



(Stock Code 股份代號 : 23)

Interim Report **2017** 中期報告

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FINANCIAL HIGHLIGHTS

30 June 2017	30 June 2016	31 December 2016
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For the half year ended

Profitability	HK\$ Mn	HK\$ Mn	HK\$ Mn
Total operating income from continuing operations	7,629	7,130	7,720
Profit attributable to owners of the parent	6,220	2,095	1,628
Profit attributable to owners of the parent from continuing operations	3,171	1,981	1,524
Earnings Per Share and Dividends Per Share	HK\$	HK\$	HK\$
Basic earnings from continuing operations	1.08	0.65	0.47
Basic earnings	2.20	0.69	0.52
Dividends	0.68	0.28	0.28
Key Ratios	%	%	%
Return on average assets (annualised)	1.1	0.5	0.4
Return on average assets from continuing operations (annualised)	0.8	0.5	0.3
Return on average equity (annualised)	10.8	4.8	3.5
Return on average equity from continuing operations (annualised)	7.1	4.5	3.2
Cost-to-income ratio from continuing operations	51.2	59.4	53.2
Average liquidity coverage ratio – first quarter	150.7	151.3	151.3
– second quarter	129.5	141.2	141.2
– third quarter	N.A.	N.A.	133.5
– fourth quarter	N.A.	N.A.	137.2

At period/year end

Balance Sheet Strength	HK\$ Mn	HK\$ Mn	HK\$ Mn
Total loans and advances to customers and trade bills	480,770	463,432	466,182
Total assets	788,456	756,571	765,706
Total deposits	585,665	559,899	564,646
Total equity	97,976	87,035	86,636
Key Ratios	%	%	%
Loan to deposit ratio	79.7	80.2	80.4
Impaired loan ratio	1.5	1.2	1.5
Common Equity Tier 1 capital ratio	12.3	12.6	12.1
Tier 1 capital ratio	14.2	14.0	13.5
Total capital ratio	17.5	17.4	17.4

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. the Hon. Sir David LI Kwok-po
(Chairman & Chief Executive)

Mr. Adrian David LI Man-kiu
(Deputy Chief Executive)

Mr. Brian David LI Man-bun
(Deputy Chief Executive)

Non-executive Directors

Professor Arthur LI Kwok-cheung
(Deputy Chairman)

Mr. Aubrey LI Kwok-sing

Mr. Stephen Charles LI Kwok-sze

Dr. Isidro FAINÉ CASAS

Dr. Peter LEE Ka-kit

Mr. Masayuki OKU

Independent Non-executive Directors

Dr. Allan WONG Chi-yun
(Deputy Chairman)

Mr. Winston LO Yau-lai

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

The Hon. CHAN Kin-por

Dr. Delman LEE

SENIOR ADVISORS

Mr. Joseph PANG Yuk-wing

Mr. CHAN Tze-ching

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu

Executive Director & Deputy Chief Executive

Mr. Brian David LI Man-bun

Executive Director & Deputy Chief Executive

Mr. Samson LI Kai-cheong

Deputy Chief Executive & Chief Investment Officer

Mr. TONG Hon-shing

Deputy Chief Executive & Chief Operating Officer

COMPANY SECRETARY

Mr. Alson LAW Chun-tak

AUDITORS

KPMG

Certified Public Accountants

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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 30th June, 2017. The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2016 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 63.

Consolidated Income Statement

		6 months ended 30/6/2017	6 months ended 30/6/2016
	Notes	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS			
Interest income	3	10,459	10,361
Interest expense	4	(4,720)	(4,878)
Net interest income		5,739	5,483
Fee and commission income	5	1,708	1,678
Fee and commission expense		(426)	(425)
Net fee and commission income		1,282	1,253
Net trading profits/(losses)	6	187	(32)
Net result from financial instruments designated at fair value through profit or loss	7	(4)	(2)
Net hedging loss	8	(2)	(4)
Net insurance revenue	9	243	228
Other operating income	10	184	204
Non-interest income		1,890	1,647
Operating income		7,629	7,130
Operating expenses	11	(3,903)	(4,239)
Operating profit before impairment losses		3,726	2,891
Impairment losses on loans and receivables		(763)	(1,241)
Impairment losses on available-for-sale financial assets		(2)	–
Impairment losses on assets held for sale		(58)	–
Impairment losses		(823)	(1,241)
Operating profit after impairment losses		2,903	1,650
Net profit on sale of held-to-maturity investments		6	6
Net profit on sale of available-for-sale financial assets	12	215	40
Net profit on sale of disposal groups and assets held for sale		190	13
Net profit on disposal of subsidiaries/associates		2	–
Net (loss)/gain on disposal of fixed assets	13	(7)	770
Valuation gains on investment properties	22	229	45
Share of profits less losses of associates		224	192
Profit for the period before taxation		3,762	2,716
Income tax	14	(574)	(727)
Profit for the period from continuing operations		3,188	1,989
DISCONTINUED OPERATIONS			
Profit from discontinued operations	41	4,145	159
Profit for the period		7,333	2,148

Consolidated Income Statement (Continued)

		6 months ended 30/6/2017	6 months ended 30/6/2016
	<i>Notes</i>	HK\$ Mn	HK\$ Mn
Attributable to:			
Owners of the parent			
– from continuing operations		3,171	1,981
– from discontinued operations		3,049	114
		<hr/>	<hr/>
		6,220	2,095
Non-controlling interests		1,113	53
		<hr/>	<hr/>
Profit for the period		7,333	2,148
		<hr/> <hr/>	<hr/> <hr/>
Profit for the Bank		6,823	1,682
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic			
– profit for the period	<i>1(b)</i>	HK\$2.20	HK\$0.69
– profit from continuing operations		HK\$1.08	HK\$0.65
Diluted			
– profit for the period	<i>1(b)</i>	HK\$2.20	HK\$0.69
– profit from continuing operations		HK\$1.08	HK\$0.65

Consolidated Statement of Comprehensive Income

		6 months ended 30/6/2017	6 months ended 30/6/2016
	<i>Notes</i>	HK\$ Mn	HK\$ Mn
Net profit		7,333	2,148
Other comprehensive income for the period:			
Items that will not be reclassified to income statement:			
Premises:			
– unrealised surplus on revaluation of premises		39	24
Items that may be reclassified subsequently to income statement:			
Available-for-sale investment revaluation reserve:			
– fair value changes recognised to equity		1,154	47
– fair value changes reclassified from/(to) income statement:			
– on impairment and amortisation		3	18
– on disposal	12	(220)	(25)
– deferred taxes	29	(104)	33
Share of changes in equity of associates		(86)	113
Exchange differences arising from translation of accounts/disposal of overseas branches, subsidiaries and associates		1,259	(375)
Other comprehensive income		2,045	(165)
Total comprehensive income		9,378	1,983
Total comprehensive income attributable to:			
Owners of the parent		8,212	1,921
Non-controlling interests		1,166	62
		9,378	1,983

Consolidated Statement of Financial Position

		30/6/2017	31/12/2016 Restated
	Notes	HK\$ Mn	HK\$ Mn
ASSETS			
Cash and balances with banks and other financial institutions		54,449	65,720
Placements with and advances to banks and other financial institutions	15	50,765	44,052
Trade bills	16	14,195	11,939
Trading assets	17	5,378	4,404
Financial assets designated at fair value through profit or loss	18	4,038	3,554
Positive fair value of derivatives	35(a)	6,887	8,938
Loans and advances to customers	19	462,799	450,445
Available-for-sale financial assets	20	117,151	110,491
Held-to-maturity investments	21	11,315	5,663
Investments in associates		7,843	6,011
Fixed assets	22	12,311	11,990
– Investment properties		4,760	4,467
– Other property and equipment		7,551	7,523
Goodwill and intangible assets		2,624	2,639
Deferred tax assets	29	855	785
Other assets	23	37,846	39,075
Total Assets		788,456	765,706
EQUITY AND LIABILITIES			
Deposits and balances of banks and other financial institutions		27,607	26,475
Deposits from customers		549,009	535,789
– Demand deposits and current accounts		78,706	74,993
– Savings deposits		130,423	126,462
– Time, call and notice deposits		339,880	334,334
Trading liabilities	24	50	50
Negative fair value of derivatives	35(a)	7,846	7,982
Certificates of deposit issued		36,656	28,857
– Designated at fair value through profit or loss		7,049	18,106
– At amortised cost		29,607	10,751
Current taxation		1,671	1,605
Debt securities issued		1,001	7,154
– Designated at fair value through profit or loss		561	418
– At amortised cost		440	6,736
Deferred tax liabilities	29	595	462
Other liabilities	25	48,962	50,088
Loan capital – at amortised cost	26	17,083	20,608
Total Liabilities		690,480	679,070
Share capital	1(d)	36,136	35,490
Reserves	30	50,166	42,941
Total equity attributable to owners of the parent		86,302	78,431
Additional equity instruments	31	8,894	5,016
Non-controlling interests		2,780	3,189
Total Equity		97,976	86,636
Total Equity and Liabilities		788,456	765,706

Consolidated Statement of Changes in Equity

	Share capital	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves ²	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
At 1st January, 2017	35,490	124	(2,275)	1,359	1,728	230	14,035	5,293	22,447	78,431	5,016	3,189	86,636
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	6,220	6,220	-	1,113	7,333
Other comprehensive income	-	-	1,206	833	39	-	-	(86)	-	1,992	-	53	2,045
Total comprehensive income	-	-	1,206	833	39	-	-	(86)	6,220	8,212	-	1,166	9,378
Issue of additional equity instruments ¹	-	-	-	-	-	-	-	-	-	-	3,878	-	3,878
Shares issued in lieu of dividend (Note 1(d))	616	-	-	-	-	-	-	-	-	616	-	-	616
Shares issued under Staff Share Option Schemes (Note 1(d))	26	-	-	-	-	-	-	-	-	26	-	-	26
Equity settled share-based transaction	-	19	-	-	-	-	-	-	-	19	-	-	19
Transfer	4	(12)	-	-	(16)	-	7	66	(49)	-	-	-	-
Dividends declared or approved during the period (Note 1(c))	-	-	-	-	-	-	-	-	(1,002)	(1,002)	-	(1,422)	(2,424)
Change of ownership in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Decrease in non-controlling interests arising from capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(135)	(135)
At 30th June, 2017	36,136	131	(1,069)	2,192	1,751	230	14,042	5,273	27,616	86,302	8,894	2,780	97,976
At 1st January, 2016	33,815	90	(162)	1,383	1,639	230	13,953	4,666	21,799	77,413	5,016	3,212	85,641
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	2,095	2,095	-	53	2,148
Other comprehensive income	-	-	(384)	73	24	-	-	113	-	(174)	-	9	(165)
Total comprehensive income	-	-	(384)	73	24	-	-	113	2,095	1,921	-	62	1,983
Shares issued in lieu of dividend (Note 1(d))	1,060	-	-	-	-	-	-	-	-	1,060	-	-	1,060
Equity settled share-based transaction	-	16	-	-	-	-	-	-	-	16	-	-	16
Transfer	-	-	-	-	(62)	-	62	127	(127)	-	-	-	-
Dividends declared or approved during the period (Note 1(c))	-	-	-	-	-	-	-	-	(1,564)	(1,564)	-	(48)	(1,612)
Buy back of Hybrid Tier 1 capital instruments ²	-	-	-	-	-	-	-	-	(6)	(6)	-	(47)	(53)
At 30th June, 2016	34,875	106	(546)	1,456	1,601	230	14,015	4,906	22,197	78,840	5,016	3,179	87,035

1. During the period, the Bank issued HK\$3,892 million (USD500 million) undated non-cumulative subordinated Additional Tier 1 capital securities ("AT1"). Direct issuance costs of HK\$14 million are accounted for as a deduction from the equity instruments.
2. In first half 2016, the Bank bought back HK\$47 million Hybrid Tier 1 capital instruments which are classified as non-controlling interests in the consolidated financial statements. The purchase premium of HK\$6 million paid in excess of the carrying amount of the non-controlling interests acquired was charged to retained profits.
3. Other reserves include statutory reserve and other reserves.

Condensed Consolidated Cash Flow Statement

		6 months ended 30/6/2017	6 months ended 30/6/2016
	Notes	HK\$ Mn	HK\$ Mn
NET CASH OUTFLOW FROM OPERATIONS		(3,420)	(10,130)
Income tax paid			
Hong Kong profits tax paid		(164)	(6)
Outside Hong Kong profits tax paid		(388)	(436)
NET CASH USED IN OPERATING ACTIVITIES		(3,972)	(10,572)
INVESTING ACTIVITIES			
Dividends received from associates		44	51
Dividends received from available-for-sale equity securities		14	15
Purchase of equity securities		(1,309)	(1,396)
Proceeds from sale of equity securities		1,013	1,097
Purchase of fixed assets		(174)	(188)
Proceeds from disposal of other properties and equipment		25	958
Proceeds from disposal of investment properties		–	651
Proceeds from sale of disposal groups and assets held for sale		228	646
Proceeds from sale of discontinued operations		5,947	–
(Increase)/decrease of shareholding in associates		(1,483)	2
Change of ownership in subsidiaries		(18)	–
Decrease in non-controlling interests arising from capital reduction of a subsidiary		(135)	–
NET CASH GENERATED FROM INVESTING ACTIVITIES		4,152	1,836
FINANCING ACTIVITIES			
Ordinary dividends paid		(1,563)	(308)
Distribution to Hybrid/Additional Tier 1 issue holders	1(c)	(245)	(244)
Issue of ordinary share capital		26	–
Issue of additional equity instruments		3,892	–
Issue of certificates of deposit		36,183	22,921
Issue of debt securities		295	687
Redemption of Hybrid Tier 1 issued		–	(53)
Redemption of certificates of deposit issued		(28,811)	(27,753)
Redemption of loan capital		(3,903)	–
Redemption of debt securities issued		(6,570)	(6,542)
Interest paid on loan capital		(517)	(452)
Interest paid on certificates of deposit issued		(316)	(303)
Interest paid on debt securities issued		(99)	(127)
NET CASH USED IN FINANCING ACTIVITIES		(1,628)	(12,174)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,448)	(20,910)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		75,841	110,966
Effect of foreign exchange rate changes		2,472	(1,494)
CASH AND CASH EQUIVALENTS AT 30TH JUNE	32	76,865	88,562
Cash flows from operating activities included:			
Interest received		10,509	10,875
Interest paid		5,373	5,693
Dividend received		38	38

Notes to the Interim Financial Statements

1. (a) This interim report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 31st December, 2016 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 31st December 2016 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 and profit from continuing operations attributable to owners of the parent of HK\$5,975 million and HK\$2,926 million (six months ended 30th June, 2016: HK\$1,845 million and HK\$1,731 million) respectively after the distribution of HK\$245 million (six months ended 30th June, 2016: HK\$244 million) to Hybrid/Additional Tier 1 issue holders and deduction of nil (30th June, 2016: HK\$6 million) premium paid for partial bought back of Hybrid Tier 1 capital instruments, and on the weighted average of 2,714 million (six months ended 30th June, 2016: 2,662 million) ordinary shares outstanding during the six months ended 30th June, 2017.
- (ii) The calculation of diluted earnings per share is based on the consolidated profit for the period and profit from continuing operations attributable to owners of the parent of HK\$5,975 million and HK\$2,926 million (six months ended 30th June, 2016: HK\$1,845 million and HK\$1,731 million) respectively after the distribution of HK\$245 million (six months ended 30th June, 2016: HK\$244 million) to Hybrid/Additional Tier 1 issue holders and deduction of nil (30th June, 2016: HK\$6 million) premium paid for partial bought back of Hybrid Tier 1 capital instruments, and on 2,714 million (six months ended 30th June, 2016: 2,662 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the six months ended 30th June, 2017, adjusted for the effects of all dilutive potential shares.
- (c) Dividends
- (i) Dividends payable to equity owners of the parent attributable to the interim period

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
Interim dividend declared after the interim period of HK\$0.68 per share on 2,724 million shares (six months ended 30th June, 2016: HK\$0.28 per share on 2,683 million shares)	1,852	751

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) 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 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
Second interim dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the end of the reporting period and before the close of the Register of Members of the Bank, of HK\$0.28 per share (2016: HK\$0.50 per share)	–	–
Second interim dividend of HK\$0.28 per share on 2,703 million shares (2016: HK\$0.50 per share on 2,641 million shares)	757	1,320
	<u>757</u>	<u>1,320</u>

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

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
Interest paid/payable on the Hybrid Tier 1 capital instruments	105	105
Amount paid on the Additional Tier 1 capital instruments	140	139
	<u>245</u>	<u>244</u>

(d) Share Capital

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

	At 30th June, 2017		At 31st December, 2016	
	No. of shares Mn	HK\$ Mn	No. of shares Mn	HK\$ Mn
Ordinary shares, issued and fully paid:				
At 1st January	2,703	35,490	2,641	33,815
Shares issued under Staff Share Option Schemes	1	26	–	11
Transfer of the fair value of options from capital reserve – share options issued	–	4	–	1
Share issued in lieu of dividend	20	616	62	1,663
At 30th June/31st December	<u>2,724</u>	<u>36,136</u>	<u>2,703</u>	<u>35,490</u>

Notes to the Interim Financial Statements (Continued)

2. Changes in Accounting Policies

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 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.

3. Interest Income

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Securities classified as held-to-maturity or available-for-sale	1,443	1,269
Trading assets	56	73
Financial assets designated at fair value through profit or loss	83	68
Loans, deposits with banks and financial institutions, and trade bills	8,877	8,951
	<u>10,459</u>	<u>10,361</u>

The above included HK\$10,437 million (six months ended 30th June, 2016: HK\$10,373 million) interest income, before hedging effect, for financial assets that are not recognised at fair value through profit or loss and of which, interest income accrued on impaired financial assets was HK\$173 million (six months ended 30th June, 2016: HK\$190 million).

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.

4. Interest Expense

	6 months ended 30/6/2017	6 months ended 30/6/2016 Restated
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Customer deposits, deposits of banks and other financial institutions	3,923	4,204
Certificates of deposit and debt securities issued		
– at amortised cost	268	195
– designated at fair value through profit or loss	88	114
Subordinated notes carried at amortised cost	438	364
Other borrowings	3	1
	<u>4,720</u>	<u>4,878</u>

The above included HK\$4,682 million (six months ended 30th June, 2016: HK\$4,664 million) interest expense, before hedging effect, for financial liabilities that are not recognised at fair value through profit or loss.

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.

Notes to the Interim Financial Statements (Continued)

5. Fee and Commission Income

Fee and commission income arises from the following services:

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Credit cards	484	484
Loans, overdrafts and guarantees	351	370
Other retail banking services	183	149
Trade finance	166	180
Trust and other fiduciary activities	115	108
Securities and brokerage	112	111
Others	297	276
	<u>1,708</u>	<u>1,678</u>
Total fee and commission income	<u>1,708</u>	<u>1,678</u>
of which:		
Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss	1,293	1,262
Fee income	1,708	1,678
Fee expenses	(415)	(416)

6. Net Trading Profits/(Losses)

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Loss on dealing in foreign currencies and funding swaps	(518)	(517)
Profit/(Loss) on trading securities	315	(91)
Net gain on derivatives	366	554
Dividend income from listed trading securities	24	22
	<u>187</u>	<u>(32)</u>

Notes to the Interim Financial Statements (Continued)

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

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Revaluation gain/(loss) on debts issued	5	(2)
Revaluation loss on financial assets	(9)	(3)
Profit on sale of financial assets	–	3
	<u>(4)</u>	<u>(2)</u>

8. Net Hedging Loss

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Fair value hedges		
– Net profit on hedged items attributable to the hedged risk	263	454
– Net loss on hedging instruments	(265)	(458)
	<u>(2)</u>	<u>(4)</u>

There was insignificant ineffectiveness recognised in the Group's income statement arising from cash flow hedge for the six months ended 30th June, 2017 and 30th June, 2016.

9. Net Insurance Revenue

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
(a) Net insurance revenue		
Net interest income	216	189
Net trading profit/(loss)	51	(3)
Net result from financial instruments designated at fair value through profit or loss	32	(8)
Net hedging loss	(12)	(4)
Net insurance premium and other income	(b) 3,033	2,341
Other operating income	1	–
	<u>3,321</u>	<u>2,515</u>
Net insurance claims and expenses	(c) (3,171)	(2,312)
	150	203
Operating expenses	(2)	(1)
Impairment loss on available-for-sale financial assets	(2)	(19)
Net profit on sale of available-for-sale financial assets	97	45
	<u>243</u>	<u>228</u>

Notes to the Interim Financial Statements (Continued)

9. Net Insurance Revenue (Continued)

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
(b) Net insurance premium and other income		
Gross insurance premium income	3,063	2,374
Reinsurer's share of gross insurance premium income	(30)	(33)
	<u>3,033</u>	<u>2,341</u>
(c) Net insurance claims and expenses		
Claims, benefits and surrenders paid	2,468	1,362
Movement in provisions	682	895
	<u>3,150</u>	<u>2,257</u>
Reinsurers' share of claim, benefits and surrenders paid	(907)	(33)
Reinsurers' share of movement in provisions	851	10
	<u>(56)</u>	<u>(23)</u>
Net insurance commission expenses	<u>3,094</u>	<u>2,234</u>
	77	78
	<u>3,171</u>	<u>2,312</u>

10. Other Operating Income

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Dividend income from available-for-sale financial assets		
– listed	6	8
– unlisted	8	7
Rental from safe deposit boxes	42	44
Rental income on properties	78	118
Others	50	27
	<u>184</u>	<u>204</u>

Notes to the Interim Financial Statements (Continued)

11. Operating Expenses

	6 months ended 30/6/2017	6 months ended 30/6/2016 Restated ^{Note}
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Contributions to defined contribution plan		
– Hong Kong	71	80
– Outside Hong Kong	107	123
Equity-settled share-based payment expenses	19	16
Salaries and other staff costs	2,078	2,177
Total staff costs	2,275	2,396
Premises and equipment expenses excluding depreciation		
– Rental of premises	288	314
– Maintenance, repairs and others	281	279
Total premises and equipment expenses excluding depreciation	569	593
Depreciation on fixed assets	230	240
Amortisation of intangible assets	16	16
Other operating expenses		
– Legal and professional fees	191	213
– Communications, stationery and printing	128	141
– Advertising expenses	111	111
– Card related expenses	79	72
– Business promotions and business travel	56	73
– Stamp duty, overseas and PRC business taxes, and value added taxes	55	210
– Insurance expenses	47	40
– Membership fees	7	10
– Bank charges	5	5
– Bank licence	2	2
– Donations	2	3
– Others	130	114
Total other operating expenses	813	994
Total operating expenses	3,903	4,239

Note: To better reflect the expenses nature, HK\$49 million expenses under social insurance plans of Mainland China was reclassified to salaries and other staff costs from contributions to defined contribution plan outside Hong Kong.

Notes to the Interim Financial Statements (Continued)

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

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Net revaluation gain transferred from reserves	220	25
(Loss)/Profit arising in the period	(5)	15
	<u>215</u>	<u>40</u>

13. Net (Loss)/Gain on Disposal of Fixed Assets

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Net gain on disposal of investment properties	–	146
Net (loss)/gain on disposal of bank premises, furniture, fixtures and equipment	(7)	624
	<u>(7)</u>	<u>770</u>

14. Income Tax

Taxation in the consolidated income statement represents:

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
CONTINUING OPERATIONS		
Current tax – Hong Kong		
Tax for the year	292	264
Under-provision in respect of prior years	18	17
	<u>310</u>	<u>281</u>
Current tax – outside Hong Kong		
Tax for the year*	361	709
Write back of over-provision in respect of prior years	(76)	(35)
	<u>285</u>	<u>674</u>
Deferred tax		
Origination and reversal of temporary differences	(21)	(228)
	<u>574</u>	<u>727</u>

* For the first half of 2016, certain properties in Mainland China were disposed of, which resulted in an impact of land value added tax and corporate income tax totalling HK\$396 million.

Notes to the Interim Financial Statements (Continued)

14. Income Tax (Continued)

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30th June, 2016: 16.5%) of the estimated assessable profits for the six months ended 30th June, 2017.

Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

15. Placements with and Advances to Banks and Other Financial Institutions

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Placements with and advances to banks and other financial institutions		
Maturing		
– within one month	41,840	36,511
– after one month but within one year	8,925	7,541
– after one year	–	–
	<u>50,765</u>	<u>44,052</u>
Of which:		
Placements with and advances to central banks	<u>–</u>	<u>–</u>

16. Trade Bills

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Gross trade bills	14,196	11,940
Less: Individual impairment allowance	<u>(1)</u>	<u>(1)</u>
	<u>14,195</u>	<u>11,939</u>

Notes to the Interim Financial Statements (Continued)

17. Trading Assets

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	242	1,034
Certificates of deposit held	1,972	431
Debt securities	899	1,663
Equity securities	2,262	1,276
Investment funds	3	–
	<u>5,378</u>	<u>4,404</u>

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

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Debt securities	3,824	3,330
Equity securities	150	155
Investment funds	64	69
	<u>4,038</u>	<u>3,554</u>

19. Loans and Advances to Customers

(a) Loans and advances to customers

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Gross loans and advances to customers	466,574	454,242
Less: Impairment allowances		
– Individual	(1,565)	(1,715)
– Collective	(2,210)	(2,082)
	<u>462,799</u>	<u>450,445</u>

Notes to the Interim Financial Statements (Continued)

19. Loans and Advances to Customers (Continued)

(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.

	30/6/2017		31/12/2016	
	Gross advances HK\$ Mn	% of secured advances %	Gross advances HK\$ Mn	% of secured advances %
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	24,936	77.20	21,934	78.46
– Property investment	37,311	92.02	38,224	92.41
– Financial concerns	12,920	67.35	10,296	64.91
– Stockbrokers	3,137	89.13	2,988	93.10
– Wholesale and retail trade	10,569	63.56	14,821	72.21
– Manufacturing	2,304	40.59	2,925	58.21
– Transport and transport equipment	4,843	69.83	5,633	69.60
– Recreational activities	173	70.99	171	73.50
– Information technology	2,608	0.61	2,596	0.51
– Others	22,124	76.17	18,720	79.83
– Sub-total	120,925	77.00	118,308	78.95
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,047	100.00	988	100.00
– Loans for the purchase of other residential properties	40,121	100.00	40,750	100.00
– Credit card advances	4,129	0.00	4,540	0.00
– Others	29,957	87.27	27,301	86.84
– Sub-total	75,254	89.45	73,579	88.95
Total loans for use in Hong Kong	196,179	81.77	191,887	82.78
Trade finance	4,102	68.52	5,390	74.86
Loans for use outside Hong Kong*	266,293	55.90	256,965	59.76
Total advances to customers	466,574	66.89	454,242	69.67

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

	30/6/2017		31/12/2016	
	Gross advances HK\$ Mn	% of secured advances %	Gross advances HK\$ Mn	% of secured advances %
Property development	44,744	53.47	42,140	54.91
Property investment	28,317	94.86	28,940	94.63
Financial concerns	33,292	11.09	25,512	15.22
Wholesale and retail trade	13,322	59.49	14,639	67.90
Manufacturing	5,944	25.14	7,504	44.43
Loans for the purchase of other residential properties	15,591	99.99	15,982	99.98
Others	38,031	35.89	37,710	39.48
	179,241	51.96	172,427	57.15

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 10% or more of total advances to customers are as follows:

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
(i) Property development		
a. Individually impaired loans	116	67
b. Individual impairment allowance	7	8
c. Collective impairment allowance	420	382
d. Provision charged to income statement		
– individual impairment loss	17	49
– collective impairment loss	46	249
e. Written off	16	8
(ii) Property investment		
a. Individually impaired loans	1,155	932
b. Individual impairment allowance	86	77
c. Collective impairment allowance	394	401
d. Provision charged to income statement		
– individual impairment loss	43	214
– collective impairment loss	15	213
e. Written off	14	146
(iii) Loans for purchase of residential properties		
a. Individually impaired loans	424	355
b. Individual impairment allowance	1	6
c. Collective impairment allowance	210	209
d. Provision charged to income statement		
– individual impairment loss	3	111
– collective impairment loss	3	91
e. Written off	5	44
(iv) Wholesale and retail trade		
a. Individually impaired loans	2,287	2,317
b. Individual impairment allowance	833	808
c. Collective impairment allowance	161	184
d. Provision charged to income statement		
– individual impairment loss	317	1,680
– collective impairment loss	5	108
e. Written off	244	928
(v) Hotels		
a. Individually impaired loans	1,077	981
b. Individual impairment allowance	337	330
c. Collective impairment allowance	70	72
d. Provision charged to income statement		
– individual impairment loss	27	433
– collective impairment loss	4	40
e. Written off	31	379

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 countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30/6/2017				
	Total	Advances	Impaired	Individual	Collective
	advances to	overdue for			
customers	over three	customers	allowance	allowance	
	HK\$ Mn	months	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	200,763	1,664	2,151	174	470
Mainland China	199,536	3,930	4,344	1,358	1,576
Other Asian Countries and Regions	29,324	121	390	33	69
Others	36,951	2	71	–	95
Total	466,574	5,717	6,956	1,565	2,210
% of total advances to customers			1.49%		
Market value of collateral held against impaired advances to customers			5,321		
			31/12/2016 (Restated ^{Note})		
	Total	Advances	Impaired	Individual	Collective
advances to	over three	advances to			
customers	months	customers	allowance	allowance	
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	194,181	721	2,164	260	416
Mainland China	192,550	3,389	4,309	1,428	1,474
Other Asian Countries and Regions	30,146	76	241	26	80
Others	37,365	3	53	1	112
Total	454,242	4,189	6,767	1,715	2,082
% of total advances to customers			1.49%		
Market value of collateral held against impaired advances to customers			4,948		

Note: The 2016 comparative figures have been restated to conform to current period's presentation. To align with the segment reporting, segment People's Republic of China was renamed as Mainland China which does not include Macau and Taiwan operations. Advances to customers from Macau and Taiwan operations were now presented under segment Other Asian Countries and Regions (previously named Other Asian Countries).

Notes to the Interim Financial Statements (Continued)

19. Loans and Advances to Customers (Continued)

(c) Loans and advances to customers – by geographical areas (Continued)

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

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.

20. Available-for-Sale Financial Assets

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	20,959	18,795
Certificates of deposit held	1,235	1,205
Debt securities	90,556	86,964
Equity securities	3,820	3,064
Investment funds	581	463
	<u>117,151</u>	<u>110,491</u>

21. Held-to-Maturity Investments

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	1,712	2,252
Certificates of deposit held	2,969	818
Debt securities	6,634	2,593
	<u>11,315</u>	<u>5,663</u>

Notes to the Interim Financial Statements (Continued)

22. Fixed Assets

	30/6/2017				
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Cost or valuation					
At 1st January, 2017	4,467	7,961	4,871	12,832	17,299
Additions	–	–	174	174	174
Revaluation surplus	229	–	–	–	229
Disposals	–	(28)	(110)	(138)	(138)
Transfer from bank premises to investment properties	62	(62)	–	(62)	–
Revaluation surplus on bank premises transferred to investment properties	–	39	–	39	39
Less: Elimination of accumulated depreciation on revalued bank premises	–	(6)	–	(6)	(6)
Transfer to assets held for sale	–	(1)	(8)	(9)	(9)
Exchange adjustments	2	156	67	223	225
	<u>4,760</u>	<u>8,059</u>	<u>4,994</u>	<u>13,053</u>	<u>17,813</u>
At 30th June, 2017					
Accumulated depreciation and amortisation					
At 1st January, 2017	–	1,660	3,649	5,309	5,309
Charge for the period	–	78	152	230	230
Elimination of accumulated depreciation on revalued bank premises	–	(6)	–	(6)	(6)
Transfer to assets held for sale	–	–	(2)	(2)	(2)
Written off on disposal	–	(9)	(97)	(106)	(106)
Exchange adjustments	–	31	46	77	77
	<u>–</u>	<u>1,754</u>	<u>3,748</u>	<u>5,502</u>	<u>5,502</u>
At 30th June, 2017					
Net book value at 30th June, 2017	<u>4,760</u>	<u>6,305</u>	<u>1,246</u>	<u>7,551</u>	<u>12,311</u>
Net book value at 31st December, 2016	<u>4,467</u>	<u>6,301</u>	<u>1,222</u>	<u>7,523</u>	<u>11,990</u>
The gross amounts of the above assets are stated:					
At cost	–	7,280	4,994	12,274	12,274
At Directors' valuation – 1989	–	779	–	779	779
At professional valuation – 2017	4,760	–	–	–	4,760
	<u>4,760</u>	<u>8,059</u>	<u>4,994</u>	<u>13,053</u>	<u>17,813</u>

Notes to the Interim Financial Statements (Continued)

23. Other Assets

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Accrued interest	2,199	2,247
Customer liabilities under acceptances	22,511	25,084
	<u>24,710</u>	<u>27,331</u>
Other accounts	12,997	9,324
Less: Impairment allowances		
– Individual	(17)	(85)
– Collective	(1)	(1)
	<u>12,979</u>	<u>9,238</u>
Assets held for sale (<i>Note 41</i>)	157	2,506
	<u>37,846</u>	<u>39,075</u>

24. Trading Liabilities

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Exchange fund bills sold	50	50

25. Other Liabilities

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Accrued interest payable	3,160	3,812
Acceptance draft payable	22,511	25,084
Other accounts	23,291	20,766
Liabilities held for sale (<i>Note 41</i>)	–	426
	<u>48,962</u>	<u>50,088</u>

Notes to the Interim Financial Statements (Continued)

26. Loan Capital

		30/6/2017	31/12/2016
		HK\$ Mn	HK\$ Mn
Subordinated notes, at amortised cost with fair value hedge adjustments			
USD600 million fixed rate subordinated notes due 16th July, 2020	(1)	4,836	4,820
USD500 million fixed rate subordinated notes due 4th May, 2022	(2)	–	3,881
SGD800 million fixed rate subordinated notes due 13th September, 2022	(3)	4,539	4,284
USD500 million fixed rate subordinated notes due 20th November, 2024	(4)	3,902	3,874
USD500 million fixed rate subordinated notes due 3rd November, 2026	(5)	3,806	3,749
		<u>17,083</u>	<u>20,608</u>

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the period/year ended 30th June, 2017 and 31st December, 2016.

- (1) Two tranches of loan capital of face value totalling HK\$4,682 million (USD600 million) and carrying amount totalling HK\$4,836 million (31/12/2016: HK\$4,820 million) were issued on 16th July, 2010 (USD450 million) and on 23rd July, 2010 (USD150 million) by the Bank. These subordinated notes carrying a coupon rate of 6.125% qualifying as Tier 2 capital are listed on the Singapore Exchange and will mature on 16th July, 2020. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$2 million loss was recorded in the first half of 2017 (first half 2016: HK\$2 million loss).
- (2) On 4th May, 2017, the Bank redeemed the HK\$3,891 million (USD500 million) 6.375% subordinated notes (under the Euro Medium Term Note Programme) which were issued on 4th November, 2011 and which qualified as Tier 2 capital.
- (3) Loan capital of face value of HK\$4,535 million (SGD800 million) and carrying amount of HK\$4,539 million (31/12/2016: HK\$4,284 million) represents two tranches of 4.25% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 13th March, 2012 (SGD600 million) and on 27th April, 2012 (SGD200 million) by the Bank. The notes are listed on the Singapore Exchange and will mature on 13th September, 2022. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$0.5 million loss was recorded in first half of 2017 (first half 2016: HK\$1 million loss).
- (4) Loan capital of face value of HK\$3,903 million (USD500 million) and carrying amount of HK\$3,902 million (31/12/2016: HK\$3,874 million) represents 4.25% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 20th November, 2014 by the Bank. The notes are listed on the Hong Kong Stock Exchange and will mature on 20th November, 2024. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$2 million profit was recorded in first half of 2017 (first half 2016: HK\$1 million loss).
- (5) Loan capital of face value of HK\$3,903 million (USD500 million) and carrying amount of HK\$3,806 million (31/12/2016: HK\$3,749 million) represents 4% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 3rd November, 2016 by the Bank. The notes are listed on the Hong Kong Stock Exchange and will mature on 3rd November, 2026. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$0.4 million profit was recorded in first half of 2017.

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 nine reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

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

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

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

Financial institutions include trade financing activities with correspondent banks in Hong Kong.

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

Mainland China operations (previously named as China Operation) mainly include the back office unit for Mainland China operations in Hong Kong, all branches, subsidiaries and associates operated in Mainland China, except those subsidiaries carrying out corporate services, data processing and other back office operations in Mainland China. Previously, Macau and Taiwan operations were grouped under China operations. With effect from 2017, China operations are renamed as Mainland China operations which do not include Macau and Taiwan operations. The 2016 figures have been restated for comparison purpose.

Overseas operations include the back office unit for overseas banking operations in Hong Kong, all branches, subsidiaries and associates operated in overseas, except those subsidiaries carrying out corporate services in overseas. Before 2017, Macau and Taiwan operations were grouped under China operations. With effect from 2017, Macau and Taiwan operations are grouped under Overseas operations and the 2016 figures have been restated for comparison purpose.

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

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

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

Segment assets include all tangible assets, intangible assets and financial assets with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include deposits, financial liabilities and other liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of revenue and expenses arising from the activities of the Group's associates. Other than reporting inter-segment income, assistance provided by one segment to another, including sharing of assets, is not measured.

