：港幣21.38億元）。

At 31 December 2024, the aggregate amount of reserves available for distribution to equity holders of the Bank was HK$40,184 million (2023: HK$37,462 million). After the end of the reporting period the directors declared a second interim dividend of HK$0.38 per ordinary share (2023: HK$0.18 per share), amounting to HK$999 million (2023: HK$477 million). The dividend has not been recognised as a liability at the end of the reporting period.

於2024年12月31日，可派發予本行股東的儲備總額為港幣401.84億元（2023年：港幣374.62億元）。在報告期期末後董事宣布派發第二次中期股息每股普通股港幣0.38元（2023年：每股港幣0.18元），總額達港幣9.99億元（2023年：港幣4.77億元）。於報告期期末並未確認該等股息為負債。

43. Principal Risk Management 主要風險管理

This section presents information on the Group's management of principal risks.

本部分載述有關本集團主要風險管理的資料。

The Group has established a risk governance and management framework in line with the requirements set out by the HKMA and other regulators. This framework is built around a structure that enables the Board and Senior Management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. These responsibilities include defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring, and remedy of risks.

根據金管局及其他監管機構的規定，本集團已建立風險管治及管理架構。該架構讓董事會及高層管理人員能夠以適當授權和制衡方式履行其與風險管理相關的職責。此等職責包括根據本集團的業務策略及目標設定風險偏好、制定風險政策以管理上述策略的執行，並設立風險審批、控制、監控及補救的程序及限額。

The Risk Committee stands at the highest level of the Group's risk governance structure under the Board. It consists of five independent non-executive directors and two non-executive directors and is chaired by one of the independent non-executive directors. The Risk Committee provides direct oversight over the formulation of the Group's risk appetite, and sets the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

風險委員會為本集團僅次於董事會的最高風險管治機構，成員包括五名獨立非執行董事及兩名非執行董事，並由其中一名獨立非執行董事擔任主席。風險委員會直接監督本集團風險偏好的制定，並因應本集團的財務能力、策略性指引、當前市場情況及監管要求設定可承擔的風險水平。

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that Senior Management adopt to execute their business functions. Through the Group's management committees, including Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee – and with overall co-ordination by the Risk Management Division – the Risk Committee regularly reviews the Group's risk management framework and ensures that all important risk-related tasks are performed according to established policies with appropriate resources.

風險委員會亦確保本集團的風險偏好獲反映於政策及程序上，讓高層管理人員加以採用，以行使其業務職能。透過本集團的各個管理委員會，包括危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會，並在風險管理處的整體協調下，風險委員會定期檢討本集團的風險管理架構，確保所有與風險相關的重要任務是根據現有政策及運用適當資源執行。

The Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee comprise the Senior Management, the Group Chief Risk Officer and where appropriate senior executives from relevant areas.

危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會由高層管理人員、集團風險總監及（在適當情況下）其他有關方面的高級行政人員組成。

The Group has implemented an Enterprise Risk Management framework to identify and manage potential risks in a holistic and effective manner. The ERM framework assists the Group to achieve this, and reinforces the "Three Lines of Defence" risk management model.

本集團已推行企業風險管理架構，旨在全面有效地識別及管理潛在風險。企業風險管理架構協助本集團達到這目標，以及鞏固「三道防線」風險管理模式。

The Group has adopted the "Three Lines of Defence" risk management structure to ensure that roles and responsibilities in regard to risk management within the Group are clearly defined. The "Three Lines of Defence" model is summarised as follows:–

為確保本集團內與風險管理有關的角色與責任能明確分工，本集團已採納「三道防線」風險管理框架。「三道防線」模式概述如下：

- The first line of defence comprises the Risk Owners, who are heads of business units or supporting units of the Bank Group, together with staff under their management. They are primarily responsible for the day-to-day risk management of their units, including establishing and executing specific risk control mechanisms and detailed procedures.

- 第一道防線為「風險負責人」，由本集團各業務或後勤單位主管，連同其屬下職員組成，主要負責其業務單位的日常風險管理，包括特定風險管理機制及具體程序的設立及執行。

- The second line of defence consists of the Risk Controllers who are designated staff responsible for setting out a risk management governance framework, monitoring risks independently and supporting the management committees in their oversight of risk management for the Bank Group.

- 第二道防線為「風險監控人」，由指定的職員組成，負責為本集團制定風險管理管治架構、獨立監控風險及輔助各管理委員會對本銀行集團風險管理的監督。

- The third line of defence is the Internal Audit Division, which is responsible for providing assurance as to the effectiveness of the Group's risk management framework, including risk governance arrangements.

- 第三道防線為稽核處，負責為本集團風險管理架構（包括風險管治安排）的有效性提供保證。

The Group Chief Risk Officer co-ordinates all risk management-related matters of the Group, works closely with the Risk Controllers on the formulation of risk management policies and exercises risk oversight at the Group level through a functional working relationship with all Risk Controllers and Risk Owners.

集團風險總監協調本集團所有與風險管理相關的事務，與各風險監控人就風險管理政策的制定作出緊密協作，並透過與所有風險監控人及風險負責人的職能工作關係，在集團層面監督風險。

The Group faces a variety of risks that could affect its franchise, operations, and financial conditions. Under the ERM framework, the principal risks comprise credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk, and technology risk.

本集團面臨可能影響其品牌、營運及財務狀況的各類風險。在企業風險管理架構下，主要風險包括信貸風險、利率風險、市場風險、流動性風險、營運風險、聲譽風險、策略性風險、法律風險、合規風險及科技風險。

43. Principal Risk Management (continued) 主要風險管理（續）

The Group has formulated policies to identify, measure, monitor, control, and report on the various types of risk and, where appropriate, to allocate adequate capital to cover those risks. The Group's major risk management policies and control limits are approved by the Board and are reviewed and enhanced on a regular basis to cater for market changes, statutory requirements, and best practice in risk management processes. The Board has delegated the responsibility for ongoing risk management to the Risk Committee and the management committees. Significant risk management-related issues must be reported to the Board, which oversees risk management, through the Risk Committee. Moreover, on a daily basis, the Group Chief Risk Officer is responsible for overseeing the Group's risk management issues, which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources.

本集團已制定政策，以識別、衡量、監察、控制及匯報各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團的主要風險管理政策及控制限額由董事會批准，並定期予以檢討及改善，以配合市場轉變、法定要求，以及達致風險管理程序的最佳做法。董事會已將持續管理風險的責任授予風險委員會及相關的管理委員會。與重要風險管理相關的事項須經由風險委員會上報至監督風險管理的董事會。此外，集團風險總監的日常職責為監督與集團風險管理相關的事項，包括但不限於風險管理基礎架構及策略、風險偏好、風險管治文化及有關資源。

Stress testing is an integral part of the Group's risk management. The Group regularly performs stress tests on the principal risks, where appropriate, to assess the potential impact of stressed business conditions (including hypothetical situations such as a significant economic downturn in Chinese Mainland and Hong Kong) on the Group's financial positions, in particular, capital adequacy, profitability, and liquidity. Whenever necessary, a prompt management response will be developed and executed to mitigate potential impacts.

壓力測試為本集團風險管理的重要部分。本集團在適當情況下定期對相關的主要風險進行壓力測試，評估受壓營商環境（包括中國內地及香港出現嚴重經濟下滑等假設情景）對本集團的財務狀況，尤其是資本充足性、盈利能力及流動性的潛在影響。有需要時，管理層亦會及時制定並執行應對措施以減低潛在影響。

(a) Credit Risk Management

Credit risk is the risk of loss arising from a borrower or counterparty failing to meet its obligations.

(a) 信貸風險管理

信貸風險是指因借款人或交易對手未能履行其責任而導致損失的風險。

The Credit Committee is responsible for managing all credit risk-related issues of the Group, while the Credit Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to credit risk. The Group identifies and manages credit risk by defining the target market segment, formulating appropriate credit policies, and carrying out credit assessment and monitoring of asset quality. Credit risk control limits are set for different levels. Risk, return, and market situation are considered when setting all limits. Active limit monitoring is undertaken.

信貸委員會負責管理所有與本集團信貸風險有關的事項，而本集團風險管理處轄下的信貸風險管理部則負責監察與信貸風險有關的活動。本集團透過設定目標市場、制定適當的信貸政策、進行信貸評核，以及監控資產質素，來識別和管理信貸風險。信貸風險控制限額設有不同層次。釐定所有限額時會考慮風險、回報及市場情況，並且採用積極限額監控程序。

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

在評估與個別客戶或交易對手相關的信貸風險時，其財政實力以及還款能力是主要的考慮因素。此外，客戶或交易對手所提供的抵押品亦有助減低信貸風險。

The Group has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit underwriting criteria, credit monitoring processes, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practice in risk management processes.

本集團已制定多項政策、程序及評級系統，以識別、衡量、監察、控制及匯報信貸風險。在此方面，本集團已將信貸風險管理指引詳列於集團的信貸風險管理手冊內，對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收程序及撥備政策訂下規定。本集團持續檢討和改善該等指引，以配合市場轉變及有關法定要求，及達致風險管理程序的最佳做法。

The Group's credit risk management for the major types of credit risk is depicted as follows:

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) Corporate and financial institutions credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that incorporate different risk factors (e.g. region of operation, corporate size) and are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are adopted. To monitor credit concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

(i) 企業及金融機構信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定不同的內部評級系統（例如經營地區、企業規模）以適用於所有交易對手。專門性借貸的風險承擔則採用監管分類準則。為監控信貸集中的風險，本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

本集團持續進行多個層次的信貸分析和監控。有關政策旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of the internal rating system and formulation of credit policies are primarily based on customers' background, credit behaviours and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括客戶背景、信貸行為和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(iii) Credit risk of treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate and financial institutions credit risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

(iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

(v) Concentrations of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's credit portfolio is diversified along geographic, industry and product sectors. For analysis of loans and advances to customers by industry sectors and geographical areas, please refer to Notes 27(b) and 27(c) respectively.

The Group monitors its credit concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(a) 信貸風險管理（續）

(iii) 財資交易的信貸風險

本集團採用企業及金融機構信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請、組合保存和抵押要求。

(v) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地區、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的信貸組合分散覆蓋不同地區、行業和產品。有關按行業分類及區域分類的客戶貸款及墊款，請分別參閱附註27(b)及27(c)。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

(vi) Maximum exposure

The maximum exposure to credit risk at the end of the reporting period without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

(vi) 最高風險

於報告期結束日並未計算任何抵押品或其他信貸提升的最高信貸風險，即指每一項已減除任何減值準備的金融資產在財務狀況表的賬面值。最高風險摘要如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cash and balances with banks	現金及在銀行的結存	**39,869**	44,486
Placements with and advances to banks	在銀行的存款及墊款	**37,705**	43,691
Trade bills	貿易票據	**1,456**	373
Trading assets	交易用途資產	**–**	2,764
Derivative assets	衍生工具資產	**6,227**	9,056
Loans and advances to customers	客戶貸款及墊款	**527,829**	526,984
Investment securities	投資證券	**189,010**	165,527
Other assets	其他資產	**47,138**	38,218
Financial guarantees contracts	財務擔保合約	**14,285**	13,570
Loan commitments	貸款承擔	**311,465**	360,382
		1,174,984	1,205,051

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis

Credit quality of loans and advances

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析

貸款及墊款的信貸質素

下表載列貸款及墊款的信貸質素分析。除特別指明者外，表格內的金額為賬面值總額。

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Loans and advances to customers at amortised cost	按攤銷成本計量的客戶貸款及墊款								
– Grades 1-15: Pass	– 1-15級：合格	493,589	1,671	13,182	30	–	–	506,771	1,701
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	–	11,667	63	–	–	11,667	63
– Grade 18: Substandard	– 18級：次級	–	–	–	–	5,864	181	5,864	181
– Grade 19: Doubtful	– 19級：呆滯	–	–	–	–	4,091	233	4,091	233
– Grade 20: Loss	– 20級：虧損	–	–	–	–	4,538	331	4,538	331
Total gross carrying amount	賬面值總額	493,589	1,671	24,849	93	14,493	745	532,931	2,509
Impairment allowances	減值準備	(889)	(3)	(259)	(2)	(3,954)	(344)	(5,102)	(349)
Carrying amount	賬面值	492,700	1,668	24,590	91	10,539	401	527,829	2,160
Market value of collateral held against impaired loans and advances to customers	減值客戶貸款及墊款抵押品市值					6,947			

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Loans and advances to customers at amortised cost	按攤銷成本計量的客戶貸款及墊款								
– Grades 1-15: Pass	– 1-15級：合格	493,730	1,748	14,060	50	–	–	507,790	1,798
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	–	9,987	55	–	–	9,987	55
– Grade 18: Substandard	– 18級：次級	–	–	–	–	6,711	120	6,711	120
– Grade 19: Doubtful	– 19級：呆滯	–	–	–	–	1,918	99	1,918	99
– Grade 20: Loss	– 20級：虧損	–	–	–	–	5,705	230	5,705	230
Total gross carrying amount	賬面值總額	493,730	1,748	24,047	105	14,334	449	532,111	2,302
Impairment allowances	減值準備	(900)	(4)	(691)	(7)	(3,536)	(163)	(5,127)	(174)
Carrying amount	賬面值	492,830	1,744	23,356	98	10,798	286	526,984	2,128
Market value of collateral held against impaired loans and advances to customers	減值客戶貸款及墊款抵押品市值					7,041			

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

抵押品包括任何具公平價值及可隨時出售的有形抵押品。這些抵押品包括（但不限於）現金及存款、股票及債券、物業按揭及其他固定資產如器材及設備之押記。倘抵押品價值高於客戶貸款及墊款總額，則只計入最高達貸款及墊款總額的抵押品金額。

Credit quality of financial assets other than loans and advances

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

除貸款及墊款外的金融資產的信貸質素

下表載列除貸款及墊款外並按攤銷成本及按通過其他全面收益以反映公平價值計量的債務工具的信貸分析。除特別指明者外，就金融資產而言，表格內的金額為賬面值總額／公平價值。就貸款承擔及財務擔保合約而言，表格內的金額分別為所承擔或擔保的金額。

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析（續）

除貸款及墊款外的金融資產的信貸質素（續）

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at amortised cost	按攤銷成本計量的貿易票據								
– Grades 1-15: Pass	– 1-15級：合格	803	–	–	–	–	–	803	–
Total gross carrying amount	賬面值總額	803	–	–	–	–	–	803	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–
Carrying amount	賬面值	803	–	–	–	–	–	803	–

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at amortised cost	按攤銷成本計量的貿易票據								
– Grades 1-15: Pass	– 1-15級：合格	250	–	1	–	–	–	251	–
Total gross carrying amount	賬面值總額	250	–	1	–	–	–	251	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–
Carrying amount	賬面值	250	–	1	–	–	–	251	–

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at FVOCI	按通過其他全面收益以反映公平價值計量的貿易票據								
– Grades 1-15: Pass	– 1-15級：合格	627	–	26	–	–	–	653	–
Total carrying amount at fair value	賬面值總額 – 按公平價值	627	–	26	–	–	–	653	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Trade bills measured at FVOCI	按通過其他全面收益以反映公平價值計量的貿易票據								
– Grades 1-15: Pass	– 1-15級：合格	122	–	–	–	–	–	122	–
Total carrying amount at fair value	賬面值總額 – 按公平價值	122	–	–	–	–	–	122	–
Impairment allowances	減值準備	–	–	–	–	–	–	–	–

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析（續）

除貸款及墊款外的金融資產的信貸質素（續）

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款								
– Grades 1-15: Pass	– 1-15級：合格	37,706	40	–	–	–	–	37,706	40
Total gross carrying amount	賬面值總額	37,706	40	–	–	–	–	37,706	40
Impairment allowances	減值準備	(1)	–	–	–	–	–	(1)	–
Carrying amount	賬面值	37,705	40	–	–	–	–	37,705	40

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Placements with and advances to banks	在銀行的存款及墊款								
– Grades 1-15: Pass	– 1-15級：合格	43,693	164	–	–	–	–	43,693	164
Total gross carrying amount	賬面值總額	43,693	164	–	–	–	–	43,693	164
Impairment allowances	減值準備	(2)	–	–	–	–	–	(2)	–
Carrying amount	賬面值	43,691	164	–	–	–	–	43,691	164

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loan commitments	**貸款承擔**				
– Grades 1-15: Pass	– 1-15級：合格	305,090	6,310	–	311,400
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	177	–	177
Total	總額	305,090	6,487	–	311,577
Impairment allowances	減值準備	(101)	(11)	–	(112)
Financial guarantee contracts	**財務擔保合約**				
– Grades 1-15: Pass	– 1-15級：合格	13,602	355	–	13,957
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	195	–	195
– Grade 18: Substandard	– 18級：次級	–	–	154	154
Total	總額	13,602	550	154	14,306
Impairment allowances	減值準備	(15)	(6)	–	(21)

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loan commitments	**貸款承擔**				
– Grades 1-15: Pass	– 1-15級：合格	355,118	4,843	–	359,961
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	522	–	522
Total	總額	355,118	5,365	–	360,483
Impairment allowances	減值準備	(90)	(11)	–	(101)
Financial guarantee contracts	**財務擔保合約**				
– Grades 1-15: Pass	– 1-15級：合格	13,110	8	–	13,118
– Grades 16-17: Special Mention	– 16-17級：需要關注	–	136	–	136
– Grade 18: Substandard	– 18級：次級	–	–	630	630
Total	總額	13,110	144	630	13,884
Impairment allowances	減值準備	(22)	(11)	(281)	(314)

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

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

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析（續）

除貸款及墊款外的金融資產的信貸質素（續）

資金交易的信貸風險管理方法，與本集團管理其企業及銀行借貸的方法一致及風險級別是適用於設有個別對手限額的對手。

於報告期結束日，按照外部信貸評級機構，穆迪投資服務，或相同等級的評級機構，所指定之債務證券投資的信貸質素分析如下：

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at amortised cost	按攤銷成本計量的債務投資證券								
Aaa	Aaa	–	–	–	–	–	–	–	–
Aa1 to Aa3	Aa1至Aa3	25,480	221	–	–	–	–	25,480	221
A1 to A3	A1至A3	793	16	–	–	–	–	793	16
Baa1 to Baa3	Baa1至Baa3	929	4	–	–	–	–	929	4
Below Baa3	Baa3以下	473	3	60	1	185	5	718	9
Unrated	無評級	1,956	17	–	–	894	41	2,850	58
Total gross carrying amount	賬面值總額	29,631	261	60	1	1,079	46	30,770	308
Impairment allowances	減值準備	(12)	–	–	–	(915)	(46)	(927)	(46)
Carrying amount	賬面值	29,619	261	60	1	164	–	29,843	262

Notes to the Financial Statements (continued)
財務報表附註（續）

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at amortised cost	**按攤銷成本計量的債務投資證券**								
Aaa	Aaa	–	–	–	–	–	–	–	–
Aa1 to Aa3	Aa1至Aa3	3,252	2	–	–	–	–	3,252	2
A1 to A3	A1至A3	2,244	49	–	–	–	–	2,244	49
Baa1 to Baa3	Baa1至Baa3	1,886	8	–	–	–	–	1,886	8
Below Baa3	Baa3以下	650	6	172	1	682	29	1,504	36
Unrated	無評級	2,395	27	207	6	374	16	2,976	49
Total gross carrying amount	賬面值總額	10,427	92	379	7	1,056	45	11,862	144
Impairment allowances	減值準備	(19)	–	(8)	–	(645)	(45)	(672)	(45)
Carrying amount	賬面值	10,408	92	371	7	411	–	11,190	99

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析（續）

除貸款及墊款外的金融資產的信貸質素（續）

		2024							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的債務投資證券								
Aaa	Aaa	6,847	1	–	–	–	–	6,847	1
Aa1 to Aa3	Aa1至Aa3	34,319	151	–	–	–	–	34,319	151
A1 to A3	A1至A3	71,257	863	–	–	–	–	71,257	863
Baa1 to Baa3	Baa1至Baa3	42,303	489	–	–	–	–	42,303	489
Below Baa3	Baa3以下	224	1	–	–	15	5	239	6
Unrated	無評級	2,673	40	310	8	–	–	2,983	48
Total carrying amount at fair value	賬面值總額－按公平價值	157,623	1,545	310	8	15	5	157,948	1,558
where impairment allowances included	包括減值準備	(72)	(1)	(5)	–	(148)	(5)	(225)	(6)

		2023							
		12-month ECL 12個月內之預期信貸損失		Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失		Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失		Total 總額	
		Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元	Principal 本金 HK$ Mn 港幣百萬元	Accrued interest 應計利息 HK$ Mn 港幣百萬元
Debt investment securities measured at FVOCI	**按通過其他全面收益以反映公平價值計量的債務投資證券**								
Aaa	Aaa	9,057	3	–	–	–	–	9,057	3
Aa1 to Aa3	Aa1至Aa3	30,720	131	–	–	–	–	30,720	131
A1 to A3	A1至A3	66,383	848	–	–	–	–	66,383	848
Baa1 to Baa3	Baa1至Baa3	42,922	473	–	–	–	–	42,922	473
Below Baa3	Baa3以下	76	–	315	3	14	4	405	7
Unrated	無評級	2,243	43	531	9	–	–	2,774	52
Total carrying amount at fair value	賬面值總額 – 按公平價值	151,401	1,498	846	12	14	4	152,261	1,514
where impairment allowances included	包括減值準備	(98)	(1)	(14)	–	(48)	(4)	(160)	(5)

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(vii) Credit quality analysis (continued)

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

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

(a) 信貸風險管理（續）

(vii) 信貸質素分析（續）

除貸款及墊款外的金融資產的信貸質素（續）

下表載列按通過損益以反映公平價值計量的非交易用途債務投資證券的信貸分析。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Non-trading debt investment securities measured at FVTPL	**按通過損益以反映公平價值計量的非交易用途債務投資證券**		
Aaa	Aaa	–	–
Aa1 to Aa3	Aa1至Aa3	–	–
A1 to A3	A1至A3	**544**	–
Baa1 to Baa3	Baa1至Baa3	**662**	2,076
Below Baa3	Baa3以下	–	–
Unrated	無評級	**13**	–
Total carrying amount at fair value	賬面值總額－按公平價值	**1,219**	2,076

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

下表載列作交易用途債務投資證券的信貸分析。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Trading debt investment securities measured at FVTPL	**按通過損益以反映公平價值計量的交易用途債務投資證券**		
Aaa	Aaa	–	–
Aa1 to Aa3	Aa1至Aa3	–	–
A1 to A3	A1至A3	–	2,764
Baa1 to Baa3	Baa1至Baa3	–	–
Below Baa3	Baa3以下	–	–
Unrated	無評級	–	–
Total carrying amount at fair value	賬面值總額－按公平價值	–	2,764

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

下表載列由衍生工具資產交易所產生之對手信貸質素分析如下。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Derivative assets	**衍生工具資產**		
Aa1 to Aa3	Aa1至Aa3	**367**	6,438
A1 to A3	A1至A3	**2,578**	989
Baa1 to Baa3	Baa1至Baa3	**2,191**	698
Below Baa3	Baa3以下	**–**	–
Unrated	無評級	**1,091**	931
Total carrying amount at fair value	賬面值總額－按公平價值	**6,227**	9,056

Cash and balances with banks

At 31 December 2024, the Group held cash and balances with banks of HK$41,304 million (2023: HK$45,904 million), of which 95 % (2023: 96%) of cash and balances with banks counterparties that are rated at investment grade, based on Moody's Investors Service, or equivalent ratings.

現金及在銀行的結存

於2024年12月31日，本集團持有現金及在銀行的結存為港幣413.04億元（2023年：港幣459.04億元）。基於穆迪投資服務或相當的評級，其中95%（2023年：96%）的現金及在銀行交易對手的結存評級為投資評級。

(viii) Details of key areas in measurement of ECLs

The Group adopts a forward-looking "expected credit loss" model for measuring and recognising impairment loss to meet the requirement of HKFRS 9.

The impairment requirements of HKFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an asset has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

The key inputs into the measurement of ECL are Probability of default (PD); Loss given default (LGD); and Exposure at default (EAD).

(viii) 「預期信貸損失」估算中主要之處的詳述

本集團採納一套具前瞻性的「預期信貸損失」模型以估算和確認《香港財務報告準則》第9號要求的減值。

《香港財務報告準則》第9號的減值規定具複雜性並需要管理層作出判斷、估算及假設，特別是在以下將會詳述之處：

- 評估金融資產的信貸風險會否較初始承擔時明顯增加；及
- 整合前瞻性資料以作估算預期信貸損失。

「預期信貸損失」估算的關鍵輸入是違責或然率(PD)、違責損失率(LGD)及違責風險承擔(EAD)。

43. Principal Risk Management (continued) 主要風險管理 (續)

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

The Group has established a framework to determine whether the credit risk on a particular financial asset has increased significantly since initial recognition (see Note 2(h)(vii)). The framework aligns with the Group's internal credit risk management process.

Credit risk grades

For majority of the Group's portfolios, the Group assigns each exposure to a credit risk grade that is determined according to the predicted level of the risk of default. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

The table below provides the 12-month Probability of default ("PD") range for each credit risk grade of retail and non-retail portfolios. The table also provides an indicative mapping of how the Group's internal credit risk grades relate to PD and, for the non-retail portfolio, to external credit ratings of Standard & Poor's.

(a) 信貸風險管理 (續)

(viii) 「預期信貸損失」估算中主要之處的詳述 (續)

本集團已建立機制以確定某一金融資產的信貸風險是否較初始承擔時明顯增加 (詳見附註2(h)(vii))。此機制與本集團的內部信貸風險管理程序吻合。

信用風險等級

對於本集團大多數信貸組合，本集團為每一個信貸風險承擔根據違約風險的預測而配定一個信貸風險評級。信用風險等級使用表明違約風險的定性和定量因素來定義。這些因素取決於風險承擔的性質和借款人的類型。

下表提供了零售和非零售投資組合的每個信用風險等級的12個月違責或然率範圍。該表還提供了本集團非零售信貸組合的內部信用風險等級與標準普爾的外部信用評級的指示性參考。

Internal Credit risk grade 內部信用風險等級	Remarks on default risk 違約風險的備註	12-month PD range 12個月PD範圍	External Rating Benchmark 外部評級基準
1-3	Minimal to Low risk 極小至低的風險	0.0000% to below至0.0857%以下	AAA to 至A-
4-8	Moderate risk 適度風險	0.0857% to below至0.4290%以下	BBB+ to 至BBB-
9-11	Substantial risk 略高風險	0.4290% to below至1.6500%以下	BB+ to 至BB-
12-15	High risk 高風險	1.6500% to below至8.3531%以下	B+ to 至B
16-17	Very High risk 很高風險	8.3531% to below至100%以下	B- to 至C
18-20	Default 違約	100%	D

For the remaining portfolios without credit risk grade assignment, references of peer bank PD estimates of similar portfolios and the long-run average default rate of the portfolios are used.

對於餘下沒有信用風險等級分配的信貸組合，我們使用類似信貸組合的同行銀行違責或然率估計的參考或信貸組合的長期平均違責或然率。

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group also collects historical performance and default information about portfolios of credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios with no internal data available, information from external data sources is used. In particular,

違責或然率的期限結構

信用風險等級是確定違責或然率的期限結構的主要輸入。本集團亦會按司法管轄區或地區收集有關分析的信貸風險承擔，以及產品及借款人類別以及信貸風險評級的歷史表現及違約信息。對於一些沒有內部數據的投資組合，自外部數據源的信息會被使用。特別是，

Portfolio 組合	External data sources 外部數據源
Debt exposures 債務風險承擔	Moody's Investors Service: Annual default study report 穆迪投資服務：年度違約研究報告 Wind Information Co., Ltd: Debt default report 萬得信息技術股份有限公司：違約債券報告
Bank exposures 銀行風險承擔	
Sovereign exposures 官方實體風險承擔	

The Group deploys statistical models to analyse the data collected and generate estimates of PD of exposures expected to change as a result of the passage of time. The estimation of PD term structure makes use of the annual credit risk grade transition for the portfolios with credit risk grade assignment. For the portfolios without credit risk grade assignment and no credit risk grade transition information available, the PD term structure estimation is referenced to forecasts of economic index relevant to the portfolio.

本集團採用統計模型分析所收集的數據，並產生預計會因時間推移而發生變化的違責或然率的估計值。具有信用風險等級分配的組合，本集團利用信用風險等級的年度轉換以估計對的違責或然率期限結構。對於沒有信用風險等級分配的組合和沒有可用的信用風險等級轉換信息，違責或然率期限結構估計參考了與組合相關的經濟指數預測。

LGD means the loss likely to be incurred by the Group upon the default of the obligor in respect of the exposure, expressed as a ratio, relative to the EAD of the exposure. For the retail and corporate portfolio with sufficient historical loss and recovery data, the collateral recovery rates and the LGD estimates can be derived with a holistic consideration of both internal default and loss data as well as Moody's recovery data. For portfolios with insufficient historical loss and recovery data, either reference to peer bank LGD estimates of the similar portfolios or external data source are used for deriving the LGD estimates.

違責損失率指在債務違責時，本集團相當可能招致的損失，該損失以相對於該承擔的違責風險承擔的比例顯示。對於具有足夠歷史損失和回收數據的零售和企業投資組合，本集團會綜合考慮內部違約及損失數據和穆迪的回收數據以推導出抵押品回收率和違責損失率估計值。對於歷史損失和回收數據不足的組合，本集團會使用銀行同業類似組合的違責損失率估計值或外部數據源來推導違責損失率估計值。

For portfolio with individual assessment of credit risk mitigation measures, collateral values are projected for different economic scenarios so as to reflect the LGD estimates under different economic scenarios. For other portfolios, different scenario portfolio LGDs are derived by benchmarking to corresponding LGDs within a long period of historical LGDs.

對於進行個別信用風險緩解措施評估的組合，抵押品價值會根據不同的經濟情景進行預測，以反映不同經濟情景下的違約損失率估計。對於其他組合，不同情景組合違責損失率通過在長期歷史期間對相應的違責損失率進行基準測試而得出。

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments or undrawn limit of retail revolving products, the EAD is the potential future amounts that may be drawn under the contract. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. The EAD estimates are adopted using the parameters suggested by BASEL or statistical model based on historical data.

違責風險承擔表示發生違約時的預期風險。金融資產的違責風險承擔是其違約時的賬面值總額。對於貸款承諾或零售周轉產品的未提取限額，違責風險承擔是根據合同可能會提取到的未來潛在金額。對於財務擔保，違責風險承擔表示財務擔保到期時的擔保風險金額。違責風險承擔估計值是採用BASEL建議的參數或基於歷史數據的統計模型。

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Significant increase in credit risk

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade when the risk of asset changes. The Group primarily identifies whether a significant increase in credit risk under HKFRS 9 has occurred for an exposure by comparing:

- the credit risk grade at the reporting date; with
- the credit risk grade at the initial recognition of the exposure.

The Group deems the credit risk of a particular exposure to have increased significantly since initial recognition if the current credit risk grade deteriorates by a pre-determined number of notches. The criteria for determining the number of notches may vary by portfolio and include a backstop based on delinquency.

As a backstop, and as required by HKFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Also, being Special-mention under HKMA classification is also an indicator of significant increase in credit risk.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular review to confirm that:

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

(a) 信貸風險管理（續）

(viii)「預期信貸損失」估算中主要之處的詳述（續）

顯著增加的信貸風險

信貸風險承擔需受到持續監控，當其風險程度有所改變時，可能會被調配至不同的信貸風險等級。本集團主要透過比較該資產以下方面，識別個別資產的信貸風險是否在《香港財務報告準則》第9號下有顯著增加：

- 於結算日的信貸風險評級；和
- 於初始承擔時的信貸風險評級。

如某資產當前的信貸風險評級，較初始承擔以來已轉差至超過預定的級數，本集團會視該資產的信貸風險已有顯著增加。不同的資產組合會以不同的級別數量作為衡量標準，並以逾期情況作為預設的基本標準。

按照《香港財務報告準則》第9號的要求，作為基本標準，本集團預設在某個資產已逾期超過30天時，其信貸風險已發生顯著增加。此外，根據金管局貸款分類制度，列為需要關注的貸款也是信貸風險顯著增加的指標之一。

本集團監控識別信貸風險增加的衡量標準的有效性，透過定期檢討以確保：

- 衡量標準能在風險承擔違約前識別信貸風險的顯著增加；
- 風險承擔一般不會從12個月內之預期信貸損失直接轉為不良信貸；及
- 不會導致減值撥備因為風險承擔在計算12個月內之預期信貸損失和合約期內之預期信貸損失中的轉變時出現不必要的波動。

Incorporating forward-looking information into the measurement of ECLs

The Group has identified key drivers of systematic credit risk for each portfolio of financial assets based on an analysis of historical data in which relationship between macro-economic indicators and the systematic credit risk is exhibited.

