



(Stock Code 股份代號 : 23)

Interim Report **2014** 中期報告

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FINANCIAL HIGHLIGHTS

	30 June 2014	30 June 2013	31 December 2013
For the half year ended			
Profitability	HK\$ Mn	HK\$ Mn	HK\$ Mn
Total operating income	9,202	8,320	8,933
Profit attributable to owners of the parent	3,580	3,376	3,237
Earnings Per Share and Dividends Per Share	HK\$	HK\$	HK\$
Basic earnings	1.48	1.43	1.35
Dividends	0.43	0.43	0.68
Key Ratios	%	%	%
Return on average assets (annualised)	0.9	1.0	0.9
Return on average equity (annualised)	11.2	11.6	10.4
Cost-to-income ratio	53.2	54.2	56.8
Cost-to-income ratio (excluding business tax and surcharges of China Operations)	49.4	50.4	53.3
Average liquidity ratio	50.2	46.6	47.0 ¹

At period/year end

Balance Sheet Strength	HK\$ Mn	HK\$ Mn	HK\$ Mn
Advances to customers and trade bills	505,574	437,497	465,293
Total assets	805,349	697,433	753,954
Total deposits	608,203	536,453	577,900
Total equity	71,210	64,921	68,234
Key Ratios	%	%	%
Loan to deposit ratio	72.1	71.4	70.1
Impaired loan ratio	0.44	0.38	0.39
Tier 1 capital ratio	12.2	11.1	12.1
Total capital ratio	15.7	14.8	15.9

¹ Average for the full year of 2013.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-executive Directors

Professor Arthur LI Kwok-cheung
(Deputy Chairman)

Mr. Aubrey LI Kwok-sing

Mr. Richard LI Tzar-kai

Mr. Eric LI Fook-chuen

Mr. Stephen Charles LI Kwok-sze

Dr. Isidro FAINÉ CASAS

Mr. Peter LEE Ka-kit

Independent Non-executive Directors

Dr. Allan WONG Chi-yun
(Deputy Chairman)

Mr. WONG Chung-hin

Mr. Winston LO Yau-lai

Tan Sri Dr. KHOO Kay-peng

Dr. Thomas KWOK Ping-kwong

Mr. Kenneth LO Chin-ming

Mr. William DOO Wai-hoi

Mr. KUOK Khoon-ean

Mr. Valiant CHEUNG Kin-piu

SENIOR ADVISORS

Mr. Joseph PANG Yuk-wing

Mr. CHAN Kay-cheung

Mr. CHAN Tze-ching

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu

Deputy Chief Executive

Mr. Brian David LI Man-bun

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, 2014. The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2013 audited accounts, except for the accounting policy changes that are expected to be reflected in the 2014 audited accounts. 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 60.

Consolidated Income Statement

	6 months ended 30/6/2014	6 months ended 30/6/2013 Restated
	HK\$ Mn	HK\$ Mn
Interest income	13,684	11,915
Interest expense	(7,443)	(6,251)
Net interest income	6,241	5,664
Fee and commission income	2,579	2,407
Fee and commission expense	(438)	(426)
Net fee and commission income	2,141	1,981
Net trading profits	538	626
Net result from financial instruments designated at fair value through profit or loss	(53)	(281)
Net hedging loss	(1)	(14)
Other operating income	336	344
Non-interest income	2,961	2,656
Operating income	9,202	8,320
Operating expenses	(4,893)	(4,507)
Operating profit before impairment losses	4,309	3,813
Impairment losses on loans and advances	(319)	(182)
Write back of impairment losses on held-to-maturity investments	3	–
Impairment losses on available-for-sale financial assets	–	(1)
Impairment losses	(316)	(183)
Operating profit after impairment losses	3,993	3,630
Net profit on sale of available-for-sale financial assets	68	59
Net loss on disposal of fixed assets	(3)	–
Valuation gains on investment properties	115	319
Share of profits less losses of associates	309	378
Profit for the period before taxation	4,482	4,386
Income tax		
Current tax (Note 1(b))		
– Hong Kong	(406)	(415)
– Outside Hong Kong	(407)	(440)
Deferred tax	(37)	(101)
Profit for the period after taxation	3,632	3,430
Attributable to:		
Owners of the parent	3,580	3,376
Non-controlling interests	52	54
Profit after taxation	3,632	3,430
Profit for the Bank	1,790	1,755
Per share		
– Basic earnings (Note 1(c))	HK\$1.48	HK\$1.43
– Diluted earnings (Note 1(c))	HK\$1.48	HK\$1.43

Consolidated Statement of Comprehensive Income

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Net profit	3,632	3,430
Other comprehensive income for the period (after taxation and reclassification adjustments):		
Item that will not be reclassified to income statement:		
Premises:		
– unrealised surplus on revaluation of premises	–	670
– exchange differences	(2)	2
Items that may be reclassified subsequently to income statement:		
Available-for-sale investment revaluation reserve:		
– fair value changes recognised to/(from) equity	732	(382)
– fair value changes reclassified from/(to) income statement:		
– on impairment and amortisation	1	15
– on disposal	(43)	(100)
– deferred taxes	(131)	54
– exchange differences	5	(1)
Share of changes in equity of associates	(24)	2
Exchange differences on other reserves	(80)	33
Exchange differences on translation of:		
– accounts of overseas branches, subsidiaries and associates	(473)	123
Other comprehensive income	(15)	416
Total comprehensive income	3,617	3,846
Total comprehensive income attributable to:		
Owners of the parent	3,565	3,792
Non-controlling interests	52	54
	3,617	3,846

Consolidated Statement of Financial Position

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
ASSETS		
Cash and balances with banks and other financial institutions	61,451	68,777
Placements with banks and other financial institutions	63,886	57,372
Trade bills	66,768	59,932
Trading assets	4,641	5,331
Financial assets designated at fair value through profit or loss	10,738	11,606
Positive fair value of derivatives	3,834	3,625
Advances to customers and other accounts	479,192	448,255
Available-for-sale financial assets	86,154	71,589
Held-to-maturity investments	5,504	5,048
Investments in associates	5,814	4,779
Fixed assets	13,278	13,530
– Investment properties	4,433	4,400
– Other property and equipment	8,845	9,130
Goodwill and intangible assets	3,983	3,990
Deferred tax assets	106	120
Total Assets	805,349	753,954
EQUITY AND LIABILITIES		
Deposits and balances of banks and other financial institutions	27,753	28,923
Deposits from customers	559,512	534,971
– Demand deposits and current accounts	64,264	69,259
– Savings deposit	92,480	92,936
– Time, call and notice deposits	402,768	372,776
Trading liabilities	39	11
Negative fair value of derivatives	3,315	4,545
Certificates of deposit issued	48,691	42,929
– At fair value through profit or loss	12,349	8,509
– At amortised cost	36,342	34,420
Current taxation	1,516	1,353
Debt securities issued	23,966	4,728
– At fair value through profit or loss	6,367	150
– At amortised cost	17,599	4,578
Deferred tax liabilities	801	647
Other accounts and provisions	54,755	53,981
Loan capital – at amortised cost	13,791	13,632
Total Liabilities	734,139	685,720
Capital and reserves		
Share capital: nominal value	–	5,724
Other statutory capital reserves	–	17,770
Share capital and other statutory capital reserves	24,622	23,494
Other reserves	42,036	40,188
Total equity attributable to owners of the parent	66,658	63,682
Non-controlling interests	4,552	4,552
Total Equity	71,210	68,234
Total Equity and Liabilities	805,349	753,954

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves *	Retained profits	Total	Non-controlling interests	Total Equity
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
At 1st January, 2014	5,724	17,770	69	2,874	978	1,642	200	13,877	3,770	16,778	63,682	4,552	68,234
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	-	3,580	3,580	52	3,632
Other comprehensive income	-	-	-	(473)	564	(2)	-	-	(104)	-	(15)	-	(15)
Total comprehensive income	-	-	-	(473)	564	(2)	-	-	(104)	3,580	3,565	52	3,617
Shares issued in lieu of dividend	1,096	-	-	-	-	-	-	-	-	-	1,096	-	1,096
Shares issued under Staff Share Option Schemes	26	-	-	-	-	-	-	-	-	-	26	-	26
Equity settled share-based transaction	-	-	11	-	-	-	-	-	-	-	11	-	11
Transfer	6	-	(6)	-	-	-	30	56	32	(118)	-	-	-
Dividends declared or approved during the period	-	-	-	-	-	-	-	-	-	(1,722)	(1,722)	(53)	(1,775)
Purchase of interests in businesses from non-controlling interests investors	-	-	-	-	-	-	-	-	-	-	-	1	1
Transition to no-par value regime on 3rd March, 2014 (Note 1(e))	17,770	(17,770)	-	-	-	-	-	-	-	-	-	-	-
At 30th June, 2014	24,622	-	74	2,401	1,542	1,640	230	13,933	3,698	18,518	66,658	4,552	71,210
At 1st January, 2013	5,568	16,083	135	2,769	1,012	976	130	13,823	2,611	14,046	57,153	4,486	61,639
Changes in equity													
Profit for the period	-	-	-	-	-	-	-	-	-	3,376	3,376	54	3,430
Other comprehensive income	-	-	-	123	(414)	672	-	-	35	-	416	-	416
Total comprehensive income	-	-	-	123	(414)	672	-	-	35	3,376	3,792	54	3,846
Shares issued in lieu of dividend	84	908	-	-	-	-	-	-	-	-	992	-	992
Shares issued under Staff Share Option Schemes	2	30	-	-	-	-	-	-	-	-	32	-	32
Equity settled share-based transaction	-	-	11	-	-	-	-	-	-	-	11	-	11
Transfer	-	4	(60)	-	-	-	-	30	493	(467)	-	-	-
Dividends declared or approved during the period	-	-	-	-	-	-	-	-	-	(1,567)	(1,567)	(35)	(1,602)
Exchange adjustments	-	-	-	-	-	-	-	-	-	-	-	3	3
At 30th June, 2013	5,654	17,025	86	2,892	598	1,648	130	13,853	3,139	15,388	60,413	4,508	64,921

* Other reserves include statutory reserve and other reserves.

Condensed Consolidated Cash Flow Statement

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Cash used in operations	(38,182)	(51,288)
Tax paid	(645)	(356)
	<hr/>	<hr/>
Net cash used in operating activities	(38,827)	(51,644)
Net cash used in investing activities	(951)	(441)
Net cash generated from financing activities	23,754	8,101
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(16,024)	(43,984)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	90,007	99,738
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30TH JUNE	73,983	55,754
	<hr/> <hr/>	<hr/> <hr/>
Cash flows from operating activities included:		
Interest received	13,470	11,907
Interest paid	6,941	6,135
Dividend received	44	39

Notes to the Interim Financial Statements

1. (a) This interim report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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, 2013 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. The statutory accounts for the year ended 31st December, 2013 are available from the Bank's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 18th February, 2014.
- (b) The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30th June, 2014. Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.
- (c) (i) The calculation of basic earnings per share is based on earnings of HK\$3,415 million (six months ended 30th June, 2013: HK\$3,213 million) after the distribution of HK\$165 million (six months ended 30th June, 2013: HK\$163 million) to Hybrid Tier 1 issue holders and on the weighted average of 2,309 million (six months ended 30th June, 2013: 2,243 million) ordinary shares outstanding during the six months ended 30th June, 2014.
- (ii) The calculation of diluted earnings per share is based on earnings of HK\$3,415 million (six months ended 30th June, 2013: HK\$3,213 million) after the distribution of HK\$165 million (six months ended 30th June, 2013: HK\$163 million) to Hybrid Tier 1 issue holders and on 2,309 million (six months ended 30th June, 2013: 2,245 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the six months ended 30th June, 2014, adjusted for the effects of all dilutive potential shares.

(d) Dividends

- (i) Dividends payable to equity owners of the parent attributable to the interim period

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Interim dividend declared after the interim period of HK\$0.43 per share (six months ended 30th June, 2013: HK\$0.43 per share)	<u>1,001</u>	<u>973</u>

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

- (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 30/6/2014	6 months ended 30/6/2013
	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\$0.68 per share (2013: HK\$0.63 per share)	–	1
Second interim dividend in lieu of the final dividend of HK\$0.68 per share on 2,290 million shares (2013: HK\$0.63 per share on 2,227 million shares)	<u>1,557</u>	<u>1,403</u>
	<u>1,557</u>	<u>1,404</u>

Notes to the Interim Financial Statements (Continued)

1. (e) Share Capital

As at 31st December, 2013, 4,000 million ordinary shares, with par value of HK\$2.5 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622) ("New CO"), which has been effective since 3rd March, 2014, the concept of 'authorised capital' and 'par value' no longer exists. As part of the transition to no-par value regime, the amount standing to the credit of the share premium account on 3rd March, 2014 has become part of the Bank's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the New CO. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

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

	At 30th June, 2014		At 31st December, 2013	
	No. of shares		No. of shares	
	Mn	HK\$ Mn	Mn	HK\$ Mn
Ordinary shares, issued and fully paid:				
At 1st January	2,290	5,724	2,227	5,568
Shares issued under Staff Share Option Schemes	1	26	5	12
Transition to no-par value regime on 3rd March, 2014	–	17,770	–	–
Transfer of the fair value of options from capital reserve – share options issued	–	6	–	–
Shares issued in lieu of dividend	37	1,096	58	144
At 30th June/31st December	<u>2,328</u>	<u>24,622</u>	<u>2,290</u>	<u>5,724</u>

(f) Share premium

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

Notes to the Interim Financial Statements (Continued)

2. Changes in Accounting Policies

The HKICPA has issued the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

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 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Securities classified as held-to-maturity or available-for-sale		
– listed	423	323
– unlisted	729	489
Trading assets		
– listed	5	8
– unlisted	88	128
Interest rate swaps	948	823
Financial assets designated at fair value through profit or loss		
– listed	152	215
– unlisted	97	96
Loans, deposits with banks and financial institutions, and trade bills	11,242	9,833
	<u>13,684</u>	<u>11,915</u>

Included above is interest income accrued on impaired financial assets of HK\$53 million (six months ended 30th June, 2013: HK\$41 million).

Notes to the Interim Financial Statements (Continued)

4. Interest Expense

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Customer deposits, deposits of banks and other financial institutions and certificates of deposit issued which are stated at amortised cost	5,855	4,808
Debt securities issued	137	151
Subordinated notes carried at amortised cost	375	373
Interest rate swaps	967	854
Financial instruments designated at fair value through profit or loss	108	64
Other borrowings	1	1
	<u>7,443</u>	<u>6,251</u>

5. Fee and Commission Income

Fee and commission income arises from the following services:

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Corporate services	559	531
Loans, overdrafts and guarantees	500	468
Credit cards	437	471
Trade finance	364	216
Other retail banking services	233	235
Securities and brokerage	158	168
Trust and other fiduciary activities	84	98
Others	244	220
	<u>2,579</u>	<u>2,407</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

	2,152	1,990
Fee income	2,579	2,407
Fee expenses	(427)	(417)

Notes to the Interim Financial Statements (Continued)

6. Net Trading Profits

	6 months ended 30/6/2014	6 months ended 30/6/2013 Restated
	HK\$ Mn	HK\$ Mn
(Loss)/Profit on dealing in foreign currencies	(68)	322
Profit/(Loss) on trading securities	80	(97)
Net gain on derivatives	500	381
Dividend income from listed trading securities	26	20
	<u>538</u>	<u>626</u>

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

	6 months ended 30/6/2014	6 months ended 30/6/2013 Restated
	HK\$ Mn	HK\$ Mn
Revaluation gain on debts issued	19	17
Net profit/(loss) on sale of other financial instruments designated at fair value through profit or loss	1	(84)
Revaluation loss on other financial instruments designated at fair value through profit or loss	(73)	(214)
	<u>(53)</u>	<u>(281)</u>

8. Net Hedging Loss

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Fair value hedges		
– Net (loss)/gain on hedged items attributable to the hedged risk	(2)	275
– Net gain/(loss) on hedging instruments	1	(289)
	<u>(1)</u>	<u>(14)</u>

There was insignificant ineffectiveness recognised in the Group's income statement arising from cash flow hedge for the six months ended 30th June, 2014 and 30th June, 2013.