Notes to the Interim Financial Statements (Continued)

27. Segment Reporting (Continued)

	Hong Kong banking operations							Total reportable segments	Others	Inter-segment elimination	Total	
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial institutions	Others	Mainland China operations					
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn					
6 months ended 30th June, 2017												
CONTINUING OPERATIONS												
Net interest income/(expense)	1,699	963	(177)	183	17	116	1,944	741	5,486	255	(2)	5,739
Non-interest income/(expense)	465	182	(83)	237	9	328	388	115	1,641	416	(167)	1,890
Operating income	2,164	1,145	(260)	420	26	444	2,332	856	7,127	671	(169)	7,629
Operating expenses	(832)	(88)	(64)	(100)	(5)	(224)	(1,424)	(281)	(3,018)	(1,054)	169	(3,903)
Operating profit/(loss) before impairment losses	1,332	1,057	(324)	320	21	220	908	575	4,109	(383)	-	3,726
(Charge for)/Write back of impairment losses on loans and receivables	(75)	(169)	-	(1)	-	(6)	(510)	1	(760)	(3)	-	(763)
Impairment losses on available-for-sale financial assets	-	-	(2)	-	-	-	-	-	(2)	-	-	(2)
Impairment losses on assets held for sale	-	-	-	-	-	-	(58)	-	(58)	-	-	(58)
Operating profit/(loss) after impairment losses	1,257	888	(326)	319	21	214	340	576	3,289	(386)	-	2,903
Profit/(Loss) on sale of fixed assets, held-to-maturity investments and available-for-sale financial assets	(4)	5	213	-	-	2	(1)	-	215	(1)	-	214
Profit/(Loss) on sale of disposal groups and assets held for sale	-	-	-	-	-	-	(2)	-	(2)	192	-	190
Profit on disposal of subsidiaries/associates	-	-	-	-	-	-	-	-	-	2	-	2
Valuation gains on investment properties	-	-	-	-	-	-	-	-	-	229	-	229
Share of profits less losses of associates	-	-	-	-	-	-	37	187	224	-	-	224
Profit/(Loss) before taxation	1,253	893	(113)	319	21	216	374	763	3,726	36	-	3,762
Depreciation for the period	(30)	(1)	(2)	(1)	-	(7)	(100)	(16)	(157)	(73)	-	(230)
At 30th June, 2017												
Segment assets	74,766	151,382	157,847	24,657	8,351	20,299	295,634	107,857	840,793	15,037	(75,374)	780,456
Investments in associates	-	-	-	-	-	49	2,120	5,674	7,843	-	-	7,843
Other assets – Assets held for sale	-	-	-	-	-	-	118	39	157	-	-	157
Total assets	74,766	151,382	157,847	24,657	8,351	20,348	297,872	113,570	848,793	15,037	(75,374)	788,456
Segment liabilities	296,398	1,112	58,541	22,259	6	15,878	246,911	95,261	736,366	2,378	(48,264)	690,480
Other liabilities – Liabilities held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	296,398	1,112	58,541	22,259	6	15,878	246,911	95,261	736,366	2,378	(48,264)	690,480

Notes to the Interim Financial Statements (Continued)

27. Segment Reporting (Continued)

	Hong Kong banking operations						Mainland China operations	Overseas operations	Corporate services	Total reportable segments	Others	Inter- segment elimination	Total
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial institutions	Others							
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn							
6 months ended 30th June, 2016 (Restated)													
CONTINUING OPERATIONS													
Net interest income/(expense)	1,436	1,091	(215)	175	8	144	1,948	757	-	5,344	139	-	5,483
Non-interest income/(expense)	407	70	(62)	183	8	312	413	109	-	1,440	389	(182)	1,647
Operating income	1,843	1,161	(277)	358	16	456	2,361	866	-	6,784	528	(182)	7,130
Operating expenses	(875)	(95)	(56)	(96)	(5)	(285)	(1,697)	(317)	-	(3,426)	(994)	181	(4,239)
Operating profit/(loss) before impairment losses	968	1,066	(333)	262	11	171	664	549	-	3,358	(466)	(1)	2,891
(Charge for)/Write back of impairment losses on loans and receivables	(86)	(168)	1	(2)	-	(17)	(948)	(21)	-	(1,241)	-	-	(1,241)
Operating profit/(loss) after impairment losses	882	898	(332)	260	11	154	(284)	528	-	2,117	(466)	(1)	1,650
Profit/(Loss) on sale of fixed assets, held-to-maturity investments and available-for-sale financial assets	(2)	6	35	-	-	2	781	(6)	-	816	-	-	816
Profit/(Loss) on sale of disposal groups and assets held for sale	-	-	-	-	-	-	-	(8)	-	(8)	21	-	13
Valuation gains on investment properties	-	-	-	-	-	-	-	1	-	1	44	-	45
Share of profits less losses of associates	-	-	-	-	-	(1)	74	119	-	192	-	-	192
Profit/(Loss) before taxation	880	904	(297)	260	11	155	571	634	-	3,118	(401)	(1)	2,716
Depreciation for the period	(29)	(1)	(1)	(1)	-	(9)	(108)	(16)	-	(165)	(75)	-	(240)
At 31st December, 2016 (Restated)													
Segment assets	73,887	150,132	149,947	23,627	8,207	18,523	283,987	104,266	-	812,576	17,255	(72,642)	757,189
Investments in associates	-	-	-	-	-	49	1,166	4,796	-	6,011	-	-	6,011
Other assets – Assets held for sale	-	-	-	-	-	-	251	39	2,205	2,495	11	-	2,506
Total assets	73,887	150,132	149,947	23,627	8,207	18,572	285,404	109,101	2,205	821,082	17,266	(72,642)	765,706
Segment liabilities	291,835	922	62,725	21,308	6	14,756	238,308	92,512	-	722,372	2,066	(45,794)	678,644
Other liabilities – Liabilities held for sale	-	-	-	-	-	-	41	-	385	426	-	-	426
Total liabilities	291,835	922	62,725	21,308	6	14,756	238,349	92,512	385	722,798	2,066	(45,794)	679,070

Notes to the Interim Financial Statements (Continued)

28. Analysis of Assets and Liabilities by Remaining Maturity

	30/6/2017							
	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 and other financial institutions	24,360	1,736	262	3,318	–	–	24,773	54,449
Placements with and advances to banks and other financial institutions	168	41,672	5,934	2,991	–	–	–	50,765
Trade bills	7	2,204	4,286	7,698	–	–	–	14,195
Trading assets	–	325	871	1,309	564	44	2,265	5,378
Financial assets designated at fair value through profit or loss	–	–	–	272	2,590	962	214	4,038
Positive fair value of derivatives	–	–	–	–	–	–	6,887	6,887
Loans and advances to customers	4,660	46,893	34,778	91,491	185,802	94,932	4,243	462,799
Available-for-sale financial assets	–	3,226	10,593	22,099	53,113	23,719	4,401	117,151
Held-to-maturity investments	92	1,779	1,584	1,359	5,914	587	–	11,315
Investments in associates	–	–	–	–	–	–	7,843	7,843
Fixed assets	–	–	–	–	–	–	12,311	12,311
Goodwill and intangible assets	–	–	–	–	–	–	2,624	2,624
Deferred tax assets	–	–	–	–	–	–	855	855
Other assets	218	7,733	7,778	12,636	635	14	8,832	37,846
Total assets	29,505	105,568	66,086	143,173	248,618	120,258	75,248	788,456
Liabilities								
Deposits and balances of banks and other financial institutions	1,194	14,460	7,247	4,698	8	–	–	27,607
Deposits from customers	210,299	96,369	125,592	95,320	21,429	–	–	549,009
– Demand deposits and current accounts	78,706	–	–	–	–	–	–	78,706
– Savings deposits	130,423	–	–	–	–	–	–	130,423
– Time, call and notice deposits	1,170	96,369	125,592	95,320	21,429	–	–	339,880
Trading liabilities	–	–	–	50	–	–	–	50
Negative fair value of derivatives	–	–	–	–	–	–	7,846	7,846
Certificates of deposit issued	–	3,213	14,934	18,509	–	–	–	36,656
Current taxation	–	–	–	1,671	–	–	–	1,671
Debt securities issued	–	–	–	256	745	–	–	1,001
Deferred tax liabilities	–	–	–	–	–	–	595	595
Other liabilities	1,134	5,420	8,092	15,651	8,512	3,050	7,103	48,962
Loan capital	–	–	4,539	–	12,544	–	–	17,083
Total liabilities	212,627	119,462	160,404	136,155	43,238	3,050	15,544	690,480
Net gap	(183,122)	(13,894)	(94,318)	7,018	205,380	117,208		

Notes to the Interim Financial Statements (Continued)

28. Analysis of Assets and Liabilities by Remaining Maturity (Continued)

	31/12/2016 (Restated ^(Note))							
	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 and other financial institutions	34,554	2,334	1,297	1,717	–	–	25,818	65,720
Placements with and advances to banks and other financial institutions	–	36,511	5,550	1,991	–	–	–	44,052
Trade bills	25	1,053	4,739	6,122	–	–	–	11,939
Trading assets	–	1,015	462	1,040	611	–	1,276	4,404
Financial assets designated at fair value through profit or loss	–	74	–	118	2,655	483	224	3,554
Positive fair value of derivatives	–	–	–	–	–	–	8,938	8,938
Loans and advances to customers	5,146	48,919	26,316	92,573	178,060	95,454	3,977	450,445
Available-for-sale financial assets	–	4,860	12,123	18,159	50,299	21,523	3,527	110,491
Held-to-maturity investments	–	355	1,840	1,220	1,665	583	–	5,663
Investments in associates	–	–	–	–	–	–	6,011	6,011
Fixed assets	–	–	–	–	–	–	11,990	11,990
Goodwill and intangible assets	–	–	–	–	–	–	2,639	2,639
Deferred tax assets	–	–	–	–	–	–	785	785
Other assets	130	6,383	6,068	18,103	620	11	7,760	39,075
Total assets	39,855	101,504	58,395	141,043	233,910	118,054	72,945	765,706
Liabilities								
Deposits and balances of banks and other financial institutions	5,874	11,867	3,097	5,395	242	–	–	26,475
Deposits from customers	202,900	90,949	122,576	96,981	22,383	–	–	535,789
– Demand deposits and current accounts	74,993	–	–	–	–	–	–	74,993
– Savings deposits	126,462	–	–	–	–	–	–	126,462
– Time, call and notice deposits	1,445	90,949	122,576	96,981	22,383	–	–	334,334
Trading liabilities	–	–	50	–	–	–	–	50
Negative fair value of derivatives	–	–	–	–	–	–	7,982	7,982
Certificates of deposit issued	–	4,501	7,124	16,389	843	–	–	28,857
Current taxation	–	–	–	1,605	–	–	–	1,605
Debt securities issued	–	1	1	5,423	1,729	–	–	7,154
Deferred tax liabilities	–	–	–	–	–	–	462	462
Other liabilities	1,064	5,295	7,504	19,915	7,523	2,878	5,909	50,088
Loan capital	–	–	–	8,165	12,443	–	–	20,608
Total liabilities	209,838	112,613	140,352	153,873	45,163	2,878	14,353	679,070
Net gap	(169,983)	(11,109)	(81,957)	(12,830)	188,747	115,176		

Note: The 2016 comparative figures have been restated to conform to current period's presentation of Consolidated Statement of Financial Position.

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 available-for-sale securities	Tax losses	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
At 1st January, 2017	218	101	(784)	72	(16)	86	(323)
(Credited)/Charged to income statement	12	-	42	-	-	(75)	(21)
Charged to reserve	-	-	-	104	-	-	104
Exchange and other adjustments	(1)	-	(20)	(1)	-	2	(20)
At 30th June, 2017	<u>229</u>	<u>101</u>	<u>(762)</u>	<u>175</u>	<u>(16)</u>	<u>13</u>	<u>(260)</u>
Balance as at 31st December, 2016	<u>218</u>	<u>101</u>	<u>(784)</u>	<u>72</u>	<u>(16)</u>	<u>86</u>	<u>(323)</u>

30. Reserves

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
General reserve	14,042	14,035
Revaluation reserve on bank premises	1,751	1,728
Investment revaluation reserve	2,192	1,359
Exchange revaluation reserve	(1,069)	(2,275)
Other reserves	5,634	5,647
Retained profits*	<u>27,616</u>	<u>22,447</u>
	<u>50,166</u>	<u>42,941</u>
Proposed dividends, not provided for	<u>1,852</u>	<u>757</u>

* A regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 30th June, 2017, HK\$4,129 million (31st December, 2016: HK\$4,372 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the HKMA.

Notes to the Interim Financial Statements (Continued)

31. Additional Equity Instruments

		30/6/2017	31/12/2016
		HK\$ Mn	HK\$ Mn
USD650 million undated non-cumulative subordinated capital securities	(1)	5,016	5,016
USD500 million undated non-cumulative subordinated capital securities	(2)	3,878	–
		<u>8,894</u>	<u>5,016</u>

- (1) On 2nd December, 2015, the Bank issued undated non-cumulative subordinated capital securities (“Additional Tier 1 Capital Securities”) with a face value of US\$650 million (equivalent to HK\$5,016 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.50% coupon until the first call date on 2nd December, 2020. 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 3.834% 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.
- (2) On 18th May, 2017, the Bank issued undated non-cumulative subordinated capital securities (“Additional Tier 1 Capital Securities”) with a face value of US\$500 million (equivalent to HK\$3,879 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.625% coupon until the first call date on 18th May, 2022. 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 3.682% 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.

Notes to the Interim Financial Statements (Continued)

32. Consolidated Cash Flow Statement

Cash and cash equivalents

	30/6/2017	30/6/2016
	HK\$ Mn	HK\$ Mn
(i) Components of cash and cash equivalents in the consolidated cash flow statement		
Cash and balances with banks and other financial institutions with original maturity within three months	25,826	23,905
Placements with and advances to banks and other financial institutions with original maturity within three months	45,354	46,876
Treasury bills with original maturity within three months	2,279	15,090
Certificates of deposit held with original maturity within three months	3,406	2,372
Debt securities with original maturity within three months	–	–
Add: Cash and balances with banks and other financial institutions included in “Assets held for sale” (Note 41)	–	240
Placements with and advances to banks and other financial institutions with original maturity within three months included in “Assets held for sale”	–	79
	<u>76,865</u>	<u>88,562</u>
(ii) Reconciliation with the consolidated statement of financial position		
Cash and balances with banks and other financial institutions	54,449	48,830
Placements with and advances to banks and other financial institutions	50,765	58,500
Treasury bills, certificates of deposit held and debt securities		
– trading assets	3,113	5,489
– designated at fair value through profit or loss	3,824	2,880
– available-for-sale	112,750	107,465
– held-to-maturity	11,315	5,323
	131,002	121,157
Add: Cash and balances with banks and other financial institutions included in “Assets held for sale” (Note 41)	–	240
Placements with and advances to banks and other financial institutions included in “Assets held for sale” (Note 41)	–	222
Amount shown in the consolidated statement of financial position	236,216	228,949
Less: Amounts with an original maturity of beyond three months	(130,728)	(115,462)
Cash balance with central bank subject to regulatory restriction	(28,623)	(24,925)
Cash and cash equivalents in the consolidated cash flow statement	<u>76,865</u>	<u>88,562</u>

Notes to the Interim Financial Statements (Continued)

33. Offsetting Financial Instruments

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	At 30th June, 2017				
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related financial instruments that are not set off	Net amount
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Assets					
Positive fair value of derivatives	58	–	58	(41)	17
Other accounts	891	(702)	189	–	189
Total	949	(702)	247	(41)	206

	At 30th June, 2017				
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related financial instruments that are not set off	Net amount
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Liabilities					
Negative fair value of derivatives	143	–	143	(41)	102
Other accounts	702	(702)	–	–	–
Total	845	(702)	143	(41)	102

Notes to the Interim Financial Statements (Continued)

33. Offsetting Financial Instruments (Continued)

	At 31st December, 2016				
	Gross amounts of recognised financial assets HK\$ Mn	Gross amounts of recognised financial liabilities set off in the statement of financial position HK\$ Mn	Net amounts of financial assets presented in the statement of financial position HK\$ Mn	Related financial instruments that are not set off HK\$ Mn	Net amount HK\$ Mn
Assets					
Positive fair value of derivatives	44	–	44	(21)	23
Other accounts	431	(369)	62	–	62
Total	475	(369)	106	(21)	85

	At 31st December, 2016				
	Gross amounts of recognised financial liabilities HK\$ Mn	Gross amounts of recognised financial assets set off in the statement of financial position HK\$ Mn	Net amounts of financial liabilities presented in the statement of financial position HK\$ Mn	Related financial instruments that are not set off HK\$ Mn	Net amount HK\$ Mn
Liabilities					
Negative fair value of derivatives	130	–	130	(21)	109
Other accounts	369	(369)	–	–	–
Total	499	(369)	130	(21)	109

Notes to the Interim Financial Statements (Continued)

34. 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 widely 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 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.

Notes to the Interim Financial Statements (Continued)

34. 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:

	30/6/2017				31/12/2016			
	Level One	Level Two	Level Three	Total	Level One	Level Two	Level Three	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Recurring fair value measurement								
Assets								
Trading assets	2,405	2,973	–	5,378	1,566	2,838	–	4,404
Financial assets designated at fair value through profit or loss	2,572	1,466	–	4,038	2,097	1,457	–	3,554
Positive fair value of derivatives	–	6,887	–	6,887	–	8,938	–	8,938
Available-for-sale financial assets	80,829	35,506	816	117,151	73,567	36,431	493	110,491
	<u>85,806</u>	<u>46,832</u>	<u>816</u>	<u>133,454</u>	<u>77,230</u>	<u>49,664</u>	<u>493</u>	<u>127,387</u>
Liabilities								
Trading liabilities	50	–	–	50	50	–	–	50
Negative fair value of derivatives	–	7,846	–	7,846	–	7,982	–	7,982
Financial liabilities designated at fair value through profit or loss	–	7,610	–	7,610	–	18,524	–	18,524
	<u>50</u>	<u>15,456</u>	<u>–</u>	<u>15,506</u>	<u>50</u>	<u>26,506</u>	<u>–</u>	<u>26,556</u>

During the period ended 30th June, 2017 and year ended 31st December, 2016, 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)

34. Fair Values of Financial Instruments (Continued)

(a) Financial instruments carried at fair value (Continued)

Information about significant unobservable inputs in Level 3 valuations:

	<u>Valuation technique</u>	<u>Significant unobservable input(s)</u>	<u>Range</u>
Unlisted available-for-sale equity instruments	Net asset value	N/A	N/A
	Discounted cash flow model	Discount rate	15.99% (31 Dec 2016: 11.92%)
		Marketability discount	20% (31 Dec 2016: 20%)
	Market-comparable approach	Earnings multiple	22.57 – 29.40 (31 Dec 2016: N/A)
		P/B ratios	5.04 – 5.08 (31 Dec 2016: N/A)
		Marketability discount	50% (31 Dec 2016: N/A)

The fair values of unlisted available-for-sale equity instruments 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, such as price/earning ratio of comparables, 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.

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

Notes to the Interim Financial Statements (Continued)

34. 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.

During the year ended 31st December, 2016, the Group had developed an internal valuation model based on observable market inputs for pricing various foreign exchange, equity and interest rate structured derivatives contracts. As a result, these financial instruments were transferred from Level 3 to Level 2 of the fair value hierarchy at the reporting date.

	30/6/2017
	Available-for-sale financial assets
	HK\$ Mn
Assets	
At 1st January, 2017	493
Purchases	214
Settlements	(20)
Changes in fair value recognised in the income statement	(2)
Changes in fair value recognised in the other comprehensive income	130
Exchange adjustments	1
	<hr/>
At 30th June, 2017	816
	<hr/> <hr/>
Total gains or losses for the period included in available-for-sale fair value reserve of the other comprehensive income for assets held at the end of the reporting period	130
	<hr/> <hr/>
Total gains or losses for the period included in the income statement for assets held at the end of the reporting period recorded in net trading income	–
	<hr/> <hr/>

Notes to the Interim Financial Statements (Continued)

34. Fair Values of Financial Instruments (Continued)

(a) Financial instruments carried at fair value (Continued)

(1) Valuation of financial instruments with significant unobservable inputs (Continued)

	31/12/2016			
	Assets			Liabilities
	Positive fair value of derivatives	Available-for-sale financial assets	Total	Negative fair value of derivatives
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
At 1st January, 2016	3,141	750	3,891	3,017
Purchases	–	11	11	–
Settlements	(1,140)	(52)	(1,192)	(1,139)
Changes in fair value recognised in the income statement	(1,503)	–	(1,503)	(1,417)
Changes in fair value recognised in the other comprehensive income	–	(15)	(15)	–
Exchange adjustments	–	1	1	–
Transfer to level 2	(498)	(173)	(671)	(461)
Transfer to asset classified as assets held for sale	–	(29)	(29)	–
At 31st December, 2016	–	493	493	–
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the end of the reporting period	–	(15)	(15)	–
Total gains or losses for the year included in the income statement for assets/liabilities held at the end of the reporting period recorded in net trading income	–	–	–	–

Notes to the Interim Financial Statements (Continued)

34. 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 unquoted equity investments is estimated, if possible, using the applicable dividend discount model or the net asset value in the investment, or benchmarking against peer group's market information.
- (v) The fair value of unlisted open-ended investment funds is estimated using the net asset value per share as reported by the managers of such funds.
- (vi) 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 30th June, 2017 and 31st December, 2016 except as follows:

	30/6/2017		31/12/2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Financial assets				
Held-to-maturity investments	11,315	13,931	5,663	5,724

Notes to the Interim Financial Statements (Continued)

35. Off-balance Sheet Exposures

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

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Contractual amounts of contingent liabilities		
Direct credit substitutes	22,166	17,568
Transaction-related contingencies	1,024	763
Trade-related contingencies	1,550	1,133
	<u>24,740</u>	<u>19,464</u>
Contractual amounts of commitments		
Commitments that are unconditionally cancellable without prior notice	163,525	160,737
Other commitments with an original maturity		
– up to 1 year	13,238	10,419
– over 1 year	30,406	27,633
	<u>207,169</u>	<u>198,789</u>
Total	<u>231,909</u>	<u>218,253</u>
Credit risk weighted amounts	<u>37,890</u>	<u>34,130</u>
Fair value of derivatives		
Assets		
Exchange rate contracts	4,559	6,148
Interest rate contracts	2,136	2,582
Equity contracts	176	202
Others	16	6
	<u>6,887</u>	<u>8,938</u>
Liabilities		
Exchange rate contracts	5,594	5,709
Interest rate contracts	1,945	2,019
Equity contracts	292	234
Others	15	20
	<u>7,846</u>	<u>7,982</u>
Notional amounts of derivatives		
Exchange rate contracts	755,418	529,917
Interest rate contracts	391,677	386,691
Equity contracts	13,821	10,911
Others	1,287	1,297
	<u>1,162,203</u>	<u>928,816</u>
Credit risk weighted amounts*		
Exchange rate contracts	4,170	5,131
Interest rate contracts	506	775
Equity contracts	54	41
Others	160	286
	<u>4,890</u>	<u>6,233</u>

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

* *The Bank adopted the Foundation Internal Ratings Based approach according to Capital Rules for calculating the credit risk weighted amount as at 30th June, 2017 and 31st December, 2016.*

Notes to the Interim Financial Statements (Continued)

35. Off-balance Sheet Exposures (Continued)

(b) Capital Commitments

Capital commitments on purchase of property, plant and equipment outstanding as at 30th June and 31st December and not provided for in the accounts were as follows:

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Expenditure authorised and contracted for	236	212
Expenditure authorised but not contracted for	163	107
	<u>399</u>	<u>319</u>

36. Material Related Party Transactions

(a) Key management personnel remuneration

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

	30/6/2017	30/6/2016
	HK\$ Mn	HK\$ Mn
Short-term employee benefits	78	54
Post-employment benefits	3	3
Equity compensation benefits	19	16
	<u>100</u>	<u>73</u>

- (b) The Group maintains certain retirement benefit schemes for its staff. In the six months ended 30th June, 2017, the total amount of contributions the Group made to the schemes was HK\$79 million (six months ended 30th June, 2016: HK\$85 million).

The Group enters into a number of transactions with the Group's related parties, including its associates, 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 six months ended 30th June, 2017, outstanding balances of amounts due from and due to them at 30th June, 2017 and maximum outstanding balance of amounts due from and due to them for the six months ended 30th June, 2017 are aggregated as follows:

	Key management personnel		Associates	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Interest income	59	47	9	10
Interest expense	13	14	–	–
Amounts due from	4,725	5,714	684	678
Amounts due to	2,528	3,881	32	92
Maximum amounts due from	5,493	7,835	725	742
Maximum amounts due to	5,648	6,207	151	490
Committed facilities to	2,505	3,807	317	296

Notes to the Interim Financial Statements (Continued)

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 and liquidity position of the Group are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation base for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries 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:

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Ample Delight Limited	Investment holding	368	368
* Bank of East Asia (Trustees) Limited	Trustee services	226	220
BC (BVI) Holdings Limited	Investment holding	16	16
BEA Blue Sky Company Limited	Acting as the sole General Partner to BEA Blue Sky Real Estate Fund L.P.	1	–
BEA Blue Sky Real Estate Fund L.P.	Acting as a Limited Partner to BEA/AGRE China Real Estate Fund, L.P.	39	36
BEA Blue Sky SLP Limited	Acting as a Special Limited Partner to BEA/AGRE China Real Estate Fund, L.P.	–	–
BEA Consortium GS Investors L.P.	Acting as a limited partner of a limited partnership	93	93
BEA Insurance Agency Limited	Insurance	–	–
BEA Life Limited	Life insurance	14,280	1,449
BEA Pacific Asia Limited	Dormant	–	–
BEA Union Investment Management Limited	Asset management	502	462
Blue Care (BVI) Holdings Limited	Investment holding	16	16
Blue Care JV (BVI) Holdings Limited	Investment holding	20	17
Blue Care Medical Services Limited	Medical services	47	35
Blue Cross (Asia-Pacific) Insurance Limited	Insurance	3,358	827
Central Town Limited	Property investment	709	511

Notes to the Interim Financial Statements (Continued)

37. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets	Total equity
		HK\$ Mn	HK\$ Mn
Century Able Limited	Investment holding	766	766
Chongqing Dongrong Business Consultancy Company Limited	Business consultancy services	4	–
* Chongqing Liangjiang New Area Credit Gain Finance Company Limited	Micro-finance loan	349	346
Citiview Capital Limited	Acting as the general partner and limited partner of a limited partnership	6	–
Corona Light Limited	Investment holding	930	930
* Credit Gain Finance Company Limited	Money lenders	679	594
Crystal Gleaming Limited	Investment holding	930	930
Dean Street Property Limited	Property development	28	27
Dragon Jade Holdings Company Limited	Investment holding	1,128	1,128
EA Securities Limited	Investment holding	–	(63)
* East Asia Digital Information Services (Guangdong) Limited	Servicing	107	92
* East Asia Facility Management Limited	Facility management	10	9
East Asia Financial Services (BVI) Ltd.	Investment holding	1	1
East Asia Futures Limited	Futures and options trading	60	59
* East Asia Holding Company, Inc.	Bank holding company	648	599
East Asia Indonesian Holdings Limited	Investment holding	136	136
East Asia International Trustees Holdings (BVI) Limited	Investment holding	10	10
East Asia International Trustees Limited	Trustee services	18	14
* East Asia Investments Holdings (BVI) Ltd.	Investment holding	–	–
* East Asia Properties (US), Inc.	Property holding	200	198
East Asia Properties Holding Company Limited	Investment holding	–	(62)

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 Property Agency Company Limited	Property agency	15	15
East Asia Property Holdings (Jersey) Limited	Property holding	28	28
East Asia Secretaries (BVI) Limited	Investment holding	1	1
East Asia Secretaries Limited	Secretarial services	–	–
East Asia Securities Company Limited	Securities broking	1,272	861
* East Asia Services (Holdings) Limited	Holding company	23	–
East Asia Strategic Holdings Limited	Investment holding	–	–
Golden Empire International Inc.	Property investment	1	1
Golden Properties Finance Ltd.	Mortgage financing	–	–
Golden Queen International Ltd.	Property investment	–	–
High Town Limited	Investment holding	4	4
* Innovate Holdings Limited	Special purpose vehicle company specially set up for BEA's Hybrid Tier 1 issue	2,485	2,485
Leader One Limited	Investment holding	1	1
Manchester Property Holdings Ltd.	Property holding	32	14
Quantum Hong Kong Holdings Company Limited	Investment Holding	203	203
Red Phoenix Limited	Leasing of motor vehicles	1	1
Shaftesbury Property Holdings Limited	Investment holding	101	101
Shaftesbury Property Investments Limited	Investment holding	64	64
Shanghai Lingxie Business Consulting Co. Ltd.	Business information consulting, corporate management consulting	207	207
* Shenzhen Credit Gain Finance Company Limited	Micro-finance loan	297	291
Silver River International Limited	Acting as the general partner and limited partner of a limited partnership	111	–

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
Silver Sunlight Limited	Acting as the general partner of a limited partnership	–	–
Skyray Holdings Limited	Investment holding	450	450
Speedfull Limited	Investment holding	450	450
*# The Bank of East Asia (China) Limited	Banking and related financial services	272,812	25,905
The Bank of East Asia (Nominees) Limited	Nominee services	–	–
The Bank of East Asia (Nominees) Private Limited	Trustee, fiduciary and custody services	–	–
The Bank of East Asia Nominees (UK) Limited	Dormant	–	–
Travelsafe Limited	Dormant	–	–
Tung Shing Holdings (BVI) Limited	Investment holding	–	–
U Care Hong Kong Medical Limited	Medical services	16	(14)
United Chinese (Nominee) Limited	Dormant	–	–

* "regulated financial entities" as defined by the Capital Rules and included in the basis of consolidation for regulatory reporting purpose.

"associated entities" as defined by the Liquidity Rules and included in the basis of consolidation for regulatory reporting purpose.

38. Comparative Figures

Certain 2016 comparative figures have been restated to conform to current period's presentation. Please refer to Consolidated Statement of Financial Position, Notes 4, 11, 19(c), 27 and 28 for the effect of restatement.

Notes to the Interim Financial Statements (Continued)

39. Possible Impact of Amendments, New Standards and Interpretations Issued but not Yet Effective for the six months ended 30th June, 2017

A number of amendments and new standards are effective for annual periods beginning after 1st January, 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report. The Group has the following updates to the information provided in the last Annual Report about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9, Financial Instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement, with effective date of 1 January 2018. It introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On initial adoption of HKFRS 9, the opening re-measurements will be incorporated through an adjustment to opening reserves and retained earnings at 1 January 2018.

The Group is assessing the impact that the impairment requirements will have on its consolidated financial statements and any consequential effects on regulatory capital. The Group has developed a model which considers various quantitative and qualitative factors including, but not limited to, customers' financial and demographic information, default statistics of different customer types, recovery rate of different collaterals, external credit rating, geographical region, economic trend and forecast, etc. so as to measure the impairment loss for the assets. The model is under the testing and tuning stage. Moreover, a centralized system for calculating the impairment loss of the Group has been built and under testing. The progress has also been regularly reported to the Risk Committee and the Board. The Group will perform a parallel run during the second half of 2017 to gain a better understanding of the potential effect of the new standard and to validate the controls and new governance and operational processes. The Group will quantify the potential impact of HKFRS 9 once it is practicable to provide reliable estimates, which will be no later than the publication of its 2017 Annual Report.

Further information on the requirements of HKFRS 9 is disclosed in note 55 in the 2016 Annual Report.

HKFRS 16, Leases

The Group is still assessing the impact of the new standard but it is not practicable to quantify the effect as at the date of the publication of these consolidated financial statements.

40. Statement of Compliance

This interim financial 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 25th August, 2017. It also contains the disclosure information required under the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance.

41. Discontinued Operations and Assets Held for Sale

On 5th October, 2016, the Bank, NWS Holdings Limited ("NWS Holdings") and East Asia Secretaries (BVI) Limited ("East Asia Secretaries") entered into a share purchase agreement with Trivium Investment Limited ("Trivium"), a wholly-owned subsidiary of global investment firm, Permira, for the sale of all the issued shares of Tricor Holdings Limited ("Tricor") held by East Asia Secretaries to Trivium for a total consideration of HK\$6,470 million. Tricor was 75.61% owned by the Bank and 24.39% owned by NWS Holdings, in each case through East Asia Secretaries. On 31st March, 2017, the Bank completed the disposal of Tricor to Trivium. Following completion of the disposal, the Bank has ceased to hold any equity interest in Tricor and Tricor has ceased to be a subsidiary of the Bank. A net profit of HK\$3,005 million in respect of the disposal was recorded and included in the profits attributable to owners of the parent from discontinued operations. Tricor's operating results are reported as discontinued operations in the consolidated income statement and the corresponding assets and liabilities as at 31st December, 2016 were presented separately as assets held for sale and liabilities held for sale respectively in the consolidated financial statements.

Notes to the Interim Financial Statements (Continued)

41. Discontinued Operations and Assets Held for Sale (Continued)

On 6th December, 2016, the Bank entered into an agreement to sell its wholly-owned subsidiary, Shaanxi Fuping BEA Rural Bank Corporation ("BEA Rural Bank") to Shaanxi Dingbian Rural Commercial Bank Corporation for a total consideration of RMB24 million. The sale was completed on 22nd May, 2017. BEA Rural Bank's assets and liabilities as at 31st December, 2016 were presented separately as assets held for sale and liabilities held for sale respectively in the consolidated financial statements.

The results of discontinued operations for the periods are as follows:

	6 months ended 30/6/2017	6 months ended 30/6/2016
	HK\$ Mn	HK\$ Mn
Interest income	1	3
Interest expense	(1)	(1)
Net interest income	–	2
Fee and commission income	312	626
Fee and commission expense	–	–
Net fee and commission income	312	626
Net trading losses	(4)	(2)
Other operating income	–	1
Non-interest income	308	625
Operating income	308	627
Operating expenses	(232)	(441)
Operating profit before impairment losses	76	186
Impairment losses on loans and receivables	(2)	(2)
Operating profit after impairment losses	74	184
Net profit on sale of available-for-sale financial assets	–	4
Net profit on sale of discontinued operations	4,084	–
Share of profits less losses of associates	1	2
Profit for the period before taxation	4,159	190
Income tax		
Current tax		
– Hong Kong	(8)	(17)
– Outside Hong Kong	(6)	(16)
Deferred tax	–	2
Profit for the period from discontinued operations	4,145	159

Notes to the Interim Financial Statements (Continued)

41. Discontinued Operations and Assets Held for Sale (Continued)

The assets and liabilities of the disposal groups held for sale are summarised below:

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
ASSETS		
Cash and balances with banks and other financial institutions	–	426
Placements with and advances to banks and other financial institutions	–	66
Loans and advances to customers	–	95
Gross loans and advances to customers	–	96
Less: Collective impairment allowance	–	(1)
Available-for-sale financial assets	–	27
Investments in associates	–	21
Fixed assets	–	205
– Investment properties	–	22
– Other properties and equipment	–	183
Goodwill and intangible assets	–	1,149
Deferred tax assets	–	10
Other assets	–	315
Accrued interest and other accounts	–	346
Less: Individual impairment allowance	–	(25)
Collective impairment allowance	–	(6)
Assets held for sale	–	2,314
LIABILITIES		
Deposits and balances of banks and other financial institutions	–	66
Deposits from customers	–	40
Current taxation	–	18
Deferred tax liabilities	–	3
Other liabilities	–	299
Liabilities held for sale	–	426

Notes to the Interim Financial Statements (Continued)

41. Discontinued Operations and Assets Held for Sale (Continued)

The assets held for sale and liabilities held for sale are summarised below:

	<u>30/6/2017</u> HK\$ Mn	<u>31/12/2016</u> HK\$ Mn
Assets held for sale (<i>Note 23</i>)		
Disposal groups held for sale	–	2,314
Other properties and loans	157	192
	<u>157</u>	<u>2,506</u>
Liabilities held for sale (<i>Note 25</i>)		
Disposal groups held for sale	–	426

The cumulative income recognised in other comprehensive income relating to disposal groups held for sale is as follows:

	<u>30/6/2017</u> HK\$ Mn	<u>30/6/2016</u> HK\$ Mn
Cumulative income recognised in other comprehensive income	–	31

The net cash flows incurred by discontinued operations and included in the condensed consolidated cash flow statement are as follows:

	<u>30/6/2017</u> HK\$ Mn	<u>30/6/2016</u> HK\$ Mn
Operating activities	–	125
Investing activities	–	(14)
Financing activities	–	(80)
Net cash inflow	<u>–</u>	<u>31</u>

SUPPLEMENTARY FINANCIAL INFORMATION

A. Capital Adequacy

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Capital base		
– Common Equity Tier 1 capital	70,375	62,780
– Additional Tier 1 capital	10,667	7,142
	<hr/>	<hr/>
– Total Tier 1 capital	81,042	69,922
– Tier 2 capital	19,156	20,360
	<hr/>	<hr/>
– Total capital	100,198	90,282
	<hr/> <hr/>	<hr/> <hr/>
Risk weighted assets by risk type		
– Credit risk	517,654	477,065
– Market risk	25,025	14,981
– Operational risk	31,347	29,267
	<hr/>	<hr/>
Less: Deductions	574,026	521,313
	(3,045)	(3,014)
	<hr/>	<hr/>
	570,981	518,299
	<hr/> <hr/>	<hr/> <hr/>
	30/6/2017	31/12/2016
	%	%
Common Equity Tier 1 capital ratio	12.3	12.1
Tier 1 capital ratio	14.2	13.5
Total capital ratio	17.5	17.4

Capital adequacy ratios are compiled in accordance with the Capital Rules issued by the HKMA. In accordance with the Capital Rules, the Bank has adopted the foundation internal ratings-based approach for the calculation of the risk-weighted assets for credit risk and the internal models approach for the calculation of market risk and standardised approach for operational risk.

The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Capital Rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and the securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Capital Rules and the Banking Ordinance. The Bank's shareholdings in these subsidiaries are deducted from its Tier 1 capital and Tier 2 capital subject to the thresholds and transitional arrangements as determined in accordance with Part 3 and Schedule 4H of the Capital Rules respectively.

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

A. Capital Adequacy (Continued)

The subsidiaries that are included in consolidation for regulatory purposes are listed in Note 37 of the Interim Report.

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

For the purpose of compliance with the Banking (Disclosure) Rules, the Group has established a section on the Bank's website. Additional information relating to the Group's regulatory capital and other disclosures can be found in this section of the Bank's website, accessible through the "Regulatory 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.

B. Liquidity Position

	30/6/2017	31/12/2016
	%	%
Average liquidity coverage ratio – First quarter	150.7	151.3
– Second quarter	129.5	141.2
– Third quarter	N.A.	133.5
– Fourth quarter	N.A.	137.2

The liquidity coverage ratio is calculated in accordance with the Banking (Liquidity) Rules effective from 1st January, 2015. The information for the regulatory disclosure can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

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

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

C. International Claims

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

	30/6/2017					Total claims HK\$ Mn
	Banks HK\$ Mn	Official sector HK\$ Mn	Non-bank private sector		Others HK\$ Mn	
			Non-bank financial institutions HK\$ Mn	Non-financial private sector HK\$ Mn		
Counterparty country/jurisdiction						
Developed countries	28,274	3,062	7,374	12,836	–	51,546
Offshore centres	6,528	988	5,969	74,807	–	88,292
– of which: Hong Kong	5,567	984	5,668	63,945	–	76,164
Developing Asia and Pacific	39,466	5,054	10,154	90,921	–	145,595
– of which: China	26,452	4,857	9,004	83,594	–	123,907

	31/12/2016					Total claims HK\$ Mn
	Banks HK\$ Mn	Official sector HK\$ Mn	Non-bank private sector		Others HK\$ Mn	
			Non-bank financial institutions HK\$ Mn	Non-financial private sector HK\$ Mn		
Counterparty country/jurisdiction						
Developed countries	18,381	4,476	6,906	10,251	–	40,014
Offshore centres	6,921	544	3,737	76,943	–	88,145
– of which: Hong Kong	4,260	540	3,606	65,877	–	74,283
Developing Asia and Pacific	23,712	3,706	8,978	96,198	–	132,594
– of which: China	10,494	3,517	8,831	89,147	–	111,989

The above figures are computed in accordance with the HKMA's guidelines on the return of international banking statistics and the Banking (Disclosure) Rules in respect of the reporting period on the consolidated basis.

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

D. Mainland Activities

The table below summaries the non-bank Mainland China exposure of the Bank's Hong Kong Office and the Bank's Mainland subsidiary banks categorised by types of counterparties:

	30/6/2017		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Type of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	31,192	6,204	37,396
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	23,185	1,184	24,369
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	158,550	34,908	193,458
4. Other entities of central government not reported in item 1 above	5,104	662	5,766
5. Other entities of local governments not reported in item 2 above	2,291	234	2,525
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,762	990	4,752
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	38,452	2,440	40,892
Total	<u>262,536</u>	<u>46,622</u>	<u>309,158</u>
Total assets after provision	<u>733,932</u>		
On-balance sheet exposures as percentage of total assets	<u>35.8%</u>		

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

D. Mainland Activities (Continued)

	31/12/2016 (Restated)		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Type of counterparties			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	32,612	5,955	38,567
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	21,379	642	22,021
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	162,746	34,346	197,092
4. Other entities of central government not reported in item 1 above	5,004	831	5,835
5. Other entities of local governments not reported in item 2 above	3,588	5	3,593
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,092	709	4,801
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	37,368	2,243	39,611
Total	<u>266,789</u>	<u>44,731</u>	<u>311,520</u>
Total assets after provision	<u>710,187</u>		
On-balance sheet exposures as percentage of total assets	<u>37.6%</u>		

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

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

E. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and rescheduled advances

	30/6/2017		31/12/2016	
	HK\$ Mn	% of total advances to customers	HK\$ Mn	% of total advances to customers
Advances to customers overdue for				
– 6 months or less but over 3 months	713	0.1	455	0.1
– 1 year or less but over 6 months	1,843	0.4	1,009	0.2
– Over 1 year	3,161	0.7	2,725	0.6
	5,717	1.2	4,189	0.9
Rescheduled advances to customers	106	0.0	107	0.0
Total overdue and rescheduled advances	5,823	1.2	4,296	0.9
Covered portion of overdue advances	4,363	0.9	2,907	0.6
Uncovered portion of overdue advances	1,354	0.3	1,282	0.3
Current market value of collateral held against the covered portion of overdue advances	7,477		5,678	
Individual impairment allowance made on advances overdue for more than 3 months	1,423		1,510	

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the period-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at period-end. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

An asset considered as an eligible collateral should generally satisfy the following:

- (a) The market value of the asset is readily determinable or can be reasonably established and verified;
- (b) The asset is marketable and there exists a readily available secondary market for disposing of the asset;
- (c) The Bank's right to repossess the asset is legally enforceable and without impediment; and
- (d) The Bank is able to secure control over the asset if necessary.

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

E. Overdue, Rescheduled and Repossessed Assets (Continued)

(a) Overdue and rescheduled advances (Continued)

The two main types of “Eligible Collateral” are as follows:

- (i) “Eligible Financial Collateral” mainly comprises cash deposits and shares.
- (ii) “Eligible Physical Collateral” mainly comprises land and buildings, vehicles and equipment.

When the Bank’s clients face financial difficulties and fail to settle their loans, depending on different situations, the Bank usually takes the following actions to recover the debt:

- (a) Debt rescheduling/restructuring
- (b) Enforcement of security
- (c) Legal action
- (d) Recovery via debt collector

(b) Advances to banks

	30/6/2017 HK\$ Mn	31/12/2016 HK\$ Mn
Advances to banks overdue for		
– 6 months or less but over 3 months	–	–
– 1 year or less but over 6 months	–	–
– Over 1 year	–	–
	–	–
Rescheduled advances to banks	–	–
	–	–
Total overdue and rescheduled advances	–	–

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

E. Overdue, Rescheduled and Repossessed Assets (Continued)

(c) Other overdue and rescheduled assets

	30/6/2017		
	Accrued interest	Debt securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	–	–	–
– 1 year or less but over 6 months	–	–	–
– Over 1 year	–	–	1
	–	–	1
Rescheduled assets	–	–	–
Total other overdue and rescheduled assets	–	–	1
	31/12/2016		
	Accrued interest	Debt securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	–	–	–
– 1 year or less but over 6 months	–	–	–
– Over 1 year	–	–	1
	–	–	1
Rescheduled assets	–	–	–
Total other overdue and rescheduled assets	–	–	1

* Other assets refer to trade bills and receivables.

(d) Repossessed assets

	30/6/2017	31/12/2016
	HK\$ Mn	HK\$ Mn
Repossessed land and buildings*	599	333
Repossessed vehicles and equipment	–	–
Repossessed machines	–	–
Total repossessed assets	599	333

The amount represents the estimated market value of the repossessed assets as at 30th June, 2017 and 31st December, 2016.

* The balance included HK\$51 million (31/12/2016: HK\$19 million) relating to properties that were contracted for sale but not yet completed.

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

F. Currency Concentrations

The net non-structural position or net structural position in a particular foreign currency is disclosed when the position in that currency constitutes 10% or more of the total net position or total net structural position in all foreign currencies respectively. The net option position is calculated in the basis of the delta-weighted position of all foreign currency option contracts.

	30/6/2017				
	USD	RMB	SGD	Other foreign currencies	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Spot assets	207,435	275,570	23,167	58,801	564,973
Spot liabilities	(181,841)	(262,872)	(26,301)	(49,400)	(520,414)
Forward purchases	282,910	243,597	4,588	14,558	545,653
Forward sales	(304,625)	(267,923)	(1,818)	(23,625)	(597,991)
Net options position	(10,325)	10,549	–	(53)	171
Net long/(short) non-structural position	<u>(6,446)</u>	<u>(1,079)</u>	<u>(364)</u>	<u>281</u>	<u>(7,608)</u>
	31/12/2016				
	USD	RMB	SGD	Other foreign currencies	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Spot assets	186,600	273,715	20,885	58,258	539,458
Spot liabilities	(172,440)	(253,575)	(24,727)	(48,147)	(498,889)
Forward purchases	184,475	130,912	4,880	9,091	329,358
Forward sales	(191,621)	(161,274)	(1,628)	(19,070)	(373,593)
Net options position	(9,366)	9,233	–	(24)	(157)
Net long/(short) non-structural position	<u>(2,352)</u>	<u>(989)</u>	<u>(590)</u>	<u>108</u>	<u>(3,823)</u>
	30/6/2017				
	USD	RMB	MYR	Other foreign currencies	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Net structural position	<u>2,142</u>	<u>13,213</u>	<u>2,138</u>	<u>942</u>	<u>18,435</u>
	31/12/2016				
	USD	RMB	MYR	Other foreign currencies	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Net structural position	<u>2,173</u>	<u>12,834</u>	<u>2,033</u>	<u>903</u>	<u>17,943</u>

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

SUPPLEMENTARY FINANCIAL INFORMATION (Continued)

G. Leverage Ratio

	<u>30/6/2017</u>	<u>31/12/2016</u>
	%	%
Leverage ratio	9.8	8.8

The disclosure on leverage ratio was effective 31st March, 2015 and is computed on the same consolidated basis as specified in a notice from the HKMA in accordance with section 3C of the Capital Rules. The relevant disclosures pursuant to section 24A of the Banking (Disclosure) Rules for this period 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.

H. Countercyclical Capital Buffer Ratio

	<u>30/6/2017</u>	<u>31/12/2016</u>
	%	%
Countercyclical capital buffer ratio	0.476	0.243

The relevant disclosures pursuant to section 24B of the Banking (Disclosure) Rules for this period 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.

I. Capital Conservation Buffer Ratio

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 1.25% for 30/6/2017 and 0.625% for 31/12/2016.