The Group formulates economic forward looking scenarios for the view of the future direction of major economic indicators such as GDP, unemployment rate, property price index, interest rate and other economic indicators specific to particular portfolio.

For each portfolio, the key drivers under forward looking scenarios are applied for estimating the systematic credit risk component of an obligor's Probability of Default ("PD") used in calculating ECLs. In addition to PD, relevant macro-economic indicators are used for projection of the collateral value for recovery rate estimates used in ECL calculation.

The Group adopts the use of three economic scenarios. In each region/country where the Group operates, the Group formulates probability for each scenario and forecast the major macro-economic indicators to reflect the Group's forward-looking view on the future business outcomes in that particular region/country under each scenario.

The forecasts of baseline scenario are based on advice from the in-house economists and considerations of a variety of actual and forecast information, such as economic data and forecasts published by governmental bodies and monetary authorities in the regions/countries where the Group operates. The Group also takes reference from the forecasts by international agencies and private sector analysts, latest domestic and international economic, political and policy developments so as to come up with an objective assessment. Econometric methods are also one of the tools employed to project certain variables.

The baseline scenario represents the most-likely outcome that the Group expects.

The other scenarios are an optimistic scenario and a pessimistic scenario, to capture the less likely, yet possible, upside and downside divergence from the baseline forecast. These scenarios represent the Group's view that the future outcome is outside of the baseline scenario, based on economic outlook, potential domestic and international economic, political and policy risks affecting the regions/countries the Group has business presence, and the strength of a region/country's fundamentals to weather through crises. Forecasts for these two scenarios are mainly derived from the historical volatility of the data series.

The baseline, optimistic and pessimistic scenarios are updated quarterly to timely reflect a change in the current economic sentiment locally and internationally.

整合前瞻性資料以作估算預期信貸損失

本集團根據歷史數據對宏觀經濟指標與系統信用風險之間關係進行分析，確定了各金融資產組合的系統信用風險的關鍵驅動因素。

本集團制定經濟前瞻情景，以了解主要經濟指標的未來方向，例如國內生產總值、失業率、房地產價格指數、利率及特定投資組合的其他經濟指標。

對於每個投資組合，前瞻性情景下的關鍵驅動因素將用於估算債務人的違約概率的系統信用風險部分以用於計算預期信貸損失。除違約概率外，相關的宏觀經濟指標將用於預測抵押品價值以估算回收率並使用作計算預期信貸損失。

本集團會採納使用三個經濟情景。在本集團經營的每個地區／國家，本集團將為每個情景制定情景的可能性並預測主要的宏觀經濟指標，以反映本集團在每種情景下，該地區／國家未來業務成果的前瞻性觀點。

基準情景的預測是根據本集團經濟師的建議和對各種外部實際和預測信息的考慮，例如本集團經營所在地區／國家的政府機構和金融管理局公佈的經濟數據和預測。同時，本集團參考國際機構及私營機構分析師的預測，考慮國內外經濟、政治及政策發展情況，以及運用計量經濟學模型等作出估算。

基準情景是代表本集團預期中的最具可能性的結果。

其他情景分別是樂觀和悲觀情景。在這些情景中，我們對可能發生的上行和下行狀況作出預測。這些情景代表了集團對未來結果超出基準情景預期時的觀點，即基於經濟前景、潛在的國內外經濟、政治及政策風險，及其對本集團有業務之地區／國家的影響，並且這些地區／國家的基本面、應付危機能力的預期。這兩種情景的預測主要是基於數據列的歷史波動。

基準、樂觀及悲觀情景會每季度更新，以及時反映當地及國際經濟情緒的變化。

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Incorporating forward-looking information into the measurement of ECLs (continued)

Baseline Scenario – Hong Kong

Hong Kong's real GDP growth achieved around 2.6% for the first three quarters of 2024. Hong Kong's economy remained largely supported by net exports of goods, but its contribution to GDP growth decreased due to fading favourable base effects and slowing external demand. Private investment stabilised with a rebound in inventories, whereas private consumption expenditures contracted. Services imports continued to outpace services exports, reflecting the imbalances between residents' outbound travel and inbound tourism. Multiple supportive factors are emerging to drive Hong Kong's economic growth. First, the Mainland authorities have implemented a series of forceful stimulus measures to strengthen growth momentum, with its positive spillover effects providing stronger tailwinds for the Hong Kong economy. Second, a global easing cycle has started, with banks in Hong Kong joining in to cut rates. This mitigates a major drag faced by the Hong Kong economy. Third, the SAR Government's initiatives including talent and enterprise attraction policies, the enhancement of various Connect Schemes and tourism-related policies are set to increase Hong Kong's competitiveness, fostering sustainable growth drivers ahead.

Looking ahead, Hong Kong's international financial centre position remains resilient. The 14th Five-Year Plan has firmly supported Hong Kong to solidify and enhance its role as an international financial centre. The 2024 Policy Address proposed further measures to enhance the competitiveness of Hong Kong's financial centre. Hong Kong actively solidifies its strengths by fostering the development of an offshore RMB business hub, and a green finance and fintech ecosystem. Moreover, the development of the Guangdong-Hong Kong-Macau Bay Area (GBA) and Northern Metropolis is set to unleash economic potential for Hong Kong. With in-depth integration and policy coordination with the GBA cities, Hong Kong can leverage its advantages in financial and professional services, research and technology and world-class logistic facilities to serve the rising needs of high-end services and increasingly affluent residents in the GBA. The implementation of numerous talent schemes can also boost Hong Kong's competitiveness on the human capital front. There will also be tremendous investments in cross-boundary infrastructure development in Hong Kong, which will generate jobs, create land resources and expand Hong Kong's developmental capacity in the future.

(a) 信貸風險管理（續）

(viii)「預期信貸損失」估算中主要之處的詳述（續）

整合前瞻性資料以作估算預期信貸損失（續）

基準情景 – 香港

2024年首3季香港經濟實質按年增長2.6%，主要受惠貨物淨出口所支撐，但由於低基數效應消退和外部需求放緩，其對經濟增長的貢獻正逐步下降。私人投資企穩，庫存回升，私人消費開支則下滑。服務輸入增速繼續快於服務輸出，顯示市民外遊復甦步伐遠較訪港旅遊為快。多項因素持續推動香港經濟增長。首先，內地推出了一系列有力的「穩增長」刺激措施，為香港經濟提供更強的增長動力。第二，環球貨幣環境漸趨寬鬆，香港銀行也加入減息，減輕對香港經濟的壓力。第三，特區政府積極推出刺激措施，包括各項吸引人才和企業政策、加強金融市場互聯互通以及旅遊業相關政策，有望提高香港經濟的競爭力，並培育可持續的經濟增長動力。

展望未來，香港國際金融中心的地位將保持穩固。「十四五」規劃堅定支持香港鞏固並提升國際金融中心的地位。2024年施政報告提出多項措施提升香港作為金融中心的競爭力，包括促進離岸人民幣業務、綠色金融及金融科技生態圈的發展，鞏固自身優勢。此外，粵港澳大灣區和北部都會區發展有望釋放香港經濟增長潛力。通過與大灣區城市深度融合及政策合作，香港能充分發揮其在金融和專業服務、科研以及世界一流物流設施方面的優勢，滿足大灣區內日益增長的高端服務和理財需求。多項人才計劃落實，將提升香港的人力資本及其競爭力。香港亦會在跨境基建發展上投入龐大資金，將創造更多就業機會、土地資源，並擴大香港經濟未來的發展空間。

Baseline Scenario – Chinese Mainland

The Chinese Mainland economy has maintained stable performance, driven by solid external demand and enhanced policy efforts. Real gross domestic product grew by 4.8% year-on-year in the first three quarters of 2024. External demand drove the expansion of net exports, which became the primary growth driver in Q3, followed by final consumption and capital formation. Meanwhile, export demand supported steady industrial production, particularly for high-tech products. Additionally, enhanced trade-in policies for consumer goods boosted consumer spending. Fixed asset investment posted modest growth, led by strong manufacturing investment amid policy incentives for equipment renewals.

Looking ahead, the dual-circulation strategy and innovation and technology development will be the keys to promoting high-quality development in the Chinese Mainland. A modernised and efficient domestic market, coupled with high-level opening-up, will help promote household income growth and consumption upgrades. Industrial policies will continue to focus on developing new quality productive forces and accelerating the development of advanced manufacturing & technology, as well as green industries. Strategic emerging sectors such as new-generation information technology, biotech, high-end equipment manufacturing, new materials, etc. are expected to become more competitive and serve as new growth drivers ahead.

基準情景－中國內地

受惠於外需強韌及政策力度加大，中國內地經濟保持平穩增長。2024年首3季經濟按年增長4.8%。外需帶動淨出口擴張，成為第3季經濟增長的主要動力，其後為最終消費支出和資本形成總額。同時，工業生產在出口需求的帶動下穩定增長，其中高技術製造業表現突出。此外，消費品以舊換新政策力度增強，提振了消費開支。在設備更新政策的推動下，製造業投資增長強勁，支持固定資產投資溫和增長。

展望未來，雙循環策略和創新科技發展是中國內地高質量發展的重心。現代化產業體系建設及高水平對外開放，將有利促進居民收入和消費升級。產業政策將持續聚焦培育新質生產力，加快發展先進製造和綠色產業。戰略性新興產業（如新一代信息技術、生物技術、高端裝備製造、新材料等）的競爭力料將增強，並成為未來經濟增長的新動力。

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued)

(viii) Details of key areas in measurement of ECLs (continued)

Incorporating forward-looking information into the measurement of ECLs (continued)

Forecast of Key Macroeconomic Indicators (3 years average (2025 – 2027))

(a) 信貸風險管理（續）

(viii)「預期信貸損失」估算中主要之處的詳述（續）

整合前瞻性資料以作估算預期信貸損失（續）

主要宏觀經濟指標預測（3年平均（2025 – 2027））

Scenario 情景	Macroeconomic Indicator 宏觀經濟指標	Hong Kong 香港	Chinese Mainland 中國內地
Optimistic 樂觀情景	Real GDP (YoY growth) 實質本地生產總值（按年增長）	6.3%	6.8%
	Property Price Index (Compounded annual growth rate) 房地產價格指數（複合年均增長率）	7.8%	2.9%
	Unemployment Rate 失業率	2.5%	4.8%
	3-month Interest Rate 3個月期利率	5.3%	3.2%
Baseline 基準情景	Real GDP (YoY growth) 實質本地生產總值（按年增長）	2.6%	4.9%
	Property Price Index (Compounded annual growth rate) 房地產價格指數（複合年均增長率）	4.9%	2.3%
	Unemployment Rate 失業率	3.0%	5.0%
	3-month Interest Rate 3個月期利率	3.0%	2.1%
Pessimistic 悲觀情景	Real GDP (YoY growth) 實質本地生產總值（按年增長）	-1.1%	2.9%
	Property Price Index (Compounded annual growth rate) 房地產價格指數（複合年均增長率）	1.9%	1.6%
	Unemployment Rate 失業率	3.9%	5.2%
	3-month Interest Rate 3個月期利率	0.7%	1.5%

(ix) Impairment allowances reconciliation

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

Explanations of 12-month ECL, lifetime ECL and credit-impaired are included in Note 2.

(ix) 減值準備對賬

下表列示按金融工具的類別劃分的減值準備的期初結餘與期末結餘的對賬。編製對賬的方法是比較減值準備於1月1日至12月31日期間交易層面的狀況。預期信貸損失不同階段之間的轉撥被視為於年初發生，故金額轉撥淨額為零。因預期信貸損失階段轉變而引致的重新計量預期信貸損失會記於其所轉撥的預期信貸損失階段項下。

關於12個月內之預期信貸損失、合約期內之預期信貸損失及信貸不良的解釋見附註2。

		2024			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loans and advances to customers	**客戶貸款及墊款**				
Balance at 1 January	於1月1日的結餘	904	698	3,699	5,301
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	46	(46)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(7)	90	(83)	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(3)	(426)	429	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	源生或購入之新金融資產、撤銷確認資產、還款及進一步貸款	93	(14)	371	450
Write-offs	撇銷	–	–	(5,168)	(5,168)
Changes in models	模型變動	(221)	(157)	(7)	(385)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	80	116	5,057	5,253
Balance at 31 December	於12月31日的結餘	892	261	4,298	5,451
Of which:	其中：				
For loans and advances to customers at amortised cost *(Note 27(a))*	就按攤銷成本的客戶貸款及墊款*（附註27(a)）*	889	259	3,954	5,102
For related accrued interest receivable *(Note 33)*	就相關應收應計利息*（附註33）*	3	2	344	349
		892	261	4,298	5,451

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued) (a) 信貸風險管理（續）

(ix) Impairment allowances reconciliation (continued) (ix) 減值準備對賬（續）

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Loans and advances to customers	**客戶貸款及墊款**				
Balance at 1 January	於1月1日的結餘	1,089	1,026	4,641	6,756
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	117	(117)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(24)	24	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	(37)	(493)	530	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	源生或購入之新金融資產、撤銷確認資產、還款及進一步貸款	106	232	344	682
Write-offs	撇銷	–	–	(6,819)	(6,819)
Changes in models	模型變動	(175)	(34)	–	(209)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	(172)	60	5,003	4,891
Balance at 31 December	於12月31日的結餘	904	698	3,699	5,301
Of which:	其中：				
For loans and advances to customers at amortised cost *(Note 27(a))*	就按攤銷成本的客戶貸款及墊款 *(附註27(a))*	900	691	3,536	5,127
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	4	7	163	174
		904	698	3,699	5,301

The total contractual amounts of loans and advances to customers written off during the year ended 31 December 2024 and 2023 which are still subject to enforcement activity are HK$3,653 million and HK$5,513 million respectively.

在截至2024年及2023年12月31日止年度內已撇銷的客戶貸款及墊款的合約餘額中仍在進行追討的貸款分別為港幣36.53億元及港幣55.13億元。

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Debt investment securities	**債務投資證券**				
Balance at 1 January	於1月1日的結餘	118	22	742	882
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	3	(3)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(2)	2	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	–	–	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	源生或購入之新金融資產、撤銷確認資產、還款及進一步投資	2	(18)	–	(16)
Write-offs	撇銷	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	(36)	2	372	338
Balance at 31 December	於12月31日的結餘	85	5	1,114	1,204
Of which:	其中：				
For debt investment securities measured at amortised cost *(Note 28)*	就按攤銷成本計量的債務投資證券 *(附註28)*	12	–	915	927
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	–	–	46	46
		12	–	961	973
For debt investment securities measured at FVOCI	就按通過其他全面收益以反映公平價值計量的債務投資證券	72	5	148	225
For related accrued interest receivable	就相關應收應計利息	1	–	5	6
		73	5	153	231

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued) (a) 信貸風險管理（續）

(ix) Impairment allowances reconciliation (continued) (ix) 減值準備對賬（續）

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Debt investment securities	**債務投資證券**				
Balance at 1 January	於1月1日的結餘	283	141	248	672
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	12	(12)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(7)	7	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	(99)	99	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	源生或購入之新金融資產、撤銷確認資產、還款及進一步投資	(16)	(10)	–	(26)
Write-offs	撇銷	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	(154)	(5)	395	236
Balance at 31 December	於12月31日的結餘	118	22	742	882
Of which:	其中：				
For debt investment securities measured at amortised cost *(Note 28)*	就按攤銷成本計量的債務投資證券 *(附註28)*	19	8	645	672
For related accrued interest receivable *(Note 33)*	就相關應收應計利息 *(附註33)*	–	–	45	45
		19	8	690	717
For debt investment securities measured at FVOCI	就按通過其他全面收益以反映公平價值計量的債務投資證券	98	14	48	160
For related accrued interest receivable	就相關應收應計利息	1	–	4	5
		99	14	52	165

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

按通過其他全面收益以反映公平價值計量的債務證券的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值計量的債務投資證券的賬面值是其公平價值。

Notes to the Financial Statements (continued)
財務報表附註（續）

		2024			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Others	**其他**				
Balance at 1 January	於1月1日的結餘	122	22	347	491
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	5	(5)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(3)	3	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	–	–	–
New financial assets originated or purchased, assets derecognised and repayments	源生或購入之新金融資產、撤銷確認資產及還款	13	(6)	(2)	5
Write-offs	撇銷	–	–	(282)	(282)
Changes in models	模型變動	(15)	(6)	–	(21)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	13	14	(2)	25
Balance at 31 December	於12月31日的結餘	135	22	61	218
Of which:	其中：				
For trade bills measured at FVOCI	就按通過其他全面收益以反映公平價值計量的貿易票據	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For trade bills measured at amortised cost *(Note 25)*	就按攤銷成本計量的貿易票據 *(附註25)*	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For placements with and advances to banks *(Note 24)*	就在銀行的存款及墊款 *(附註24)*	1	–	–	1
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		1	–	–	1
For cash and balances with banks *(Note 23)*	就現金及在銀行的結存 *(附註23)*	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For loan commitments and financial guarantee contracts *(Note 37)*	就貸款承擔和財務擔保合約 *(附註37)*	116	17	–	133
For account receivables and other accounts other than accrued interest receivable *(Note 33)*	就應收賬款及其他賬項（應收應計利息除外） *(附註33)*	18	5	61	84

43. Principal Risk Management (continued) 主要風險管理（續）

(a) Credit Risk Management (continued) (a) 信貸風險管理（續）

(ix) Impairment allowances reconciliation (continued) (ix) 減值準備對賬（續）

		2023			
		12-month ECL 12個月內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL not credit-impaired 非信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Lifetime ECL credit-impaired 信貸不良的合約期內之預期信貸損失 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Others	**其他**				
Balance at 1 January	於1月1日的結餘	133	23	238	394
Transfer to 12-month ECL	轉至12個月內之預期信貸損失	12	(12)	–	–
Transfer to lifetime ECL not credit-impaired	轉至非信貸不良的合約期內之預期信貸損失	(1)	1	–	–
Transfer to lifetime ECL credit-impaired	轉至信貸不良的合約期內之預期信貸損失	–	–	–	–
New financial assets originated or purchased, assets derecognised and repayments	源生或購入之新金融資產、撤銷確認資產及還款	(18)	2	(11)	(27)
Write-offs	撇銷	–	–	(2)	(2)
Net remeasurement of impairment allowances (including exchange adjustments)	減值準備的重新計量淨額（包括外匯調整）	(4)	8	122	126
Balance at 31 December	於12月31日的結餘	122	22	347	491
Of which:	其中：				
For trade bills measured at FVOCI	就按通過其他全面收益以反映公平價值計量的貿易票據	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For trade bills measured at amortised cost *(Note 25)*	就按攤銷成本計量的貿易票據 *(附註25)*	–	–	–	–
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		–	–	–	–
For placements with and advances to banks *(Note 24)*	就在銀行的存款及墊款 *(附註24)*	2	–	–	2
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		2	–	–	2
For cash and balances with banks *(Note 23)*	就現金及在銀行的結存 *(附註23)*	1	–	–	1
For related accrued interest receivable	就相關應收應計利息	–	–	–	–
		1	–	–	1
For loan commitments and financial guarantee contracts *(Note 37)*	就貸款承擔和財務擔保合約 *(附註37)*	112	22	281	415
For account receivables and other accounts other than accrued interest receivable *(Note 33)*	就應收賬款及其他賬項（應收應計利息除外） *(附註33)*	7	–	66	73

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

按通過其他全面收益以反映公平價值計量的貿易票據的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值計量的貿易票據的賬面值是其公平價值。

(x) Collateral and other credit enhancements

The Group has established guidelines on the acceptability of various classes of collateral and determined the corresponding valuation parameters. The guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management.

The extent of collateral coverage over the Group's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, aircraft, other registered securities over assets, cash deposits, standby letters of credit and guarantees. Collateral generally is not held over balances and placements with banks, and loans and advances to banks, except when securities are held as part of sale and repurchase and securities borrowing activity. The Group takes possession of collateral through court proceedings or voluntary delivery of possession by the borrowers during the course of the recovery of impaired loans and advances. These repossessed assets are reported in the statement of financial position within "other assets" (Note 2(t)). If the recovery from the repossessed assets exceeds the corresponding gross exposure, the surplus fund is made available either to repay the borrower's other secured loans with lower priority or is returned to the borrower.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-based securities and similar instruments, which are secured by pools of financial assets. However the credit risk may be implicit in the terms or reflected in the fair value of the corresponding instruments.

The Group's preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults or following other pre-agreed termination events. It is also common for the Group to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty under which collateral is passed between the parties to mitigate the market contingent counterparty risk inherent in the outstanding position.

For contingent liabilities and commitments that are unconditionally cancellable (Note 45), the Group will assess the necessity to withdraw the credit line when there is a concern over the credit quality of the customers. Accordingly, the exposure to significant credit risk is considered as minimal. For commitments that are not unconditionally cancellable, the Group assesses the necessity of collateral depending on the type of customer and the product offered.

(x) 抵押品及其他信用提升

本集團已制訂可接受不同類別抵押品的指引，並釐定相關估值參數。本集團會定期檢討指引及抵押品估值參數，以確保信貸風險管理的成效。

本集團客戶貸款及墊款的抵押品範圍視乎客戶類別及所提供產品而定。抵押品類別包括住宅物業（以物業按揭形式）、其他物業、飛機、其他登記抵押資產、現金存款、備用信用證及擔保。除持有用作回購及證券借貸活動的抵押品外，在銀行的結存及存款，以及銀行貸款及墊款一般不需要抵押品。在收回減值貸款及墊款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品。該等收回資產於財務狀況表中以「其他資產」列賬（附註2(t)）。倘從收回資產所得之追收額超出相關風險承擔時，則會使用盈餘資金償還借款人優先次序較低的已抵押貸款或退回予借款人。

持有用作非貸款及墊款金融資產的抵押品，是按照工具之性質決定。除以一籃子金融資產作抵押的資產融資證券及相同工具外，債務證券、庫券及其他認可票據一般俱屬無抵押的。然而，信貸風險可能隱含於相關工具的條款內或於相關工具的公平價值中反映。

ISDA的主合約為本集團處理衍生交易文件的優先合約，當中涵蓋合約框架，而在合約框架之下，本集團可進行一系列的場外產品交易活動，如其中一方違約或發生其他預先協定的終止事件，則按合約約束參與者以淨額結算合約涵蓋的所有未履行交易。本集團亦會在簽訂ISDA的主合約的同時，與交易對手簽訂信貸附約，據此，抵押品可於訂約方之間轉交，以降低出現在未履約情況下的內在市場或然交易對手風險。

對於或然負債及可無條件取消的承擔（附註45），如本集團對客戶的信貸質素有疑慮，則會評估是否需要撤回信貸額。因此，本集團面臨重大信貸風險機會視為微乎其微。對於不可無條件取消的承擔，本集團會視乎客戶類別及所提供產品評估是否需要進行抵押。

43. Principal Risk Management (continued) 主要風險管理（續）

(b) Market Risk Management

Market risk is the risk arising from adverse movements in market rates and prices such as interest rates, foreign exchange rates, equity prices, debt security prices and commodity prices, which result in potential losses for the Group. The aim in managing market risk is to reduce the Group's exposure to the volatility inherent in market factors.

The Asset and Liability Management Committee deals with all market risk-related issues of the Group. It is also responsible for conducting a regular review of interest rate trends and deciding the corresponding future business strategy. Market risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to market risk. The Internal Audit Division performs periodic reviews to ensure that the market risk management functions are performed effectively.

The use of derivatives for trading and the sale of derivatives to customers as risk management products are integral parts of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivative instruments used by the Group are interest rate, foreign exchange, and equity-related contracts, in the form of both over-the-counter derivatives and exchange-traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

(b) 市場風險管理

市場風險是指因市場價格，例如利率、匯率、股票價格、債務證券價格及商品價格的不利變動而導致本集團有機會出現虧損的風險。市場風險管理旨在減少市場因素的波動為本集團帶來的風險。

資產負債管理委員會負責處理所有與本集團市場風險有關的事項，亦負責定期檢討利率走勢及釐定相應的未來業務策略。市場風險由集團的資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。本集團風險管理處轄下的市場及流動性風險管理部，負責監察與市場風險有關的活動。稽核處會進行定期審查，以確保市場風險管理職能得到有效執行。

透過衍生工具進行自營交易及向客戶出售衍生工具以用作風險管理產品，為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的一部分。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場內交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此等和其他交易項目而進行對沖。

In this connection, the key types of market risk that must be managed are:

在此方面，本集團必須管理的主要市場風險包括：

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing (including derivatives), commercial banking operations, and structural foreign currency exposures. The Group's non-structural foreign currency exposures are denominated in major currencies, particularly USD and RMB. All foreign currency positions are managed within limits approved by the Board and the Asset and Liability Management Committee.

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries, and associated companies, are excluded from value-at-risk measurements, as related gains or losses are taken to reserves. Such foreign currency positions are held with the intention of hedging any adverse effect, partially or totally, of exchange rate movements on the capital adequacy ratio. The Group seeks to match its foreign currency denominated assets closely with corresponding liabilities in the same currencies.

(i) 貨幣風險

本集團的外幣持倉源自外匯買賣（包括衍生工具）、商業銀行業務和結構性外匯風險。本集團的非結構性外匯風險以主要貨幣計值，當中以美元及人民幣為主。所有外幣持倉均維持在董事會或資產負債管理委員會所訂定的限額內。

結構性外匯持倉主要源自於本集團分行、附屬公司和聯營公司的外匯投資，其有關的溢利或虧損因為已撥入儲備，所以未計算在風險值內。此等結構性外幣持倉的主要目的，是對沖因匯率變動而對本集團資本充足比率產生的部分或全部不利影響。本集團盡力將以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

The Group had the following net structural positions which were not less than 10% of the total net structural foreign currency position at the end of the reporting period:

於報告期結束日，本集團的以下結構性持倉淨額不低於結構性外幣淨持倉總額10%：

		2024			2023		
		RMB 人民幣 HK$ Mn 港幣百萬元	MYR 馬幣 HK$ Mn 港幣百萬元	USD 美元 HK$ Mn 港幣百萬元	RMB 人民幣 HK$ Mn 港幣百萬元	MYR 馬幣 HK$ Mn 港幣百萬元	USD 美元 HK$ Mn 港幣百萬元
Net structural position	結構性持倉淨額	**14,793**	**2,365**	**(4,009)**	15,297	2,269	(9,111)

43. Principal Risk Management (continued) 主要風險管理（續）

(b) Market Risk Management (continued)

(ii) Interest rate risk in trading book

The Group's trading interest rate positions arise from treasury and dynamic hedging of retail and commercial banking activities. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The instruments used to manage interest rate risk include interest rate swaps and other derivatives. For the interest rate risk management of the Group's banking book positions, please refer to Note 43(f).

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of customer-driven business. Equity risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board, Investment Committee, or the Asset and Liability Management Committee

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board approves the core control limits and has delegated the authority to set detailed control limits to the Asset and Liability Management Committee. Risk, return, and market conditions are considered when setting limits. Active limit monitoring is carried out.

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from the risk-taking activities of the Group to ensure that market risk exposures are within the Group's risk tolerance levels. Risk exposures are monitored frequently to ensure that they are within established control limits.

(b) 市場風險管理（續）

(ii) 交易賬冊的利率風險

本集團的交易組合中的利率持倉來自零售及商業銀行業務的動態對沖。利率風險由本集團資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。就管理本集團銀行賬冊持倉的利率風險而言，請參閱附註43(f)。

(iii) 股份風險

本集團的股份持倉來自股份投資及客戶業務的動態對沖。股份風險由本集團資金市場處按董事會、投資委員會或資產負債管理委員會批准的限額範圍進行日常管理。

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

在此方面，資產負債管理委員會負責監察本集團進行風險活動時所產生的相關市場風險，確保其市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

The Group quantifies the market risk of the underlying trading portfolio by means of value-at-risk ("VaR"). VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, assuming that positions are held unchanged over a certain horizon time period.

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度假設於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

The Group estimates VaR for the Group's trading portfolio by the historical simulation approach, where the VaR is calculated by revaluing the portfolio for each of the market movement scenarios obtained from the historical observation period. This methodology uses movements in market rates and prices over a one-day holding period with a 99% confidence level under a two-year observation period.

本集團通過歷史模擬法評估本集團交易組合的風險值，其按從歷史觀察期中截獲的每個市場波動情景對有關組合進行重新估值以計算風險值。該方法是依據1日持倉期、99%置信水平以及過往兩年觀察期來推算市場利率與價格的波動。

The market value of listed shares, the fair value of private equity funds and unlisted equities (collectively the "Unlisted Securities"), are subject to limits and these are managed by the Treasury Markets Division of the Group. The Unlisted Securities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Asset and Liability Management Committee.

上市股份的市值、私人股份基金及非上市股份（統稱「非上市證券」）的公平價值均由本集團資金市場處按限額管理。非上市證券是根據特定限額管理，且不包括在交易股份持倉的風險值計算內。資產負債管理委員會須定期檢討該限額。

Value-at-risk statistics

風險值統計

		2024			
		At 31 December 於12月31日 HK$ Mn 港幣百萬元	Maximum 最高 HK$ Mn 港幣百萬元	Minimum 最低 HK$ Mn 港幣百萬元	Mean 平均 HK$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	11	16	6	11
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	7	11	2	6
VaR for interest rate trading positions	利率交易持倉的風險值	–	3	–	1
VaR for equity trading positions	股份交易持倉的風險值	4	6	4	5

		2023			
		At 31 December 於12月31日 HK$ Mn港幣百萬元	Maximum 最高 HK$ Mn 港幣百萬元	Minimum 最低 HK$ Mn 港幣百萬元	Mean 平均 HK$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	7	13	7	9
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	2	7	1	3
VaR for interest rate trading positions	利率交易持倉的風險值	1	3	–	2
VaR for equity trading positions	股份交易持倉的風險值	5	6	4	5

* *Including all foreign exchange positions but excluding structural foreign exchange positions.*

* *包括所有外匯持倉但不包括結構性外匯持倉。*

43. Principal Risk Management (continued) 主要風險管理（續）

(b) Market Risk Management (continued)

(b) 市場風險管理（續）

		2024			
		At 31 December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK$ Mn港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	26	38	16	28

		2023			
		At 31 December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	16	29	15	22

A stressed VaR measure is intended to replicate a VaR calculation that would be generated on current trading portfolio if the relevant market factors were experiencing a period of stress.

受壓風險值是假設相關市場因素在受壓期間下，模擬計算由現行交易組合產生的風險值。

(c) Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

(c) 營運風險管理

營運風險是指由於內部流程、人員和系統不足或缺陷，或因外部事件而導致損失的風險。

The objectives of operational risk management are to identify, measure, assess and monitor the operational risk exposures associated to the Group; to control and mitigate the exposures by taking effective measures; to report in a structured, systematic and consistent manner; and to comply with the relevant regulatory requirements.

營運風險管理的目的在於識別、衡量、評估及監控與本集團有關的營運風險；採取有效的措施以管控及緩減風險承擔；以具組織，系統及一致的方式作出匯報；以及遵守相關監管規定的要求。

The Operational Risk Management Committee is responsible for overseeing the effectiveness of operational risk management of the Group while the Operational & Technology Risk Management Department under the Risk Management Division of the Group assists the Management in managing the Group's operational risk, including the establishment and review of the operational risk management, third party risk management and operational resilience policies and framework; designing the operational risk management tools and reporting mechanism; assessing, monitoring and reporting the overall operational risk position to the Management and Risk Management Committee. All the heads of business units and support units of the Group are responsible for the day-to-day operational risk management of their units.

營運風險管理委員會負責監督集團的營運風險管理的有效性，而本集團風險管理處轄下的營運及科技風險管理部負責協助管理層管理本集團的營運風險，包括制定和重檢營運風險管理，第三方風險管理，及運作穩健性政策和框架；設計營運風險的管理工具和匯報機制；評估、監察及向管理層和風險管理委員會匯報總體營運風險狀況。本集團所有部門或後勤單位主管均負責其單位的日常營運風險管理。

The Group has put in place an effective internal control process which requires the establishment of policies and control procedures for all the key activities. The Group adopts various operational risk management tools such as key risk indicators, risk and control self-assessments, operational risk incident management to identify, assess, monitor and control the risks inherent in business activities and products, as well as purchase of insurance to mitigate unforeseeable and significant operational risk incidents. Business continuity plans are established to support business operations in the event of an emergency or disaster.