Notes to the Interim Financial Statements (Continued)

9. Other Operating Income

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Dividend income from available-for-sale financial assets		
– listed	7	4
– unlisted	11	15
Rental from safe deposit boxes	39	38
Net revenue from insurance activities	174	153
Rental income on properties	65	66
Others	40	68
	<u>336</u>	<u>344</u>

10. Operating Expenses

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Contributions to defined contribution plan		
– Hong Kong	77	73
– Outside Hong Kong	172	149
Equity-settled share-based payment expenses	11	11
Salaries and other staff costs	2,475	2,327
	<u>2,735</u>	<u>2,560</u>
Total staff costs		
	<u>2,735</u>	<u>2,560</u>
Premises and equipment expenses excluding depreciation		
– Rental of premises	331	314
– Maintenance, repairs and others	297	288
	<u>628</u>	<u>602</u>
Total premises and equipment expenses excluding depreciation		
	<u>628</u>	<u>602</u>
Depreciation on fixed assets	328	330
Amortisation of intangible assets	16	16
Other operating expenses		
– Stamp duty, overseas and PRC business taxes, and value added taxes	399	337
– Legal and professional fees	180	89
– Communications, stationery and printing	158	150
– Advertising expenses	143	88
– Business promotions and business travel	84	76
– Card related expenses	29	46
– Insurance expenses	24	23
– Administration expenses of corporate services	8	6
– Membership fees	8	7
– Bank charges	5	5
– Donations	3	17
– Bank licence	2	2
– Others	143	153
	<u>1,186</u>	<u>999</u>
Total other operating expenses		
	<u>1,186</u>	<u>999</u>
Total operating expenses	<u>4,893</u>	<u>4,507</u>

Notes to the Interim Financial Statements (Continued)

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

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Net revaluation gain transferred from reserves	43	100
Profit/(Loss) arising in the period	25	(41)
	<u>68</u>	<u>59</u>

12. Net Loss on Disposal of Fixed Assets

	6 months ended 30/6/2014	6 months ended 30/6/2013
	HK\$ Mn	HK\$ Mn
Net loss on disposal of bank premises, furniture, fixtures and equipment	(3)	–
	<u>(3)</u>	<u>–</u>

13. Placements with Banks and Other Financial Institutions

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Placements with banks and authorised institutions	63,886	57,372
Placements with central banks	–	–
	<u>63,886</u>	<u>57,372</u>
Maturing		
– within one month	39,204	38,290
– between one month and one year	24,682	19,082
	<u>63,886</u>	<u>57,372</u>

Notes to the Interim Financial Statements (Continued)

14. Trading Assets

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	23	26
Debt securities	3,293	3,876
Equity securities	1,304	1,407
Investment funds	21	22
	<u>4,641</u>	<u>5,331</u>
Issued by:		
Central governments and central banks	118	236
Public sector entities	382	58
Banks and other financial institutions	1,926	2,864
Corporate entities	2,159	2,117
Other entities	56	56
	<u>4,641</u>	<u>5,331</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	19	19
Listed outside Hong Kong	95	281
	<u>114</u>	<u>300</u>
Unlisted	3,202	3,602
	<u>3,316</u>	<u>3,902</u>
Equity securities		
Listed in Hong Kong	995	1,119
Listed outside Hong Kong	309	288
	<u>1,304</u>	<u>1,407</u>
Investment funds		
Listed in Hong Kong	6	7
Listed outside Hong Kong	15	15
	<u>21</u>	<u>22</u>
	<u>4,641</u>	<u>5,331</u>

Notes to the Interim Financial Statements (Continued)

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

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Certificates of deposit held	1,495	128
Debt securities	8,817	11,071
Equity securities	363	354
Investment funds	63	53
	<u>10,738</u>	<u>11,606</u>
Issued by:		
Central governments and central banks	251	355
Banks and other financial institutions	6,706	5,894
Corporate entities	3,719	5,303
Other entities	62	54
	<u>10,738</u>	<u>11,606</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	972	1,520
Listed outside Hong Kong	4,692	5,887
	<u>5,664</u>	<u>7,407</u>
Unlisted	4,648	3,792
	<u>10,312</u>	<u>11,199</u>
Equity securities		
Listed in Hong Kong	119	115
Listed outside Hong Kong	244	239
	<u>363</u>	<u>354</u>
Investment funds		
Listed outside Hong Kong	9	–
Unlisted	54	53
	<u>63</u>	<u>53</u>
	<u>10,738</u>	<u>11,606</u>

Notes to the Interim Financial Statements (Continued)

16. Advances to Customers and Other Accounts

(a) Advances to customers and other accounts

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
(i) Advances to customers	438,802	405,357
Less: Impairment allowances		
– Individual	(403)	(323)
– Collective	(748)	(699)
	<u>437,651</u>	<u>404,335</u>
(ii) Other accounts		
Advances to banks and other financial institutions	5	5
Less: Impairment allowances – Individual	(2)	(2)
	<u>3</u>	<u>3</u>
Notes and bonds	1	1
Certificates of deposit held	116	116
Accrued interest	2,855	2,641
Customer liability under acceptance	30,592	31,393
Other accounts	8,031	9,796
	<u>41,595</u>	<u>43,947</u>
Less: Impairment allowances		
– Individual	(38)	(13)
– Collective	(19)	(17)
	<u>41,538</u>	<u>43,917</u>
	<u><u>479,192</u></u>	<u><u>448,255</u></u>

Notes to the Interim Financial Statements (Continued)

16. Advances to Customers and Other Accounts (Continued)

(b) Advances to customers – by industry sectors

The analysis of gross advances to customers and the percentage of secured advances by industry sector is based on the categories and definitions used by the HKMA.

	30/6/2014		31/12/2013	
	Gross advances	% of secured advances	Gross advances	% of secured advances
	HK\$ Mn	%	HK\$ Mn	%
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	15,214	71.89	13,743	71.01
– Property investment	37,757	89.21	37,574	87.51
– Financial concerns	16,337	83.34	13,780	81.80
– Stockbrokers	1,554	79.18	1,222	88.85
– Wholesale and retail trade	20,510	43.82	14,296	34.11
– Manufacturing	7,186	37.76	6,963	37.04
– Transport and transport equipment	6,822	64.65	5,954	66.01
– Recreational activities	131	52.78	96	33.02
– Information technology	1,774	7.04	1,063	8.88
– Others	19,522	70.73	10,189	50.34
– Sub-total	126,807	70.64	104,880	68.31
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,073	100.00	1,096	100.00
– Loans for the purchase of other residential properties	30,395	100.00	28,537	99.99
– Credit card advances	3,927	0.00	4,137	0.00
– Others	18,381	76.97	19,453	68.64
– Sub-total	53,776	84.83	53,223	80.76
Total loans for use in Hong Kong	180,583	74.86	158,103	72.50
Trade finance	5,543	52.89	5,895	39.60
Loans for use outside Hong Kong *	252,676	71.33	241,359	71.02
Total advances to customers	438,802	72.55	405,357	71.14

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

	30/6/2014		31/12/2013	
	Gross advances	% of secured advances	Gross advances	% of secured advances
	HK\$ Mn	%	HK\$ Mn	%
Property development	35,032	55.47	33,980	52.70
Property investment	29,989	98.47	29,801	98.45
Wholesale and retail trade	36,485	79.71	35,088	79.84
Manufacturing	12,351	59.48	12,081	47.34
Others	75,343	64.92	68,844	66.67
	189,200	70.99	179,794	70.57

Notes to the Interim Financial Statements (Continued)

16. Advances to Customers and Other Accounts (Continued)

(b) 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:

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
(i) Property development		
a. Individually impaired loans	48	131
b. Individual impairment allowance	10	16
c. Collective impairment allowance	74	62
d. Provision charged to income statement		
– individual impairment loss	1	–
– collective impairment loss	20	22
e. Written off	–	–
(ii) Property investment		
a. Individually impaired loans	256	242
b. Individual impairment allowance	5	5
c. Collective impairment allowance	132	140
d. Provision charged to income statement		
– individual impairment loss	–	–
– collective impairment loss	23	35
e. Written off	–	–
(iii) Loans for purchase of residential properties		
a. Individually impaired loans	240	169
b. Individual impairment allowance	8	2
c. Collective impairment allowance	56	55
d. Provision charged to income statement		
– individual impairment loss	8	3
– collective impairment loss	6	12
e. Written off	1	2
(iv) Wholesale and retail trade		
a. Individually impaired loans	530	314
b. Individual impairment allowance	162	106
c. Collective impairment allowance	111	109
d. Provision charged to income statement		
– individual impairment loss	131	120
– collective impairment loss	19	38
e. Written off	41	72

Notes to the Interim Financial Statements (Continued)

16. Advances to Customers and Other Accounts (Continued)

(c) Advances to customers – by geographical areas

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

	30/6/2014				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	186,198	204	389	68	227
People's Republic of China	207,305	849	1,226	225	368
Other Asian Countries	23,201	37	156	105	99
Others	22,098	59	149	5	54
Total	438,802	1,149	1,920	403	748

% of total advances to customers

0.44%

Market value of security held against impaired advances to customers

3,018

	31/12/2013				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	172,436	188	384	81	210
People's Republic of China	189,924	653	840	159	316
Other Asian Countries	22,124	18	120	72	106
Others	20,873	65	237	11	67
Total	405,357	924	1,581	323	699

% of total advances to customers

0.39%

Market value of security held against impaired advances to customers

3,779

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

Notes to the Interim Financial Statements (Continued)

17. Available-for-Sale Financial Assets

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	28,154	18,797
Certificates of deposit held	1,929	2,386
Debt securities	53,094	47,499
Equity securities	2,762	2,722
Investment funds	215	185
	<u>86,154</u>	<u>71,589</u>
Issued by:		
Central governments and central banks	27,139	19,694
Public sector entities	1,789	2,273
Banks and other financial institutions	29,465	25,350
Corporate entities	27,508	24,048
Other entities	253	224
	<u>86,154</u>	<u>71,589</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	11,538	8,165
Listed outside Hong Kong	11,791	12,292
	<u>23,329</u>	<u>20,457</u>
Unlisted	59,848	48,225
	<u>83,177</u>	<u>68,682</u>
Equity securities		
Listed in Hong Kong	632	580
Listed outside Hong Kong	1,323	1,318
	<u>1,955</u>	<u>1,898</u>
Unlisted	807	824
	<u>2,762</u>	<u>2,722</u>
Investment funds		
Listed outside Hong Kong	39	1
Unlisted	176	184
	<u>215</u>	<u>185</u>
	<u>86,154</u>	<u>71,589</u>

Notes to the Interim Financial Statements (Continued)

18. Held-to-Maturity Investments

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	640	649
Certificates of deposit held	1,111	1,186
Debt securities	3,753	3,213
	<u>5,504</u>	<u>5,048</u>
Issued by:		
Central governments and central banks	1,682	1,745
Public sector entities	40	153
Banks and other financial institutions	736	803
Corporate entities	3,046	2,347
	<u>5,504</u>	<u>5,048</u>
Analysed by place of listing:		
Debt securities		
Listed in Hong Kong	1,978	1,119
Listed outside Hong Kong	1,815	1,777
	<u>3,793</u>	<u>2,896</u>
Unlisted	1,711	2,152
	<u>5,504</u>	<u>5,048</u>
Fair value:		
Listed securities	3,835	2,983
Unlisted securities	1,704	2,152
	<u>5,539</u>	<u>5,135</u>

Notes to the Interim Financial Statements (Continued)

19. Fixed Assets

	30/6/2014				
	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, 2014	4,400	8,875	5,057	13,932	18,332
Additions	–	5	147	152	152
Revaluation surplus	115	–	–	–	115
Transfer from investment properties to bank premises	(84)	84	–	84	–
Transfer from furniture, fixtures and equipment to bank premises	–	46	(46)	–	–
Reclassify to other accounts	(33)	(79)	(1)	(80)	(113)
Redevelopment cost	43	–	–	–	43
Disposals	–	–	(158)	(158)	(158)
Exchange adjustments	(8)	(110)	(40)	(150)	(158)
At 30th June, 2014	4,433	8,821	4,959	13,780	18,213
Accumulated depreciation and amortisation					
At 1st January, 2014	–	1,314	3,488	4,802	4,802
Charge for the period	–	88	240	328	328
Transfer from furniture, fixtures and equipment to bank premises	–	33	(33)	–	–
Written off on disposal	–	–	(152)	(152)	(152)
Exchange adjustments	–	(18)	(25)	(43)	(43)
At 30th June, 2014	–	1,417	3,518	4,935	4,935
Net book value at 30th June, 2014	4,433	7,404	1,441	8,845	13,278
Net book value at 31st December, 2013	4,400	7,561	1,569	9,130	13,530
The gross amounts of the above assets are stated:					
At cost	–	8,009	4,959	12,968	12,968
At Directors' valuation – 1989	–	812	–	812	812
At professional valuation – 2014	4,433	–	–	–	4,433
	4,433	8,821	4,959	13,780	18,213

Notes to the Interim Financial Statements (Continued)

20. Trading Liabilities

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Exchange fund bills sold	17	–
Shares sold	22	11
	<u>39</u>	<u>11</u>

21. Other Accounts and Provisions

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Accrued interest payable	4,633	4,131
Acceptance draft payable	30,592	31,393
Other accounts	19,530	18,457
	<u>54,755</u>	<u>53,981</u>

22. Loan Capital

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
USD600 million subordinated notes, measured at amortised cost	4,890	4,815
USD500 million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost	3,921	3,923
SGD800 million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost	4,980	4,894
	<u>13,791</u>	<u>13,632</u>

Two tranches of loan capital of face value totalling HK\$4,650 million (USD600 million) and carrying amount totalling HK\$4,890 million (31/12/2013: HK\$4,815 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 Stock Exchange and will mature on 16th July, 2020. Hedge ineffectiveness of HK\$2 million loss in the first half of 2014 (first half 2013: HK\$5 million loss) was recorded under fair value hedge accounting.

Loan capital of face value of HK\$3,875 million (USD500 million) and carrying amount of HK\$3,921 million (31/12/2013: HK\$3,923 million) represents 6.375% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 4th November, 2011 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. Hedge ineffectiveness of HK\$0.1 million loss in the first half of 2014 (first half 2013: HK\$0.025 million loss) was recorded under the fair value hedge accounting for the USD400 million subordinated notes. The fair value as of 30th June, 2014 for the USD100 million subordinated notes was HK\$848 million (USD109.4 million) (31/12/2013: HK\$849 million (USD109.5 million)).

Loan capital of face value of HK\$4,964 million (SGD800 million) and carrying amount of HK\$4,980 million (31/12/2013: HK\$4,894 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 Stock Exchange and will mature on 13th September, 2022. Hedge ineffectiveness of HK\$2 million profit in the first half of 2014 (first half 2013: HK\$1 million loss) was recorded under the fair value hedge accounting.

Notes to the Interim Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Interim Financial Statements (Continued)

23. Segment Reporting (Continued)

6 months ended 30/6/2014

	Hong Kong banking operations									Total reportable segments HK\$ Mn	Inter-segment		Total HK\$ Mn
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial institutions	Others	China operations	Overseas operations	Corporate services		Others	elimination	
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn		HK\$ Mn	HK\$ Mn	
Net interest income/(expense)	1,230	1,112	(56)	136	89	118	2,995	530	2	6,156	85	-	6,241
Non-interest income	372	339	133	180	12	309	798	95	565	2,803	327	(169)	2,961
Operating income	1,602	1,451	77	316	101	427	3,793	625	567	8,959	412	(169)	9,202
Operating expenses	(765)	(95)	(67)	(90)	(7)	(283)	(2,180)	(259)	(387)	(4,133)	(929)	169	(4,893)
Operating profit/(loss) before impairment losses	837	1,356	10	226	94	144	1,613	366	180	4,826	(517)	-	4,309
(Charge for)/write back of impairment losses on loans and advances and other accounts	(53)	(19)	1	(2)	-	(11)	(168)	(65)	(2)	(319)	-	-	(319)
Write back of impairment losses on held-to-maturity investments	-	-	3	-	-	-	-	-	-	3	-	-	3
Operating profit/(loss) after impairment losses	784	1,337	14	224	94	133	1,445	301	178	4,510	(517)	-	3,993
Profit/(Loss) on sale of fixed assets and available-for-sale financial assets	-	24	41	-	-	2	(2)	-	-	65	-	-	65
Valuation gains on investment properties	-	-	-	-	-	-	-	1	-	1	114	-	115
Share of profits less losses of associates	-	-	-	-	-	(2)	97	213	1	309	-	-	309
Profit/(Loss) before taxation	784	1,361	55	224	94	133	1,540	515	179	4,885	(403)	-	4,482
Depreciation for the period	(37)	(1)	(2)	(2)	-	(13)	(161)	(10)	(13)	(239)	(89)	-	(328)
Segment assets	54,265	174,467	145,648	30,378	12,454	17,772	363,976	87,768	3,035	889,763	33,290	(123,518)	799,535
Investments in associates	-	-	-	-	-	56	620	5,117	21	5,814	-	-	5,814
Total assets	54,265	174,467	145,648	30,378	12,454	17,828	364,596	92,885	3,056	895,577	33,290	(123,518)	805,349
Total liabilities	280,974	1,051	99,934	20,718	2	13,427	334,215	75,029	748	826,098	2,973	(94,932)	734,139

Notes to the Interim Financial Statements (Continued)

23. Segment Reporting (Continued)

6 months ended 30/6/2013

	Hong Kong banking operations									Total reportable segments HK\$ Mn	Inter-segment elimination		Total HK\$ Mn
	Personal banking	Corporate banking	Treasury markets	Wealth management	Financial institutions	Others	China operations	Overseas operations	Corporate services		Others		
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn		HK\$ Mn	HK\$ Mn	
Net interest income/(expense)	1,083	1,164	(7)	136	34	93	2,600	468	2	5,573	90	1	5,664
Non-interest income/(expense)	361	349	(31)	207	10	298	631	155	535	2,515	306	(165)	2,656
Operating income	1,444	1,513	(38)	343	44	391	3,231	623	537	8,088	396	(164)	8,320
Operating expenses	(720)	(91)	(58)	(84)	(6)	(256)	(1,936)	(227)	(373)	(3,751)	(920)	164	(4,507)
Operating profit/(loss) before impairment losses	724	1,422	(96)	259	38	135	1,295	396	164	4,337	(524)	-	3,813
(Charge for)/write back of impairment losses on loans and advances and other accounts	(40)	(1)	1	(2)	-	(6)	(159)	29	(4)	(182)	-	-	(182)
Impairment losses on available-for-sale financial assets	-	-	-	-	-	(1)	-	-	-	(1)	-	-	(1)
Operating profit/(loss) after impairment losses	684	1,421	(95)	257	38	128	1,136	425	160	4,154	(524)	-	3,630
Profit on sale of fixed assets, available-for-sale financial assets and loans and receivables	-	3	44	-	-	5	5	1	-	58	1	-	59
Valuation gains on investment properties	-	-	-	-	-	-	-	167	-	167	152	-	319
Share of profits less losses of associates	-	-	-	-	-	2	90	286	-	378	-	-	378
Profit/(Loss) before taxation	684	1,424	(51)	257	38	135	1,231	879	160	4,757	(371)	-	4,386
Depreciation for the period	(36)	(1)	(4)	(1)	-	(10)	(174)	(9)	(13)	(248)	(82)	-	(330)
Segment assets	46,762	153,678	105,604	26,072	13,777	14,420	333,950	67,514	3,042	764,819	24,139	(96,443)	692,515
Investments in associates	-	-	-	-	-	60	603	4,254	1	4,918	-	-	4,918
Total assets	46,762	153,678	105,604	26,072	13,777	14,480	334,553	71,768	3,043	769,737	24,139	(96,443)	697,433
Total liabilities	247,005	1,495	62,970	18,206	-	10,879	308,353	56,546	814	706,268	3,233	(76,989)	632,512

Notes to the Interim Financial Statements (Continued)