J. Higher Loss Absorbency Ratio

The HKMA has designated the Bank as a domestic systematically important authorised institution ("D-SIB"). Under section 3V of the Capital Rules, the higher loss absorbency ratio applicable to the Bank is 0.5% for 30/6/2017 and 0.25% for 31/12/2016.

K. Pillar 3 Regulatory Disclosures

The Pillar 3 regulatory disclosures for this period which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

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 3 to 52 which comprises the consolidated statement of financial position of The Bank of East Asia, Limited as of 30th June, 2017 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 30th June, 2017 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

25th August, 2017

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.68 per share (the “2017 Interim Dividend”) (2016 Interim Dividend: HK\$0.28 per share) for the six months ended 30th June, 2017. The 2017 Interim Dividend will be paid in cash with an option to receive new, fully paid shares in lieu of cash (the “Scrip Dividend Scheme”), to shareholders whose names appear on the Register of Members of the Bank at the close of business on Thursday, 14th September, 2017. The ex-dividend date for the 2017 Interim Dividend will be on Monday, 11th September, 2017. Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 14th September, 2017. The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. The dividend warrants and the share certificates for the scrip dividend will be sent to shareholders by ordinary mail on or about Tuesday, 10th October, 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Bank will be closed on Wednesday, 13th September, 2017 and Thursday, 14th September, 2017. In order to qualify for the 2017 Interim Dividend, all transfer documents should be lodged for registration with Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by 4:00 p.m. on Tuesday, 12th September, 2017.

FINANCIAL REVIEW

Financial Performance

For the first six months of 2017, the Group earned a profit attributable to owners of the parent of HK\$6,220 million, representing an increase of HK\$4,125 million or 196.9%, compared with the HK\$2,095 million earned in the same period in 2016.

The result includes a net profit of some HK\$3 billion in respect of the disposal of Tricor Holdings Limited and its subsidiaries to Trivium Investment Limited, a wholly-owned subsidiary of global investment firm, Permira, for a total consideration of HK\$6.47 billion, which the Bank has recorded under profits attributable to owners of the parent from discontinued operations.

Excluding net profit from discontinued operations, profit attributable to owners of the parent from continuing operations amounted to HK\$3,171 million, representing an increase of HK\$1,190 million, or 60.0%, compared to the first half of 2016.

Basic earnings per share from continuing operations rose from HK\$0.65 in the first half of 2016 to HK\$1.08 in the corresponding period in 2017. Incorporating discontinued operations, basic earnings per share rose from HK\$0.69 in 2016 to HK\$2.20 in 2017.

Annualised return on average assets rose from 0.5% to 1.1%, while the annualised return on average equity rose from 4.8% to 10.8%.

During the first six months of 2017, the Group’s net interest income from continuing operations increased by HK\$256 million, or 4.7%, to HK\$5,739 million. Net interest margin increased from 1.59% to 1.64%, and average interest bearing assets increased by 1.9%.

Net fee and commission income from continuing operations grew by HK\$29 million, or 2.3%, to HK\$1,282 million. Commission income from insurance, retail banking, and trust and fiduciary businesses grew, whereas income from trade finance and loans and guarantees declined.

Net trading and hedging results from continuing operations increased by HK\$219 million to HK\$181 million. Overall, non-interest income from continuing operations grew by 14.7% to HK\$1,890 million. Operating income from continuing operations increased by 7.0% to HK\$7,629 million.

Total operating expenses from continuing operations fell by 7.9% to HK\$3,903 million. The cost-to-income ratio improved from 59.4% in the first half of 2016 to 51.2% in the first half of 2017.

Operating profit before impairment losses from continuing operations stood at HK\$3,726 million, an increase of HK\$835 million, or 28.9%, when compared with the corresponding period in 2016.

Impairment losses on loans and receivables from continuing operations fell by 38.5% to HK\$763 million. The Group's impaired loan ratio remained steady at 1.49% at the end of June 2017, the same as that at the end of December 2016. The impaired loan ratio for Hong Kong operations fell from 1.03% to 1.00%, while that for Mainland China operations fell from 2.87% to 2.79%.

Operating profit after impairment losses from continuing operations amounted to HK\$2,903 million, an increase of HK\$1,253 million, or 75.9%.

Net profit on the sale of available-for-sale financial assets from continuing operations increased by 437.3% to HK\$215 million.

Net profit on the disposal of assets held for sale from continuing operations included a net gain of HK\$192 million for the sale of a property in Hong Kong.

Valuation gains on investment properties from continuing operations increased to HK\$229 million.

The Group shared after-tax profits from associates of HK\$224 million from continuing operations, an increase of HK\$32 million, or 16.6% compared to the same period in 2016.

After accounting for income taxes, profit after taxation from continuing operations rose to HK\$3,188 million, an increase of 60.3% compared to the HK\$1,989 million recorded in the first half of 2016.

Financial Position

Total consolidated assets of the Group stood at HK\$788,456 million at the end of June 2017, an increase of 3.0% compared to HK\$765,706 million at the end of 2016.

Gross advances to customers rose by 2.7% to HK\$466,574 million, while trade bills negotiated grew by 18.9% to HK\$14,196 million.

Total equity attributable to owners of the parent increased to HK\$86,302 million, up 10.0%, mainly due to the net profit of HK\$6,220 million earned during the first six months of 2017. Additional equity instruments increased to HK\$8,894 million, up 77.3%, due to an issue of US\$500 million in Additional Tier One Capital Instruments in May 2017.

Total deposits from customers grew by 2.5% to HK\$549,009 million. Of the total, demand deposits and current account balances increased by HK\$3,713 million, or 5.0%; savings deposits increased by HK\$3,961 million, or 3.1%; and time deposits increased by HK\$5,546 million, or 1.7%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, rose by 3.7% to HK\$585,665 million.

The loan-to-deposit ratio stood at 79.7% at the end of June 2017, compared to 80.4% at the end of 2016.

As at 30th June, 2017, the total capital ratio, tier 1 ratio, and common equity tier 1 ratio were 17.5%, 14.2%, and 12.3%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2017 was 129.5%, which was well above the statutory limit of 80% for the year 2017.

ECONOMIC OVERVIEW

The global economy improved in the first half of 2017. The US economy maintained its steady advance, while economic conditions in both China and Europe stabilised.

With stronger external demand, Hong Kong's exports rose by 8.8% in the first six months of 2017. Against this positive backdrop, Hong Kong's economy expanded by 4.0% in the first half of the year. The unemployment rate fell to 3.1% in June 2017.

Residential property prices jumped by 9.3% in the first half of the year, as both end-user and investment demand remained strong amid the ultra-low interest rate environment. With equity prices also rising, a positive wealth effect was evident and private consumption grew by 4.6% in the first half.

Tourist arrivals recovered, helping the decline in retail sales to narrow to 0.6% in the first half of 2017, from the 8.1% year-on-year fall at the end of 2016.

Stronger external demand will support the Hong Kong economy for the remainder of the year. Nevertheless, there are concerns that any quickening in the pace of US interest rate hikes will impact the local property market. GDP growth is forecast to average 3.5% for 2017 as a whole, with inflation at 2.0%.

On the Mainland, stronger external demand fuelled the manufacturing sector, with export growth accelerating to 8.5% in the first six months of 2017. This led to improvement in the employment market, providing support to domestic consumption. As a result, the economy grew by 6.9% in the first half of 2017.

Looking ahead, the Mainland government is expected to take advantage of the stable economic conditions to push forward economic reform, including more restrictive policies for the property sector. Already, there are signs that property prices are cooling in first-tier cities. Tighter policies for the property market are in line with the government's effort to deleverage the economy. Investment growth is expected to slow in the coming months, limiting growth of the Mainland economy to about 6.8% for 2017. Inflation should remain moderate at 1.8%.

OPERATIONS REVIEW

Business – Hong Kong

In the six months to 30th June, 2017, the aggregate value of all BEA Hong Kong customer loans and trade bills rose by 1.5%. Customer loans grew by 1.2%, total deposits by 3.3%, and debt investments by 4.2%.

Retail Banking

BEA's retail banking operations performed well in the first half of 2017, benefitting from the progress made on converting to digital services and improving operational efficiency. Operating income rose by 17.4% year-on-year, driven by double-digit increases in both net interest income and net fee and commission income.

Strong uptake of all-in-one accounts from both individual and corporate customers contributed to an improvement in the Bank's current and savings account ratio compared to the end of 2016. This helped to mitigate increases in funding costs.

Sales of investment products improved significantly, as retail investors returned to the markets. Insurance sales also grew, despite a high base comparison from the previous year.

The branch digitalisation project will be completed by the end of 2017 and good progress has been made in migrating customers to digital channels. The BEA mobile app is being enhanced continually to improve functionality and increase the user base. Customers can now enjoy instant access via touch-ID login. A convenient mobile stock-trading function will be launched in the third quarter of the year, and this is expected to further drive adoption of the app and enhance fee income.

Corporate & Commercial Banking

Corporate Banking faced sustained pressure during the period under review. Both net interest income and net fee and commission income fell, weighing on operating income. The drop was partially offset by lower losses arising from customer defaults on RMB derivative positions as the currency stabilised.

Chinese conglomerates continue to seek funding for overseas expansion and acquisitions. The Bank has been very conservative in its approach to loan growth, aiming to maintain asset quality rather than increase market share. As a result, the corporate loan book increased by just 0.7% compared to the end of 2016.

Margins were squeezed due to higher funding costs and market competition. However, following the Hong Kong Monetary Authority's decision to raise the risk-weight floor for new residential mortgages to 25%, Hong Kong banks have raised mortgage prices in order to offset higher capital costs. This should, in turn, ease downward pressure on pricing in the broader loan market.

Meanwhile, fee income has been impacted in part by a reduction in RMB treasury-related services. As demand for these products is unlikely to return, the Bank is exploring new avenues for fee revenue. These include strengthening banking services for local SMEs to grow current and savings account balances and transactional fee income, developing insurance products targeted at corporate clients, and leveraging the Bank's cross-border platform.

Wealth Management

Private Banking benefitted from a significant improvement in market sentiment during the first half of 2017. Net fee and commission income recorded double-digit growth; net interest income also increased. Overall, operating income was 13.9% higher year-on-year. Both loans and assets under management rose compared to the end of 2016.

Private Banking has been hiring new staff with good client connections as part of a concerted effort to expand its Mainland client base. The Bank will continue to invest in new talent to grow the Private Banking business in line with opportunities.

The Bank is also utilising its extensive local branch network to expand the reach of its wealth management service platform. In collaboration with leading asset management firms, BEA has launched advanced products not normally available to the retail segment, broadening the investment horizons of affluent customers. A growing number of retail clients are receptive to online wealth management tools, and the Bank's digital strategy will play an increasingly important role in meeting their needs going forward. As this business develops, fee income is expected to rise steadily.

Insurance & MPF Services

BEA Life Limited, the Bank's wholly-owned life insurance arm, achieved growth of 13.2% in new premium income during the period under review. Demand for short-term savings products with guaranteed returns remained solid, supported by the low interest rate environment. BEA Life will continue to provide a good mix of products that meet client needs for protection, short-term savings and long-term financial goals.

The general insurance market continued to be highly competitive in the first half of 2017, as market players cut rates to sustain top-line growth. Facing a tough sales environment, particularly for group medical insurance, Blue Cross (Asia-Pacific) Insurance Limited, BEA's wholly-owned general insurance arm, has focussed on profitability. As a result, satisfactory growth was achieved in underwriting profit for general insurance, despite a decline in gross premium income. Individual medical and travel insurance were the major contributors to the rise in underwriting profit.

Total membership in BEA's Mandatory Provident Fund schemes grew to 710,670 in the first half of 2017, while AUM increased by 11.9% to HK\$23.2 billion. The MPF Default Investment Strategy came into effect on 1st April, 2017 and DIS funds were introduced in each of the three MPF schemes accordingly. The Bank has allocated resources to investor education, employer/employee communication and regulatory compliance to ensure a smooth launch.

Business – China

Mainland China's macro-economy showed signs of improvement during the period under review. The domestic economy expanded by 6.9% year-on-year in the first half of 2017, after growing by 6.7% in 2016. The rebound was supported by better export, import, industrial output, retail sales and fixed-asset investment figures. The RMB also strengthened against the US dollar.

Thanks to the improving economy and effective management action, BEA's China banking operations returned to profit in the first half of 2017.

Net profit for China banking operations reached HK\$336 million for the first half of 2017, reversing the net loss of HK\$462 million for the full year in 2016. Reduced provisions for impairment losses on loans contributed to the improvement.

Total loans to corporates and individuals rose by 4.6% from the figure at the end of 2016 to HK\$148,459 million. Customer deposits rose a similar 4.6% to HK\$189,621 million.

The modest increases were in line with BEA China's prudent approach to expanding its loan book. The turnaround was assisted by ongoing efforts to control operating, funding, and credit costs, and proactive action to optimise the asset and liability structure.

Thanks to these efforts, net interest margin for China banking operations improved by 5 basis points to 1.76% in the first half of 2017. In the second half of 2016, it was 1.71%.

Underlying operating expenses for China banking operations for the first half of 2017 stood at HK\$1,384 million, while the cost-to-income ratio stood at 57.6%.

BEA China intensified its network repositioning programme in the first half of the year, with a further eight sub-branches merging with other outlets. As at the end of June 2017, BEA China operated 30 branches and 81 sub-branches in 44 cities across the country – still one of the most extensive networks of any foreign bank on the Mainland.

The impaired loan gross formation rate stabilised and special mention loans declined during the first half of 2017. New impaired loans mainly came from the wholesale and retail trade and property investment sectors.

To optimise its asset structure and income sources, BEA China focussed its business development efforts on non-property loans, consumer loans, cross-border business, and sales of treasury and wealth management products. BEA China will enhance efforts to promote the abovementioned businesses in order to further diversify its asset and income portfolios. Additionally, BEA China will continue to focus on supporting the Mainland's real economy and identify opportunities arising from national strategies, including the Belt and Road Initiative.

Apart from traditional banking services, the BEA Group has extensive expertise and experience in supporting Mainland customers going abroad, including the provision of integrated financial service platforms and efficient one-stop cross-border financial solutions. Going forward, BEA China will rely on this specialist knowledge and expertise to improve the composition of its loan book further, as well as boost fee income.

Retail banking has traditionally provided BEA China with higher yields. Riding on strong demand for consumer finance on the Mainland, BEA China will continue developing business in this area, including credit card instalment loans and secured personal loans. In addition, BEA China is equipping itself to expand its consumer finance business significantly through tactical partnerships with market leaders in the vibrant internet sector.

BEA China will further streamline its branch network in the second half of 2017. It will also further enhance productivity, proactively monitor asset quality and boost the recovery, mitigation and disposal of existing impaired assets.

Thanks to the measures adopted over the past two years, BEA China is now better placed to meet the challenges of the future. On the 10th Anniversary of its incorporation in Mainland China, BEA China is confident of achieving new heights and serving as Mainland China's most local foreign bank in the years ahead.

Business – Macau and Taiwan

Macau's gaming industry rebounded in the first half of 2017 after contracting for three years, which helped drive renewed economic growth in the city. Capitalising on this, BEA's Macau operation focussed on expanding its customer base, particularly among professionals and high net worth clients. The Branch achieved a 47.3% increase in the number of SupremeGold customers, and 17.5% increase in retail deposits in the first half of the year, compared to the end of 2016.

In the second half of 2017, Macau Branch will expand its retail banking product range and step up marketing efforts for insurance and investment products to further develop its fee and commission income.

Turning to Taiwan, although GDP grew by 2.6% in the first quarter of 2017, uncertainties remain in the market. Lending margins were under pressure due to intense competition and a rise in funding costs. Given the challenging operating environment, BEA's Taiwan Branch will prioritise margins over loan growth for the remainder of the year.

Business – International

The Bank's US operations registered solid gains in the first half of 2017, with operating profit rising by 19.7% and net profit by 21.7%, compared with the year-earlier period. Asset quality remained healthy, with the impaired loan ratio standing at 0.14% at the end of June 2017.

Business and real estate investment are expected to remain stable in the second half of 2017. The outlook for the period may be affected by the future course of policies under the Trump Administration, including those on infrastructure investment, corporate tax reform and deregulation.

Riding on market opportunities, BEA's New York and Los Angeles branches will continue to diversify and expand their loan portfolios, targeting financially strong corporate borrowers and high quality real estate projects.

In the United Kingdom, the Bank's operations posted a 28.2% rise in operating profit and 39.4% rise in net profit in the first half of the year. On the back of the depreciation of the pound sterling following the UK's decision to leave the European Union, and the Bank of England's interest rate cut, overseas investors showed renewed interest in acquiring quality assets in the UK, particularly prime London properties. However, the results of the UK General Election in June have clouded the outlook for the remainder of the year. With the Conservative Party losing its majority in Parliament, Brexit negotiations are expected to be even more difficult.

In line with demand, BEA's UK branches will continue to expand their residential mortgage and construction loan portfolio. In addition, London Branch will seek to diversify its loan portfolio to non-property sectors and maintain close ties with Mainland, Asian and international banks to explore lending opportunities to different industries.

In Singapore, while uncertainties remain, the economy is forecast to grow by 1% to 3% in 2017. Singapore Branch has stepped up efforts to improve the credit quality of its loan assets by exiting riskier sectors. Meanwhile, the Branch will strengthen its presence in the middle-market segment and provide effective cross-border financial solutions to facilitate China's trade flows and investments in Southeast Asia, thus capturing new business.

The Bank's Labuan Branch continues to finance local Malaysian corporates and expand in sectors showing strong economic growth.

Additionally, with growing opportunities resulting from outbound investments by businesses in Mainland China, Hong Kong, and other markets, BEA's overseas network will continue to work closely with BEA's Head Office, BEA China as well as the Bank's strategic partners to enhance customer referrals.

Other Subsidiaries

Credit Gain Finance Company Limited

In the first half of 2017, Credit Gain reported a contraction in loan portfolio growth, due to increasing controls and restrictions on its products and underwriting criteria. These compelled the Company to further tighten its credit risk exposure. Looking ahead, Credit Gain will continue to rationalise its branch network and diversify its marketing channels to enhance competitiveness. As of 30th June, Credit Gain operated a total of 16 service outlets in Hong Kong, Shenzhen, and Chongqing.

BEA Union Investment Management Limited

BEA Union Investment recorded an 18.7% increase in AUM in the first half of 2017. This growth was mainly due to the Company's success in penetrating both the retail and institutional client segments in Europe and Asia.

In response to the growing demand from retail investors for funds with income features, the Asian Strategic Bond Fund was introduced at the beginning of the year.

BEA Union Investment is strengthening its China investment services by participating in the Stock and Bond Connects, broadening distribution through the Mutual Recognition of Funds scheme, and expanding its business scope via the Wholly Foreign Owned Enterprise scheme. The Company will also extend its distribution into Switzerland via the Mutual Recognition of Funds scheme between Hong Kong and Switzerland.

Our People

As of 30th June, 2017, the BEA Group employed 9,970 people:

Continuing Operations	As of 30th June, 2017	As of 30th June, 2016 Restated
Hong Kong	4,293	4,740
Mainland China	5,121	5,559
Overseas (including Macau and Taiwan)*	556	575
Total	9,970	10,874

* With effect from 2017, Macau and Taiwan operations are grouped under Overseas operations and the 2016 figures have been restated for comparison purposes.

During the first six months of 2017, BEA continued to recruit talented personnel to support its business development objectives, and to strengthen its leadership pipeline.

Staff development remains a major focus of BEA's personnel strategy. A broad range of training and development programmes is provided to groom young recruits, develop leadership talent, and strengthen the capability of the Bank's staff. Managers are encouraged to take advantage of job rotation opportunities to gain broader exposure. In addition, the Bank has recently introduced a new sponsorship programme to support staff members in their pursuit of certification under the Enhanced Competency Framework on Cyber Security and Anti-money Laundering and Counter-Terrorist Financing issued by the HKMA.

Future Prospects

The business environment improved in the first half of 2017. With the improving outlook for advanced economies and more optimistic growth prospects for the Mainland, BEA will proactively explore and capture emerging business opportunities, such as the Belt and Road initiative.

However, the Bank recognises that downside risks could bring fresh challenges in the second half of the year. Major risks include the pace of US interest rate normalisation, Brexit-related negotiations, a possible rise in protectionist sentiment as well as heightened geopolitical tensions in various regions.

For the second half of 2017, BEA will continue to focus on the three strategic initiatives set out at the beginning of the year, namely: (1) managing asset quality and credit risk; (2) controlling operating costs; and (3) investing in digitalisation.

Firstly, BEA will continue to give priority to managing asset quality and risk by maintaining tight credit guidelines, systematically reviewing loans for early warning signals, and following up on impaired loan recovery. As a result, no significant deterioration in the non-performing-loan ratio is expected in 2017. The Bank anticipates a notable improvement in credit costs compared to the second half of 2016.

Secondly, BEA will carry through its 3-year cost-saving plan to achieve gross savings of HK\$700 million by the end of 2018. At the end of the first half of 2017, the Bank had achieved approximately two-thirds of its 3-year target. In Hong Kong, future savings will come from the rationalisation and digitalisation of the branch network.

Thirdly, BEA will further extend its digital initiatives in order to improve the customer experience and enhance efficiency. The Bank aims to complete the digitalisation of its branch network in Hong Kong by the end of 2017. BEA will continue to promote online channels as a convenient and effective way for customers to purchase investment and insurance products. In addition, further improvements will be made to the Bank's online services for corporate and private banking clients.

BEA will also aim to generate more non-interest income from businesses such as wealth management and sales of investment products. As the RMB has stabilised and credit expansion has slowed on the Mainland due to tightened liquidity, Chinese clients have returned to the Hong Kong market for funding. Leveraging BEA China's branch network, BEA will engage with strong Mainland corporates seeking loans to fund their business expansion and overseas acquisitions. BEA will also further develop its relations with high net-worth Mainland individuals looking for cross-border wealth management services.

BEA's Mainland operation is likely to experience pressure on net interest margins in the second half of 2017, due to tight liquidity in the market. BEA China will maintain a defensive posture, and continue to enhance asset quality, mitigate credit risk, rationalise the branch network and improve outlet productivity.

As announced previously, BEA China is aligning its business expansion strategies with initiatives that enjoy strong government support, such as the Belt and Road initiative. BEA China aims to serve Chinese companies seeking funding with financing through multiple channels. In addition, BEA China will continue to explore opportunities in internet finance and accelerate the development of its mobile platform in order to capture mobile banking opportunities.

The Bank Group will further enhance business growth on the Mainland through the establishment of partnerships. BEA is one of two banks in Hong Kong to have obtained regulatory approval to establish a Sino-foreign joint venture stockbroking company in China with a full service license under the Supplement X of the Mainland and Hong Kong Closer Economic Partnership Arrangement, also known as "CEPA 10". With a 49% stake, BEA will be the single largest shareholder in East Asia Qianhai Securities Company Limited, which will enable the Bank to further enrich its service offering on the Mainland. Services will initially encompass securities brokerage, underwriting, asset management and proprietary trading, upon obtaining all relevant regulatory approvals.

For overseas markets, the Bank will continue to expand collaboration efforts with Head Office, BEA China and strategic partners in order to further develop cross-border financing business, particularly for overseas companies with businesses and investments in Mainland China.

RISK MANAGEMENT

The Group has established an effective 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 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. It consists of six independent non-executive directors (including the Chairman of the Committee) and two non-executive directors. The Risk Committee provides direct oversight over the formulation of the Group's institutional 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.

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that Management adopts to execute its business functions. Through the Group's management committees at the executive level, including 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 Group has implemented an Enterprise Risk Management framework. The ERM framework is promulgated with the objectives of identifying and managing potential risks in a holistic and effective manner; fulfilling the HKMA's higher expectation for risk management of the Group as a Domestic Systemically Important Bank; and reinforcing the "Three Lines of Defence" risk management model.

The Group has adopted a "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:

- The first line of defence comprises the Risk Owners, who are division heads at Head Office and heads of significant subsidiaries, 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.
- The second line of defence consists of the Risk Controllers, who are designated division/department heads at Head Office. Supported by their respective divisions and departments, the Risk Controllers are responsible for setting out a risk management governance framework, monitoring risks independently, and supporting the management committees in their oversight of risk management.
- The third line of defence is the Internal Audit Division, which is responsible for providing assurance on the effectiveness of the Group's risk management framework including risk governance arrangements.

The Group Chief Risk Officer coordinates 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.

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 monitored and regularly reviewed to align with market changes, statutory requirements, and best practices 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. Moreover, on a daily basis, the Group Chief Risk Officer is responsible for overseeing the Bank Group's risk management issues which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources.

Stress testing is an integral part of the Group's risk management. BEA 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 Mainland China 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.

(a) Credit risk management

Credit risk is the risk of loss arising from a borrower or counterparty failing to meet its obligations.

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.

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.

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 practices in risk management processes.

(b) Market risk management

Market risk is the risk arising from adverse movements in market factors such as interest rates, foreign exchange, equity prices, and commodities prices, which result in profits or losses for the Group. The aim in managing market risk is to reduce the Group's exposure to the volatility inherent in financial instruments.

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. The Asset & Liability Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to market risk.

The use of derivatives for proprietary 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 derivatives 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 mainly denominated in USD, RMB, and SGD. All foreign currency positions are managed within limits approved by the Board or 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 managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations. The Group seeks to match its foreign currency denominated assets closely with corresponding liabilities in the same currencies.

(ii) *Interest rate risk*

The Group's trading interest rate positions arise from treasury and dynamic hedging of 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.

(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.

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 overall and individual market risks are within the Group's risk tolerance level. Risk exposures are monitored frequently to ensure that they are within established control limits.

The Group quantifies the market risk of the underlying trading portfolio by means of 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, if positions are held unchanged over a certain horizon time period.

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. This approach has been applied since 1st January, 2017. Prior to that, a parametric approach was adopted.

Structural foreign exchange positions arising from net investments in branches and subsidiaries are not included in the VaR for the foreign exchange trading position.

The book value of listed shares, as well as the book value of private equity funds and unlisted equities (collectively the “Unlisted Securities”), are subject to limits and these are monitored by the Management of the Group. The Unlisted Securities and listed non-trading equities 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.

Value-at-risk statistics

	Year 2017 1st half			
	At 30th June	Maximum	Minimum	Mean
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
VaR for total trading activities	43	49	38	42
VaR for foreign exchange trading positions*	9	17	9	14
VaR for interest rate trading positions	3	4	2	3
VaR for equity trading positions	35	37	25	29

	Year 2016 1st half			
	At 30th June	Maximum	Minimum	Mean
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
VaR for total trading activities	36	45	31	38
VaR for foreign exchange trading positions*	12	14	8	11
VaR for interest rate trading positions	3	7	2	4
VaR for equity trading positions	25	34	23	27

* Including all foreign exchange positions but excluding structural foreign exchange positions.

The average daily profit for all trading activities (including foreign exchange, interest rate, and equity trading activities) in the first six months of 2017 was HK\$2.76 million (average daily profit of HK\$0.59 million in the first six months of 2016). The standard deviation of the daily profit/loss for the period was HK\$4.43 million (standard deviation of HK\$8.60 million for the same period in 2016).

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The objectives of operational risk management are to identify, assess, monitor, and report on operational risk systematically and effectively; to minimise the operational loss and other impact on the Group; and to comply with the relevant regulatory requirements.

The Operational Risk Management Committee is responsible for overseeing operational risk management of the Group while the Operational Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to operational risk.

The operational risk management tools adopted include operational risk incident reporting, risk control self-assessment, key risk indicators, operation manuals, insurance policies, etc.

(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 comply with the statutory Liquidity Coverage Ratio, and to make new loans and investments as opportunities arise.

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 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 Asset & Liability 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, which came into effect on 1st January, 2015, imposes a more stringent regulatory regime for liquidity risk management on the Group. Banking (Liquidity) Rules require the Group to meet the minimum LCR by 2019. During the transitional period, the percentage will increase from 60% in 2015 to 100% in 2019, with 10% added to the regulatory requirement each year from 2016. To ensure compliance with the enhanced regulatory requirement, material changes in the LCR will be reported regularly to 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, short-term lending activities, and the Group's asset and liability mix strategy. An internal LCR target has been established to maintain the ratio within a suitable range. In planning the asset and liability mix strategy, the Group assesses the impact of asset growth and funding structure on the LCR with support from relevant business units for the Asset and Liability Management Committee's review and decision.

As part of Group efforts to manage the LCR 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 debts, money market placement and borrowing for the purposes of providing additional funding, maintaining a presence in local money markets, and optimising asset and liability maturities.

Internally, intra-group funding transactions are carried out at arm's length and treated in a manner in line with other third party transactions, with regular monitoring and appropriate control.

In addition to observing the statutory LCR, 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.

As 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 cash flow analysis and projections through the regular use of the Bank's management information system. These are carried out on a regular basis to identify funding needs arising from on and off-balance sheet items in a specific time frame over a set of time horizons. The Group maintains sufficient HQLA as a liquidity cushion that can be accessed in times of stress. The HQLA 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 HQLA are denominated in Hong Kong dollars. Contingent funding sources are maintained to provide strategic liquidity to meet unexpected and material cash outflows.

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 HKMA's Supervisory Policy Manual module 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 and formulates a contingency funding policy 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.

The contingency funding policy is designed to be pro-active and pre-emptive, and stipulates the following three stages:

1. The Group utilises early warning indicators, including both qualitative and quantitative measures, and monitors both internal and external factors. Should there be any early signs of a 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 Chairman & Chief Executive, 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 policy is subject to regular review in order to accommodate any changes in the business environment. Any significant changes to the contingency funding policy are approved by the Board.

Certificates of Deposit, Debt Securities Issued, and Loan Capital

In the first half of 2017, BEA issued floating rate certificates of deposit and debt securities with a face value of US\$75 million; fixed rate certificates of deposit and debt securities with a face value of HK\$3,020 million, US\$192 million, CNY104 million, GBP266 million and JPY5,000 million; and zero coupon certificates of deposit and debt securities with a face value of HK\$2,547 million, US\$2,287 million, CNY2,080 million, GBP50 million and EUR250 million, JPY2,000 million and CHF70 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK\$32,836 million equivalent upon maturity.

At the end of June 2017, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK\$37,743 million, with a carrying amount equivalent to HK\$37,657 million.

Maturity Profile of Certificates of Deposit and Debt Securities Issued

As at 30th June, 2017

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity			
		2017	2018	2019	2020
Floating Rate					
HKD	300	300			
USD	330	255	55		20
Fixed Rate (Note)					
HKD	5,750	4,217	1,233	300	
USD	294	219	75		
CNY	454	350	104		
SGD	50	50			
JPY	5,000		5,000		
GBP	142	142			
EUR	90	90			
Zero Coupon					
HKD	3,085	2,790	295		
USD	1,982	1,873	109		
CNY	2,955	2,955			
GBP	75	75			
JPY	2,000		2,000		
CHF	70		70		
Total Certificates of Deposit and Debt Securities issued in HKD equivalent	37,743	32,712	4,575	300	156

Note:

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

In the first half of 2017, the Group redeemed a quantity of loan capital amounting to HK\$3,891 million equivalent.

At the end of June 2017, the face value of the outstanding loan capital issued was equivalent to HK\$17,023 million, with a carrying amount equivalent to HK\$17,083 million.

Maturity Profile of Loan Capital

As at 30th June, 2017

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity			
		2020	2022	2024	2026
USD (Notes 1 & 2)	1,600	600		500	500
SGD (Note 3)	800		800		
Total Loan Capital issued in HKD equivalent	17,023	4,682	4,535	3,903	3,903

Notes:

1. The USD500 million loan capital that matures in 2024 will be callable on 20th November, 2019.
2. The USD500 million loan capital that matures in 2026 will be callable on 3rd November, 2021.
3. Callable on 13th September, 2017.

(e) Interest rate risk management

Interest rate risk is the risk resulting from adverse movements in interest rates. 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 Asset & Liability 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-bearing assets, liabilities, and off-balance sheet items in the banking book. In determining the level of interest rate risk, assessments are made for the re-pricing risk, basis risk, options risk, and yield curve 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 assets, liabilities, and off-balance sheet positions. Re-pricing gap 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 through a hypothetical interest rate shock of 200 basis points across the yield curve on the Group's assets, liabilities, and off-balance sheet positions and is performed on a monthly basis. 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.

(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 Risk Management Division of the Group monitors the activities under the Group's prevailing interest earning asset mix and funding strategies and regularly reports the status to the Asset and Liability Management Committee, Risk Management Committee, Risk Committee, and the Board, where appropriate.

Capital management through projection of the Capital Adequacy Ratio and Internal Capital Adequacy Assessment Process is also regularly conducted to assess the level of capital resources needed to support the risks that the Group tolerates.

(g) Legal risk management

Legal risk is the risk of loss arising from unenforceable contracts, lawsuits, or adverse judgment 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.

The Group provides appropriate training courses conducted by qualified internal personnel and/or external lawyers/professionals, and issues regular reminders to staff members. When dealing with legal matters, the Group engages qualified internal personnel and, when necessary and appropriate, external lawyers with appropriate expertise including counsel and senior counsel for advice.

The Operational Risk Management Committee is responsible for overseeing the management of the Group's legal risk.

(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 Group's business practices, conduct, or financial condition. 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 its customer base, business, and/or revenue.

The objective of managing reputation risk is to identify, assess, monitor, report, and mitigate such 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 Bank 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, monitoring, mitigation and control, thereby protecting and enhancing the reputation of the Bank Group. The Guidelines for Incident Response and Management have been formulated to ensure swift response to and management of unexpected incidents. The Media Guidelines have been 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) Compliance risk management

Compliance risk is the risk of loss 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 banking activities.

The Group has established 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 has also formulated and adheres to the Group 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 Bank Group to manage its compliance risk effectively. Moreover, a robust mechanism for monitoring the compliance risk is in place; and independent regulatory compliance reviews are conducted on major functions of the Bank 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.

The Group has established a technology risk management framework, which is supported by comprehensive control policies, standards, guidelines, and procedures.

Control measures relating to the security of internet systems and applications, customer authentication, risk assessment for new products and services, and confidentiality and integrity of information are adopted.

The Operational Risk Management Committee is responsible for overseeing the technology risk-related issues of the Group.

(k) New product and business risk management

New product and business risk is the risk of loss due to insufficient pre-assessment of significant potential risks introduced to the Group arising from the launch of new products, the structural change of existing products, and the establishment of new business operations (i.e. through the establishment of a new subsidiary and/or merger & acquisition). The significant potential risks include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Legal Risk, Technology Risk, Compliance Risk, Strategic Risk, Reputation Risk and Business Continuity Risk.

The Group establishes a robust risk governance structure, supported by comprehensive control guidelines and procedures. This structured process ensures that the potential significant risks are duly assessed, documented and approved when initiating a new product or business. It also facilitates Senior Management's oversight of new products and businesses.

Each new product launch must go through an approval process, which includes business and financial analysis and risk assessment. New products are reviewed and assessed by the New Products Evaluation Working Group (comprising the representatives of supporting/control units), endorsed by the Steering Group for New Product and Business Risk Management (chaired by the Bank's Group Chief Risk Officer and comprising the division heads of supporting/control units), and approved by the Risk Management Committee.

(I) Business continuity risk management

Business continuity risk is the risk of loss arising from business disruptions in the event of an incident or crisis. Business disruption could be caused by the loss of staff members, information technology and telecommunication systems, premises, key service providers, vital records, etc.

To manage business continuity risk, the Group establishes comprehensive policies, guidelines and manuals. Business impact analysis is conducted and business continuity plans are developed by all individual functional units of the Group.

Annual Business Continuity Plan drills are performed to test preparedness and effectiveness of the business continuity plans of all functional units.

CORPORATE SOCIAL RESPONSIBILITY

BEA's corporate social responsibility ("CSR") initiatives are firmly based on the three pillars of its community investment programme, namely education, social welfare, and the environment.

In February, BEA participated in Hong Kong's first city-wide financial education campaign, the Hong Kong Money Month Education Fair. Staff members devised and manned a game booth at the Fair, with the goal of teaching children and teenagers the importance of sound money management.

BEA supported the Community Business' ENGAGE programme for the third consecutive year, welcoming 22 Form 4 and 5 secondary school students from less affluent communities to BEA Tower to learn about banking and career opportunities in the banking industry. During the visit, which was organised in April, students took turns to act as a customer service representative in a simulated branch environment.

BEA is a long-standing supporter of The Community Chest of Hong Kong ("The Community Chest" or the "Chest"), and for the second consecutive year the Bank served as title sponsor for The Community Chest BEA Charity Golf Day, raising nearly HK\$2.3 million for mental health services provided by member agencies of the Chest.

The Bank also encourages its staff to participate in charitable endeavours. In January, approximately 300 employees together with their families and friends took part in The Community Chest's 2017 Hong Kong & Kowloon Walk for Millions in support of family and child welfare services.

For the eighth straight year, the Bank celebrated International Women's Day by purchasing red date tea from the Hong Kong Young Women's Christian Association for distribution to female staff members. Proceeds from the sale were used to support the Association's services for women.

On the environmental front, the BEA Group actively supported initiatives to combat climate change. A signatory of the External Lighting Charter of the Hong Kong government's Environment Bureau, the Bank received the Platinum Award from the Bureau for its efforts to conserve energy at its branches. In recognition of its efforts to reduce its impact on the environment, BEA was awarded the "Silver Award" in the Servicing and Trading Industry category of the prestigious Hong Kong Awards for Environmental Excellence programme.

During the first half of 2017, the BEA Volunteer Team was active in a range of charitable events, including fundraising, organising gatherings for senior citizens during holidays, and redistributing unsold vegetables from Shek Kip Mei market to disadvantaged seniors. In addition, the Volunteer Team jointly organised an Easter gathering with SAHK (formerly the Spastics Association of Hong Kong) for mentally or physically disabled children of the Pak Tin Pre-school Centre. Staff volunteers also joined hands with the Hong Kong Red Cross to organise a Blood Donation Day in April at BEA Tower.

The Bank of East Asia Charitable Foundation ("BEA Foundation") reaffirmed its support for expanding palliative care in Hong Kong by committing to a third 3-year phase of its pioneering palliative care programme, organised jointly with "la Caixa" Foundation and The Salvation Army Hong Kong and Macau Command. In Phase III, the Palliative Care Programme will be extended to address the needs of elderly residents suffering from dementia, which is a growing concern in Hong Kong.

Enhancing access to education and promoting parent-child bonds are core values of the BEA Group. For the fifth consecutive year, the BEA Foundation joined with the Sheng Kung Hui's Religious Education Resource Centre to organise the BEA Parent-Child Reading Programme. The Programme reached out to 2,000 primary students and 400 kindergarten students whose families are receiving Comprehensive Social Security Assistance or are obtaining student financial assistance with the aim of fostering a love of reading and strengthening parent-child bonds.

In February, BEA's staff volunteers organised a day camp for the members of the BEA "High Five" Club, a flagship programme under the BEA Foundation's banner. Held at the Lady MacLehose Holiday Village, the day camp provided nearly 100 children, parents, and staff volunteers with an opportunity to interact through a wide range of fun activities.

On the Mainland, BEA China head office and 17 BEA China branches across the country launched the "Happy New Year of the Rooster" charity campaign to celebrate the Lunar New Year. Nearly 200 volunteers provided over 1,330 hours of volunteer service, delivering gifts such as daily necessities and books to more than 2,690 senior citizens and children.

From March to May 2017, BEA China organised an environmental protection charity campaign in 22 cities nationwide. More than 730 volunteers including staff members of BEA China and their family members and clients contributed over 4,000 hours to promote the importance of environmental protection through various activities, including the planting of more than 400 trees.

In May 2017, 14 volunteers from BEA China provided over 40 hours of teaching for the students of Falaigu Primary School, Fengyi Village, Xundian Hui and Yi Autonomous County, Kunming, Yunnan Province, on a wide range of subjects, including English, painting, and world geography.

BEA China strives to enhance the transparency of its CSR endeavours by issuing a CSR report each year via its website. In May, BEA China issued its ninth CSR Report, for the year ended 31st December, 2016.

For the fourth consecutive year, BEA's Macau Branch participated in the "Skip a Meal" campaign organised as part of the World Vision of Macau Association's "Macau Famine". Funds raised from Macau Famine will support World Vision's work to provide food and nutrition to children and families in African countries, such as South Sudan, Zimbabwe, and Somalia. Staff members of the Macau Branch supported the activity by skipping a meal in May and donating the cost of the meal to World Vision.

In February, BEA's operations in Malaysia supported the "Charity at Heart" campaign organised by the Pavilion Group, which donated all proceeds raised from the campaign to elderly homes and organisations in need of support throughout the country.

As the title sponsor and insurance partner of the Asian Fencing Championships 2017, Blue Cross collaborated with the Hong Kong Fencing Association to organise Hong Kong's first world-class fencing championship and charity fencing competition in May. Two dream teams comprising Chinese Olympic medallists and top Hong Kong fencers helped raise HK\$100,000 for the InspiringHK Sports Foundation to develop fencing in Hong Kong. To foster greater interest in the sport among the youth of Hong Kong, a "Smart Kids Fencing Workshop" was organised after the event.

RECOGNITION

During the first six months of 2017, the Bank received a number of awards in recognition of its achievements. These included:

- “Best Bank in Hong Kong 2017” from Global Finance;
- “2017 Best SME’s Partner Award” (for the tenth consecutive year) from The Hong Kong General Chamber of Small and Medium Business;
- “Quamnet Outstanding Enterprise Award 2016 – Outstanding SME Service Provider (Bank)” (for the fourth consecutive year) from Quam (H.K.) Limited;
- Best Mobile Banking Application, Hong Kong 2016 from International Finance Awards 2016 by International Finance Magazine;
- Digital Banking – Excellence from Financial Institution Awards 2017 by Bloomberg Businessweek Chinese Edition;
- Gold Award for 2016 highest number of Online Payment merchants and Silver Award for 2016 highest Online Payment transaction volume for merchants from UnionPay International;
- “Best Premium Commercial Card Program”, “Highest Growth Outstanding Balance – 1st Runner Up”, “Highest Growth Cardholder Spending – 1st Runner Up” from Mastercard;
- “Highest Card Volume Growth (Credit Card) – Bronze Award” from UnionPay International;
- “2016 E-commerce Efficiency-International” from Visa Inc.; and
- “2017 Best Bank Card Innovation” from MoneyHero.com.hk.

In addition, BEA China earned the following distinctions:

- “2017 Best Financial Planning Mobile APP for Customers” in the “Top International Financial Planning Institution Selection 2017” from International Financial News.

BEA Union Investment received a number of awards in recognition of the performance of its funds.