本集團建立了有效的內部控制程序，對所有重大活動訂下政策及監控措施。本集團採用關鍵風險指標、風險與管控自我評估、營運風險事件匯報及檢查等不同的營運風險管理工具及方法以識別、評估、監察及控制潛在於業務活動及產品內的風險，同時透過購買保險，將未能預見的重大營運風險減低。對支援緊急或災難事件時的業務運作備有持續業務運作計劃。

(d) Technology Risk Management

Technology risk is the risk of loss to the Group due to inadequate or failed technical processes, people, and/or computing systems, or unauthorised access or disruption to technology resources, in particular relating to cyber security and e-banking.

To address increasing cyber security threats and emerging risks arising from the use of advanced technologies such as generative artificial intelligence and distributed ledger technology, the Group has put in place adequate security resources and proper control measures based on a defined risk appetite level. The Group has developed technology risk related policies and cyber security strategies as well as comprehensive security awareness programmes to strengthen cyber security at all levels.

The Group has also established a framework for proper management of technology risk. The Board and designated committees at the top level are responsible for overall management of technology risk for the Group.

Comprehensive control policies, standards, guidelines, and procedures are maintained to ensure that adequate control measures relating to the security of internet systems and applications, customer authentication, fraud transaction detection and alerting, risk assessment for new products and services, third-party security and confidentiality, integrity and availability of information are all in place.

(e) Liquidity Risk Management

Liquidity risk is the risk that the Group may not be able to meet its obligations as they come due because of an inability to obtain adequate funding (funding liquidity risk); or that the Group cannot easily liquidate assets quickly without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk).

The purpose of liquidity risk management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to make new loans and investments as opportunities arise and, last but not least, to comply with all the statutory requirements for liquidity risk management, including Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

(d) 科技風險管理

科技風險是指因技術程序、人員及／或計算系統不足或出現故障；或因未經授權使用或破壞技術資源（尤其在涉及網絡安全及電子銀行時）導致本集團損失的風險。

為應對日漸上升的網絡安全威脅及日新月異的先進技術而產生的新風險，例如生成式人工智能和分布式分類賬技術，本集團已根據既定風險偏好級別投入充足的網絡安全資源和實施適當的控制措施。本集團已制定科技風險相關政策及網絡安全策略，以及全面的安全意識計劃，以加強各個級別的網絡安全。

本集團亦已為科技風險設立妥善管理框架。處於集團頂層的董事會及其指定委員會負責對本集團科技風險的整體管理。

本集團繼續落實全面的控制政策、標準、指引及程序，確保充分實施與網絡系統及應用程式安全、客戶身份驗證、欺詐交易檢測及警示、新產品及服務風險評估、第三方安全性、以及資料保密、完整性及可用性等相關的控制措施。

(e) 流動性風險管理

流動性風險是指本集團因未能獲得充足資金投入而可能無法履行到期責任的風險（資金流動性風險）；或因市場深度不足或市場失序，本集團非得大幅降低市場價格的情況下無法輕易迅速變現資產的風險（市場流動性風險）。

流動性風險管理是為了確保本集團維持充足的現金流量以履行所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足提款要求，在借款期滿時能夠還款，掌握貸款和投資的機會，以及符合所有有關流動性風險管理的法定規定，包括流動性覆蓋比率及穩定資金淨額比率。

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

The Group reviews the risk profile through regular assessments of both qualitative and quantitative risk factors to determine its tolerance of prevailing risk levels against applicable risk appetite statement for liquidity risk approved annually by the Board. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's liquidity risk management. The Asset and Liability Management Committee comprises balanced representation of senior staff from various business units, Treasury, Risk Management and Finance, who jointly formulate funding strategies. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

The LCR and NSFR statutory requirements are part of the stringent regulatory regime that covers the liquidity risk management of the Group. To ensure compliance with the regulatory requirements, internal targets for LCR and NSFR have been set above regulatory required levels, after considering the Group's liquidity risk appetite. In addition, material changes in the LCR and NSFR are reviewed regularly by the Asset and Liability Management Committee together with proposed mitigation actions to cope with adverse changes arising from, but not limited to, composition of the deposit base and remaining tenor to maturity, lending activities with respect to different maturity tenors, and the Group's asset and liability mix strategy. In planning the asset and liability mix strategy, the Group's relevant business units contribute to an assessment of the impact of asset growth and funding structure on the LCR and NSFR for review and decision by the Asset and Liability Management Committee.

(e) 流動性風險管理（續）

本集團通過定期評估定性及定量的風險因素檢討風險狀況，根據董事會每年批准的適用於流動性風險的風險偏好釐定其現行風險承受範圍。資產負債管理委員會獲董事會授權，負責監察本集團的流動性風險管理。資產負債管理委員會由各業務單位、司庫、風險管理及財務的管理層出任以共同制定資金策略方案。資產負債管理委員會制訂管理流動性風險的策略、政策及限額，以及確保執行有關策略與政策的措施。委員會定期舉行會議，檢討各既有監控架構的合規情況，以及是否需要改變策略及政策。流動資金狀況由本集團資金市場處轄下的資本市場及流動資金管理部每日按所訂限額範圍進行管理。本集團風險管理處轄下的市場及流動性風險管理部負責監察與流動性風險相關的活動。稽核處會定期作出檢討，確保流動性風險管理功能得以有效執行。

流動性覆蓋比率及穩定資金淨額比率的法定要求是本集團對流動性風險管理的嚴格監管制度部份之一。為確保遵守監管要求，本集團考慮過其流動性風險偏好後，為流動性覆蓋比率及穩定資金淨額比率設定的內部目標均高於上述監管規定水平。此外，資產負債管理委員會會定期檢閱流動性覆蓋比率及穩定資金淨額比率的重大變動，並提出建議補救措施，以應對來自（但不限於）存款基礎及其餘下到期期限、不同到期期限的貸款活動以及本集團資產及負債組合策略所產生的不利變動。在規劃資產及負債組合策略時，本集團的相關業務單位就資產增長及資金結構對流動性覆蓋比率及穩定資金淨額比率的影響提交評估，以供資產負債管理委員會檢討和作出決策。

As part of Group efforts to manage the LCR and NSFR effectively, emphasis is placed on strengthening the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement, and other borrowings for the purposes of providing additional funding, maintaining a presence in local money markets, and optimising asset and liability maturities.

為有效地管理流動性覆蓋比率及穩定資金淨額比率，本集團特別著重存留忠實客戶及維持客戶關係，藉以增強存款基礎。本集團在零售、小企業以及批發市場資金之間保持平衡，避免資金集中於任何一種來源。本集團透過發行存款證、中期票據、後償債項、貨幣市場拆借及其他借貸進入專業市場，獲取額外資金，以此維持本行於本地金融市場的地位及優化資產及負債的期限。

The Group manages liquidity risk of the branches in Macau, Taiwan and overseas and significant subsidiary in a holistic approach. The liquidity risk management policies of the Group are abided by all of the branches in Macau, Taiwan and overseas and significant subsidiary, while supplementing their respective local practices and statutory requirements. Reporting to the Group Chief Risk Officer, the Risk Management Unit of each of the branches in Macau, Taiwan and overseas and significant subsidiary reports and escalates liquidity risk related matter to the liquidity risk management team at Head Office. The respective local Asset and Liability Management Committee or respective local authorities are also established for overseeing liquidity risk in accordance with the local regulatory requirements and limits approved.

本集團全面有效地管理澳門、台灣及海外分行及主要附屬公司的流動性風險。集團的流動性風險管理政策涵蓋了所有澳門、台灣及海外分行及主要附屬公司，當中包括了當地法定要求及個別管理辦法。各澳門、台灣及海外分行及主要附屬公司的風險管理單位需要向本行風險管理部門匯報有關流動性風險事宜，而各風險管理單位需上報集團風險總監。此外，本集團在各澳門、台灣及海外分行及主要附屬公司當地成立了資產負債管理委員會或相關管理委員會，以監督各澳門、台灣及海外分行及主要附屬公司需符合當地監管規定及已批准的風險限額。

In addition to observing the statutory LCR and NSFR, the Group has established different liquidity metrics – including but not limited to the loan-to-deposit ratio, cumulative maturity mismatch ratio, funding concentration ratio, intra-group exposure threshold, and cross currency funding ratio – to measure and analyse the Group's liquidity risk. The Group maintains sufficient High-quality liquid assets ("HQLAs") as a liquidity cushion that can be accessed in times of stress. The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets. The majority of HQLAs are denominated in Hong Kong dollars. Contingent funding sources are maintained to provide strategic liquidity to meet unexpected and material cash outflows.

除了緊守法定的流動性覆蓋比率及穩定資金淨額比率外，本集團已設立不同的流動性指標，以衡量及分析流動性風險，包括（但不限於）貸存比率、累積到期錯配比例、資金集中比率、集團內公司之間風險限額以及跨貨幣資金比率。本集團維持充足的優質流動資產，作為能夠在資金受壓時取用的流動資金緩衝。作為滿足流動性覆蓋比率所需的優質流動資產包括：現金、外匯基金票據和債券、優質的政府債務票據，以及其他同等的而可供出售的流動資產，其中大部分優質流動資產以港幣計值。本集團維持應急資金來源，能提供策略性的流動資金，以應付未能預計及大量的資金需求。

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

Internally, intra-group funding transactions are carried out at arm's length and treated in a manner in line with third-party transactions, with regular monitoring and appropriate control. A majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's asset and liability portfolios. The Group manages liquidity risk by conducting regular cash flow analysis and projections through the use of the Bank's management information system so as to facilitate the identification of funding needs arising from on and off-balance sheet items over a set of time horizons.

The Group also conducts stress-testing regularly to analyse liquidity risk. Both on and off-balance sheet items and their impact on cash flow are considered, together with applicable hypothetical and historical assumptions. The assessment and review of market liquidity risk are included in the various control processes, including investment/trading strategy, market risk monitoring, valuation, and portfolio review. Three stress scenarios – namely an institution-specific crisis, a general market crisis, and a crisis involving a combination of the two – are adopted with minimum survival period defined according to the HKMA's Supervisory Policy Manual LM-2, "Sound Systems and Controls for Liquidity Risk Management".

With reference to the stress-testing results, the Group identifies potential vulnerabilities within the Group, establishes internal limits and formulates a contingency funding plan that sets out the Group's strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

(e) 流動性風險管理（續）

內部方面，集團內公司間的融資交易乃按一般正常公平交易原則進行，處理方式與第三方交易一致，並會定期進行監察及適當控制。本集團大部分流動性風險來自資產與負債組合之間的期限錯配差距。本集團會透過使用本行的管理資訊系統，對一系列時間內的資產負債表內、外項目定期進行現金流量分析及預測，以確定不同時段的資金需要，從而管理流動性風險。

本集團亦會定期進行壓力測試，以分析流動資金風險。透過適用的虛擬及歷史假設，本集團的壓力測試均已考慮資產負債表內外項目及其對現金流量造成的影響。市場流動資金風險的評估及檢討納入各個控制環節，包括投資／交易策略、市場風險監控、估值及組合檢討。三個壓力情景－即個別銀行危機、整體市場危機，以及結合上述兩種情況的綜合危機－均採用金管局監管政策手冊LM-2「穩健的流動性風險管理系統及管控措施」界定的最短存活期。

本集團會參照壓力測試結果，確認集團內的潛在弱點，訂立內部限額，並制訂應急資金計劃，當中載列了本集團處理流動資金問題的策略及於緊急情況下彌補現金流不足的程序。

The contingency funding plan is designed to be pro-active and pre-emptive, and stipulates the following three stages:

1. The Group utilises early warning indicators, which cover both qualitative and quantitative measures, and monitors both internal and external factors. Should there be any early signs of significant impact on the Group's liquidity position, the Asset and Liability Management Committee is informed. The Asset and Liability Management Committee will consider appropriate remedial actions and will consider employing crisis management if the situation warrants.

2. A Crisis Management Committee, which is chaired by the Co-Chief Executives, is formed to handle the crisis. Strategy and procedures for obtaining contingency funding, as well as roles and responsibilities of the parties concerned, are clearly stated.

3. In the final stage, a post-crisis review is carried out to recommend necessary improvements to avoid incidents of a similar nature in the future.

An annual drill test is conducted and the contingency funding plan is subject to regular review in order to accommodate any changes in the business environment. Any significant changes to the contingency funding plan are approved by the Board.

應急資金計劃旨在提供防患未然的積極措施，並訂明以下3個階段：

1. 本集團運用預早警報指標，當中包括質量性及數量性的措施，及監察內部及外在因素。假如有任何早期跡象顯示本集團流動資金狀況將受重大影響，應通知資產負債管理委員會。資產負債管理委員會將考慮適當的補救措施，並在情況需要時會考慮採用危機管理措施。

2. 本集團已設立危機管理委員會，並由聯席行政總裁擔任該委員會的主席，該委員會專責處理危機，並明確規定取得應急資金的策略及程序，以及有關各方的職務及職責。

3. 於最後階段，本集團會在危機結束後對問題進行檢討，並作出必要改進，避免日後出現同類事件。

為應付商業環境中的任何轉變，本集團每年進行演習測試，並定期檢討應急資金。應急資金計劃如有任何重大變動，均須分別取得董事會的批准。

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

Analysis of assets and liabilities by remaining maturity:

(e) 流動性風險管理（續）

資產及負債的剩餘期限分析：

		2024							
		Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Within 1 month 1個月內 HK$ Mn 港幣百萬元	3 months or less but over 1 month 1個月以上至3個月 HK$ Mn 港幣百萬元	1 year or less but over 3 months 3個月以上至1年 HK$ Mn 港幣百萬元	5 years or less but over 1 year 1年以上至5年 HK$ Mn 港幣百萬元	Over 5 years 5年以上 HK$ Mn 港幣百萬元	Undated or overdue 無註明日期或逾期 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Assets	**資產**								
Cash and balances with banks	現金及在銀行的結存	33,319	–	19	527	–	–	7,439	41,304
Placements with and advances to banks	在銀行的存款及墊款	–	37,032	673	–	–	–	–	37,705
Trade bills	貿易票據	40	462	149	804	–	–	1	1,456
Trading assets	交易用途資產	–	–	–	–	–	–	207	207
Derivative assets	衍生工具資產	–	–	–	–	–	–	6,227	6,227
Loans and advances to customers	客戶貸款及墊款	2,710	71,543	46,298	128,087	157,031	113,728	8,432	527,829
Investment securities	投資證券	–	9,058	17,207	22,862	72,356	67,348	1,952	190,783
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	–	–	8,448	8,448
Fixed assets	固定資產	–	–	–	–	–	–	12,971	12,971
Goodwill and intangible assets	商譽及無形資產	–	–	–	–	–	–	1,836	1,836
Deferred tax assets	遞延稅項資產	–	–	–	–	–	–	1,600	1,600
Other assets	其他資產	1,497	8,904	10,092	17,633	707	756	7,804	47,393
Total assets	資產總額	37,566	126,999	74,438	169,913	230,094	181,832	56,917	877,759
Liabilities	**負債**								
Deposits and balances of banks	銀行的存款及結餘	1,122	8,410	7,994	6,631	–	–	–	24,157
Deposits from customers	客戶存款	202,819	113,325	210,013	101,464	15,472	–	–	643,093
– Demand deposits and current accounts	– 活期存款及往來賬戶	65,685	–	–	–	–	–	–	65,685
– Savings deposits	– 儲蓄存款	134,908	–	–	–	–	–	–	134,908
– Time, call and notice deposits	– 定期及通知存款	2,226	113,325	210,013	101,464	15,472	–	–	442,500
Trading liabilities	交易用途負債	–	–	–	–	–	–	66	66
Derivative liabilities	衍生工具負債	–	–	–	–	–	–	5,796	5,796
Certificates of deposit issued	已發行存款證	–	4,118	6,558	8,882	2,020	–	–	21,578
Current taxation	本年稅項	–	–	–	1,870	–	–	–	1,870
Debt securities issued	已發行債務證券	–	–	387	–	–	–	–	387
Deferred tax liabilities	遞延稅項負債	–	–	–	–	–	–	685	685
Other liabilities	其他負債	1,131	11,566	10,989	18,253	1,914	1,119	6,327	51,299
– Lease liabilities	– 租賃負債	–	24	39	155	380	167	–	765
– Other accounts	– 其他賬項	1,131	11,542	10,950	18,098	1,534	952	6,327	50,534
Loan capital	借貸資本	–	–	–	4,669	18,420	–	–	23,089
Total liabilities	負債總額	205,072	137,419	235,941	141,769	37,826	1,119	12,874	772,020
Net gap	淨差距	(167,506)	(10,420)	(161,503)	28,144	192,268	180,713		

Notes to the Financial Statements (continued)
財務報表附註（續）

		2023							
		Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Within 1 month 1個月內 HK$ Mn 港幣百萬元	3 months or less but over 1 month 1個月以上至3個月 HK$ Mn 港幣百萬元	1 year or less but over 3 months 3個月以上至1年 HK$ Mn 港幣百萬元	5 years or less but over 1 year 1年以上至5年 HK$ Mn 港幣百萬元	Over 5 years 5年以上 HK$ Mn 港幣百萬元	Undated or overdue 無註明日期或逾期 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Assets	**資產**								
Cash and balances with banks	現金及在銀行的結存	37,014	12	20	121	–	–	8,736	45,903
Placements with and advances to banks	在銀行的存款及墊款	–	40,883	2,687	121	–	–	–	43,691
Trade bills	貿易票據	94	62	133	84	–	–	–	373
Trading assets	交易用途資產	–	–	66	1,925	773	–	285	3,049
Derivative assets	衍生工具資產	–	–	–	–	–	–	9,056	9,056
Loans and advances to customers	客戶貸款及墊款	2,460	64,389	47,667	118,973	170,070	115,063	8,362	526,984
Investment securities	投資證券	–	10,854	18,513	21,090	60,567	54,242	2,004	167,270
Investments in associates and joint ventures	聯營公司及合資企業投資	–	–	–	–	–	–	8,384	8,384
Fixed assets	固定資產	–	–	–	–	–	–	13,493	13,493
Goodwill and intangible assets	商譽及無形資產	–	–	–	–	–	–	1,852	1,852
Deferred tax assets	遞延稅項資產	–	–	–	–	–	–	1,836	1,836
Other assets	其他資產	23	6,748	12,635	10,463	575	571	7,455	38,470
Total assets	資產總額	39,591	122,948	81,721	152,777	231,985	169,876	61,463	860,361
Liabilities	**負債**								
Deposits and balances of banks	銀行的存款及結餘	633	9,318	8,777	6,891	–	–	–	25,619
Deposits from customers	客戶存款	185,225	125,787	188,736	113,622	15,228	–	–	628,598
– Demand deposits and current accounts	– 活期存款及往來賬戶	65,643	–	–	–	–	–	–	65,643
– Savings deposits	– 儲蓄存款	118,163	–	–	–	–	–	–	118,163
– Time, call and notice deposits	– 定期及通知存款	1,419	125,787	188,736	113,622	15,228	–	–	444,792
Derivative liabilities	衍生工具負債	–	–	–	–	–	–	4,007	4,007
Certificates of deposit issued	已發行存款證	–	2,783	5,296	8,851	10,688	–	–	27,618
Current taxation	本年稅項	–	–	–	1,602	–	–	–	1,602
Debt securities issued	已發行債務證券	–	–	155	306	383	–	–	844
Deferred tax liabilities	遞延稅項負債	–	–	–	–	–	–	468	468
Other liabilities	其他負債	1,005	7,392	13,936	11,373	1,445	1,317	10,844	47,312
– Lease liabilities	– 租賃負債	–	27	43	167	389	226	–	852
– Other accounts	– 其他賬項	1,005	7,365	13,893	11,206	1,056	1,091	10,844	46,460
Loan capital	借貸資本	–	–	–	1,649	14,318	–	–	15,967
Total liabilities	負債總額	186,863	145,280	216,900	144,294	42,062	1,317	15,319	752,035
Net gap	淨差距	(147,272)	(22,332)	(135,179)	8,483	189,923	168,559		

As the trading assets and debt instruments measured at FVOCI may be sold before maturity or deposits from customers may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

由於交易用途資產及按通過其他全面收益以反映公平價值計量之債務工具可能於到期前出售或客戶存款可能在到期前未被提取，合約到期日並非代表未來現金流的預計日期。

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

The following tables provide an analysis of the undiscounted cashflow projection of the non-derivative financial liabilities of the Group at the end of the reporting period based on the dates of their contractual payment obligations:

(e) 流動性風險管理（續）

下表展示於報告期結束日集團的未經折扣之非衍生工具金融負債的預計現金流按其合約支付債務之日期分析：

		2024							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	24,157	24,421	1,123	16,517	6,781	–	–	–
Deposits from customers	客戶存款	643,093	650,837	203,161	326,987	103,773	16,916	–	–
– Demand deposits and current accounts	– 活期存款及往來賬戶	65,685	65,779	65,779	–	–	–	–	–
– Savings deposits	– 儲蓄存款	134,908	135,036	135,036	–	–	–	–	–
– Time, call and notice deposits	– 定期及通知存款	442,500	450,022	2,346	326,987	103,773	16,916	–	–
Trading liabilities	交易用途負債	66	66	–	–	–	–	–	66
Certificates of deposit issued	已發行存款證	21,578	22,302	–	10,968	9,176	2,158	–	–
Current taxation	本年稅項	1,870	1,870	–	–	1,870	–	–	–
Debt securities issued	已發行債務證券	387	393	–	393	–	–	–	–
Loan capital	借貸資本	23,089	26,560	–	309	5,896	20,355	–	–
Other liabilities	其他負債	51,299	47,018	812	20,081	17,416	1,182	1,200	6,327
– Lease liabilities	– 租賃負債	765	1,151	–	86	219	598	248	–
– Other accounts	– 其他賬項	50,534	45,867	812	19,995	17,197	584	952	6,327
Total	總額	765,539	773,467	205,096	375,255	144,912	40,611	1,200	6,393

Notes to the Financial Statements (continued)
財務報表附註（續）

		2023							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Deposits and balances of banks	銀行的存款及結餘	25,619	26,283	633	18,341	7,309	–	–	–
Deposits from customers	客戶存款	628,598	637,171	185,665	319,344	116,501	15,661	–	–
– Demand deposits and current accounts	– 活期存款及往來賬戶	65,643	65,737	65,737	–	–	–	–	–
– Savings deposits	– 儲蓄存款	118,163	118,335	118,335	–	–	–	–	–
– Time, call and notice deposits	– 定期及通知存款	444,792	453,099	1,593	319,344	116,501	15,661	–	–
Certificates of deposit issued	已發行存款證	27,618	29,053	–	8,248	9,119	11,686	–	–
Current taxation	本年稅項	1,602	1,602	–	–	1,602	–	–	–
Debt securities issued	已發行債務證券	844	870	–	164	316	390	–	–
Loan capital	借貸資本	15,967	18,056	–	182	2,290	15,584	–	–
Other liabilities	其他負債	47,312	42,157	587	20,016	9,369	472	869	10,844
– Lease liabilities	– 租賃負債	852	962	–	78	187	448	249	–
– Other accounts	– 其他賬項	46,460	41,195	587	19,938	9,182	24	620	10,844
Total	總額	747,560	755,192	186,885	366,295	146,506	43,793	869	10,844

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

The following tables summarise the undiscounted cashflows of the Group by remaining contractual maturity as at 31 December for derivative financial liabilities that will be settled on net and gross basis. The Group's derivative financial liabilities that will be settled on a net basis mainly include interest rate swaps whereas the derivative financial liabilities that will be settled on a gross basis mainly include foreign exchange forwards and futures and foreign exchange swaps. Derivatives without predetermined settlement date have been included in the 'Repayable on demand' time bucket.

(e) 流動性風險管理（續）

下表概述了本集團於12月31日以剩餘合約到期日列示之現金流，包括按淨額基準結算及所有按總額基準之衍生金融負債。本集團按淨額基準結算之衍生金融工具主要包括利率掉期，而按總額基準結算之衍生金融工具主要包括外匯遠期及外匯掉期。沒有預定結算日的衍生工具已包括於「即時還款」時間段內。

		2024							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Derivative financial liabilities	衍生金融負債	5,796	6,113	427	1,261	2,913	1,456	56	-
Derivative financial liabilities settled on a net basis	按淨額基準結算之衍生金融負債								
Total net cash outflow	總淨現金流出		4,666	8	713	2,580	1,309	56	-
Derivative financial liabilities settled on a gross basis	按總額基準結算之衍生金融負債								
Total cash inflow	總現金流入		(71,800)	(21,151)	(34,665)	(14,629)	(1,355)	-	-
Total cash outflow	總現金流出		73,247	21,570	35,213	14,962	1,502	-	-

		2023							
		Carrying amount 賬面值 HK$ Mn 港幣百萬元	Total cash outflow 現金流出總額 HK$ Mn 港幣百萬元	Repayable on demand 即時還款 HK$ Mn 港幣百萬元	Less than three months 3個月或以下 HK$ Mn 港幣百萬元	Between three months and one year 3個月以上至1年 HK$ Mn 港幣百萬元	Between one and five years 1年以上至5年 HK$ Mn 港幣百萬元	More than five years 5年以上 HK$ Mn 港幣百萬元	Undated 無註明日期 HK$ Mn 港幣百萬元
Derivative financial liabilities	衍生金融負債	4,007	2,675	(10)	1,407	748	705	(175)	-
Derivative financial liabilities settled on a net basis	按淨額基準結算之衍生金融負債								
Total net cash outflow/(inflow)	總淨現金流出／(流入)		1,835	15	763	615	617	(175)	-
Derivative financial liabilities settled on a gross basis	按總額基準結算之衍生金融負債								
Total cash inflow	總現金流入		(64,063)	(9,409)	(47,133)	(5,749)	(1,772)	-	-
Total cash outflow	總現金流出		64,903	9,384	47,777	5,882	1,860	-	-

Certificates of Deposit, Debt Securities Issued, and Loan Capital

In 2024, BEA issued fixed rate certificates of deposit and debt securities with face values of US$3,246 million, HK$200 million, TWD1,300 million; and zero coupon certificates of deposit and debt securities with face values of US$401 million, HK$702 million, CNY9,100 million, GBP50 million and EUR298 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK$38,808 million equivalent upon maturity.

At the end of December 2024, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK$22,102 million, with a carrying amount equivalent to HK$21,965 million.

已發行存款證、債務證券及借貸資本

2024年，東亞銀行發行了面值為32.46億美元、港幣2億元及台幣13億元的定息存款證及債務證券；以及面值為4.01億美元、港幣7.02億元、人民幣91億元、0.5億英鎊及2.98億歐元的零息存款證及債務證券。本集團於到期時贖回的各類存款證及債務證券達等值港幣388.08億元。

於2024年12月底，已發行在外的存款證及債務證券面值相等於港幣221.02億元，賬面值則相等於港幣219.65億元。

Maturity Profile of Certificates of Deposit and Debt Securities Issued

As at 31 December 2024 於 2024 年 12 月 31 日

(All amounts expressed in millions of dollars of respective currencies)

已發行存款證及債務證券的年期

於2024年12月31日

（金額以各個貨幣的百萬元位列示）

	Total Face Value 總面值	Year of Maturity 到期年份		
		2025	2026	2027
Amount in currencies of issuance 發行金額的貨幣				
Floating Rate 浮息				
HKD 港元	200	200	–	–
USD 美元	20	20	–	–
Fixed Rate *(Note)* 定息 *(註)*				
USD 美元	1,208	948	140	120
Zero Coupon 零息				
HKD 港元	372	372	–	–
USD 美元	330	330	–	–
CNY 人民幣	7,860	7,860	–	–
GBP 英鎊	50	50	–	–
EUR 歐元	73	73	–	–
Total Certificates of Deposit and Debt Securities issued in HKD equivalent 所有已發行存款證及債務證券（港幣等值）	22,102	20,083	1,087	932

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

註：已就管理已發行長期存款證及債務證券引致的利率風險，安排認為必要的相關利率掉期。

43. Principal Risk Management (continued) 主要風險管理（續）

(e) Liquidity Risk Management (continued)

Certificates of Deposit, Debt Securities Issued, and Loan Capital (continued)

In 2024, BEA issued fixed rate loan capital with a face value of US$500 million and US$650 million respectively.

At the end of December 2024, the face value of the outstanding loan capital issued was equivalent to HK$23,293 million, with a carrying amount equivalent to HK$23,089 million.

Maturity Profile of Loan Capital
As at 31 December 2024
(All amounts expressed in millions of dollars of respective currencies)

(e) 流動性風險管理（續）

已發行存款證、債務證券及借貸資本（續）

2024年，東亞銀行發行了面值為5億美元和6.5億美元的借貸資本。

於2024年12月底，已發行在外的借貸資本面值相等於港幣232.93億元，賬面值則相等於港幣230.89億元。

借貸資本的年期
於2024年12月31日
（金額以各個貨幣的百萬元位列示）

	Total Face Value 總面值	Year of Maturity 到期年份				
		2027	2028	2030	2032	2034
Amount in currencies of issuance 發行金額的貨幣						
USD *(Note 1, 2, 3, 4, 5, 6)* 美元 *(註1、2、3、4、5、6)*	3,000	1,000	250	600	500	650
Total Loan Capital issued in HKD equivalent 所有已發行借貸資本（港幣等值）	23,293	7,764	1,941	4,659	3,882	5,047

Notes:

1. *The US$500 million loan capital that will mature in 2027 is callable on 13 March 2026.*
2. *The US$500 million loan capital that will mature in 2027 is callable on 15 March 2026.*
3. *The US$250 million loan capital that will mature in 2028 is callable on 7 July 2027.*
4. *The US$600 million loan capital that will mature in 2030 is callable on 29 May 2025.*
5. *The US$500 million loan capital that will mature in 2032 is callable on 22 April 2027.*
6. *The US$650 million loan capital that will mature in 2034 is callable on 27 June 2029.*

註：

1. *將於2027年到期的5億美元借貸資本於2026年3月13日可贖回。*
2. *將於2027年到期的5億美元借貸資本於2026年3月15日可贖回。*
3. *將於2028年到期的人民幣2.5億元借貸資本於2027年7月7日可贖回。*
4. *將於2030年到期的6億美元借貸資本於2025年5月29日可贖回。*
5. *將於2032年到期的5億美元借貸資本於2027年4月22日可贖回。*
6. *將於2034年到期的6.5億美元借貸資本於2029年6月27日可贖回。*

(f) Interest Rate Risk Management

Interest rate risk is the risk resulting from adverse movements in interest rates that affect the earnings and economic value of the Group's banking book positions. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's interest rate risk management, establish the strategy and policy for managing interest rate risk, and determine the means for ensuring that such strategies and policies are implemented. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to interest rate risk. The Internal Audit Division performs periodic reviews to ensure that the interest rate risk management functions are implemented effectively.

Interest rate risk primarily results from the timing differences in the re-pricing of interest rate-sensitive assets, liabilities, and off-balance sheet items in the banking book. In determining the level of interest rate risk, assessments are made for the gap risk, basis risk and option risk. The Group manages the interest rate risk on the banking book primarily by focusing on re-pricing mismatches. Gap analysis provides a static view of the maturity and re-pricing characteristics of the Group's interest rate-sensitive assets, liabilities, and off-balance sheet positions. Re-pricing gap position limits are set to control the Group's interest rate risk.

Sensitivity analysis in relation to the impact of changes in interest rates on earnings, in terms of net interest income ("NII"), and economic value, in terms of economic value of equity ("EVE") is assessed regularly through a number of hypothetical interest rate shock scenarios prescribed by the HKMA. EVE represents an assessment of the present value of expected net cash flows, discounted to reflect market rates. As fluctuations in interest rates will affect earnings, they will also affect its net worth. Sensitivity limits are set to control the Group's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee on a regular basis.

In order to produce quantitative estimation on IRRBB, the Group has assumed shock scenarios to interest rate yield curves which allow changes in economic value and earnings to be computed with consideration of optionality and behavioural assumptions. These scenarios are applied to IRRBB exposures in each currency for which the Group has material positions.