24. Analysis of Assets and Liabilities by Remaining Maturity

	30/6/2014							Total HK\$ Mn
	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	
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
Assets								
Cash and balances with banks and other financial institutions	24,142	33	70	124	1	-	37,081	61,451
Placements with banks and other financial institutions	285	38,919	16,853	7,829	-	-	-	63,886
Trade bills	150	8,003	20,721	37,894	-	-	-	66,768
Trading assets	-	16	161	1,851	1,288	-	1,325	4,641
Financial assets designated at fair value through profit or loss	-	451	502	3,667	3,922	1,770	426	10,738
Positive fair value of derivatives	-	-	-	-	-	-	3,834	3,834
Advances to customers and other accounts	8,411	66,716	50,334	101,427	157,498	89,906	4,900	479,192
Available-for-sale financial assets	-	6,955	20,266	6,219	40,803	8,934	2,977	86,154
Held-to-maturity investments	104	1,010	329	708	3,162	191	-	5,504
Undated assets	-	-	-	-	-	-	23,181	23,181
Total assets	33,092	122,103	109,236	159,719	206,674	100,801	73,724	805,349
Liabilities								
Deposits and balances of banks and other financial institutions	4,590	8,960	8,200	4,872	1,116	15	-	27,753
Deposits from customers	158,495	133,520	145,159	102,874	19,464	-	-	559,512
- Demand deposits and current accounts	64,264	-	-	-	-	-	-	64,264
- Savings deposit	92,480	-	-	-	-	-	-	92,480
- Time, call and notice deposits	1,751	133,520	145,159	102,874	19,464	-	-	402,768
Trading liabilities	-	17	-	-	-	-	22	39
Negative fair value of derivatives	-	-	-	-	-	-	3,315	3,315
Certificates of deposit issued	-	7,266	11,565	23,283	6,577	-	-	48,691
Current taxation	-	-	-	1,516	-	-	-	1,516
Debt securities issued	-	256	3,369	12,841	7,500	-	-	23,966
Loan capital	-	-	-	-	8,901	4,890	-	13,791
Other liabilities	1,616	7,106	12,328	17,043	7,277	2,166	8,020	55,556
Total liabilities	164,701	157,125	180,621	162,429	50,835	7,071	11,357	734,139
Net gap	(131,609)	(35,022)	(71,385)	(2,710)	155,839	93,730		

Notes to the Interim Financial Statements (Continued)

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

	31/12/2013							Total HK\$ Mn
	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	
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
Assets								
Cash and balances with banks and other financial institutions	28,794	70	–	29	–	–	39,884	68,777
Placements with banks and other financial institutions	–	38,290	16,153	2,929	–	–	–	57,372
Trade bills	13	9,069	11,579	39,271	–	–	–	59,932
Trading assets	–	64	230	890	2,667	51	1,429	5,331
Financial assets designated at fair value through profit or loss	–	194	39	3,980	5,087	1,899	407	11,606
Positive fair value of derivatives	–	–	–	–	–	–	3,625	3,625
Advances to customers and other accounts	7,434	57,018	36,227	96,870	162,913	82,925	4,868	448,255
Available-for-sale financial assets	–	5,236	12,303	11,621	33,450	6,072	2,907	71,589
Held-to-maturity investments	104	1,256	334	597	2,711	46	–	5,048
Undated assets	–	–	–	–	–	–	22,419	22,419
Total assets	36,345	111,197	76,865	156,187	206,828	90,993	75,539	753,954
Liabilities								
Deposits and balances of banks and other financial institutions	3,691	10,319	9,231	4,609	1,073	–	–	28,923
Deposits from customers	163,343	136,534	104,544	108,409	22,141	–	–	534,971
– Demand deposits and current accounts	69,259	–	–	–	–	–	–	69,259
– Savings deposit	92,936	–	–	–	–	–	–	92,936
– Time, call and notice deposits	1,148	136,534	104,544	108,409	22,141	–	–	372,776
Trading liabilities	–	–	–	–	–	–	11	11
Negative fair value of derivatives	–	–	–	–	–	–	4,545	4,545
Certificates of deposit issued	–	8,765	7,820	18,991	7,353	–	–	42,929
Current taxation	–	–	–	1,353	–	–	–	1,353
Debt securities issued	–	–	792	2,656	1,280	–	–	4,728
Loan capital	–	–	–	–	8,817	4,815	–	13,632
Other liabilities	1,226	8,533	11,285	17,545	6,466	2,221	7,352	54,628
Total liabilities	168,260	164,151	133,672	153,563	47,130	7,036	11,908	685,720
Net gap	(131,915)	(52,954)	(56,807)	2,624	159,698	83,957		

Notes to the Interim Financial Statements (Continued)

25. 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, 2014	388	199	117	(9)	(11)	(157)	527
(Credited)/Charged to income statement	(51)	1	14	–	1	72	37
Charged to reserves	–	–	–	131	–	–	131
Exchange and other adjustments	–	(2)	(5)	2	–	5	–
At 30th June, 2014	<u>337</u>	<u>198</u>	<u>126</u>	<u>124</u>	<u>(10)</u>	<u>(80)</u>	<u>695</u>
Balance as at 31st December, 2013	<u>388</u>	<u>199</u>	<u>117</u>	<u>(9)</u>	<u>(11)</u>	<u>(157)</u>	<u>527</u>

26. Reserves

	30/6/2014 HK\$ Mn	31/12/2013 HK\$ Mn
Statutory capital reserve (Note 1(e))		
Share premium	–	17,770
Other reserves		
General reserve	13,933	13,877
Revaluation reserve on bank premises	1,640	1,642
Investment revaluation reserve	1,542	978
Exchange revaluation reserve	2,401	2,874
Other reserves	4,002	4,039
Retained profits*	18,518	16,778
	<u>42,036</u>	<u>40,188</u>
Total	<u>42,036</u>	<u>57,958</u>
Proposed dividends, not provided for	<u>1,001</u>	<u>1,557</u>

* A regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 30th June, 2014, HK\$5,835 million (31st December, 2013: HK\$5,381 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the HKMA.

Notes to the Interim Financial Statements (Continued)

27. Consolidated Cash Flow Statement

(a) Purchase of subsidiaries

	30/6/2014	30/6/2013
	HK\$ Mn	HK\$ Mn
Net assets acquired		
Other accounts and provisions	(1)	–
Goodwill arising on consolidation	(1) 3	–
Total purchase price	2	–
Cash flow on acquisition net of cash acquired	2	–

(b) Cash and cash equivalents

	30/6/2014	30/6/2013
	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	25,456	19,853
Placements with banks and other financial institutions with original maturity within three months	32,932	26,467
Treasury bills with original maturity within three months	14,557	7,518
Certificates of deposit held with original maturity within three months	1,038	1,035
Debt securities with original maturity within three months	–	881
	73,983	55,754
(ii) Reconciliation with the consolidated statement of financial position		
Cash and balances with banks and other financial institutions	61,451	53,055
Placements with banks and other financial institutions	63,886	52,976
Treasury bills, certificates of deposit held and debt securities		
– trading assets	3,316	4,766
– designated at fair value through profit or loss	10,312	11,866
– advances and other accounts	117	79
– available-for-sale	83,177	61,882
– held-to-maturity	5,504	4,977
	102,426	83,570
Amount shown in the consolidated statement of financial position	227,763	189,601
Less: Amounts with an original maturity of beyond three months	(117,785)	(100,645)
Cash balance with central bank subject to regulatory restriction	(35,995)	(33,202)
Cash and cash equivalents in the consolidated cash flow statement	73,983	55,754

Notes to the Interim Financial Statements (Continued)

28. Offsetting Financial Instruments

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

	At 30th June, 2014				
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	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	59	–	59	(52)	7
Other accounts	507	(397)	110	–	110
Total	566	(397)	169	(52)	117

	At 30th June, 2014				
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	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	88	–	88	(52)	36
Other accounts	397	(397)	–	–	–
Total	485	(397)	88	(52)	36

Notes to the Interim Financial Statements (Continued)

28. Offsetting Financial Instruments (Continued)

	At 31st December, 2013				
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	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	66	–	66	(54)	12
Other accounts	745	(681)	64	–	64
Total	811	(681)	130	(54)	76

	At 31st December, 2013				
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	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	254	–	254	(54)	200
Other accounts	779	(681)	98	–	98
Total	1,033	(681)	352	(54)	298

Notes to the Interim Financial Statements (Continued)

29. 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 determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

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 (OTC) 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)

29. Fair Values of Financial Instruments (Continued)

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

The table below analyses financial instruments carried at fair value, by valuation method:

	30/6/2014				31/12/2013			
	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	4,506	135	-	4,641	5,161	170	-	5,331
Financial assets designated at fair value through profit or loss	6,036	4,702	-	10,738	7,761	3,845	-	11,606
Positive fair value of derivatives	-	2,826	1,008	3,834	-	3,040	585	3,625
Available-for-sale financial assets	70,673	14,495	986	86,154	55,638	14,941	1,010	71,589
	<u>81,215</u>	<u>22,158</u>	<u>1,994</u>	<u>105,367</u>	<u>68,560</u>	<u>21,996</u>	<u>1,595</u>	<u>92,151</u>
Liabilities								
Trading liabilities	39	-	-	39	11	-	-	11
Negative fair value of derivatives	-	2,395	920	3,315	-	3,980	565	4,545
Financial liabilities designated at fair value through profit or loss	-	18,716	-	18,716	-	8,659	-	8,659
	<u>39</u>	<u>21,111</u>	<u>920</u>	<u>22,070</u>	<u>11</u>	<u>12,639</u>	<u>565</u>	<u>13,215</u>

During the six months ended 30th June, 2014, there were no transfers of financial instruments between Level 1 and Level 2, or transfer into or out of Level 3 of the fair value hierarchy (2013: Nil). 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.

Information about significant unobservable inputs in Level 3 valuations

	Valuation technique	Significant unobservable input(s)
Unlisted available-for-sale equity instruments	Discounted cash flow model	Forecasted cash flows and terminal growth rate
Structured derivatives	Option model	Expected volatility

The fair value of unlisted available-for-sale equity instruments is determined using the discounted cash flow model and the significant unobservable inputs used in the fair value measurement are forecasted cash flows and terminal growth rate. The fair value measurement is positively correlated to the net cash inflows and terminal growth rate.

The fair value of embedded options in structured derivatives is determined using option valuation model and the significant unobservable input used in the fair value measurement is the expected volatility. The fair value of the instrument is positively correlated to the expected volatility.

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

Notes to the Interim Financial Statements (Continued)

29. Fair Values of Financial Instruments (Continued)

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

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

Movements in the recognised fair values of instruments with significant unobservable inputs were as follows:

	30/6/2014		
	Positive fair value of derivatives	Available- for-sale financial assets	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Assets			
At 1st January, 2014	585	1,010	1,595
Purchases	–	4	4
Settlements	(123)	(23)	(146)
Changes in fair value recognised in the income statement	546	–	546
Changes in fair value recognised in the other comprehensive income	–	(5)	(5)
At 30th June, 2014	<u>1,008</u>	<u>986</u>	<u>1,994</u>
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	<u>–</u>	<u>(5)</u>	<u>(5)</u>
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	<u>546</u>	<u>–</u>	<u>546</u>

Notes to the Interim Financial Statements (Continued)

29. Fair Values of Financial Instruments (Continued)

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

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

	31/12/2013		
	Positive fair value of derivatives HK\$ Mn	Available-for-sale financial assets HK\$ Mn	Total HK\$ Mn
Assets			
At 1st January, 2013	554	765	1,319
Purchases	–	193	193
Settlements	(196)	(54)	(250)
Changes in fair value recognised in the income statement	227	(68)	159
Changes in fair value recognised in the other comprehensive income	–	174	174
At 31st December, 2013	<u>585</u>	<u>1,010</u>	<u>1,595</u>
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	<u>–</u>	<u>174</u>	<u>174</u>
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period recorded in net trading income	<u>227</u>	<u>(68)</u>	<u>159</u>
			<u>30/6/2014</u>
			Negative fair value of derivatives HK\$ Mn
Liabilities			
At 1st January, 2014			565
Settlements			(100)
Changes in fair value recognised in the income statement			<u>455</u>
At 30th June, 2014			<u>920</u>
Total gains or losses for the period included in the income statement for liabilities held at the end of the reporting period recorded in net trading income			<u>455</u>

Notes to the Interim Financial Statements (Continued)

29. Fair Values of Financial Instruments (Continued)

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

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

	31/12/2013
	Negative fair value of derivatives
	HK\$ Mn
Liabilities	
At 1st January, 2013	562
Settlements	(219)
Changes in fair value recognised in the income statement	222
	<u>565</u>
At 31st December, 2013	<u>565</u>
Total gains or losses for the year included in the income statement for liabilities held at the end of the reporting period recorded in net trading income	<u>222</u>

- (2) Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions

	30/6/2014			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Positive fair value of derivatives	84	(84)	–	–
Available-for-sale financial assets	–	–	82	(82)
	<u>84</u>	<u>(84)</u>	<u>82</u>	<u>(82)</u>
Negative fair value of derivatives	<u>77</u>	<u>(77)</u>	<u>–</u>	<u>–</u>
	31/12/2013			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Positive fair value of derivatives	49	(49)	–	–
Available-for-sale financial assets	–	–	84	(84)
	<u>49</u>	<u>(49)</u>	<u>84</u>	<u>(84)</u>
Negative fair value of derivatives	<u>47</u>	<u>(47)</u>	<u>–</u>	<u>–</u>

The fair values of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The table above shows the sensitivity of fair values due to parallel movement of plus or minus 10 per cent in reasonably possible alternative assumptions.

Notes to the Interim Financial Statements (Continued)

29. 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 share of net asset value in the investment, or applying a discount to the market value of investments with a lock-up period.
- (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 financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30th June, 2014 and 31st December, 2013 except as follows:

	30/6/2014		31/12/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Financial assets				
Held-to-maturity investments	5,504	5,539	5,048	5,135
Financial liabilities				
Certificates of deposits issued	36,342	36,327	34,420	34,443
Debt securities issued	17,599	17,678	4,578	5,095
Subordinated liabilities	13,791	14,582	13,632	14,380

Notes to the Interim Financial Statements (Continued)

30. Off-balance Sheet Exposures

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

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Contractual amounts of contingent liabilities and commitments		
Direct credit substitutes	29,273	18,670
Transaction-related contingencies	2,580	2,655
Trade-related contingencies	1,204	1,319
Commitments that are unconditionally cancellable without prior notice	155,791	126,463
Other commitments with an original maturity		
– up to 1 year	40,828	56,690
– over 1 year	22,070	29,319
	<u>251,746</u>	<u>235,116</u>
Credit risk weighted amounts	<u>32,989</u>	<u>44,605</u>
Fair value of derivatives		
Assets		
Exchange rate contracts	2,308	1,675
Interest rate contracts	1,185	1,538
Equity contracts	267	303
Others	74	109
	<u>3,834</u>	<u>3,625</u>
Liabilities		
Exchange rate contracts	1,810	2,335
Interest rate contracts	1,151	1,813
Equity contracts	280	288
Others	74	109
	<u>3,315</u>	<u>4,545</u>
Notional amounts of derivatives		
Exchange rate contracts	659,272	566,787
Interest rate contracts	238,392	196,583
Equity contracts	12,949	16,569
Others	4,006	3,905
	<u>914,619</u>	<u>783,844</u>
Credit risk weighted amounts *		
Exchange rate contracts	8,009	6,203
Interest rate contracts	1,767	2,210
Equity contracts	656	841
Others	763	703
	<u>11,195</u>	<u>9,957</u>

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

* The Bank adopted the Foundation Internal Ratings Based (“IRB”) approach according to Capital Rules for calculating the credit risk weighted amount as at 30th June, 2014 and 31st December, 2013.

Notes to the Interim Financial Statements (Continued)

30. 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:

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Expenditure authorised and contracted for	216	682
Expenditure authorised but not contracted for	32	2,635
	<u>248</u>	<u>3,317</u>

31. Material Related Party Transactions

(a) Key management personnel remuneration

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

	30/6/2014	30/6/2013
	HK\$ Mn	HK\$ Mn
Short-term employee benefits	63	64
Post-employment benefits	3	2
Equity compensation benefits	11	11
	<u>77</u>	<u>77</u>

- (b) The Group maintains certain retirement benefit schemes for its staff. In the six months ended 30th June, 2014, the total amount of contributions the Group made to the schemes was HK\$79 million (six months ended 30th June, 2013: HK\$74 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, 2014, outstanding balances of amounts due from and due to them at 30th June, 2014 and maximum outstanding balance of amounts due from and due to them for the six months ended 30th June, 2014 are aggregated as follows:

	Key management personnel		Associates	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Interest income	34	59	6	5
Interest expense	36	24	–	–
Amounts due from	4,110	7,782	759	965
Amounts due to	5,090	4,745	279	7
Maximum amounts due from	6,644	9,394	1,544	1,061
Maximum amounts due to	7,492	6,511	556	719
Committed facilities to	3,401	3,353	265	–

Notes to the Interim Financial Statements (Continued)

32. 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 ratio 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
Abacus (Nominees) Limited	Nominee company	–	–
Abacus Business Consultants Sdn. Bhd.	Dormant	–	–
Abacus Company Administration Sdn. Bhd.	Corporate director and secretarial services	–	–
Abacus Share Registrars Ltd	Name reservation	–	–
Acheson Limited	Trustee and shareholder services	–	–
Agensi Pekerjaan Tricor Sdn Bhd	Employment agency	–	–
Albridge Corporate Advisory Services Ltd	Corporate services	–	–
Albridge Services London Ltd	Dormant	–	–
Alhart Limited	Nominee company	–	–
Ample Delight Limited	Investment holding	398	398
Asia Management Services Sdn Berhad	Management services	6	6
Asia Securities Sdn Bhd	Management services	–	–
Bandon Enterprises Limited	Process agent and escrow services	–	–
* Bank of East Asia (Trustees) Limited	Trustee	175	172
Barbinder & Co. Pte. Ltd.	Share registration	7	2
Barbinder & Co., Sdn. Bhd.	Dormant	–	–
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	1