For the BEA Union Investment Asian Bond and Currency Fund:

- “Best Bond Fund, Asia Pacific, Local Currency” from Lipper Fund Awards Programme 2017 Hong Kong (for its 3-year performance);
- “Best Bond Fund, Asia Pacific, Local Currency” from Lipper Fund Awards Programme 2017 Hong Kong (for its 5-year performance);
- “2017/18 FSM Fund Picks – Asian Fixed Income” from Fundsupermart.com;
- “2017 Fund Selector Asia Hong Kong – Platinum Winner in Regional Bond” from Fund Selector Asia; and
- “BENCHMARK Fund of the Year Awards 2016: Asia High Yield Bond within Funds Awards, Best-In-Class” from BENCHMARK magazine.

For the BEA Union Investment Global Bond Fund:

- “BENCHMARK Fund of the Year Awards 2016: Global Bond within Funds Awards, Best-In-Class” from BENCHMARK magazine.

For the BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund:

- “BENCHMARK Fund of the Year Awards 2016: HKD Bond within Funds Awards, Best-In-Class” from BENCHMARK magazine.

For the BEA (MPF) Greater China Equity Fund:

- “BENCHMARK Fund of the Year Awards 2016: Greater China Equity within MPF Awards, Best-In-Class” from BENCHMARK magazine.

During the period under review, BEA also received the following awards in recognition of its Corporate Social Responsibility programme:

- “President’s Award” (for the 18th consecutive year), “Diamond Award” in the Corporate & Employee Contribution Programme 2016/2017 (for the 23rd consecutive year), “7th Top Fund Raiser Award” in the Dress Casual Day 2016 programme, and “4th Runner-up in the Top Fund-raiser Award” in the Hong Kong & Kowloon Walk 2016/2017 from The Community Chest of Hong Kong;
- Named “Caring Company” by The Hong Kong Council of Social Service (“HKCSS”) (for the 14th consecutive year). Blue Cross and Credit Gain were named “Caring Company” for the ninth and seventh year, respectively;
- Named “Business for Sustainability 2016/2017” by HKCSS;
- “Community Engagement Gold Award” (for the third consecutive year) from the Senior Citizen Home Safety Association;
- “Best Partner Award” from the Senior Citizen Home Safety Association;
- Top Fundraising Award (Private Rice Stall), Highest Volunteer Participation Award (Private Rice Stall), and Oxfam Corporate Donor Award from Oxfam Hong Kong;
- “Gold Award for Volunteer Service” from the Social Welfare Department’s Central Office for Volunteer Service in 2016 (for the fourth consecutive year);
- “Manpower Developer” (2016-2018) by Employees Retraining Board;
- “TWGHs Charity Raffle Sales Competition 2016/2017 (corporations/organisations) – Champion Award” from Tung Wah Group of Hospitals;
- Indoor Air Quality Certificate (Good Class for BEA’s Head Office Building) from the Environmental Protection Department and the Hong Kong Accreditation Service of the HKSAR Government;
- Tree Conservation Scheme Certificate 2017 (for BEA and East Asia Facility Management Limited) from the Hong Kong Environmental Protection Association; and
- “Silver Award” in the Servicing and Trading Industry category in the Hong Kong Awards for Environmental Excellence Programme.

BEA China received the following recognition:

- “2016 Best Practice of Social Responsibility Award” from the China Banking Association;
- “Outstanding Charitable Contribution of the Year” in the 14th (2017) China Charity Rankings organised by China Philanthropy Times; and
- “Award for Education Aid” as part of the Lujiazui Financial City Warm Heart Annual Charity Rankings 2017 from Lujiazui Financial City.

In addition to being named a “Caring Company” by HKCSS, Credit Gain received the following recognition during the first half of 2017:

- “Caring Agency Award 2016 – 1-Star Certificate” from Tsuen Wan and Kwai Tsing District Co-ordinating Committee on Elderly Services of the Social Welfare Department (for the fourth consecutive year).

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since publication of the Bank’s Annual Report 2016 up to 25th August, 2017 (being the date of approval of the Bank’s Interim Report 2017) are set out below:

Changes in Positions held with the Bank and other members of the Bank Group

Mr. Richard LI Tzai-kai retired as an INED with effect from the conclusion of the 2017 AGM.

Mr. KUOK Khoon-ean retired as an INED and ceased as a member of the Nomination Committee with effect from the conclusion of the 2017 AGM.

The existing employment contract of Dr. the Hon. Sir David LI Kwok-po as Chief Executive of the Bank, which will expire on 31st March 2018, has been extended for a further term of 3 years commencing from 1st April, 2018 and will expire on 31st March, 2021.

Changes in experience including other directorships and major appointments

<u>Name of Directors</u>	<u>Other directorships and appointments</u>
Prof. Arthur LI Kwok-cheung	Awarded the Grand Bauhinia Medal by the Chief Executive of HKSAR Government on 30th June, 2017 and appointed as a Member of the Executive Council of HKSAR on 1st July, 2017
Mr. Aubrey LI Kwok-sing	Ceased to be an Independent Non-executive Director of China Everbright International Limited
Dr. Isidro FAINÉ CASAS	Re-appointed as a Member of the Board of Trustees of the Prado Museum
Mr. Adrian David LI Man-kiu	Appointed as a Board Member of The Community Chest of Hong Kong
Mr. Brian David LI Man-bun	Ceased to be a Member of the Advisory Committee of the Securities and Futures Commission of Hong Kong
Mr. Masayuki OKU	Appointed as the Honorary Advisor of Sumitomo Mitsui Financial Group, Inc. on 29th June, 2017 after cessation as the Chairman on 1st April, 2017 and a Director on 29th June, 2017 respectively

<u>Name of Directors</u>	<u>Other directorships and appointments</u>
Dr. Daryl NG Win-kong	Ceased to be an Associate Member of the Central Policy Unit of the HKSAR Government, retired as a General Committee member of The Chamber of Hong Kong Listed Companies and appointed as a member of the Board of M Plus Museum Limited, a Director of The Community Chest of Hong Kong and a Board Member of National Heritage Board, Singapore
Dr. the Hon. Rita FAN HSU Lai-tai	Ceased to be an Independent Non-executive Director of China Shenhua Energy Company Limited and COSCO SHIPPING Holdings Co., Ltd. (former name: China COSCO Holdings Company Limited)
The Hon. CHAN Kin-por	Awarded the Gold Bauhinia Star by the Chief Executive of HKSAR Government on 30th June, 2017

Changes in Directors' emoluments

With effect from 1st April, 2017, the base salary payable to Dr. the Hon. Sir David LI Kwok-po, Chief Executive of the Bank, has been increased from HK\$10.7 million to HK\$10.9 million on an annualized basis.

Dr. the Hon. Henry TANG Ying-yen receives a fee of HK\$300,000 per annum as a Director, HK\$120,000 per annum as a Member of Audit Committee, HK\$50,000 per annum as a Member of Nomination Committee and HK\$50,000 per annum as a Member of Remuneration Committee of the Bank with effect from 1st March, 2017.

The Hon. CHAN Kin-por receives a fee of HK\$300,000 per annum as a Director, HK\$120,000 per annum as a Member of Audit Committee and HK\$100,000 per annum as a Member of Risk Committee of the Bank with effect from 15th March, 2017.

Dr. Delman LEE receives a fee of HK\$300,000 per annum as a Director and HK\$100,000 per annum as a Member of Risk Committee of the Bank with effect from 21st March, 2017.

The scales of Director's fees, and fees for membership of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Committee have been revised with effect from 1st July, 2017, as outlined below:

	<u>Effective 1st July, 2017</u> per annum (HK\$)	<u>Up to 30th June, 2017</u> per annum (HK\$)
Board of Directors:		
Chairman	550,000	460,000
Deputy Chairman	425,000	330,000
Other Director	400,000	300,000
Audit Committee:		
Chairman	250,000	210,000
Other Member	140,000	120,000
Nomination Committee:		
Chairman	90,000	80,000
Other Member	60,000	50,000
Remuneration Committee:		
Chairman	90,000	80,000
Other Member	60,000	50,000
Risk Committee:		
Chairman	250,000	160,000
Other Member	140,000	100,000

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30th June, 2017, the interests and short positions of the Directors and Chief Executive of the Bank in the shares, underlying shares and debentures of the Bank and its associated corporations as recorded in the register required to be kept under section 352 of the SFO (the "Register") were as follows:

I. Long positions in ordinary shares of the Bank:

Name	Capacity and nature	No. of shares	Total	% of issued voting shares
David LI Kwok-po	Beneficial owner	76,081,583	88,599,481 ¹	3.25
	Interest of spouse	2,025,668		
	Interest of corporation	235,353		
	Executor of estate	10,256,877		
Arthur LI Kwok-cheung	Beneficial owner	23,493,110	50,217,374 ²	1.84
	Interest of corporation	16,467,387		
	Executor of estate	10,256,877		
Allan WONG Chi-yun	Beneficial owner	424,555	16,345,876 ³	0.60
	Interest of spouse	136		
	Founder and beneficiary of discretionary trust	15,921,185		
Aubrey LI Kwok-sing	Beneficial owner	1,150,735	17,634,450 ⁴	0.65
	Interest of spouse	22,345		
	Interest of corporation	16,461,370		
Winston LO Yau-lai	–	–	Nil	Nil
Stephen Charles LI Kwok-sze	Beneficial owner	10,328,340	14,248,440 ⁵	0.52
	Interest of children	624,584		
	Beneficiary of discretionary trusts	2,066,949		
	Administrator of estate	1,228,567		
Isidro FAINÉ CASAS	–	–	Nil	Nil
Peter LEE Ka-kit	Interest of corporation	679,000	679,000 ⁶	0.02
Adrian David LI Man-kiu	Beneficial owner	821,899	2,822,323 ⁷	0.10
	Interest of child	7,095		
	Settlor/Founder of discretionary trust	1,993,329		
Brian David LI Man-bun	Beneficial owner	2,141,009	2,920,642 ⁸	0.11
	Interest of corporation	779,633		

Name	Capacity and nature	No. of shares	Total	% of issued voting shares
Daryl NG Win-kong	–	–	Nil	Nil
Masayuki OKU	–	–	Nil	Nil
Rita FAN HSU Lai-tai	–	–	Nil	Nil
Meocre LI Kwok-wing	–	–	Nil	Nil
Henry TANG Ying-yen	–	–	Nil	Nil
CHAN Kin-por	–	–	Nil	Nil
Delman LEE	–	–	Nil	Nil

Notes:

- 1 *David LI Kwok-po was the beneficial owner of 76,081,583 shares and he was deemed to be interested in 2,025,668 shares through the interests of his spouse, Penny POON Kam-chui. He was also deemed to be interested in 235,353 shares held by David Li Kwok-po Charitable Foundation Limited, a charitable institution of which David LI Kwok-po is a director and the sole member. He was also deemed to be interested in 10,256,877 shares held by an estate of which he is one of the executors. Arthur LI Kwok-cheung was also deemed to be interested in the same block of 10,256,877 shares as one of the executors of the estate (please refer to Note 2 below).*
- 2 *Arthur LI Kwok-cheung was the beneficial owner of 23,493,110 shares and he was deemed to be interested in 16,467,387 shares held by Dapa Company Limited, which is wholly-owned by him. He was also deemed to be interested in 10,256,877 shares held by an estate of which he is one of the executors. David LI Kwok-po was also deemed to be interested in the same block of 10,256,877 shares as one of the executors of the estate (please refer to Note 1 above).*
- 3 *Allan WONG Chi-yun was the beneficial owner of 424,555 shares and he was deemed to be interested in 136 shares through the interests of his spouse, Margaret KWOK Chi-wai (deceased). He was also deemed to be interested in 15,921,185 shares held by a discretionary trust, Allan Wong 2011 Trust, of which Allan WONG Chi-yun is a founder and an eligible beneficiary.*
- 4 *Aubrey LI Kwok-sing was the beneficial owner of 1,150,735 shares and he was deemed to be interested in 22,345 shares through the interests of his spouse, Elizabeth WOO. He was also deemed to be interested in 16,461,370 shares held by Hope Lake Ltd., which is wholly-owned by him.*
- 5 *Stephen Charles LI Kwok-sze was the beneficial owner of 10,328,340 shares, and he was deemed to be interested in 624,584 shares through the interests of his children. He was also deemed to be interested in 1,228,567 shares held by an estate of which he is one of the Administrators. Of the remaining 2,066,949 shares, (i) 1,840,200 shares were held by a discretionary trust, Settlement of Dr. Simon F. S. Li, of which Stephen Charles LI Kwok-sze, his spouse and his children were beneficiaries and (ii) 226,749 shares were held by a discretionary trust, Longevity Trust, of which his children were beneficiaries.*
- 6 *Peter LEE Ka-kit was deemed to be interested in 679,000 shares owned by Golf Limited, which is wholly-owned by him.*
- 7 *Adrian David LI Man-kiu was the beneficial owner of 821,899 shares, and he was deemed to be interested in 7,095 shares through the interests of his child under the age of 18. Adrian David LI Man-kiu has made a voluntary disclosure of 1,993,329 shares indirectly held by a discretionary trust of which he was the settlor/founder but has no influence on how the trustee exercises its discretion.*
- 8 *Brian David LI Man-bun was the beneficial owner of 2,141,009 shares. He was also deemed to be interested in 779,633 shares held by Triple Kingdom Limited, which is wholly-owned by him.*

II. Long positions (in respect of equity derivatives) in underlying shares of the Bank:

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po, Adrian David LI Man-kiu and Brian David LI Man-bun pursuant to the approved Staff Share Option Schemes. Information in relation to these share options during the six months ended 30th June, 2017 was shown in the section under "Information on Share Options" of this Report.

III. Interests in Hybrid Tier I Capital Instruments:

Allan WONG Chi-yun was the beneficial owner of the following capital instruments^{Note}:

Issuer	Type/Class of securities	Amount of debentures	No. of shares
The Bank of East Asia, Limited	Subordinated Notes	US\$7,000,000	–
Innovate Holdings Limited	Preference Shares	–	7,000
The Bank of East Asia, Limited	Substitute Preference Shares (unissued)	–	7,000

Note: In November 2009, the Bank issued capital instruments qualifying as hybrid tier 1 capital with a face value of US\$500 million. The capital instruments comprise 8.5% step-up subordinated notes due 2059 issued by the Bank (the "2059 Notes") stapled with perpetual non-cumulative step-up preference shares issued by Innovate Holdings Limited, a wholly-owned subsidiary of the Bank (the "Innovate Preference Shares"). The 2059 Notes and the Innovate Preference Shares are listed as stapled units on Singapore Exchange. The Substitute Preference Shares (being perpetual non-cumulative step-up preference shares) are created, and to be issued by the Bank upon the occurrence of a Substitution Event (as defined in the circular to shareholders of the Bank dated 11th November, 2009) as one of the terms of the issue of the 2059 Notes and the Innovate Preference Shares.

Save as disclosed above, no other interest or short position in the shares, underlying shares or debentures of the Bank or any of its associated corporations were recorded in the Register.

INFORMATION ON SHARE OPTIONS

Information in relation to share options disclosed in accordance with the Listing Rules was as follows:

(1) Movement of share options during the six months ended 30th June, 2017:

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2017
		Outstanding at 01/1/2017	Granted	Exercised	Lapsed	
David Li Kwok-po	05/5/2011 ^a	666,000 ^{T1}	–	–	666,000	0
	05/5/2011 ^a	666,000 ^{T2}	–	–	–	666,000
	05/5/2011 ^a	668,000 ^{T3}	–	–	–	668,000
	03/5/2013 ^a	301,000 ^{T2}	–	301,000 ^c	–	0
	03/5/2013 ^a	668,000 ^{T3}	–	–	–	668,000
	02/5/2014 ^a	666,000 ^{T1}	–	–	–	666,000
	02/5/2014 ^a	666,000 ^{T2}	–	–	–	666,000
	02/5/2014 ^a	668,000 ^{T3}	–	–	–	668,000
	04/5/2015 ^a	666,000 ^{T1}	–	–	–	666,000
	04/5/2015 ^a	666,000 ^{T2}	–	–	–	666,000
	04/5/2015 ^a	668,000 ^{T3}	–	–	–	668,000
	08/4/2016 ^a	666,000 ^{T1}	–	–	–	666,000
	08/4/2016 ^a	666,000 ^{T2}	–	–	–	666,000
	08/4/2016 ^a	668,000 ^{T3}	–	–	–	668,000
	07/4/2017 ^b	–	666,000 ^{T1}	–	–	666,000
	07/4/2017 ^b	–	666,000 ^{T2}	–	–	666,000
	07/4/2017 ^b	–	668,000 ^{T3}	–	–	668,000
Adrian David Li Man-kiu	05/5/2011 ^a	216,000 ^{T1}	–	–	216,000	0
	05/5/2011 ^a	216,000 ^{T2}	–	–	–	216,000
	05/5/2011 ^a	218,000 ^{T3}	–	–	–	218,000
	10/5/2012 ^a	216,000 ^{T1}	–	–	–	216,000
	10/5/2012 ^a	216,000 ^{T2}	–	–	–	216,000
	10/5/2012 ^a	218,000 ^{T3}	–	–	–	218,000
	03/5/2013 ^a	216,000 ^{T1}	–	–	–	216,000
	03/5/2013 ^a	216,000 ^{T2}	–	–	–	216,000
	03/5/2013 ^a	218,000 ^{T3}	–	–	–	218,000
	02/5/2014 ^a	216,000 ^{T1}	–	–	–	216,000
	02/5/2014 ^a	216,000 ^{T2}	–	–	–	216,000
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000
	04/5/2015 ^a	216,000 ^{T1}	–	–	–	216,000
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000
08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000	
07/4/2017 ^b	–	216,000 ^{T1}	–	–	216,000	
07/4/2017 ^b	–	216,000 ^{T2}	–	–	216,000	
07/4/2017 ^b	–	218,000 ^{T3}	–	–	218,000	

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2017	
		Outstanding at 01/1/2017	Granted	Exercised	Lapsed		
Brian David LI Man-bun	05/5/2011 ^a	216,000 ^{T1}	–	–	216,000	0	
	05/5/2011 ^a	216,000 ^{T2}	–	–	–	216,000	
	05/5/2011 ^a	218,000 ^{T3}	–	–	–	218,000	
	10/5/2012 ^a	216,000 ^{T1}	–	–	–	216,000	
	10/5/2012 ^a	216,000 ^{T2}	–	–	–	216,000	
	10/5/2012 ^a	218,000 ^{T3}	–	–	–	218,000	
	03/5/2013 ^a	216,000 ^{T1}	–	–	–	216,000	
	03/5/2013 ^a	216,000 ^{T2}	–	–	–	216,000	
	03/5/2013 ^a	218,000 ^{T3}	–	–	–	218,000	
	02/5/2014 ^a	216,000 ^{T1}	–	–	–	216,000	
	02/5/2014 ^a	216,000 ^{T2}	–	–	–	216,000	
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000	
	04/5/2015 ^a	216,000 ^{T1}	–	–	–	216,000	
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000	
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000	
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000	
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000	
	08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000	
	07/4/2017 ^b	–	–	216,000 ^{T1}	–	–	216,000
	07/4/2017 ^b	–	–	216,000 ^{T2}	–	–	216,000
07/4/2017 ^b	–	–	218,000 ^{T3}	–	–	218,000	
Aggregate of other Employees*	05/5/2011 ^a	732,000 ^{T1}	–	336,000 ^c	396,000	0	
	05/5/2011 ^a	732,000 ^{T2}	–	–	–	732,000	
	05/5/2011 ^a	736,000 ^{T3}	–	–	–	736,000	
	10/5/2012 ^a	632,000 ^{T1}	–	10,000 ^c	–	622,000	
	10/5/2012 ^a	632,000 ^{T2}	–	–	–	632,000	
	10/5/2012 ^a	636,000 ^{T3}	–	–	–	636,000	
	03/5/2013 ^a	732,000 ^{T1}	–	–	–	732,000	
	03/5/2013 ^a	732,000 ^{T2}	–	–	–	732,000	
	03/5/2013 ^a	736,000 ^{T3}	–	–	–	736,000	
	02/5/2014 ^a	844,000 ^{T1}	–	–	–	844,000	
	02/5/2014 ^a	894,000 ^{T2}	–	–	–	894,000	
	02/5/2014 ^a	899,500 ^{T3}	–	–	–	899,500	
	04/5/2015 ^a	932,000 ^{T1}	–	–	–	932,000	
	04/5/2015 ^a	932,000 ^{T2}	–	–	–	932,000	
	04/5/2015 ^a	936,000 ^{T3}	–	–	–	936,000	
	08/4/2016 ^a	985,000 ^{T1}	–	137,000 ^c	–	848,000	
	08/4/2016 ^a	985,000 ^{T2}	–	–	–	985,000	
	08/4/2016 ^a	992,500 ^{T3}	–	–	–	992,500	
	07/4/2017 ^b	–	1,032,000 ^{T1}	–	–	–	1,032,000
	07/4/2017 ^b	–	1,032,000 ^{T2}	–	–	–	1,032,000
07/4/2017 ^b	–	1,036,000 ^{T3}	–	–	–	1,036,000	
Other Participants**	05/5/2011 ^a	50,000 ^{T1}	–	50,000 ^c	–	0	
	05/5/2011 ^a	100,000 ^{T2}	–	–	–	100,000	
	05/5/2011 ^a	100,000 ^{T3}	–	–	–	100,000	
	10/5/2012 ^a	100,000 ^{T1}	–	50,000 ^c	–	50,000	
	10/5/2012 ^a	100,000 ^{T2}	–	–	–	100,000	
	10/5/2012 ^a	100,000 ^{T3}	–	–	–	100,000	
	03/5/2013 ^a	50,000 ^{T1}	–	–	–	50,000	
	03/5/2013 ^a	50,000 ^{T2}	–	–	–	50,000	
	03/5/2013 ^a	50,000 ^{T3}	–	–	–	50,000	

* Employees working under employment contracts that were regarded as “Continuous Contracts” for the purpose of the Hong Kong Employment Ordinance.

** Other Participants refer to two former employees who ceased to be employees of the Bank in 2013. The share options were granted to them prior to their cessation as employees of the Bank.

Notes:

a Particulars of share options granted in years 2011 to 2016:

<u>Date of Grant</u>	<u>Tranche</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share</u> HK\$
05/5/2011	T1	05/5/2011 – 04/5/2012	05/5/2012 – 05/5/2017	32.00
05/5/2011	T2	05/5/2011 – 04/5/2013	05/5/2013 – 05/5/2018	32.00
05/5/2011	T3	05/5/2011 – 04/5/2014	05/5/2014 – 05/5/2019	32.00
10/5/2012	T1	10/5/2012 – 09/5/2013	10/5/2013 – 10/5/2018	28.99
10/5/2012	T2	10/5/2012 – 09/5/2014	10/5/2014 – 10/5/2019	28.99
10/5/2012	T3	10/5/2012 – 09/5/2015	10/5/2015 – 10/5/2020	28.99
03/5/2013	T1	03/5/2013 – 02/5/2014	03/5/2014 – 03/5/2019	31.40
03/5/2013	T2	03/5/2013 – 02/5/2015	03/5/2015 – 03/5/2020	31.40
03/5/2013	T3	03/5/2013 – 02/5/2016	03/5/2016 – 03/5/2021	31.40
02/5/2014	T1	02/5/2014 – 01/5/2015	02/5/2015 – 02/5/2020	32.50
02/5/2014	T2	02/5/2014 – 01/5/2016	02/5/2016 – 02/5/2021	32.50
02/5/2014	T3	02/5/2014 – 01/5/2017	02/5/2017 – 02/5/2022	32.50
04/5/2015	T1	04/5/2015 – 03/5/2016	04/5/2016 – 04/5/2021	34.15
04/5/2015	T2	04/5/2015 – 03/5/2017	04/5/2017 – 04/5/2022	34.15
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T1	08/4/2016 – 07/4/2017	08/4/2017 – 08/4/2022	28.45
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

b Share options granted in year 2017:

(i) Particulars:

<u>Date of Grant</u>	<u>Tranche</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share</u> HK\$
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

(ii) The closing price of the shares of the Bank on 6th April, 2017 (being the business day immediately preceding 7th April, 2017 on which the options were granted) was HK\$32.00.

(iii) Fair value of share options granted during the six months ended 30th June, 2017 and assumptions are as follows:

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on a trinomial lattice model. The contractual life of the option is used as an input into this model.

	<u>30/6/2017</u>
Fair value at measurement date	
– Tranche 1	HK\$4.46
– Tranche 2	HK\$4.65
– Tranche 3	HK\$4.77
Share price	HK\$31.95
Exercise price	HK\$32.25
Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model)	18.76%
Option life	
– Tranche 1	5 years
– Tranche 2	5 years
– Tranche 3	5 years
Expected dividends	3.13%-3.29%
Risk-free interest rate (based on Exchange Fund Notes)	1.22%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

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.

c The half-year weighted average (“HWA”) closing price of the shares of the Bank immediately before the date on which the Options were exercised during the six months ended 30th June, 2017:

<u>Date of Grant</u>	<u>Tranche</u>	<u>No. of Options Exercised</u>	<u>Exercise Price Per Share</u>	<u>HWA Closing Price</u>
			HK\$	HK\$
05/5/2011	T1	386,000	32.00	32.84
10/5/2012	T1	60,000	28.99	32.89
03/5/2013	T2	301,000	31.40	32.90
08/4/2016	T1	137,000	28.45	33.10

(2) No share options were cancelled during the six months ended 30th June, 2017.

(3) The accounting policy adopted for share options:

The option exercise price is equal to the higher of:

- (a) the closing price of the Bank's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options; and
- (b) an amount equivalent to the average closing price of the Bank's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options.

When the options are exercised, equity is increased by the amount of the proceeds received. 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).

Save as disclosed above, as at 30th June, 2017, none of the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Bank or any of its associated corporations.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30th June, 2017, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the SFO (the "Register") as a result of disclosures to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in ordinary shares of the Bank:

Name	Capacity and nature	No. of shares	% of issued voting Shares
Sumitomo Mitsui Banking Corporation	Beneficial owner	510,003,673 ¹	19.01
Sumitomo Mitsui Financial Group, Inc.	Interest of corporation	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	Beneficial owner	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	Interest of corporation	464,287,319 ²	17.30
Guoco Management Company Limited	Beneficial owner	369,755,978 ^{3,4}	14.15 ⁵
Guoco Group Limited	Interest of corporation	369,755,978 ³	14.15
GuoLine Overseas Limited	Interest of corporation	369,755,978 ³	14.15 ⁵
GuoLine Capital Assets Limited	Interest of corporation	369,755,978 ³	14.15 ⁵
Hong Leong Company (Malaysia) Berhad	Interest of corporation	369,755,978 ^{3,4}	14.15
HL Holdings Sdn Bhd	Interest of corporation	369,755,978 ³	14.15
QUEK Leng Chan	Interest of corporation	369,755,978 ³	14.15
Hong Leong Investment Holdings Pte. Ltd.	Interest of corporation	369,755,978 ⁴	14.15
Davos Investment Holdings Private Limited	Interest of corporation	369,755,978 ⁴	14.15
KWEK Leng Kee	Interest of corporation	369,755,978 ⁴	14.15
Elliott Capital Advisors, L.P.	Interest of corporation	184,876,693 ⁶	7.00

Notes:

1 Sumitomo Mitsui Financial Group, Inc. owned a 100% interest in Sumitomo Mitsui Banking Corporation. Sumitomo Mitsui Financial Group, Inc. was deemed to be interested in the 510,003,673 shares of the Bank held by Sumitomo Mitsui Banking Corporation.

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 30th June, 2017, they stood at 533,719,018 shares (equivalent to approximately 19.59% of the issued shares of the Bank as at 30th June, 2017). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

2 As at 30th June, 2017, Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" ("la Caixa") owned a 100% interest in Criteria Caixa, S.A., Sociedad Unipersonal ("Criteria Caixa"). la Caixa was deemed to be interested in the 464,287,319 shares of the Bank held by Criteria Caixa.

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 30th June, 2017, they stood at 472,740,365 shares (equivalent to approximately 17.36% of the issued shares of the Bank as at 30th June, 2017). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

3 The references to 369,755,978 shares of the Bank in Notes 3 and 4 relate to the same block of shares. Guoco Management Company Limited was the beneficial owner of 369,755,978 shares (equivalent to approximately 13.58% of the issued shares of the Bank as at 30th June, 2017). Hong Leong Company (Malaysia) Berhad was deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited by virtue of its 100% interest in GuoLine Capital Assets Limited which owned a 100% interest in GuoLine Overseas Limited. GuoLine Overseas Limited held a 71.88% interest in Guoco Group Limited which in turn owned a 100% interest in Guoco Management Company Limited. GuoLine Capital Assets Limited, GuoLine Overseas Limited and Guoco Group Limited were all deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited.

QUEK Leng Chan was deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited by virtue of his 100% interest in HL Holdings Sdn Bhd ("HLH"). Hong Leong Company (Malaysia) Berhad was 49.27% owned by QUEK Leng Chan as to 2.424% under his personal name, 46.534% via HLH which was wholly-owned by him and 0.311% via Newton (L) Limited.

- 4 *The references to 369,755,978 shares of the Bank in Notes 3 and 4 relate to the same block of shares. Hong Leong Company (Malaysia) Berhad was 34.69% held by Hong Leong Investment Holdings Pte. Ltd. which was in turn 33.59% held by Davos Investment Holdings Private Limited. Hong Leong Investment Holdings Pte. Ltd. and Davos Investment Holdings Private Limited were deemed to be interested in the 369,755,978 shares (equivalent to approximately 13.58% of the issued shares of the Bank as at 30th June, 2017) held by Guoco Management Company Limited by virtue of their interests in Hong Leong Company (Malaysia) Berhad.*

KWEK Leng Kee was deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited by virtue of his 41.92% interest in Davos Investment Holdings Private Limited.

- 5 *GuoLine Overseas Limited and GuoLine Capital Assets Limited are wholly-owned subsidiaries of Hong Leong Company (Malaysia) Berhad and Guoco Management Company Limited is a wholly-owned subsidiary of Guoco Group Limited. With the filing of the substantial shareholder notices by Hong Leong Company (Malaysia) Berhad and Guoco Group Limited, GuoLine Overseas Limited, GuoLine Capital Assets Limited and Guoco Management Company Limited do not need to file their respective substantial shareholder notices under the "wholly-owned group exemption" as provided in the SFO.*

- 6 *Elliott Capital Advisors, L.P. ("ECALP") was deemed to be interested in these shares comprising 122,018,020 shares held by Elliott International L.P. ("EILP"), 62,857,673 shares held by The Liverpool Limited Partnership ("Liverpool LP"), 200 shares held by Artan Investments Ltd, 200 shares held by Frasco Investments Ltd, 200 shares held by Milton Investments Ltd, 200 shares held by Parlan Investments Ltd and 200 shares held by Trevet Investments Ltd.*

Liverpool LP was 100% controlled by Liverpool Associates, Ltd. Liverpool Associates, Ltd, Artan Investments Ltd and Frasco Investments Ltd were 100% controlled by Elliott Associates, L.P.. Milton Investments Ltd, Parlan Investments Ltd and Trevet Investments Ltd were 100% controlled by EILP which in turn was 100% controlled by Hambledon, Inc..

Both Elliott Associates, L.P. and Hambledon, Inc. were 100% controlled by ECALP which is accustomed to act in accordance with the instructions of Paul Singer.

The Bank had been notified pursuant to Division 5 of Part XV of the SFO that the shareholding of the above shareholders had been increased to 190,224,807 shares (equivalent to approximately 6.98% of the issued shares of the Bank as at 30th June, 2017) comprising 170,188,207 shares held by EILP, 20,035,600 shares held by Liverpool LP, 200 shares held by Artan Investments Ltd, 200 shares held by Frasco Investments Ltd, 200 shares held by Milton Investments Ltd, 200 shares held by Parlan Investments Ltd and 200 shares held by Trevet Investments Ltd.

Save as disclosed above, no other interest or short position in the shares or underlying shares of the Bank were recorded in the Register.

PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SECURITIES

On 24th April, 2017, the Bank completed the redemption of a face value of US\$700 million of 2.375% Senior Notes (the "April 2017 USD Senior Notes") upon their maturity. The April 2017 USD Senior Notes were issued in 2014 under the Bank's Medium Term Note ("MTN") Programme and listed on the Singapore Exchange.

On 4th May, 2017, the Bank completed an early redemption of a face value of US\$500 million of 6.375% Subordinated Notes due 2022 (the "2022 USD Subordinated Notes") upon their first call date. The 2022 USD Subordinated Notes were issued in 2011 under the Bank's MTN Programme and listed on the Singapore Exchange.

On 26th June, 2017, the Bank completed the redemption of a face value of US\$100 million of 2.08% Senior Notes (the "June 2017 USD Senior Notes") upon their maturity. The June 2017 USD Senior Notes were issued in 2014 under the MTN Programme of the Bank's Singapore Branch and listed on the Singapore Exchange.

Save for the redemption of the April 2017 USD Senior Notes, the 2022 USD Subordinated Notes and the June 2017 USD Senior Notes as disclosed herein, there was no purchase, sale or redemption by the Bank or any of its subsidiaries, of listed securities of the Bank during the year six months ended 30th June, 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance and considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.

The Bank has in place a corporate governance framework which sets out a range of governance principles and practices to direct and guide the business conducts and affairs of the Group.

The Bank also constantly reviews and enhances the effectiveness of our corporate governance practices to ensure that they are in line with the requirements of relevant rules and regulations.

Throughout the accounting period for the six months ended 30th June, 2017, the Bank has complied with all the Code Provisions set out in the CG Code, except for Code Provision A.2.1 as explained below. The Bank has also followed the modules on CG-1 and CG-5 issued by the HKMA.

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

Dr. the Hon. Sir David Li Kwok-po is the Chairman & Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The division of responsibilities between the Chairman and the Chief Executive is clearly established and set out in the job mandate of the Chairman & Chief Executive. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting operations of the Bank. There is a strong independent element in the composition of the Board. After the conclusion of the 2017 AGM, out of the 17 Board members, 8 are INEDs. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board believes that Sir David's appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects and management of the Bank.

The Bank received confirmations from Directors that they have spent sufficient time performing their responsibilities as Directors of the Bank and have given sufficient time and attention to the Bank's affairs. All Directors (including any Directors, who were appointed, resigned or retired, during the six months ended 30th June, 2017) acknowledged that they have participated, from time to time, in continuous professional development to develop and refresh their knowledge and skills for carrying out their duties and responsibilities as Directors of the Bank.

The AC of the Bank has reviewed the results of the Bank for the six months ended 30th June, 2017 and the Bank's Interim Report 2017.

COMPLIANCE WITH MODEL CODE

The Bank has adopted its own code of securities transactions by the Directors and Chief Executive, i.e. *Policy on Insider Dealing – Directors and Chief Executive* (“Bank’s Policy”) on terms no less exacting than the required standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) of the Listing Rules.

The Bank has also adopted a *Policy on Insider Dealing – Group Personnel* to be observed by the employees of the Bank or directors or employees of the Bank’s subsidiaries, in respect of their dealings in the securities of the Bank.

Following specific enquiries by the Bank, all Directors (including any Directors, who were appointed, resigned or retired, during the six months ended 30th June, 2017) confirmed that they had complied with the required standard set out in the Model Code and the Bank’s Policy at all the applicable time during the six months ended 30th June, 2017.

PUBLICATION OF INTERIM REPORT

The Interim Report 2017 in both English and Chinese is now available in printed form and on the websites of the Bank (www.hkbea.com) and HKEx (www.hkexnews.hk). Shareholders are encouraged to rely on website version to help reduce the quantity of printed copies of corporate communications of the Bank and hence the impact on the environment. Notwithstanding any choice of means for the receipt of corporate communications (i.e. either receiving a printed copy or by electronic means through the Bank’s website) previously made by Shareholders and communicated to the Bank, Shareholders may at any time change their choice, free of charge, by giving reasonable notice in writing to the Bank’s Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by fax to (852) 2861 1465 or by email to BEA0023-ecom@hk.tricorglobal.com specifying your request together with your full name and contact telephone number.

By order of the Board

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 25th August, 2017

As at the date of this report, the Board of Directors of the Bank comprises Dr. the Hon. Sir David LI Kwok-po[#] (Chairman & Chief Executive), Professor Arthur LI Kwok-cheung (Deputy Chairman), Dr. Allan WONG Chi-yun** (Deputy Chairman), Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Mr. Stephen Charles LI Kwok-sze*, Dr. Isidro FAINÉ CASAS*, Dr. Peter LEE Ka-kit*, Mr. Adrian David LI Man-kiu[#] (Deputy Chief Executive), Mr. Brian David LI Man-bun[#] (Deputy Chief Executive), Dr. Daryl NG Win-kong**, Mr. Masayuki OKU*, Dr. the Hon. Rita FAN HSU Lai-tai**, Mr. Meocre LI Kwok-wing**, Dr. the Hon. Henry TANG Ying-yen**, The Hon. CHAN Kin-por** and Dr. Delman LEE**.*

[#] Executive Director

* Non-executive Director

** Independent Non-executive Director

財務摘要

	2017年 6月30日	2016年 6月30日	2016年 12月31日
半年期內			
盈利能力	港幣百萬元	港幣百萬元	港幣百萬元
來自持續經營業務之經營收入總額	7,629	7,130	7,720
可歸屬於本集團股東溢利	6,220	2,095	1,628
來自持續經營業務之可歸屬於本集團股東溢利	3,171	1,981	1,524
每股盈利及每股股息	港幣元	港幣元	港幣元
來自持續經營業務之基本盈利	1.08	0.65	0.47
基本盈利	2.20	0.69	0.52
股息	0.68	0.28	0.28
主要比率	%	%	%
平均資產回報率(年率)	1.1	0.5	0.4
來自持續經營業務之平均資產回報率(年率)	0.8	0.5	0.3
平均股東權益回報率(年率)	10.8	4.8	3.5
來自持續經營業務之平均股東權益回報率(年率)	7.1	4.5	3.2
來自持續經營業務之成本對收入比率	51.2	59.4	53.2
平均流動性覆蓋比率 – 第一季度	150.7	151.3	151.3
– 第二季度	129.5	141.2	141.2
– 第三季度	不適用	不適用	133.5
– 第四季度	不適用	不適用	137.2

於期末／年末

	港幣百萬元	港幣百萬元	港幣百萬元
資產負債狀況			
客戶貸款及墊款及貿易票據總額	480,770	463,432	466,182
資產總額	788,456	756,571	765,706
存款總額	585,665	559,899	564,646
股東權益總額	97,976	87,035	86,636
主要比率	%	%	%
貸款對存款比率	79.7	80.2	80.4
減值貸款比率	1.5	1.2	1.5
普通股權一級資本比率	12.3	12.6	12.1
一級資本比率	14.2	14.0	13.5
總資本比率	17.5	17.4	17.4

公司資料

董事會

執行董事

李國寶爵士 (主席兼行政總裁)

李民橋先生 (副行政總裁)

李民斌先生 (副行政總裁)

非執行董事

李國章教授 (副主席)

李國星先生

李國仕先生

范禮賢博士

李家傑博士

奧正之先生

獨立非執行董事

黃子欣博士 (副主席)

羅友禮先生

黃永光博士

范徐麗泰博士

李國榮先生

唐英年博士

陳健波議員

李國本博士

高級顧問

彭玉榮先生

陳子政先生

高層管理人員

李民橋先生

執行董事兼副行政總裁

李民斌先生

執行董事兼副行政總裁

李繼昌先生

副行政總裁兼投資總監

唐漢城先生

副行政總裁兼營運總監

公司秘書

羅春德先生

核數師

畢馬威會計師事務所

執業會計師

股份上市

香港聯合交易所有限公司

股份登記處

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中期業績

本行董事會欣然宣布本集團截至2017年6月30日止6個月未經審核的業績(附註1(a))。除預計需要反映在2017年已審核賬項內的會計政策變動外，編製此中期財務報表的基礎，跟2016年度已審核賬項所採納的會計政策及方法是一致的。會計政策變動之詳情已列載於附註2。此中期財務報表是未經審核的，但畢馬威會計師事務所已按照香港會計師公會頒布之《香港審閱工作準則》第2410號「獨立核數師對中期財務信息的審閱」，審閱此中期財務報表。畢馬威會計師事務所致本行董事會之獨立審閱報告刊載於第163頁。

綜合收益表

		截至30/6/2017 止6個月	截至30/6/2016 止6個月
	附註	港幣百萬元	港幣百萬元
持續經營業務			
利息收入	3	10,459	10,361
利息支出	4	(4,720)	(4,878)
淨利息收入		5,739	5,483
服務費及佣金收入	5	1,708	1,678
服務費及佣金支出		(426)	(425)
服務費及佣金收入淨額		1,282	1,253
交易溢利／(虧損)淨額	6	187	(32)
指定為通過損益以反映公平價值金融工具的淨表現	7	(4)	(2)
對沖虧損淨額	8	(2)	(4)
保險業務淨收入	9	243	228
其他經營收入	10	184	204
非利息收入		1,890	1,647
經營收入		7,629	7,130
經營支出	11	(3,903)	(4,239)
未扣除減值損失之經營溢利		3,726	2,891
貸款及應收賬項減值損失		(763)	(1,241)
可供出售金融資產減值損失		(2)	—
持有作出售資產減值損失		(58)	—
減值損失		(823)	(1,241)
已扣除減值損失後之經營溢利		2,903	1,650
出售持至到期投資之淨溢利		6	6
出售可供出售金融資產之淨溢利	12	215	40
出售出售組別及持有作出售資產之淨溢利		190	13
出售附屬／聯營公司之淨溢利		2	—
出售固定資產之淨(虧損)／盈利	13	(7)	770
重估投資物業盈利	22	229	45
應佔聯營公司溢利減虧損		224	192
期內除稅前溢利		3,762	2,716
所得稅	14	(574)	(727)
期內持續經營業務溢利		3,188	1,989
已終止經營業務			
已終止經營業務溢利	41	4,145	159
期內溢利		7,333	2,148

綜合收益表(續)

		截至30/6/2017 止6個月	截至30/6/2016 止6個月
	附註	港幣百萬元	港幣百萬元
可歸屬於：			
本集團股東			
—來自持續經營業務		3,171	1,981
—來自已終止經營業務		3,049	114
		<hr/>	<hr/>
非控股權益		6,220	2,095
		1,113	53
		<hr/>	<hr/>
期內溢利		7,333	2,148
		<hr/>	<hr/>
本行的溢利		6,823	1,682
		<hr/>	<hr/>
每股盈利			
基本	1(b)		
—期內溢利		港幣2.20元	港幣0.69元
—來自持續經營業務溢利		港幣1.08元	港幣0.65元
攤薄	1(b)		
—期內溢利		港幣2.20元	港幣0.69元
—來自持續經營業務溢利		港幣1.08元	港幣0.65元