(f) 利率風險管理

利率風險是指本集團的銀行賬內的利率風險（簡稱「IRRBB」）受到不利的利率走勢對其盈利及經濟價值造成不利的影響所帶來的風險。資產負債管理委員會獲董事會授權，負責監察本集團的利率風險管理，訂立管理利率風險的策略與政策，並制定相應措施，以確保執行有關策略與政策。利率風險由本集團資金市場處按董事會或資產負債管理委員會批核的限額範圍進行日常管理。本集團風險管理處轄下的市場及流動性風險管理部，負責監察利率風險相關的活動。稽核處會定期作出檢討，確保利率風險管理功能得以有效執行。

利率風險主要是由銀行賬冊內利率敏感性資產、負債及資產負債表外項目在再定息時的時差所致。釐定利率風險水平時，對差距風險、息率基準風險及期權風險進行評估。本集團管理銀行賬冊上的利率風險主要集中於重訂息率的錯配。差距分析可讓本集團從靜態角度了解利率敏感性資產、負債和資產負債表外持倉的到期情況及重訂息率特點。本行設有重訂息率差距限額，以控制本集團的利率風險。

本集團每月定期進行敏感度分析，以估算利率變動對盈利和股權經濟價值的影響，當中包括金管局規定的不同利率衝擊假設情景。股權經濟價值反映對按照市場利率折算其預計淨現金流的現值的評估。由於利率變動會影響本集團的盈利，因此亦會影響本集團的淨值。本集團設有敏感度限額，以控制本集團的盈利及經濟價值兩方面的利率風險承擔。有關結果會定期向資產負債管理委員會匯報。

為了對IRRBB進行定量估計，本集團假設利率收益率曲線受到衝擊並考慮了選擇權和習性的設定，從而計算經濟價值和盈利的變化。這些情境適用於本集團持有的IRRBB風險敞口於各種重要貨幣。

43. Principal Risk Management (continued) 主要風險管理（續）

(f) Interest Rate Risk Management (continued)

The prescribed interest rate shock scenarios are provided by the HKMA in their Supervisory Policy Manual IR-1, Interest Rate Risk in the Banking Book and generally described as follows:

1.	Parallel up:	A constant parallel shock up across all time buckets
2.	Parallel down:	A constant parallel shock down across all time buckets
3.	Steepener:	Short rates down and long rates up
4.	Flattener:	Short rates up and long rates down
5.	Short rate up:	Rates up are greatest at shortest time bucket and diminish towards current rates in longer time buckets
6.	Short rate down:	Rates down are greatest at shortest time bucket and diminish towards current rates in longer time buckets

Based on the sensitivity analysis performed by the Group for each of the prescribed interest rate shock scenarios for the annual reporting date at 31 December 2024, the maximum adverse impact on EVE and NII over the next 12 months are HK$2,973 million (31 December 2023: HK$1,839 million) and HK$2,300 million (31 December 2023: HK$2,674 million) respectively.

Details of the sensitivity analysis on interest rate risk can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

(f) 利率風險管理（續）

規定的利率衝擊情境是由金管局在其監管政策手冊IR-1「銀行賬內的利率風險」中提供，其一般描述如下：

1.	平行向上：	利率收益率曲線在所有時間段內平行向上移動
2.	平行向下：	利率收益率曲線在所有時間段內平行向下移動
3.	較傾斜：	短期利率下降而長期利率上升
4.	較橫向：	短期利率上升而長期利率下降
5.	短率上升：	利率在最短的時間段內上升差距最大，而差距隨著較長時段減少至與當前利率相若
6.	短率下跌：	利率在最短的時間段內下降差距最大，而差距隨著較長時段減少至與當前利率相若

根據本集團在2024年12月31日年度報告日於規定的利率衝擊情境下的敏感性分析，未來12個月對股權經濟價值及淨利息收入的最高不利影響分別為港幣29.73億元（2023年12月31日：港幣18.39億元）及港幣23億元（2023年12月31日：港幣26.74億元）。

有關利率風險敏感性分析可瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或按www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html的直接連繫。

(g) Strategic Risk Management

Strategic risk is the risk of current or potential impact on the Group's earnings, capital, reputation, or standing arising from changes in the environment the Group operates in, adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic, or technological changes.

The objective of managing strategic risk is to identify, assess, monitor, report, and mitigate strategic risk, and to ensure compliance with the relevant regulatory requirements.

The Group establishes comprehensive policies, manuals, profiles and reports to set out the management framework as well as assessment and monitoring tools.

The Group formulates, and adheres to the Strategic Risk Management Manual, which outlines a systematic approach to the management of strategic risk, including a framework for strategic risk identification, assessment, monitoring, mitigation and control, thereby enhancing the level of strategic risk management of the Group.

The Risk Management Committee is responsible for overseeing the management of the Group's strategic risk.

(h) Legal Risk Management

Legal risk is the risk of loss arising from unenforceable contracts, lawsuits, or adverse judgements that may disrupt or otherwise negatively affect the operations or financial condition of the Group.

The objective of managing legal risk is to identify, assess, monitor and report on legal risk, and to comply with the relevant legal and regulatory requirements.

From time to time, the Group provides training conducted by qualified internal personnel and/or external lawyers/professionals to staff members. When dealing with legal matters, the Group consults qualified internal personnel and, when necessary and appropriate, engages external lawyers with relevant expertise.

The Operational Risk Management Committee is responsible for overseeing the management of the Group's legal risk.

(g) 策略性風險管理

策略性風險是指因本集團營運環境變動、不良策略決策、決策實施不當或對工業、經濟或技術變動反應遲緩而對本集團盈利、資本、聲譽或地位造成當前或潛在影響的風險。

策略性風險管理的目的在於識別、評估、監控、匯報及降低策略性風險，以及確保符合相關監管規定的要求。

本集團制定全面的政策、指引、狀況及報告，載列管理架構及評估和監控工具。

本集團制定並遵從策略性風險管理手冊，該手冊載錄對策略性風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制策略性風險的機制，藉此提升本集團的策略性風險管理水平。

風險管理委員會負責監督本集團的策略性風險管理。

(h) 法律風險管理

法律風險是指出現合約未能執行、訴訟或不利審判的情況，可能對本集團的日常運作或財務狀況造成擾亂或負面影響而導致損失的風險。

法律風險管理的目的，在於識別、評估、監控及匯報法律風險，以及遵守相關法律及監管規定的要求。

本集團會不時向員工提供由合資格內部人員及／或外聘律師／專業人士講解的培訓。當處理法律事宜，本集團諮詢合資格內部人員，並於必要及適當的情況下聘請具備相應專業知識的外聘律師。

營運風險管理委員會負責監督本集團的法律風險管理。

43. Principal Risk Management (continued) 主要風險管理（續）

(i) Reputation Risk Management

Reputation risk is the risk that the Group's reputation is damaged by one or more events that result in negative publicity about the business practices, conduct, or financial condition of the Group. Such negative publicity, whether true or not, may impair public confidence in the Group and may result in costly litigation, or lead to a decline in the Group's customer base, business, and/or revenue.

The objective of managing reputation risk is to identify, assess, monitor, report, and mitigate reputation risk, and to ensure compliance with the relevant regulatory requirements.

The Group establishes various policies, guidelines, manuals and codes to ensure compliance with applicable laws, rules and regulations, and to ensure that the Group maintains a high standard of corporate governance, which in turn helps to safeguard and enhance the Group's reputation.

The Group formulates, and adheres to the Reputation Risk Management Manual, which outlines a systematic approach to the management of reputation risk, including a framework for reputation risk identification, assessment, mitigation, control, and monitoring, thereby protecting and enhancing the reputation of the Group. The Guidelines for Incident Response and Management are established for swift response to and management of unexpected incidents. The Media Guidelines are established to ensure effective and consistent delivery of the Group's key messages to the media.

The Operational Risk Management Committee is responsible for overseeing the management of the Group's reputation risk.

(i) 聲譽風險管理

聲譽風險是指因對本集團一項或多項有關營商手法、行為或財務狀況事件的負面報導而損及本集團聲譽的風險。此等負面報導，不管真確與否，有可能影響公眾對本集團的信心，並可能導致高昂的訴訟費用，或令本集團客戶基礎、業務及／或收入減少。

聲譽風險管理的目的在於識別、評估、監控、匯報及降低聲譽風險，以及確保符合相關監管規定的要求。

本集團制定各項政策、指引、手冊及守則，確保遵守適用法例、規則及規例，同時確保本集團維持高水準的企業管治，藉此保障及提升本集團的聲譽。

本集團制定並遵從聲譽風險管理手冊，該手冊載錄對聲譽風險實施系統化管理的方法，包括識別、評估、緩減、控制及監控聲譽風險的機制，藉此保護及提升本集團的聲譽。本集團已建立事件應對及管理指引，以快速應對並管理未能預期的事件。並已建立媒體指引，以確保有效及一致地將本集團的關鍵信息傳達予媒體。

營運風險管理委員會負責監督本集團的聲譽風險管理。

(j) Compliance Risk Management

Compliance risk is the risk of potential losses arising from legal or regulatory sanctions, fines and penalties, financial losses or damage to reputation that the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its business activities.

The Group establishes various policies, guidelines and manuals to ensure compliance with all applicable legislation, rules, codes of conduct, industry standards, and guidelines issued by the relevant regulatory authorities that govern the Group's operations. The Group formulates, and adheres to, the Compliance Risk Management Manual, which outlines a systematic approach to the management of compliance risk, including a framework for compliance risk identification, assessment, monitoring, mitigation and control, thereby enabling the Group to manage its compliance risk effectively. Independent regulatory compliance reviews are conducted on major functions of the Group using a risk-based approach.

(k) Capital Management

The Group's primary objectives when managing capital are to meet the regulatory requirements and safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

Capital managed by the Group to achieve these objectives includes ordinary share capital, retained profits, other reserves, and non-controlling interests after deductions for goodwill and intangible assets. It also includes subordinated liabilities, impairment allowances and regulatory reserve for general banking risks as allowed under Banking (Capital) Rules.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Steering Group for Capital Management and Recovery Planning is responsible for overseeing issues related to the capital positions and monitoring the capital adequacy against all regulatory and internal reference. The capital position is also reviewed regularly by the Risk Management Committee, Risk Committee and the Board.

(j) 合規風險管理

合規風險是指因未能遵守適用於本集團業務活動的法例、規例、規則、相關自我監管機構所定的標準及行為守則而引致的法律及監管制裁、罰金或罰款、財務損失，或令聲譽受損而導致本集團可能損失的風險。

本集團已制定各項政策、指引及手冊，確保遵守所有適用法例、規則、行為守則、行業標準及有關監管機構發出的規管本集團營運的指引。本集團已制定並遵從合規風險管理手冊，該手冊載錄對合規風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制合規風險的機制，藉此令本集團有效地管理合規風險。並採用風險為本的方式對本集團主要職能進行獨立合規監察審查。

(k) 資本管理

本集團管理資本的主要目的是要符合監管規定及保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

以求達至該目的，本集團管理資本包括股本、留存溢利、其他儲備，及非控股權益（已扣除商譽和無形資產）。管理資本亦包括無償負債、減值準備及資本規則所容許的一般銀行業風險的規管儲備。

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

資本管理及恢復規劃督導組負責監督與資本狀況相關的事項，並根據監管機構及內部指引以監控資本充足度。風險管理委員會、風險委員會及董事會亦會定期檢討資本狀況。

43. Principal Risk Management (continued) 主要風險管理（續）

(k) Capital Management (continued)

The HKMA supervises the Group on both a consolidated basis and a solo-consolidated basis and, as such, sets capital requirements and receives information of capital adequacy on a regular basis for the Group as a whole. Individual branches in Macau, Taiwan and overseas and banking subsidiaries are directly regulated by respective domestic banking supervisors, who set and monitor their capital adequacy requirements. In certain jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital requirements of domestic regulatory authorities.

In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group monitors its capital structure on the basis of the capital adequacy ratios and there have been no material changes in the Group's policy on the management of capital during the year.

The capital adequacy ratios as at 31 December 2024 and 31 December 2023 as disclosed are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31 December 2024 and 31 December 2023 and the Group's capital ratios are well above the minimum required by the HKMA.

(k) 資本管理（續）

金管局按綜合基準及單獨綜合基準以監管本集團，並制訂資本要求及定期收集本集團整體性的資本充足資料。個別澳門、台灣及海外分行及銀行附屬公司分別由當地的銀行監管機關直接監管，並制訂及監控其資本充足要求。在某些地區，非銀行財務附屬公司是受當地監管機關規管及資本要求。

在實施現行資本要求，金管局要求本集團維持特定的總資本對風險資產總額比率。

本集團以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變。

2024年12月31日及2023年12月31日的資本充足比率的披露是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合《銀行業條例》的《銀行業（資本）規則》。

截至2024年12月31日及2023年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團的資本比率俱遠高於金管局所定的最低規定比率。

(l) Climate-related Risk Management

The Group is of the view that there is growing urgency for immediate climate action in building resilience and to mitigate potential negative impacts of climate change. The Group distinguishes climate related risk between physical risk and transition risk. "Physical risk" refers to the impacts of weather and climate-related events, which could lead to disruptions to the business and operations of banks and their clients. "Transition risk" refers to the risk related to the process of adjustment towards a low-carbon economy, which can be prompted by policy, legal, technology and market changes as climate-change mitigation and adaptation measures are adopted. The Group views climate risk as a transverse risk that can manifest in the traditional and principal risk types such as credit, operational and reputation risks, etc. The impacts can materialise in the business and operational activities of the Bank.

(l) 氣候相關風險管理

本集團認為應對氣候行動刻不容緩，必須建立氣候抗禦力和緩解氣候變化潛在的不利影響。本集團將氣候相關風險區分為實體風險及轉型風險。「實體風險」指天氣及氣候相關事件的影響，可能對銀行及相關客戶的業務和營運以造成干擾。「轉型風險」指與轉型至低碳經濟過程中的相關風險，可以是歸因於推行氣候變化的緩解及適應措施導致的政策、法規、科技和市場變化。本行認為氣候風險屬於橫向風險，可體現在傳統和主要風險類別中，例如信貸、營運及信譽風險等，其影響可體現於本行的業務及營運活動。

The Bank's Board of Directors has established a Board-level ESG Committee to oversee the Group's ESG performance. The ESG Steering Committee ("Steering Committee") reports directly to the ESG Committee. The Steering Committee, chaired by the Co-Chief Executive, is responsible for driving ESG strategy development, assessing the materiality of existing and emerging ESG topics, and ESG target setting and performance review, which is then reported to the ESG Committee. The Group Chief Risk Officer sits on the ESG Steering Committee and is tasked with managing and reporting on ESG risks.

本行董事會已成立董事會層面的環境、社會及管治委員會以監督集團的可持續發展表現。環境、社會及管治督導委員會（「督導委員會」）直接向環境、社會及管治委員會匯報。督導委員會由聯席行政總裁擔任主席，負責促進制訂可持續發展策略、評估現有及新興可持續發展議題的重要性、訂立可持續發展目標和檢討表現，然後向環境、社會及管治委員會匯報。集團風險總監為環境、社會及管治督導委員會的成員之一，專責管理和匯報環境、社會及管治風險。

Through the HKMA-led Climate Risk Stress Test ("CRST") exercise, the Group has identified emerging climate risks and opportunities which may materially affect the Group's business and operations. Based on the results from the climate risk and scenario analysis, the Group is able to determine certain financial and non-financial impacts of climate change which could manifest in the major risk categories through impacting of the asset quality (i.e. borrower repayment ability, collateral quality), valuation of financial instruments (i.e. market fluctuation), operational resilience (i.e. operational damage to bank premises and assets and business disruption) and reputational impact to the Group. The Group has developed plans to strengthen its strategies and risk governance framework to ensure its resilience against extreme climate events and to mitigate the vulnerabilities identified during this CRST exercise. Due to strong capital buffers built up over past years, the estimated financial impact from climate change do not create material capital impact to the Group.

本集團藉著金管局推出的氣候風險壓力測試識別可能對本集團業務及營運構成重大影響的新興氣候風險與機遇。本集團根據氣候風險及情境分析結果，透過對資產質素（即借款人償還能力、抵押品質素）、金融票據的估值（即市場波動）、營運抗禦力（即銀行處所及資產運作受損和業務中斷）造成的影響，確定可能落入主要風險類別的氣候變化的財務及非財務影響，以及對本集團聲譽的影響。本集團已制訂多個方案強化策略及風險管治架構，確保可以抵禦極端氣候事件和緩解氣候風險壓力測試所識別的弱點。由於本集團過去多年建立了雄厚的緩衝資本，因此氣候變化的估計財務影響不會對本集團的資本構成重大影響。

The Group's climate risk management measures include supporting customers towards transition to a low carbon economy, expanding green and sustainable finance products, controlling the Group's exposure to high carbon-emitting sectors and those vulnerable to physical risks, and the development of net zero roadmaps for both operational emissions (Scope 1 and 2), as well as financed emissions (Scope 3). The significant climate risk issues will be reported and escalated to management committees and the Board through the existing enterprise risk management and ESG governance structure. To strengthen our climate risk management capability and assess the operational and financial impact arising from extreme weather events, the Group has developed and implemented new risk management tools in 2024, including qualitative and quantitative risk appetite statement for climate risk, climate risk radar and climate risk heatmap, and strengthened ESG and Climate-related risk assessment to customers and debt securities issuers.

本集團的氣候風險管理措施包括協助客戶過渡至低碳經濟、增加綠色及可持續金融產品類型、控制本集團於高碳排放行業及易受實體風險影響資產的投資，以及為營運碳排放（範圍1及2）和本集團提供融資的排放量（範圍3）擬定淨零碳排放路線圖。重大氣候風險議題將通過現有的企業風險管理和環境、社會及管治架構匯報給相關的管理層委員會和董事會。為加強本集團的氣候風險管理能力及評估極端天氣事件對營運以及財務上的影響，本集團於2024年度已推行各項風險管理措施，包括定性和定量氣候風險偏好聲明、氣候風險雷達表和氣候風險熱圖，及加強對客戶和債務證券發行人的環境、社會及管治和氣候相關風險評估。

44. Fair Values of Financial Instruments 金融工具的公平價值

(a) Financial Instruments carried at Fair Value

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

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

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

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

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

(a) 以公平價值列賬的金融工具

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。本集團以下列的分級方法計算公平價值：

第一級 – 參考同一工具在活躍市場取得的市場報價。

第二級 – 根據可觀察的參數之估值模式。為此級別估值的工具，包括以下方式：就相若工具在活躍市場取得的市場報價；就相若工具在非活躍市場取得的市場報價；或其他估值模式，而該等估值模式所用的參數，是直接或間接可從市場觀察所得的數據。

第三級 – 根據不可觀察之重要參數之估值模式。為此級別估值的工具，其估值模式所輸入之參數為非可觀察的數據，惟該等非可觀察的數據可以對估值產生重大影響。為此級別估值的工具，也包括在活躍市場取得相若金融工具的市場報價，惟當中需要作出非可觀察之調整或假設，以反映不同金融工具之間的差別。

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是計量公平價值，藉以在申報日能反映金融工具的價格，而該價格可被視為在正常交易下市場人士當賣出資產時可收取或當轉移負債時須支付之款項。

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

本集團會使用廣泛應用的估值模式，以釐定一般性及較簡單金融工具的公平價值，例如僅使用可觀察市場價格、及毋須管理層耗時判斷及估計之利率及貨幣掉期。可觀察價格及模式的參數，通常可從市場上的上市債務及股份證券、在交易所買賣的衍生工具和簡單的場外交易衍生工具如利率掉期獲取。獲取可觀察市場價格及模式的參數，可以減省管理層需時判斷及估計，也可減少有關釐定公平價值的不穩定因素。是否取得可觀察市場價格及參數，視乎產品及市場性質，並會因金融市場的個別事件和一般情況而有不同變化。

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

至於較複雜的金融工具，本集團會使用通常由已有認受性的估值模式改動而來。部分甚或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用不可觀察之重要參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值；而揀選適當的估值模式、為估值之金融工具決定其預期的未來現金流、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

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

本集團已就計算公平價值設立了監控機制。此機制包括擁有產品監控功能並獨立於前線管理人員，稱為金融工具估值群組（「群組」）。價格核實的程序已經確立。任何將被採用的價格模式必須經過嚴格的檢測及審批程序。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值 (續)

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

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

(a) 以公平價值列賬的金融工具 (續)

下表是分析於報告期期末，在公平價值分級內以公平價值計量的金融工具之公平價值的處理方式：

		2024				2023			
		Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元	Level 1 第一級 HK$ Mn 港幣百萬元	Level 2 第二級 HK$ Mn 港幣百萬元	Level 3 第三級 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Recurring fair value measurement	**重複發生的公平價值釐定**								
Assets	**資產**								
Trade bills – Measured at FVOCI	貿易票據－按通過其他全面收益以反映公平價值計量	–	653	–	653	–	122	–	122
Trading assets	交易用途資產	207	–	–	207	285	2,764	–	3,049
Derivative assets	衍生工具資產	–	6,227	–	6,227	12	9,044	–	9,056
Investment securities	投資證券								
– Mandatorily measured at FVTPL	－強制按通過損益以反映公平價值計量	–	1,485	508	1,993	–	2,327	533	2,860
– Measured at FVOCI	－按通過其他全面收益以反映公平價值計量	36,097	121,851	999	158,947	35,922	116,339	959	153,220
		36,304	130,216	1,507	168,027	36,219	130,596	1,492	168,307
Liabilities	**負債**								
Trading liabilities	交易用途負債	66	–	–	66	–	–	–	–
Derivative liabilities	衍生工具負債	6	5,790	–	5,796	–	4,007	–	4,007
Financial liabilities designated at FVTPL	指定為通過損益以反映公平價值的金融負債	–	937	–	937	–	13,501	–	13,501
		72	6,727	–	6,799	–	17,508	–	17,508

During the years ended 31 December 2024 and 2023, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至2024年及2023年12月31日止之年度內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間並無重大的轉移。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

Information about significant unobservable inputs in Level 3 valuations 有關第三級估值的不可觀察之重要參數資料

	Valuation technique 估值模式	Significant unobservable input(s) 不可觀察之重要參數	Range 幅度
Unlisted equity securities and investment funds 非上市股份證券及投資基金	Counterparty quote 交易對手報價	N/A 不適用	N/A 不適用
	Net asset value 資產淨值	N/A 不適用	N/A 不適用
	Discounted cash flow model 現金流折扣模式	Discount rate 折扣率	10.4% (2023年：13.4%)
		Marketability discount 市場性折扣	20% (2023年：20%)
	Market-comparable approach 市場可類比法	Earnings multiple 盈利倍數	31.45 – 37.69 (2023年：14.38-36.36)
		EV/EBIT 企業價值／稅息前利潤	20.50 – 21.16 (2023年：18.26-26.75)
		Marketability discount 市場性折扣	50% (2023年：50%)

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

強制按通過損益以反映公平價值計量或按通過其他全面收益以反映公平價值計量的非上市股本工具的公平價值，是採用現金流折扣模式作估算，根據受投資公司的財務狀況及業績之分析，或參考可比較上市公司之倍數，並計入市場性折扣以反映該股份並非有活躍交易之調整。任何因比率／受投資公司的財務狀況及業績之個別增加對公平價值有正面影響，而因折扣率／市場性折扣之個別增加則對公平價值有負面影響。非上市投資基金的公平價值是採用基金經理提供的資產淨值作估算。

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

在第三級之金融工具估值是受以上所述之相同估值監控機制及金融工具估值群組的定期檢視。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值（續）

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

(1) Valuation of financial instruments with significant unobservable inputs

(a) 以公平價值列賬的金融工具（續）

(1) 使用不可觀察之重要參數的金融工具估值

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

已列賬並含有不可觀察之重要參數的工具，其公平價值之變動如下：

		2024		2023	
		Investment securities mandatorily measured at FVTPL 強制按通過損益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities measured at FVOCI 按通過其他全面收益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities mandatorily measured at FVTPL 強制按通過損益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元	Investment securities measured at FVOCI 按通過其他全面收益以反映公平價值計量的投資證券 HK$ Mn 港幣百萬元
Assets	**資產**				
At 1 January	於1月1日	**533**	**959**	732	839
Additions/Purchases	增加／購入	**1**	**–**	8	–
Disposals/Settlements	出售／結算	**(36)**	**–**	(208)	–
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	**10**	**–**	1	–
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面收益	**–**	**40**	–	120
At 31 December	於12月31日年度內	**508**	**999**	533	959
Total gains for the year included in FVOCI fair value reserve of the other comprehensive income for assets held at the end of the reporting period	於報告期結束日持有按通過其他全面收益以反映公平價值資產而已計入其他全面收益的公平價值儲備之年度內收益總額	**–**	**40**	–	120
Total gains for the year included in the income statement for assets held at the end of the reporting period recorded in net results from other financial instruments at FVTPL	於報告期結束日持有之資產而已計入期內收益表之按通過損益以反映公平價值金融工具的淨表現之年度內收益總額	**11**	**–**	1	–

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

(2) 因不可觀察之重要假設變動至合理可行之另類假設所產生的影響

		2024			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元	Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元
Financial assets	金融資產				
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量的投資證券	42	(42)	–	–
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的投資證券	–	–	83	(83)
		42	(42)	83	(83)

		2023			
		Effect recorded in profit or loss 直接記錄於損益上之影響		Effect recorded directly in equity 直接記錄於股東權益上之影響	
		Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元	Favourable 有利 HK$ Mn 港幣百萬元	(Unfavourable) (不利) HK$ Mn 港幣百萬元
Financial assets	金融資產				
Investment securities mandatorily measured at FVTPL	強制按通過損益以反映公平價值計量的投資證券	45	(45)	–	–
Investment securities measured at FVOCI	按通過其他全面收益以反映公平價值計量的投資證券	–	–	80	(80)
		45	(45)	80	(80)

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

在若干情況下，計算金融工具的公平價值所使用的估值模式，其含有的假設並非依據在相同工具的當前可觀察市場交易價格，亦非依賴其他可觀察的市場數據。上表顯示公平價值之敏感度，即因轉用至合理可能的替代假設所產生的正、負10%的價值的並行變動。

44. Fair Values of Financial Instruments (continued) 金融工具的公平價值 (續)

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

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

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

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

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

(b) 以公平價值以外列賬的金融工具公平價值

本集團採用下列方法和重要假定，以釐定如下的金融工具的公平價值：

(i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於報告期結束日可按要求而支付的金額。

(ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。

(iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。

(iv) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，亦可以就貸款機構對發出擔保所實際徵收的息率，與在沒有取得擔保之情況下而貸款機構將可能徵收的估計息率作出比較，並在當中取用較可靠的相關資料以釐定公平價值。

本集團以成本或攤銷成本入賬的金融工具賬面值，與其於2024年12月31日及2023年同日之公平價值並無重大差異。

45. Off-Balance Sheet Exposures 資產負債表以外的風險

(a) Contingent Liabilities and Commitments

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

(a) 或然負債及承擔

參照金管局資本充足比率申報表的填報指示，各主要類別的或然負債及承擔的合約金額及信貸風險加權金額摘要如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Contingent liabilities	或然負債		
Direct credit substitutes	直接信貸代替品	**3,085**	3,522
Transaction-related contingencies	與交易有關的或然項目	**6,776**	3,927
Trade-related contingencies	與貿易有關的或然項目	**6,051**	7,741
		15,912	15,190
Commitments	承擔		
Commitments that are unconditionally cancellable without prior notice	可無條件取消而毋須事先通知的承擔	**280,189**	332,203
Other commitments with an original maturity	其他承擔的原到期日		
– up to 1 year	– 1年或以下	**4,150**	2,531
– over 1 year	– 1年以上	**27,272**	25,168
		311,611	359,902
Total	總額	**327,523**	375,092
Credit risk-weighted amounts	信貸風險加權金額	**19,525**	17,458

The credit risk-weighted amount is calculated in accordance with the Capital Rules. Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts does not represent expected future cash flows.

信貸風險加權金額是按《資本規則》計算。或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。合約金額是指當合約被完全提取及客戶違約時所承擔風險的金額。由於預期擔保書及承付款項的大部分金額會在未經提取前逾期，合約金額並不代表預計未來現金流量。

(b) Derivatives

(i) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

(b) 衍生工具

(i) 衍生工具的名義金額

衍生工具是指由一項或多項潛在資產或指數價值釐定價值的財務合約。

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)

(i) Notional amount of derivatives (continued)

The following is a summary of the notional amounts of each significant type of derivative of the Group:

(b) 衍生工具（續）

(i) 衍生工具的名義金額（續）

集團的每項衍生工具主要類別的名義金額摘要如下：

		2024			
		Qualifying for hedge accounting 符合對沖會計法 HK$ Mn 港幣百萬元	Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具模式管理 HK$ Mn 港幣百萬元	Others, including held for trading 其他，包括持有作交易用途 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	–	3,446	490,510	493,956
Interest rate contracts	利率合約	137,400	939	168,177	306,516
Equity contracts	股份合約	–	–	12,055	12,055
		137,400	4,385	670,742	812,527

		2023			
		Qualifying for hedge accounting 符合對沖會計法 HK$ Mn 港幣百萬元	Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具模式管理 HK$ Mn 港幣百萬元	Others, including held for trading 其他，包括持有作交易用途 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	–	2,932	311,977	314,909
Interest rate contracts	利率合約	115,455	8,171	195,198	318,824
Equity contracts	股份合約	–	–	6,245	6,245
		115,455	11,103	513,420	639,978

Derivatives arise from futures, forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting period; they do not represent amounts at risk.

衍生工具是由本集團在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在報告期結束日仍未完成的交易量，但並不代表所承受風險的金額。

(ii) Fair value of derivatives

(ii) 衍生工具之公平價值

		2024 Fair value 公平價值		2023 Fair value 公平價值	
		Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元
Exchange rate contracts	匯率合約	**5,010**	**4,287**	1,650	1,733
Interest rate contracts	利率合約	**933**	**1,230**	7,307	2,169
Equity contracts	股份合約	**284**	**279**	99	105
		6,227	**5,796**	9,056	4,007

(iii) Hedge accounting

(a) Fair value hedges of interest rate risk

The Group's fair value hedge principally consists of interest rate swaps that are used to protect against changes in the fair value of fixed rate long-term financial instruments due to movements in market interest rates.

The Group uses interest rate swaps to hedge its exposure to changes in the fair values of certain fixed rate financial assets and financial liabilities in respect of a benchmark interest rate. Pay-floating/receive-fixed interest rate swaps are matched to specific issuances of fixed rate financial liabilities or pay-fixed/receive-floating interest rate swaps are matched to fixed rate financial assets with terms that closely align with the critical terms of the hedged item.

(iii) 對沖會計

(a) 利率風險的公平價值對沖

本集團的公平價值對沖主要包括利率掉期，用於防範定息長期金融工具的公平價值因市場利率變動而轉變。

本集團以利率掉期對沖若干定息金融資產及金融負債因基準利率而導致的公平價值轉變的風險。對沖以支付浮動／收取固定利率掉期合約與定息金融負債的特定發行配對或以支付固定利率／收取浮動利率掉期合約與定息金融資產配對，其條款與被對沖項目的關鍵條款一致。

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

(a) Fair value hedges of interest rate risk (continued)

The Group's approach to managing market risk, including interest rate risk, is discussed in Note 43(b). Interest rate risk to which the Group applies hedge accounting arises from fixed rate financial assets and financial liabilities, whose fair value fluctuates when benchmark interest rates change. The Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of a fixed rate financial asset and financial liability are significantly influenced by changes in the benchmark interest rate. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties and requiring the counterparties to post collateral (see Note 43(a)(x)).

Before fair value hedge accounting is applied by the Group, the Group determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the fair value of the hedged item and the hedging instrument respond similarly to similar risks. The Group further supports this qualitative assessment by using cumulative dollar offset method or regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the fair value of the hedged item.

The Group establishes a hedge ratio by aligning the par amount of the hedged item and the notional amount of the interest rate swap designated as a hedging instrument. Under the Group policy, in order to conclude that a hedge relationship is effective, all of the following criteria should be met.

- The regression co-efficient (R squared), which measures the correlation between the variables in the regression, is at least 0.8.
- The slope of the regression line is within a 0.8-1.25 range.
- The confidence level of the slope is at least 95%.