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
BEA Blue Sky Real Estate Fund L.P.	Acting as a Limited Partner to BEA/AGRE China Real Estate Fund, L.P.	56	53
BEA Blue Sky SLP Limited	Acting as a Special Limited Partner to BEA/AGRE China Real Estate Fund, L.P.	–	–
BEA Insurance Agency Limited	Insurance	–	–
BEA Insurance Brokerage (Taiwan) Limited	General and life insurance broker	1	–
BEA Life Limited	Life insurance	9,001	868
BEA Pacific Asia Limited	Investment holding	–	–
BEA Pacific Holding Company Limited	Investment holding	1	1
BEA Union Investment Management Limited	Asset management	478	451
BEA Wealth Management Services (Taiwan) Limited	Wealth management services	184	107
Becmac Limited	Nominee shareholder	–	–
Beecroft Limited	Nominee company	–	–
Bentley Services Limited	Nominee director	–	–
Blue Care (BVI) Holdings Limited	Investment holding	16	16
Blue Care JV (BVI) Holdings Limited	Investment holding	18	18
Blue Care Medical Services Limited	Medical services	35	16
Blue Cross (Asia-Pacific) Insurance Limited	Insurance	4,285	824
Branford Investments Limited	Nominee services	–	–
Camceb Limited	Nominee shareholder	–	–
Cane Garden Bay Limited	Nominee director/shareholder	–	–
Capico Asset Management Sdn. Bhd.	Dormant	–	–
Caribbean Corporate Services Ltd.	Corporate secretarial and accounting services	10	8
CCSL St. Lucia Ltd.	Holding company	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Central Town Limited	Property investment	567	332
Century Able Limited	Investment holding	831	831
Cheam Holdings Limited	Nominee director	–	–
Cheam Nominees Limited	Nominee director	–	–
Chongqing Dongrong Business Consultancy Company Limited	Business consultancy services	8	5
* Chongqing Liangjiang New Area Credit Gain Finance Company Limited	Micro-finance loan	386	382
Chua, Woo & Company Sdn. Bhd.	Dormant	–	–
Clacton Company Limited	Nominee company	–	–
Clancy Limited	Dormant	–	–
Corona Light Limited	Investment holding	930	930
* Credit Gain Finance Company Limited	Money lenders	705	511
Crystal Gleaming Limited	Investment holding	930	930
Dean Street Property Limited	Property development	24	12
Delanez Limited	Nominee director/shareholder	–	–
Denroy Nominees Limited	Nominee director	–	–
Dersale Limited	Nominee director/shareholder	–	–
Directra Overseas Services Inc.	Nominee company	–	–
Directra Services Limited	Nominee company	–	–
EA Securities Limited	Investment holding	–	(62)
East Asia Corporate Services (BVI) Limited	Registered agent and trustee services	36	36
East Asia Corporate Services (Nominees) Ltd.	Nominee director/shareholder	–	–
* East Asia Electronic Data Processing (Guangzhou) Limited	Servicing	71	57

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
* East Asia Facility Management Limited	Facility management	13	12
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	1,412	1,411
East Asia Indonesian Holdings Limited	Investment holding	141	123
East Asia International Trustees Holdings (BVI) Limited	Investment holding	10	10
East Asia International Trustees Limited	Trustee services	23	18
* East Asia Investments Holdings (BVI) Ltd.	Investment holding	791	791
* East Asia Properties (US), Inc.	Property holding	220	196
East Asia Properties Holding Company Limited	Investment holding	1	(82)
East Asia Property Agency Company Limited	Property agency	14	13
East Asia Property Holdings (Jersey) Limited	Property holding	53	(6)
East Asia Property Management (China) Limited	Property management	1	(8)
East Asia Property Management (Guangzhou) Limited	Property management	2	2
East Asia Secretaries (BVI) Limited	Investment holding	594	594
East Asia Secretaries Limited	Secretarial services	–	–
East Asia Securities Company Limited	Securities broking	1,226	646
* East Asia Services (Holdings) Limited	Holding company	23	–
East Asia Strategic Holdings Limited	Investment holding	417	417
Eglantine Investments Limited	Investment holding	–	–
Elemen Limited	Nominee shareholder	–	–
Epsilon Registration Services Sdn. Bhd.	Dormant	–	–
Equity Trustee Limited	Trustee	1	1
Essex Nominees Limited	Nominee director/shareholder	–	–
Evatthouse Corporate Services Pte. Ltd.	Corporate secretarial and advisory services	116	5

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Far East Bank Nominees Limited	In liquidation	–	–
Fitz Services Pte. Ltd.	Business and management consultancy services	–	–
Fortra Services Limited	Nominee company	–	–
FTG Nominees Limited	Dormant	–	–
Gainsville Limited	Nominee shareholder	–	–
Gil Services Pte. Ltd.	Business and management consultancy services	–	–
Gladwood Limited	Nominee director	–	–
Global Success Ltd.	Investment holding	–	–
Gold Arch Sdn Bhd	Dormant	14	–
Gold Sweep Sdn Bhd	Investment holding	32	5
Golden Empire International Inc.	Property investment	–	–
Golden Properties Finance Ltd.	Mortgage financing	–	–
Golden Queen International Ltd.	Property investment	–	–
Grimma Company Limited	Nominee company	–	–
High Town Limited	Investment holding	4	4
ICEA Capital Limited	Corporate finance advisory and underwriting services	70	70
ICIS China (HK) Co Limited	Name reservation service	–	–
* Innovate Holdings Limited	Special purpose vehicle company specially set up for BEA's Hybrid Tier1 issue	3,875	3,875
International Holdings Corporation	Trust related services	–	–
Kaliwood Corporation	Nominee director/shareholder	–	–
Keen Sight Development Limited	Investment holding	229	229

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Leader One Limited	Investment holding	18	–
Linkwall Investments Limited	Trustee	–	–
Maccabee (Nominees) Limited	Nominee director	–	–
Mache Holdings Limited	Nominee shareholder	–	–
Mache Nominees Limited	Nominee shareholder	–	–
Mactors Limited	Nominee director	–	–
Maintex Limited	Nominee director	–	–
Malplaquet Limited	Nominee director, shareholder and secretary	–	–
Manchester Property Holdings Ltd.	Property holding	36	14
Menroy Registrars Limited	Nominee director	–	–
Norpac Holdings Limited	Custodian services	–	–
Outsource Centre Pte. Ltd.	Accounting and payroll services	1	1
Overseas Nominees Limited	Nominee services	–	–
Pen Ling Limited	Nominee company	–	–
PFA Corporate Consultants Sdn Bhd	Consultancy, advisory and nominees services	–	–
PFA Registration Services Sdn. Bhd.	Dormant	1	1
Powerhouse Worldwide Limited	Investment holding	227	227
Premier Dragon Development Limited	Name reservation service	–	–
Ramillies Limited	Nominee director, shareholder and secretary	–	–
Red Phoenix Limited	Leasing of motor vehicles	2	1
Richard Tozer Nominees Ltd	Dormant	–	–
Roebuck Limited	Directorship services	–	–
Rontors Limited	Nominee director	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Rosland Corporate Management Limited	Nominee shareholder	–	–
Secretaries Limited	Name reservation service	–	–
Secretarius Services Sdn. Bhd.	Dormant	–	–
Selene Throne (HK) Limited	Name reservation service	–	–
* Shaanxi Fuping BEA Rural Bank Corporation	Banking and other financial businesses	192	28
Shaftesbury Property Holdings Limited	Investment holding	131	131
Shaftesbury Property Investments Limited	Investment holding	84	84
Shareg Nominees Limited	Nominee services	–	–
* Shenzhen Credit Gain Finance Company Limited	Micro-finance Loan	350	344
Skyray Holdings Limited	Investment holding	450	450
Speedfull Limited	Investment holding	450	450
Standard Registrars Limited	Name reservation services	–	–
Strath Corporate Services Limited	Business and corporate services	–	–
Strath Fiduciaries Limited	Trust and fiduciaries services	–	–
Swan Nominees Limited	Nominee shareholder	–	–
Tabernacle Assets Limited	Protector of trust	–	–
Teeroy Limited	Trustee	–	–
Tengis International Limited	Authorised signatories services	–	–
Tengis Limited	Dormant	–	–
Tengis Services Limited	Act as account holder for clients' funds for payroll and Mandatory Provident Fund	–	–
* The Bank of East Asia (China) Limited	Banking and related financial services	339,951	24,609
The Bank of East Asia (Nominees) Limited	Nominee services	–	–
The Bank of East Asia (Nominees) Private Limited	Nominee services	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
The Bank of East Asia Charitable Foundation Limited	Charitable institution	–	–
The Bank of East Asia Nominees (UK) Limited	Dormant	–	–
Travelsafe Limited	Insurance	–	–
Tricor (B) Sdn. Bhd.	Corporate business and investor services	6	2
Tricor (Labuan) Limited	Dormant	2	1
Tricor A&S Corporate Services KK	Corporate secretarial, tax and accounting, payroll, banking and cash management services	–	–
Tricor Abacus Limited	Investor services	2	2
Tricor Asia Limited	Act as account holder for clients' funds for payroll and payment processing	–	–
Tricor Authorised Representative Limited	Authorised representative services	–	–
Tricor Board Dynamics Sdn Bhd	Dormant	–	–
Tricor Business Services Sdn. Bhd.	Accounting, payroll and administration services	63	15
Tricor Caribbean Limited	Inactive	–	–
Tricor CNP Corporate Services Pte. Ltd.	Corporate services	4	3
Tricor Consultancy (Beijing) Limited	Business consultancy in China	151	145
Tricor Consulting Limited	Consultancy services	3	–
Tricor Corporate Secretaries Limited	Dormant	–	–
Tricor Corporate Secretary Limited	Corporate services	–	–
Tricor Corporate Services Sdn. Bhd.	Secretarial, finance & accounting services, human resource consulting services and all other consulting services	48	19
Tricor Custodian Limited	Process agent and escrow services	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Tricor EACS (Hong Kong) Limited	Agent for East Asia Corporate Services (BVI) Limited	–	–
Tricor Executive Recruitment Ltd.	Executive recruitment	2	(7)
Tricor Executive Resources Limited	Executive search and selection	2	(3)
Tricor Firmley Limited	Nominee company and corporate services	–	–
Tricor Friendly Limited	Investor services	1	1
Tricor Global Limited	Investment holding	–	–
Tricor Greater China Limited	Investor of Tricor Beijing Wholly Foreign Owned Enterprise	18	16
Tricor Holdings Limited	Investment holding	1,211	1,185
Tricor Holdings Pte. Ltd.	Investment holding	515	157
Tricor HSP Japan JV K.K.	Consultancy services	–	–
Tricor HSP Singapore Pte. Ltd.	Secretarial and accounting services	3	–
Tricor Human Capital Limited	Consultancy services	–	–
Tricor IAG Fund Administration (Hong Kong) Limited	Fund administration services	1	(3)
Tricor IAG Fund Administration (Singapore) Pte. Limited	Business and management consultancy services	–	(2)
Tricor International Trustee Limited	Trustee	2	2
Tricor Investor Services Limited	Investor services	83	50
Tricor Investor Services Sdn. Bhd.	Shares registration service	28	26
Tricor Japan Limited	Consulting, accounting, human resources & office administrative service	7	6
Tricor K.K.	Business process outsourcing	37	28
TRICOR KNOWLEDGE HOUSE SDN BHD	Dormant	2	1
Tricor Nominees Limited	Founder member of Tricor's HK shelf companies	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Tricor Outsourcing (Thailand) Ltd.	Business outsourcing	40	5
Tricor Prime Partners Corporate Services Pte Ltd	Secretarial, accounting and share registration services and employment agency	3	2
Tricor Progressive Limited	Investor services	1	1
Tricor Representatives Limited	Process agent or escrow services	–	–
Tricor Roots Business Intelligence Sdn Bhd.	Development and trading of computer software and provision of software related consultancy services	19	19
Tricor Roots Consulting Sdn Bhd.	Consultancy services	5	(12)
Tricor Roots Governance Sdn. Bhd.	Internal audit service	–	(2)
TRICOR SAAS SDN BHD	Software development and other related information technology support	–	–
Tricor Secretaries Limited	Business, corporate and investor services	24	19
Tricor Securities Limited	Nominee and custodian services	–	–
Tricor Senedi Sdn Bhd	Information technology support	1	(4)
Tricor Services (Brunei) Ltd	Registered agent	–	–
Tricor Services (BVI) Limited	Registered agent and trustee services	27	21
Tricor Services (Macau) Limited	Business services	1	1
Tricor Services (Malaysia) Sdn. Bhd.	Investment holding	105	10
Tricor Services (UK) Limited	Investment holding	509	–
Tricor Services Europe LLP	Limited liability partnership	44	5
Tricor Services Limited	Business, corporate and investor services	385	265
Tricor Signatory Limited	Bank signatory	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Tricor Singapore Pte. Ltd.	Business management and consultancy services, and employment agency	335	146
Tricor Standard Limited	Investor services	4	4
Tricor Strath Group Limited (formerly Strath Corporate Services Holdings Limited)	Holding company	–	–
Tricor Strath Limited	Business and corporate services	–	–
Tricor Subscribers Limited	Nominee company	–	–
Tricor Tax Services Sdn. Bhd.	Advisors and consultants	3	2
Tricor Tengis Limited	Business, corporate and investor services	33	13
Tricor Trident Nominees Limited	Trustee company	–	–
Tricor Trustco (Labuan) Limited	Corporate, secretarial & accounting services	25	22
Tricor WP Corporate Services Pte. Ltd	Business and management consultancy services	32	25
Trident Corporate Management Limited	Nominee shareholder	–	–
Tristan Company Limited	Nominee director/shareholder	–	–
Tudor Nominees Limited	Nominee shareholder	–	–
* Tung Shing Bullion (Brokers) Limited	Trading and broking services	111	1
* Tung Shing Financial Services (Brokers) Limited	Credit facilities	182	22
* Tung Shing Futures (Brokers) Limited	Dealing in futures and options contracts	53	26
Tung Shing Holdings (BVI) Limited	Investment holding	–	–
* Tung Shing Holdings Company Limited carrying on business in Hong Kong as Tung Shing (Brokers) Holdings Company Limited	Investment holding	547	131
* Tung Shing Securities (Brokers) Limited	Brokerage, underwriting and margin financing services	1,563	525
* Tung Shing Services (Brokers) Limited	Management & administrative services	21	(20)
Turquandia Limited	Nominee shareholder	–	–

Notes to the Interim Financial Statements (Continued)

32. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
U Care Hong Kong Medical Limited	Medical services	12	(15)
United Chinese (Nominee) Limited	Dormant	–	–
Vanceburg Limited	Nominee shareholder, secretary and appointor	–	–
W.T. (Secretaries) Limited	Secretaries services	–	–
Wai Chiu Company Limited	Nominee director/shareholder	–	–
Wai Hop Company Limited	Nominee director/shareholder	–	–
WCS Nominees Limited	Dormant	–	–
Westboro Limited	Nominee services	–	–
Wilfred Co., Ltd.	First director facility	–	–
Witcombe Corporation	Nominee director/shareholder	–	–
Woodside Corporate Services Limited	Receiving agent, fund administration, custodial, security trustee and registrar services	4	10
Woodside Secretaries Limited	Corporate secretarial services plus registrar and Enterprise Investment Scheme administration services	–	2
WT Management (PTC) Inc	Trustee	–	–

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

33. Comparative Figures

Certain comparative figures have been reclassified to conform with current period’s presentation.

34. 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 1st August, 2014.

Supplementary Financial Information

A. Capital Adequacy

	30/6/2014	31/12/2013
	HK\$ Mn	HK\$ Mn
Capital base		
– Common Equity Tier 1 capital	51,128	49,245
– Additional Tier 1 capital	2,835	3,190
– Total Tier 1 capital	53,963	52,435
– Tier 2 capital	15,237	16,489
– Total capital	69,200	68,924
Risk weighted assets by risk type		
– Credit risk	398,178	393,020
– Market risk	17,889	16,524
– Operational risk	27,991	26,654
Less: Deductions	444,058 (2,273)	436,198 (2,322)
	441,785	433,876
	30/6/2014	31/12/2013
	%	%
Common Equity Tier 1 capital ratio	11.6	11.4
Tier 1 capital ratio	12.2	12.1
Total capital ratio	15.7	15.9

Capital adequacy ratios were compiled in accordance with the Capital Rules issued by the HKMA. The ratios as of 30th June, 2014 and 31st December, 2013 were compiled in accordance with the amended Capital Rules effective from 1st January, 2013 for the implementation of the “Basel III” capital accord. In accordance with the Capital Rules, the Bank has adopted the foundation internal ratings-based approach for the calculation of the risk-weighted assets for credit risk and the internal models approach for the calculation of market risk and standardised approach for operational risk.

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

The subsidiaries that are included in consolidation for regulatory purposes are listed in Note 32.

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

For the purpose of compliance with the Banking (Disclosure) Rules, the Group has established a section on the Bank’s website. Additional information relating to the Group’s regulatory capital and other disclosures can be found in this section of the Bank’s website, accessible through the “Regulatory Disclosure” link on the home page of the Bank’s website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

Supplementary Financial Information (Continued)

B. Liquidity Ratio

	6 months ended 30/6/2014	The year ended 31/12/2013
	%	%
Average liquidity ratio for the period	50.2	47.0

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

C. Cross-border Claims

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

	30/6/2014			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
People's Republic of China	48,020	2,928	90,143	141,091
Asian countries, excluding People's Republic of China	13,977	325	13,385	27,687
North America	5,199	–	3,154	8,353
Western Europe	8,959	–	1,924	10,883
	31/12/2013 (Restated)			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
People's Republic of China	30,341	3,702	98,630	132,673
Asian countries, excluding People's Republic of China	13,125	515	12,167	25,807
North America	6,182	40	3,059	9,281
Western Europe	7,238	–	2,323	9,561

Supplementary Financial Information (Continued)

D. Non-bank Mainland Exposures

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

	30/6/2014			
	On-balance sheet exposure	Off-balance sheet exposure	Total	Individual impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>				
Mainland entities	218,342	51,784	270,126	120
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	54,846	4,654	59,500	89
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	31,508	162	31,670	32
Total	304,696	56,600	361,296	241
	31/12/2013			
	On-balance sheet exposure	Off-balance sheet exposure	Total	Individual impairment allowance
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>				
Mainland entities	210,116	62,056	272,172	107
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	47,304	4,512	51,816	7
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	30,049	442	30,491	11
Total	287,469	67,010	354,479	125

Supplementary Financial Information (Continued)

E. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and rescheduled advances

	30/6/2014		31/12/2013	
	HK\$ Mn	% of total advances to customers	HK\$ Mn	% of total advances to customers
Advances to customers overdue for				
– 6 months or less but over 3 months	274	0.1	216	0.1
– 1 year or less but over 6 months	375	0.1	201	0.1
– Over 1 year	500	0.1	507	0.1
	<u>1,149</u>	<u>0.3</u>	<u>924</u>	<u>0.3</u>
Rescheduled advances to customers	78	0.0	86	0.0
	<u>1,227</u>	<u>0.3</u>	<u>1,010</u>	<u>0.3</u>
Total overdue and rescheduled advances				
Secured overdue advances	<u>963</u>	<u>0.2</u>	<u>777</u>	<u>0.2</u>
Unsecured overdue advances	<u>186</u>	<u>0.0</u>	<u>147</u>	<u>0.0</u>
Market value of security held against secured overdue advances	<u>1,955</u>		<u>2,736</u>	
Individual impairment allowance made on loans overdue for more than 3 months	<u>207</u>		<u>183</u>	

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the 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.