綜合全面收益表

	截至30/6/2017 止6個月	截至30/6/2016 止6個月
附註	港幣百萬元	港幣百萬元
淨溢利	7,333	2,148
期內其他全面收益：		
不可轉回收益表的項目：		
行址：		
－重估行址所產生的未實現盈餘	39	24
以後可能轉回收益表的項目：		
可供出售投資的重估儲備：		
－計入股東權益的公平價值變動	1,154	47
－轉自／(轉入)收益表的公平價值變動：		
－減值及攤銷	3	18
－出售	12 (220)	(25)
－遞延稅項	29 (104)	33
應佔聯營公司權益的變動	(86)	113
從海外分行、附屬公司及聯營公司的賬項折算／ 出售所產生的匯兌差額	1,259	(375)
其他全面收益	2,045	(165)
全面收益總額	9,378	1,983
全面收益總額可歸屬於：		
本集團股東	8,212	1,921
非控股權益	1,166	62
	9,378	1,983

綜合財務狀況表

		30/6/2017	31/12/2016 重報
	附註	港幣百萬元	港幣百萬元
資產			
現金及在銀行和其他金融機構的結存		54,449	65,720
在銀行及其他金融機構的存款及墊款	15	50,765	44,052
貿易票據	16	14,195	11,939
交易用途資產	17	5,378	4,404
指定為通過損益以反映公平價值的金融資產	18	4,038	3,554
衍生工具的正公平價值	35(a)	6,887	8,938
客戶貸款及墊款	19	462,799	450,445
可供出售金融資產	20	117,151	110,491
持至到期投資	21	11,315	5,663
聯營公司投資		7,843	6,011
固定資產	22	12,311	11,990
— 投資物業		4,760	4,467
— 其他物業及設備		7,551	7,523
商譽及無形資產		2,624	2,639
遞延稅項資產	29	855	785
其他資產	23	37,846	39,075
資產總額		788,456	765,706
股東權益及負債			
銀行及其他金融機構的存款及結餘		27,607	26,475
客戶存款		549,009	535,789
— 活期存款及往來賬戶		78,706	74,993
— 儲蓄存款		130,423	126,462
— 定期及通知存款		339,880	334,334
交易用途負債	24	50	50
衍生工具的負公平價值	35(a)	7,846	7,982
已發行存款證		36,656	28,857
— 指定為通過損益以反映公平價值		7,049	18,106
— 攤銷成本		29,607	10,751
本期稅項		1,671	1,605
已發行債務證券		1,001	7,154
— 指定為通過損益以反映公平價值		561	418
— 攤銷成本		440	6,736
遞延稅項負債	29	595	462
其他負債	25	48,962	50,088
借貸資本—攤銷成本	26	17,083	20,608
負債總額		690,480	679,070
股本	1(d)	36,136	35,490
儲備	30	50,166	42,941
歸屬於本集團股東權益總額		86,302	78,431
額外股本工具	31	8,894	5,016
非控股權益		2,780	3,189
股東權益總額		97,976	86,636
股東權益及負債總額		788,456	765,706

綜合權益變動表

	股本	資本儲備— 已發行權具 認股權	匯兌重估 儲備	投資重估 儲備	行址重估 儲備	資本儲備	一般儲備	其他儲備 ²	留存溢利	總額	額外 股本工具	非控股 權益	權益總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
於2017年1月1日	35,490	124	(2,275)	1,359	1,728	230	14,035	5,293	22,447	78,431	5,016	3,189	86,636
權益變動													
期內溢利	-	-	-	-	-	-	-	-	6,220	6,220	-	1,113	7,333
其他全面收益	-	-	1,206	833	39	-	-	(86)	-	1,992	-	53	2,045
全面收益總額	-	-	1,206	833	39	-	-	(86)	6,220	8,212	-	1,166	9,378
發行額外股本工具 ¹	-	-	-	-	-	-	-	-	-	-	3,878	-	3,878
以股息發行的股份(附註1(a))	616	-	-	-	-	-	-	-	-	616	-	-	616
根據權具認股計劃發行的股份(附註1(a))	26	-	-	-	-	-	-	-	-	26	-	-	26
以股份為基礎作支付之交易	-	19	-	-	-	-	-	-	-	19	-	-	19
轉賬	4	(12)	-	-	(16)	-	7	66	(49)	-	-	-	-
期內已宣布或核准派發股息(附註1(c))	-	-	-	-	-	-	-	-	(1,002)	(1,002)	-	(1,422)	(2,424)
附屬公司之擁有權變動	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)
一附屬公司減本而導致非控股權益減少	-	-	-	-	-	-	-	-	-	-	-	(135)	(135)
於2017年6月30日	36,136	131	(1,069)	2,192	1,751	230	14,042	5,273	27,616	86,302	8,894	2,780	97,976
於2016年1月1日	33,815	90	(162)	1,383	1,639	230	13,953	4,666	21,799	77,413	5,016	3,212	85,641
權益變動													
期內溢利	-	-	-	-	-	-	-	-	2,095	2,095	-	53	2,148
其他全面收益	-	-	(384)	73	24	-	-	113	-	(174)	-	9	(165)
全面收益總額	-	-	(384)	73	24	-	-	113	2,095	1,921	-	62	1,983
以股息發行的股份(附註1(a))	1,060	-	-	-	-	-	-	-	-	1,060	-	-	1,060
以股份為基礎作支付之交易	-	16	-	-	-	-	-	-	-	16	-	-	16
轉賬	-	-	-	-	(62)	-	62	127	(127)	-	-	-	-
期內已宣布或核准派發股息(附註1(c))	-	-	-	-	-	-	-	-	(1,564)	(1,564)	-	(48)	(1,612)
回購混合一級資本工具 ²	-	-	-	-	-	-	-	-	(6)	(6)	-	(47)	(53)
於2016年6月30日	34,875	106	(546)	1,456	1,601	230	14,015	4,906	22,197	78,840	5,016	3,179	87,035

- 期內，本行發行港幣38.92億元(5億美元)無到期日非累積後償額外股本工具(「額外股本工具」)。直接發行成本港幣1,400萬元經已入賬，並已從股本工具中扣除。
- 在2016年上半年，本行回購港幣4,700萬元於綜合財務報表中分類為非控股權益之混合一級資本工具。支付超過購入非控股權益賬面值之溢價港幣600萬元經已於留存溢利中支銷。
- 其他儲備包括法定儲備及其他儲備。

簡略綜合現金流量表

		截至30/6/2017 止6個月	截至30/6/2016 止6個月
	附註	港幣百萬元	港幣百萬元
經營活動現金流出淨額		(3,420)	(10,130)
已付所得稅			
已付香港利得稅		(164)	(6)
已付海外利得稅		(388)	(436)
用於經營活動之現金淨額		(3,972)	(10,572)
投資活動			
收取聯營公司股息		44	51
收取可供出售股份證券股息		14	15
購入股份證券		(1,309)	(1,396)
出售股份證券所得款項		1,013	1,097
購入固定資產		(174)	(188)
出售其他物業及設備所得款項		25	958
出售投資物業所得款項		-	651
出售出售組別及持作出售資產所得款項		228	646
出售已終止經營業務所得款項		5,947	-
(增加)／減少持有聯營公司權益		(1,483)	2
附屬公司之擁有權變動		(18)	-
一附屬公司減本而導致非控股權益減少		(135)	-
源自投資活動之現金淨額		4,152	1,836
融資活動			
支付普通股股息		(1,563)	(308)
派發予混合／額外一級資本工具持有人	1(c)	(245)	(244)
發行普通股股本		26	-
發行額外股份工具		3,892	-
發行存款證		36,183	22,921
發行債務證券		295	687
贖回混合一級資本工具		-	(53)
贖回已發行存款證		(28,811)	(27,753)
贖回已發行借貸資本		(3,903)	-
贖回已發行債務證券		(6,570)	(6,542)
支付借貸資本利息		(517)	(452)
支付已發行存款證利息		(316)	(303)
支付已發行債務證券利息		(99)	(127)
用於融資活動之現金淨額		(1,628)	(12,174)
現金及等同現金項目淨減額		(1,448)	(20,910)
於1月1日之現金及等同現金項目		75,841	110,966
匯率變動的影響		2,472	(1,494)
於6月30日之現金及等同現金項目	32	76,865	88,562
源自經營業務活動的現金流量包括：			
利息收入		10,509	10,875
利息支出		5,373	5,693
股息收入		38	38

中期財務報表附註

1. (a) 除預計需要反映在2017年年度財務報表內的會計政策變動外，編製此中期報告的會計政策與編製2016年年度財務報表是一致的。會計政策變動之詳情已列載於附註2。

作為比較信息被納入2017年中期報告的、與截至2016年12月31日止年度有關的財務信息雖然來源於本行的法定年度綜合財務報表，但不構成本行的法定年度綜合財務報表。《公司條例》第436條要求披露的與這些法定財務報表有關的更多信息如下：

按照《公司條例》第662(3)條及附表6第3部的要求，本行已向香港公司註冊處遞交截至2016年12月31日止年度的財務報表。

本行的核數師已就這些財務報表出具核數師報告。該核數師報告為無保留意見的核數師報告；其中不包含核數師在不出具保留意見的情況下以強調的方式提請使用者注意的任何事項；亦不包含根據《公司條例》第406(2)條及第407(2)或(3)條作出的聲明。

- (b) (i) 每股基本盈利乃按照已派發予混合／額外一級資本工具持有人港幣2.45億元（截至2016年6月30日止6個月：港幣2.44億元）及已扣除用作支付回購部份混合一級資本工具的溢價：無（截至2016年6月30日止6個月：港幣600萬元）後之期內綜合溢利及來自持續經營業務之可歸屬於本集團股東溢利，分別為港幣59.75億元及港幣29.26億元（截至2016年6月30日止6個月：港幣18.45億元及港幣17.31億元）及截至2017年6月30日止6個月內已發行普通股份的加權平均數27.14億股（截至2016年6月30日止6個月：26.62億股）計算。
- (ii) 每股攤薄盈利乃按照已派發予混合／額外一級資本工具持有人港幣2.45億元（截至2016年6月30日止6個月：港幣2.44億元）及已扣除用作支付回購部份混合一級資本工具的溢價：無（截至2016年6月30日止6個月：港幣600萬元）後之期內綜合溢利及來自持續經營業務之可歸屬於本集團股東溢利，分別為港幣59.75億元及港幣29.26億元（截至2016年6月30日止6個月：港幣18.45億元及港幣17.31億元）及就截至2017年6月30日止6個月內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27.14億股（截至2016年6月30日止6個月：26.62億股）計算。
- (c) 股息
- (i) 可歸屬於本中期而應付予本集團股東的股息

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
在中期後已宣布派發中期股息予27.24億股 每股港幣0.68元（截至2016年6月30日止 6個月：26.83億股每股港幣0.28元）	1,852	751

於報告期結束日該中期股息並未確認為負債。

中期財務報表附註(續)

1. (c) 股息(續)

(ii) 已核准及在本中期支付可歸屬於上年度應付予本集團股東的股息

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
已支付於報告期結束日後及本行股票過戶登記截止日前根據認股計劃發行股份屬上年度每股港幣0.28元的第二次中期股息(2016年：每股港幣0.50元)	-	-
第二次中期股息予27.03億股每股港幣0.28元 (2016年：26.41億股每股港幣0.50元)	757	1,320
	<u>757</u>	<u>1,320</u>

(iii) 派發予混合／額外一級資本工具持有人

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
已付或應付予混合一級資本工具的利息	105	105
已付予額外一級資本工具的款項	140	139
	<u>245</u>	<u>244</u>

(d) 股本

本行普通股的變動列示如下：

	於30/6/2017		於31/12/2016	
	股份數目 百萬	港幣百萬元	股份數目 百萬	港幣百萬元
已發行及繳足普通股：				
於1月1日	2,703	35,490	2,641	33,815
根據僱員認股計劃發行的股份	1	26	-	11
認股權的公平價值轉自資本儲備				
— 已發行認股權	-	4	-	1
以股代息發行的股份	20	616	62	1,663
	<u>2,724</u>	<u>36,136</u>	<u>2,703</u>	<u>35,490</u>
於6月30日／12月31日	<u>2,724</u>	<u>36,136</u>	<u>2,703</u>	<u>35,490</u>

中期財務報表附註(續)

2. 會計政策之變動

香港會計師公會已頒布若干對本集團本期會計期可首次生效之修訂的《香港財務報告準則》。

各項之發展對本集團本期或前期已編製及呈報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度尚未生效的新準則或詮釋。

3. 利息收入

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
分類為持至到期或可供出售的證券	1,443	1,269
交易用途資產	56	73
指定為通過損益以反映公平價值金融資產	83	68
貸款、在銀行和金融機構的存款、及貿易票據	8,877	8,951
	<u>10,459</u>	<u>10,361</u>

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104.37億元(截至2016年6月30日止6個月：港幣103.73億元)，其中包括減值金融資產的應計利息為港幣1.73億元(截至2016年6月30日止6個月：港幣1.90億元)。

就已對沖利率風險的交易而言，作為帶息金融資產的合格對沖工具或可個別地與帶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。

4. 利息支出

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 重報 港幣百萬元
持續經營業務		
客戶存款、銀行及其他金融機構的存款	3,923	4,204
已發行存款證及債務證券		
— 按攤銷成本	268	195
— 指定為通過損益以反映公平價值	88	114
按攤銷成本列賬的後償票據	438	364
其他借款	3	1
	<u>4,720</u>	<u>4,878</u>

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46.82億元(截至2016年6月30日止6個月：港幣46.64億元)。

就已對沖利率風險的交易而言，作為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。

中期財務報表附註(續)

5. 服務費及佣金收入

源自下列服務的服務費及佣金收入：

	截至30/6/2017 止6個月	截至30/6/2016 止6個月
	港幣百萬元	港幣百萬元
持續經營業務		
信用卡	484	484
貸款、透支及擔保	351	370
其他零售銀行服務	183	149
貿易融資	166	180
信託及其他代理業務	115	108
證券及經紀	112	111
其他	297	276
	<u>1,708</u>	<u>1,678</u>
服務費及佣金收入總額		
	<u>1,708</u>	<u>1,678</u>
其中：		
由非持作交易用途或指定為通過損益以反映公平價值列賬之 金融資產或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)	1,293	1,262
服務費收入	1,708	1,678
服務費支出	(415)	(416)

6. 交易溢利／(虧損)淨額

	截至30/6/2017 止6個月	截至30/6/2016 止6個月
	港幣百萬元	港幣百萬元
持續經營業務		
外幣買賣及外匯掉期虧損	(518)	(517)
交易用途證券溢利／(虧損)	315	(91)
衍生工具淨盈利	366	554
交易用途上市證券的股息收入	24	22
	<u>187</u>	<u>(32)</u>

中期財務報表附註(續)

7. 指定為通過損益以反映公平價值金融工具的淨表現

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
重估已發行債務盈利/(虧損)	5	(2)
重估金融資產虧損	(9)	(3)
出售金融資產溢利	-	3
	<u>(4)</u>	<u>(2)</u>

8. 對沖虧損淨額

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
公平價值對沖		
—可歸屬於被對沖項目之對沖風險產生的淨溢利	263	454
—用作對沖工具的淨虧損	(265)	(458)
	<u>(2)</u>	<u>(4)</u>

截至2017年6月30日止6個月及2016年6月30日止6個月，因現金流對沖所產生並已在本集團收益表內確認之無效部分是不重大的。

9. 保險業務淨收入

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
(a) 保險業務淨收入		
淨利息收入	216	189
交易溢利/(虧損)淨額	51	(3)
指定為通過損益以反映公平價值金融工具的淨表現	32	(8)
對沖虧損淨額	(12)	(4)
淨保費及其他收入	3,033	2,341
其他經營收入	1	-
	<u>3,321</u>	<u>2,515</u>
保險索償及支出淨額	(c) <u>(3,171)</u>	<u>(2,312)</u>
	150	203
經營支出	(2)	(1)
可供出售金融資產減值損失	(2)	(19)
出售可供出售金融資產之淨溢利	97	45
	<u>243</u>	<u>228</u>

中期財務報表附註(續)

9. 保險業務淨收入(續)

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
(b) 淨保費及其他收入		
保費收入總額	3,063	2,374
保費收入總額之分保份額	(30)	(33)
	<u>3,033</u>	<u>2,341</u>
(c) 保險索償及支出淨額		
已付索償、利益及退保 準備金變動	2,468 682	1,362 895
	<u>3,150</u>	<u>2,257</u>
已付索償、利益及退保之分保份額 準備金變動之分保份額	(907) 851	(33) 10
	<u>(56)</u>	<u>(23)</u>
	3,094	2,234
保險佣金支出淨額	77	78
	<u>3,171</u>	<u>2,312</u>

10. 其他經營收入

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
可供出售金融資產股息收入		
— 上市	6	8
— 非上市	8	7
保險箱租金收入	42	44
物業租金收入	78	118
其他	50	27
	<u>184</u>	<u>204</u>

中期財務報表附註(續)

11. 經營支出

	截至30/6/2017 止6個月	截至30/6/2016 止6個月 重報 ^註
	港幣百萬元	港幣百萬元
持續經營業務		
定額供款公積金供款		
— 香港	71	80
— 香港以外	107	123
以股份為基礎作支付的費用	19	16
薪金及其他員工成本	2,078	2,177
員工成本總額	2,275	2,396
不包括折舊的物業及設備支出		
— 物業租金	288	314
— 保養、維修及其他	281	279
不包括折舊的物業及設備支出總額	569	593
固定資產折舊	230	240
無形資產攤銷	16	16
其他經營支出		
— 法律及專業服務費	191	213
— 通訊、文具及印刷	128	141
— 廣告費	111	111
— 有關信用卡支出	79	72
— 業務推廣及商務旅遊	56	73
— 印花稅、海外及中華人民共和國營業稅，及增值稅	55	210
— 保險費	47	40
— 會員費	7	10
— 銀行收費	5	5
— 銀行牌照費	2	2
— 捐款	2	3
— 其他	130	114
其他經營支出總額	813	994
經營支出總額	3,903	4,239

註：由於須更準確地反映支出的性質，屬中國內地之社會保障支出港幣4,900萬元由香港以外之定額供款公積金供款項下重新分類為薪金及其他員工成本項下。

中期財務報表附註(續)

12. 出售可供出售金融資產之淨溢利

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
由儲備轉撥的重估盈利淨額	220	25
期內產生的(虧損)/溢利	(5)	15
	<u>215</u>	<u>40</u>

13. 出售固定資產之淨(虧損)/盈利

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
出售投資物業之淨盈利	-	146
出售銀行行址、傢私及設備之淨(虧損)/盈利	(7)	624
	<u>(7)</u>	<u>770</u>

14. 所得稅

綜合收益表內的稅項指：

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
持續經營業務		
本期稅項－香港		
本年度稅項	292	264
往年度撥備不足	18	17
	<u>310</u>	<u>281</u>
本期稅項－香港以外		
本年度稅項*	361	709
往年度撥備過剩的回撥	(76)	(35)
	<u>285</u>	<u>674</u>
遞延稅項		
暫時性差異的產生及轉回	(21)	(228)
	<u>574</u>	<u>727</u>

* 在2016年上半年，出售若干中國內地物業而產生的土地增值稅及企業所得稅之總額為港幣3.96億元。

中期財務報表附註(續)

14. 所得稅(續)

香港利得稅款是以截至2017年6月30日止6個月預計應課稅溢利按稅率16.5%(截至2016年6月30日止6個月:16.5%)計算。

海外分行及附屬公司的稅款亦按其經營所在國家現行稅率計算。

15. 在銀行及其他金融機構的存款及墊款

	<u>30/6/2017</u>	<u>31/12/2016</u>
	港幣百萬元	港幣百萬元
在銀行及其他金融機構的存款及墊款		
到期期限		
—1個月內	41,840	36,511
—1個月至1年內	8,925	7,541
—1年後	—	—
	<u>50,765</u>	<u>44,052</u>
其中:		
在中央銀行的存款及墊款	<u>—</u>	<u>—</u>

16. 貿易票據

	<u>30/6/2017</u>	<u>31/12/2016</u>
	港幣百萬元	港幣百萬元
貿易票據總額	14,196	11,940
減: 個別減值準備	<u>(1)</u>	<u>(1)</u>
	<u>14,195</u>	<u>11,939</u>

中期財務報表附註(續)

17. 交易用途資產

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	242	1,034
持有的存款證	1,972	431
債務證券	899	1,663
股份證券	2,262	1,276
投資基金	3	-
	<u>5,378</u>	<u>4,404</u>

18. 指定為通過損益以反映公平價值的金融資產

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
債務證券	3,824	3,330
股份證券	150	155
投資基金	64	69
	<u>4,038</u>	<u>3,554</u>

19. 客戶貸款及墊款

(a) 客戶貸款及墊款

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
客戶貸款及墊款總額	466,574	454,242
減：減值準備		
— 個別	(1,565)	(1,715)
— 整體	(2,210)	(2,082)
	<u>462,799</u>	<u>450,445</u>

中期財務報表附註(續)

19. 客戶貸款及墊款(續)

(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。

	30/6/2017		31/12/2016	
	墊款總額 港幣百萬元	有抵押墊款 的百分比 百分率	墊款總額 港幣百萬元	有抵押墊款 的百分比 百分率
在香港使用的貸款				
工商金融				
－物業發展	24,936	77.20	21,934	78.46
－物業投資	37,311	92.02	38,224	92.41
－金融企業	12,920	67.35	10,296	64.91
－股票經紀	3,137	89.13	2,988	93.10
－批發與零售業	10,569	63.56	14,821	72.21
－製造業	2,304	40.59	2,925	58.21
－運輸與運輸設備	4,843	69.83	5,633	69.60
－娛樂活動	173	70.99	171	73.50
－資訊科技	2,608	0.61	2,596	0.51
－其他	22,124	76.17	18,720	79.83
－小計	120,925	77.00	118,308	78.95
個人				
－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	1,047	100.00	988	100.00
－購買其他住宅物業的貸款	40,121	100.00	40,750	100.00
－信用卡墊款	4,129	0.00	4,540	0.00
－其他	29,957	87.27	27,301	86.84
－小計	75,254	89.45	73,579	88.95
在香港使用的貸款總額	196,179	81.77	191,887	82.78
貿易融資	4,102	68.52	5,390	74.86
在香港以外使用的貸款*	266,293	55.90	256,965	59.76
客戶墊款總額	466,574	66.89	454,242	69.67

* 在香港以外使用的貸款包括以下在中國內地使用的貸款。

	30/6/2017		31/12/2016	
	墊款總額 港幣百萬元	有抵押墊款 的百分比 百分率	墊款總額 港幣百萬元	有抵押墊款 的百分比 百分率
物業發展	44,744	53.47	42,140	54.91
物業投資	28,317	94.86	28,940	94.63
金融企業	33,292	11.09	25,512	15.22
批發與零售業	13,322	59.49	14,639	67.90
製造業	5,944	25.14	7,504	44.43
購買其他住宅物業貸款	15,591	99.99	15,982	99.98
其他	38,031	35.89	37,710	39.48
	179,241	51.96	172,427	57.15

中期財務報表附註(續)

19. 客戶貸款及墊款(續)

(b) 客戶貸款及墊款—按行業分類(續)

以下按行業分類並佔客戶墊款總額百分之十或以上的墊款中已個別減值的貸款，以及相關資料如下：

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
(i) 物業發展		
a. 已個別減值的貸款	116	67
b. 個別減值準備	7	8
c. 整體減值準備	420	382
d. 於收益表支銷的準備		
— 個別減值損失	17	49
— 整體減值損失	46	249
e. 撇銷	16	8
(ii) 物業投資		
a. 已個別減值的貸款	1,155	932
b. 個別減值準備	86	77
c. 整體減值準備	394	401
d. 於收益表支銷的準備		
— 個別減值損失	43	214
— 整體減值損失	15	213
e. 撇銷	14	146
(iii) 購買住宅物業的貸款		
a. 已個別減值的貸款	424	355
b. 個別減值準備	1	6
c. 整體減值準備	210	209
d. 於收益表支銷的準備		
— 個別減值損失	3	111
— 整體減值損失	3	91
e. 撇銷	5	44
(iv) 批發與零售業		
a. 已個別減值的貸款	2,287	2,317
b. 個別減值準備	833	808
c. 整體減值準備	161	184
d. 於收益表支銷的準備		
— 個別減值損失	317	1,680
— 整體減值損失	5	108
e. 撇銷	244	928
(v) 酒店		
a. 已個別減值的貸款	1,077	981
b. 個別減值準備	337	330
c. 整體減值準備	70	72
d. 於收益表支銷的準備		
— 個別減值損失	27	433
— 整體減值損失	4	40
e. 撇銷	31	379

19. 客戶貸款及墊款(續)

(c) 客戶貸款及墊款－按區域分類

客戶墊款總額按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。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。

	30/6/2017				
	客戶墊款 總額	逾期3個月 以上的 客戶墊款	減值客戶 墊款	個別減值 準備	整體減值 準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
香港	200,763	1,664	2,151	174	470
中國內地	199,536	3,930	4,344	1,358	1,576
其他亞洲國家及地區	29,324	121	390	33	69
其他	36,951	2	71	–	95
總額	<u>466,574</u>	<u>5,717</u>	<u>6,956</u>	<u>1,565</u>	<u>2,210</u>
佔客戶墊款總額的百分比			<u>1.49%</u>		
減值客戶墊款抵押品市值			<u>5,321</u>		
	31/12/2016(重報 ^註)				
	客戶墊款 總額	逾期3個月 以上的 客戶墊款	減值客戶 墊款	個別減值 準備	整體減值 準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
香港	194,181	721	2,164	260	416
中國內地	192,550	3,389	4,309	1,428	1,474
其他亞洲國家及地區	30,146	76	241	26	80
其他	37,365	3	53	1	112
總額	<u>454,242</u>	<u>4,189</u>	<u>6,767</u>	<u>1,715</u>	<u>2,082</u>
佔客戶墊款總額的百分比			<u>1.49%</u>		
減值客戶墊款抵押品市值			<u>4,948</u>		

註：2016年的比較數字經已重報以符合本期的呈報方式。由於須配合分部報告，中華人民共和國分部改稱中國內地及並不包括澳門及台灣業務。屬澳門及台灣之客戶墊款現歸納在其他亞洲國家及地區分部(前稱其他亞洲國家)項下。

中期財務報表附註(續)

19. 客戶貸款及墊款(續)

(c) 客戶貸款及墊款—按區域分類(續)

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。上述資料按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。

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。

20. 可供出售金融資產

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	20,959	18,795
持有的存款證	1,235	1,205
債務證券	90,556	86,964
股份證券	3,820	3,064
投資基金	581	463
	<u>117,151</u>	<u>110,491</u>

21. 持至到期投資

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	1,712	2,252
持有的存款證	2,969	818
債務證券	6,634	2,593
	<u>11,315</u>	<u>5,663</u>

22. 固定資產

	30/6/2017				總額 港幣百萬元
	投資物業 港幣百萬元	行址 港幣百萬元	傢俬、裝修 及設備 港幣百萬元	小計 港幣百萬元	
成本或估值					
於2017年1月1日	4,467	7,961	4,871	12,832	17,299
增置	-	-	174	174	174
重估盈餘	229	-	-	-	229
出售	-	(28)	(110)	(138)	(138)
由行址轉入投資物業	62	(62)	-	(62)	-
由行址轉作投資物業時 產生的重估盈餘	-	39	-	39	39
減：抵銷行址重估的累計折舊	-	(6)	-	(6)	(6)
轉至持有作出售資產	-	(1)	(8)	(9)	(9)
匯兌調整	2	156	67	223	225
於2017年6月30日	4,760	8,059	4,994	13,053	17,813
累計折舊及攤銷					
於2017年1月1日	-	1,660	3,649	5,309	5,309
期內支銷	-	78	152	230	230
抵銷行址重估的累計折舊	-	(6)	-	(6)	(6)
轉至持有作出售資產	-	-	(2)	(2)	(2)
出售時撇銷	-	(9)	(97)	(106)	(106)
匯兌調整	-	31	46	77	77
於2017年6月30日	-	1,754	3,748	5,502	5,502
賬面淨值於2017年6月30日	4,760	6,305	1,246	7,551	12,311
賬面淨值於2016年12月31日	4,467	6,301	1,222	7,523	11,990
上述資產的總額列示如下：					
按成本	-	7,280	4,994	12,274	12,274
按董事估值					
— 1989	-	779	-	779	779
按專業估值					
— 2017	4,760	-	-	-	4,760
	4,760	8,059	4,994	13,053	17,813

中期財務報表附註(續)

23. 其他資產

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
應計利息	2,199	2,247
承兌客戶負債	22,511	25,084
	<u>24,710</u>	<u>27,331</u>
其他賬項	12,997	9,324
減：減值準備		
— 個別	(17)	(85)
— 整體	(1)	(1)
	<u>12,979</u>	<u>9,238</u>
持有作出售資產(附註41)	157	2,506
	<u>37,846</u>	<u>39,075</u>

24. 交易用途負債

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
外滙基金票據空倉	50	50

25. 其他負債

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
應計應付利息	3,160	3,812
應付承兌票據	22,511	25,084
其他賬項	23,291	20,766
持有作出售負債(附註41)	—	426
	<u>48,962</u>	<u>50,088</u>

26. 借貸資本

		30/6/2017	31/12/2016
		港幣百萬元	港幣百萬元
攤銷成本及經公平價值對沖調整後列賬的後償票據			
在2020年7月16日到期的定息6億美元後償票據	(1)	4,836	4,820
在2022年5月4日到期的定息5億美元後償票據	(2)	-	3,881
在2022年9月13日到期的定息8億新加坡元後償票據	(3)	4,539	4,284
在2024年11月20日到期的定息5億美元後償票據	(4)	3,902	3,874
在2026年11月3日到期的定息5億美元後償票據	(5)	3,806	3,749
		<u>17,083</u>	<u>20,608</u>

截至2017年6月30日及2016年12月31日止期內／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) 兩宗票面值總額港幣46.82億元(6億美元)及賬面值總額港幣48.36億元(於2016年12月31日：港幣48.20億元)的借貸資本，是指由本行於2010年7月16日(4.5億美元)及於2010年7月23日(1.5億美元)發行年息6.125%，並評定為二級資本的後償票據。該票據於新加坡交易所上市，並將於2020年7月16日到期。在2017年上半年，因採用公平價值對沖會計法而錄得的無效對沖部分虧損為港幣200萬元(2016年上半年：港幣200萬元虧損)。
- (2) 於2017年5月4日，本行贖回於2011年11月4日發行港幣38.91億元(5億美元)年息6.375%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。
- (3) 票面值港幣45.35億元(8億新加坡元)及賬面值港幣45.39億元(於2016年12月31日：港幣42.84億元)的借貸資本，是指由本行於2012年3月13日(6億新加坡元)及於2012年4月27日(2億新加坡元)發行兩宗年息4.25%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於新加坡交易所上市，並將於2022年9月13日到期。在2017年上半年，因採用公平價值對沖會計法而錄得的無效對沖部分虧損為港幣50萬元(2016年上半年：港幣100萬元虧損)。
- (4) 票面值港幣39.03億元(5億美元)及賬面值港幣39.02億元(於2016年12月31日：港幣38.74億元)的借貸資本，是指由本行於2014年11月20日發行年息4.25%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於聯交所上市，並將於2024年11月20日到期。在2017年上半年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利為港幣200萬元(2016年上半年：港幣100萬元虧損)。
- (5) 票面值港幣39.03億元(5億美元)及賬面值港幣38.06億元(於2016年12月31日：港幣37.49億元)的借貸資本，是指由本行於2016年11月3日發行年息4%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於聯交所上市，並將於2026年11月3日到期。在2017年上半年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利為港幣40萬元。

27. 分部報告

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。本集團列報以下九個可匯報分部。營運分部並未包括在以下的可匯報分部內。

個人銀行包括在香港之分行營運、個人電子網絡銀行、消費貸款、按揭貸款及信用卡業務。

企業銀行包括在香港之企業借貸及銀團貸款、資產融資、商業貸款及證券業務貸款。

財資市場包括在香港之財資運作及證券買賣。

財富管理包括提供予在香港之私人銀行業務及相關資產。

金融機構包括在香港之全球同業間的銀行代理行及金融貿易業務。

其他香港銀行業務主要包括在香港之保險業務、信託業務、證券及期貨經紀、放債人業務及企業財務諮詢。

中國內地業務(前稱中國業務)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分行、附屬公司及聯營公司，但不包括在中國內地經營企業服務和資料處理及其他後勤支援之附屬公司。以往，澳門及台灣業務歸納為中國業務。由2017年起，中國業務改稱為中國內地業務，並不包括澳門及台灣業務。而2016年的比較數字經已重報。

國際業務包括在香港支援國際銀行業務的後勤單位、所有在海外經營的分行、附屬公司及聯營公司，但不包括在海外經營企業服務之附屬公司。2017年以前，澳門及台灣業務歸納為中國業務。由2017年起，澳門及台灣業務歸納為國際業務。而2016年的比較數字經已重報。

企業服務包括公司秘書服務、股票登記及商業服務，以及離岸企業及信託服務。

其他業務包括與地產有關的業務、香港業務之後勤單位、投資物業、行址及在香港之其他附屬公司的業績(除已包括在其他香港銀行業務內的附屬公司)。

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：

分部資產包括所有有形資產、無形資產及金融資產(聯營公司之權益除外)、遞延稅項資產及其他企業資產。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。分部收入與支出並不包括集團之聯營公司的活動所產生集團應佔之收入與支出。除匯報分部間的收入外，由一分部提供協助予另一分部，包括分享資產，並未計算在內。

中期財務報表附註(續)

27. 分部報告(續)

	香港銀行業務						中國內地 業務	國際業務	可匯報 分部總額	其他	分部間之 交易抵銷	總額
	個人銀行	企業銀行	財資市場	財富管理	金融機構	其他						
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元						
截至2017年6月30日止6個月 持續經營業務												
淨利息收入/(支出)	1,699	963	(177)	183	17	116	1,944	741	5,486	255	(2)	5,739
非利息收入/(支出)	465	182	(83)	237	9	328	388	115	1,641	416	(167)	1,890
經營收入	2,164	1,145	(260)	420	26	444	2,332	856	7,127	671	(169)	7,629
經營支出	(832)	(88)	(64)	(100)	(5)	(224)	(1,424)	(281)	(3,018)	(1,054)	169	(3,903)
未扣除減值損失之 經常溢利/(虧損)	1,332	1,057	(324)	320	21	220	908	575	4,109	(383)	-	3,726
貸款及應收賬項的減值 損失(支銷)/回撥	(75)	(169)	-	(1)	-	(6)	(510)	1	(760)	(3)	-	(763)
可供出售金融資產之減值損失	-	-	(2)	-	-	-	-	-	(2)	-	-	(2)
持有作出售資產之減值損失	-	-	-	-	-	-	(58)	-	(58)	-	-	(58)
已扣除減值損失後之經營 溢利/(虧損)	1,257	888	(326)	319	21	214	340	576	3,289	(386)	-	2,903
出售固定資產、持至到期投 資及可供出售金融資產之 溢利/(虧損)	(4)	5	213	-	-	2	(1)	-	215	(1)	-	214
出售出售組別及持有作出售 資產之溢利/(虧損)	-	-	-	-	-	-	(2)	-	(2)	192	-	190
出售附屬/聯營公司之溢利	-	-	-	-	-	-	-	-	-	2	-	2
重估投資物業溢利	-	-	-	-	-	-	-	-	-	229	-	229
應佔聯營公司溢利減虧損	-	-	-	-	-	-	37	187	224	-	-	224
除稅前溢利/(虧損)	1,253	893	(113)	319	21	216	374	763	3,726	36	-	3,762
期內折舊	(30)	(1)	(2)	(1)	-	(7)	(100)	(16)	(157)	(73)	-	(230)
於2017年6月30日												
分部資產	74,766	151,382	157,847	24,657	8,351	20,299	295,634	107,857	840,793	15,037	(75,374)	780,456
聯營公司投資	-	-	-	-	-	49	2,120	5,674	7,843	-	-	7,843
其他資產-持有作出售資產	-	-	-	-	-	-	118	39	157	-	-	157
資產總額	74,766	151,382	157,847	24,657	8,351	20,348	297,872	113,570	848,793	15,037	(75,374)	788,456
分部負債	296,398	1,112	58,541	22,259	6	15,878	246,911	95,261	736,366	2,378	(48,264)	690,480
其他負債-持有作出售負債	-	-	-	-	-	-	-	-	-	-	-	-
負債總額	296,398	1,112	58,541	22,259	6	15,878	246,911	95,261	736,366	2,378	(48,264)	690,480

中期財務報表附註(續)

27. 分部報告(續)

	香港銀行業務						中國內地 業務	國際業務	企業服務	可匯報 分部總額	其他	分部間之 交易抵銷	總額
	個人銀行	企業銀行	財資市場	財富管理	金融機構	其他							
截至2016年6月30日 止6個月(重報)													
持續經營業務													
淨利息收入/(支出)	1,436	1,091	(215)	175	8	144	1,948	757	-	5,344	139	-	5,483
非利息收入/(支出)	407	70	(62)	183	8	312	413	109	-	1,440	389	(182)	1,647
經營收入	1,843	1,161	(277)	358	16	456	2,361	866	-	6,784	528	(182)	7,130
經營支出	(875)	(95)	(56)	(96)	(5)	(285)	(1,697)	(317)	-	(3,426)	(994)	181	(4,239)
未扣除減值損失之 經營溢利/(虧損)	968	1,066	(333)	262	11	171	664	549	-	3,358	(466)	(1)	2,891
貸款及應收賬項的減值 損失(支銷)/回撥	(86)	(168)	1	(2)	-	(17)	(948)	(21)	-	(1,241)	-	-	(1,241)
已扣除減值損失後之經營 溢利/(虧損)	882	898	(332)	260	11	154	(284)	528	-	2,117	(466)	(1)	1,650
出售固定資產、持至到期投 資及可供出售金融資產之 溢利/(虧損)	(2)	6	35	-	-	2	781	(6)	-	816	-	-	816
出售出售組別及持有作出售 資產之溢利/(虧損)	-	-	-	-	-	-	-	(8)	-	(8)	21	-	13
重估投資物業盈利	-	-	-	-	-	-	-	1	-	1	44	-	45
應佔聯營公司溢利減虧損	-	-	-	-	-	(1)	74	119	-	192	-	-	192
除稅前溢利/(虧損)	880	904	(297)	260	11	155	571	634	-	3,118	(401)	(1)	2,716
期內折舊	(29)	(1)	(1)	(1)	-	(9)	(108)	(16)	-	(165)	(75)	-	(240)
於2016年12月31日(重報)													
分部資產	73,887	150,132	149,947	23,627	8,207	18,523	283,987	104,266	-	812,576	17,255	(72,642)	757,189
聯營公司投資	-	-	-	-	-	49	1,166	4,796	-	6,011	-	-	6,011
其他資產-持有作出售資產	-	-	-	-	-	-	251	39	2,205	2,495	11	-	2,506
資產總額	73,887	150,132	149,947	23,627	8,207	18,572	285,404	109,101	2,205	821,082	17,266	(72,642)	765,706
分部負債	291,835	922	62,725	21,308	6	14,756	238,308	92,512	-	722,372	2,066	(45,794)	678,644
其他負債-持有作出售負債	-	-	-	-	-	-	41	-	385	426	-	-	426
負債總額	291,835	922	62,725	21,308	6	14,756	238,349	92,512	385	722,798	2,066	(45,794)	679,070

中期財務報表附註(續)

28. 資產及負債的剩餘期限分析

	30/6/2017							總額 港幣百萬元
	即時還款 港幣百萬元	1個月內 港幣百萬元	1個月以上 至3個月 港幣百萬元	3個月以上 至1年 港幣百萬元	1年以上 至5年 港幣百萬元	5年以上 港幣百萬元	無註明日期 或逾期 港幣百萬元	
資產								
現金及在銀行和其他金融機構的結存	24,360	1,736	262	3,318	-	-	24,773	54,449
在銀行及其他金融機構的存款及墊款	168	41,672	5,934	2,991	-	-	-	50,765
貿易票據	7	2,204	4,286	7,698	-	-	-	14,195
交易用途資產	-	325	871	1,309	564	44	2,265	5,378
指定為通過損益以反映公平價值的金融資產	-	-	-	272	2,590	962	214	4,038
衍生工具的正公平價值	-	-	-	-	-	-	6,887	6,887
客戶貸款及墊款	4,660	46,893	34,778	91,491	185,802	94,932	4,243	462,799
可供出售金融資產	-	3,226	10,593	22,099	53,113	23,719	4,401	117,151
持至到期投資	92	1,779	1,584	1,359	5,914	587	-	11,315
聯營公司投資	-	-	-	-	-	-	7,843	7,843
固定資產	-	-	-	-	-	-	12,311	12,311
商譽及無形資產	-	-	-	-	-	-	2,624	2,624
遞延稅項資產	-	-	-	-	-	-	855	855
其他資產	218	7,733	7,778	12,636	635	14	8,832	37,846
資產總額	29,505	105,568	66,086	143,173	248,618	120,258	75,248	788,456
負債								
銀行及其他金融機構的存款及結餘	1,194	14,460	7,247	4,698	8	-	-	27,607
客戶存款	210,299	96,369	125,592	95,320	21,429	-	-	549,009
—活期存款及往來賬戶	78,706	-	-	-	-	-	-	78,706
—儲蓄存款	130,423	-	-	-	-	-	-	130,423
—定期及通知存款	1,170	96,369	125,592	95,320	21,429	-	-	339,880
交易用途負債	-	-	-	50	-	-	-	50
衍生工具的負公平價值	-	-	-	-	-	-	7,846	7,846
已發行存款證	-	3,213	14,934	18,509	-	-	-	36,656
本期稅項	-	-	-	1,671	-	-	-	1,671
已發行債務證券	-	-	-	256	745	-	-	1,001
遞延稅項負債	-	-	-	-	-	-	595	595
其他負債	1,134	5,420	8,092	15,651	8,512	3,050	7,103	48,962
借貸資本	-	-	4,539	-	12,544	-	-	17,083
負債總額	212,627	119,462	160,404	136,155	43,238	3,050	15,544	690,480
淨差距	(183,122)	(13,894)	(94,318)	7,018	205,380	117,208		

中期財務報表附註(續)

28. 資產及負債的剩餘期限分析(續)