(b) 衍生工具（續）

(iii) 對沖會計（續）

(a) 利率風險的公平價值對沖（續）

本集團管理市場風險的方法，包括利率風險詳述於附註43(b)。本集團採用對沖會計的利率風險來自定息金融資產及金融負債，其公平價值在基準利率變動時波動。因定息金融資產及金融負債的公平價值變動受基準利率變動的顯著影響，本集團僅在基準利率範圍內對沖利率風險。對沖會計適用於符合對沖會計條件的經濟對沖關係。

通過使用衍生金融工具對沖利率變動的風險，本集團亦面對衍生工具交易對手的信貸風險，而該風險並未被被對沖項目抵銷。本集團通過與高質量交易對手進行交易，要求交易對手提供抵押品，減低衍生工具交易對手的信用風險（詳見附註43(a)(x)）。

在採用公平價值對沖會計法前，本集團根據被對沖項目和對沖工具的定性特徵評估和支持對沖風險評估的定量分析，以確定被對沖項目與對沖工具之間是否存在經濟關係。本集團在評估經濟關係的存在時，會考慮被對沖項目及對沖工具的關鍵條款是否一致。本集團評估被對沖項目和對沖工具的公平價值是否對類似風險反應相似。本集團採用累計價值抵銷法或回歸分析評估對沖工具是否預期及非常有效地抵銷被對沖項目的公平價值變動以進一步支持定性評估。

本集團通過調整對沖項目的面值與指定為對沖工具的利率掉期合約的名義金額來確定對沖比率。根據本集團政策，有效對沖關係應滿足以下所有條件：

- 測量回歸中變量之間相關性的回歸系數（R平方）至少為0.8。
- 回歸線的斜率在0.8-1.25範圍內。
- 斜率的置信水平至少為95%。

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- differences in maturities of the interest rate swap and the hedged item.

在這些對沖關係中，無效對沖部份的主要來源是：

- 交易對手和本集團自身信用風險對利率掉期合約公平價值的影響未能反映在利率變動導致的被對沖項目的公平價值中；及
- 利率掉期和相關對沖項目的到期日之差異。

At 31 December 2024 and 2023, the Group held the following interest rate swaps as hedging instruments in fair value hedges of interest risk:

於2024年及2023年12月31日，本集團持有以下利率掉期合約作為利率風險公平價值對沖的對沖工具：

		2024 Maturity 到期日		
		Less than 1 year 少於1年	1-5 years 1-5年	More than 5 years 多於5年
Risk category	風險類別			
Interest rate risk	利率風險			
Hedge of debt securities investment	對沖債務證券投資			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	6,772	40,259	53,622
Average fixed interest rate	平均固定利率	1.94%	1.77%	1.76%
Hedge of loans and advances	對沖貸款及墊款			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	471	419	26
Average fixed interest rate	平均固定利率	0.55%	1.58%	2.59%
Hedge of certificates of deposit issued	對沖已發行存款證			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	2,697	2,019	–
Average fixed interest rate	平均固定利率	4.80%	4.35%	–
Hedge of subordinated notes issued	對沖已發行後償票據			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	4,659	18,634	–
Average fixed interest rate	平均固定利率	5.00%	3.83%	–
Hedge of deposits from customers	對沖客戶存款			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	3,321	–	–
Average fixed interest rate	平均固定利率	2.88%	–	–
Hedge of deposits and balances of banks	對沖銀行的存款及結餘			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	201	–	–
Average fixed interest rate	平均固定利率	2.51%	–	–

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)
(iii) Hedge accounting (continued)
(a) Fair value hedges of interest rate risk (continued)

(b) 衍生工具（續）
(iii) 對沖會計（續）
(a) 利率風險的公平價值對沖（續）

		2023 Maturity 到期日		
		Less than 1 year 少於1年	1-5 years 1-5年	More than 5 years 多於5年
Risk category	風險類別			
Interest rate risk	利率風險			
Hedge of debt securities investment	對沖債務證券投資			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	6,832	40,841	51,483
Average fixed interest rate	平均固定利率	2.21%	1.54%	1.47%
Hedge of loans and advances	對沖貸款及墊款			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	124	698	27
Average fixed interest rate	平均固定利率	2.76%	1.19%	2.59%
Hedge of subordinated notes issued	對沖已發行後償票據			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	–	14,452	–
Average fixed interest rate	平均固定利率	–	3.98%	–
Hedge of deposits from customers	對沖客戶存款			
Nominal amount (HK$ Mn)	名義金額（港幣百萬元）	998	–	–
Average fixed interest rate	平均固定利率	4.04%	–	–

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

指定為對沖工具及無效對沖金額如下：

	2024				
		Hedging instruments 對沖工具			
		Carrying amount in the consolidated statement of financial position 在綜合財務狀況表賬面值			
	Nominal amount 名義金額 HK$ Mn 港幣百萬元	Derivative assets 衍生工具資產 HK$ Mn 港幣百萬元	Derivative liabilities 衍生工具負債 HK$ Mn 港幣百萬元	Change in fair value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份 HK$ Mn 港幣百萬元	Hedge ineffectiveness recognised in Net hedging profit/(loss) 於對沖溢利／(虧損) 淨額內確認的無效對沖部份 HK$ Mn 港幣百萬元
Interest rate risk 利率風險					
Interest rate swaps – hedge of debt securities investment 利率掉期－對沖債務證券投資	100,653	8	(136)	604	70
Interest rate swaps – hedge of loans and advances 利率掉期－對沖貸款及墊款	916	24	–	(19)	(1)
Interest rate swaps – hedge of certificates of deposit issued 利率掉期－對沖已發行存款證	4,716	3	–	2	–
Interest rate swaps – hedge of subordinated notes issued 利率掉期－對沖已發行後償票據	23,293	2	(98)	(17)	23
Interest rate swaps – hedge of deposits from customers 利率掉期－對沖客戶存款	3,321	–	–	2	–
Interest rate swaps – hedge of deposits and balances of banks 利率掉期－對沖銀行的存款及結餘	201	–	–	–	–

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

(a) Fair value hedges of interest rate risk (continued)

(b) 衍生工具（續）

(iii) 對沖會計（續）

(a) 利率風險的公平價值對沖（續）

	2023				
		Hedging instruments 對沖工具			
		Carrying amount in the consolidated statement of financial position 在綜合財務狀況表賬面值		Change in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in Net hedging profit/(loss)
	Nominal amount	Derivative assets	Derivative liabilities		
	名義金額	衍生工具資產	衍生工具負債	公平價值變動以計算無效對沖部份	於對沖溢利／(虧損)淨額內確認的無效對沖部份
	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Interest rate risk 利率風險					
Interest rate swaps – hedge of debt securities investment 利率掉期－對沖債務證券投資	99,156	5,689	(412)	(1,860)	76
Interest rate swaps – hedge of loans and advances 利率掉期－對沖貸款及墊款	849	42	–	(24)	(2)
Interest rate swaps – hedge of subordinated notes issued 利率掉期－對沖已發行後償票據	14,452	29	(402)	147	(23)
Interest rate swaps – hedge of deposits from customers 利率掉期－對沖客戶存款	998	–	(2)	28	2
Interest rate swaps – hedge of repo 利率掉期－對沖回購	–	–	–	4	(23)

The amounts relating to items designated as hedged items were as follows:

指定為被對沖項目金額如下：

	2024						
	Carrying amount 賬面值		Accumulated fair value hedge adjustments included in the carrying amount 包含於賬面值的累計公平價值對沖調整		Presentation in the consolidated statement of financial position 在綜合財務狀況表中列示	Change in value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份	Accumulated fair value hedge adjustments remaining in the consolidated statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses 包含於綜合財務狀況表的已終止調整對沖盈利及虧損的被對沖項目之累計公平價值對沖調整餘額
	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Interest rate risk 利率風險							
Debt securities investment 債務證券投資	95,760	–	(4,126)	–	Investment securities 投資證券	(534)	–
Loans and advances 貸款及墊款	894	–	(22)	–	Loans and advances to customers 客戶貸款及墊款	18	–
Certificates of deposit issued 已發行存款證	–	4,808	–	2	Certificates of deposit issued 已發行存款證	(2)	–
Subordinated notes issued 已發行後償票據	–	23,089	–	(128)	Loan capital 借貸資本	40	–
Deposits from customers 客戶存款	–	3,273	–	–	Deposits from customers 客戶存款	(2)	–
Deposits and balances of banks 銀行的存款及結餘	–	201	–	–	Deposits and balances of banks 銀行的存款及結餘	–	–

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

(a) Fair value hedges of interest rate risk (continued)

(b) 衍生工具（續）

(iii) 對沖會計（續）

(a) 利率風險的公平價值對沖（續）

	2023						
	Carrying amount 賬面值		Accumulated fair value hedge adjustments included in the carrying amount 包含於賬面值的累計公平價值對沖調整		Presentation in the consolidated statement of financial position 在綜合財務狀況表中列示	Change in value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份	Accumulated fair value hedge adjustments remaining in the consolidated statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses 包含於綜合財務狀況表的已終止調整對沖盈利及虧損的被對沖項目之累計公平價值對沖調整餘
	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元	Assets 資產 HK$ Mn 港幣百萬元	Liabilities 負債 HK$ Mn 港幣百萬元		HK$ Mn 港幣百萬元	HK$ Mn 港幣百萬元
Interest rate risk 利率風險							
Debt securities investment 債務證券投資	92,652	–	(4,449)	–	Investment securities 投資證券	1,936	–
Loans and advances 貸款及墊款	845	–	(40)	–	Loans and advances to customers 客戶貸款及墊款	22	–
Subordinated notes issued 已發行後償票據	–	14,318	–	(88)	Loan capital 借貸資本	(170)	–
Deposits from customers 客戶存款	–	997	–	(2)	Deposits from customers 客戶存款	(26)	–
Repo 回購	–	–	–	–	Deposits and balances of banks 銀行的存款及結餘	(27)	–

(b) Cash flow hedges of interest rate risk

The Group uses interest rate swaps to hedge against exposure to variability in the future cash flows of floating rate loans referencing HIBOR. Pay-float-receive-fixed interest rate swaps with the same repricing tenor is used to convert the floating interest received from the loans to fixed interest. With this hedge, the exposure to the variable interest rates is reduced and the future interest income is maintained at a stable level over the life of the hedge relationship.

The Group's approach to managing market risk, including interest rate risk, is discussed in Note 43(b). Interest rate risk to which the Bank applies cash flow hedge arises from future interest payments of the HIBOR component of the loans, whose cash flow fluctuates when there is change in market interest rates that the loans are referenced to. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

The Group determined whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk. The Group considered whether the principal terms of the hedged item and hedging instrument closely align, such as the notional amount, repricing date and floating rate reference when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk.

The Group assessed hedge effectiveness using the dollar offset method with hypothetical derivative approach, which created a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative matched the principal terms of the hedged item and it had a fair value of zero at inception. The fair value of the hypothetical derivatives was then used as a proxy for the net present value of the hedged future cash flows against which changes in value of the actual hedging instrument were compared to assess whether the hedge can achieve 0.8 – 1.25 cumulative dollar offset on each reporting date.

In these hedge relationships, the potential sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- difference in timing of settlement of the hedging instrument and the hedged item.

(b) 利率風險的現金流對沖

本集團以利率掉期對沖以香港銀行同業拆借利率為基準的浮動利率貸款未來現金流量變動風險。使用相同重訂息率期限的支付浮動／收取固定利率掉期將貸款收取的浮動利息轉換為固定利息。透過這種對沖，浮動利率變動風險得以降低以及未來利息收入在對沖關係存續期間得以維持在穩定水平。

本集團管理市場風險的方法，包括利率風險詳述於附註43(b)。本銀行採用現金流對沖來自貸款中香港銀行同業拆借利率部分的未來利息支出，而現金流量會隨著貸款所參考的市場利率變動而波動。對沖會計適用於符合對沖會計條件的經濟對沖關係。

本集團根據被對沖項目和對沖工具的現金流量定性特徵評估和對沖風險，以確定被對沖項目與對沖工具的現金流量之間是否存在經濟關係。本集團在評估經濟關係的存在時，會考慮被對沖項目及對沖工具的主要條款，例如名義金額、重訂息率和浮動利率是否一致。本集團評估被對沖項目和對沖工具的現金流量是否就對沖風險的反應相似。

本集團採用價值抵銷法及模擬衍生工具方法評估對沖效用，該方法建立一衍生工具作為對沖交易的代理。模擬衍生工具的條款與被對沖項目的主要條款一致，並且在開始時其公平價值為零。模擬衍生工具的公平價值用作被對沖未來現金流淨現值的代理，並將實際對沖工具的價值變化與之比較，以評估對沖是否可在每個報告日期實現0.8-1.25的累計價值抵銷。

在這些對沖關係中，無效對沖部份的潛在來源是：

- 交易對手和本集團自身信用風險對利率掉期合約公平價值的影響未能反映在利率變動導致的被對沖項目的公平價值中；及
- 對沖工具及被對沖項目結算時點之差異。

45. Off-Balance Sheet Exposures (continued) 資產負債表以外的風險（續）

(b) Derivatives (continued)

(iii) Hedge accounting (continued)

(b) Cash flow hedges of interest rate risk (continued)

At 31 December 2024, the Group held the following hedging instruments to hedge exposures to variability in the future cash flows of floating rate loans:

(b) 衍生工具（續）

(iii) 對沖會計（續）

(b) 利率風險的現金流對沖（續）

於2024年12月31日，本集團持有以下對沖工具對沖浮動利率貸款的未來現金流量變動風險：

		2024 Maturity 到期日		
		Less than 1 year 少於1年	1-5 years 1-5年	More than 5 years 多於5年
Interest rate swap	利率掉期			
Nominal amount (HK$ Mn)	名義金額(港幣百萬元)	–	4,300	–
Average fixed interest rate	平均固定利率	–	3.29%	–

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

指定為對沖工具及無效對沖金額如下：

	2024 Hedging instrument 對沖工具						
	Nominal amount 名義金額 HK$ Mn 港幣百萬元	Carrying amount in the consolidated statement of financial position 在綜合財務狀況表賬面值 Derivative assets 衍生工具資產 HK$ Mn 港幣百萬元	Derivative liabilities 衍生工具負債 HK$ Mn 港幣百萬元	Changes in fair value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份 HK$ Mn 港幣百萬元	Changes in the value recognised in hedging reserve 確認於對沖儲備的價值變動 HK$ Mn 港幣百萬元	Amount reclassified from the hedging reserve to interest income 由對沖儲備計入利息收入金額 HK$ Mn 港幣百萬元	Hedge ineffectiveness recognised in Net hedging profit/(loss) 於對沖溢利／(虧損)淨額內確認的無效對沖部份 HK$ Mn 港幣百萬元
Interest rate risk 利率風險							
Interest rate swaps – hedge of loans and advances 利率掉期－對沖貸款及墊款	4,300	10	–	(28)	(28)	4	–

The amounts relating to items designated as hedged items were as follows:

指定為被對沖項目金額如下：

	2024			
	Presentation in the consolidated statement of financial position 在綜合財務狀況表中列示	Change in value used for calculating hedge ineffectiveness 公平價值變動以計算無效對沖部份 HK$ Mn 港幣百萬元	Hedging reserve 對沖儲備 HK$ Mn 港幣百萬元	Balances in hedging reserve from hedging relationships for which hedge accounting is no longer applied 不再應用對沖會計法的對沖儲備餘額 HK$ Mn 港幣百萬元
Interest rate risk 利率風險				
Loans and advances 貸款及墊款	Loans and advances to customers 客戶貸款及墊款	28	(20)	–

(c) Capital Commitments

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

(c) 資本承擔

於12月31日未償付但並未在財務報表中提撥準備的資本承擔如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Expenditure authorised and contracted for	已核准支出並已簽約	376	484
Expenditure authorised but not contracted for	已核准支出但未簽約	104	90
		480	574

(d) Leases Committed But Not Yet Commenced

At 31 December 2024 and 2023, the total future cash outflows to which the Group (as a lessee) is exposed that are not reflected in the measurement of lease liabilities are as follows:

(d) 已承擔但仍未開始的租賃

於2024年及2023年12月31日，本集團作為承租人所承擔但並未反映於租賃負債計量中的未來現金流出總額如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Properties	物業		
Within one year	1年以內	8	4
After one year but within five years	1年至5年內	26	5
After five years	5年以後	–	–
		34	9
Equipment	設備		
Within one year	1年以內	–	–
After one year but within five years	1年至5年內	–	–
		–	–
Total lease committed but not yet commenced	已承擔但仍未開始的租賃總額	34	9

(e) Contingencies

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

(e) 或有事項

本集團收到正常業務過程中產生的法律索賠。本集團認為這些事項均不重大。在適當情況下，本集團在很可能需要經濟利益流出並且可以對該責任作出可靠估計時確認負債準備。

46. Offsetting of Financial Assets and Liabilities 抵銷金融資產及金融負債

To mitigate credit risks, the Group enters into master netting arrangements with same counterparties. Netting agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position.

本集團與其相同對手簽訂淨額結算總安排以減低信貸風險。若發生違約事件，根據淨額結算協議，所有與該對手之交易會終止及所有結餘金額以淨額結算。除發生違約事件外，所有與對手之交易會以總額結算及在財務狀況表中的資產和負債通常不會互相抵銷。

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

下表列示受抵銷、具法律效力之淨額結算總安排及相近協議約束的金融工具詳情。

46. Offsetting of Financial Assets and Liabilities (continued) 抵銷金融資產及金融負債（續）

		2024								
		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial assets	**金融資產**									
Derivative assets	衍生工具資產	4,772	-	4,772	(3,767)	-	(31)	974	1,455	6,227
Placements with and advances to banks	在銀行的存款及墊款									
– under reverse repos, securities borrowing and similar agreements with banks	– 與銀行的反向回購、證券借入及相近協議	2,895	-	2,895	-	(2,895)	-	-	-	2,895
Loans and advances to customers	客戶貸款及墊款									
– under reverse repos, securities borrowing and similar agreements with non-banks	– 與非銀行的反向回購、證券借入及相近協議	12,953	-	12,953	-	(12,953)	-	-	-	12,953
Other assets	其他資產	614	(466)	148	-	-	-	148	-	148
Total	總額	21,234	(466)	20,768	(3,767)	(15,848)	(31)	1,122	1,455	22,223
Financial liabilities	**金融負債**									
Derivative liabilities	衍生工具負債	4,728	-	4,728	(3,767)	-	(191)	770	1,068	5,796
Deposits and balances of banks	銀行的存款及結餘									
– under repos, securities lending and similar agreements with banks	– 與銀行的回購、證券借出及相近協議	16,529	-	16,529	-	(16,443)	(86)	-	-	16,529
Other liabilities	其他負債	468	(466)	2	-	-	-	2	-	2
Total	總額	21,725	(466)	21,259	(3,767)	(16,443)	(277)	772	1,068	22,327

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財務報表附註（續）

		2023								
		Amounts subject to enforceable netting arrangements 涉及具法律效力之淨額結算安排之金額								
		Effects of offsetting in the consolidated statement of financial position 在綜合財務狀況表抵銷之影響			Amounts not set off in the consolidated statement of financial position 並無在綜合財務狀況表內抵銷之金額					
		Gross amounts 總額 HK$ Mn 港幣百萬元	Amounts offset 抵銷之金額 HK$ Mn 港幣百萬元	Net amounts presented in the consolidated statement of financial position 於綜合財務狀況表中列示之淨金額 HK$ Mn 港幣百萬元	Financial instruments 金融工具 HK$ Mn 港幣百萬元	Non-cash collateral 非現金抵押品 HK$ Mn 港幣百萬元	Cash collateral 現金抵押品 HK$ Mn 港幣百萬元	Net amounts 淨額 HK$ Mn 港幣百萬元	Amounts not subject to enforceable netting arrangements 不涉及具法律效力之淨額結算安排之金額 HK$ Mn 港幣百萬元	Total amounts 總額 HK$ Mn 港幣百萬元
Financial assets	**金融資產**									
Derivative assets	衍生工具資產	7,672	–	7,672	(2,094)	–	(2,821)	2,757	1,384	9,056
Placements with and advances to banks	在銀行的存款及墊款									
– under reverse repos, securities borrowing and similar agreements with banks	– 與銀行的反向回購、證券借入及相近協議	4,932	–	4,932	–	(4,828)	(104)	–	–	4,932
Loans and advances to customers	客戶貸款及墊款									
– under reverse repos, securities borrowing and similar agreements with non-banks	– 與非銀行的反向回購、證券借入及相近協議	11,940	–	11,940	–	(11,546)	(394)	–	–	11,940
Other assets	其他資產	2,381	(2,124)	257	–	–	–	257	–	257
Total	總額	26,925	(2,124)	24,801	(2,094)	(16,374)	(3,319)	3,014	1,384	26,185
Financial liabilities	**金融負債**									
Derivative liabilities	衍生工具負債	2,781	–	2,781	(2,094)	–	(65)	622	1,226	4,007
Deposits and balances of banks	銀行的存款及結餘									
– under repos, securities lending and similar agreements with banks	– 與銀行的回購、證券借出及相近協議	5,250	–	5,250	–	(4,246)	(1,004)	–	–	5,250
Other liabilities	其他負債	2,124	(2,124)	–	–	–	–	–	–	–
Total	總額	10,155	(2,124)	8,031	(2,094)	(4,246)	(1,069)	622	1,226	9,257

47. Notes on Consolidated Cash Flow Statement 綜合現金流量表附註

(a) Cash and Cash Equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(a) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cash and balances with banks with original maturity within three months	原本期限為3個月以內之現金及在銀行的結存	**33,319**	37,014
Placements with and advances to banks with original maturity within three months	原本期限為3個月以內在銀行的存款及墊款	**35,565**	39,552
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券	**18,437**	14,394
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證	**544**	516
Debt securities with original maturity within three months	原本期限為 3 個月以內的債務證券	**5**	658
		87,870	92,134

(ii) Reconciliation with the consolidated statement of financial position

(ii) 與綜合財務狀況表的對賬

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cash and balances with banks *(Note 23)*	現金及在銀行的結存 *(附註23)*	**41,304**	45,903
Placements with and advances to banks *(Note 24)*	在銀行的存款及墊款 *(附註24)*	**37,705**	43,691
Treasury bills, certificates of deposit held and debt securities	國庫債券、持有存款證及債務證券		
– trading assets *(Note 26)*	– 交易用途資產 *(附註26)*	**–**	2,764
– investment securities *(Note 28)*	– 投資證券 *(附註28)*	**189,010**	165,527
		189,010	168,291
Amounts shown in the consolidated statement of financial position	在綜合財務狀況表列示的金額	**268,019**	257,885
Less: Amounts with an original maturity of beyond three months	減：原本期限為3個月以上的金額	**(172,164)**	(156,861)
Cash balance with central bank subject to regulatory restriction	受規管限制的在中央銀行的現金結存	**(7,985)**	(8,890)
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目	**87,870**	92,134

(b) Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

(b) 源自融資活動產生的負債之對賬

下表列載本集團由融資活動產生的負債之變動，包括現金及非現金之變動。源自融資活動產生的負債指在本集團的綜合現金流量表內分類為由融資活動產生的現金流或未來現金流產生的負債。

		Debt securities issued 已發行債務證券 HK$ Mn 港幣百萬元	Loan capital 借貸資本 HK$ Mn 港幣百萬元	Debt securities issued accrued interest payable 已發行債務證券之應計利息 HK$ Mn 港幣百萬元	Loan capital accrued interest payable 借貸資本之應計利息 HK$ Mn 港幣百萬元	Lease liabilities 租賃負債 HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings (assets) 持有作對沖借款的利率掉期合約（資產） HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings liabilities 持有作對沖借款的利率掉期合約負債 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1 January 2024	**於2024年1月1日**	844	15,967	7	235	852	(29)	402	18,278
Changes from financing cash flows	**源自融資現金流的變動**								
Issue of loan capital	發行借貸資本	–	8,864	–	–	–	–	–	8,864
Redemption of debt securities issued	贖回已發行債務證券	(467)	–	–	–	–	–	–	(467)
Redemption of loan capital	贖回借貸資本	–	(1,594)	–	–	–	–	–	(1,594)
Interest paid on loan capital	支付借貸資本利息	–	–	–	(1,380)	–	–	–	(1,380)
Interest paid on debt securities issued	支付已發行債務證券利息	–	–	(19)	–	–	–	–	(19)
Payment of lease liabilities	支付租賃負債	–	–	–	–	(284)	–	–	(284)
Total changes from financing cash flows	源自融資現金流的變動總額	(467)	7,270	(19)	(1,380)	(284)	–	–	5,120
Exchange adjustments	匯兌調整	(4)	(142)	–	–	(17)	–	–	(163)
Changes in fair value	公平價值變動	14	–	–	–	–	–	–	14
Revaluation under hedge accounting	對沖會計法的重估	–	(40)	–	–	–	27	(304)	(317)
Interest expenses	利息支出	–	34	16	1,404	31	–	–	1,485
Increase in lease liabilities from entering into new leases during the year	年度內訂立新租賃引致租賃負債增加	–	–	–	–	183	–	–	183
Total other changes	其他變動總額	10	(148)	16	1,404	197	27	(304)	1,202
At 31 December 2024	**於2024年12月31日**	387	23,089	4	259	765	(2)	98	24,600

47. Notes on Consolidated Cash Flow Statement (continued) 綜合現金流量表附註 (續)

(b) Reconciliation of Liabilities Arising from Financing Activities (continued) (b) 源自融資活動產生的負債之對賬 (續)

		Debt securities issued 已發行債務證券 HK$ Mn 港幣百萬元	Loan capital 借貸資本 HK$ Mn 港幣百萬元	Debt securities issued accrued interest payable 已發行債務證券之應計利息 HK$ Mn 港幣百萬元	Loan capital accrued interest payable 借貸資本之應計利息 HK$ Mn 港幣百萬元	Lease liabilities 租賃負債 HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings (assets) 持有作對沖借款的利率掉期合約（資產） HK$ Mn 港幣百萬元	Interest rate swaps held to hedge borrowings liabilities 持有作對沖借款的利率掉期合約負債 HK$ Mn 港幣百萬元	Total 總額 HK$ Mn 港幣百萬元
At 1 January 2023	**於2023年1月1日**	2,892	11,927	14	159	774	–	307	16,073
Changes from financing cash flows	**源自融資現金流的變動**								
Issue of loan capital	發行借貸資本	–	3,893	–	–	–	–	–	3,893
Redemption of debt securities issued	贖回已發行債務證券	(2,090)	–	–	–	–	–	–	(2,090)
Interest paid on loan capital	支付借貸資本利息	–	–	–	(873)	–	–	–	(873)
Interest paid on debt securities issued	支付已發行債務證券利息	–	–	(58)	–	–	–	–	(58)
Payment of lease liabilities	支付租賃負債	–	–	–	–	(274)	–	–	(274)
Total changes from financing cash flows	源自融資現金流的變動總額	(2,090)	3,893	(58)	(873)	(274)	–	–	598
Exchange adjustments	匯兌調整	10	(34)	–	–	1	–	–	(23)
Changes in fair value	公平價值變動	32	–	–	–	–	–	(7)	25
Revaluation under hedge accounting	對沖會計法的重估	–	170	–	–	–	(29)	102	243
Interest expenses	利息支出	–	11	51	949	29	–	–	1,040
Increase in lease liabilities from entering into new leases during the year	年度內訂立新租賃引致租賃負債增加	–	–	–	–	322	–	–	322
Total other changes	其他變動總額	42	147	51	949	352	(29)	95	1,607
At 31 December 2023	**於2023年12月31日**	844	15,967	7	235	852	(29)	402	18,278

48. Assets Pledged As Security 用作抵押品的資產

The following assets have been pledged as collateral for own liabilities at the end of the reporting period.

於報告期期末，以下資產經已用作本身負債之抵押品。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Secured liabilities	有抵押負債	**16,529**	5,250
Assets pledged:	抵押資產:		
On-balance sheet	資產負債表內		
Investment securities	投資證券		
	－按通過其他全面收益以反映		
– measured at FVOCI	公平價值計量	**9,379**	5,071
– measured at amortised cost	－按攤銷成本計量	**7,730**	–
		17,109	5,071
Off-balance sheet	資產負債表外		
Repledged collateral received	已收並再抵押的抵押品	**–**	392
		17,109	5,463

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives.

以下的銀行結餘已用作證券借貸及衍生工具孖展按金之抵押品。

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Cash collateral for borrowed securities	用作證券借貸的現金抵押品	**277**	497
Margin accounts for open futures and forward contracts	用作開立期貨及遠期合約的孖展賬戶	**2,951**	3,671
		3,228	4,168

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

49. Loans to Directors and Entities Connected with Directors 董事及與董事有關連實體的貸款

The aggregate of loans to directors of the Bank and entities connected with directors disclosed pursuant to Section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

根據《公司條例》第383(1)(d)條及《公司（披露董事利益資料）規則》第3部規定，本行董事及與董事有關連實體之貸款總額披露如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Aggregate amount of relevant loans outstanding at 31 December	相關貸款於 12 月 31 日的結欠總額		
By the Bank	由銀行借出	**256**	867
By subsidiaries	由附屬公司借出	**–**	–
		256	867
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額		
By the Bank	由銀行借出	**944**	1,712
By subsidiaries	由附屬公司借出	**–**	–
		944	1,712

As at 31 December 2024 and 2023, there was no interest due but unpaid and the impairment allowance made against these loans as required under HKFRS 9 were insignificant.

於2024年12月31日及2023年12月31日，沒有逾期未償付利息，面對該等貸款按《香港財務報告準則》第9號所作出之減值準備是不重大的。

50. Material Related Party Transactions 關聯人士的重大交易

(a) Key Management Personnel Remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors as disclosed in Note 20 and certain of the highest paid employees as disclosed in Note 21, is as follows:

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，已包括在附註20中所披露支付予本行董事及在附註21中所披露支付予本行若干最高薪酬僱員的金額如下：

		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Short-term employee benefits	短期僱員福利	**164**	164
Post-employment benefits	僱員退休福利	**7**	7
Equity compensation benefits	股份補償福利	**22**	23
		193	194

(b) The Group maintains certain retirement benefit schemes for its staff as per Note 2(x)(iii). In 2024, the total amount of contributions the Group made to the schemes was HK$244 million (2023: HK$219 million).

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

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

(b) 本集團為其職員提供若干退休保障計劃，並已於附註2(x)(iii)披露。於2024年內，本集團對該等計劃的供款總數為港幣2.44億元（2023年：港幣2.19億元）。

本集團與其關聯人士進行多項交易，該等人士包括聯營公司、有重大影響力之股東、及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括但不限於接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

年度內，本集團從關聯人士所收取與支付的利息，及在年末關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

		Key management personnel 主要管理人員		Associates 聯營公司		Shareholders with significant influence 有重大影響力之股東	
		2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元	2024 HK$ Mn 港幣百萬元	2023 HK$ Mn 港幣百萬元
Interest income	利息收入	**38**	41	**53**	73	**18**	12
Interest expense	利息支出	**86**	96	**1**	1	**–**	–
Amounts due from	關聯人士的欠款	**286**	815	**619**	1,374	**692**	422
Amounts due to	欠關聯人士的款項	**2,124**	2,180	**149**	209	**62**	5
Maximum amounts due from	關聯人士的最高欠款	**1,005**	1,681	**1,597**	1,988	**1,677**	1,316
Maximum amounts due to	欠關聯人士的最高款項	**5,380**	5,273	**580**	789	**241**	212
Committed facilities to	給予信貸承諾	**1,178**	1,293	**2,258**	1,755	**113**	59

51. Equity Compensation Plans 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees of the Group, including Executive Director and Co-Chief Executives, options to subscribe for ordinary shares of the Bank. All options were granted for nil consideration.