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.

Supplementary Financial Information (Continued)

E. Overdue, Rescheduled and Repossessed Assets (Continued)

(a) Overdue and rescheduled advances (Continued)

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

	30/6/2014 HK\$ Mn	31/12/2013 HK\$ Mn
Advances to banks overdue for		
– 6 months or less but over 3 months	–	–
– 1 year or less but over 6 months	–	–
– Over 1 year	–	–
	–	–
Rescheduled advances to banks	–	–
Total overdue and rescheduled advances	–	–

(c) Other overdue and rescheduled assets

	30/6/2014		
	Accrued interest HK\$ Mn	Debt securities HK\$ Mn	Other assets* HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	–	–	–
– 1 year or less but over 6 months	–	–	–
– Over 1 year	–	–	4
	–	–	4
Rescheduled assets	–	–	–
Total other overdue and rescheduled assets	–	–	4
	31/12/2013		
	Accrued interest HK\$ Mn	Debt securities HK\$ Mn	Other assets* HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	–	–	–
– 1 year or less but over 6 months	–	–	–
– Over 1 year	–	–	4
	–	–	4
Rescheduled assets	–	–	–
Total other overdue and rescheduled assets	–	–	4

* Other assets refer to trade bills and receivables.

Supplementary Financial Information (Continued)

E. Overdue, Rescheduled and Repossessed Assets (Continued)

(d) Repossessed assets

	30/6/2014 HK\$ Mn	31/12/2013 HK\$ Mn
Reposessed land and buildings	162	51
Reposessed vehicles and equipment	–	–
Total reposessed assets	<u>162</u>	<u>51</u>

The amount represents the estimated market value of the reposessed assets as at 30th June, 2014 and 31st December, 2013.

F. Currency Concentrations

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

	30/6/2014 HK\$ Mn			Total
	USD	RMB	Other foreign currencies	
Spot assets	182,434	414,901	81,022	678,357
Spot liabilities	(163,904)	(387,091)	(91,041)	(642,036)
Forward purchases	151,868	110,576	22,369	284,813
Forward sales	(167,301)	(138,598)	(11,971)	(317,870)
Net options position	(33)	71	(17)	21
Net long/(short) non-structural position	<u>3,064</u>	<u>(141)</u>	<u>362</u>	<u>3,285</u>

	31/12/2013 HK\$ Mn			Total
	USD	RMB	Other foreign currencies	
Spot assets	185,817	751,286	77,208	1,014,311
Spot liabilities	(188,352)	(708,796)	(83,423)	(980,571)
Forward purchases	166,647	111,459	17,799	295,905
Forward sales	(161,663)	(153,524)	(12,039)	(327,226)
Net options position	(31)	6	(8)	(33)
Net long/(short) non-structural position	<u>2,418</u>	<u>431</u>	<u>(463)</u>	<u>2,386</u>

	30/6/2014 HK\$ Mn			Total
	USD	RMB	Other foreign currencies	
Net structural position	<u>2,862</u>	<u>11,611</u>	<u>3,083</u>	<u>17,556</u>

	31/12/2013 HK\$ Mn			Total
	USD	RMB	Other foreign currencies	
Net structural position	<u>2,475</u>	<u>8,960</u>	<u>754</u>	<u>12,189</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.

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 53 which comprises the consolidated statement of financial position of The Bank of East Asia, Limited as of 30th June, 2014 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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, 2014 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

Hong Kong, 1st August, 2014

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.43 per share ("2014 Interim Dividend") (2013 Interim Dividend: HK\$0.43 per share) for the six months ended 30th June, 2014. The 2014 Interim Dividend will be paid in cash with an option to receive new, fully paid shares in lieu of cash ("Scrip Dividend Scheme"), to shareholders whose names appear on the Register of Members of the Bank at the close of business on Thursday, 21st August, 2014. The ex-dividend date for 2014 Interim Dividend will be on Monday, 18th August, 2014. Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 21st August, 2014. 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 Friday, 12th September, 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Bank will be closed on Wednesday, 20th August, 2014 and Thursday, 21st August, 2014. In order to qualify for the 2014 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, 19th August, 2014.

FINANCIAL REVIEW

Financial Performance

For the first six months of 2014, the Group achieved a profit attributable to owners of the parent of HK\$3,580 million, representing an increase of HK\$204 million, or 6.0%, compared with the HK\$3,376 million earned in the same period last year. Basic earnings per share were HK\$1.48. Return on average equity and return on average assets were 11.2% and 0.9%, respectively.

During the first six months of 2014, the Group's net interest income increased by HK\$577 million, or 10.2%, to HK\$6,241 million, primarily due to growth in advances to customers and trade bills. Net fee and commission income rose by HK\$160 million, or 8.1%, to HK\$2,141 million, while overall non-interest income increased by HK\$305 million, or 11.5%. Operating income increased by 10.6% to HK\$9,202 million.

Total operating expenses rose by 8.6% to HK\$4,893 million. Operating efficiency continued to improve as the cost-to-income ratio fell from 54.2% in the first half of 2013 to 53.2% in the first half of 2014. If the business tax and surcharges applied to the Bank's China operations are excluded from operating expenses and grouped under taxation, the cost-to-income ratio would instead stand at 49.4%.

Operating profit before impairment losses rose to HK\$4,309 million, an increase of HK\$496 million, or 13.0%, when compared with the corresponding period in 2013.

Impairment losses grew by 73.5% to HK\$316 million, yet remained at a low and controllable level.

Operating profit after impairment losses was HK\$3,993 million, an increase of 10.0%, or HK\$363 million.

Valuation gains on investment properties decreased to HK\$115 million. In addition, the Group shared after-tax profits from associates of HK\$309 million.

After accounting for income taxes, profit after taxation rose to HK\$3,632 million, an increase of 5.9% compared to the HK\$3,430 million recorded in the corresponding period in 2013.

Financial Position

Total consolidated assets of the Group stood at HK\$805,349 million at the end of June 2014, an increase of 6.8% over the HK\$753,954 million at the end of 2013. Gross advances to customers rose by 8.3% to HK\$438,802 million. Total equity increased to HK\$71,210 million, up 4.4%.

Total deposits from customers grew by 4.6% to HK\$559,512 million. Demand deposits and current account balances decreased by HK\$4,995 million, or 7.2%, compared with the balance at year-end 2013. Savings deposits decreased to HK\$92,480 million, a drop of 0.5%, while time deposits increased by HK\$29,992 million, an increase of 8.0%, when compared with the year-end positions. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, grew by 5.2% to HK\$608,203 million.

The loan-to-deposit ratio was 72.1% at the end of June 2014, 2.0 percentage points higher than the 70.1% reported at the end of 2013.

RECOGNITION

During the first six months of 2014, the Bank received a number of awards in recognition of its outstanding performance. These included:

- "2014 Best SME's Partner Award" (for the seventh consecutive year) from The Hong Kong General Chamber of Small and Medium Business;
- "Quamnet Outstanding Enterprise Award 2013 – Outstanding SME Service Provider (Bank)" from Quam (H.K.) Limited;
- "Outstanding Corporate Banking Renminbi Services Award" from Wen Wei Po;
- "2014 RMB Business Outstanding Awards – Outstanding Corporate/Commercial Banking – Connecting China and Hong Kong Award" (for the second consecutive year) from Metro Finance, Metro Finance Digital, and Wen Wei Po;
- "Best Private Bank in Hong Kong" from Private Banker International;
- "The Highest Average Spend Per Card in 2013 Premium Cards in Hong Kong – 2nd Runner Up" and "The Highest Growth Rate in 2013 Cardholder Spending in Hong Kong – 1st Runner Up" and "The Highest Average Spend Per Card in 2013 in Hong Kong – 2nd Runner Up" from MasterCard Worldwide;
- "2013 Exclusive Year-Round Credit Card Promotion Platform" from UnionPay International; and
- "Risk Management Best Fraud Control, Issuing" and "Merchant Sales Volume Growth – Bronze Prize in 2013" from Visa Inc.

In addition, The Bank of East Asia (China) Limited earned the following distinctions:

- "2013 Best Foreign Retail Bank in China" from Beijing Youth Daily;
- "Best Trade Finance Products Innovation Bank" in the "2013 Most Trusted Financial Service Providers By Foreign Trade Enterprises in China" from Trade Finance Magazine and www.sinotf.com;
- "2013 Innovative China Internet Finance Award" from China Electronic Finance Annual Meeting Committee; and
- "Best Performers 50 China" from Global Entrepreneur.

Other members of the Group also received recognition during the period under review:

- Blue Cross (Asia-Pacific) Insurance Limited received the “Medical and General Insurance Award” in the 14th Capital Outstanding Enterprise Awards Programme organised by *Capital Magazine* (for the third consecutive year); and
- Credit Gain Finance Company Limited won the “Finance Service Award” in *Capital Weekly’s* 2014 Service Awards Programme.

BEA Union Investment Management Limited 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” from Lipper Fund Awards Programme 2014 Hong Kong (for its 3-year and 5-year performance);
- “Best of the Best Performance Awards 2013 – Asian Bonds” from Asia Asset Management (for its 3-year performance);
- “AsianInvestor Investment Performance Awards 2014 – Best Asian Fixed Income, US Dollar” from AsianInvestor; and
- “FSM Fund Picks 2014/15 – Asian Fixed Income” from Fundsupermart.com.

For the BEA Union Investment Global Resources Fund:

- “FSM Fund Picks 2014/15 – Global Resource Equity” from Fundsupermart.com.

For the BEA (MPF) Japan Equity Fund:

- “The 2014 MPF Awards – Best Asian Equity Fund” from Asia Asset Management (for its 1-year performance); and
- “Best Equity Fund, Japan” from Lipper Fund Awards Programme 2014 Hong Kong Pension Funds (for its 3-year performance).

ECONOMIC OVERVIEW

The global economy slowed at the start of 2014. The economy of the United States declined in the first quarter of 2014, while the Eurozone’s recovery faced headwinds. Meanwhile, China’s economic growth moderated due to persistent efforts by the government to restructure the country’s economy. Weak external demand weighed on Hong Kong’s exports, which grew by a modest 2.8% year-on-year in the first six months of 2014.

Hong Kong unemployment rate remained low, standing at 3.2% at the end of June. Nevertheless, growth in domestic retail sales slipped to 0.2% year-on-year during the first five months of the year. The decline in growth was mainly due to a deceleration in Mainland tourist spending and China’s softening growth. Overall, Hong Kong’s economy expanded at a moderate pace of 2.5% year-on-year in the first quarter.

Activity in Hong Kong’s property market was subdued, as the cooling measures introduced previously by the Hong Kong government continued to dampen market sentiment. During the first six months of 2014, the number of residential property transactions fell by 3.3% year-on-year.

Looking ahead, an anticipated rebound in the US will support Hong Kong’s export sector for the remainder of the year. Hong Kong’s Gross Domestic Product is forecast to grow at 3% for the year, while the inflation rate will average 3.9%.

On the Mainland, the value of exports grew by 0.9% year-on-year in the first half of 2014. Meanwhile, the property market has entered a correction period. Prices for new homes declined by 0.8% from April to June 2014. As the government continues to tighten credit expansion, investment growth remains in low gear.

Despite the evident weakness in the economy, the Central Government has refrained from introducing a sizeable economic stimulus package to boost growth. This reflects the government's resolve to tolerate slower growth in exchange for results from its economic restructuring programme. On a positive note, weaker domestic demand has eased pressure on prices, and the inflation rate softened to 2.3% during the first half of this year.

In the second half of 2014, a gradual improvement in the Western economies will likely counter the effect of slower investment growth on the Mainland. China's GDP is forecast to grow by 7.5% in 2014, while the inflation rate is expected to average 2.5%.

OPERATIONS REVIEW

Business – Hong Kong

As at 30th June, 2014, the aggregate value of all loans to customers and trade bills of BEA in Hong Kong was 8.8% higher while total deposits grew by 7.3% and debt investments increased by 20.2%, all compared to the figures reported at the end of 2013.

Retail Banking

During the first half of 2014, total operating income generated by personal banking operations improved by 11.0% compared to the same period last year. All retail lending products reported year-on-year increases, with consumer loans and mortgage loans expanding most significantly, by 17.3% and 17.8% respectively. The sale of investment and insurance products remained an important contributor to net fee and commission income, which maintained growth in the face of challenging market conditions.

During the period, BEA continued its drive to attract affluent clients and position itself as the key banking partner of its customers. BEA's footprint in prime areas was strengthened with the opening of a new branch and SupremeGold Centre in Times Square. The branch incorporates cutting-edge digital innovations, while the SupremeGold Centre features a new brand identity and design that will be rolled out across all SupremeGold Centres. The Bank also kicked off a network-wide review of its branch operations, aiming to enhance efficiency and service delivery through the optimisation of human resources, streamlining of processes, and the targeted introduction of digital solutions.

The Bank is prioritising key banking products in order to build and strengthen customer relationships and improve its current and savings account balances. Mortgage loans are effective entry products for new-to-bank customers and, despite a sluggish property market, BEA expanded its share of new mortgage loan registrations to 5.6% in the first half of 2014, up from 4.9% for the full year 2013. Account privileges for Supreme, SupremeGold, and CorporatePlus accounts have been enhanced in order to attract new customers, foster greater customer loyalty, and expand product holdings of existing clients. The total number of CorporatePlus accounts increased by 26.7% over the first six months of 2014, while the number of Supreme and SupremeGold accounts rose by 9.6% and 6.6% respectively.

Corporate and Commercial Banking

Cross-border business remained a key driver for Corporate and Commercial Banking. Loan demand in Hong Kong from Mainland corporations remained robust, as the offshore arms of Chinese enterprises raised funds for working capital and trade purposes, as well as for acquisitions on the Mainland and abroad. BEA leveraged its strong cross-border capabilities and extensive Mainland network to capture this demand, focusing on well-established clients with sound prospects.

As a result, the Bank achieved decent growth in cross-border facilities, contributing to a 6.6% rise in the portfolio of corporate loans and trade bills over the period. Asset quality remained sound and the impaired loan ratio was maintained at a very low level. Net interest income came under some pressure during the period due to rising funding costs and the time lag required for loan re-pricing. Net fee and commission income, however, increased by 8.2% year-on-year.

Going forward, BEA remains optimistic on the outlook for cross-border business. The development of the new economic and free trade zones on the Mainland will continue to create opportunities for BEA, which is in a unique position to capitalise on ongoing policy liberalisation and the deepening of the offshore loan market.

Wealth Management

Private Banking's assets under management grew by 7.4% over the first half of 2014. Net fee and commission income exhibited good growth, rising by 20.8% versus the same period in 2013. However, net interest income came under pressure from higher funding costs, recording a small decline despite a 17.8% increase in loan balance over the first half of the year.

Product offerings were designed to match investor demand, and healthy growth was achieved in sales of fixed income products and unit trusts. Fee income from Private Banking's investment products is now well balanced across major asset classes, providing greater stability and insulation from allocation shifts by clients.

BEA aims to be at the forefront of Hong Kong's emergence as the leading wealth management hub of Greater China. To this end, the Bank continues to strengthen its sales force, and in the first half of the year expanded its Mainland China customer base by 7.7% in terms of accounts and 15.5% in terms of AUM compared to the end of 2013.

BEA is proud to have been named Best Private Bank in Hong Kong in the Private Banker International Greater China Awards 2014, with particular commendation for the competitive advantage conferred by the Bank's extensive cross-border platform. This industry recognition reflects how far BEA's private banking business has come in its relatively short operating history, as well as the foundations it is laying for future growth.

Insurance and MPF Services

The Bank's insurance businesses continued to serve as major contributors to fee and commission income. New premium income generated by BEA Life Limited, BEA's wholly-owned life insurance arm, remained stable. Sales of short-term RMB-denominated products came under pressure from competing RMB time deposits, but long-term life insurance products showed healthy growth, with new premium income rising by 22.5% year-on-year.

BEA's wholly-owned general insurance arm, Blue Cross, improved its total premium income by 6.6% year-on-year, with income from medical insurance up by 6.7%. Blue Cross continued to leverage the Group's technological capabilities to further develop its electronic channels, and successfully increased premium income earned from online transactions by 28.9% year-on-year. During the period a new travel insurance mobile web platform was launched, offering highly-convenient online enrolment and a simpler, faster transaction process.

Total membership in BEA's MPF schemes reached 587,000. AUM grew to HK\$18 billion, 5.0% higher than at the end of 2013. Meanwhile, BEA's Industry Scheme continued to dominate the market, with a market share of 67.1%. The Bank has strengthened the competitive position of its MPF schemes through fee reductions, and its average Fund Expense Ratio, calculated at the end of March 2014, sat below the latest industry average.

Broking Operations

The upbeat sentiment at the start of the year quickly dissipated as markets were hit by weaker-than-expected economic data from the US and China. Geopolitical tension in the Ukraine, involving the major Western powers, further reduced investors' appetite for risk. The Hong Kong market also partly tracked the unexciting performance of the A share markets during the first half of 2014.

The performance of BEA's broking operations was affected by this adverse market sentiment. Turnover dipped by 7% while pre-tax profit fell by 42% on higher fixed costs. The outlook for the second half of 2014 remains challenging, as the Mainland addresses structural imbalances and relegates growth to second place. To increase its market share, the Bank will continue to launch promotional campaigns in the second half of the year. The Bank will also actively explore opportunities arising from the newly announced Shanghai-Hong Kong Connect Scheme allowing cross-border stock trading.

Business – Greater China ex-Hong Kong

Mainland China Operations

BEA China, BEA's locally-incorporated subsidiary bank on the Mainland, managed its business growth carefully during the first half of the year.

The macro policy initiatives adopted by the Chinese government aimed at restructuring the economy continued to have an impact on the business environment, and BEA China adopted a cautious approach to new business development in response. Total loans and total deposits increased modestly compared to the position at the end of 2013, with loans up by 2.2% and deposits up by 2.0% as at 30th June, 2014. BEA China's loan-to-deposit ratio remained steady at 68.3%.

Competition for deposits intensified during the first half of this year, driving up the cost of funding. This, in turn, exerted pressure on BEA China's net interest margin. Compared to the second half of 2013, NIM fell by 24 basis points in the first half of 2014, to 2.22%. Nevertheless, NIM was up by 11 basis points year-on-year.