	31/12/2016(重報 ^註)							總額 港幣百萬元
	即時還款 港幣百萬元	1個月內 港幣百萬元	1個月以上 至3個月 港幣百萬元	3個月以上 至1年 港幣百萬元	1年以上 至5年 港幣百萬元	5年以上 港幣百萬元	無註明日期 或逾期 港幣百萬元	
資產								
現金及在銀行和其他金融機構的結存	34,554	2,334	1,297	1,717	-	-	25,818	65,720
在銀行及其他金融機構的存款及墊款	-	36,511	5,550	1,991	-	-	-	44,052
貿易票據	25	1,053	4,739	6,122	-	-	-	11,939
交易用途資產	-	1,015	462	1,040	611	-	1,276	4,404
指定為通過損益以反映公平價值的金融資產	-	74	-	118	2,655	483	224	3,554
衍生工具的正公平價值	-	-	-	-	-	-	8,938	8,938
客戶貸款及墊款	5,146	48,919	26,316	92,573	178,060	95,454	3,977	450,445
可供出售金融資產	-	4,860	12,123	18,159	50,299	21,523	3,527	110,491
持至到期投資	-	355	1,840	1,220	1,665	583	-	5,663
聯營公司投資	-	-	-	-	-	-	6,011	6,011
固定資產	-	-	-	-	-	-	11,990	11,990
商譽及無形資產	-	-	-	-	-	-	2,639	2,639
遞延稅項資產	-	-	-	-	-	-	785	785
其他資產	130	6,383	6,068	18,103	620	11	7,760	39,075
資產總額	39,855	101,504	58,395	141,043	233,910	118,054	72,945	765,706
負債								
銀行及其他金融機構的存款及結餘	5,874	11,867	3,097	5,395	242	-	-	26,475
客戶存款	202,900	90,949	122,576	96,981	22,383	-	-	535,789
—活期存款及往來賬戶	74,993	-	-	-	-	-	-	74,993
—儲蓄存款	126,462	-	-	-	-	-	-	126,462
—定期及通知存款	1,445	90,949	122,576	96,981	22,383	-	-	334,334
交易用途負債	-	-	50	-	-	-	-	50
衍生工具的負公平價值	-	-	-	-	-	-	7,982	7,982
已發行存款證	-	4,501	7,124	16,389	843	-	-	28,857
本期稅項	-	-	-	1,605	-	-	-	1,605
已發行債務證券	-	1	1	5,423	1,729	-	-	7,154
遞延稅項負債	-	-	-	-	-	-	462	462
其他負債	1,064	5,295	7,504	19,915	7,523	2,878	5,909	50,088
借貸資本	-	-	-	8,165	12,443	-	-	20,608
負債總額	209,838	112,613	140,352	153,873	45,163	2,878	14,353	679,070
淨差	(169,983)	(11,109)	(81,957)	(12,830)	188,747	115,176		

註： 2016年的比較數字經已重報以符合本期綜合財務狀況表的呈報方式。

中期財務報表附註(續)

29. 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)/負債的組成部分及期內之變動如下：

遞延稅項源自：	超過有關	物業重估	金融資產的	可供出售	稅損	其他	總額
	折舊的		減值損失	證券重估			
	折舊免稅額	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
於2017年1月1日	218	101	(784)	72	(16)	86	(323)
綜合收益表內(存入)/支銷	12	-	42	-	-	(75)	(21)
儲備內支銷	-	-	-	104	-	-	104
匯兌及其他調整	(1)	-	(20)	(1)	-	2	(20)
於2017年6月30日	<u>229</u>	<u>101</u>	<u>(762)</u>	<u>175</u>	<u>(16)</u>	<u>13</u>	<u>(260)</u>
於2016年12月31日結餘	<u>218</u>	<u>101</u>	<u>(784)</u>	<u>72</u>	<u>(16)</u>	<u>86</u>	<u>(323)</u>

30. 儲備

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
一般儲備	14,042	14,035
行址重估儲備	1,751	1,728
投資重估儲備	2,192	1,359
匯兌重估儲備	(1,069)	(2,275)
其他儲備	5,634	5,647
留存溢利*	<u>27,616</u>	<u>22,447</u>
	<u>50,166</u>	<u>42,941</u>
未入賬擬派股息	<u>1,852</u>	<u>757</u>

* 為符合《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墊款減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2017年6月30日，留存溢利中包括與此有關屬可派發予本集團股東港幣41.29億元(2016年12月31日：港幣43.72億元)，但派發前須諮詢金管局。

31. 額外股本工具

		30/6/2017	31/12/2016
		港幣百萬元	港幣百萬元
6.5億美元無到期日非累積後償資本證券	(1)	5,016	5,016
5億美元無到期日非累積後償資本證券	(2)	3,878	-
		<u>8,894</u>	<u>5,016</u>

- (1) 於2015年12月2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50.16億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.50%息率，直至2020年12月2日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息3.834%之固定利率贖回，息率將會按每五年重新釐定。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。
- (2) 於2017年5月18日，本行發行面值5億美元(扣除有關發行成本後等值港幣38.79億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.625%息率，直至2022年5月18日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息3.682%之固定利率贖回，息率將會按每五年重新釐定。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。

中期財務報表附註(續)

32. 綜合現金流量表

現金及等同現金項目

	30/6/2017	30/6/2016
	港幣百萬元	港幣百萬元
(i) 在綜合現金流量表內現金及等同現金項目的組成部分		
現金及原本期限為3個月以內在銀行及其他金融機構的結存	25,826	23,905
原本期限為3個月以內在銀行及其他金融機構的存款及墊款	45,354	46,876
原本期限為3個月以內的國庫債券	2,279	15,090
原本期限為3個月以內之持有的存款證	3,406	2,372
原本期限為3個月以內的債務證券	-	-
加：持有作出售資產中包括現金及在銀行及其他金融機構的結存(附註41)	-	240
持有作出售資產中包括原本期限為3個月以內在銀行及其他金融機構的存款及墊款	-	79
	76,865	88,562
(ii) 與綜合財務狀況表的對賬		
現金及在銀行及其他金融機構的結存	54,449	48,830
在銀行及其他金融機構的存款及墊款	50,765	58,500
國庫債券、持有的存款證及債務證券		
— 交易用途資產	3,113	5,489
— 指定為通過損益以反映公平價值	3,824	2,880
— 可供出售	112,750	107,465
— 持至到期	11,315	5,323
	131,002	121,157
加：持有作出售資產中包括現金及在銀行及其他金融機構的結存(附註41)	-	240
持有作出售資產中包括在銀行及其他金融機構的存款及墊款(附註41)	-	222
在綜合財務狀況表列示的金額	236,216	228,949
減：原本期限為3個月以上的金額	(130,728)	(115,462)
受監管限制的在中央銀行之現金結存	(28,623)	(24,925)
在綜合現金流量表內的現金及等同現金項目	76,865	88,562

中期財務報表附註(續)

33. 抵銷金融工具

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。

	於2017年6月30日				
	已確認 金融資產 總額	於財務 狀況表中 抵銷之 已確認金融 負債總額	於財務 狀況表中 列示的 金融資產淨額	未有於 相關金融 工具中 抵銷之金額	淨額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
資產					
衍生工具的正公平價值	58	-	58	(41)	17
其他賬項	891	(702)	189	-	189
總額	949	(702)	247	(41)	206
負債					
衍生工具的負公平價值	143	-	143	(41)	102
其他賬項	702	(702)	-	-	-
總額	845	(702)	143	(41)	102

中期財務報表附註(續)

33. 抵銷金融工具(續)

	於2016年12月31日				
	已確認 金融資產 總額	於財務 狀況表中 抵銷之 已確認金融 負債總額	於財務 狀況表中 列示的 金融資產淨額	未有於 相關金融 工具中 抵銷之金額	淨額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
資產					
衍生工具的正公平價值	44	-	44	(21)	23
其他賬項	431	(369)	62	-	62
總額	475	(369)	106	(21)	85
	於2016年12月31日				
	已確認 金融負債 總額	於財務 狀況表中 抵銷之 已確認金融 資產總額	於財務 狀況表中 列示的 金融負債淨額	未有於 相關金融 工具中 抵銷之金額	淨額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
負債					
衍生工具的負公平價值	130	-	130	(21)	109
其他賬項	369	(369)	-	-	-
總額	499	(369)	130	(21)	109

34. 金融工具的公平價值

(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—根據重要但非可觀察得到的參數之估值模式。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，藉以在報告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。

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。

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；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。

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」)。價格核賣的程序已經確立。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。

中期財務報表附註(續)

34. 金融工具的公平價值(續)

(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，在公平價值分級內金融工具之公平價值的處理方式：

	30/6/2017				31/12/2016			
	第一級	第二級	第三級	總額	第一級	第二級	第三級	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
重複發生的								
公平價值釐定								
資產								
交易用途資產	2,405	2,973	-	5,378	1,566	2,838	-	4,404
指定為通過損益 以反映公平價值 的金融資產	2,572	1,466	-	4,038	2,097	1,457	-	3,554
衍生工具的 正公平價值	-	6,887	-	6,887	-	8,938	-	8,938
可供出售金融資產	80,829	35,506	816	117,151	73,567	36,431	493	110,491
	<u>85,806</u>	<u>46,832</u>	<u>816</u>	<u>133,454</u>	<u>77,230</u>	<u>49,664</u>	<u>493</u>	<u>127,387</u>
負債								
交易用途負債	50	-	-	50	50	-	-	50
衍生工具的 負公平價值	-	7,846	-	7,846	-	7,982	-	7,982
指定為通過損益 以反映公平價值 的金融負債	-	7,610	-	7,610	-	18,524	-	18,524
	<u>50</u>	<u>15,456</u>	<u>-</u>	<u>15,506</u>	<u>50</u>	<u>26,506</u>	<u>-</u>	<u>26,556</u>

截至2017年6月30日止期內及2016年12月31日止年度內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間均並無重大的轉移。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。

34. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

有關在第三級估值的重要非可觀察參數資料：

	估值模式	重要非可觀察參數	幅度
非上市可供出售 股份工具	資產淨值	不適用	不適用
	現金流折扣模式	折扣率	15.99% (2016年12月31日：11.92%)
		市場性折扣	20% (2016年12月31日：20%)
		市場可類比法	盈利倍數
		市賬率	5.04 – 5.08 (2016年12月31日：不適用)
		市場性折扣	50% (2016年12月31日：不適用)

非上市可供出售股份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(如價格／盈利率的比較)，但須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。

在第三級之金融工具估值是受上述相同估值監控機制及金融工具估值群組的定期檢視。

34. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

(1) 使用重要而非可觀察之參數的金融工具估值

已列賬並含有重要而非可觀察參數的工具，其公平價值之變動如下。

截至2016年12月31日止，本集團已根據用作匯率、股份及利率合約計價之市場可觀察參數而建立了內部估值模式。因此，於報告期日，該等金融工具在公平價值分級方法下由第三級轉入第二級內。

	30/6/2017
	可供出售 金融資產
	港幣百萬元
資產	
於2017年1月1日	493
購入	214
結算	(20)
公平價值變動確認於收益表	(2)
公平價值變動確認於其他全面收益	130
匯兌調整	1
	<u>816</u>
於2017年6月30日	<u>816</u>
於報告期結束日持有之資產而已計入期內其他全面收益之 可供出售公平價值儲備之收益或虧損總額	<u>130</u>
於報告期結束日持有之資產而已計入期內收益表之 交易收入淨額之收益或虧損總額	<u>-</u>

中期財務報表附註(續)

34. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

(1) 使用重要而非可觀察之參數的金融工具估值(續)

	31/12/2016			
	資產			負債
	衍生工具的 正公平價值 港幣百萬元	可供出售 金融資產 港幣百萬元	總額 港幣百萬元	衍生工具的 負公平價值 港幣百萬元
於2016年1月1日	3,141	750	3,891	3,017
購入	-	11	11	-
結算	(1,140)	(52)	(1,192)	(1,139)
公平價值變動確認於 收益表	(1,503)	-	(1,503)	(1,417)
公平價值變動確認於 其他全面收益	-	(15)	(15)	-
匯兌調整	-	1	1	-
轉入第二級 轉至分類為持有作 出售資產	(498)	(173)	(671)	(461)
	-	(29)	(29)	-
於2016年12月31日	-	493	493	-
於報告期結束日持有之資 產而已計入年度內其他 全面收益之可供出售公 平價值儲備之收益或虧 損總額	-	(15)	(15)	-
於報告期結束日持有之資 產/負債而已計入年度 內收益表之交易收入之 收益或虧損總額	-	-	-	-

34. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

(2) 因重要而非可觀察之假設變動至合理可行之另類假設所產生的影響

	30/6/2017			
	直接記錄於 損益上之影響		直接記錄於 股東權益上之影響	
	有利	(不利)	有利	(不利)
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
可供出售金融資產	-	-	68	(68)
	-	-	68	(68)
	31/12/2016			
	直接記錄於 損益上之影響		直接記錄於 股東權益上之影響	
	有利	(不利)	有利	(不利)
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
可供出售金融資產	-	-	41	(41)
	-	-	41	(41)

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，即因轉用至合理可行之另類假定所產生的正、負10%的價值的並行變動。

34. 金融工具的公平價值(續)

(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) 非上市股票投資的公平價值是在可能情況下採用適用的股息折扣模式，或應佔投資的淨資產，或為設有禁售期之投資按其市值以折扣計算。
- (v) 非上市開放式投資基金的公平價值估計，是基於投資經理所匯報的每股資產淨值作出。
- (vi) 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。

除下列者外，以成本或攤銷成本入賬的金融工具賬面值，與其於2017年6月30日及2016年12月31日之公平價值相若。

	30/6/2017		31/12/2016	
	賬面值	公平價值	賬面值	公平價值
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
金融資產				
持至到期投資	11,315	13,931	5,663	5,724

中期財務報表附註(續)

35. 資產負債表以外的風險

(a) 每項資產負債表以外風險的主要類別摘要如下：

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
或然負債的合約金額		
直接信貸代替品	22,166	17,568
與交易有關的或然項目	1,024	763
與貿易有關的或然項目	1,550	1,133
	<u>24,740</u>	<u>19,464</u>
承擔的合約金額		
可無條件取消而毋須事先通知的承擔	163,525	160,737
其他承擔的原到期日		
- 1年或以下	13,238	10,419
- 1年以上	30,406	27,633
	<u>207,169</u>	<u>198,789</u>
總額	<u>231,909</u>	<u>218,253</u>
信貸風險加權金額	<u>37,890</u>	<u>34,130</u>
衍生工具的公平價值		
資產		
匯率合約	4,559	6,148
利率合約	2,136	2,582
股份合約	176	202
其他	16	6
	<u>6,887</u>	<u>8,938</u>
負債		
匯率合約	5,594	5,709
利率合約	1,945	2,019
股份合約	292	234
其他	15	20
	<u>7,846</u>	<u>7,982</u>
衍生工具的名義金額		
匯率合約	755,418	529,917
利率合約	391,677	386,691
股份合約	13,821	10,911
其他	1,287	1,297
	<u>1,162,203</u>	<u>928,816</u>
信貸風險加權金額*		
匯率合約	4,170	5,131
利率合約	506	775
股份合約	54	41
其他	160	286
	<u>4,890</u>	<u>6,233</u>

資產負債表以外風險的公平價值及信貸風險加權金額，並未計及雙邊淨額結算安排的影響。

* 根據《資本規則》，本行選擇採納「基礎內部評級基準計算法」計算於2017年6月30日及2016年12月31日之信貸風險之風險加權金額。

中期財務報表附註(續)

35. 資產負債表以外的風險(續)

(b) 資本承擔

於6月30日及12月31日並未在賬項中提撥準備有關購買物業、廠房及設備的資本承擔如下：

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
已核准支出並已簽約	236	212
已核准支出但未簽約	163	107
	<u>399</u>	<u>319</u>

36. 關聯人士的重大交易

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，包括支付予本行董事及若干最高薪酬僱員的金額如下：

	30/6/2017	30/6/2016
	港幣百萬元	港幣百萬元
短期僱員福利	78	54
僱員退休福利	3	3
股份補償福利	19	16
	<u>100</u>	<u>73</u>

- (b) 本集團為其職員提供若干退休保障計劃。截至2017年6月30日止6個月，本集團對該等計劃的供款總額為港幣7,900萬元(截至2016年6月30日止6個月：港幣8,500萬元)。

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、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。

截至2017年6月30日止6個月，本集團從關聯人士所收取與支付予他們的利息，及於2017年6月30日關聯人士的欠款及欠關聯人士的款項，及截至2017年6月30日止6個月關聯人士的最高欠款及欠關聯人士的最高款項總額總結如下：

	主要管理人員		聯營公司	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
利息收入	59	47	9	10
利息支出	13	14	-	-
關聯人士的欠款	4,725	5,714	684	678
欠關聯人士的款項	2,528	3,881	32	92
關聯人士的最高欠款	5,493	7,835	725	742
欠關聯人士的最高款項	5,648	6,207	151	490
給予信貸承諾	2,505	3,807	317	296

37. 綜合基準

除特別說明外，此中期報告所載的財務資料是按用作會計用途之綜合基準編製。

編製集團的資本充足比率及流動資金狀況，是按用作監管用途之綜合基準編製。而編製用作會計用途及監管用途之綜合基準之最大分別是前者包括本行及其所有附屬公司，而後者只包括本行及本集團部分從事銀行業務或其他與銀行業務有關的附屬公司。

已包括在綜合財務報表內的附屬公司列示如下：

公司名稱	業務性質	資產總額 港幣百萬元	股東權益總額 港幣百萬元
承悅有限公司	投資控股	368	368
* 東亞銀行(信託)有限公司	信託服務	226	220
BC (BVI) Holdings Limited	投資控股	16	16
BEA Blue Sky Company Limited	出任 BEA Blue Sky Real Estate Fund L.P. 單一普通合夥人	1	-
BEA Blue Sky Real Estate Fund L.P.	出任 BEA/AGRE China Real Estate Fund, L.P. 有限責任合夥人	39	36
BEA Blue Sky SLP Limited	出任 BEA/AGRE China Real Estate Fund, L.P. 特殊有限責任合夥人	-	-
BEA Consortium GS Investors L.P.	有限責任合夥人	93	93
東亞保險代理有限公司	保險	-	-
東亞人壽保險有限公司	人壽保險	14,280	1,449
BEA Pacific Asia Limited	不活動	-	-
東亞聯豐投資管理有限公司	資產管理	502	462
Blue Care (BVI) Holdings Limited	投資控股	16	16
Blue Care JV (BVI) Holdings Limited	投資控股	20	17
寶康醫療服務有限公司	醫療服務	47	35
藍十字(亞太)保險有限公司	保險	3,358	827
滙中興業有限公司	物業投資	709	511

中期財務報表附註(續)

37. 綜合基準(續)

公司名稱	業務性質	資產總額 港幣百萬元	股東權益總額 港幣百萬元
階潤有限公司	投資控股	766	766
重慶市東榮商務諮詢有限公司	商業諮詢服務	4	—
* 重慶兩江新區領達小額貸款有限公司	小額貸款	349	346
Citiview Capital Limited	普通合夥人及 有限責任合夥人	6	—
Corona Light Limited	投資控股	930	930
* 領達財務有限公司	放債人	679	594
Crystal Gleaming Limited	投資控股	930	930
Dean Street Property Limited	物業發展	28	27
卓領控股有限公司	投資控股	1,128	1,128
EA Securities Limited	投資控股	—	(63)
* 東亞數據信息服務(廣東)有限公司	服務	107	92
* 東亞設施管理有限公司	設施管理	10	9
East Asia Financial Services (BVI) Ltd.	投資控股	1	1
東亞期貨有限公司	期貨及期權交易	60	59
* East Asia Holding Company, Inc.	銀行控股公司	648	599
East Asia Indonesian Holdings Limited	投資控股	136	136
East Asia International Trustees Holdings (BVI) Limited	投資控股	10	10
East Asia International Trustees Limited	信託服務	18	14
* East Asia Investments Holdings (BVI) Ltd.	投資控股	—	—
* East Asia Properties (US), Inc.	物業持有	200	198
東亞物業控股有限公司	投資控股	—	(62)

中期財務報表附註(續)

37. 綜合基準(續)

公司名稱	業務性質	資產總額 港幣百萬元	股東權益總額 港幣百萬元
東亞物業代理有限公司	物業代理	15	15
East Asia Property Holdings (Jersey) Limited	物業持有	28	28
East Asia Secretaries (BVI) Limited	投資控股	1	1
東亞秘書有限公司	秘書服務	–	–
東亞證券有限公司	證券買賣	1,272	861
* 東亞服務(控股)有限公司	控股公司	23	–
East Asia Strategic Holdings Limited	投資控股	–	–
Golden Empire International Inc.	物業投資	1	1
Golden Properties Finance Ltd.	按揭財務	–	–
Golden Queen International Ltd.	物業投資	–	–
High Town Limited	投資控股	4	4
* Innovate Holdings Limited	為東亞銀行混合一級 資本而成立之特定 目的投資工具公司	2,485	2,485
Leader One Limited	投資控股	1	1
Manchester Property Holdings Ltd.	物業控股	32	14
君騰香港控股有限公司	投資控股	203	203
Red Phoenix Limited	汽車租賃	1	1
Shaftesbury Property Holdings Limited	投資控股	101	101
Shaftesbury Property Investments Limited	投資控股	64	64
上海領偕商務諮詢有限公司	商業資訊諮詢及 企業管理諮詢	207	207
* 深圳市領達小額貸款有限公司	小額貸款	297	291
Silver River International Ltd.	普通合夥人及 有限責任合夥人	111	–

中期財務報表附註(續)

37. 綜合基準(續)

公司名稱	業務性質	資產總額 港幣百萬元	股東權益總額 港幣百萬元
Silver Sunlight Limited	普通合夥人	—	—
Skyray Holdings Limited	投資控股	450	450
Speedfull Limited	投資控股	450	450
*# 東亞銀行(中國)有限公司	銀行及有關的 金融服務	272,812	25,905
東亞銀行受託代管有限公司	受託代管服務	—	—
The Bank of East Asia (Nominees) Private Limited	信託、受信人及 託管服務	—	—
The Bank of East Asia Nominees (UK) Limited	不活動	—	—
Travelsafe Limited	不活動	—	—
Tung Shing Holdings (BVI) Limited	投資控股	—	—
明康醫療香港有限公司	醫療服務	16	(14)
United Chinese (Nominee) Limited	不活動	—	—

* 「規管金融實體」是按照《資本規則》之定義及已包括在用作監管用途之綜合基準內。

「聯營實體」是按照《流動性規則》之定義及已包括在用作監管用途之綜合基準內。

38. 比較數字

若干2016年的比較數字經已重報以符合本期的呈報方式。請參閱綜合財務狀況表、附註4、11、19(c)、27及28中所述的重報影響。

39. 在截至2017年6月30日止六個月前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響

多項修訂及新準則已於2017年1月1日之會計年度生效並容許提前採納，但本集團於準備此中期報告時未有提前採納任何新或修訂的準則。本集團於上年年報中提及已公布但尚未生效的新準則對本集團的綜合財務報表可能構成的重大影響，在此有以下補充。

《香港財務報告準則》第9號「金融工具」

《香港財務報告準則》第9號將取代現時金融工具的會計準則《香港會計準則》第39號「金融工具：確認與計量」，並將於2018年1月1日或以後起的會計年度生效。《香港財務報告準則》第9號於金融資產的分類和計量、金融資產的減值計算及對沖會計法引進新的要求。於初次應用《香港財務報告準則》第9號時，重新計量的期初數將通過調整2018年1月1日的期初儲備及留存溢利計入。

本集團正評估減值規定將對綜合財務報表及規管資本的相應影響。本集團已經開發一個可考慮不同定量和定性因素的模型並以此計算資產的減值損失。模型考慮因素包括但不限於客戶的財務和個人信息，不同類型客戶的違約數據，不同抵押品的回收率，外部信用評級，地理區域，經濟發展趨勢和預測等。該模型正處於測試及調整階段，而計算集團減值損失的中央系統亦已建立及進行測試。測試進度會定期向風險委員會及董事會匯報。本集團將於2017年下半年進行同步執行，以更深入了解新準則的潛在影響並驗證其監控、新的管治框架及營運程序。最遲於2017年年報內，本集團將切實評估及量化《香港財務報告準則》第9號所造成之潛在影響。

其他有關《香港財務報告準則》第9號的規定已列示於2016年年報附註55。

《香港財務報告準則》第16號「租賃」

本集團仍在評估新準則所造成的影響，因此未能於對本綜合財務報表公告日將有關之影響量化。

40. 符合指引

此中期財務報表經已按照有關《上市規則》的披露規定，包括符合香港會計師公會頒布《香港會計準則》第34號「中期財務報告」而編製。此中期財務報表已於2017年8月25日獲授權發布。此中期財務報表亦包括根據《銀行業條例》第60A條之《銀行業(披露)規則》所要求披露的資料。

41. 已終止經營業務及持有作出售資產

2016年10月5日，東亞銀行有限公司、新創建集團有限公司(「新創建集團」)及East Asia Secretaries (BVI) Limited(「East Asia Secretaries」)與Trivium Investment Limited(「Trivium」)簽訂了一份購買股份協議，Trivium是一間由環球投資機構Permira全資擁有的附屬公司，出售由East Asia Secretaries持有的Tricor Holdings Limited及其附屬公司(「卓佳集團」)的全部已發行股份，作價為港幣64.70億元。卓佳集團均是通過East Asia Secretaries由本行及新創建集團分別持有75.61%及24.39%之權益。該出售交易已於2017年3月31日完成。隨着出售交易完成，本行已終止持有卓佳集團任何股份權益，而卓佳集團亦並非是本行之附屬公司。本行就此項出售錄得淨溢利港幣30.05億元，並已計入來自已終止經營業務之可歸屬於本集團股東溢利項下。卓佳集團的經營業績在綜合收益表中呈列為已終止經營業務，而其於2016年12月31日相關資產及負債在綜合財務報表中分別以持有作出售資產及持有作出售負債列示。

中期財務報表附註(續)

41. 已終止經營業務及持有作出售資產(續)

2016年12月6日，本行簽訂了一份協議，向陝西定邊農村商業銀行股份有限公司出售其全資擁有的附屬公司，陝西富平東亞村鎮銀行有限責任公司(「東亞村鎮銀行」)，作價為人民幣2,400萬元。該出售交易已於2017年5月22日完成。東亞村鎮銀行於2016年12月31日的資產及負債在綜合財務報表中分別以持有作出售資產及持有作出售負債列示。

期內已終止經營業務的業績如下：

	截至30/6/2017 止6個月 港幣百萬元	截至30/6/2016 止6個月 港幣百萬元
利息收入	1	3
利息支出	(1)	(1)
淨利息收入	—	2
服務費及佣金收入	312	626
服務費及佣金支出	—	—
服務費及佣金收入淨額	312	626
交易虧損淨額	(4)	(2)
其他經營收入	—	1
非利息收入	308	625
經營收入	308	627
經營支出	(232)	(441)
未扣除減值損失之經營溢利	76	186
貸款及應收賬項減值損失	(2)	(2)
已扣除減值損失後之經營溢利	74	184
出售可供出售金融資產之淨溢利	—	4
出售已終止經營業務之淨溢利	4,084	—
應佔聯營公司溢利減虧損	1	2
期內除稅前溢利	4,159	190
所得稅		
本期稅項		
— 香港	(8)	(17)
— 香港以外	(6)	(16)
遞延稅項	—	2
期內已終止經營業務溢利	4,145	159

中期財務報表附註(續)

41. 已終止經營業務及持有作出售資產(續)

持有作出售之出售組別的資產和負債摘要如下：

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
資產		
現金及在銀行和其他金融機構的結存	-	426
在銀行及其他金融機構的存款及墊款	-	66
客戶貸款及墊款	-	95
客戶貸款及墊款總額	-	96
減：整體減值準備	-	(1)
可供出售金融資產	-	27
聯營公司投資	-	21
固定資產	-	205
— 投資物業	-	22
— 其他物業及設備	-	183
商譽及無形資產	-	1,149
遞延稅項資產	-	10
其他資產	-	315
應計利息及其他賬項	-	346
減：個別減值準備	-	(25)
整體減值準備	-	(6)
持有作出售資產	-	2,314
負債		
銀行及其他金融機構的存款及結餘	-	66
客戶存款	-	40
本期稅項	-	18
遞延稅項負債	-	3
其他負債	-	299
持有作出售負債	-	426

中期財務報表附註(續)

41. 已終止經營業務及持有作出售資產(續)

持有作出售之資產及負債摘要如下：

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
持有作出售資產(附註23)		
持有作出售組別	-	2,314
其他物業及貸款	157	192
	<u>157</u>	<u>2,506</u>
持有作出售負債(附註25)		
持有作出售組別	-	426
	<u>-</u>	<u>426</u>

有關持有作出售的組別在其他全面收益內確認之累計收入如下：

	30/6/2017	30/6/2016
	港幣百萬元	港幣百萬元
確認在其他全面收益內之累計收入	<u>-</u>	<u>31</u>

已包括在簡略綜合現金流量表而由已終止經營業務產生的淨現金流如下：

	30/6/2017	30/6/2016
	港幣百萬元	港幣百萬元
經營活動	-	125
投資活動	-	(14)
融資活動	-	(80)
淨現金流入	<u>-</u>	<u>31</u>

補充財務資料

A. 資本充足

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
股本基礎		
— 普通股權一級資本	70,375	62,780
— 額外一級資本	10,667	7,142
	<hr/>	<hr/>
— 一級資本總額	81,042	69,922
— 二級資本	19,156	20,360
	<hr/>	<hr/>
— 資本總額	<u>100,198</u>	<u>90,282</u>
風險加權資產類別		
— 信貸風險	517,654	477,065
— 市場風險	25,025	14,981
— 營運風險	31,347	29,267
	<hr/>	<hr/>
減：扣除	574,026 (3,045)	521,313 (3,014)
	<hr/>	<hr/>
	<u>570,981</u>	<u>518,299</u>
	<hr/>	<hr/>
	30/6/2017	31/12/2016
	百份率	百份率
普通股權一級資本比率	12.3	12.1
一級資本比率	14.2	13.5
總資本比率	17.5	17.4

資本充足比率乃根據金管局所頒布的《資本規則》計算。根據《資本規則》，本行選擇採納「基礎內部評級基準計算法」計算信貸風險之風險加權資產、「內部模式計算法」計算市場風險及「標準計算法」計算營運風險。

用作監管用途之綜合基礎與作會計用途之綜合基礎是不相同的。包括在用作監管用途之附屬公司乃根據金管局按《資本規則》第3C條所頒布的通知內列載。不包括在綜合基礎用作監管用途之附屬公司為非金融類公司以及已核准和受一監管機構規管的證券及保險公司，對該等公司有關維持足夠資本以支持商業活動的監管安排，與按照適用於《資本規則》及《銀行業條例》的金融機構之標準相符。本行於該等公司的權益已按《資本規則》第3部分所述之門檻規定以及附表4H所述之過渡性安排經計算後從一級及二級資本中扣除。

補充財務資料(續)

A. 資本充足(續)

包括在用作監管用途的綜合基礎之主要附屬公司已於中期報告之附註37列示。

本集團之附屬公司在多個國家及地區營運而其資本乃受當地法則約束，可能在轉移受規管資本及在銀行集團成員間的資金調配方面存在某些限制。

為符合《銀行業(披露)規則》，本集團已在本行網站內增設一節。有關本集團的監管資本工具及其他披露資料，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。

B. 流動資金狀況

	30/6/2017	31/12/2016
	百分率	百分率
平均流動性覆蓋比率		
— 第一季度	150.7	151.3
— 第二季度	129.5	141.2
— 第三季度	不適用	133.5
— 第四季度	不適用	137.2

流動性覆蓋比率是根據由2015年1月1日起生效的《銀行業(流動性)規則》計算。相關的監管披露資料可瀏覽本行網站 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。

本銀行持有以港幣計價的一級優質流動資產不少於以港幣計價的淨現金流出總額的20%。按各綜合層級的流動性覆蓋比率並沒有重大的貨幣錯配。

補充財務資料(續)

C. 國際債權

國際債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及認可風險轉移因素。一般而言，有關貸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。當某一地區的風險額佔已計算認可風險轉移的風險總額的百分之十或以上，該地區的國際債權便須予以披露。

	30/6/2017					
	銀行	官方部門	非銀行私營機構		其他	總額
			非銀行 金融機構	非金融 私營機構		
港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
交易對手的國家／司法管轄區						
發達國家	28,274	3,062	7,374	12,836	-	51,546
離岸中心	6,528	988	5,969	74,807	-	88,292
—其中：香港	5,567	984	5,668	63,945	-	76,164
發展中的亞洲和太平洋地區	39,466	5,054	10,154	90,921	-	145,595
—其中：中華人民共和國	26,452	4,857	9,004	83,594	-	123,907

	31/12/2016					
	銀行	官方部門	非銀行私營機構		其他	總額
			非銀行 金融機構	非金融 私營機構		
港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
交易對手的國家／司法管轄區						
發達國家	18,381	4,476	6,906	10,251	-	40,014
離岸中心	6,921	544	3,737	76,943	-	88,145
—其中：香港	4,260	540	3,606	65,877	-	74,283
發展中的亞洲和太平洋地區	23,712	3,706	8,978	96,198	-	132,594
—其中：中華人民共和國	10,494	3,517	8,831	89,147	-	111,989

以上分析是按照金管局國際銀行業務統計資料申報表的指引及按照《銀行業(披露)規則》於報告期按綜合基準計算。

補充財務資料(續)

D. 內地活動

下表概述本行香港辦事處及國內附屬銀行之非銀行的中國內地風險承擔，按交易對手類型進行分類：

	30/6/2017		
	資產負債表 以內的風險	資產負債表 以外的風險	總額
	港幣百萬元	港幣百萬元	港幣百萬元
交易對手的類別			
1. 中央政府、屬中央政府擁有之機構與其附屬 公司及合營企業	31,192	6,204	37,396
2. 地方政府、屬地方政府擁有之機構與其附屬 公司及合營企業	23,185	1,184	24,369
3. 居住中國內地的中國公民或其他於境內註冊 成立之其他機構與其附屬公司及合營企業	158,550	34,908	193,458
4. 並無於上述(1)項內報告的中央政府之其他機構	5,104	662	5,766
5. 並無於上述(2)項內報告的地方政府之其他機構	2,291	234	2,525
6. 居住中國境外的中國公民或於境外註冊之 其他機構，其於中國內地使用之信貸	3,762	990	4,752
7. 其他被視作為內地非銀行客戶之風險	38,452	2,440	40,892
總額	262,536	46,622	309,158
扣除撥備後總資產	733,932		
資產負債表內之風險承擔佔總資產的比例	35.8%		

補充財務資料(續)

D. 內地活動(續)

	31/12/2016(重報)		
	資產負債表 以內的風險	資產負債表 以外的風險	總額
	港幣百萬元	港幣百萬元	港幣百萬元
交易對手的類別			
1. 中央政府、屬中央政府擁有之機構與其附屬公司及合營企業	32,612	5,955	38,567
2. 地方政府、屬地方政府擁有之機構與其附屬公司及合營企業	21,379	642	22,021
3. 居住中國內地的中國公民或其他於境內註冊成立之其他機構與其附屬公司及合營企業	162,746	34,346	197,092
4. 並無於上述(1)項內報告的中央政府之其他機構	5,004	831	5,835
5. 並無於上述(2)項內報告的地方政府之其他機構	3,588	5	3,593
6. 居住中國境外的中國公民或於境外註冊之其他機構，其於中國內地使用之信貸	4,092	709	4,801
7. 其他被視作為內地非銀行客戶之風險	37,368	2,243	39,611
總額	<u>266,789</u>	<u>44,731</u>	<u>311,520</u>
扣除撥備後總資產	<u>710,187</u>		
資產負債表內之風險承擔佔總資產的比例	<u>37.6%</u>		

以上數字乃根據《銀行業條例》第63條，就中期報告期向金管局呈交的關乎內地活動的申報表之基準，其計算是根據金管局訂定用作規管用途的綜合基準所編製。

補充財務資料(續)

E. 逾期、經重組及收回資產

(a) 逾期及經重組墊款

	30/6/2017		31/12/2016	
	港幣百萬元	佔客戶 墊款總額的 百分比	港幣百萬元	佔客戶 墊款總額的 百分比
逾期客戶墊款				
–3個月以上至6個月	713	0.1	455	0.1
–6個月以上至1年	1,843	0.4	1,009	0.2
–1年以上	3,161	0.7	2,725	0.6
	5,717	1.2	4,189	0.9
經重組客戶墊款	106	0.0	107	0.0
逾期及經重組客戶墊款總額	5,823	1.2	4,296	0.9
已逾期墊款涵蓋部份	4,363	0.9	2,907	0.6
已逾期墊款非涵蓋部份	1,354	0.3	1,282	0.3
已逾期墊款涵蓋部份 之抵押品市值	7,477		5,678	
逾期3個月以上墊款的 個別減值準備	1,423		1,510	

有明確到期日之貸款及墊款，若其本金或利息已逾期，並於年結日仍未償還，則列作逾期處理。定期分期償還之貸款，若其中一次還款逾期，而於年結日仍未償還，則列作逾期處理。即時到期之貸款，若已向借款人送達還款通知，但借款人未按指示還款，或貸款已超出借款人獲通知的批准限額，而此情況持續超過有關逾期期限，亦列作逾期處理。

可視作合格抵押品的資產須符合下列條件：

- (a) 該資產的市值是可即時決定的或是可合理地確定及證實的；
- (b) 該資產是有市價的及有二手市場可即時將該資產出售；
- (c) 本行收回資產的權利是有法律依據及沒有障礙的；及
- (d) 本行在有需要時可對該資產行使控制權。

補充財務資料(續)

E. 逾期、經重組及收回資產(續)

(a) 逾期及經重組墊款(續)

合格抵押品主要分為下列兩種：

- (i) 合格金融抵押品主要包括現金存款及股票。
- (ii) 合格實物抵押品主要包括土地及建築物、汽車及設備。

按不同情況下，當本行客戶面對財政困難而無力償還貸款，本行一般採用以下方式以追收欠款：

- (a) 重新編排債務還款期時間表／債務重組
- (b) 沒收抵押品
- (c) 採取法律行動
- (d) 通過收數公司追收

(b) 銀行墊款

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
逾期銀行墊款		
—3個月以上至6個月	-	-
—6個月以上至1年	-	-
—1年以上	-	-
	-	-
經重組銀行墊款	-	-
	-	-
逾期及經重組銀行墊款總額	-	-

補充財務資料(續)

E. 逾期、經重組及收回資產(續)

(c) 其他逾期及經重組資產

	30/6/2017		
	應計利息	債務證券	其他資產*
	港幣百萬元	港幣百萬元	港幣百萬元
其他逾期資產			
–3個月以上至6個月	–	–	–
–6個月以上至1年	–	–	–
–1年以上	–	–	1
	–	–	1
經重組資產	–	–	–
其他逾期及經重組資產總額	–	–	1
	31/12/2016		
	應計利息	債務證券	其他資產*
	港幣百萬元	港幣百萬元	港幣百萬元
其他逾期資產			
–3個月以上至6個月	–	–	–
–6個月以上至1年	–	–	–
–1年以上	–	–	1
	–	–	1
經重組資產	–	–	–
其他逾期及經重組資產總額	–	–	1

* 其他資產是指貿易票據及應收款項。

(d) 收回資產

	30/6/2017	31/12/2016
	港幣百萬元	港幣百萬元
收回土地及建築物*	599	333
收回汽車及設備	–	–
收回機器	–	–
收回資產總額	599	333

此等金額指於2017年6月30日及2016年12月31日收回資產的估計市值。

* 結餘中並包括港幣5,100萬元已簽約出售但仍未成交的物業(2016年12月31日:1,900萬)。

補充財務資料(續)

F. 貨幣風險

如個別外幣的持倉淨額或結構性持倉淨額佔所持有外幣淨持倉總額或結構性淨持倉總額的10%或以上，便須予以披露。期權倉淨額乃根據所有外匯期權合約之得爾塔加權持倉為基礎計算。

	30/6/2017				
	美元	人民幣	新加坡元	其他外幣	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
現貨資產	207,435	275,570	23,167	58,801	564,973
現貨負債	(181,841)	(262,872)	(26,301)	(49,400)	(520,414)
遠期買入	282,910	243,597	4,588	14,558	545,653
遠期賣出	(304,625)	(267,923)	(1,818)	(23,625)	(597,991)
期權倉淨額	(10,325)	10,549	-	(53)	171
非結構性長／(短)盤淨額	(6,446)	(1,079)	(364)	281	(7,608)
	31/12/2016				
	美元	人民幣	新加坡元	其他外幣	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
現貨資產	186,600	273,715	20,885	58,258	539,458
現貨負債	(172,440)	(253,575)	(24,727)	(48,147)	(498,889)
遠期買入	184,475	130,912	4,880	9,091	329,358
遠期賣出	(191,621)	(161,274)	(1,628)	(19,070)	(373,593)
期權倉淨額	(9,366)	9,233	-	(24)	(157)
非結構性長／(短)盤淨額	(2,352)	(989)	(590)	108	(3,823)
	30/6/2017				
	美元	人民幣	馬幣	其他外幣	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
結構性持倉淨額	2,142	13,213	2,138	942	18,435
	31/12/2016				
	美元	人民幣	馬幣	其他外幣	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
結構性持倉淨額	2,173	12,834	2,033	903	17,943

以上數字乃根據《銀行業條例》第63條，就中期報告期向金管局呈交的關乎非港元貨幣持倉的申報表之基準，其計算是根據金管局訂定用作規管用途的綜合基準所編製。

補充財務資料(續)

G. 槓桿比率

	30/6/2017	31/12/2016
	百分率	百分率
槓桿比率	9.8	8.8

槓桿比率之披露是由2015年3月31日起生效，其計算乃按金管局根據《資本規則》第3C條頒布的通知內所指定的綜合基準。根據《銀行業(披露)規則》第24A條的有關披露資料，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。

H. 逆周期緩衝資本比率

	30/6/2017	31/12/2016
	百分率	百分率
逆周期緩衝資本比率	0.476	0.243

根據《銀行業(披露)規則》第24B條的有關披露本期的資料，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。

I. 防護緩衝資本比率

根據《資本規則》第3M條，用以計算2017年6月30日及2016年12月31日之緩衝水平的防護緩衝資本比率分別是1.25%及0.625%。

J. 較高吸收虧損能力比率

根據《資本規則》第3V條，金管局已將本行指定為具本地系統重要性認可機構。適用於2017年6月30日及2016年12月31日之具本地系統重要性認可機構的較高吸收虧損能力比率分別是0.5%及0.25%。