本行所採納的僱員認股權計劃是董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及聯席行政總裁，以認購本行普通股股份。所有認股權均以無計價款形式發出。

(a) Particulars of Share Options

(a) 認股權詳情

Date of grant 授予日期	Vesting period 歸屬期	Exercise period 行使期	Exercise price per share 每股行使價 HK$港幣元
08/4/2016(T3)	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017(T2)	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017(T3)	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018(T1)	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018(T2)	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018(T3)	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019(T1)	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019(T2)	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019(T3)	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020(T1)	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020(T2)	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020(T3)	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58
13/4/2021(T1)	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021(T2)	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021(T3)	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08
12/4/2022(T1)	12/4/2022 – 11/4/2023	12/4/2023 – 12/4/2028	12.17
12/4/2022(T2)	12/4/2022 – 11/4/2024	12/4/2024 – 12/4/2029	12.17
12/4/2022(T3)	12/4/2022 – 11/4/2025	12/4/2025 – 12/4/2030	12.17
12/4/2023(T1)	12/4/2023 – 11/4/2024	12/4/2024 – 12/4/2029	10.08
12/4/2023(T2)	12/4/2023 – 11/4/2025	12/4/2025 – 12/4/2030	10.08
12/4/2023(T3)	12/4/2023 – 11/4/2026	12/4/2026 – 12/4/2031	10.08
11/4/2024(T1)	11/4/2024 – 10/4/2025	11/4/2025 – 11/4/2030	9.33
11/4/2024(T2)	11/4/2024 – 10/4/2026	11/4/2026 – 11/4/2031	9.33
11/4/2024(T3)	11/4/2024 – 10/4/2027	11/4/2027 – 11/4/2032	9.33

(b) Movement of Share Options During the Year **(b) 年內認股權之變動**

2024				Number of share options 認股權數目			
Date of grant 授予日期	Tranche 部分	Exercise price per share 每股行使價 HK$港幣元	Outstanding at 1/1/2024 於2024年1月1日 尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	Outstanding at 31/12/2024 於2024年12月31日 尚未行使
08/4/2016	T3	28.45	1,996,500	–	–	1,996,500	–
07/4/2017	T2	32.25	2,030,000	–	–	2,030,000	–
07/4/2017	T3	32.25	1,513,000	–	–	50,000	1,463,000
10/4/2018	T1	32.25	2,075,000	–	–	2,075,000	–
10/4/2018	T2	32.25	1,563,500	–	–	50,000	1,513,500
10/4/2018	T3	32.25	1,573,000	–	–	50,000	1,523,000
19/7/2019	T1	22.45	1,443,500	–	–	50,000	1,393,500
19/7/2019	T2	22.45	1,443,500	–	–	50,000	1,393,500
19/7/2019	T3	22.45	1,450,500	–	–	50,000	1,400,500
07/4/2020	T1	16.58	1,678,165	–	–	50,000	1,628,165
07/4/2020	T2	16.58	1,685,328	–	–	50,000	1,635,328
07/4/2020	T3	16.58	1,818,336	–	–	150,000	1,668,336
13/4/2021	T1	17.08	1,343,797	–	–	50,000	1,293,797
13/4/2021	T2	17.08	1,443,906	–	–	150,000	1,293,906
13/4/2021	T3	17.08	1,448,850	–	–	–	1,448,850
12/4/2022	T1	12.17	5,353,820	–	–	50,000	5,303,820
12/4/2022	T2	12.17	5,347,653	–	–	–	5,347,653
12/4/2022	T3	12.17	5,417,117	–	–	–	5,417,117
12/4/2023	T1	10.08	3,906,879	–	–	–	3,906,879
12/4/2023	T2	10.08	3,906,877	–	–	–	3,906,877
12/4/2023	T3	10.08	3,911,167	–	–	–	3,911,167
11/4/2024	T1	9.33	–	4,623,712	–	–	4,623,712
11/4/2024	T2	9.33	–	4,624,002	–	–	4,624,002
11/4/2024	T3	9.33	–	4,631,242	–	–	4,631,242
Total 總額			52,350,395	13,878,956	–	6,901,500	59,327,851

51. Equity Compensation Plans (continued) 股份補償計劃（續）

(b) Movement of Share Options During the Year (continued) **(b) 年內認股權之變動（續）**

2023			Number of share options 認股權數目				
Date of grant 授予日期	Tranche 部分	Exercise price per share 每股行使價 HK$港幣元	Outstanding at 1/1/2023 於 2023 年 1月 1 日尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	Outstanding at 31/12/2023 於 2023 年 12月 31 日尚未行使
04/5/2015	T3	34.15	1,955,746	–	–	1,955,746	–
08/4/2016	T2	28.45	1,946,000	–	–	1,946,000	–
08/4/2016	T3	28.45	2,046,500	–	–	50,000	1,996,500
07/4/2017	T1	32.25	2,080,000	–	–	2,080,000	–
07/4/2017	T2	32.25	2,080,000	–	–	50,000	2,030,000
07/4/2017	T3	32.25	1,563,000	–	–	50,000	1,513,000
10/4/2018	T1	32.25	2,125,000	–	–	50,000	2,075,000
10/4/2018	T2	32.25	1,613,500	–	–	50,000	1,563,500
10/4/2018	T3	32.25	1,623,000	–	–	50,000	1,573,000
19/7/2019	T1	22.45	1,493,500	–	–	50,000	1,443,500
19/7/2019	T2	22.45	1,493,500	–	–	50,000	1,443,500
19/7/2019	T3	22.45	1,550,500	–	–	100,000	1,450,500
07/4/2020	T1	16.58	1,728,165	–	–	50,000	1,678,165
07/4/2020	T2	16.58	1,785,328	–	–	100,000	1,685,328
07/4/2020	T3	16.58	1,818,336	–	–	–	1,818,336
13/4/2021	T1	17.08	1,443,797	–	–	100,000	1,343,797
13/4/2021	T2	17.08	1,443,906	–	–	–	1,443,906
13/4/2021	T3	17.08	1,448,850	–	–	–	1,448,850
12/4/2022	T1	12.17	5,353,820	–	–	–	5,353,820
12/4/2022	T2	12.17	5,347,653	–	–	–	5,347,653
12/4/2022	T3	12.17	5,417,117	–	–	–	5,417,117
12/4/2023	T1	10.08	–	3,906,879	–	–	3,906,879
12/4/2023	T2	10.08	–	3,906,877	–	–	3,906,877
12/4/2023	T3	10.08	–	3,911,167	–	–	3,911,167
Total 總額			47,357,218	11,724,923	–	6,731,746	52,350,395

(c) There were no share option forfeited and cancelled during the year ended 31 December 2024 and 2023.

(c) 截至2024年12月31日及2023年12月31日止年度內並無被撤銷並註銷的認股權。

52. Accounting Estimates and Judgements 會計估計及判斷

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

在編製本綜合財務報表時，管理層經已作出若干對應用本集團會計政策及所匯報的資產、負債、收入及支出之金額披露有影響的判斷、估計和假定。最終結果與該等估計可能不儘相同。

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

估計及相關假定會定期作檢討。估計之修改不會被追溯確認。

(a) Key Sources of Estimation Uncertainty

(a) 估計不穩定因素的主要來源

(i) Impairment losses

Note 43(a)(viii): impairment of financial instruments involves determining inputs into the ECL measurement model, including incorporation of forward-looking information.

Note 30: impairment testing of investments in associates involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment.

(i) 減值損失

附註43(a)(viii)：金融工具減值涉及決定預期信貸損失計量模型的計算因素，包括植入具前瞻性的資料。

附註30：聯營公司投資的減值測試包括估計使用值的重大判斷，及估算因持續持有該投資而產生的預計現金流的現值。

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market recognised pricing models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management estimation are usually required for selection of the appropriate valuation model, assumptions and inputs to be used.

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀／交易員的報價。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。部分或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用重要而非可觀察之參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值。一般而言，揀選適當的估值模式、假設及參數亦需要管理層估計。

(iii) Provisions for tax uncertainties

The Group makes provisions for tax uncertainties by either estimating the most likely amount, which is the single most likely amount in a range of possible outcomes, or the expected value in a range of possible outcomes. The estimate could be different from the actual results of resolution. Any increase or decrease in the provision would affect profit or loss in future years.

(iii) 稅務不確定性之撥備

本集團對稅務之不確定性會以最大可能，即最具可能性或預期價值的結果範圍內，作出撥備。該估計值可能與實際情況有差異。撥備的任何增加或減少將影響未來年度的損益。

For other key sources of estimation uncertainty relating to goodwill impairment and fair value of share options granted, please refer to Notes 31 and 39 for information.

有關商譽減值及已授予股權的公平價值估計不穩定因素的其他主要來源，請參閱附註31及39。

52. Accounting Estimates and Judgements (continued) 會計估計及判斷(續)

(b) Critical Accounting Judgements in Applying the Group's Accounting Policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Classification of financial assets

Note 2(h)(ii): assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(ii) Measurement of ECL

Note 43(a)(viii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection of models used to measure ECL.

(iii) Recognition of deferred tax assets

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 金融資產分類

附註2(h)(ii)：評估持有資產的商業模型，即金融資產合約期內是否純粹是本金及按本金結餘的利息支付。

(ii) 預期信貸損失計量

附註43(a)(viii)：訂立標準以決定金融資產的信貸風險是否比初始確認時經已大幅增加及制定方法以植入具前瞻性計量預期信貸損失的資料及選擇模型以計算預期信貸損失。

(iii) 遞延稅項資產之確認

須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

53. Non-Adjusting Events After the Reporting Period 毋須調整的報告期結束日後的事件

After the end of the reporting period, the directors declared a second interim dividend. Further details are disclosed in Note 18(a).

董事於報告期結束日後擬派發第二次中期股息。詳情已在附註18(a)作披露。

54. Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year ended 31 December 2024
在截至2024年12月31日止年度前已公布但尚未生效的修訂、新準則和詮釋所產生的可能影響

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to standards and new standards which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

直至此等財務報表之發布日期，香港會計師公會已頒布了多項修訂及新準則；但該等修訂和新準則於截至2024年12月31日止會計年度尚未生效，因此尚未應用於此等財務報表。可能與本集團有關之修訂和新準則如下。

	Effective for accounting periods beginning on or after 由會計期開始或以後起生效
Amendments to HKAS 21 and HKFRS 1, *Lack of Exchangeability* 《香港會計準則》第21號及《香港財務報告準則》第1號之修訂*「缺乏可兌換性」*	1 January 2025 2025 年 1 月 1 日
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments* 《香港財務報告準則》第9號之修訂*「金融工具」*及《香港財務報告準則》第7號之修訂*「金融工具之分類與衡量」*	1 January 2026 2026 年 1 月 1 日
Annual improvements to HKFRS Accounting Standards – Volume 11 《香港財務報告準則》會計準則年度改進 — 第11卷	1 January 2026 2026 年 1 月 1 日
HKFRS 18, *Presentation and disclosure in financial statements* 《香港財務報告準則》第18號*「財務報表之呈列及披露」*	1 January 2027 2027 年 1 月 1 日
HKFRS 19, *Subsidiaries without public accountability: disclosures* 《香港財務報告準則》第19號*「非公共受託責任附屬公司：披露」*	1 January 2027 2027 年 1 月 1 日

The Group is in the process of making an assessment of what the impact of these amendments and new standards are expected to be in the period of initial application. So far the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團正在評估該等修訂和新準則對首個應用期可能產生的影響。至今所得結論是若採納該等修訂、新準則和詮釋對本集團的綜合財務報表不可能構成重大影響。

INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 61 which comprises the consolidated statement of financial position of The Bank of East Asia, Limited as of 30 June 2025 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting".

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

21 August 2025

INTERIM RESULTS

The Board of Directors of the Bank is pleased to announce the unaudited results (Note 1(a)) of the Group for the six months ended 30 June 2025. The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2024 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 audited financial statements. Details of these changes in accounting policies are set out in Note 2. The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. KPMG's independent review report to the Board is included on page 1.

Consolidated Income Statement

	Notes	6 months ended 30/6/2025 HK$ Mn	6 months ended 30/6/2024 HK$ Mn
Interest income	3	16,897	20,379
Interest income calculated using the effective interest method		16,085	18,930
Related interest income		812	1,449
Interest expense	4	(9,553)	(12,151)
Net interest income		7,344	8,228
Fee and commission income		2,089	1,829
Fee and commission expense		(435)	(411)
Net fee and commission income	5	1,654	1,418
Net trading profit	6	1,092	752
Net result on financial instruments at FVTPL	7	4	(59)
Net result on financial assets measured at FVOCI	8	(14)	(80)
Net (loss)/profit on sale of financial assets measured at amortised cost		(12)	2
Net hedging profit	9	23	85
Other operating income	10	168	138
Non-interest income		2,915	2,256
Operating income		10,259	10,484
Operating expenses	11	(4,812)	(4,813)
Operating profit before impairment losses		5,447	5,671
Impairment losses on financial instruments	12	(2,539)	(2,881)
Impairment losses on associate	21	-	(94)
Impairment losses on other assets		-	(2)
Impairment losses		(2,539)	(2,977)
Operating profit after impairment losses		2,908	2,694
Net profit on sale of assets held for sale		-	1
Net loss on disposal of fixed assets	13	(3)	(10)
Valuation losses on investment properties	22	(98)	(75)
Share of profits less losses of associates and joint ventures		187	120
Profit for the period before taxation		2,994	2,730
Income tax	14	(570)	(609)
Profit for the period		2,424	2,121
Attributable to:			
Owners of the parent		2,407	2,111
Non-controlling interests		17	10
Profit for the period		2,424	2,121
Profit for the Bank		1,911	1,909
Earnings per share			
Basic	1(b)	HK$0.86	HK$0.69
Diluted	1(b)	HK$0.86	HK$0.69

Consolidated Statement of Comprehensive Income

	Notes	6 months ended 30/6/2025 HK$ Mn	6 months ended 30/6/2024 HK$ Mn
Net profit		2,424	2,121
Other comprehensive income for the period:			
Items that will not be reclassified to income statement:			
Premises:			
- unrealised surplus on revaluation of premises		489	11
- deferred taxes	29	(51)	4
Fair value reserve (equity instruments):			
- net change in fair value		35	(88)
- deferred taxes	29	-	(3)
Liability credit reserve:			
- net change in fair value attributable to Group's own credit risk	24	-	(7)
- deferred taxes	24,29	-	1
Items that may be reclassified subsequently to income statement:			
Fair value reserve (debt instruments):			
- net change in fair value		(322)	915
- amount transferred to income statement on disposal		221	85
- deferred taxes	29	31	(169)
Hedging reserve (cash flow hedges):			
- effective portion of changes in fair value of hedging instruments		192	-
- amount transferred to income statement		(6)	-
- deferred taxes	29	(31)	-
Share of changes in equity of associates and joint ventures		2	26
Exchange differences arising from translation of accounts of overseas, Macau and Taiwan branches, subsidiaries, associates and joint ventures		2,087	(927)
Other comprehensive income		2,647	(152)
Total comprehensive income		5,071	1,969
Total comprehensive income attributable to:			
Owners of the parent		5,054	1,959
Non-controlling interests		17	10
		5,071	1,969

Consolidated Statement of Financial Position

	Notes	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
ASSETS			
Cash and balances with banks	15	36,008	41,304
Placements with and advances to banks	16	30,572	37,705
Trade bills	17	3,550	1,456
Trading assets	18	3,394	207
Derivative assets	35(b)	3,752	6,227
Loans and advances to customers	19	534,321	527,829
Investment securities	20	200,231	190,783
Investments in associates and joint ventures	21	9,169	8,448
Fixed assets	22	12,128	12,971
- Investment properties		5,660	4,979
- Other properties and equipment		5,792	7,298
- Right-of-use assets		676	694
Goodwill and intangible assets		3,021	1,836
Deferred tax assets	29	1,981	1,600
Other assets	23	53,297	47,393
Total Assets		891,424	877,759
EQUITY AND LIABILITIES			
Deposits and balances of banks		13,611	24,157
Deposits from customers		665,226	643,093
- Demand deposits and current accounts		76,227	65,685
- Savings deposits		159,123	134,908
- Time, call and notice deposits		429,876	442,500
Trading liabilities		24	66
Derivative liabilities	35(b)	4,032	5,796
Certificates of deposit issued		24,775	21,578
- Designated at fair value through profit or loss	24	157	705
- At amortised cost		24,618	20,873
Current taxation		2,375	1,870
Debt securities issued		-	387
- Designated at fair value through profit or loss	24	-	232
- At amortised cost		-	155
Deferred tax liabilities	29	712	685
Other liabilities	25	52,094	51,299
Loan capital – at amortised cost	26	18,836	23,089
Total Liabilities		781,685	772,020
Share capital	1(d)	42,135	42,060
Reserves	30	62,301	58,383
Total equity attributable to owners of the parent		104,436	100,443
Additional equity instruments	31	5,021	5,021
Non-controlling interests		282	275
Total Equity		109,739	105,739
Total Equity and Liabilities		891,424	877,759

Approved and authorised for issue by the Board on 21 August 2025.

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

Consolidated Statement of Changes in Equity

	Share capital	General reserve	Revaluation reserve of bank premises	Capital reserve	Exchange revaluation reserve	Fair value reserve	Hedging reserve	Liability credit reserve	Other reserves[1]	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
At 1 January 2025	42,060	13,658	2,286	1,017	(3,690)	2,365	(20)	-	5,226	37,541	100,443	5,021	275	105,739
Changes in equity														
Profit for the period	-	-	-	-	-	-	-	-	-	2,407	2,407	-	17	2,424
Other comprehensive income	-	-	438	-	2,087	(35)	155	-	2	-	2,647	-	-	2,647
Total comprehensive income	-	-	438	-	2,087	(35)	155	-	2	2,407	5,054	-	17	5,071
Shares issued in lieu of dividend *(Note 1(d))*	75	-	-	-	-	-	-	-	-	-	75	-	-	75
Equity settled share-based transaction	-	-	-	10	-	-	-	-	-	-	10	-	-	10
Transfer	-	-	-	(18)	-	-	-	-	161	(143)	-	-	-	-
Distribution/Dividends declared or approved during the period	-	-	-	-	-	-	-	-	-	(1,146)	(1,146)	-	(10)	(1,156)
At 30 June 2025	42,135	13,658	2,724	1,009	(1,603)	2,330	135	-	5,389	38,659	104,436	5,021	282	109,739
At 1 January 2024	41,915	13,658	2,270	1,034	(2,545)	1,338	-	4	5,154	35,145	97,973	10,090	263	108,326
Changes in equity														
Profit for the period	-	-	-	-	-	-	-	-	-	2,111	2,111	-	10	2,121
Other comprehensive income	-	-	15	-	(927)	740	-	(6)	26	-	(152)	-	-	(152)
Total comprehensive income	-	-	15	-	(927)	740	-	(6)	26	2,111	1,959	-	10	1,969
Shares issued in lieu of dividend *(Note 1(d))*	18	-	-	-	-	-	-	-	-	-	18	-	-	18
Equity settled share-based transaction	-	-	-	11	-	-	-	-	-	-	11	-	-	11
Transfer	-	-	-	(37)	-	-	-	-	45	(8)	-	-	-	-
Distribution/Dividends declared or approved during the period	-	-	-	-	-	-	-	-	-	(774)	(774)	-	(9)	(783)
Share buy-back under on-market share buyback programme[2]	-	-	-	-	-	-	-	-	-	(160)	(160)	-	-	(160)
At 30 June 2024	41,933	13,658	2,285	1,008	(3,472)	2,078	-	(2)	5,225	36,314	99,027	10,090	264	109,381

Notes: 1. *Other reserves include statutory reserve and other reserves.*

2. *In the first half of 2024, the Bank bought back 16 million issued shares on the Stock Exchange at a total consideration of HK$159 million. Together with the direct transaction cost of approximately HK$1 million, a total amount of HK$160 million was accounted for as a deduction from retained profits.*

Condensed Consolidated Cash Flow Statement

	Notes	6 months ended 30/6/2025 HK$ Mn	6 months ended 30/6/2024 HK$ Mn
NET CASH OUTFLOW FROM OPERATIONS		(14,920)	(12,376)
Income tax paid			
Hong Kong profits tax paid		(56)	(63)
Outside Hong Kong profits tax paid		(440)	(257)
NET CASH USED IN OPERATING ACTIVITIES		(15,416)	(12,696)
INVESTING ACTIVITIES			
Dividends received from equity securities measured at FVOCI		22	5
Purchase of fixed assets and intangible assets		(144)	(275)
Proceeds from disposal of fixed assets		-	4
Proceeds from sale of assets held for sale		-	8
NET CASH USED IN INVESTING ACTIVITIES		(122)	(258)
FINANCING ACTIVITIES			
Ordinary dividends paid		(934)	(467)
Distribution to Additional Tier 1 issue holders	1(c)	(147)	(298)
Payment for repurchase of shares under on-market share buyback programme		-	(160)
Payment for purchase of shares under RSU scheme		(2)	-
Issue of loan capital		-	8,914
Capital element of lease rentals paid		(124)	(133)
Interest element of lease rentals paid		(15)	(16)
Redemption of debt securities issued		(393)	(312)
Redemption of loan capital issued		(4,713)	(1,611)
Interest paid on debt securities issued		(6)	(12)
Interest paid on loan capital issued		(719)	(576)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(7,053)	5,329
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,591)	(7,625)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		87,870	92,134
Effect of foreign exchange rate changes		1,491	(745)
CASH AND CASH EQUIVALENTS AT 30 JUNE	32	66,770	83,764
Cash flows from operating activities included:			
Interest received		17,021	20,241
Interest paid		9,124	11,823
Dividend received		2	6

Notes to the Interim Financial Statements

Notes:

1. (a) This interim report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of these changes in accounting policies are set out in Note 2 below.

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

The Bank has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

(b) (i) The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the parent of HK$2,260 million (six months ended 30 June 2024: HK$1,813 million) after accounting for the distribution of HK$147 million (six months ended 30 June 2024: HK$298 million) to Additional Tier 1 issue holders, and on the weighted average of 2,633 million ordinary shares outstanding during the six months ended 30 June 2025 (six months ended 30 June 2024: 2,645 million).

(ii) The calculation of diluted earnings per share is the same as the calculation of basic earnings per share, except that the weighted average of ordinary shares is adjusted for the effects of all dilutive potential shares. For the six months ended 30 June 2025, the weighted average of ordinary shares adjusted for the effects of all dilutive potential shares was 2,636 million (six months ended 30 June 2024: 2,645 million).

(c) Distribution/Dividends

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

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Interim dividend declared after the interim period of HK$0.39 per share on 2,636 million shares (six months ended 30 June 2024: HK$0.31 per share on 2,636 million shares)	1,028	817

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

Notes to the Interim Financial Statements (continued)

1. (c) Distribution/Dividends (continued)

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

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Second interim dividend of HK$0.38 per share on 2,630 million shares (2024: HK$0.18 per share on 2,645 million shares)	999	476

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

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Distribution paid on the Additional Tier 1 capital instruments	147	298

(d) Share Capital

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

	30/6/2025		31/12/2024	
	No. of shares Million	HK$ Mn	No. of shares Million	HK$ Mn
Ordinary shares, issued and fully paid:				
At 1 January	2,630	42,060	2,650	41,915
Shares issued in lieu of dividend	6	75	15	145
Share repurchased and cancelled	-	-	(35)	-
At 30 June/31 December	2,636	42,135	2,630	42,060

Share buy-back

In 2024, the Bank repurchased 34,602,200 shares on the Stock Exchange under on-market share buyback programme at an aggregate consideration (excluding expenses) of HK$342 million and 35,432,000 shares were cancelled (including 829,800 shares repurchased in 2023), representing 1.31% and 1.34% of the ordinary shares in issue at the beginning of 2024, respectively.

Notes to the Interim Financial Statements (continued)

2. Changes in Accounting Policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Bank has adopted the RSU Scheme with effect from 1 January 2025. The RSU Scheme is an equity-settled share based payment arrangement under which RSUs are granted to employees of the Group as part of their remuneration package.

The fair value of RSUs granted to employees is recognised as an expense in the income statement with a corresponding increase in a capital reserve within equity. The fair value is determined by reference to the market value of the Shares on grant date, taking into account the terms and conditions upon which the RSUs were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the grant shares, the total estimated fair value of the RSUs is spread over the vesting period, taking into account the probability that the RSUs will vest.

During the vesting period, the Bank reviews its estimates of the number of grant shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year of the review, with a corresponding adjustment to the capital reserve.

Where the Bank acquires grant shares under the RSU Scheme from the market, the total consideration of Shares acquired from the market (including any directly attributable costs) is deducted from capital reserve. When the Bank elects for scrip in lieu of cash dividends, the value of Shares received under the scrip dividend scheme is deducted from capital reserve and adjusted to retained profits.

Upon vesting, the difference between the related acquisition costs of the vested grant shares and the corresponding fair value of RSUs are adjusted to retained profits.

3. Interest Income

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Loans, placements with banks, and trade bills	12,204	15,494
Investment securities		
- measured at amortised cost or FVOCI	4,643	4,816
- mandatorily measured at FVTPL	27	49
Trading assets	23	20
	16,897	20,379

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

The above included interest income of HK$16,085 million (six months ended 30 June 2024: HK$18,930 million), before hedging effect, for financial assets that are not recognised at FVTPL.

Notes to the Interim Financial Statements (continued)

4. Interest Expense

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Customer deposits and deposits of banks		
- at amortised cost	8,321	10,807
- designated at FVTPL	15	54
Certificates of deposit and debt securities issued		
- at amortised cost	355	380
- designated at FVTPL	26	175
Subordinated notes carried at amortised cost	724	617
Lease liabilities	15	16
Other borrowings	97	102
	9,553	12,151

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

The above included interest expense of HK$9,466 million (six months ended 30 June 2024: HK$11,789 million), before hedging effect, for financial liabilities that are not recognised at FVTPL.

5. Net Fee and Commission Income

Fee and commission income is disaggregated by services:

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Loans, overdrafts and guarantees	467	452
Credit cards	402	400
Sale of third party insurance policies	393	311
Securities brokerage	148	93
Other retail banking services	122	102
Trust and other fiduciary activities	114	81
Investment products	100	100
Trade finance	94	71
Others	249	219
Total fee and commission income	2,089	1,829
Total fee and commission expense	(435)	(411)
	1,654	1,418

Notes to the Interim Financial Statements (continued)

5. Net Fee and Commission Income (continued)

For fee income and expense arising from financial assets and financial liabilities not measured at FVTPL, the Group earned fee and commission income of HK$435 million (six months ended 30 June 2024: HK$399 million) which were included in above loan, overdrafts and guarantees and trade finance categories, and recognised insignificant relevant expenses (six months ended 30 June 2024: HK$3 million) under total fee and commission expenses. These figures excluded amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

For fee income and expense arising from trust and other fiduciary activities, the Group earned fee and commission income of HK$114 million (six months ended 30 June 2024: HK$81 million) as stated above and recognised relevant expenses of HK$20 million (six months ended 30 June 2024: HK$8 million) under total fee and commission expenses.

6. Net Trading Profit

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Profit on dealing in foreign currencies and funding swaps	546	255
Profit on trading securities	97	77
Net gain on derivatives	447	414
Dividend income from trading equity securities	2	6
	1,092	752

7. Net Result on Financial Instruments at FVTPL

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Net loss from financial instruments designated at FVTPL	(3)	(64)
Net gain from financial instruments mandatorily measured at FVTPL (other than those included in net trading profits)	7	5
	4	(59)

8. Net Result on Financial Assets Measured at FVOCI

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Net loss on sale of debt securities	(36)	(85)
Dividend income from equity securities	22	5
	(14)	(80)

Notes to the Interim Financial Statements (continued)

9. Net Hedging Profit

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Fair value hedges	23	85
Cash flow hedges	-	-
	23	85

10. Other Operating Income

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Rental from safe deposit boxes	64	59
Rental income on properties	56	56
Others	48	23
	168	138

11. Operating Expenses

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Contributions to defined contribution plan		
- Hong Kong	104	110
- Outside Hong Kong	120	115
Equity settled share-based payment expenses	12	11
Salaries and other staff costs	2,565	2,562
Total staff costs	2,801	2,798
Premises and equipment expenses excluding depreciation		
- Expenses relating to short-term leases	6	5
- Expenses relating to low value assets	1	5
- Variable lease payments not included in the measurement of lease liabilities	2	-
- Maintenance, repairs and others	477	434
Total premises and equipment expenses excluding depreciation	486	444
Depreciation and amortisation	431	435
Other operating expenses		
- Legal and professional fees	247	231
- Internet platform charges	235	277
- Communications, stationery and printing	144	139
- Advertising and business promotion expenses	104	124
- Others	364	365
Total other operating expenses	1,094	1,136
Total operating expenses	4,812	4,813

Notes to the Interim Financial Statements (continued)

12. Impairment Losses on Financial Instruments

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Loans and advances to customers	2,441	2,713
Debt securities	128	157
Others	(30)	11
	2,539	2,881

13. Net Loss on Disposal of Fixed Assets

	6 months ended 30/6/2025	6 months ended 30/6/2024
	HK$ Mn	HK$ Mn
Net loss on disposal of bank premises, furniture, fixtures and equipment	(5)	(10)
Net profit on termination of lease	2	-
	(3)	(10)

Notes to the Interim Financial Statements (continued)

14. Income Tax

(a) Taxation in the consolidated income statement represents:

	6 months ended 30/6/2025 HK$ Mn	6 months ended 30/6/2024 HK$ Mn
Current tax – Hong Kong		
Tax for the period	389	300
Over-provision in respect of prior years	(22)	(20)
	367	280
Current tax – outside Hong Kong		
Tax for the period	425	344
Under/(over)-provision in respect of prior years	132	(164)
	557	180
Deferred tax		
Origination and reversal of temporary differences	(354)	149
	570	609

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025.

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

(b) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. The Group falls within the scope of the Pillar Two model rules. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong and certain other jurisdictions where a domestic minimum top-up tax has not been implemented. For jurisdictions where domestic minimum top-up tax has been implemented, the Group is also liable to top-up tax in the respective jurisdictions. Under the legislation, the Group is obligated to pay a top-up tax for the difference between its Global Anti-Base Erosion effective tax rate per jurisdiction and the 15% minimum rate.

For the period ended 30 June 2025, the top-up tax exposure to the Group was assessed and relevant provision was recognised under current tax expenses. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Interim Financial Statements (continued)

15. Cash and Balances with Banks

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Cash in hand	902	1,435
Balances with central banks	23,775	29,410
Balances with other banks	11,331	10,459
Gross carrying amount before impairment allowances	36,008	41,304
Less: Impairment allowances	-	-
	36,008	41,304

16. Placements with and Advances to Banks

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Placements with and advances to banks		
Maturing		
- within one month	27,810	37,033
- after one month but within one year	2,763	673
- after one year	-	-
Gross carrying amount before impairment allowances	30,573	37,706
Less: Impairment allowances	(1)	(1)
	30,572	37,705
Of which:		
Placements with and advances to central banks	1,283	2,600

17. Trade Bills

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Measured at amortised cost		
Gross carrying amount before impairment allowances	2,898	803
Less: Impairment allowances	(6)	-
	2,892	803
Measured at FVOCI	658	653
	3,550	1,456

18. Trading Assets

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Debt securities	3,175	-
Equity securities	36	53
Investment funds	183	154
	3,394	207

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers

(a) Loans and Advances to Customers

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Measured at amortised cost		
Gross carrying amount before impairment allowances	539,075	532,931
Less: Impairment allowances	(4,854)	(5,102)
	534,221	527,829
Mandatorily measured at FVTPL	100	-
	534,321	527,829

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

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

	30/6/2025		31/12/2024	
	Gross advances HK$ Mn	% of gross advances covered by collateral %	Gross advances HK$ Mn	% of gross advances covered by collateral %
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	18,456	58.55	20,317	62.87
- Property investment	37,251	93.41	39,520	92.24
- Financial concerns	12,391	36.82	13,148	47.41
- Stockbrokers	2,123	79.14	1,437	72.92
- Wholesale and retail trade	11,137	38.52	8,940	44.72
- Manufacturing	5,888	38.01	4,169	29.80
- Transport and transport equipment	2,987	30.51	3,766	19.38
- Recreational activities	143	97.90	132	99.42
- Information technology	5,481	43.82	3,465	48.90
- Others	30,200	52.64	30,000	52.68
Sub-total	126,057	61.66	124,894	64.14
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,701	98.83	1,131	97.98
- Loans for the purchase of other residential properties	101,058	99.09	98,966	99.06
- Credit card advances	3,271	0.00	3,501	0.00
- Others	22,405	65.37	22,502	62.98
Sub-total	128,435	90.68	126,100	89.86
Total loans for use in Hong Kong	254,492	76.31	250,994	77.06
Trade finance	8,093	19.90	6,889	24.79
Loans for use outside Hong Kong *(Note)*	276,590	27.93	275,048	31.44
Total advances to customers	539,175	50.64	532,931	52.84

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

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

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

	30/6/2025		31/12/2024	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK$ Mn	%	HK$ Mn	%
Loans for use in Chinese Mainland				
Industrial, commercial and financial				
- Property development	17,749	55.51	21,473	51.91
- Property investment	5,477	72.86	6,016	71.40
- Financial concerns	48,473	13.81	44,808	13.92
- Wholesale and retail trade	14,860	5.50	13,177	6.06
- Manufacturing	16,662	6.29	16,002	1.47
- Transport and transport equipment	1,174	40.77	1,949	75.70
- Recreational activities	202	0.00	298	0.00
- Information technology	2,769	0.94	2,389	1.08
- Others	27,602	9.52	25,644	10.59
Sub-total	134,968	18.92	131,756	20.44
Individuals				
- Loans for the purchase of other residential properties	7,636	99.74	8,277	99.74
- Credit card advances	2,582	0.00	2,923	0.00
- Others	14,856	1.72	16,243	1.81
Sub-total	25,074	31.39	27,443	31.16
Total loans for use in Chinese Mainland	160,042	20.87	159,199	22.29

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

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

	30/6/2025		31/12/2024	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK$ Mn	%	HK$ Mn	%
Loans for use outside Hong Kong and Chinese Mainland				
Industrial, commercial and financial				
- Property development	4,928	56.34	6,298	64.05
- Property investment	27,241	72.91	26,676	77.20
- Financial concerns	9,171	21.40	13,739	63.34
- Wholesale and retail trade	6,067	14.13	4,697	13.06
- Manufacturing	14,859	1.91	13,860	1.25
- Transport and transport equipment	6,389	12.45	5,287	19.72
- Recreational activities	899	37.97	1,149	43.75
- Information technology	7,521	4.17	7,248	3.34
- Others	36,322	37.52	33,779	35.80
Sub-total	113,397	36.00	112,733	42.58
Individuals				
- Loans for the purchase of other residential properties	2,842	100.00	2,816	100.00
- Credit card advances	2	0.00	2	0.00
- Others	307	57.26	298	64.28
Sub-total	3,151	95.76	3,116	96.52
Total loans for use outside Hong Kong and Chinese Mainland	116,548	37.62	115,849	44.03
Total loans for use outside Hong Kong	276,590	27.93	275,048	31.44

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

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

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

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
(i) Property investment		
a. Individually impaired loans	4,382	3,464
b. Specific provisions	803	582
c. Collective provisions	83	57
d. New provision charged to income statement	258	918
e. Written off	-	426
(ii) Loans for purchase of other residential properties		
a. Individually impaired loans	525	453
b. Specific provisions	20	9
c. Collective provisions	31	25
d. New provision charged to income statement	32	21
e. Written off	4	1
(iii) Financial concerns		
a. Individually impaired loans	51	229
b. Specific provisions	15	128
c. Collective provisions	66	72
d. New provision charged to income statement	33	342
e. Written off	118	249

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

Notes to the Interim Financial Statements (continued)

19. Loans and Advances to Customers (continued)

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

The information concerning the breakdown of the gross amount of advances to customers by geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk in accordance with the requirements of Banking (Disclosure) Rules. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. The location of a party is determined by its residence which is the economic territory under whose laws the party is incorporated or registered. This requirement is different from the allocation under segment reporting in Note 27 which is prepared in a manner consistent with the way in which information is reported internally to the Group's Senior Management. The specific provisions represent lifetime expected credit loss provisions for credit impaired (Stage 3) exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired (Stage 1 and Stage 2) exposures.