Going forward, with adequate liquidity in the market and a relaxation in the rules governing the calculation of the loan-to-deposit ratio, BEA China's NIM is likely to remain stable in the second half of 2014.

To optimise business potential, BEA China shifted its focus from expanding its onshore loan portfolio to arranging offshore loans for clients requiring funding for overseas business expansion. As a result, the outstanding amount of standby letters of credit issued by BEA China to secure offshore borrowings for its customers grew significantly, generating fee income for BEA China.

As at 30th June, 2014, the outstanding amount of standby letters of credit issued by BEA China in favour of BEA's business units in Hong Kong and abroad was up by 77.9%, when compared with the end of 2013. This boosted the net fee and commission income of the corporate banking business by 37.5% year-on-year.

BEA China also took the opportunity to review its customer mix, and focused on large-scale and state-owned companies during the first half of 2014. Property-related lending was largely restricted to property projects located in first and second-tier cities.

Following the successful launch of the pilot supply chain finance scheme in early 2013, BEA China rolled-out the scheme to all branches on the Mainland during the first half of 2014. Through this scheme, BEA China offers comprehensive financial services to core customers as well as their upstream and downstream counterparties.

BEA China also continued to enhance the profitability of its retail banking business. Initiatives included broadening the product range, expanding the retail customer base, and increasing the productivity of frontline staff. In addition, BEA China introduced a series of attractive loan packages, covering such areas as micro-financing, auto loans, and credit card instalment loans.

Retail loans, which accounted for 23% of BEA China's total loan portfolio at the end of June this year, grew by 4.2% when compared with the end of 2013.

BEA China's cost-to-income ratio improved from 57.8% in the first half of 2013 to 55.3% for the corresponding period of 2014, largely due to the slower pace of expansion of the sub-branch network and the implementation of various cost control measures. In this regard, the Outlet Repositioning Programme is progressing well, driving higher performance at all sub-branches, both in terms of total income and in terms of net profit per employee.

BEA China also further broadened its range of treasury products. New services included provision of real-time quotes on foreign exchange spot and forward rates. In March 2014, BEA China became a member of the Pledge-Style Repo Call Auction Group, following approval from the China Foreign Exchange Trade System & National Interbank Funding Centre.

The Chinese government stepped up regulation of shadow banking activities in the first half of 2014, causing a series of ripples throughout the business sector. This, in turn, exerted pressure on asset quality, pressure that fed through to the banking sector. This domino effect was a major cause of the rise in BEA China's impaired loan ratio in the first half of this year, from 0.49% at the end of 2013 to 0.74% at the end of June 2014.

BEA China's asset quality is likely to remain under pressure in the second half of this year. Management will take proactive measures to mitigate credit risk.

In February 2014, the Bank injected CNY2 billion into BEA China, raising the Mainland subsidiary's registered capital to CNY10 billion and strengthening its capital adequacy ratio from 11.5% as at the end of 2013 to 13.2% as at the end of June 2014. BEA China will continue to optimise its asset and liability structure, focusing on return on risk-weighted assets.

BEA China further expanded its branch network during the first half of the year, although at a slower pace in light of the uncertain economic climate.

BEA China opened a sub-branch in the China (Shanghai) Pilot Free Trade Zone ("Free Trade Zone") on 7th January, 2014, becoming one of the first foreign banks in the country to provide banking services in the Free Trade Zone. The sub-branch has also begun preparations to conduct Free Trade Unit business, following a regulatory announcement in May 2014 disclosing details of free trade accounts. BEA China aims to capitalise on the business opportunities arising from the Free Trade Zone and will launch more innovative financial products and services as the legal and regulatory framework evolves.

BEA China also opened a full branch in Fuzhou in June of this year.

As at the end of June 2014, BEA China operated 28 branches and 98 sub-branches in 41 cities across the country – one of the most extensive networks of any foreign bank on the Mainland. In addition, BEA operates a rural bank in Fuping County, Shaanxi Province.

Macau and Taiwan Operations

BEA's operations in Macau and Taiwan stepped up co-operation with BEA China during the first half of the year, resulting in a significant increase in cross-border business, both in terms of loan growth and income growth. BEA Macau diversified its loan portfolio by focusing on local enterprises. Meanwhile, the total value of RMB loans of BEA's Taiwan operations grew significantly compared to the year-end 2013 figure.

Business – International

BEA's international operations remained on a growth trend in the first half of 2014.

Notwithstanding rising funding costs and a slowing domestic property market, BEA Singapore Branch posted satisfactory growth in loan assets. Momentum was driven by two factors: continued demand from Chinese companies for cross-border trade and working capital finance to invest overseas; and RMB internationalisation. To support its loan growth, Singapore Branch launched a successful fixed deposit promotion campaign to strengthen its deposit base and acquire new-to-bank customers. In an effort to broaden its funding sources, the Branch also established a US\$2 billion Medium Term Note Programme. The first issuance was completed in June.

Looking ahead, Singapore Branch will continue to capitalise on its longstanding presence in Southeast Asia and leverage BEA's extensive network in China to provide cross-border financing solutions to local as well as BEA China customers.

BEA Labuan Branch registered robust loan growth in the first half of 2014, mainly from bilateral and syndication loans. It will remain focused on expanding its loan business in Malaysia.

The Bank's operations in the UK recorded notable year-on-year growth in net profit, mainly driven by the insatiable appetite for prime UK properties by foreign investors.

During the period under review, the UK economy gathered steam and competition for quality assets became more intense. In response to these new challenges, BEA's UK branches will further enhance their services and products and step up their efforts to leverage the Bank's global network in order to provide an attractive business solution for valued customers investing in the UK.

BEA's New York Branch celebrated its 30th Anniversary in the first half of 2014. BEA's operations in the US delivered solid performance during the period. Loan assets registered further growth of 11%, compared to the position at the end of 2013. The satisfactory result was driven by recovery in the commercial real estate market in gateway cities and growth in the loan syndication sector. In addition, the Bank's US asset quality further improved compared to the end of 2013.

Going forward, the Bank will continue its strategy to pursue wholesale and corporate banking business and further develop closer ties with BEA China in order to better serve the needs of large Chinese corporations investing in the US.

Other Subsidiaries

Credit Gain Finance Company Limited

In the face of a highly competitive business environment in the first half of 2014, Credit Gain recorded double-digit growth in its loan portfolio. The Company's success can largely be attributed to its flexible business strategies and diversified sales channels. In February 2014, Credit Gain became the first sub-prime loan company in Hong Kong to open an official WeChat account, enabling customers to apply for loans and obtain updated information via the platform. Beyond Hong Kong, the Company continued to capitalise on the potential of the China market by opening two new Mainland offices, in Chongqing (May 2014) and Shenzhen (June 2014), bringing the total of number of Credit Gain offices on the Mainland to four.

Tricor Holdings Limited

Tricor enjoyed a successful first half of 2014. The strong demand for Tricor's company secretarial and compliance services and investor services, particularly in Hong Kong, resulted in good overall growth in fee revenue. As a result, Tricor delivered record-high fee revenue of HK\$567 million for the first six months of 2014. Profit before taxation, at HK\$179 million, was also a record high, thus making an important contribution to the BEA Group's fee and commission income for the period. Due to keen competition for talented company secretaries and accountants in the market, the retention and recruitment of quality professionals was a challenge for Tricor during the period and is likely to remain so in the remaining half year.

In March 2014, the Investor Services Public Office (securities registration counter) of Tricor's share registrars in Hong Kong relocated to Level 22 of Hopewell Centre, 183 Queen's Road East, Hong Kong, where Tricor's main operations team is stationed. In the same month, the Company set up a joint-venture entity in Ho Chi Minh City, Vietnam as part of its efforts to expand its service network in Asia.

BEA Union Investment Management Limited

BEA Union Investment registered growth of approximately 5% in AUM in the first half of 2014. This growth was mainly due to the Company's success in penetrating both retail and institutional sectors.

In response to the demand for RMB investment solutions from retail investors, BEA Union Investment launched the RMB Core Bond Fund in February.

Looking ahead, China remains an important market to BEA Union Investment for business development and investment opportunities. BEA Union Investment will cooperate with BEA to explore distribution opportunities and investment via the Qualified Foreign Institutional Investor and RMB QFII programmes.

Our People

As at 30th June, 2014, the BEA Group employed 12,801 people:

Hong Kong	5,719
Greater China ex-Hong Kong	5,873
Overseas	1,209
	<hr/>
Total	12,801

There were no significant changes to the Group's remuneration policies and practices, bonus and share options schemes, or training programmes during the period under review.

Corporate Social Responsibility

In May 2014, BEA issued its second standalone corporate social responsibility report, covering the year ended 31st December, 2013. The reporting scope was expanded to encompass the entire Group, to bring the coverage in line with BEA's financial reporting. BEA also became one of the first companies in Hong Kong to adopt the fourth generation of guidelines (G4) of the Global Reporting Initiative, which will become the standard for all companies worldwide that report in accordance with the GRI guidelines from 2015 onwards.

As a signatory of the Treat Customers Fairly Charter endorsed by the HKMA, BEA continued to provide service charge concessions to vulnerable customers as well as non-governmental organisations during the past year. In March 2014, the Bank expanded the concession on monthly maintenance fees for low-income customers to HKD savings accounts and multi-currency statement savings accounts.

BEA also continued to support a wide range of charitable programmes during the first six months of 2014. The Bank's volunteer team celebrated the Lunar New Year with elderly residents of homes managed by The Salvation Army Hong Kong and Macau Command in January 2014. In May 2014, the team organised a food drive to collect dry and canned food from staff members, which was donated to the People's Food Bank of St. James' Settlement.

To encourage staff members to support worthy causes, the Bank now provides up to two additional days of leave for employees who contribute over 100 hours to charity work in a year.

In June 2014, BEA also introduced a university scholarship programme for the children of staff members of the Bank and wholly-owned subsidiaries, to recognise academic talent and to help alleviate the burden of educational expenses.

BEA China continued to support a wide range of educational, environmental, health, and social welfare programmes in the first half of 2014.

BEA China established an additional Firefly Centre during the period, bringing the total number of centres nationwide to 32 by the end of June 2014. More than 340 "Firefly 60" backpacks were distributed to children on the Mainland through the Shanghai Soong Ching Ling Foundation – BEA Charity Fund in the first half of 2014. As at 30th June, 2014, the Charity Fund had raised a total of CNY36 million since its inception.

From March to April 2014, more than 500 BEA China staff volunteers, their family members, and customers commemorated Arbour Day by planting over 600 saplings in 20 cities around the country in the "Tree-planting to Protect the Environment" campaign. In support of ongoing efforts to help in the recovery of Ya'an City, Sichuan Province, which was devastated by an earthquake last year, BEA China officially launched the "Relay Project to Help Farmers Start up New Businesses" in April 2014 together with the Shanghai Soong Ching Ling Foundation and Hongyu Specialised Pig Farmers Cooperation in Lushan County. The programme helps farmers get back on their feet by providing them with financial assistance to start up pig farming businesses.

In April 2014, Macau Branch jointly organised “Skip a Meal” with World Vision of Macau Association to raise funds for malnourished children around the world. In May 2014, staff members of Taipei and Kaohsiung branches raised funds for the Sunshine Social Welfare Foundation, which assists in the physical and psychological rehabilitation of people with facial disfigurements.

Overseas, BEA’s Manchester Branch displayed posters promoting a health talk by the Chinese Health and Information Centre on Hepatitis B and the importance of leading a healthy lifestyle, which was held in the Bank’s office in March 2014. In the US, the Bank’s New York Branch hosted a career development forum for inner-city high school students in January 2014. Meanwhile, staff members of the Los Angeles Branch joined the “LA Big 5K” run to help raise funds for Parkinson’s disease research in March 2014.

For the sixth consecutive year, members of the BEA Group participated in “Earth Hour” organised by the World Wide Fund for Nature, on 29th March, 2014. In recognition of its participation in the PHAB Walk for Integration 2013/14 in January 2014, Blue Cross was named Gold Sponsor by the Hong Kong PHAB Association. In May 2014, volunteers from Credit Gain organised a party for underprivileged children in Kwai Tsing District together with the Grace Integrative Family Service Centre of the Evangelical Lutheran Church Social Service – Hong Kong.

In March 2014, staff members of Tricor Hong Kong donated more than 600 books in the charity book drive, “Books for Love 2014”, organised by Swire Properties and The Boys’ & Girls’ Clubs Association of Hong Kong. Proceeds from the sale of the books were donated to BGCA in support of educational opportunities for children from low-income families.

During the period under review, BEA received the following awards in recognition of its CSR efforts:

- “President’s Award” from The Community Chest of Hong Kong (for the 15th consecutive year);
- “Caring Company” by the Hong Kong Council of Social Service (for the 11th consecutive year). Blue Cross and Credit Gain were named “Caring Company” for the sixth year and fourth year, respectively;
- “Distinguished Corporate Social Responsibility Award” in the Green China Award Programme 2014 organised by Wen Wei Po, the United Nations Environment Programme Foundation, and various environmental protection associations;
- “Silver Award” in the Web Accessibility Recognition Scheme organised by The Office of the Government Chief Information Officer and the Equal Opportunities Commission;
- “Distinguished Family-Friendly Employer 2013/14” and “Innovation Award 2013/14” from the Family Council, an advisory body to the Hong Kong government; and
- “Class of Excellence” in the Energywise Label Scheme of the Hong Kong Awards for Environmental Excellence for BEA’s Head Office Building and BEA Tower offices.

For the third consecutive year, BEA China received the “Best Practice of Social Responsibility Award” from the China Banking Association for its CSR performance in 2013. In March 2014, Credit Gain received the “Caring Agency Award 2013 – One Star Certificate” from the Social Welfare Department’s Tsuen Wan/Kwai Tsing District Co-ordinating Committee on Elderly Services. In May 2014, the Company received the “Caring Enterprise Award” from Lok Sin Tong Benevolent Society Kowloon for the third consecutive year.

Future Prospects

The business and operating environment is expected to remain uncertain in the second half of 2014. In view of the keen competition for funding among banks in Hong Kong and Mainland China, increased funding costs will be a major challenge for banks.

BEA's cross-border banking business remains a core focus of the Bank Group's business development, and BEA will leverage the strength of its network in Hong Kong, Mainland China, and overseas to capture greater cross-border opportunities. The Bank will also focus on cross-border business development in the free trade and development zones on the Mainland, including those in Shanghai, Qianhai, Hengqin, and Nansha.

In Hong Kong, BEA will continue to develop fee-based income opportunities in private banking, wealth management, insurance, credit cards, and mutual funds. On the lending side, the Bank will focus on establishing its mortgage business as an "anchor" business for additional banking products and services.

Overseas, BEA will strengthen its strategic alliances with financial institutions in major markets around the world. To capture opportunities arising from increasing business flows to and from the Mainland, the Bank will step up collaboration of branches in Hong Kong and overseas with BEA China and its extensive network of branches on the Mainland.

To support cross-border business development, BEA China will reinforce its commitment to cross-border trade financing solutions, including trade settlement and import and export trade financing arrangements. These transactions are expected to further strengthen BEA China's non-interest income and expand BEA's business portfolio in Hong Kong and participating overseas operations, particularly those in Singapore and the UK. BEA China will also continue to develop its supply-chain financing business.

BEA will strive to further improve its cost-to-income ratio through branch rationalisation and efforts to reduce operating costs, including the introduction of e-channels and other cost-saving solutions. The Bank will also contain distribution costs by creating online opportunities for e-payment and e-business. Furthermore, BEA will streamline operations by making greater use of straight-through processing.

RISK MANAGEMENT

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

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

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

The Group's major risk management policies and control limits are approved by the Board and they are monitored and regularly reviewed. The Board has delegated the responsibility of on-going risk management to the Risk Committee, Risk Management Committee and specialised risk management committees. Significant risk management related issues are required to be reported to the Board to assist its oversight on risk management.

Regular stress tests are carried out by the Group to assess the impact of a number of historical and hypothetical stress scenarios on the Group's financial position, in particular capital adequacy, profitability and liquidity.

Each new product launch must go through an approval process, which includes business and financial analysis and risk assessment. Approval for the launch of new products must be obtained from the New Product Development Working Group (comprising the department heads of support units and business units) and endorsed by the New Product Development Steering Group (chaired by the Bank's Group Chief Risk Officer and comprising the division heads of support functions).

(a) Credit risk management

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from counterparty risks from loans and advances, issuer risks from the securities business and counterparty risks from trading activities.

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 situations 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 extension criteria, credit monitoring processes, the internal rating structure, credit recovery, and the provisioning policy. They are reviewed and enhanced on an ongoing basis to cater to market changes, statutory requirements, and best practices in risk management processes.

(b) Market risk management

Market risk arises from all market risk sensitive financial instruments, including debt securities, foreign exchange contracts, equity and derivative instruments, as well as from balance sheet or structural positions. 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 and 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 is an integral part 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, commercial banking operations, and structural foreign currency exposures. The Group's non-structural foreign currency exposures are mainly denominated in USD and CNY. For other currencies, currency concentrations are maintained below 10% of the total net position in all structural and non-structural foreign currencies of the Group. 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 closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

(ii) *Interest rate risk*

The Group's interest rate positions arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the re-pricing of interest-bearing assets, liabilities, and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed-rate loans and liabilities. Interest rate risk is managed daily by the Treasury Markets Division 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 employing a parametric approach, where the VaR is derived from the underlying variances and co-variances of the constituents of a portfolio. This methodology uses historical movements in market rates and prices, a 99% confidence level, a one-day holding period, and a one-year historical observation period. An equal or higher weighting scheme is applied to more recent observations under which higher VaR should be used.