K. 第三支柱監管披露

第三支柱監管披露所載本期之披露是根據《銀行業(披露)規則》而編製，而金管局所頒布的披露模版，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。

獨立審閱報告



致東亞銀行有限公司董事會

引言

我們已審閱 貴集團列載於第103頁至第152頁的中期財務報告，此中期財務報告包括於2017年6月30日的綜合財務狀況表與截至該日止6個月期間有關的綜合收益表、綜合全面收益表、綜合權益變動表和簡略綜合現金流量表以及附註解釋。根據《上市規則》，上市公司必須符合《上市規則》中的相關規定和香港會計師公會頒布的《香港會計準則》第34號「中期財務報告」的規定編製中期財務報告。董事須負責根據《香港會計準則》第34號編製及列報中期財務報告。

我們的責任是根據我們的審閱對中期財務報告作出結論，並按照我們雙方所協定的應聘條款，僅向全體董事會報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

審閱範圍

我們已根據香港會計師公會所頒布的《香港審閱工作準則》第2410號「獨立核數師對中期財務信息的審閱」進行審閱。中期財務報告審閱工作包括主要向負責財務會計事項的人員詢問、並實施分析和其他審閱程序。由於審閱的範圍遠較按照《香港審核準則》進行審核的範圍為小，所以不能保證我們會注意到在審核中可能會被發現的所有重大事項。因此我們不會發表任何審核意見。

結論

根據我們的審閱工作，我們並沒有注意到任何事項，使我們相信於2017年6月30日的中期財務報告在所有重大方面沒有按照《香港會計準則》第34號「中期財務報告」的規定編製。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

2017年8月25日

中期股息

董事會欣然宣布派發截至2017年6月30日止6個月的中期股息每股港幣0.68元（「2017中期股息」）（2016中期股息：每股港幣0.28元），2017中期股息將以現金派發予於2017年9月14日（星期四）辦公時間結束時在本行股東名冊上已登記的股東，股東亦可選擇收取已繳足股款的新股以代替現金（「以股代息計劃」）。2017中期股息的除息日期為2017年9月11日（星期一）。以股代息計劃的詳情將連同有關選擇表格約於2017年9月14日（星期四）寄予各股東。以股代息計劃須待聯交所上市委員會批准所發行的新股上市及買賣方可作實。有關的股息單和以股代息的股票將約於2017年10月10日（星期二）以平郵寄予股東。

過戶日期

本行將於2017年9月13日（星期三）及2017年9月14日（星期四）暫停辦理股票過戶登記。如欲享有2017中期股息，股東須於2017年9月12日（星期二）下午4時前，將過戶文件送達卓佳標準有限公司，地址為香港皇后大道東183號合和中心22樓辦理登記手續。

財務回顧

財務表現

於2017年首6個月，本集團錄得可歸屬於本集團股東溢利達港幣62.20億元，較2016年同期港幣20.95億元上升港幣41.25億元或196.9%。

以上業績包括本行因向Trivium Investment Limited（一間由環球投資機構Permira全資擁有的附屬公司）出售Tricor Holdings Limited及其附屬公司，總作價為港幣64.7億元所錄得之淨溢利約港幣30億元，並已計入來自已終止經營業務之可歸屬於本集團股東溢利項下。

不計及已終止經營業務之淨溢利，來自持續經營業務之可歸屬於本集團股東溢利為港幣31.71億元，較2016年上半年增加港幣11.90億元或60.0%。

來自持續經營業務之每股基本盈利由2016年上半年之港幣0.65元增至2017年同期之港幣1.08元。倘計及已終止經營業務，則每股基本盈利自2016年之港幣0.69元增至2017年之港幣2.20元。

年度平均資產回報率由0.5%升至1.1%，而年度平均股東權益回報率則由4.8%升至10.8%。

於2017年首6個月，本集團來自持續經營業務的淨利息收入增加港幣2.56億元，或4.7%，至港幣57.39億元。淨息差由1.59%擴闊至1.64%，而平均帶息資產增加1.9%。

來自持續經營業務的費用及佣金收入淨額增加港幣2,900萬元，或2.3%，至港幣12.82億元。來自保險、零售銀行和信託及代理業務的佣金收入錄得增長，而來自貿易融資和貸款及擔保的收入則減少。

來自持續經營業務的交易及對沖的淨額增加港幣2.19億元，至港幣1.81億元。整體而言，來自持續經營業務的非利息收入增加14.7%，至港幣18.90億元。來自持續經營業務的經營收入則增加7.0%，至港幣76.29億元。

來自持續經營業務的總經營支出下降7.9%，至港幣39.03億元。成本對收入比率從2016年上半年的59.4%改善至2017年上半年的51.2%。

來自持續經營業務的未扣除減值損失之經營溢利為港幣37.26億元，較2016年同期增加港幣8.35億元，或28.9%。

來自持續經營業務的貸款及應收賬減值損失下降38.5%至港幣7.63億元。本集團於2017年6月底的減值貸款比率與2016年底之1.49%相同。香港業務的減值貸款比率由1.03%下降至1.00%，同時內地業務的減值貸款比率則由2.87%下降至2.79%。

來自持續經營業務的扣除減值損失後之經營溢利為港幣29.03億元，增幅為港幣12.53億元，或75.9%。

來自持續經營業務的出售可供出售金融資產之淨溢利增加437.3%，至港幣2.15億元。

來自持續經營業務的出售持有作出售資產的淨溢利中，包括出售一處香港物業的淨盈利港幣1.92億元。

來自持續經營業務的重估投資物業盈利增加至港幣2.29億元。

來自持續經營業務的集團應佔聯營公司之除稅後溢利為港幣2.24億元，較2016年同期增加港幣3,200萬元，或16.6%。

經計及所得稅後，來自持續經營業務的除稅後溢利升至港幣31.88億元，較2016年上半年的港幣19.89億元上升60.3%。

財務狀況

於2017年6月底，本集團綜合資產總額較2016年底的港幣7,657.06億元增加3.0%，至港幣7,884.56億元。

客戶墊款總額上升2.7%，至港幣4,665.74億元，而貿易票據貼現則增加18.9%，至港幣141.96億元。

可歸屬於本集團股東權益總額增加10.0%至港幣863.02億元，主要因為於2017年首6個月錄得淨溢利港幣62.20億元。由於在2017年5月發行額外一級資本票據5億美元，額外股本工具增加77.3%，至港幣88.94億元。

客戶存款總額增加2.5%，至港幣5,490.09億元。其中，活期存款和往來存款賬戶結餘增加港幣37.13億元，增幅為5.0%；儲蓄存款增加港幣39.61億元，升幅為3.1%；而定期存款則增加港幣55.46億元，增幅為1.7%。包括客戶存款及所有已發行存款證的存款總額增加3.7%，至港幣5,856.65億元。

於2017年6月底，貸款對存款比率為79.7%，而2016年底則為80.4%。

於2017年6月30日，總資本比率、一級資本比率及普通股權一級資本比率分別為17.5%、14.2%及12.3%。截至2017年6月30日止季度的平均流動性覆蓋比率為129.5%，遠高於2017年80%的法定限額。

經濟概覽

環球經濟於2017年上半年轉好。美國經濟繼續穩步向前，中國及歐洲經濟狀況亦趨於穩定。

由於外部需求增強，香港的出口於2017年首6個月錄得8.8%的升幅。在這背景下，本港經濟於2017上半年增長4.0%。而失業率於2017年6月則下降至3.1%。

住宅物業價格於上半年攀升9.3%，原因是自住及投資需求在超低息環境下持續旺盛。股票及物業價格持續走高帶來正面財富效應，使私人消費於上半年增長4.6%。

訪港遊客數量回升，令零售銷售額跌幅從2016年底的8.1%收窄至2017上半年的0.6%。

整體外部需求走強，在未來數月將支持經濟增長，惟市場將注視美國的加息步伐，以及加息對本港物業市場造成的影響。預計2017年本地生產總值平均增長率為3.5%，而通脹率平均為2.0%。

內地方面，外部需求轉強為製造業帶來支持，2017年首6個月的出口增長達8.5%。受惠於此，就業市場亦逐步改善，並帶動內地消費增長。故此，經濟於上半年增長6.9%。

展望未來，預計內地當局會利用穩定的經濟環境來推動經濟改革，包括收緊樓市政策。目前，不少一線城市的樓市已出現降溫跡象。收緊樓市政策符合當局的「經濟去槓桿」目標。預計未來數月的投資增長將有所放緩，令內地經濟的2017年增幅限制在6.8%左右。通脹率則有望維持在1.8%的溫和水平。

業務回顧

業務－香港

於2017年6月30日，東亞銀行香港的客戶貸款及貿易票據總額較2016年底上升1.5%，而客戶貸款則增長1.2%，存款總額及債券投資亦分別增加3.3%及4.2%。

零售銀行

受惠於服務數碼化進展理想，加上營運效率有所提升，東亞銀行個人銀行業務於2017年上半年表現令人滿意。淨利息收入與服務費及佣金收入淨額均錄得雙位數增長，帶動經營收入按年上升17.4%。

本行大量吸納個人及企業客戶開立綜合戶口，令往來及儲蓄賬戶結餘佔整體存款比率較2016年底有所改善，有助緩和資金成本升幅。

由於零售投資者重返市場，投資產品銷售顯著增加。保險方面，儘管去年同期基數偏高，銷售仍錄得增長。

分行數碼化計劃將於2017年底完成，而鼓勵客戶轉用數碼渠道方面亦取得良好進展。東亞銀行不斷更新手機程式，以提升功能及吸納更多用戶。客戶現已可直接以Touch ID即時登入。今年第三季度本行更將會推出方便易用的手機股票交易功能，預期可進一步帶動應用程式的使用量及增加服務費收入。

企業及商業銀行

於回顧期內，企業銀行業務持續受壓。淨利息收入與服務費及佣金收入淨額均下跌，拖累經營收入。然而，由於人民幣匯價回穩，以致因客戶買賣人民幣衍生產品時違約所導致的損失減少，收窄經營收入的跌幅。

中資企業繼續為擴展業務及海外收購項目籌集資金。本行對貸款增長持非常審慎態度，一向著重資產質素，而並非擴大市場份額。因此，企業貸款總額較2016年底僅增長0.7%。

資金成本上升及市場競爭加劇，令息差受壓。然而，繼香港金融管理局決定將新造住宅按揭風險加權比率的下限提高至25%後，香港各大銀行已上調按揭息率，以抵銷資本成本的增幅，此舉有助紓緩整體貸款市場利率的下行壓力。

人民幣財資相關業務減少，是導致服務費收入下跌的主要原因之一。由於對該類產品的需求難望回升，本行正開拓新渠道增加服務費收入，當中包括加強本地中小型企業銀行服務以提高往來及儲蓄賬戶結餘及交易服務費收入、開發以企業為目標客戶的保險產品，以及善用本行的跨境服務平台。

財富管理

2017年上半年，本行私人銀行業務受惠於市場氣氛明顯改善，服務費及佣金收入淨額錄得雙位數升幅，淨利息收入亦上升。整體而言，經營收入按年增長13.9%。客戶貸款及管理資產較2016年底均有所增加。

本行私人銀行一直以聘請擁有廣泛客戶網絡的新員工，作為擴大內地客戶基礎的途徑之一。本行亦會繼續投放資源延攬人才，以抓緊機遇拓展私人銀行業務。

此外，本行亦善用旗下龐大的本地分行網絡，以擴大財富管理服務平台的覆蓋範圍。東亞銀行亦透過與知名資產管理公司合作，推出一般並未有向零售市場提供的高端產品，為富裕的零售客戶帶來更多投資選擇。鑑於使用網上財富管理工具的個人客戶數量日益增加，本行的數碼化策略今後在滿足客戶需要方面，將發揮更重要作用。隨著業務發展，預期本行服務費收入將可穩步增長。

保險及強積金服務

於回顧期內，本行旗下全資壽險附屬公司—東亞人壽保險有限公司的新造保單保費收入錄得13.2%增幅。在低息環境下，市場對具保證回報的短期儲蓄產品需求仍然殷切。東亞人壽將繼續提供合適的產品組合，以滿足客戶對保障、短期儲蓄及長期財務目標的不同需求。

2017年上半年，不少保險公司爭相降低保費以維持整體收入增長，以致一般保險市場的競爭持續激烈。面對艱難的營銷環境，尤以團體醫療保險業務為甚，本行旗下一般保險全資附屬公司—藍十字(亞太)保險有限公司集中保持其盈利能力。因此，儘管保費收入總額減少，一般保險的承保利潤仍然錄得令人滿意的增幅，而個人醫療及旅遊保險均是推動承保利潤增長的業務。

截至2017年上半年止六個月，東亞銀行旗下強積金計劃的成員總數增至710,670名，而管理資產則上升11.9%至港幣232億元。強積金預設投資策略於2017年4月1日生效，本行已於三個強積金計劃分別設立相應的基金，並投放資源於投資者教育、僱主／僱員通訊及合規監察各方面，以確保預設投資策略順利推出。

業務－中國

於回顧期內，中國內地宏觀經濟有見改善，繼2016年增長6.7%後，內地經濟於2017年上半年按年增長6.9%。進出口、工業產量、零售業銷售及固定資產投資數據均見好轉，帶動經濟重拾升軌。同時，人民幣兌美元匯率亦見回升。

隨著經濟環境改善，加上有效的管理措施，東亞銀行的中國區業務於2017年上半年轉虧為盈。

中國區業務錄得淨溢利港幣3.36億元，扭轉了2016年度全年淨虧損港幣4.62億元的情況。其中，貸款減值撥備減少亦有助改善業績表現。

向企業及個人客戶發放的貸款總額由2016年底上升4.6%，至港幣1,484.59億元，客戶存款總額則上升約4.6%，至港幣1,896.21億元。

上述溫和的幅度符合東亞中國審慎推動貸款增長的發展方針。中國區業務得以扭轉虧損情況，有賴本行實施一系列控制經營、資金及信貸成本的計劃，以及不斷優化資產及負債結構。

由於管理層積極採取上述措施並取得成效，令中國區業務的淨息差於2017年上半年擴闊5個基點至1.76%；2016年下半年的淨息差為1.71%。

2017年上半年，中國區業務的相關經營支出為港幣13.84億元，而成本對收入比率則為57.6%。

東亞中國繼續加緊推行網絡精簡措施，上半年內，共有8間支行與其他網點合併。於2017年6月底，東亞中國於全國44個城市營運30間分行及81間支行，仍然是內地網絡最龐大的外資銀行之一。

2017年上半年，總減值貸款形成比率趨於穩定，關注類貸款亦有所下降。期內新增減值貸款主要源自批發及零售業，以及房地產投資。

為進一步優化資產結構及增加收入來源，東亞中國致力推動非房地產類貸款、消費貸款、跨境業務、財資產品銷售及財富管理產品的業務增長。展望未來，東亞中國將更積極拓展上述業務，力求資產及收入組合更多元化。同時，東亞中國將繼續重點支持內地實體經濟，把握「一帶一路」倡議等國家政策所帶來的機遇。

除傳統銀行業務外，東亞銀行集團在支持內地客戶拓展海外市場方面，亦具備豐富經驗及專業知識，包括為客戶提供綜合金融服務平台，以及高效的「一站式」跨境金融解決方案。未來，東亞中國將憑藉此等豐富經驗和專業知識，進一步優化其貸款組合，並帶動費用收入增加。

一直以來，零售銀行業務為東亞中國帶來較高的收益。目前內地消費貸款需求強勁，東亞中國將繼續發展相關的業務，包括信用卡分期貸款及有抵押的個人貸款。此外，東亞中國亦會積極尋求與互聯網界別翹楚建立策略夥伴關係，以大幅擴展消費貸款業務。

於2017年下半年，東亞中國將進一步優化分行網絡，並致力提升生產力，積極監察資產素質，同時加快追收、緩解及處置現有的減值資產。

憑藉過去兩年採取的措施，東亞中國現正處於更佳位置，以迎接未來的挑戰。今年正值東亞中國於內地成立10周年紀念，東亞中國深信今後定能再創高峰，成為內地最本土化的外資銀行。

業務－澳門及台灣

澳門博彩業經過連續三年的收縮，於2017年上半年重拾升軌，並帶動當地經濟回復增長。為把握經濟復甦帶來的機遇，東亞銀行澳門分行致力擴大其客戶基礎，尤其是專業人士及高淨值客戶。得益於上述舉措，2017年上半年，澳門分行的顯卓理財客戶數量及零售存款總額分別較2016年底上升47.3%及17.5%。

於2017年下半年，澳門分行將擴大零售銀行產品組合，並致力推廣保險及投資產品，以進一步拓展服務費及佣金收入。

縱使台灣於2017年第一季度經濟增長2.6%，市場環境仍然不明朗，加上競爭激烈及資金成本上漲，貸款息差因而受壓。在充滿挑戰的經營環境下，東亞銀行台北分行將於本年餘下時間著重於擴闊息差而非增長貸款。

業務－國際

本行在美國的業務於2017年上半年錄得穩固增長，經營溢利及淨溢利較上年同期分別上升19.7%及21.7%。資產質素維持穩健，於2017年6月底減值貸款比率為0.14%。

2017年下半年，預期美國市場的商業及地產交投活動均繼續保持平穩，但特朗普政府提出的各項政策，包括基建投資、企業稅改革及放寬規管等措施，可能影響下半年的前景。

為把握市場機遇，東亞銀行的紐約及洛杉磯分行將繼續多元化發展及擴大貸款組合，並主力為財務穩健的企業借貸人及優質地產項目提供貸款。

上半年度，本行英國業務的經營溢利及淨溢利分別增長28.2%及39.4%。英國脫歐公投後英鎊貶值，加上英倫銀行減息，重燃海外投資者在英國收購優質資產的興趣，特別是位處倫敦黃金地段的物業。然而，在6月舉行的英國大選結果卻令下半年的前景變得不明朗，由於保守黨已失去國會大多數席位，英國脫歐談判預計將更加艱鉅。

因應市場需求，東亞銀行的英國分行將繼續發展住宅按揭及建築貸款業務。此外，倫敦分行更致力拓展其非物業貸款組合，並與中國內地、亞洲及其他主要國際銀行維持緊密聯繫，尋找為不同行業提供貸款的商機。

新加坡經濟預期於2017年增長1%至3%，惟不明朗因素持續。東亞銀行的新加坡分行已透過退出及終止較高風險行業的借貸，以提升貸款組合的信貸質素。該分行將加強在中型企業客戶群的業務，並提供有效的跨境財務方案，以促進客戶在中國商貿和東南亞的投資，從而吸納新業務。

東亞銀行的納閩分行繼續向馬來西亞當地企業及受惠於經濟增長的行業提供貸款。

此外，為把握更多由中國內地、香港及其他市場企業對外投資所帶來的機遇，東亞銀行的海外分行將繼續與總行、東亞中國，以及本行的策略夥伴緊密合作，以增強客戶轉介。

其他附屬公司

領達財務有限公司

於2017年上半年，領達財務的貸款組合增長放緩，主要因為其產品及批核標準受到更嚴格的管控及限制，致使該公司進一步收緊其信貸風險。展望未來，領達財務將繼續透過優化分行網絡及開闢多元化的營銷渠道來提高競爭力。於6月30日，領達財務在香港、深圳及重慶共設有16個服務網點。

東亞聯豐投資管理有限公司

於2017年上半年，東亞聯豐投資的管理資產增加18.7%。東亞聯豐投資成功擴大在歐洲及亞洲的零售及機構客戶群，成為增長的主要動力。

因應零售投資者對入息基金的需求日益增長，東亞聯豐投資於年初推出了亞洲策略債券基金。

東亞聯豐投資藉參與滬港通／深港通以及債券通鞏固其內地投資服務，借助基金互認計劃擴大分銷渠道，並透過外商獨資企業計劃擴大其業務範圍。該公司亦將善用瑞士與香港基金互認安排，將分銷網絡延伸至瑞士。

人力資源

東亞銀行集團於2017年6月30日的僱員人數為9,970人，分布如下：

	於2017年 6月30日	於2016年 6月30日 重報
來自持續經營業務		
香港	4,293	4,740
中國內地	5,121	5,559
海外(包括澳門及台灣)*	556	575
總計	9,970	10,874

* 由2017年起，澳門及台灣業務被歸納為海外業務，而2016年之數字已重報以作比較。

於2017年首6個月，東亞銀行繼續招募人才以支持其業務發展，並繼續加強培訓領導人才。

僱員發展是東亞銀行人事策略的主要焦點。本行提供豐富的培訓及進修計劃來栽培年輕僱員，訓練員工的領導才能及提升技能。本行鼓勵管理人員善用職位輪換的機會擴闊視野。此外，本行於近期推出一項全新的資助計劃，協助員工獲取由金管局推動關於網絡安全與打擊洗錢及恐怖分子資金籌集的銀行專業資歷架構下的資歷證明。

未來展望

營商環境於2017年上半年有所改善。隨著發達經濟體前景轉佳及內地增長前景轉趨樂觀，東亞銀行將積極探索並把握各種業務機遇，包括在「一帶一路」的倡議下所帶來的商機。

然而，本行亦意識到今年下半年或會因各種下行風險而出現新的挑戰。主要的風險包括美國利率正常化的步伐、英國脫歐的談判進展、保護主義情緒的可能升溫，以及多個區域的地緣政治局勢惡化等。

於2017年下半年，東亞銀行將繼續專注於年初訂下的三項策略：(1)管理資產質素及信貸風險；(2)控制營運成本；及(3)投資於數碼化。

首先，東亞銀行將繼續以管理資產質素及風險為首務，維持嚴謹的信貸指引，有系統地審查貸款以預早發現警號，並跟進減值貸款的追收情況。因此，預計2017年的不良貸款比率將不會大幅惡化，而信貸成本料將較2016年下半年有顯著改善。

第二，東亞銀行將繼續全面推行為期3年的減省成本計劃，以實現至2018年底共節省港幣7億元的目標。截至2017年的上半年底，本行成功節省的金額已接近這3年目標的三分之二。而在香港，本行將透過分行網絡優化及數碼化節省成本。

第三，東亞銀行將進一步提升其數碼方案，改善客戶體驗並提高效率。本行計劃在2017年底前完成其香港分行網絡的數碼化工作。東亞銀行將繼續推廣其方便快捷的網上投資及保險服務。另外，本行將進一步提升企業及私人銀行客戶之網上服務。

東亞銀行亦將透過理財服務及投資產品等業務以帶動更多非利息收入。由於人民幣的匯率轉趨穩定，而境內流動資金緊絀，導致信貸擴張放緩，中國內地客戶重回本港市場尋求融資。東亞銀行將利用其內地分行網絡，與實力雄厚、且有意發展海外業務及進行收購的內地企業連繫。東亞銀行亦將進一步開拓內地富裕人士的跨境理財業務。

由於內地市場流動資金緊絀，東亞銀行內地業務的淨息差可能將於2017年的下半年受壓。東亞中國將繼續採取禦防措施，不斷提高資產質素、減低信貸風險，優化網絡及改善網點效率。

誠如先前所公布，東亞中國正調整其業務擴展策略，以配合政府大力支持的計劃，如「一帶一路」的倡議。東亞中國計劃透過不同渠道為尋求融資的內地企業提供服務。此外，東亞中國將繼續探索互聯網金融的機會，並加速發展其流動平台，務求掌握流動理財的商機。

本集團亦透過建立合作夥伴關係，進一步推動內地的業務增長。東亞銀行是《內地與香港關於建立更緊密經貿關係的安排》補充協議十的相關規定，即CEPA10下，獲准籌建全牌照中外合資證券公司的兩間香港銀行之一。作為東亞前海證券有限責任公司股份的第一大股東（持股量為49%），東亞銀行可透過東亞前海證券於內地提供更多元化的服務。於獲得相關監管機構的批准後，所提供的服務將包括證券經紀、承銷與保薦、資產管理和自營交易。

海外市場方面，本行將繼續加強總行、東亞中國及戰略夥伴之間的合作，進一步發展跨境金融業務，尤其是為在內地經營業務及投資的海外企業提供服務。

風險管理

按照金管局及其他監管者發出的規定，本集團已建立一個有效的風險管治及管理架構。該架構的構造令董事會及管理層能夠以適當授權和制衡履行彼等的風險管理相關職責。該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制。

風險委員會為本集團僅次於董事會的最高風險管治機構，成員包括六名獨立非執行董事（包括委員會主席）及兩名非執行董事。風險委員會直接監督本集團機構風險偏好的制定，並設定本集團就其財務能力、策略性指引、目前市況及監管要求而言可承擔的風險水平。

風險委員會亦確保本集團的風險偏好反映於政策及程序上，讓管理層行使其業務職能時採納。透過本集團的各管理委員會（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），及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，確保根據現有政策及運用適當資源完成所有與風險相關的重要任務。

本集團已推行企業風險管理架構。此企業風險管理架構旨在全面有效地識別及管理潛在風險、實踐金管局對本集團作為一間具本地系統重要性銀行在風險管理方面的更高期望，以及鞏固「三道防線」風險管理模式。

為確保風險管理角色與責任於本集團內分工明確，本集團已採納「三道防線」風險管理架構。「三道防線」模式概述如下：

- 第一道防線為「風險負責人」，由總行各處級主管及各重要附屬公司主管，連同其屬下職員組成，主要負責其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。
- 第二道防線為「風險監控人」，由總行指定處級／部級主管組成。在其單位的支援下，風險監控人負責制定風險管理管治架構、獨立監督風險及輔助各管理委員會監控風險管理。
- 第三道防線為稽核處。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。

集團風險總監協調本集團所有風險管理相關事務，與各風險監控人就風險管理政策的制定緊密協作，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。

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，並且受到監控及定期檢討，以符合市場轉變及法定要求，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各管理委員會。與重要風險管理相關的事項須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集團風險管理相關事項，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。

壓力測試為本集團風險管理的重要部分。本集團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、盈利能力及流動資金，可能產生的影響。有需要時，管理層亦會果斷制定並執行應對措施以減低潛在影響。

(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。

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，以及監控資產素質，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。

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。

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。

(b) 市場風險管理

市場風險是指由市場因素，例如利率、外匯、股票價格及商品價格的不利變動而導致本集團溢利或虧損的風險。市場風險管理旨在減少財務工具內在波動性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。本集團風險管理處轄下的資產負債管理部負責監察與市場風險有關的活動。

進行衍生工具坐盤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部分程序。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，本集團主要管理的市場風險包括：

(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幣風險主要以美元、人民幣及新加坡元為單位。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，其有關的溢利及虧損因為已撥入儲備，所以未計算在「風險值」內。管理此等外幣投資的主要目的是保障本集團的儲備，以免儲備受匯率波動的影響。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。

(ii) 利率風險

本集團的交易組合中的利率持倉來自財資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。

(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。

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設定具體的控制限額。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帶來的相關市場風險，確保整體及個別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，以確保所承擔風險維持在既定的控制限額內。

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。

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。這種方法是自2017年1月1日起開始採用，而過往是採用參數法。

由分行及附屬公司的淨投資產生的結構性外匯持倉不會包括在計算外匯交易持倉的風險值內。

除上市股份外，私人股份基金及非上市股份（統稱「非上市證券」）的賬面值亦一律由本集團管理層按限額控制。非上市證券及非交易上市股份是根據特定限額管理及並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。

風險值統計

	2017年上半年			
	於6月30日	最高	最低	平均
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
交易活動的風險值總額	43	49	38	42
外匯交易持倉的風險值*	9	17	9	14
利率交易持倉的風險值	3	4	2	3
股份交易持倉的風險值	35	37	25	29

	2016年上半年			
	於6月30日	最高	最低	平均
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
交易活動的風險值總額	36	45	31	38
外匯交易持倉的風險值*	12	14	8	11
利率交易持倉的風險值	3	7	2	4
股份交易持倉的風險值	25	34	23	27

* 包括所有外匯持倉但不包括結構性外匯持倉。

於2017年上半年，所有交易活動（包括外匯、利率及股份交易活動）所得的每日平均收入為港幣276萬元（2016年上半年的每日平均收入為港幣59萬元）。期內每日溢利／虧損的標準差為港幣443萬元（2016年同期標準差為港幣860萬元）。

(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。

營運風險管理的目的在於有系統及有效地識別、評估、監控及匯報營運風險；減少營運虧損及對本集團的其他影響；以及遵守相關監管規定的要求。

營運風險管理委員會負責監督本集團的營運風險管理，而本集團風險管理處轄下的營運風險管理部則負責監察與營運風險有關的活動。

本集團所採用的營運風險管理工具包括營運風險事件匯報、風險控制自我評估、主要風險指標、營運手冊及保險政策等。

(d) 流動資金風險管理

流動資金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（融資流動風險）；或因市場深度不足或市場失序，除非大幅降低資產的市場價格，否則本集團無法輕易迅速清算資產的風險（市場流動性風險）。

流動資金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即時或在合約期滿時滿足提款要求，在借款期滿時能夠還款，符合法定的流動性覆蓋比率，以及掌握貸款和投資的機會。

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資金風險管理。資產負債管理委員會制定管理流動資金風險的策略、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資產負債管理部負責監察與流動資金風險相關的活動。稽核處會定期作出檢討，確保流動資金風險管理功能得以有效執行。

流動性覆蓋比率於2015年1月1日起生效，對本集團的流動資金風險管理施加更嚴格的監管制度。《銀行業（流動性）規則》要求本集團必須於2019年達致最低流動性覆蓋比率。過渡期間，有關百分比將由2015年的60%升至2019年的100%，自2016年起監管要求每年增加10%。為確保遵守不斷提升的監管要求，資產負債管理委員會會定期檢閱有關流動性覆蓋比率的重大變動連同建議補救措施以應對來自（但不限於）存款基礎成分及其餘下期限、短期貸款活動以及本集團資產及負債組合策略的不利變動。為將流動性覆蓋比率維持在合適範圍內，本集團已訂立內部流動性覆蓋比率目標。在規劃資產及負債組合策略時，相關業務單位協助本集團評估資產增長及融資架構對流動性覆蓋比率的影響，以供資產負債管理委員會檢討和決策。

為有效地管理流動性覆蓋比率，本集團著力保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、小企業和大額融資之間保持資金平衡，避免資金集中於任何一種資源。本集團透過發行存款證、中期票據、後償債項、貨幣市場拆借及借貸進入專業市場，獲取額外資金，並維持於當地金融市場的地位、以及優化資產及負債的期限。

集團內公司間的融資交易乃按一般正常交易原則進行，處理方式與其他第三方交易一致，並接受定期監察及適當控制。

除緊守法定的流動性覆蓋比率外，本集團已設立不同的流動性指標，以衡量及分析流動資金風險，包括(但不限於)貸存比率、累積期限錯配比例、資金集中比率、集團內公司間風險限額及跨貨幣資金比率。

由於本集團大部分流動資金風險來自資產與負債組合之間的期限錯配差距，本集團會透過本行的管理資訊系統定期對一系列時間內的資產負債表內外項目進行現金流量分析及預測，確定特定時間組別的資金需要，從而管理流動資金風險。本集團維持充足的優質流動資產，作為在資金受壓時提供流動資金的緩衝。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及其他同等的流動資產。其中大部分優質流動資產以港幣計值。本集團維持的應急融資來源提供策略性的流動資金，以應付未能預計的大量現金流出需求。

本集團亦會定期進行壓力測試，以分析流動資金風險。透過運用適當的虛擬及歷史假設，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「穩健的流動資金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，並制定應急融資政策，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。

應急融資政策旨在提供防患未然的積極措施，並訂明以下三個階段：

1. 本集團運用預早警報指標，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以了解情況。資產負債管理委員會將考慮適當的補救措施，並在合適情況下考慮採用危機管理措施。
2. 本集團已設立危機管理委員會，並由主席兼行政總裁擔任該委員會的主席，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，並定期檢討應急融資政策。應急融資政策如有任何重大變動，須取得董事會的批准。

已發行存款證、債務證券及借貸資本

2017年上半年，本行發行了面值為7,500萬美元的浮息存款證及債務證券；面值為港幣30.20億元、1.92億美元、人民幣1.04億元、2.66億英鎊及50億日元的定息存款證及債務證券；以及面值為港幣25.47億元、22.87億美元、人民幣20.80億元、5,000萬英鎊、2.5億歐元、20億日元及7,000萬瑞士法郎的零息存款證及債務證券。本集團於到期時贖回各類存款證及債務證券達等值港幣328.36億元。

於2017年6月底，已發行在外的存款證及債務證券面值相等於港幣377.43億元，賬面值則相等於港幣376.57億元。

已發行存款證及債務證券的年期

於2017年6月30日

(以百萬元位列示)

	總面值	到期年份			
		2017	2018	2019	2020
浮息					
港元	300	300			
美元	330	255	55		20
定息(附註)					
港元	5,750	4,217	1,233	300	
美元	294	219	75		
人民幣	454	350	104		
新加坡元	50	50			
日元	5,000		5,000		
英鎊	142	142			
歐元	90	90			
零息					
港元	3,085	2,790	295		
美元	1,982	1,873	109		
人民幣	2,955	2,955			
英鎊	75	75			
日元	2,000		2,000		
瑞士法郎	70		70		
所有已發行存款證及債務證券 (港元等值)	37,743	32,712	4,575	300	156

附註：

已就管理已發行長期存款證及債務證券附帶的利率風險安排認為必要的相關利率掉期。

本集團於2017年上半年贖回的借貸資本達等值港幣38.91億元。

於2017年6月底，已發行的借貸資本面值相等於港幣170.23億元，賬面值則相等於港幣170.83億元。

借貨資本的年期
於2017年6月30日
(以百萬元位列示)

	總面值	到期年份			
		2020	2022	2024	2026
美元(附註1及2)	1,600	600		500	500
新加坡元(附註3)	800		800		
所有已發行借貨資本(港元等值)	17,023	4,682	4,535	3,903	3,903

附註：

1. 將於2024年到期的5億美元借貨資本於2019年11月20日可贖回。
2. 將於2026年到期的5億美元借貨資本於2021年11月3日可贖回。
3. 於2017年9月13日可贖回。

(e) 利率風險管理

利率風險是指不利的利率變動帶來的風險。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資產負債管理部，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帶息資產、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，對重訂息率風險、息率基準風險、期權風險及收益率曲線風險進行評估。本集團管理銀行賬冊利率風險時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瞭解資產、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。

本集團每月進行敏感度分析，以估算利率變動對盈利和經濟價值的影響，當中假設本集團資產、負債和資產負債表外持倉的收益率曲線出現200個基點的利率衝擊。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。有關結果須定期向資產負債管理委員會匯報。

(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、信譽或地位造成當前或潛在影響的風險。

本集團轄下的風險管理處監控本集團現行生息資產組合及融資策略下的活動，並於適當情況下定期向資產負債管理委員會、風險管理委員會、風險委員會及董事會匯報有關情況。

本集團亦會定期透過資本充足比率預計及內部資本充足評估程序進行資本管理，以評估支援本集團在風險可承受水平上所需的資本資源水平。

(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其他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。

本集團提供由合資格內部人員及／或外聘律師／專業人士講解的適當培訓課程，並向員工發出定期提示。當處理法律事宜時，本集團諮詢合資格內部人士，並於必要時及適當的情況下徵詢具備相應專業知識的外聘律師（包括大律師及資深大律師）的意見。

營運風險管理委員會負責監督本集團的法律風險管理。

(h) 信譽風險管理

信譽風險是指由於一項或多項有關本集團經營方式、行為或財務狀況的負面報導，從而損及本集團信譽的風險。此等負面報導，不管真確與否，皆有可能影響公眾對本集團的信心，可能導致高昂的訴訟費用，或令本集團客戶、業務及／或收入減少。

信譽風險管理的目的在於識別、評估、監控、匯報及緩減信譽風險，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信譽。

本集團制定並遵從信譽風險管理手冊。該手冊載錄對信譽風險實施的系統化管理方法，包括識別、評估、監控、緩減及控制信譽風險的機制，藉此保護及提升本集團的信譽。本集團已制定事件應對及管理指引，以確保能夠快速應對並管理未能預期的事件。本集團並已制定媒體指引，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信譽風險管理。

(i) 合規風險管理

合規風險是指因法律及監管制裁、罰金或罰款、財務損失，或因未能遵守適用於本集團銀行業務的法例、規例、規則、相關自律組織標準及行為守則，而導致本集團損失的風險。

本集團已制定各項政策、指引及手冊，確保本集團之營運符合所有適用法例、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。本集團亦已制定並遵從集團合規風險管理手冊，該手冊概述本集團系統化的合規風險管理方法，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。此外，本集團實施一套穩定的合規風險監察機制；並按風險為本的原則，對本行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。

本集團已建立科技風險管理機制，並以全面的監控政策、標準、指引及程序確保其實施。

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、以及資料保密及完整性相關的監控措施已被採納。

營運風險管理委員會負責監督本集團的科技風險相關事項。

(k) 新產品及業務風險管理

新產品及業務風險是指本集團在新產品推出、現有產品結構性變動及新業務運作(即透過設立新附屬公司及／或合併及收購)時，未充分預先評估其重大潛在風險，而導致本集團損失的風險。此等重大潛在風險包括信貸風險、市場風險、營運風險、流動資金風險、利率風險、法律風險、科技風險、合規風險、策略性風險、信譽風險及持續業務運作風險。

本集團已建立穩健的風險管治架構，並以全面的控制指引及程序確保其實施。該框架內的程序確保本集團在推出新產品或業務時對潛在重大風險作出適當評估、記錄及審批；亦有助管理層監督新產品及業務。

每一個新產品的推出均須通過審批過程，包括業務及財務分析和風險評估。這些新產品首先由新產品評審工作組審核及評估，並由新產品及業務風險管理督導組認可及由風險管理委員會批准。新產品評審工作組由支援／監控職能的代表組成；而新產品及業務風險管理督導組的主席為集團風險總監，並由支援／監控職能的處級主管組成。

(I) 持續業務運作風險管理

持續業務運作風險是指事件或危機發生時業務中斷導致損失的風險。業務中斷可能由員工、資訊科技及電訊系統、行址、主要服務提供者、關鍵記錄等相關損失而引致。

為管理持續業務運作風險，本集團已制定全面的政策、指引及手冊。本集團所有個別職能單位均進行業務影響分析及制定業務持續規劃。

本集團每年進行業務持續規劃演習以測試各職能單位的業務持續規劃是否備妥及有效。

企業社會責任

東亞銀行各項企業社會責任措施與其社區投資的三大核心範疇環環緊扣，以教育、社會福利及環境三方面作為基礎。

東亞銀行於2月參加本港首個全港參與的金融教育活動—「香港理財月」教育展。本行員工在教育展上設置遊戲攤位，教導兒童及青少年穩健理財的重要性。

東亞銀行連續第3年支持「社商賢匯」舉辦的「ENGAGE」計劃。今年4月，於東亞銀行中心接待了22名來自基層的中四及中五學生，藉此增進他們對銀行業務的認識，協助他們了解銀行業的就業機會。於是次參觀活動中，學生更在模擬的分行環境下輪流擔當客戶服務代表的角色。

東亞銀行長期支持香港公益金（「公益金」）的善舉，並連續第2年冠名贊助公益金東亞慈善高爾夫球賽，為公益金會員機構轄下的精神健康服務籌得善款近港幣230萬元。

此外，本行亦鼓勵員工積極參與慈善活動，共襄善舉。本行約300名僱員攜同親友於1月參加公益金舉辦的2017年度「港島•九龍區百萬行」，身體力行支持公益金的家庭及兒童福利服務。

為慶祝國際婦女節，本行連續第8年從香港基督教女青年會購買紅棗茶分發給女員工，銷售所得款項用於支持女青年會的女性服務。

在保護環境方面，東亞銀行集團積極響應對抗氣候轉變的多項措施。本行是環境局《戶外燈光約章》的簽署機構，各分行在節能方面不遺餘力，因此榮獲環境局頒發「鉑金獎」。此外，東亞銀行亦獲頒發「香港環保卓越計劃」內之服務及貿易業界別「銀獎」，以表彰本行致力減少對環境造成影響的努力。

於2017年上半年，東亞銀行義工隊踴躍參與多項慈善活動，其中包括籌款活動、於假日安排長者聚會，以及向弱勢長者派發於石硤尾街市收集的剩菜等。此外，本行義工隊亦聯同香港耀能協會（前稱「香港痲痺協會」），為白田幼兒中心的發展遲緩或肢體弱能兒童籌辦復活節聚會，並與香港紅十字會攜手合作，於4月在東亞銀行中心舉辦捐血日。

東亞銀行慈善基金與「la Caixa」基金會及救世軍港澳軍區第三度協定合辦為期3年的「安老院舍完善人生關顧計劃」，繼續推動本港紓緩護理服務的發展。在香港，長者罹患腦退化症的情況日益受社會關注，而第三期「安老院舍完善人生關顧計劃」亦將擴大服務範圍，為患有腦退化症的長者提供所需。

為兒童提供教育機會、促進親子關係，均是東亞銀行集團核心價值觀的一部分。東亞銀行慈善基金連續第5年與聖公會宗教教育中心合辦「東亞銀行親子閱讀證書獎勵計劃」，資助綜援家庭或需要接受學生經濟援助的2,000名小學生及400名幼稚園學生參與，培養兒童的閱讀興趣、增進親子關係。

於2月，東亞銀行義工隊為東亞銀行慈善基金旗艦計劃「東亞培賢社」的成員舉辦了一次日營活動。日營在麥理浩夫人度假村舉行，讓近100名兒童、家長及義工有機會透過各種有趣活動交流互動。

在內地方面，東亞中國總行及全國17間東亞中國分行攜手推出「啞心過大年」公益活動，慶祝農曆新年。近200名義工贈送日用品及書籍等禮物予超過2,690名長者及兒童，服務時數逾1,330小時。

東亞中國於2017年3月至5月期間，在全國22個城市開展環保公益活動，超過730名義工（包括東亞中國員工、家屬及客戶）付出逾4,000小時的義工服務，透過種植400多株樹苗及其他活動，宣揚保護環境的訊息。

於2017年5月，東亞中國的14名義工參與了逾40小時的義務教學活動，為雲南省昆明市尋甸回族彝族自治縣鳳儀鄉發來古完小的學生講授多個科目，包括英語、繪畫及世界地理。

東亞中國每年於網站刊載企業社會責任報告，致力提高其企業社會責任措施的透明度。於5月，東亞中國就截至2016年12月31日止年度發表第9份企業社會責任報告。

東亞銀行澳門分行連續第4年參加世界宣明會澳門分會舉辦的「澳門饑饉」系列活動—「饑饉一餐」。「澳門饑饉」會用所籌得的善款支持世界宣明會為南蘇丹、津巴布韋、索馬里等非洲國家的兒童及家庭提供食物及營養物資。為支持該項活動，澳門分行的員工在5月時少吃一餐，並將膳食費用捐贈予世界宣明會。