	30/6/2025				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Specific provisions	Collective provisions
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Hong Kong	242,038	4,181	6,956	1,663	349
Chinese Mainland	189,346	3,506	5,728	1,698	554
Other Asian Countries and Regions	35,643	102	134	29	151
Others	72,148	602	1,374	197	213
Total	539,175	8,391	14,192	3,587	1,267
% of total advances to customers			2.63%		

	31/12/2024				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Specific provisions	Collective provisions
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Hong Kong	239,272	3,180	6,824	1,834	353
Chinese Mainland	188,654	3,163	6,938	1,964	561
Other Asian Countries and Regions	34,585	221	272	135	95
Others	70,420	245	459	21	139
Total	532,931	6,809	14,493	3,954	1,148
% of total advances to customers			2.72%		

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

Notes to the Interim Financial Statements (continued)

20. Investment Securities

	30/6/2025					
	Treasury bills (including Exchange Fund Bills)	Certificates of deposit held	Debt securities	Equity securities	Investment funds	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Investment securities measured at amortised cost						
Gross carrying amount before impairment allowances	2,487	537	34,913	-	-	37,937
Less: Impairment allowances	-	-	(839)	-	-	(839)
	2,487	537	34,074	-	-	37,098
Investment securities measured at FVOCI	25,557	162	134,166	1,034	-	160,919
Investment securities mandatorily measured at FVTPL	-	-	1,267	32	915	2,214
	28,044	699	169,507	1,066	915	200,231

	31/12/2024					
	Treasury bills (including Exchange Fund Bills)	Certificates of deposit held	Debt securities	Equity securities	Investment funds	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Investment securities measured at amortised cost						
Gross carrying amount before impairment allowances	2,566	544	27,660	-	-	30,770
Less: Impairment allowances	-	-	(927)	-	-	(927)
	2,566	544	26,733	-	-	29,843
Investment securities measured at FVOCI	30,020	-	127,928	999	-	158,947
Investment securities mandatorily measured at FVTPL	-	-	1,219	1	773	1,993
	32,586	544	155,880	1,000	773	190,783

Equity Securities Designated at FVOCI

	30/6/2025		31/12/2024	
	Fair value	Dividend income recognised	Fair value	Dividend income recognised
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Equity investments held for long-term strategic purposes	1,034	22	999	16

Notes to the Interim Financial Statements (continued)

21. Investments in Associates and Joint Ventures

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Share of net assets	10,330	9,629
Goodwill	458	438
	10,788	10,067
Less: Impairment allowances	(1,619)	(1,619)
	9,169	8,448

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

At 30 June 2025, the fair value of the Group's investment in AFFIN based on the quoted market price had been persistently below the carrying amount. As a result, the Group performed an impairment test on the investment using a value-in-use ("VIU") methodology and this demonstrated that the recoverable amount of the investment was HK$4,057 million. The recoverable amount was higher than the carrying value of HK$3,795 million and no further impairment charge was recognised (six months ended 30 June 2024: no impairment charge). The VIU calculation uses discounted cash flow projections based on AFFIN's latest forecast of financial results and estimates made by the Group's management for the next five years and extrapolating in perpetuity using a long-term growth rate of 3% to derive a terminal value. Discount rate of 11.40% (31/12/2024: 11.57%), which is based on a Capital Asset Pricing Model calculation for AFFIN, is used in the VIU calculation.

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

	Favourable change			Unfavourable change		
		Increase in VIU	VIU		Decrease in VIU	VIU
		HK$ Mn	HK$ Mn		HK$ Mn	HK$ Mn
At 30 June 2025						
Discount rate	-50 bps	274	4,331	+50 bps	(243)	3,814
Long-term growth rate	+50 bps	25	4,082	-50 bps	(21)	4,036
Expected cash flows	+10%	406	4,463	-10%	(406)	3,651

Notes to the Interim Financial Statements (continued)

22. Fixed Assets

	30/6/2025							
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Cost or valuation								
At 1 January 2025	4,979	7,578	7,216	14,794	1,329	26	1,355	21,128
Additions	-	2	58	60	89	-	89	149
Revaluation deficit	(98)	-	-	-	-	-	-	(98)
Disposals	-	-	(51)	(51)	-	-	-	(51)
Revaluation surplus on bank premises upon transfer to investment properties	-	489	-	489	-	-	-	489
Transfer from bank premises to investment properties	801	(801)	-	(801)	-	-	-	-
Transfer from investment properties to bank premises	(23)	23	-	23	-	-	-	-
Transfer from fixed assets to intangible assets *(Note)*	-	-	(3,182)	(3,182)	-	-	-	(3,182)
Expiry/termination of lease contracts	-	-	-	-	(163)	(13)	(176)	(176)
Less: Elimination of accumulated depreciation on revalued bank premises	-	(182)	-	(182)	-	-	-	(182)
Exchange adjustments	1	147	97	244	42	1	43	288
At 30 June 2025	5,660	7,256	4,138	11,394	1,297	14	1,311	18,365
Accumulated depreciation and impairment								
At 1 January 2025	-	2,340	5,156	7,496	642	19	661	8,157
Depreciation for the period	-	63	118	181	121	2	123	304
Expiry/termination of lease contracts	-	-	-	-	(157)	(13)	(170)	(170)
Elimination of accumulated depreciation on revalued bank premises	-	(182)	-	(182)	-	-	-	(182)
Transfer from fixed assets to intangible assets *(Note)*	-	-	(1,952)	(1,952)	-	-	-	(1,952)
Written off on disposal	-	-	(46)	(46)	-	-	-	(46)
Exchange adjustments	-	44	61	105	20	1	21	126
At 30 June 2025	-	2,265	3,337	5,602	626	9	635	6,237
Net book value at 30 June 2025	5,660	4,991	801	5,792	671	5	676	12,128
The gross amounts of the above assets are stated:								
At cost	-	6,508	4,138	10,646	1,297	14	1,311	11,957
At Directors' valuation - 1989	-	748	-	748	-	-	-	748
At professional valuation - 2025	5,660	-	-	-	-	-	-	5,660
	5,660	7,256	4,138	11,394	1,297	14	1,311	18,365

Note: The Group previously categorised the system applications and software under fixed assets in the statement of financial position. To more appropriately reflect the underlying nature, the relevant cost of HK$3,182 million and accumulated depreciation of HK$1,952 million were reclassified from fixed assets to intangible assets.

Notes to the Interim Financial Statements (continued)

22. Fixed Assets (continued)

	31/12/2024							
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Cost or valuation								
At 1 January 2024	5,105	7,931	6,910	14,841	1,428	23	1,451	21,397
Additions	-	5	532	537	199	5	204	741
Revaluation deficit	(145)	-	-	-	-	-	-	(145)
Disposals	-	(207)	(147)	(354)	-	-	-	(354)
Remeasurement	-	-	-	-	(6)	-	(6)	(6)
Revaluation surplus on bank premises upon transfer to investment properties	-	11	-	11	-	-	-	11
Transfer from bank premises to investment properties	45	(45)	-	(45)	-	-	-	-
Transfer from investment properties to bank premises	(26)	26	-	26	-	-	-	-
Expiry/termination of lease contracts	-	-	-	-	(267)	(2)	(269)	(269)
Less: Elimination of accumulated depreciation on revalued bank premises	-	(6)	-	(6)	-	-	-	(6)
Exchange adjustments	-	(137)	(79)	(216)	(25)	-	(25)	(241)
At 31 December 2024	4,979	7,578	7,216	14,794	1,329	26	1,355	21,128
Accumulated depreciation and impairment								
At 1 January 2024	-	2,365	4,873	7,238	651	15	666	7,904
Depreciation for the year	-	130	466	596	260	6	266	862
Expiry/termination of lease contracts	-	-	-	-	(257)	(2)	(259)	(259)
Elimination of accumulated depreciation on revalued bank premises	-	(6)	-	(6)	-	-	-	(6)
Written off on disposal	-	(101)	(133)	(234)	-	-	-	(234)
Exchange adjustments	-	(48)	(50)	(98)	(12)	-	(12)	(110)
At 31 December 2024	-	2,340	5,156	7,496	642	19	661	8,157
Net book value at 31 December 2024	4,979	5,238	2,060	7,298	687	7	694	12,971
The gross amounts of the above assets are stated:								
At cost	-	6,830	7,216	14,046	1,329	26	1,355	15,401
At Directors' valuation - 1989	-	748	-	748	-	-	-	748
At professional valuation - 2024	4,979	-	-	-	-	-	-	4,979
	4,979	7,578	7,216	14,794	1,329	26	1,355	21,128

Notes to the Interim Financial Statements (continued)

23. Other Assets

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Accrued interest	4,315	4,439
Customer liabilities under acceptances	35,821	32,817
Other accounts	13,721	10,601
Gross carrying amount before impairment allowances	53,857	47,857
Less: Impairment allowances	(575)	(479)
	53,282	47,378
Assets held for sale	15	15
	53,297	47,393

24. Financial Liabilities Designated at Fair Value through Profit or Loss

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Certificates of deposit issued	157	705
Debt securities issued	-	232
	157	937

Financial liabilities above have been designated at FVTPL when the Group holds related derivatives at FVTPL, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The amount of change, during the period and cumulatively, in the fair value of financial liabilities designated at FVTPL that is attributable to changes in the credit risk of these liabilities and recognised in other comprehensive income is set out below.

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Balance at 1 January	-	4
Recognised in other comprehensive income during the period/year	-	(5)
Deferred tax	-	1
Balance at 30 June/31 December	-	-

There was no transfer of cumulative gain or loss within equity due to de-recognition of liabilities designated at FVTPL during first half of 2025 (31/12/2024: Nil).

The change in fair value attributable to changes in credit risk on financial liabilities is calculated using the difference between the fair value of the financial liabilities at the reporting date and the present value computed with adjusted asset swap spread.

The carrying amount of financial liabilities designated at FVTPL at 30 June 2025 has no significant variance with the contractual amount due at maturity (31/12/2024: HK$2 million lower).

Notes to the Interim Financial Statements (continued)

25. Other Liabilities

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Accrued interest payable	4,336	4,667
Acceptance draft payable	35,821	32,817
Impairment allowances on financial guarantee contracts issued and loan commitments issued	101	133
Lease liabilities	747	765
Other accounts *(Note)*	11,089	12,917
	52,094	51,299

Note: Include contract liabilities of HK$1,879 million (31/12/2024: HK$1,956 million) from contracts with customers under HKFRS 15.

26. Loan Capital

		30/6/2025	31/12/2024
		HK$ Mn	HK$ Mn
Subordinated notes, at amortised cost with fair value hedge adjustments:			
USD500 million fixed rate Tier 2 capital securities due 22 April 2032	(1)	3,849	3,744
USD600 million fixed rate Tier 2 capital securities due 29 May 2030	(2)	-	4,669
USD650 million fixed rate Tier 2 capital securities due 27 June 2034	(3)	5,186	5,012
USD250 million fixed rate non-preferred loss absorbing capacity notes due 7 July 2028	(4)	1,938	1,886
USD500 million fixed rate non-preferred loss absorbing capacity notes due 15 March 2027	(5)	3,937	3,898
USD500 million fixed rate non-preferred loss absorbing capacity notes due 13 March 2027	(6)	3,926	3,880
		18,836	23,089

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the period/year ended 30 June 2025 and 31 December 2024.

Notes to the Interim Financial Statements (continued)

26. Loan Capital (continued)

(1) Loan capital with face value of US$500 million (equivalent to HK$3,926 million) and carrying amount of HK$3,849 million (31/12/2024: HK$3,744 million) represents subordinated notes carrying a coupon rate of 4.875% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 22 April 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 22 April 2032 and are callable on 22 April 2027. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.4 million loss was recorded in first half of 2025.

(2) Loan capital with face value of US$600 million (equivalent to HK$4,659 million) and carrying amount of HK$4,669 million as at 31 December 2024 represented subordinated notes carrying a coupon of 4% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 29 May 2020 by the Bank. The notes were under fair value hedge accounting and the hedge ineffectiveness of HK$0.1 million loss was recorded in first half of 2025. The notes were fully redeemed when they became callable on 29 May 2025.

(3) Loan capital with face value of US$650 million (equivalent to HK$5,104 million) and carrying amount of HK$5,186 million (31/12/2024: HK$5,012 million) represents subordinated notes carrying a coupon of 6.75% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 27 June 2024 by the Bank. The notes are listed on the Stock Exchange, will mature on 27 June 2034 and are callable on 27 June 2029. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.3 million loss was recorded in first half of 2025.

(4) Loan capital with face value of US$250 million (equivalent to HK$1,963 million) and carrying amount of HK$1,938 million (31/12/2024: HK$1,886 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 5.125% p.a. and meeting the loss-absorbing capacity requirements issued on 7 July 2022 by the Bank. The notes are listed on the Stock Exchange, will mature on 7 July 2028 and are callable on 7 July 2027. The notes are under fair value hedge accounting and insignificant hedge ineffectiveness was recorded in first half of 2025.

(5) Loan capital with face value of US$500 million (equivalent to HK$3,926 million) and carrying amount of HK$3,937 million (31/12/2024: HK$3,898 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.75% p.a. and meeting the loss-absorbing capacity requirements issued on 15 March 2023 by the Bank. The notes are listed on the Stock Exchange, will mature on 15 March 2027 and are callable on 15 March 2026. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$1.2 million profit was recorded in first half of 2025.

(6) Loan capital with face value of US$500 million (equivalent to HK$3,926 million) and carrying amount of HK$3,926 million (31/12/2024: HK$3,880 million) represents non-preferred loss-absorbing capacity notes carrying a coupon rate of 6.625% p.a. and meeting the loss-absorbing capacity requirements issued on 13 March 2024 by the Bank. The notes are listed on the Stock Exchange, will mature on 13 March 2027 and are callable on 13 March 2026. The notes are under fair value hedge accounting and the hedge ineffectiveness of HK$0.1 million profit was recorded in first half of 2025.

Notes to the Interim Financial Statements (continued)

27. Segment Reporting

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

Hong Kong operations divided into the following five reportable segments.

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

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

Treasury markets include treasury operations and securities dealing.

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

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

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

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

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

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

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

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

Notes to the Interim Financial Statements (continued)

27. Segment Reporting (continued)

	Hong Kong operations										
	Personal banking	Wholesale banking	Treasury markets	Wealth management	Others	Total	Chinese Mainland operations	Overseas, Macau and Taiwan operations	Corporate management	Inter-segment elimination	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
6 months ended 30 June 2025											
Net interest income/(expense)	2,498	1,323	578	165	(79)	4,485	1,744	1,204	(89)	-	7,344
Non-interest income	846	389	78	527	189	2,029	799	105	-	(18)	2,915
Operating income/(expense)	3,344	1,712	656	692	110	6,514	2,543	1,309	(89)	(18)	10,259
Operating expenses	(858)	(226)	(99)	(223)	(1,399)	(2,805)	(1,591)	(434)	-	18	(4,812)
Operating profit/(loss) before impairment losses	2,486	1,486	557	469	(1,289)	3,709	952	875	(89)	-	5,447
Impairment losses on financial instruments	(71)	(1,305)	(38)	(72)	(2)	(1,488)	(698)	(353)	-	-	(2,539)
Operating profit/(loss) after impairment losses	2,415	181	519	397	(1,291)	2,221	254	522	(89)	-	2,908
Net (loss)/profit on disposal of fixed assets	(3)	-	-	-	(1)	(4)	1	-	-	-	(3)
Valuation (losses)/gains on investment properties	-	-	-	-	(99)	(99)	-	1	-	-	(98)
Share of profits less losses of associates and joint ventures	-	-	-	-	12	12	42	133	-	-	187
Profit/(loss) before taxation	2,412	181	519	397	(1,379)	2,130	297	656	(89)	-	2,994
Depreciation for the period	(92)	(5)	-	(3)	(76)	(176)	(102)	(26)	-	-	(304)
At 30 June 2025											
Segment assets	125,239	148,877	247,140	17,734	12,807	551,797	247,794	130,578	-	(47,929)	882,240
Investments in associates and joint ventures	-	-	-	-	55	55	3,759	5,355	-	-	9,169
Other assets – Assets held for sale	-	-	-	-	15	15	-	-	-	-	15
Total assets	125,239	148,877	247,140	17,734	12,877	551,867	251,553	135,933	-	(47,929)	891,424
Total liabilities	358,649	56,403	32,814	38,361	4,164	490,391	222,705	116,083	-	(47,494)	781,685

Notes to the Interim Financial Statements (continued)

27. Segment Reporting (continued)

	Hong Kong operations										
	Personal banking	Wholesale banking	Treasury markets	Wealth management	Others	Total	Chinese Mainland operations	Overseas, Macau and Taiwan operations	Corporate management	Inter-segment elimination	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
6 months ended 30 June 2024											
Net interest income/(expense)	2,794	1,395	684	186	(124)	4,935	1,922	1,326	45	-	8,228
Non-interest income	614	352	55	352	164	1,537	643	91	-	(15)	2,256
Operating income	3,408	1,747	739	538	40	6,472	2,565	1,417	45	(15)	10,484
Operating expenses	(848)	(227)	(95)	(196)	(1,336)	(2,702)	(1,711)	(415)	-	15	(4,813)
Operating profit/(loss) before impairment losses	2,560	1,520	644	342	(1,296)	3,770	854	1,002	45	-	5,671
(Charge for)/write back of impairment losses on financial instruments	(78)	(1,666)	5	(306)	2	(2,043)	(719)	(119)	-	-	(2,881)
Impairment losses on associate	-	-	-	-	-	-	(94)	-	-	-	(94)
Impairment losses on other assets	-	-	-	-	-	-	(2)	-	-	-	(2)
Operating profit/(loss) after impairment losses	2,482	(146)	649	36	(1,294)	1,727	39	883	45	-	2,694
Net profit on sale of asset held for sales	-	-	-	-	-	-	-	1	-	-	1
Net loss on disposal of fixed assets	(1)	-	-	-	-	(1)	(9)	-	-	-	(10)
Valuation losses on investment properties	-	-	-	-	(74)	(74)	-	(1)	-	-	(75)
Share of profits less losses of associates and joint ventures	-	-	-	-	(3)	(3)	28	95	-	-	120
Profit/(loss) before taxation	2,481	(146)	649	36	(1,371)	1,649	58	978	45	-	2,730
Depreciation for the period	(105)	(9)	(6)	(4)	(112)	(236)	(163)	(29)	-	-	(428)
At 31 December 2024											
Segment assets	124,403	147,833	250,180	16,480	12,427	551,323	242,878	127,701	-	(52,606)	869,296
Investments in associates and joint ventures	-	-	-	-	44	44	3,598	4,806	-	-	8,448
Other assets – Assets held for sale	-	-	-	-	15	15	-	-	-	-	15
Total assets	124,403	147,833	250,180	16,480	12,486	551,382	246,476	132,507	-	(52,606)	877,759
Total liabilities	361,929	42,612	49,125	33,622	3,578	490,866	218,836	114,439	-	(52,121)	772,020

Notes to the Interim Financial Statements (continued)

28. Analysis of Assets and Liabilities by Remaining Maturity

	30/6/2025							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets								
Cash and balances with banks	27,961	59	105	784	-	-	7,099	36,008
Placements with and advances to banks	-	27,809	1,916	847	-	-	-	30,572
Trade bills	3	277	478	2,792	-	-	-	3,550
Trading assets	-	-	-	416	2,605	154	219	3,394
Derivative assets	-	-	-	-	-	-	3,752	3,752
Loans and advances to customers	2,718	70,235	51,568	121,248	164,827	114,780	8,945	534,321
Investment securities	-	7,646	13,665	21,323	86,888	68,646	2,063	200,231
Investments in associates and joint ventures	-	-	-	-	-	-	9,169	9,169
Fixed assets	-	-	-	-	-	-	12,128	12,128
Goodwill and intangible assets	-	-	-	-	-	-	3,021	3,021
Deferred tax assets	-	-	-	-	-	-	1,981	1,981
Other assets	27	9,441	11,698	19,512	923	817	10,879	53,297
Total assets	30,709	115,467	79,430	166,922	255,243	184,397	59,256	891,424
Liabilities								
Deposits and balances of banks	1,240	8,712	3,336	323	-	-	-	13,611
Deposits from customers	236,925	115,235	165,683	137,964	9,419	-	-	665,226
- Demand deposits and current accounts	76,227	-	-	-	-	-	-	76,227
- Savings deposits	159,123	-	-	-	-	-	-	159,123
- Time, call and notice deposits	1,575	115,235	165,683	137,964	9,419	-	-	429,876
Trading liabilities	-	-	-	-	-	-	24	24
Derivative liabilities	-	-	-	-	-	-	4,032	4,032
Certificates of deposit issued	-	3,362	11,303	8,389	1,721	-	-	24,775
Current taxation	-	-	-	2,375	-	-	-	2,375
Deferred tax liabilities	-	-	-	-	-	-	712	712
Other liabilities	993	8,403	12,230	20,988	1,427	1,049	7,004	52,094
- Lease liabilities	-	21	37	154	375	160	-	747
- Other accounts	993	8,382	12,193	20,834	1,052	889	7,004	51,347
Loan capital	-	-	-	7,863	10,973	-	-	18,836
Total liabilities	239,158	135,712	192,552	177,902	23,540	1,049	11,772	781,685
Net gap	(208,449)	(20,245)	(113,122)	(10,980)	231,703	183,348		

Notes to the Interim Financial Statements (continued)

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

	31/12/2024							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets								
Cash and balances with banks	33,319	-	19	527	-	-	7,439	41,304
Placements with and advances to banks	-	37,032	673	-	-	-	-	37,705
Trade bills	40	462	149	804	-	-	1	1,456
Trading assets	-	-	-	-	-	-	207	207
Derivative assets	-	-	-	-	-	-	6,227	6,227
Loans and advances to customers	2,710	71,543	46,298	128,087	157,031	113,728	8,432	527,829
Investment securities	-	9,058	17,207	22,862	72,356	67,348	1,952	190,783
Investments in associates and joint ventures	-	-	-	-	-	-	8,448	8,448
Fixed assets	-	-	-	-	-	-	12,971	12,971
Goodwill and intangible assets	-	-	-	-	-	-	1,836	1,836
Deferred tax assets	-	-	-	-	-	-	1,600	1,600
Other assets	1,497	8,904	10,092	17,633	707	756	7,804	47,393
Total assets	37,566	126,999	74,438	169,913	230,094	181,832	56,917	877,759
Liabilities								
Deposits and balances of banks	1,122	8,410	7,994	6,631	-	-	-	24,157
Deposits from customers	202,819	113,325	210,013	101,464	15,472	-	-	643,093
- Demand deposits and current accounts	65,685	-	-	-	-	-	-	65,685
- Savings deposits	134,908	-	-	-	-	-	-	134,908
- Time, call and notice deposits	2,226	113,325	210,013	101,464	15,472	-	-	442,500
Trading liabilities	-	-	-	-	-	-	66	66
Derivative liabilities	-	-	-	-	-	-	5,796	5,796
Certificates of deposit issued	-	4,118	6,558	8,882	2,020	-	-	21,578
Current taxation	-	-	-	1,870	-	-	-	1,870
Debt securities issued	-	-	387	-	-	-	-	387
Deferred tax liabilities	-	-	-	-	-	-	685	685
Other liabilities	1,131	11,566	10,989	18,253	1,914	1,119	6,327	51,299
- Lease liabilities	-	24	39	155	380	167	-	765
- Other accounts	1,131	11,542	10,950	18,098	1,534	952	6,327	50,534
Loan capital	-	-	-	4,669	18,420	-	-	23,089
Total liabilities	205,072	137,419	235,941	141,769	37,826	1,119	12,874	772,020
Net gap	(167,506)	(10,420)	(161,503)	28,144	192,268	180,713		

Notes to the Interim Financial Statements (continued)

29. Deferred Tax Assets and Liabilities Recognised

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

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of financial assets at FVOCI	Cash flow hedge	Tax losses	Others	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
At 31 December 2024/ 1 January 2025	(404)	(107)	1,663	(310)	4	15	54	915
Credited/(charged)/ to income statement	1	-	356	-	-	2	(5)	354
(Charged)/credited to reserves	-	(51)	-	31	(31)	-	-	(51)
Exchange and other adjustments	-	-	51	(1)	-	1	-	51
At 30 June 2025	(403)	(158)	2,070	(280)	(27)	18	49	1,269

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

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Net deferred tax assets recognised on the statement of financial position	1,981	1,600
Net deferred tax liabilities recognised on the statement of financial position	(712)	(685)
	1,269	915

Notes to the Interim Financial Statements (continued)

30. Reserves

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
General reserve	13,658	13,658
Revaluation reserve on bank premises	2,724	2,286
Capital reserve (1)	1,009	1,017
Exchange revaluation reserve	(1,603)	(3,690)
Fair value reserve	2,330	2,365
Hedging reserve	135	(20)
Liability credit reserve	-	-
Other reserves	5,389	5,226
Retained profits (2)	38,659	37,541
	62,301	58,383
Proposed dividends, not provided for	1,028	999

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

	30/6/2025	
	No. of shares	HK$ Mn
At 1 January	-	-
Acquisition of shares by the Trustee	(200,000)	(2)
At 30 June	(200,000)	(2)

(2) A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained profits and in consultation with the HKMA. As at 30 June 2025, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Bank to shareholders by HK$2,513 million (31/12/2024: HK$2,586 million).

Notes to the Interim Financial Statements (continued)

31. Additional Equity Instruments

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
USD650 million Additional Tier 1 capital securities	5,021	5,021

On 21 October 2020, the Bank issued Additional Tier 1 capital securities with a face value of US$650 million (equivalent to HK$5,021 million net of related issuance costs). The Additional Tier 1 capital securities are undated non-cumulative subordinated capital securities and bear a 5.825% per annum coupon until the first call date on 21 October 2025. The coupon will be reset every five years, if the Additional Tier 1 capital securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 5.527% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 capital securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirement.

32. Consolidated Cash Flow Statement

Cash and cash equivalents

		30/6/2025 HK$ Mn	30/6/2024 HK$ Mn
(i)	Components of cash and cash equivalents in the consolidated cash flow statement		
	Cash and balances with banks with original maturity within three months	27,961	31,723
	Placements with and advances to banks with original maturity within three months	28,716	40,867
	Treasury bills with original maturity within three months	9,473	10,620
	Certificates of deposit held with original maturity within three months	537	-
	Debt securities with original maturity within three months	83	554
		66,770	83,764
(ii)	Reconciliation with the consolidated statement of financial position		
	Cash and balances with banks	36,008	39,988
	Placements with and advances to banks	30,572	44,088
	Treasury bills, certificates of deposit held and debt securities		
	- trading assets	3,175	590
	- investment securities	198,250	181,268
		201,425	181,858
	Amounts shown in the consolidated statement of financial position	268,005	265,934
	Less: Amounts with an original maturity of beyond three months	(193,188)	(173,904)
	Cash balance with central bank subject to regulatory restriction	(8,047)	(8,266)
	Cash and cash equivalents in the consolidated cash flow statement	66,770	83,764

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments

(a) Financial Instruments Carried at Fair Value

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

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

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

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

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

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

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

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

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments (continued)

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

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

	30/6/2025				31/12/2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Recurring fair value measurement								
Assets								
Trade Bills – Measured at FVOCI	-	658	-	658	-	653	-	653
Trading assets	219	3,175	-	3,394	207	-	-	207
Derivative assets	-	3,752	-	3,752	-	6,227	-	6,227
Loans mandatorily measured at FVTPL	-	100	-	100	-	-	-	-
Investment securities								
- Mandatorily measured at FVTPL	30	1,692	492	2,214	-	1,485	508	1,993
- Measured at FVOCI	32,007	127,878	1,034	160,919	36,097	121,851	999	158,947
	32,256	137,255	1,526	171,037	36,304	130,216	1,507	168,027
Liabilities								
Trading liabilities	24	-	-	24	66	-	-	66
Derivative liabilities	-	4,032	-	4,032	6	5,790	-	5,796
Financial liabilities designated at FVTPL	-	157	-	157	-	937	-	937
	24	4,189	-	4,213	72	6,727	-	6,799

During the period ended 30 June 2025 and year ended 31 December 2024, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments (continued)

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

Information about significant unobservable inputs in Level 3 valuations:

	Valuation technique	Significant unobservable input(s)	Range
Unlisted equity securities and investment funds	Net asset value	N/A	N/A
	Discounted cash flow model	Discount rate	30/6/2025: 8.9% (31/12/2024: 10.4%)
		Marketability discount	30/6/2025: 20% (31/12/2024: 20%)
	Market-comparable approach	Earnings multiple	30/6/2025: 33.37–37.39 (31/12/2024: 31.45–37.69)
		EV/EBIT	30/6/2025: 20.38–20.50 (31/12/2024: 20.50–21.16)
		Marketability discount	30/6/2025: 50% (31/12/2024: 50%)

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

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

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments (continued)

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

(1) Valuation of financial instruments with significant unobservable inputs

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

	30/6/2025		31/12/2024	
	Investment securities mandatorily measured at FVTPL	Investment securities measured at FVOCI	Investment securities mandatorily measured at FVTPL	Investment securities measured at FVOCI
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Assets				
At 1 January	508	999	533	959
Additions/Purchases	-	-	1	-
Disposals/Settlements	(2)	-	(36)	-
Changes in fair value recognised in the income statement	(14)	-	10	-
Changes in fair value recognised in the other comprehensive income	-	35	-	40
At 30 June/31 December	492	1,034	508	999
Total gains for the period included in FVOCI fair value reserve of the other comprehensive income for assets held at the end of the reporting period	-	35	-	40
Total (losses)/gains for the period included in net result on financial instruments at FVTPL of the income statement for assets held at the end of the reporting period	(14)	-	11	-

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments (continued)

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

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

	30/6/2025			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	41	(41)	-	-
Investment securities measured at FVOCI	-	-	86	(86)
	41	(41)	86	(86)

	31/12/2024			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	42	(42)	-	-
Investment securities measured at FVOCI	-	-	83	(83)
	42	(42)	83	(83)

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

Notes to the Interim Financial Statements (continued)

33. Fair Values of Financial Instruments (continued)

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

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

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

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

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2025 and 31 December 2024.