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

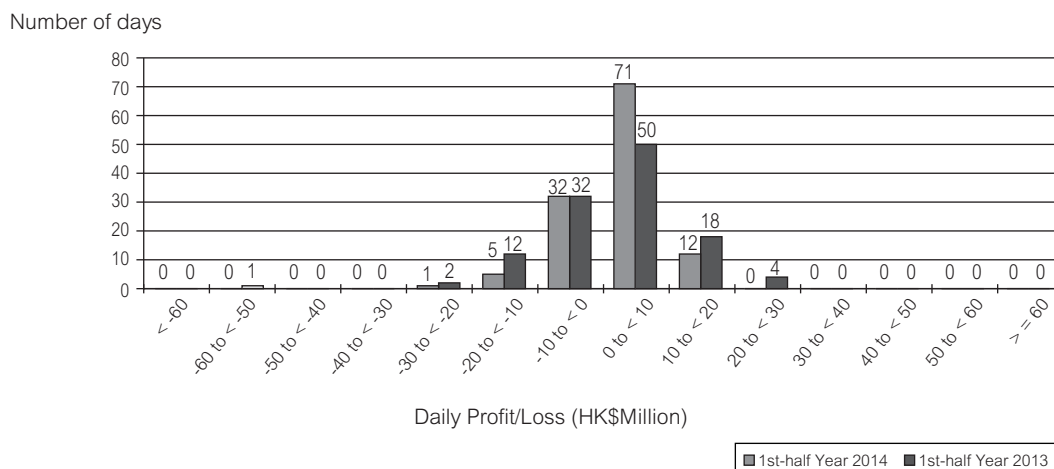
	Year 2014 1st-half			
	At 30th June HK\$ Mn	Maximum HK\$ Mn	Minimum HK\$ Mn	Mean HK\$ Mn
VaR for total trading activities	25	33	25	29
VaR for foreign exchange trading positions*	5	11	4	7
VaR for interest rate trading positions	5	9	3	6
VaR for equity trading positions	18	23	18	21

	Year 2013 1st-half			
	At 30th June HK\$ Mn	Maximum HK\$ Mn	Minimum HK\$ Mn	Mean HK\$ Mn
VaR for total trading activities	43	43	26	29
VaR for foreign exchange trading positions*	9	10	4	7
VaR for interest rate trading positions	10	10	2	3
VaR for equity trading positions	32	32	21	23

* 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 2014 was HK\$2.10 million (average daily profit of HK\$1.42 million in the first six months of 2013). The standard deviation of the daily profit/loss for the period was HK\$7.45 million (standard deviation of HK\$11.03 million for the same period in 2013). The frequency distribution of daily profit/loss is shown below:

**DAILY DISTRIBUTION OF TRADING ACTIVITIES RELATED PROFIT/LOSS
– 1st-half Year 2014 vs 1st-half Year 2013**



(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 objective of operational risk management is to identify, assess, monitor, and report on operational risk 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, control self-assessment, key risk indicators, operation manuals, insurance policies, business continuity planning, etc.

(d) Liquidity risk management

Liquidity pertains to the Group's ability to meet obligations as they fall due. Funding liquidity relates to the ability to meet expected and unexpected current and future cash flow and collateral needs without affecting daily operations or the financial position. Market liquidity concerns the inability to offset or eliminate a position at market price because of inadequate market depth or market disruption.

The purpose of liquidity risk management is to ensure sufficient cash flow 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 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 within the set limits. The Asset and Liability Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Department performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

The Group's strong retail customer base provides a significant portion of the Group's funding. The retail customer base constitutes a broad spectrum of depositors with whom the Group maintains strong relationships. Funding diversification is achieved through the issuance of certificates of deposit, medium term notes, and subordinated debt. Professional markets are accessed 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 liquidity ratio, the Group has established different liquidity metrics, including but not limited to the liquidity ratio, loan-to-deposit ratio, cumulative mismatch ratio, funding concentration ratio, intra-group exposure threshold, and cross currency funding ratio to measure and analyse the Group's liquidity risks. 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. These are carried out on a regular basis to identify funding needs arising from on and off-balance sheet items in a specific time bucket over a set of time horizons. The Group also holds sufficient liquid assets (e.g. cash, short-term funds, and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. 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. In the Group's stress test, both on and off-balance sheet items with cash flow impact are considered, with applicable hypothetical as well as historical assumptions. Both funding and market liquidity risks are addressed. Three stress scenarios, namely an institution-specific crisis, a general market crisis, and a crisis in combination of the two, are adopted with minimum survival period defined according to the HKMA's latest Supervisory Policy Manual "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 the Contingency Funding Policy and Contingency Funding Plan that describe 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 and Contingency Funding Plan are designed to be pro-active and pre-emptive, and stipulate the following three stages:

1. The Group utilises early warning indicators, which cover both qualitative and quantitative measures, and monitors both internal and external factors. Should there be any early signs of significant impact on the Group's liquidity position, management is informed.
2. A Crisis Management Committee, which is chaired by the Group's Senior Management, is formed to handle the crisis. Strategy and procedures for obtaining contingency funding, as well as roles and responsibilities of parties concerned, are clearly stated.
3. In the final stage, a detailed review is carried out to recommend necessary improvements to avoid incidents of a similar nature in future.

An annual drill test is conducted and the Contingency Funding Policy and Contingency Funding Plan are subject to regular review in order to cope with any changes in the business environment. Any significant changes to the Contingency Funding Policy and Contingency Funding Plan are approved by the Board and the Asset and Liability Management Committee, respectively.

Certificates of Deposit, Debt Securities Issued, and Loan Capital

In the first half of 2014, BEA issued floating rate certificates of deposit and debt securities with a face value of HK\$520 million, US\$100 million and EUR86 million; fixed rate certificates of deposit and debt securities with a face value of HK\$1,520 million, US\$1,237 million, CNY10,556 million, GBP655 million, SGD50 million, EUR215 million, CHF100 million and JPY28,900 million; and zero coupon certificates of deposit and debt securities with a face value of HK\$4,269 million, US\$1,855 million, CNY883 million, GBP100 million, EUR43 million and CHF140 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK\$38,152 million equivalent upon maturity.

At the end of June 2014, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK\$72,803 million, with a carrying amount equivalent to HK\$72,657 million.

Maturity Profile of Certificates of Deposit and Debt Securities Issued

As at 30th June, 2014

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity				
		2014	2015	2016	2017	2019
Floating Rate						
HKD	2,010	185	905	920		
USD	590	369	141	30	50	
EUR	86		86			
Fixed Rate (Note)						
HKD	4,463		1,719	1,790	654	300
USD	1,486	266	400	20	800	
CNY	14,687	6,062	8,525	100		
GBP	385	385				
SGD	50		50			
EUR	70		70			
CHF	100			100		
JPY	28,900	2,000	26,900			
Zero Coupon						
HKD	3,636	2,201	1,435			
USD	1,787	1,147	640			
CNY	1,138	883			255	
GBP	50	50				
SGD	27	27				
EUR	57	57				
CHF	165	55	110			
Total Certificates of Deposit and Debt Securities issued in HKD equivalent						
	<u>72,803</u>	<u>32,021</u>	<u>28,829</u>	<u>4,092</u>	<u>7,561</u>	<u>300</u>

Note:

Associated interest rate swaps have been entered for managing interest rate risk along with long-term Certificates of Deposit and debt securities if deemed necessary.

At the end of June 2014, the face value of the outstanding loan capital issued was equivalent to HK\$13,490 million, with a carrying amount equivalent to HK\$13,791 million.

Maturity Profile of Loan Capital

As at 30th June, 2014

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity	
		2020	2022
USD (Note 1)	1,100	600	500
SGD (Note 2)	800		800
Total Loan Capital issued in HKD equivalent	13,490	4,650	8,840

Notes:

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

(e) Interest rate risk management

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 on a daily basis by the Treasury Markets Division within the limits approved by the Board or the Asset and Liability Management Committee. The Asset and 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 Department performs periodic reviews to make sure that the interest rate risk management functions are implemented effectively.

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 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 both sides of the balance sheet 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

The objective of strategic risk management is to monitor the risk to earnings or capital arising from bad business decisions or from an improper implementation of good business decisions.

The Asset and Liability Management Committee is responsible for ongoing strategic risk management of the Group. 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.

(g) Legal risk and reputation risk management

Legal risk is the risk arising from the potential that unenforceable contracts, lawsuits, or adverse judgements may disrupt or otherwise negatively affect the operations or financial condition of the Group.

Reputation risk is the risk that the Group's reputation is damaged by one or more than one event that results 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, result in costly litigation, or lead to a decline in the Group's customer base, business, or revenue.

The objective of managing the aforesaid risks is to identify, assess, monitor, and report on these risks, and to comply with the relevant regulatory requirements.

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

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 2013 up to 1st August, 2014 (being the date of approval of the Bank's Interim Report 2014) are set out below:

Positions held with the Bank and other members of the Group

- (1) Dr. the Hon. Sir David LI Kwok-po, the Chairman & Chief Executive of the Bank, was appointed a member of the RC with effect from 2nd May, 2014.
- (2) Professor Arthur LI Kwok-cheung, Deputy Chairman and Non-executive Director of the Bank, was appointed a member of the RIC with effect from 2nd May, 2014.
- (3) Mr. Valiant CHEUNG Kin-piu, Independent Non-executive Director of the Bank, was appointed a member of the RC with effect from 2nd May, 2014.
- (4) The employment contract of Dr. the Hon. Sir David LI Kwok-po as Chief Executive of the Bank has been extended for a further term of 3 years commencing from 1st April, 2015 and will expire on 31st March, 2018 (both days inclusive).
- (5) Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun, who are currently Deputy Chief Executives of the Bank, have been appointed Executive Directors of the Bank with effect from 2nd August, 2014.

Experience including other directorships and major appointments

Dr. the Hon. Sir David LI Kwok-po ceased to be a Director of The Hong Kong Mortgage Corporation Limited.

Mr. Kenneth LO Chin-ming was appointed Honorary Chairman (formerly Chairman) of the Chinese National Association of Industry and Commerce, Taiwan.

Mr. Stephen Charles LI Kwok-sze was appointed a Director of HwangDBS Investment Bank Berhad.

Mr. William DOO Wai-hoi became the Founder and Honorary Chairman of FSE Holdings Limited. He ceased to be a Director of Fung Seng Enterprises Limited.

Mr. KUOK Khoon-ean was appointed as Chairman and Non-executive Director of PACC Offshore Services Holdings Ltd. (listed in Singapore). He ceased to be a Non-executive Director of Shangri-La Asia Limited and a Director of Shangri-La Hotel Public Company Limited (listed in Thailand).

Dr. Isidro FAINÉ CASAS has been appointed as a Trustee and the Chairman of the Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation, which is the consequence of the legal transformation of Caixa d'Estalvis i Pensions de Barcelona "la Caixa" in compliance with applicable Spanish regulations.

Changes in Directors' emoluments

- (1) Dr. the Hon. Sir David LI Kwok-po receives a fee of HK\$38,500 per annum as a member of the RC with effect from 2nd May, 2014.
- (2) Professor Arthur LI Kwok-cheung receives a fee of HK\$38,500 per annum as a member of the RIC with effect from 2nd May, 2014.
- (3) Mr. Valiant CHEUNG Kin-piu receives a fee of HK\$38,500 per annum as a member of the RC with effect from 2nd May, 2014.
- (4) With effect from 1st April, 2014, the base salary payable to Dr. the Hon. Sir David LI Kwok-po, Chief Executive of the Bank, has been increased from HK\$9.8 million to HK\$10.2 million on an annualized basis.
- (5) The scales of Director's fees, and fees for membership of the AC, NC, RC and RIC with effect from 1st July, 2014, are outlined below:

	2014 per annum (HK\$)	2013 per annum (HK\$)
Board of Directors:		
Chairman	460,000	400,000
Deputy Chairman	330,000	280,000
Other Directors	300,000	260,000
Audit Committee:		
Chairman	210,000	180,000
Other Members	120,000	105,000
Nomination Committee:		
Chairman	80,000	66,000
Deputy Chairman	60,000	50,000
Other Members	50,000	38,500
Remuneration Committee:		
Chairman	80,000	66,000
Other Members	50,000	38,500
Risk Committee:		
Chairman	160,000	66,000
Other Members	100,000	38,500

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, 2014, 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 shares
David LI Kwok-po	Beneficial owner Interest of spouse Interest of corporation	61,962,506 1,853,778 168,795	63,985,079 ¹	2.75
Arthur LI Kwok-cheung	Beneficial owner Founder of discretionary trust	10,895,378 15,285,816	26,181,194 ²	1.12
Allan WONG Chi-yun	Beneficial Owner Interest of spouse Founder of discretionary trust	388,530 136 14,570,135	14,958,801 ³	0.64
WONG Chung-hin	Beneficial owner Interest of spouse	51,491 378,544	430,035 ⁴	0.02
Aubrey LI Kwok-sing	Beneficial owner Interest of spouse Beneficiary of discretionary trust	420,561 20,992 35,037,638	35,479,191 ⁵	1.52
Winston LO Yau-lai	–	–	Nil	Nil
KHOO Kay-peng	–	–	Nil	Nil
Thomas KWOK Ping-kwong	–	–	Nil	Nil
Richard LI Tzar-kai	Interest of corporation	19,000	19,000 ⁶	0.001
Kenneth LO Chin-ming	–	–	Nil	Nil
Eric LI Fook-chuen	Beneficial owner Founder and beneficiary of discretionary trust Interest of corporation	5,062,685 24,570,319 9,411,877	39,044,881 ⁷	1.68
Stephen Charles LI Kwok-sze	Beneficial owner Interest of children Beneficiary of discretionary trusts	12,146,777 579,773 2,489,481	15,216,031 ⁸	0.65
William DOO Wai-hoi	–	–	Nil	Nil
KUOK Khoon-ean	–	–	Nil	Nil
Valiant CHEUNG Kin-piu	–	–	Nil	Nil
Isidro FAINÉ CASAS	–	–	Nil	Nil
Peter LEE Ka-kit	Interest of corporation Beneficiary of discretionary trust	679,000 1,100,000	1,779,000 ⁹	0.08

Notes:

- 1 *David LI Kwok-po was the beneficial owner of 61,962,506 shares and he was deemed to be interested in 1,853,778 shares through the interests of his spouse, Penny POON Kam-chui. He was also deemed to be interested in 168,795 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.*
- 2 *Arthur LI Kwok-cheung was the beneficial owner of 10,895,378 shares. Arthur LI Kwok-cheung made a voluntary disclosure of 15,285,816 shares held by a discretionary trust of which he is the founder but has no influence on how the trustee exercises his discretion.*
- 3 *Allan WONG Chi-yun was the beneficial owner of 388,530 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 14,570,135 shares held by a discretionary trust, Allan Wong 2011 Trust, of which Allan WONG Chi-yun is a founder and an eligible beneficiary.*
- 4 *WONG Chung-hin was the beneficial owner of 51,491 shares and he was deemed to be interested in 378,544 shares through the interests of his spouse, LAM Mei-lin.*
- 5 *Aubrey LI Kwok-sing was the beneficial owner of 420,561 shares and he was deemed to be interested in 20,992 shares through the interests of his spouse, Elizabeth WOO. The remaining 35,037,638 shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing is one of the discretionary beneficiaries.*
- 6 *Richard LI Tzar-kai was deemed to be interested in 19,000 shares which were held by PineBridge Investments LLC ("PBI LLC") in its capacity as an investment manager. PBI LLC is an indirect subsidiary of Chiltonlink Limited which is 100% owned by Richard LI Tzar-kai.*
- 7 *Eric LI Fook-chuen was the beneficial owner of 5,062,685 shares. Of the 24,570,319 shares, 17,570,319 shares were held by New Jerico Limited and 7,000,000 shares were held by Ejeeco Limited, a wholly-owned subsidiary of New Jerico Limited. Eric LI Fook-chuen is the sole director of New Jerico Limited. The only one share in New Jerico Limited is held by The New Elico Trust, of which Eric LI Fook-chuen is the founder and a discretionary beneficiary. Eric LI Fook-chuen was also deemed to be interested in 9,411,877 shares held by The Kowloon Dairy Limited of which he is the Chairman and Chief Executive Officer.*
- 8 *Stephen Charles LI Kwok-sze was the beneficial owner of 12,146,777 shares, and he was deemed to be interested in 579,773 shares through the interests of his children under the age of 18. Of the remaining 2,489,481 shares, (i) 2,279,000 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 under the age of 18 were beneficiaries and (ii) 210,481 shares were held by a discretionary trust, Longevity Trust, of which his children under the age of 18 were beneficiaries.*
- 9 *Of these 1,779,000 shares, 679,000 shares were owned by Golf Limited which in turn is wholly-owned by Peter LEE Ka-kit. He was also deemed to be interested in 1,100,000 shares ("Deemed Shares"). The Deemed Shares were beneficially owned by a subsidiary of The Hong Kong and China Gas Company Limited ("HKCG") and Peter LEE Ka-kit is a discretionary beneficiary of the discretionary trusts which indirectly control more than one third of the voting power at the general meeting of HKCG.*

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 pursuant to the approved Staff Share Option Schemes. Information in relation to these share options during the six months ended 30th June, 2014 was shown in the following section under the heading "Information on Share Options".

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 Stock 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, 2014:

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2014
		Outstanding at 1/1/2014	Granted	Exercised	Lapsed	
David LI Kwok-po	05/5/2011 ^b	666,000 ^{T1}	–	–	–	666,000
	05/5/2011 ^b	666,000 ^{T2}	–	–	–	666,000
	05/5/2011 ^b	668,000 ^{T3}	–	–	–	668,000
	10/5/2012 ^b	566,000 ^{T1}	–	566,000 ^d	–	Nil
	10/5/2012 ^b	666,000 ^{T2}	–	–	–	666,000
	10/5/2012 ^b	668,000 ^{T3}	–	–	–	668,000
	03/5/2013 ^b	666,000 ^{T1}	–	–	–	666,000
	03/5/2013 ^b	666,000 ^{T2}	–	–	–	666,000
	03/5/2013 ^b	668,000 ^{T3}	–	–	–	668,000
	02/5/2014 ^c	–	666,000 ^{T1}	–	–	666,000
	02/5/2014 ^c	–	666,000 ^{T2}	–	–	666,000
	02/5/2014 ^c	–	668,000 ^{T3}	–	–	668,000
	Aggregate of other Employees*	05/5/2009 ^a	435,000	–	435,000 ^d	–
06/7/2010 ^a		3,450,000	–	–	–	3,450,000
05/5/2011 ^b		1,164,000 ^{T1}	–	–	–	1,164,000
05/5/2011 ^b		1,164,000 ^{T2}	–	–	–	1,164,000
05/5/2011 ^b		1,172,000 ^{T3}	–	–	–	1,172,000
10/5/2012 ^b		1,164,000 ^{T1}	–	–	–	1,164,000
10/5/2012 ^b		1,164,000 ^{T2}	–	–	–	1,164,000
10/5/2012 ^b		1,172,000 ^{T3}	–	–	–	1,172,000
03/5/2013 ^b		1,164,000 ^{T1}	–	–	–	1,164,000
03/5/2013 ^b		1,164,000 ^{T2}	–	–	–	1,164,000
03/5/2013 ^b		1,172,000 ^{T3}	–	–	–	1,172,000
02/5/2014 ^c		–	1,326,000 ^{T1}	–	–	1,326,000
02/5/2014 ^c		–	1,326,000 ^{T2}	–	–	1,326,000
02/5/2014 ^c		–	1,335,500 ^{T3}	–	–	1,335,500
Other Participants**		06/7/2010 ^a	150,000	–	–	–
	05/5/2011 ^b	100,000 ^{T1}	–	–	–	100,000
	05/5/2011 ^b	100,000 ^{T2}	–	–	–	100,000
	05/5/2011 ^b	100,000 ^{T3}	–	–	–	100,000
	10/5/2012 ^b	100,000 ^{T1}	–	–	–	100,000
	10/5/2012 ^b	100,000 ^{T2}	–	–	–	100,000
	10/5/2012 ^b	100,000 ^{T3}	–	–	–	100,000
	03/5/2013 ^c	50,000 ^{T1}	–	–	–	50,000
	03/5/2013 ^c	50,000 ^{T2}	–	–	–	50,000
	03/5/2013 ^c	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 2009 and 2010:

<u>Date of Grant</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share HK\$</u>
05/5/2009	05/5/2009 – 04/5/2010	05/5/2010 – 05/5/2014	21.25
06/7/2010	06/7/2010 – 05/7/2011	06/7/2011 – 06/7/2015	28.49

b Particulars of share options granted in years 2011 to 2013:

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

c Share options granted in year 2014:

(i) Particulars:

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

(ii) The closing price of the shares of the Bank on 30th April, 2014 (being the business day immediately preceding 2nd May, 2014 on which the options were granted) was HK\$31.95.