東亞銀行馬來西亞納閩分行和吉隆坡代表處於2月響應柏威年集團舉辦的「Charity at Heart」活動，並將活動所籌得的善款全數撥捐馬來西亞各地有需要的老人院及組織。

藍十字作為「2017亞洲劍擊錦標賽」的冠名贊助商兼保險合作夥伴，於5月時與香港劍擊總會攜手舉辦本港首屆世界級劍擊錦標賽及劍擊好友慈善賽。兩隊由中國隊奧運獎牌得主及香港劍擊好手組成的夢幻組合，成功為凝動香港體育基金籌得港幣100,000元，以推動香港劍擊運動的發展。大會更在賽事結束後舉辦了「至醒」親子劍擊工作坊，以提高本港年輕一輩對劍擊運動的興趣。

獎項

本行於2017年首6個月之表現卓越，先後獲頒發多個獎項，包括：

- 《全球金融》雜誌之「2017香港最佳銀行」；
- 香港中小型企業總商會之「2017中小企業最佳拍檔獎」(連續第10年獲獎)；
- 華富財經(香港)有限公司之「華富財經傑出企業大獎2016 – 傑出中小企業服務機構(銀行)」(連續第4年獲獎)；
- 《國際金融雜誌》之「2016香港最佳流動理財」；
- 《彭博商業周刊中文版》「金融機構大獎2017」之「電子銀行服務 – 卓越大獎」；
- 銀聯國際之「最高UPOP商戶數量金獎2016」及「最高UPOP商戶交易量銀獎2016」；
- 萬事達卡之「最佳高端商務卡」、「最高賬戶結欠增長 – 銀獎」及「最高卡戶消費增長 – 銀獎」；
- 銀聯國際之「最高交易量升幅(信用卡) – 銅獎」；
- Visa國際組織之「2016年電子商務效率獎」(信用卡 – 跨境交易)；及
- MoneyHero.com.hk之「2017銀行卡創新大獎」。

此外，東亞中國亦榮獲：

- 《國際金融報》之「2017國際先鋒理財機構評選」 – 「2017最佳理財移動客戶端」。

東亞聯豐投資表現卓越，先後獲頒發多個獎項。

頒予東亞聯豐亞洲債券及貨幣基金：

- 「理柏基金香港年獎2017」之「最佳亞太區債券基金(本地貨幣)」(按其過往3年業績)；
- 「理柏基金香港年獎2017」之「最佳亞太區債券基金(本地貨幣)」(按其過往5年業績)；
- Fundsupermart.com之「2017/18 FSM 精選基金 – 亞洲債券基金」；
- Fund Selector Asia之「2017年度Fund Selector Asia Hong Kong – 區域債券基金白金獎」；及
- 《指標》雜誌之「《指標》基金 2016年度大獎：基金大獎亞洲高收益債券 – 同級最佳」。

頒予東亞聯豐環球債券基金：

- 《指標》雜誌之「《指標》基金2016年度大獎：基金大獎環球債券—同級最佳」。

頒予東亞聯豐港元債券基金：

- 《指標》雜誌之「《指標》基金2016年度大獎：基金大獎香港債券—同級最佳」。

頒予東亞(強積金)大中華股票基金：

- 《指標》雜誌之「《指標》基金2016年度大獎：強積金大獎大中華股票—同級最佳」。

回顧期內，本行積極履行企業社會責任，並獲頒多個獎項以作表揚：

- 香港公益金頒發「公益榮譽獎」(連續第18年)，2016/2017年度商業及僱員募捐計劃「鑽石獎」(連續第23年)，2016公益金便服日「最高籌款機構第7名」，及2016/2017港島、九龍區百萬行「最高籌款機構第5名」；
- 榮獲香港社會服務聯會(「社聯」)嘉許為「商界展關懷」機構(連續第14年)。藍十字和領達財務分別為第9年及第7年榮獲該項嘉許；
- 榮獲社聯嘉許為「可持續發展企業2016/2017」；
- 長者安居協會頒發「社區參與金獎」(連續第3年)；
- 長者安居協會頒發「卓越夥伴獎」；
- 香港樂施會頒發2017年度香港樂施米「樂施米—最高籌款獎(企業米檔)」、「樂施米—最踴躍義工參與獎(企業米檔)」及樂施扶貧企業夥伴獎；
- 社會福利署義務工作統籌課頒發2016年度義工服務金嘉許狀(連續第4年)；
- 榮獲僱員再培訓局嘉許為「人才企業」(2016–2018)；
- 東華三院頒發東華三院慈善獎券義賣比賽2016/2017「工商機構及團體組」冠軍；
- 香港政府環境保護署及香港認可處頒發室內空氣質素證書(總行大廈獲頒發良好級)；
- 香港環境保護協會頒發樹木保育計劃2017證書(頒發予東亞銀行及東亞設施管理有限公司)；及
- 獲頒發香港環境卓越大獎服務及貿易業組別「銀獎」。

東亞中國獲頒發以下獎項：

- 東亞中國榮獲由中國銀行業協會頒發的「2016年度中國銀行業最佳社會責任實踐案例獎」；
- 東亞中國榮獲由《公益時報》頒發的第14屆(2017)中國慈善榜之「年度慈善榜樣」；及
- 東亞中國榮獲由陸家嘴金融城頒發的「溫暖金融城2017陸家嘴年度公益榜之資教賦能實踐獎」。

除獲社聯嘉許為「商界展關懷」機構，領達財務於2017年上半年亦獲頒發以下獎項：

- 獲社會福利署荃灣及葵青區安老服務協調委員會頒發「關愛長者機構嘉許計劃2016 – 一星級嘉許證書」(連續第4年)。

董事資料的變動

根據《上市規則》第13.51B(1)條，自刊發本行2016年報起直至2017年8月25日(為通過本行2017中期報告當天)期間，董事按《上市規則》第13.51(2)條第(a)至(e)段及第(g)段規定披露資料的變動如下：

於本行及集團其他成員所擔當職位的變動

李澤楷先生於2017股東周年常會結束時卸任獨立非執行董事。

郭孔演先生於2017股東周年常會結束時卸任獨立非執行董事及終止擔任提名委員會委員。

李國寶爵士受聘為本行行政總裁現行(將於2018年3月31日屆滿)的僱傭合約的任期已予延長3年，由2018年4月1日起生效，並將於2021年3月31日屆滿。

有關擔任其他公司董事職務及其他主要任命的變動

<u>董事姓名</u>	<u>其他公司董事職務及任命</u>
李國章教授	於2017年6月30日獲香港特別行政區政府行政長官頒發大紫荊勳章及於2017年7月1日獲委任為香港特別行政區行政會議成員
李國星先生	辭任中國光大國際有限公司之獨立非執行董事
范禮賢博士	重選為普拉多博物館的信託委員會成員
李民橋先生	獲委任為香港公益金董事
李民斌先生	退任香港證券及期貨事務監察委員會諮詢委員會委員
奧正之先生	於2017年6月29日獲委任為三井住友金融集團之名譽顧問，在該委任之前，他為該公司之董事長(於2017年4月1日辭任)及董事(於2017年6月29日辭任)

<u>董事姓名</u>	<u>其他公司董事職務及任命</u>
黃永光博士	辭任香港特別行政區政府中央政策組特邀顧問；退任香港上市公司商會之常務委員會委員，以及獲委任為M Plus Museum Limited之董事局成員、香港公益金董事及新加坡國家文物局董事局成員
范徐麗泰博士	辭任中國神華能源股份有限公司及中國海運控股股份有限公司(前稱中國遠洋控股股份有限公司)之獨立非執行董事
陳健波議員	於2017年6月30日獲香港特別行政區政府行政長官頒發金紫荊星章

有關董事酬金的變動

於2017年4月1日起，支付予本行行政總裁李國寶爵士的年度基本薪酬已由港幣1,070萬元增加至港幣1,090萬元。

唐英年博士收取每年港幣30萬元的本行董事袍金，每年港幣12萬元的審核委員會成員酬金，每年港幣5萬元的提名委員會成員酬金及每年港幣5萬元的薪酬委員會成員酬金，由2017年3月1日起生效。

陳健波議員收取每年港幣30萬元的本行董事袍金，每年港幣12萬元的審核委員會成員酬金及每年港幣10萬元的風險委員會成員酬金，由2017年3月15日起生效。

李國本博士收取每年港幣30萬元的本行董事袍金及每年港幣10萬元的風險委員會成員酬金，由2017年3月21日起生效。

董事袍金，以及審核委員會、提名委員會、薪酬委員會及風險委員會成員的酬金於2017年7月1日起已經修訂，摘錄如下：

	<u>2017年7月1日起生效</u>	<u>直至2017年6月30日止</u>
	每年港幣(元)	每年港幣(元)
董事會：		
主席	550,000	460,000
副主席	425,000	330,000
其他董事	400,000	300,000
審核委員會：		
主席	250,000	210,000
其他成員	140,000	120,000
提名委員會：		
主席	90,000	80,000
其他成員	60,000	50,000
薪酬委員會：		
主席	90,000	80,000
其他成員	60,000	50,000
風險委員會：		
主席	250,000	160,000
其他成員	140,000	100,000

除以上所述外，並無其他資料需根據《上市規則》第13.51B(1)條而作出披露。

董事及行政總裁權益

於2017年6月30日，根據《證券及期貨條例》第352條須予備存的登記冊（「該登記冊」）所記錄，本行各董事及行政總裁於本行及其相聯法團的股份、相關股份及債權證中擁有的權益及淡倉如下：

I. 本行普通股股份權益的好倉：

姓名	身分及性質	股份數目	總數	佔已發行 有投票權股份 的百分率
李國寶	實益擁有人 配偶的權益 法團的權益 遺產執行人	76,081,583 2,025,668 235,353 10,256,877	88,599,481 ¹	3.25
李國章	實益擁有人 法團的權益 遺產執行人	23,493,110 16,467,387 10,256,877	50,217,374 ²	1.84
黃子欣	實益擁有人 配偶的權益 酌情信託的成立人 及受益人	424,555 136 15,921,185	16,345,876 ³	0.60
李國星	實益擁有人 配偶的權益 法團的權益	1,150,735 22,345 16,461,370	17,634,450 ⁴	0.65
羅友禮	—	—	無	無
李國仕	實益擁有人 子女的權益 酌情信託的受益人 遺產管理人	10,328,340 624,584 2,066,949 1,228,567	14,248,440 ⁵	0.52
范禮賢	—	—	無	無
李家傑	法團的權益	679,000	679,000 ⁶	0.02
李民橋	實益擁有人 子女的權益 酌情信託的財產 授予人／成立人	821,899 7,095 1,993,329	2,822,323 ⁷	0.10
李民斌	實益擁有人 法團的權益	2,141,009 779,633	2,920,642 ⁸	0.11

姓名	身分及性質	股份數目	總數	佔已發行 有投票權股份 的百分率
黃永光	-	-	無	無
奧正之	-	-	無	無
范徐麗泰	-	-	無	無
李國榮	-	-	無	無
唐英年	-	-	無	無
陳健波	-	-	無	無
李國本	-	-	無	無

附註：

- 1 李國寶為76,081,583股的實益擁有人。由於其配偶潘金翠擁有2,025,668股之權益，他亦被視為擁有該等股份。他亦被視為擁有由李國寶慈善基金有限公司持有的235,353股，李國寶為該慈善機構的董事兼唯一成員。李國寶作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的10,256,877股。李國章作為該遺產的其中一位執行人，亦被視為擁有同一批10,256,877股（請參閱下列附註2）。
- 2 李國章為23,493,110股的實益擁有人。他亦被視為擁有由Dapa Company Limited持有的16,467,387股，該公司為李國章全資擁有。李國章作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的10,256,877股。李國寶作為該遺產的其中一位執行人，亦被視為擁有同一批10,256,877股（請參閱上列附註1）。
- 3 黃子欣為424,555股的實益擁有人。由於其配偶郭志蕙（已歿）擁有136股之權益，黃子欣被視為擁有該等股份。而由於黃子欣為一個酌情信託Allan Wong 2011 Trust的成立人及一位合資格受益人，他亦被視為擁有該酌情信託所持有的15,921,185股。
- 4 李國星為1,150,735股的實益擁有人。由於其配偶吳伊莉擁有22,345股之權益，他亦被視為擁有該等股份。李國星因全資擁有Hope Lake Ltd.而被視為擁有該公司所持有的16,461,370股。
- 5 李國仕為10,328,340股的實益擁有人。他亦被視為擁有由其子女持有的624,584股。李國仕作為一個遺產的其中一位管理人，因而被視為擁有該遺產持有的1,228,567股。餘下的2,066,949股當中：(i) 1,840,200股由一個酌情信託 – Settlement of Dr. Simon F. S. Li 持有，李國仕、其配偶及其子女皆為該酌情信託的受益人；及(ii) 226,749股由一個酌情信託 – Longevity Trust持有，而李國仕的子女為該酌情信託的受益人。
- 6 李家傑被視為擁有由Golf Limited持有的679,000股，該公司為李家傑全資擁有。
- 7 李民橋為821,899股的實益擁有人。他亦被視為擁有由其18歲以下子女持有的7,095股。李民橋自願披露其作為財產授予人／成立人的一個酌情信託所持有的1,993,329股，由於他不可以影響受託人如何行使其酌情權，有關披露純屬自願性質。
- 8 李民斌為2,141,009股的實益擁有人。他亦被視為擁有由Triple Kingdom Limited持有的779,633股，該公司為李民斌全資擁有。

II. 本行相關股份(就股本衍生工具而言)的好倉：

根據本行的認可僱員認股計劃，李國寶、李民橋及李民斌獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交收的期權。有關此等認股權在截至2017年6月30日止6個月內的資料，見於本報告「認股權資料」項下。

III. 混合一級資本工具的權益：

黃子欣為下列資本工具的實益擁有人^{附註}：

發行人	證券種類／類別	債權證數額	股份數目
東亞銀行有限公司	後償票據	7,000,000美元	-
Innovate Holdings Limited	優先股	-	7,000
東亞銀行有限公司	替代優先股(尚未發行)	-	7,000

附註：本行於2009年11月發行面值為5億美元的混合一級資本工具。該資本工具包括由本行發行並於2059年到期的步升後償票據(票據息率為年利率8.5%)(「2059票據」)，以及由本行全資附屬公司Innovate Holdings Limited發行之永久非累積步升優先股(「Innovate優先股」)。2059票據連同Innovate優先股以不可分拆單位形式於新加坡交易所上市。替代優先股(永久非累積步升優先股)由本行設立及將於發生替代事件(定義見日期為2009年11月11日本行發出之股東通函)時發行以作為發行2059票據及Innovate優先股的條款之一。

除上述披露外，概無其他本行或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

認股權資料

根據《上市規則》所披露有關認股權的資料如下：

(1) 截至2017年6月30日止6個月內認股權的變動：

姓名	授予日期	認股權數目				於30/6/2017 尚未行使	
		於01/1/2017 尚未行使	授出	行使	失效		
李國寶	05/5/2011 ^a	666,000 ^{T1}	—	—	666,000	0	
	05/5/2011 ^a	666,000 ^{T2}	—	—	—	666,000	
	05/5/2011 ^a	668,000 ^{T3}	—	—	—	668,000	
	03/5/2013 ^a	301,000 ^{T2}	—	301,000 ^c	—	0	
	03/5/2013 ^a	668,000 ^{T3}	—	—	—	668,000	
	02/5/2014 ^a	666,000 ^{T1}	—	—	—	666,000	
	02/5/2014 ^a	666,000 ^{T2}	—	—	—	666,000	
	02/5/2014 ^a	668,000 ^{T3}	—	—	—	668,000	
	04/5/2015 ^a	666,000 ^{T1}	—	—	—	666,000	
	04/5/2015 ^a	666,000 ^{T2}	—	—	—	666,000	
	04/5/2015 ^a	668,000 ^{T3}	—	—	—	668,000	
	08/4/2016 ^a	666,000 ^{T1}	—	—	—	666,000	
	08/4/2016 ^a	666,000 ^{T2}	—	—	—	666,000	
	08/4/2016 ^a	668,000 ^{T3}	—	—	—	668,000	
	07/4/2017 ^b	—	666,000 ^{T1}	—	—	—	666,000
	07/4/2017 ^b	—	666,000 ^{T2}	—	—	—	666,000
07/4/2017 ^b	—	668,000 ^{T3}	—	—	—	668,000	
李民橋	05/5/2011 ^a	216,000 ^{T1}	—	—	216,000	0	
	05/5/2011 ^a	216,000 ^{T2}	—	—	—	216,000	
	05/5/2011 ^a	218,000 ^{T3}	—	—	—	218,000	
	10/5/2012 ^a	216,000 ^{T1}	—	—	—	216,000	
	10/5/2012 ^a	216,000 ^{T2}	—	—	—	216,000	
	10/5/2012 ^a	218,000 ^{T3}	—	—	—	218,000	
	03/5/2013 ^a	216,000 ^{T1}	—	—	—	216,000	
	03/5/2013 ^a	216,000 ^{T2}	—	—	—	216,000	
	03/5/2013 ^a	218,000 ^{T3}	—	—	—	218,000	
	02/5/2014 ^a	216,000 ^{T1}	—	—	—	216,000	
	02/5/2014 ^a	216,000 ^{T2}	—	—	—	216,000	
	02/5/2014 ^a	218,000 ^{T3}	—	—	—	218,000	
	04/5/2015 ^a	216,000 ^{T1}	—	—	—	216,000	
	04/5/2015 ^a	216,000 ^{T2}	—	—	—	216,000	
	04/5/2015 ^a	218,000 ^{T3}	—	—	—	218,000	
	08/4/2016 ^a	216,000 ^{T1}	—	—	—	216,000	
08/4/2016 ^a	216,000 ^{T2}	—	—	—	216,000		
08/4/2016 ^a	218,000 ^{T3}	—	—	—	218,000		
07/4/2017 ^b	—	216,000 ^{T1}	—	—	—	216,000	
07/4/2017 ^b	—	216,000 ^{T2}	—	—	—	216,000	
07/4/2017 ^b	—	218,000 ^{T3}	—	—	—	218,000	

姓名	授予日期	認股權數目				於30/6/2017 尚未行使	
		於01/1/2017 尚未行使	授出	行使	失效		
李民斌	05/5/2011 ^a	216,000 ^{T1}	–	–	216,000	0	
	05/5/2011 ^a	216,000 ^{T2}	–	–	–	216,000	
	05/5/2011 ^a	218,000 ^{T3}	–	–	–	218,000	
	10/5/2012 ^a	216,000 ^{T1}	–	–	–	216,000	
	10/5/2012 ^a	216,000 ^{T2}	–	–	–	216,000	
	10/5/2012 ^a	218,000 ^{T3}	–	–	–	218,000	
	03/5/2013 ^a	216,000 ^{T1}	–	–	–	216,000	
	03/5/2013 ^a	216,000 ^{T2}	–	–	–	216,000	
	03/5/2013 ^a	218,000 ^{T3}	–	–	–	218,000	
	02/5/2014 ^a	216,000 ^{T1}	–	–	–	216,000	
	02/5/2014 ^a	216,000 ^{T2}	–	–	–	216,000	
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000	
	04/5/2015 ^a	216,000 ^{T1}	–	–	–	216,000	
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000	
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000	
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000	
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000	
	08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000	
	07/4/2017 ^b	–	216,000 ^{T1}	–	–	–	216,000
	07/4/2017 ^b	–	216,000 ^{T2}	–	–	–	216,000
07/4/2017 ^b	–	218,000 ^{T3}	–	–	–	218,000	
其他僱員的總數*	05/5/2011 ^a	732,000 ^{T1}	–	336,000 ^c	396,000	0	
	05/5/2011 ^a	732,000 ^{T2}	–	–	–	732,000	
	05/5/2011 ^a	736,000 ^{T3}	–	–	–	736,000	
	10/5/2012 ^a	632,000 ^{T1}	–	10,000 ^c	–	622,000	
	10/5/2012 ^a	632,000 ^{T2}	–	–	–	632,000	
	10/5/2012 ^a	636,000 ^{T3}	–	–	–	636,000	
	03/5/2013 ^a	732,000 ^{T1}	–	–	–	732,000	
	03/5/2013 ^a	732,000 ^{T2}	–	–	–	732,000	
	03/5/2013 ^a	736,000 ^{T3}	–	–	–	736,000	
	02/5/2014 ^a	844,000 ^{T1}	–	–	–	844,000	
	02/5/2014 ^a	894,000 ^{T2}	–	–	–	894,000	
	02/5/2014 ^a	899,500 ^{T3}	–	–	–	899,500	
	04/5/2015 ^a	932,000 ^{T1}	–	–	–	932,000	
	04/5/2015 ^a	932,000 ^{T2}	–	–	–	932,000	
	04/5/2015 ^a	936,000 ^{T3}	–	–	–	936,000	
	08/4/2016 ^a	985,000 ^{T1}	–	137,000 ^c	–	848,000	
	08/4/2016 ^a	985,000 ^{T2}	–	–	–	985,000	
	08/4/2016 ^a	992,500 ^{T3}	–	–	–	992,500	
	07/4/2017 ^b	–	1,032,000 ^{T1}	–	–	–	1,032,000
	07/4/2017 ^b	–	1,032,000 ^{T2}	–	–	–	1,032,000
07/4/2017 ^b	–	1,036,000 ^{T3}	–	–	–	1,036,000	
其他參與人**	05/5/2011 ^a	50,000 ^{T1}	–	50,000 ^c	–	0	
	05/5/2011 ^a	100,000 ^{T2}	–	–	–	100,000	
	05/5/2011 ^a	100,000 ^{T3}	–	–	–	100,000	
	10/5/2012 ^a	100,000 ^{T1}	–	50,000 ^c	–	50,000	
	10/5/2012 ^a	100,000 ^{T2}	–	–	–	100,000	
	10/5/2012 ^a	100,000 ^{T3}	–	–	–	100,000	
	03/5/2013 ^a	50,000 ^{T1}	–	–	–	50,000	
	03/5/2013 ^a	50,000 ^{T2}	–	–	–	50,000	
	03/5/2013 ^a	50,000 ^{T3}	–	–	–	50,000	

* 按香港《僱傭條例》所指的「連續合約」工作的僱員。

** 其他參與人指本行兩位於2013年終止為本行僱員的前僱員。在其終止為本行僱員前已獲授予該等認股權。

附註：

a 於2011年至2016年授予的認股權詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
05/5/2011	T1	05/5/2011-04/5/2012	05/5/2012-05/5/2017	32.00
05/5/2011	T2	05/5/2011-04/5/2013	05/5/2013-05/5/2018	32.00
05/5/2011	T3	05/5/2011-04/5/2014	05/5/2014-05/5/2019	32.00
10/5/2012	T1	10/5/2012-09/5/2013	10/5/2013-10/5/2018	28.99
10/5/2012	T2	10/5/2012-09/5/2014	10/5/2014-10/5/2019	28.99
10/5/2012	T3	10/5/2012-09/5/2015	10/5/2015-10/5/2020	28.99
03/5/2013	T1	03/5/2013-02/5/2014	03/5/2014-03/5/2019	31.40
03/5/2013	T2	03/5/2013-02/5/2015	03/5/2015-03/5/2020	31.40
03/5/2013	T3	03/5/2013-02/5/2016	03/5/2016-03/5/2021	31.40
02/5/2014	T1	02/5/2014-01/5/2015	02/5/2015-02/5/2020	32.50
02/5/2014	T2	02/5/2014-01/5/2016	02/5/2016-02/5/2021	32.50
02/5/2014	T3	02/5/2014-01/5/2017	02/5/2017-02/5/2022	32.50
04/5/2015	T1	04/5/2015-03/5/2016	04/5/2016-04/5/2021	34.15
04/5/2015	T2	04/5/2015-03/5/2017	04/5/2017-04/5/2022	34.15
04/5/2015	T3	04/5/2015-03/5/2018	04/5/2018-04/5/2023	34.15
08/4/2016	T1	08/4/2016-07/4/2017	08/4/2017-08/4/2022	28.45
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

b 於2017年授予的認股權：

(i) 詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
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

(ii) 本行股份在2017年4月6日(即2017年4月7日授出認股權當日之前一個營業日)的收市價為港幣32.00元。

(iii) 截至2017年6月30日止6個月內授出認股權的公平價值及假設如下：

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計量。認股權的合約年期為該定價模式的參數。

	<u>30/6/2017</u>
於計量日的公平價值	
— 部分1	港幣4.46元
— 部分2	港幣4.65元
— 部分3	港幣4.77元
股價	港幣31.95元
行使價	港幣32.25元
預計波幅(以三項式期權定價模式內採用的加權平均波幅)	18.76%
認股權年期	
— 部分1	5年
— 部分2	5年
— 部分3	5年
預計股息	3.13%–3.29%
無風險利率(根據外匯基金票據)	1.22%

預計波幅是根據過往之波幅(以認股權的加權剩餘年期計算)，再調整因公眾知悉的資訊影響未來波幅的預計變動。預計股息按過往的股息。主觀輸入假設的變動可能重大影響公平價值的估計。

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。

c 在截至2017年6月30日止6個月內本行股份在緊接有關認股權行使日期之前的半年加權平均收市價：

<u>授予日期</u>	<u>部分</u>	<u>行使認股權數目</u>	<u>每股行使價</u> 港幣(元)	<u>半年加權平均</u> <u>收市價</u> 港幣(元)
05/5/2011	T1	386,000	32.00	32.84
10/5/2012	T1	60,000	28.99	32.89
03/5/2013	T2	301,000	31.40	32.90
08/4/2016	T1	137,000	28.45	33.10

(2) 截至2017年6月30日止6個月內並無認股權被註銷。

(3) 有關認股權的會計政策：

認股權的行使價為以下之較高者：

(a) 於授出認股權當日本行股份在聯交所日報表的收市價；及

(b) 相等於緊接授出有關認股權當日之前5個營業日，本行股份在聯交所日報表的平均收市價。

當認股權被行使時，所得款項計入股東權益。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普通股份的市價有關，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）。

除上述所披露外，於2017年6月30日，本行的董事或行政總裁或他們的配偶或18歲以下子女概無獲授或行使任何權利以認購本行或其任何相聯法團的股本或債務證券。

主要股東及其他人士的權益

於2017年6月30日，按《證券及期貨條例》第XV部第二及第三分部向本行作出披露而記錄於根據《證券及期貨條例》第336條須予備存的登記冊（「該登記冊」）的主要股東及其他人士擁有本行的股份及相關股份的權益如下：

本行普通股股份權益的好倉：

姓名	身分及性質	股份數目	佔已發行有投票權股份的百分率
三井住友銀行	實益擁有人	510,003,673 ¹	19.01
三井住友金融集團	法團的權益	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	實益擁有人	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	法團的權益	464,287,319 ²	17.30
國浩管理有限公司	實益擁有人	369,755,978 ^{3,4}	14.15 ⁵
國浩集團有限公司	法團的權益	369,755,978 ³	14.15
GuoLine Overseas Limited	法團的權益	369,755,978 ³	14.15 ⁵
GuoLine Capital Assets Limited	法團的權益	369,755,978 ³	14.15 ⁵
Hong Leong Company (Malaysia) Berhad	法團的權益	369,755,978 ^{3,4}	14.15
HL Holdings Sdn Bhd	法團的權益	369,755,978 ³	14.15
郭令燦	法團的權益	369,755,978 ³	14.15
Hong Leong Investment Holdings Pte. Ltd.	法團的權益	369,755,978 ⁴	14.15
Davos Investment Holdings Private Limited	法團的權益	369,755,978 ⁴	14.15
KWEK Leng Kee	法團的權益	369,755,978 ⁴	14.15
Elliott Capital Advisors, L.P.	法團的權益	184,876,693 ⁶	7.00

附註：

- 1 三井住友金融集團全資擁有三井住友銀行。三井住友金融集團因此而被視為擁有三井住友銀行所持有的510,003,673股本行股份的權益。

本行已收到通知上述兩個法團於2017年6月30日的持股量已增加至533,719,018股（相等於本行於2017年6月30日已發行股份約19.59%）。彼等增持有關股份無須根據《證券及期貨條例》第XV部作出披露。

- 2 於2017年6月30日，Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"（「la Caixa」）全資擁有Criteria Caixa, S.A., Sociedad Unipersonal（「Criteria Caixa」）。la Caixa因此而被視為擁有Criteria Caixa所持有的464,287,319股本行股份的權益。

本行已收到通知上述兩個法團於2017年6月30日的持股量已增加至472,740,365股（相等於本行於2017年6月30日已發行股份約17.36%）。彼等增持有關股份無須根據《證券及期貨條例》第XV部作出披露。

- 3 附註3及4所指之369,755,978股本行股份為同一批股份。國浩管理有限公司為369,755,978股（相等於本行於2017年6月30日已發行股份約13.58%）之實益擁有人。由於Hong Leong Company (Malaysia) Berhad全資擁有GuoLine Capital Assets Limited、GuoLine Capital Assets Limited全資擁有GuoLine Overseas Limited、GuoLine Overseas Limited持有國浩集團有限公司的71.88%權益及國浩集團有限公司全資擁有國浩管理有限公司、Hong Leong Company (Malaysia) Berhad因此而被視為擁有國浩管理有限公司所持有的369,755,978股的權益。GuoLine Capital Assets Limited、GuoLine Overseas Limited和國浩集團有限公司均被視為擁有國浩管理有限公司所持有的369,755,978股的權益。

郭令燦擁有HL Holdings Sdn Bhd（「HLH」）的全部權益，而郭令燦分別以其個人名義及透過其全資擁有的HLH持有Hong Leong Company (Malaysia) Berhad的2.424%及46.534%權益，以及透過Newton (L) Limited持有0.311%（合共49.27%）權益，因此郭令燦被視為擁有國浩管理有限公司持有的369,755,978股股份的權益。

- 4 附註3及4所指之369,755,978股本行股份為同一批股份。Davos Investment Holdings Private Limited 持有Hong Leong Investment Holdings Pte. Ltd.的33.59%權益，Hong Leong Investment Holdings Pte. Ltd.則持有Hong Leong Company (Malaysia) Berhad的34.69%權益。Davos Investment Holdings Private Limited 和Hong Leong Investment Holdings Pte. Ltd.因持有Hong Leong Company (Malaysia) Berhad的權益而被視為擁有國浩管理有限公司所持有的369,755,978股（相等於本行於2017年6月30日已發行股份約13.58%）的權益。

KWEK Leng Kee因持有Davos Investment Holdings Private Limited的41.92%權益而被視為擁有國浩管理有限公司所持有之369,755,978股的權益。

- 5 GuoLine Overseas Limited及GuoLine Capital Assets Limited為Hong Leong Company (Malaysia) Berhad的全資附屬公司；而國浩管理有限公司則為國浩集團有限公司的全資附屬公司。由於Hong Leong Company (Malaysia) Berhad 及國浩集團有限公司已將大股東權益的通知存檔，GuoLine Overseas Limited、GuoLine Capital Assets Limited及國浩管理有限公司根據《證券及期貨條例》中「全資集團豁免條文」毋須將其大股東權益通知存檔。
- 6 Elliott Capital Advisors, L.P.（「ECALP」）被視為擁有該批股份，其中包括Elliott International L.P.（「EILP」）持有的122,018,020股、The Liverpool Limited Partnership（「Liverpool LP」）持有的62,857,673股、Artan Investments Ltd持有的200股、Frasco Investments Ltd持有的200股、Milton Investments Ltd持有的200股、Parlan Investments Ltd持有的200股及Trevet Investments Ltd持有的200股。

Liverpool Associates, Ltd全資擁有Liverpool LP；Elliott Associates, L.P.全資擁有Liverpool Associates, Ltd、Artan Investments Ltd及Frasco Investments Ltd；而EILP則全資擁有Milton Investments Ltd、Parlan Investments Ltd及Trevet Investments Ltd。Hambleton, Inc.則全資擁有EILP。

ECALP全資擁有Elliott Associates, L.P.及Hambleton, Inc.。而ECALP則慣於按照Paul Singer的指令行事。

本行已收到按《證券及期貨條例》第XV部第五分部發出的通知，上述股東的持股量已增加至190,224,807股（相等於本行於2017年6月30日已發行股份約6.98%）。其中包括EILP持有的170,188,207股、Liverpool LP持有的20,035,600股、Artan Investments Ltd 持有的200股、Frasco Investments Ltd持有的200股、Milton Investments Ltd持有的200股、Parlan Investments Ltd持有的200股及Trevet Investments Ltd持有的200股。

除上述所披露外，概無其他本行股份或相關股份的權益或淡倉載於該登記冊內。

購入、出售或贖回本行的上市證券

本行於2017年4月24日(票據到期日)完成贖回面值7億美元，孳息率為2.375%的高級票據(「2017年4月美元高級票據」)。2017年4月美元高級票據在2014年根據本行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年5月4日(票據第一次贖回日期)完成提早贖回面值5億美元，孳息率為6.375%於2022年到期的後償票據(「2022美元後償票據」)。2022美元後償票據在2011年根據本行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年6月26日(票據到期日)完成贖回面值1億美元，孳息率為2.08%的高級票據(「2017年6月美元高級票據」)。2017年6月美元高級票據在2014年根據本行新加坡分行的中期票據計劃發行並於新加坡交易所上市。

除上述所披露贖回2017年4月美元高級票據、2022美元後償票據及2017年6月美元高級票據，截至2017年6月30日止6個月內，本行或其任何附屬公司並無購入、出售或贖回本行的上市證券。

遵守企業管治守則

本集團致力維持良好的企業管治標準，並認為此承諾對於平衡股東、客戶及員工的利益，以及保持問責及透明度，至為重要。

本行已制定企業管治架構訂明一系列管治原則及實務，為本集團的商業行為及事務提供指引。

本行不時對所採用的企業管治實務進行檢討及改進，以確保符合相關的條例規定。

除以下所述偏離守則條文A.2.1的行為外，本行在截至2017年6月30日止6個月期間內，已遵守《企業管治守則》的全部守則條文。本行亦已遵循CG-1及CG-5內各項要求。

《企業管治守則》守則條文A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李國寶爵士為本行的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權力和職權的平衡。主席及行政總裁之間的職責已清楚區分並以書面列載。本行董事會由極具經驗和才幹的成員組成並定期開會，以商討影響本行運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會的組合具有強大的獨立元素，於2017股東周年常會結束後，在17位董事會成員當中，8位是獨立非執行董事。董事會相信現時的架構有助於建立穩健而一致的領導權，使本行能夠迅速及有效地作出及實施各項決定。董事會相信委任李爵士出任主席兼行政總裁之職，會有利於本行的業務發展及管理。

本行已接獲所有董事(包括在2017年6月30日止6個月期間內獲委任、辭任或退任的董事)確認他們已付出足夠時間履行其身為本行董事責任，並付出足夠時間及精神以處理本行事務；亦確認不時參與持續專業發展，以發展並更新其知識及技能以履行彼等作為本行董事的職務及責任。

本行審核委員會已審閱本行截至2017年6月30日止之半年業績及2017年中期報告。

遵守標準守則

本行已採納自行制定的一套與《上市規則》附錄10「上市發行人董事進行證券交易的標準守則」(「標準守則」)同樣嚴格的董事及行政總裁證券交易政策，即內幕交易政策－董事及行政總裁(「本行政策」)。

本行亦已採納一套內幕交易政策－集團人士以供本行僱員，或本行附屬公司的董事或僱員，遵照規定買賣本行證券。

經本行作出特定查詢後，所有董事(包括在2017年6月30日止6個月期間內獲委任、辭任或退任的董事)已確認在2017年6月30日止6個月之所有適用時期均已遵守標準守則及本行政策中所要求的標準。

刊發中期報告

2017年中期報告備有中文及英文印刷本，以及載於本行網站(www.hkbea.com)及香港交易所之網站(www.hkexnews.hk)的網上電子版本。為減少企業通訊印刷本的數量從而減低對環境的影響，本行鼓勵各股東閱覽網上電子版本。無論股東之前曾否就收取企業通訊之方式(即收取印刷本或透過本行網站閱覽電子版本)作出任何選擇並將有關選擇通知本行，股東可隨時向本行股份登記處卓佳標準有限公司，地址為香港皇后大道東183號合和中心22樓，或以傳真(852)2861 1465或電郵BEA0023-ecom@hk.tricorglobal.com發出合理的書面通知，以更改其選擇，費用全免。該通知應註明閣下更改選擇之要求，全名及聯絡電話。

承董事會命
主席兼行政總裁
李國寶
謹啟

香港，2017年8月25日

於本報告日期，本行董事會成員為李國寶爵士[#](主席兼行政總裁)、李國章教授*(副主席)、黃子欣博士** (副主席)、李國星先生*、羅友禮先生**、李國仕先生*、范禮賢博士*、李家傑博士*、李民橋先生[#](副行政總裁)、李民斌先生[#](副行政總裁)、黃永光博士**、奧正之先生*、范徐麗泰博士**、李國榮先生**、唐英年博士**、陳健波議員**及李國本博士**。

[#] 執行董事
* 非執行董事
** 獨立非執行董事

GLOSSARY 詞彙

2017 AGM 「2017股東周年常會」	an Annual General Meeting of the Bank held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Hong Kong on Friday, 5th May, 2017 at 11:30 a.m. or any adjournment thereof 本行於2017年5月5日星期五上午11時30分在香港中環金融街8號四季酒店大禮堂舉行的股東周年常會，或其任何續會
AC 「審核委員會」	the Audit Committee of the Bank 本行的審核委員會
AUM 「管理資產」	Assets under management 管理資產
Bank Group or BEA Group or Group 「集團」或「本集團」	The Bank and its subsidiaries 東亞銀行及其附屬公司
Bank or BEA 「本行」或「東亞銀行」	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong 東亞銀行有限公司，於香港註冊成立的有限公司
Banking Ordinance 《銀行業條例》	Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong) 香港《銀行業條例》(香港法例第155章)
BEA China 「東亞中國」	The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank 東亞銀行(中國)有限公司，本行的全資附屬公司
BEA Life 「東亞人壽」	BEA Life Limited, a wholly-owned subsidiary of the Bank 東亞人壽保險有限公司，本行的全資附屬公司
BEA Union Investment 「東亞聯豐投資」	BEA Union Investment Management Limited, a non-wholly-owned subsidiary of the Bank 東亞聯豐投資管理有限公司，本行的非全資附屬公司
Blue Cross 「藍十字」	Blue Cross (Asia-Pacific) Insurance Limited, a wholly-owned subsidiary of the Bank 藍十字(亞太)保險有限公司，本行的全資附屬公司
Board 「董事會」	Board of Directors of the Bank 本行的董事會
Capital Rules 「《資本規則》」	Banking (Capital) Rules issued by the HKMA 金管局頒布的《銀行業(資本規則)》
CG Code 「《企業管治守則》」	Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules 《上市規則》附錄14內所載的《企業管治守則》及《企業管治報告》
CG-1 「CG-1」	Supervisory Policy Manual CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions, issued by the HKMA 金管局頒布之監管政策手冊CG-1內有關《本地註冊認可機構的企業管治》
CG-5 「CG-5」	Supervisory Policy Manual CG-5 on Guideline on a Sound Remuneration System, issued by the HKMA 金管局頒布之監管政策手冊CG-5內有關《穩健的薪酬制度指引》
CHF 「瑞士法郎」	Swiss franc, the lawful currency of Switzerland 瑞士法定貨幣
China, Mainland, Mainland China, or PRC 「中國」或「內地」	People's Republic of China 中華人民共和國

CNY or RMB 「人民幣」	Chinese yuan or Renminbi, the lawful currency of the PRC 中國法定貨幣
Companies Ordinance 「《公司條例》」	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 《公司條例》(香港法例第622章)
Credit Gain 「領達財務」	Credit Gain Finance Company Limited, a wholly-owned subsidiary of the Bank 領達財務有限公司·本行的全資附屬公司
Director(s) 「董事」	includes any person who occupies the position of a director, by whatever name called, of the Bank or otherwise as the context may require 包括任何擔任本行董事職位的人士(無論該人是以何職稱擔任該職位)·或文義另有所指的人士
DIS 「預設投資」	Default Investment Strategy 預設投資策略
East Asia Qianhai Securities Company Limited 「東亞前海證券」	East Asia Qianhai Securities Company Limited 東亞前海證券有限責任公司
ERM 「企業風險管理架構」	Enterprise Risk Management 企業風險管理架構
EUR 「歐羅」	Euro 歐羅區法定貨幣
GBP 「英鎊」	Pound sterling, the lawful currency of the UK 英國法定貨幣
GDP 「本地生產總值」	Gross domestic product 本地生產總值
HK\$ or HKD 「港幣」	Hong Kong dollar, the lawful currency of Hong Kong 香港法定貨幣
HKAS 「香港會計準則」	Hong Kong Accounting Standards 香港會計準則
HKEx 「香港交易所」	Hong Kong Exchanges and Clearing Limited 香港交易及結算所有限公司
HKFRS 「香港財務報告準則」	Hong Kong Financial Reporting Standards 香港財務報告準則
HKICPA 「香港會計師公會」	Hong Kong Institute of Certified Public Accountants 香港會計師公會
HKMA 「金管局」	Hong Kong Monetary Authority 香港金融管理局
Hong Kong or HK or HKSAR 「香港」	Hong Kong Special Administrative Region of PRC 中華人民共和國香港特別行政區
HQLA 「優質流動資產」	High quality liquid asset 優質流動資產
JPY 「日圓」	Japanese yen, the lawful currency of Japan 日本法定貨幣
LCR 「流動性覆蓋比率」	Liquidity coverage ratio 流動性覆蓋比率

Listing Rules 「《上市規則》」	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, modified or otherwise supplemented from time to time) 聯交所《證券上市規則》，經不時修訂、修改或以其他方式補充
Mn 「百萬」	Million 百萬
MPF 「強積金」	Mandatory Provident Fund 強制性公積金
Senior Management 「高層管理人員」	the Deputy Chief Executives of the Bank 本行的副行政總裁
SFO 「《證券及期貨條例》」	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 《證券及期貨條例》(香港法例第571章)
SGD 「新加坡元」	Singapore dollar, the lawful currency of Singapore 新加坡法定貨幣
SME 「中小企」	Small and medium-sized enterprise 中小型企業
Stock Exchange 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
UK 「英國」	United Kingdom 英國
US 「美國」	United States of America 美利堅合眾國
US\$ or USD 「美元」	United States dollar, the lawful currency of the US 美國法定貨幣
VaR 「風險值」	value-at-risk 風險值

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