Notes to the Interim Financial Statements (continued)

34. Credit Risk

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

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

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

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

2. The exposure is classified as Special Mention;

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

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

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis

Credit quality of loans and advances

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

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers at amortised cost								
Grades 1-15: Pass	500,367	1,326	11,049	34	-	-	511,416	1,360
Grades 16-17: Special Mention	-	-	13,567	73	-	-	13,567	73
Grade 18: Substandard	-	-	-	-	5,000	137	5,000	137
Grade 19: Doubtful	-	-	-	-	5,125	354	5,125	354
Grade 20: Loss	-	-	-	-	3,967	378	3,967	378
Total gross carrying amount	500,367	1,326	24,616	107	14,092	869	539,075	2,302
Impairment allowances	(874)	(3)	(393)	(2)	(3,587)	(441)	(4,854)	(446)
Carrying amount	499,493	1,323	24,223	105	10,505	428	534,221	1,856
Market value of collateral held against impaired loans and advances to customers					8,305			

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers at amortised cost								
Grades 1-15: Pass	493,589	1,671	13,182	30	-	-	506,771	1,701
Grades 16-17: Special Mention	-	-	11,667	63	-	-	11,667	63
Grade 18: Substandard	-	-	-	-	5,864	181	5,864	181
Grade 19: Doubtful	-	-	-	-	4,091	233	4,091	233
Grade 20: Loss	-	-	-	-	4,538	331	4,538	331
Total gross carrying amount	493,589	1,671	24,849	93	14,493	745	532,931	2,509
Impairment allowances	(889)	(3)	(259)	(2)	(3,954)	(344)	(5,102)	(349)
Carrying amount	492,700	1,668	24,590	91	10,539	401	527,829	2,160
Market value of collateral held against impaired loans and advances to customers					6,947			

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

Credit quality of loans and advances (continued)

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

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Loans and advances to customers mandatorily measured at FVTPL		
Grade 20: Loss	100	-
Total carrying amount at fair value	100	-

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

Credit quality of financial assets other than loans and advances

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

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at amortised cost								
Grades 1-15: Pass	2,883	-	15	-	-	-	2,898	-
Total gross carrying amount	2,883	-	15	-	-	-	2,898	-
Impairment allowances	(6)	-	-	-	-	-	(6)	-
Carrying amount	2,877	-	15	-	-	-	2,892	-

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at amortised cost								
Grades 1-15: Pass	803	-	-	-	-	-	803	-
Total gross carrying amount	803	-	-	-	-	-	803	-
Impairment allowances	-	-	-	-	-	-	-	-
Carrying amount	803	-	-	-	-	-	803	-

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

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

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at FVOCI								
Grades 1-15: Pass	658	-	-	-	-	-	658	-
Total carrying amount at fair value	658	-	-	-	-	-	658	-
Impairment allowances	-	-	-	-	-	-	-	-

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Trade bills measured at FVOCI								
Grades 1-15: Pass	627	-	26	-	-	-	653	-
Total carrying amount at fair value	627	-	26	-	-	-	653	-
Impairment allowances	-	-	-	-	-	-	-	-

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Placements with and advances to banks								
Grades 1-15: Pass	30,573	12	-	-	-	-	30,573	12
Total gross carrying amount	30,573	12	-	-	-	-	30,573	12
Impairment allowances	(1)	-	-	-	-	-	(1)	-
Carrying amount	30,572	12	-	-	-	-	30,572	12

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Placements with and advances to banks								
Grades 1-15: Pass	37,706	40	-	-	-	-	37,706	40
Total gross carrying amount	37,706	40	-	-	-	-	37,706	40
Impairment allowances	(1)	-	-	-	-	-	(1)	-
Carrying amount	37,705	40	-	-	-	-	37,705	40

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

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

	30/6/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loan commitments				
Grades 1-15: Pass	337,273	7,041	-	344,314
Grades 16-17: Special Mention	-	652	-	652
Total	337,273	7,693	-	344,966
Impairment allowances	(66)	(10)	-	(76)
Financial guarantee contracts				
Grades 1-15: Pass	14,325	683	-	15,008
Grades 16-17: Special Mention	-	238	-	238
Grade 18: Substandard	-	-	68	68
Total	14,325	921	68	15,314
Impairment allowances	(12)	(13)	-	(25)

	31/12/2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loan commitments				
Grades 1-15: Pass	305,090	6,310	-	311,400
Grades 16-17: Special Mention	-	177	-	177
Total	305,090	6,487	-	311,577
Impairment allowances	(101)	(11)	-	(112)
Financial guarantee contracts				
Grades 1-15: Pass	13,602	355	-	13,957
Grades 16-17: Special Mention	-	195	-	195
Grade 18: Substandard	-	-	154	154
Total	13,602	550	154	14,306
Impairment allowances	(15)	(6)	-	(21)

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

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

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

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

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	30,196	289	-	-	-	-	30,196	289
A1 to A3	4,909	53	-	-	-	-	4,909	53
Baa1 to Baa3	-	-	-	-	-	-	-	-
Below Baa3	449	3	61	1	-	-	510	4
Unrated	1,410	19	-	-	912	43	2,322	62
Total gross carrying amount	36,964	364	61	1	912	43	37,937	408
Impairment allowances	(9)	-	-	-	(830)	(43)	(839)	(43)
Carrying amount	36,955	364	61	1	82	-	37,098	365

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	25,480	221	-	-	-	-	25,480	221
A1 to A3	793	16	-	-	-	-	793	16
Baa1 to Baa3	929	4	-	-	-	-	929	4
Below Baa3	473	3	60	1	185	5	718	9
Unrated	1,956	17	-	-	894	41	2,850	58
Total gross carrying amount	29,631	261	60	1	1,079	46	30,770	308
Impairment allowances	(12)	-	-	-	(915)	(46)	(927)	(46)
Carrying amount	29,619	261	60	1	164	-	29,843	262

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

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

	30/6/2025							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at FVOCI								
Aaa	4,968	1	-	-	-	-	4,968	1
Aa1 to Aa3	34,288	188	-	-	-	-	34,288	188
A1 to A3	72,256	771	-	-	-	-	72,256	771
Baa1 to Baa3	45,464	543	-	-	-	-	45,464	543
Below Baa3	-	-	-	-	-	-	-	-
Unrated	2,754	27	155	1	-	-	2,909	28
Total carrying amount at fair value	159,730	1,530	155	1	-	-	159,885	1,531
where impairment allowances included	(90)	(1)	-	-	-	-	(90)	(1)

	31/12/2024							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities measured at FVOCI								
Aaa	6,847	1	-	-	-	-	6,847	1
Aa1 to Aa3	34,319	151	-	-	-	-	34,319	151
A1 to A3	71,257	863	-	-	-	-	71,257	863
Baa1 to Baa3	42,303	489	-	-	-	-	42,303	489
Below Baa3	224	1	-	-	15	5	239	6
Unrated	2,673	40	310	8	-	-	2,983	48
Total carrying amount at fair value	157,623	1,545	310	8	15	5	157,948	1,558
where impairment allowances included	(72)	(1)	(5)	-	(148)	(5)	(225)	(6)

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(a) Credit Quality Analysis (continued)

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

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

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Non-trading debt investment securities measured at FVTPL		
Aaa	-	-
Aa1 to Aa3	-	-
A1 to A3	562	544
Baa1 to Baa3	675	662
Below Baa3	-	-
Unrated	30	13
Total carrying amount at fair value	1,267	1,219

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

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Trading debt investment securities measured at FVTPL		
Aaa	-	-
Aa1 to Aa3	-	-
A1 to A3	3,175	-
Baa1 to Baa3	-	-
Below Baa3	-	-
Unrated	-	-
Total carrying amount at fair value	3,175	-

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

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Derivative assets		
Aa1 to Aa3	239	367
A1 to A3	1,101	2,578
Baa1 to Baa3	1,282	2,191
Below Baa3	-	-
Unrated	1,130	1,091
Total carrying amount at fair value	3,752	6,227

Cash and balances with banks

At 30 June 2025, the Group held cash and balances with banks of HK$36,008 million (31 December 2024: HK$41,304 million), of which 96% (31 December 2024: 95%) of cash and balances with banks counterparties that are rated at investment grade, based on Moody's Ratings, or equivalent ratings.

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation

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

	30/6/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers				
Balance at 1 January	892	261	4,298	5,451
Transfer to 12-month ECL	13	(13)	-	-
Transfer to lifetime ECL not credit-impaired	(9)	48	(39)	-
Transfer to lifetime ECL credit-impaired	(1)	(55)	56	-
New financial assets originated or purchased, assets derecognised, repayments and further lending	58	19	21	98
Write-offs	-	-	(2,537)	(2,537)
Net remeasurement of impairment allowances (including exchange adjustments)	(76)	135	2,229	2,288
Balance at 30 June	877	395	4,028	5,300
Of which:				
For loans and advances to customers at amortised cost *(Note 19(a))*	874	393	3,587	4,854
For related accrued interest receivable *(Note 23)*	3	2	441	446
	877	395	4,028	5,300

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Loans and advances to customers				
Balance at 1 January	904	698	3,699	5,301
Transfer to 12-month ECL	46	(46)	-	-
Transfer to lifetime ECL not credit-impaired	(7)	90	(83)	-
Transfer to lifetime ECL credit-impaired	(3)	(426)	429	-
New financial assets originated or purchased, assets derecognised, repayments and further lending	93	(14)	371	450
Write-offs	-	-	(5,168)	(5,168)
Changes in models	(221)	(157)	(7)	(385)
Net remeasurement of impairment allowances (including exchange adjustments)	80	116	5,057	5,253
Balance at 31 December	892	261	4,298	5,451
Of which:				
For loans and advances to customers at amortised cost *(Note 19(a))*	889	259	3,954	5,102
For related accrued interest receivable *(Note 23)*	3	2	344	349
	892	261	4,298	5,451

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	30/6/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities				
Balance at 1 January	85	5	1,114	1,204
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised, repayments and further investment	8	(4)	(311)	(307)
Write-offs	-	-	-	-
Net remeasurement of impairment allowances (including exchange adjustments)	7	(1)	70	76
Balance at 30 June	100	-	873	973
Of which:				
For debt investment securities measured at amortised cost *(Note 20)*	9	-	830	839
For related accrued interest receivable *(Note 23)*	-	-	43	43
	9	-	873	882
For debt investment securities measured at FVOCI	90	-	-	90
For related accrued interest receivable	1	-	-	1
	91	-	-	91

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Debt investment securities				
Balance at 1 January	118	22	742	882
Transfer to 12-month ECL	3	(3)	-	-
Transfer to lifetime ECL not credit-impaired	(2)	2	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised, repayments and further investment	2	(18)	-	(16)
Write-offs	-	-	-	-
Net remeasurement of impairment allowances (including exchange adjustments)	(36)	2	372	338
Balance at 31 December	85	5	1,114	1,204
Of which:				
For debt investment securities measured at amortised cost *(Note 20)*	12	-	915	927
For related accrued interest receivable *(Note 23)*	-	-	46	46
	12	-	961	973
For debt investment securities measured at FVOCI	72	5	148	225
For related accrued interest receivable	1	-	5	6
	73	5	153	231

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

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	30/6/2025			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Others				
Balance at 1 January	135	22	61	218
Transfer to 12-month ECL	8	(8)	-	-
Transfer to lifetime ECL not credit-impaired	(3)	3	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised and repayments	10	(4)	3	9
Write-offs	-	-	-	-
Net remeasurement of impairment allowances (including exchange adjustments)	(45)	10	2	(33)
Balance at 30 June	105	23	66	194
Of which:				
For trade bills measured at FVOCI	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For trade bills measured at amortised cost *(Note 17)*	6	-	-	6
For related accrued interest receivable	-	-	-	-
	6	-	-	6
For placements with and advances to banks *(Note 16)*	1	-	-	1
For related accrued interest receivable	-	-	-	-
	1	-	-	1
For cash and balances with banks *(Note 15)*	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For loan commitments and financial guarantee contracts *(Note 25)*	78	23	-	101
For account receivables and other accounts other than accrued interest receivable *(Note 23)*	20	-	66	86

Notes to the Interim Financial Statements (continued)

34. Credit Risk (continued)

(b) Impairment Allowances Reconciliation (continued)

	31/12/2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Others				
Balance at 1 January	122	22	347	491
Transfer to 12-month ECL	5	(5)	-	-
Transfer to lifetime ECL not credit-impaired	(3)	3	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
New financial assets originated or purchased, assets derecognised and repayments	13	(6)	(2)	5
Write-offs	-	-	(282)	(282)
Changes in models	(15)	(6)	-	(21)
Net remeasurement of impairment allowances (including exchange adjustments)	13	14	(2)	25
Balance at 31 December	135	22	61	218
Of which:				
For trade bills measured at FVOCI	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For trade bills measured at amortised cost *(Note 17)*	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For placements with and advances to banks *(Note 16)*	1	-	-	1
For related accrued interest receivable	-	-	-	-
	1	-	-	1
For cash and balances with banks *(Note 15)*	-	-	-	-
For related accrued interest receivable	-	-	-	-
	-	-	-	-
For loan commitments and financial guarantee contracts *(Note 25)*	116	17	-	133
For account receivables and other accounts other than accrued interest receivable *(Note 23)*	18	5	61	84

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

Notes to the Interim Financial Statements (continued)

35. Off-Balance Sheet Exposures

(a) Contingent Liabilities and Commitments

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

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Contingent liabilities		
Direct credit substitutes	3,366	3,085
Transaction-related contingencies	6,254	6,776
Trade-related contingencies	2,430	6,051
	12,050	15,912
Commitments		
Forward forward deposits placed	3,730	-
Commitments that are unconditionally cancellable without prior notice	314,855	280,189
Other commitments with an original maturity		
- up to 1 year	1,590	4,150
- over 1 year	37,123	27,272
	357,298	311,611
Total	369,348	327,523
Credit risk-weighted amounts	17,568	19,525

(b) Derivatives

	30/6/2025 HK$ Mn	31/12/2024 HK$ Mn
Fair value of derivatives		
Assets		
Exchange rate contracts	2,640	5,010
Interest rate contracts	873	933
Equity contracts	239	284
	3,752	6,227
Liabilities		
Exchange rate contracts	3,016	4,287
Interest rate contracts	778	1,230
Equity contracts	238	279
	4,032	5,796
Notional amount of derivatives		
Exchange rate contracts	556,153	493,956
Interest rate contracts	298,861	306,516
Equity contracts	15,671	12,055
	870,685	812,527

Notes to the Interim Financial Statements (continued)

35. Off-Balance Sheet Exposures (continued)

(c) Capital Commitments

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

	30/6/2025	31/12/2024
	HK$ Mn	HK$ Mn
Expenditure authorised and contracted for	398	376
Expenditure authorised but not contracted for	92	104
	490	480

(d) Contingencies

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

36. Material Related Party Transactions

(a) Key Management Personnel Remuneration

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

	30/6/2025	30/6/2024
	HK$ Mn	HK$ Mn
Short-term employee benefits	99	79
Post-employment benefits	5	4
Equity compensation benefits	11	11
	115	94

(b) The Group maintains certain retirement benefit schemes for its staff. In the six months ended 30 June 2025, the total amount of contributions the Group made to the schemes was HK$120 million (six months ended 30 June 2024: HK$122 million).

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

Notes to the Interim Financial Statements (continued)

36. Material Related Party Transactions (continued)

The interest received from and interest paid to the Group's related parties for the six months ended 30 June 2025, outstanding balances of amounts due from and due to them at 30 June 2025, and maximum outstanding balance of amounts due from and due to them for the six months ended 30 June 2025 are aggregated as follows:

	Key management personnel		Associates		Shareholders with significant influence	
	30/6/2025	30/6/2024	30/6/2025	30/6/2024	30/6/2025	30/6/2024
	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn	HK$ Mn
Interest income	4	22	20	32	4	10
Interest expense	38	56	2	-	-	-
Amounts due from	665	665	673	678	-	489
Amounts due to	2,340	2,523	170	118	-	61
Maximum amounts due from	738	910	1,166	1,626	1,393	888
Maximum amounts due to	4,409	4,030	447	363	73	164
Committed facilities to	768	1,186	2,319	2,293	298	113

37. Basis of Consolidation

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

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

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

	Name of company	Nature of business	Total assets	Total equity
			HK$ Mn	HK$ Mn
	Ample Delight Limited	Investment holding	290	290
*	Bank of East Asia (Trustees) Limited	Trustee service	225	195
	BEA Consortium GS Investors L.P.	Acting as a limited partner for the purpose of making investment in private equity fund	3	3
*	BEA Global Services Centre (Guangdong) Co., Ltd	Servicing	208	147
	BEA Insurance Agency Limited	Insurance agency services	-	-
	BEA Union Investment Management Limited	Asset management	536	481

Notes to the Interim Financial Statements (continued)

37. Basis of Consolidation (continued)

	Name of company	Nature of business	Total assets HK$ Mn	Total equity HK$ Mn
	BEA Union Investment Management (Shenzhen) Limited	Asset management/ Investment management	5	5
	Central Town Limited	Property investment	683	607
	Century Able Limited	Investment holding	72	72
	Citiview Capital Limited	Acting as the general partner and limited partner of a limited partnership	-	-
	Corona Light Limited	Investment holding	930	930
*	Credit Gain Finance Company Limited	Money lenders	677	677
	Crystal Gleaming Limited	Investment holding	930	930
	Dragon Jade Holdings Company Limited	Investment holding	1,128	1,128
	EA Securities Limited	Investment holding	-	(62)
*	East Asia Facility Management Limited	Facility management	3	2
	East Asia Financial Services (BVI) Ltd.	Investment holding	-	-
	East Asia Futures Limited	Futures and options trading	59	58
*	East Asia Holding Company, Inc.	Investment holding	634	616
	East Asia Indonesian Holdings Limited	Dormant	1	1
	East Asia International Trustees Holdings (BVI) Limited	Investment holding	10	10
	East Asia International Trustees Limited	Trustee service	25	21
*	East Asia Properties (US), Inc.	Property holding	14	12
	East Asia Properties Holding Company Limited	Investment holding	-	(22)
	East Asia Property Agency Company Limited	Property agency	7	7
	East Asia Qianhai Holdings Company Limited	Investment holding	200	200
	East Asia Secretaries Limited	Secretarial services	-	-
	East Asia Securities Company Limited	Securities broking	1,649	1,082

Notes to the Interim Financial Statements (continued)

37. Basis of Consolidation (continued)

	Name of company	Nature of business	Total assets HK$ Mn	Total equity HK$ Mn
*	East Asia Services (Holdings) Limited	Holding company	45	45
	Golden Empire International Inc.	Investment holding	-	-
	Leader One Limited	Investment holding	1	1
	Manchester Property Holdings Ltd.	Property holding	27	11
	Quantum Hong Kong Holdings Company Limited	Investment holding	48	48
	Red Phoenix Limited	Leasing of motor vehicles	5	4
	Shaftesbury Property Holdings Limited	Investment holding	60	60
	Shaftesbury Property Investments Limited	Investment holding	39	39
	Shanghai Lingxie Business Consulting Co., Ltd.	Business information consulting and corporate management consulting	198	197
	Silver River International Limited	Acting as the general partner and limited partner of a limited partnership	-	-
	Skyray Holdings Limited	Investment holding	450	450
	Speedfull Limited	Investment holding	450	450
	Sunlight Cheer Limited	To be deregistered	-	-
	Sunrise Legend Limited	Not yet commenced business	-	-
*/#	The Bank of East Asia (China) Limited	Banking and related financial services	246,659	24,266
	The Bank of East Asia (Nominees) Limited	Custodian services	-	-
	The Bank of East Asia (Nominees) Private Limited	Trustee, fiduciary and custody services	-	-

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

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

Notes to the Interim Financial Statements (continued)

38. Statement of Compliance

The Interim Report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules and in compliance with HKAS 34, "Interim Financial Reporting", issued by the HKICPA. It was authorised for issue on 21 August 2025.

This Interim Report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

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

ISSUER

Head Office
The Bank of East Asia, Limited 東亞銀行有限公司
Bank of East Asia Building
10 Des Voeux Road
Central
Hong Kong

ARRANGER AND DEALER

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road
Central
Hong Kong

DEALERS

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road
Central
Hong Kong

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

CLSA Limited
中信里昂證券有限公司
18/F One Pacific Place
88 Queensway
Hong Kong

Crédit Agricole Corporate and Investment Bank
30th Floor
Two Pacific Place
88 Queensway

DBS Bank Ltd.
99 Queen's Road Central
Central
Hong Kong

Deutsche Bank AG, Hong Kong Branch
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) L.L.C.
高盛(亞洲)有限責任公司
68th Floor, Cheung Kong Centre
2 Queen's Road
Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road
Central, Hong Kong

Merrill Lynch (Asia Pacific) Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Mizuho Securities Asia Limited
瑞穗證券亞洲有限公司
14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London
E14 4QA
United Kingdom

Shinkin International Ltd.
1st Floor, 85 London Wall
London EC2M 7AD

SMBC Nikko Securities (Hong Kong) Limited
Suites 807-811, 8/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Société Générale
29, boulevard Haussmann
75009 Paris
France

Standard Chartered Bank
One Basinghall Avenue
London EC2V 5DD
United Kingdom

Standard Chartered Bank (Hong Kong) Limited
渣打銀行(香港)有限公司
15/F Two International Finance Centre
8 Finance Street
Central, Hong Kong

The Bank of East Asia, Limited
東亞銀行有限公司
19/F, 10 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Level 17, HSBC Main Building
1 Queen's Road Central
Hong Kong

UBS AG Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street
Central, Hong Kong

United Overseas Bank Limited, Hong Kong Branch
大華銀行有限公司香港分行
6/F, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Wells Fargo Securities International Limited
33 King William Street
London, EC4R 9AT
United Kingdom

AUDITOR OF THE ISSUER

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

TRUSTEE

DB Trustees
(Hong Kong) Limited
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

ISSUING AND PAYING AGENT

Deutsche Bank AG,
Hong Kong Branch
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

PAYING AGENT

Deutsche Bank AG,
Hong Kong Branch
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

REGISTRAR AND TRANSFER AGENT IN RESPECT OF EACH SERIES OF CMU NOTES

Deutsche Bank AG,
Hong Kong Branch
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CMU LODGING AND PAYING AGENT

Deutsche Bank AG,
Hong Kong Branch
60/F International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

REGISTRAR AND TRANSFER AGENT IN RESPECT OF EACH SERIES OF NOTES OR UNDATED CAPITAL SECURITIES OTHER THAN CMU NOTES

Deutsche Bank
Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

LEGAL ADVISERS

To the Issuer
as to English and Hong Kong law
Deacons
5th Floor
Alexandra House
18 Chater Road
Central
Hong Kong

To the Arranger and the Dealers
as to English law
Linklaters
11th Floor
Alexandra House
Chater Road
Central
Hong Kong

To the Trustee
as to English law
Linklaters
11th Floor
Alexandra House
Chater Road
Central
Hong Kong

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APPENDIX 2 – PRICING SUPPLEMENT DATED 2 SEPTEMBER 2025

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MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes (as defined below) has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

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In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer (as defined below) has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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This document together with the Offering Circular (as defined below) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notes are complex and high risk financial instruments. Please read the section titled "Investment Considerations" contained in the Offering Circular. The Notes are intended to qualify as a Loss Absorbing Instrument under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (Cap. 628B) of Hong Kong. There are risks inherent in the holding of any Notes, including the risks in relation to their subordination and the circumstances in which Noteholders (as defined in the Conditions) may suffer loss as a result of holding any Notes. Potential investors should have regard to the factors described under the section headed "Considerations Relating to Non-preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities" in the Offering Circular for a discussion of certain considerations to be taken into account in connection with an investment in the Notes. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and this document and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors must not purchase the Notes unless they understand and are able to bear risks associated with the Notes.

It is intended that the Notes will constitute "loan capital" and/or a "regulatory capital security" for the purposes of the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong. To the extent there are any concerns, specific Hong Kong tax advice should be sought.

Pricing Supplement dated 2 September 2025

The Bank of East Asia, Limited 東亞銀行有限公司
Issue of RMB750,000,000 Non-Preferred Loss Absorbing Notes due 2029 (the "Notes")
under the U.S.$6,000,000,000 Medium Term Note Programme (the "Programme")

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes other than the Undated Capital Securities (the "**Conditions**") set forth in the Offering Circular dated 1 September 2025 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

1	Issuer		The Bank of East Asia, Limited 東亞銀行有限公司
2	(i)	Series Number:	155
	(ii)	Tranche Number:	1
3	Specified Currency or Currencies:		Renminbi ("**RMB**" or "**CNY**")
4	Aggregate Principal Amount:		
	(i)	Series:	RMB750,000,000
	(ii)	Tranche:	RMB750,000,000
5	(i)	Issue Price:	100.00 per cent. of the Aggregate Principal Amount
	(ii)	Gross Proceeds:	RMB750,000,000
6	(i)	Specified Denominations:	RMB2,000,000 and integral multiples of RMB10,000 in excess thereof
	(ii)	Calculation Amount:	RMB10,000*,* subject to adjustment following the exercise of any Hong Kong Resolution Authority Power
7	(i)	Issue Date:	9 September 2025
	(ii)	Interest Commencement Date:	Issue Date
8	Maturity Date:		9 September 2029, not adjusted

9	Interest Basis:		2.95 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:		Redemption at par
11	Change of Interest or Redemption/ Payment Basis:		Not Applicable
12	Put/Call Options:		Issuer Call (further particulars specified below) *The Issuer shall not redeem any of the Notes unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong or the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (Cap. 628B) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto.*
13	(i)	Status of the Notes:	Non-Preferred Loss Absorbing
	(ii)	Qualification of the Notes:	The Notes are intended to qualify as a Loss Absorbing Instrument.
	(iii)	Date of Board approval for issuance of Notes obtained:	8 August 2025
14	Listing and admission to trading:		The Hong Kong Stock Exchange (Expected effective listing date of the Notes: 10 September 2025)
15	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:		Applicable
	(i)	Rates of Interest:	From and including the Issue Date to but excluding the Maturity Date, 2.95 per cent. per annum payable semi-annually in arrear.
	(ii)	Interest Payment Dates:	9 March and 9 September in each year commencing on 9 March 2026 and ending on the Maturity Date. If any Interest Payment Date (other than the Optional Redemption Date or the Maturity Date) would fall on a day that is not a Business Day, then such Interest Payment Date (other than the Optional Redemption Date or the Maturity Date) shall be adjusted in accordance with the Modified Following Business Day Convention. For the avoidance of doubt, the Conditions provide that Business

			Day shall be a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.
	(iii)	Business Day Convention:	Modified Following Business Day Convention (further particulars specified above)
	(iv)	Fixed Coupon Amount(s):	Not Applicable
	(v)	Broken Amount(s):	Not Applicable
	(vi)	Day Count Fraction:	Actual/365 (Fixed)
	(vii)	Determination Dates:	Not Applicable
	(viii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions:		Not Applicable
18	Zero Coupon Note Provisions:		Not Applicable
19	Index Linked Interest Note Provisions:		Not Applicable
20	Dual Currency Note Provisions:		Not Applicable
PROVISIONS RELATING TO REDEMPTION			
21	Call Option:		Applicable
	(i)	Optional Redemption Date:	9 September 2028, not adjusted, subject to the prior written consent of the Monetary Authority subject to, and in accordance with, Condition 6(l).
	(ii)	Optional Redemption Amount of each Note and specified denomination method, if any, of calculation of such amount:	RMB10,000 per Calculation Amount, subject to adjustment following the exercise of any Hong Kong Resolution Authority Power
	(iii)	If redeemable in part:	Not Applicable
	(iv)	Notice period:	As set out in Condition 6(d)
22	Put Option:		Not Applicable
23	Final Redemption Amount of each Note:		RMB10,000 per Calculation Amount, subject to adjustment following the exercise of any Hong Kong Resolution Authority Power

24	Early Redemption Amount:	RMB10,000 per Calculation Amount, subject to adjustment following the exercise of any Hong Kong Resolution Authority Power
25	Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	RMB10,000 per Calculation Amount, subject to adjustment following the exercise of any Hong Kong Resolution Authority Power

PROVISIONS RELATING TO NON-VIABILITY AND LOSS ABSORPTION OF DATED SUBORDINATED NOTES AND NON-PREFERRED LOSS ABSORBING NOTES

26	Loss Absorption:		Applicable
	(a)	Suspension Period:	Not Applicable
	(b)	Non-Viability Event:	Not Applicable
	(c)	Non-Viability Event Notice:	Not Applicable
	(d)	Write-off:	Not Applicable
	(e)	Loss-absorbing capacity:	As set out in Condition 7
	(f)	Others:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27	Form of Notes:	**Registered Notes:** Regulation S Global Certificate (RMB750,000,000 principal amount) exchangeable for definitive Certificates in the limited circumstances described in the Global Certificate
28	Financial Centre(s) or other special provisions relating to Payment Dates:	For the avoidance of doubt, the Conditions provide that business day for payment of the Notes shall be a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.
29	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
30	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

31	Details relating to Instalment Notes: amount of each instalment (Instalment Amount), date on which each payment is to be made (Instalment Date):		Not Applicable
32	Other terms or special conditions:		Not Applicable

DISTRIBUTION

33	(i)	If syndicated, names of Managers:	*Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers:* Morgan Stanley & Co. International plc Standard Chartered Bank *Joint Bookrunners and Joint Lead Managers:* BNP PARIBAS Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, Hong Kong Branch Goldman Sachs (Asia) L.L.C. The Hongkong and Shanghai Banking Corporation Limited J.P. Morgan Securities (Asia Pacific) Limited SMBC Nikko Securities (Hong Kong) Limited Wells Fargo Securities International Limited
	(ii)	Stabilisation Manager (if any):	Any of the Managers appointed and acting in its capacity as stabilisation manager
34	If non-syndicated, name of Dealer:		Not Applicable
35	U.S. selling restrictions:		TEFRA not applicable Regulation S (Category 2)
36	Prohibition of Sales to EEA Retail Investors:		Applicable
37	Prohibition of Sales to UK Retail Investors:		Applicable
38	Additional selling restrictions:		Not Applicable
39	Private bank rebate/commission:		Not Applicable

OPERATIONAL INFORMATION

40	ISIN Code:	HK0001192589
41	Common Code:	317788096
42	CMU Instrument Number:	BEAHFN25004
43	Legal Entity Identifier (LEI):	CO6GC26LCGGRTUESIP55

44	Any clearing system(s) other than The Central Moneymarkets Unit Service and/or Euroclear Bank, SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
45	Delivery:	Delivery against payment
46	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

GENERAL

47	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of U.S.$1 = RMB7.1336, producing a sum of (for Notes not denominated in U.S. dollars):	U.S.$105,136,256.59
48	In the case of Registered Notes, specify the location of the office of the Registrar if other than Luxembourg:	Hong Kong
49	In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than Dublin, Ireland:	Not Applicable
50	Governing Law:	English law, save that Conditions 3(c), 3(f) and 7 shall be governed by, and construed in accordance with, the laws of Hong Kong
51	Ratings:	The Notes to be issued are expected to be rated: Moody's Investors Service, Inc.: Baa2 S&P Global Ratings: BBB

HONG KONG SFC CODE OF CONDUCT

52	Rebates:	Not Applicable
53	Contact email addresses where underlying investor information in relation to omnibus orders should be sent:	omnibus_debt@morganstanley.com SYNHK@sc.com
54	Marketing and Investor Targeting Strategy:	As indicated in the Offering Circular

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$6,000,000,000 Medium Term Note Programme.

STABILISATION

In connection with this issue, any of the Managers named as stabilisation manager (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the closing date of the relevant

Tranche of Notes. However, there is no obligation on such Stabilisation Manager to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor 's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes. In particular, investors in the Notes should read the section titled "Investment Considerations" contained in the Offering Circular, including but not limited to the risk factors titled “Considerations relating to the Notes and the Undated Capital Securities” and “Considerations relating to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities”, which apply to the issue of Notes described herein.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

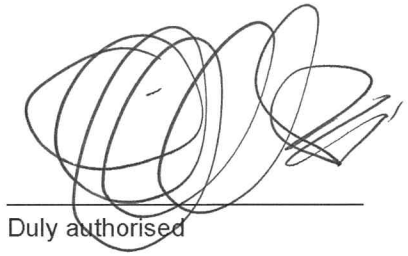
MATERIAL ADVERSE CHANGE STATEMENT

Save as disclosed in the Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2025 and no material adverse change in the financial position or prospects of the Issuer or the Group since 30 June 2025.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of The Bank of East Asia, Limited 東亞銀行有限公司:

By: 

Duly authorised