- (iii) Fair value of share options granted during the six months ended 30th June, 2014 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.

	30/06/2014
Fair value at measurement date	
– Tranche 1	HK\$4.93
– Tranche 2	HK\$5.04
– Tranche 3	HK\$5.08
Share price	HK\$32.50
Exercise price	HK\$32.50
Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model)	22.14%
Option life	
– Tranche 1	6 years
– Tranche 2	7 years
– Tranche 3	8 years
Expected dividends	4.76%
Risk-free interest rate (based on Exchange Fund Notes)	1.34%

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.

- d 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, 2014:

Date of Grant	No. of Options Exercised	Exercise Price Per Share HK\$	HWA Closing Price HK\$
05/5/2009	435,000	21.25	31.54
10/5/2012	566,000	28.99	32.85

- (2) No share options were cancelled during the six months ended 30th June, 2014.

- (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 ordinary share 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 ordinary 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 ordinary shares.

The equity amount is recognised in capital reserve until either the option is exercised (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, 2014, 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, 2014, 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") were as follows:

Long positions in ordinary shares of the Bank:

Name	Capacity and nature	No. of shares	% of issued shares
CaixaBank, S.A.	Beneficial owner	396,883,785 ¹	17.05
Caja de Ahorros y Pensiones de Barcelona	Interest of corporation	396,883,785 ¹	17.05
Guoco Management Company Limited	Beneficial owner	339,766,793 ^{2,3}	15.02 ⁴
Guoco Group Limited	Interest of corporation	339,766,793 ²	15.02
GuoLine Overseas Limited	Interest of corporation	339,766,793 ²	15.02 ⁴
GuoLine Capital Assets Limited	Interest of corporation	339,766,793 ²	15.02 ⁴
Hong Leong Company (Malaysia) Berhad	Interest of corporation	339,766,793 ^{2,3}	15.02
HL Holdings Sdn Bhd	Interest of corporation	339,766,793 ²	15.02
QUEK Leng Chan	Interest of corporation	339,766,793 ²	15.02
Hong Leong Investment Holdings Pte. Ltd.	Interest of corporation	339,766,793 ³	15.02
Davos Investment Holdings Private Limited	Interest of corporation	339,766,793 ³	15.02
KWEK Leng Kee	Interest of corporation	339,766,793 ³	15.02
Sumitomo Mitsui Banking Corporation	Beneficial owner	211,553,938 ⁵	9.50
Sumitomo Mitsui Financial Group, Inc.	Interest of Corporation	211,553,938 ⁵	9.50

Notes:

- 1 As at 30th June, 2014, Caja de Ahorros y Pensiones de Barcelona (i.e. Caixa d'Estalvis i Pensions de Barcelona "la Caixa") held a controlling interest in CaixaBank, S.A. which directly held the above 396,883,785 shares of the Bank. Caja de Ahorros y Pensiones de Barcelona was deemed to be interested in the above 396,883,785 shares of the Bank.

The Bank has been notified that the shareholdings of the above two corporations have been increased such that, as at 30th June, 2014, they stood at 411,379,185 shares (equivalent to approximately 17.67% of the issued shares of the Bank as at 30th June, 2014). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

Subsequent to 30th June, 2014, the Bank was advised that in compliance with applicable Spanish regulations, Caixa d'Estalvis i Pensions de Barcelona "la Caixa" ceased to be a savings bank and became a foundation supervised by the Bank of Spain with regard to its shareholding interest in CaixaBank, S.A. As the consequence of the legal transformation, Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation has become the holding company of CaixaBank, S.A.

- 2 The references to 339,766,793 shares of the Bank in Notes 2 and 3 relate to the same block of shares. Guoco Management Company Limited was the beneficial owner of 339,766,793 shares (equivalent to approximately 15.02% of the issued shares of the Bank at the time of disclosure, i.e. 26th June, 2013, pursuant to Part XV of the SFO). Hong Leong Company (Malaysia) Berhad was deemed to be interested in the 339,766,793 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 74.10% 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 339,766,793 shares held by Guoco Management Company Limited.

QUEK Leng Chan was deemed to be interested in the 339,766,793 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.

- 3 The references to 339,766,793 shares of the Bank in Notes 2 and 3 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 339,766,793 shares (equivalent to approximately 15.02% of the issued shares of the Bank at the time of disclosure, i.e. 26th June, 2013, pursuant to Part XV of the SFO) 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 339,766,793 shares held by Guoco Management Company Limited by virtue of his 41.92% interest in Davos Investment Holdings Private Limited.

- 4 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.

- 5 Sumitomo Mitsui Financial Group, Inc. owned a 100% interest in Sumitomo Mitsui Banking Corporation which directly held the above 211,553,938 shares of the Bank. Sumitomo Mitsui Financial Group, Inc. was deemed to be interested in the above 211,553,938 shares of the Bank.

The Bank has been notified that the shareholdings of the above two corporations have been increased to 224,381,038 shares (equivalent to approximately 9.64% of the issued shares of the Bank as at 30th June, 2014). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

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

DEALINGS IN LISTED SECURITIES OF THE BANK

There was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of listed securities of the Bank during the six months ended 30th June, 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Bank has complied with all the Code Provisions set out in Appendix 14, Corporate Governance Code of the Listing Rules, throughout the accounting period for the six months ended 30th June, 2014, with the exception of Code Provision A.2.1 as explained below.

Throughout the accounting period for the six months ended 30th June, 2014, the Bank has followed the module on "Corporate Governance of Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual CG-1 issued by HKMA.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive 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 and Chief Executive. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and highly qualified individuals. The Board meets regularly at approximately quarterly intervals to discuss issues affecting operations of the Bank. There is a strong independent element in the composition of the Board. Of the 17 Board members, 9 are Independent Non-executive Directors. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board believes that Sir David's appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects and management of the Bank.

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 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 Audit Committee of the Bank has reviewed the results of the Bank for the six months ended 30th June, 2014 and the Bank's Interim Report 2014.

COMPLIANCE WITH MODEL CODE

The Bank has established 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 established 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.

After specific enquiries made, all Directors confirmed that they had complied with the required standard set out in the Model Code and the Bank's Policy at all the applicable times during the six months ended 30th June, 2014.

PUBLICATION OF INTERIM REPORT

The Interim Report 2014 in both English and Chinese is now available in printed form and on the websites of the Bank (www.hkbea.com) and Hong Kong Exchanges and Clearing Limited (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, 1st August, 2014

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. WONG Chung-hin**, Mr. Aubrey LI Kwok-sing*, Mr. Winston LO Yau-lai**, Tan Sri Dr. KHOO Kay-peng**, Dr. Thomas KWOK Ping-kwong**, Mr. Richard LI Tzar-kai*, Mr. Kenneth LO Chin-ming**, Mr. Eric LI Fook-chuen*, Mr. Stephen Charles LI Kwok-sze*, Mr. William DOO Wai-hoi**, Mr. KUOK Khoon-ean**, Mr. Valiant CHEUNG Kin-piu**, Dr. Isidro FAINÉ CASAS* and Mr. Peter LEE Ka-kit*.*

* *Non-executive Directors*

** *Independent Non-executive Directors*

財務摘要

	2014年 6月30日	2013年 6月30日	2013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
經營收入總額	9,202	8,320	8,933
可歸屬於本集團股東溢利	3,580	3,376	3,237
每股盈利及每股股息	港幣	港幣	港幣
基本盈利	1.48	1.43	1.35
股息	0.43	0.43	0.68
主要比率	%	%	%
平均資產回報率(年率)	0.9	1.0	0.9
平均股東權益回報率(年率)	11.2	11.6	10.4
成本對收入比率	53.2	54.2	56.8
成本對收入比率 (不包括國內的營業稅及附加稅)	49.4	50.4	53.3
平均流動資金比率	50.2	46.6	47.0 ¹

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			
客戶墊款及貿易票據	505,574	437,497	465,293
資產總額	805,349	697,433	753,954
存款總額	608,203	536,453	577,900
股東權益總額	71,210	64,921	68,234
主要比率	%	%	%
貸款對存款比率	72.1	71.4	70.1
減值貸款比率	0.44	0.38	0.39
一級資本比率	12.2	11.1	12.1
總資本比率	15.7	14.8	15.9

1. 2013年全年平均值。

公司資料

董事會

執行董事

李國寶爵士

(主席兼行政總裁)

非執行董事

李國章教授

(副主席)

李國星先生

李澤楷先生

李福全先生

李國仕先生

范禮賢博士

李家傑先生

獨立非執行董事

黃子欣博士

(副主席)

黃頌顯先生

羅友禮先生

丹斯里邱繼炳博士

郭炳江博士

駱錦明先生

杜惠愷先生

郭孔演先生

張建標先生

高級顧問

彭玉榮先生

陳棋昌先生

陳子政先生

高層管理人員

李民橋先生

副行政總裁

李民斌先生

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

卓佳標準有限公司

電話：(852) 2980 1768

傳真：(852) 2861 1465

美國預託證券託管銀行

BNY Mellon

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電郵：info@hkbea.com

中期業績

本行董事會欣然宣布本集團截至2014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2014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2013年度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150頁。

綜合收益表

	截至30/6/2014 止6個月	截至30/6/2013 止6個月 重報
	港幣百萬元	港幣百萬元
利息收入	13,684	11,915
利息支出	(7,443)	(6,251)
淨利息收入	6,241	5,664
服務費及佣金收入	2,579	2,407
服務費及佣金支出	(438)	(426)
服務費及佣金收入淨額	2,141	1,981
交易溢利淨額	538	626
指定為通過損益以反映公平價值金融工具的淨表現	(53)	(281)
對沖虧損淨額	(1)	(14)
其他經營收入	336	344
非利息收入	2,961	2,656
經營收入	9,202	8,320
經營支出	(4,893)	(4,507)
未扣除減值損失之經營溢利	4,309	3,813
貸款及墊款減值損失	(319)	(182)
持至到期投資減值損失回撥	3	-
可供出售金融資產減值損失	-	(1)
減值損失	(316)	(183)
已扣除減值損失後之經營溢利	3,993	3,630
出售可供出售金融資產之淨溢利	68	59
出售固定資產之淨虧損	(3)	-
重估投資物業盈利	115	319
應佔聯營公司溢利減虧損	309	378
期內除稅前溢利	4,482	4,386
所得稅		
本期稅項(附註1(b))		
— 香港	(406)	(415)
— 香港以外	(407)	(440)
遞延稅項	(37)	(101)
期內除稅後溢利	3,632	3,430
可歸屬於：		
本集團股東	3,580	3,376
非控股權益	52	54
除稅後溢利	3,632	3,430
本行的溢利	1,790	1,755
每股		
— 基本盈利(附註1(c))	港幣1.48元	港幣1.43元
— 攤薄盈利(附註1(c))	港幣1.48元	港幣1.43元

綜合全面收益表

	截至30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
淨溢利	3,632	3,430
期內其他全面收益(經除稅及分類調整後)：		
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	-	670
— 匯兌差額	(2)	2
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／(轉自)股東權益的公平價值變動	732	(382)
— 轉自／(轉入)收益表的公平價值變動：		
— 減值及攤銷	1	15
— 出售	(43)	(100)
— 遞延稅項	(131)	54
— 匯兌差額	5	(1)
應佔聯營公司權益的變動	(24)	2
其他儲備所產生的匯兌差額	(80)	33
因折算產生的匯兌差額：		
— 海外分行、附屬公司及聯營公司的賬項	(473)	123
其他全面收益	(15)	416
全面收益總額	3,617	3,846
全面收益總額可歸屬於：		
本集團股東	3,565	3,792
非控股權益	52	54
	3,617	3,846

綜合財務狀況表

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
資產		
現金及在銀行和其他金融機構的結存	61,451	68,777
在銀行及其他金融機構的存款	63,886	57,372
貿易票據	66,768	59,932
交易用途資產	4,641	5,331
指定為通過損益以反映公平價值的金融資產	10,738	11,606
衍生工具的正公平價值	3,834	3,625
客戶墊款及其他賬項	479,192	448,255
可供出售金融資產	86,154	71,589
持至到期投資	5,504	5,048
聯營公司投資	5,814	4,779
固定資產	13,278	13,530
— 投資物業	4,433	4,400
— 其他物業及設備	8,845	9,130
商譽及無形資產	3,983	3,990
遞延稅項資產	106	120
資產總額	805,349	753,954
股東權益及負債		
銀行及其他金融機構的存款及結餘	27,753	28,923
客戶存款	559,512	534,971
— 活期存款及往來賬戶	64,264	69,259
— 儲蓄存款	92,480	92,936
— 定期及通知存款	402,768	372,776
交易用途負債	39	11
衍生工具的負公平價值	3,315	4,545
已發行存款證	48,691	42,929
— 通過損益以反映公平價值	12,349	8,509
— 攤銷成本	36,342	34,420
本期稅項	1,516	1,353
已發行債務證券	23,966	4,728
— 通過損益以反映公平價值	6,367	150
— 攤銷成本	17,599	4,578
遞延稅項負債	801	647
其他賬項及準備	54,755	53,981
借貸資本—攤銷成本	13,791	13,632
負債總額	734,139	685,720
資本及儲備		
股本：票面值	—	5,724
其他法定資本儲備	—	17,770
股本及其他法定資本儲備	24,622	23,494
其他儲備	42,036	40,188
歸屬於本集團股東權益總額	66,658	63,682
非控股權益	4,552	4,552
股東權益總額	71,210	68,234
股東權益及負債總額	805,349	753,954

綜合權益變動表

	股本	股份溢價	資本儲備— 已發行權員 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*	留存溢利	總額	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2014年1月1日	5,724	17,770	69	2,874	978	1,642	200	13,877	3,770	16,778	63,682	4,552	68,234
權益變動													
期內溢利	-	-	-	-	-	-	-	-	-	3,580	3,580	52	3,632
其他全面收益	-	-	-	(473)	564	(2)	-	-	(104)	-	(15)	-	(15)
全面收益總額	-	-	-	(473)	564	(2)	-	-	(104)	3,580	3,565	52	3,617
以股代息發行的股份	1,096	-	-	-	-	-	-	-	-	-	1,096	-	1,096
根據權員認股計劃發行的股份	26	-	-	-	-	-	-	-	-	-	26	-	26
以股份為基礎作支付之交易	-	-	11	-	-	-	-	-	-	-	11	-	11
轉賬	6	-	(6)	-	-	-	30	56	32	(118)	-	-	-
期內已宣布或核准派發股息	-	-	-	-	-	-	-	-	-	(1,722)	(1,722)	(53)	(1,775)
向非控股權益投資者購入 商業權益	-	-	-	-	-	-	-	-	-	-	-	1	1
過渡至於2014年3月3日 之無票面值制度(附註1(e))	17,770	(17,770)	-	-	-	-	-	-	-	-	-	-	-
於2014年6月30日	24,622	-	74	2,401	1,542	1,640	230	13,933	3,698	18,518	66,658	4,552	71,210
於2013年1月1日	5,568	16,083	135	2,769	1,012	976	130	13,823	2,611	14,046	57,153	4,486	61,639
權益變動													
期內溢利	-	-	-	-	-	-	-	-	-	3,376	3,376	54	3,430
其他全面收益	-	-	-	123	(414)	672	-	-	35	-	416	-	416
全面收益總額	-	-	-	123	(414)	672	-	-	35	3,376	3,792	54	3,846
以股代息發行的股份	84	908	-	-	-	-	-	-	-	-	992	-	992
根據權員認股計劃發行的股份	2	30	-	-	-	-	-	-	-	-	32	-	32
以股份為基礎作支付之交易	-	-	11	-	-	-	-	-	-	-	11	-	11
轉賬	-	4	(60)	-	-	-	-	30	493	(467)	-	-	-
期內已宣布或核准派發股息	-	-	-	-	-	-	-	-	-	(1,567)	(1,567)	(35)	(1,602)
匯兌調整	-	-	-	-	-	-	-	-	-	-	-	3	3
於2013年6月30日	5,654	17,025	86	2,892	598	1,648	130	13,853	3,139	15,388	60,413	4,508	64,921

* 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30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
用於經營業務之現金	(38,182)	(51,288)
支付稅項	(645)	(356)
	<hr/>	<hr/>
用於經營業務活動之現金淨額	(38,827)	(51,644)
用於投資活動之現金淨額	(951)	(441)
源自融資活動之現金淨額	23,754	8,101
	<hr/>	<hr/>
現金及等同現金項目淨減額	(16,024)	(43,984)
於1月1日之現金及等同現金項目	90,007	99,738
	<hr/>	<hr/>
於6月30日之現金及等同現金項目	73,983	55,754
	<hr/> <hr/>	<hr/> <hr/>
源自經營業務活動的現金流量包括：		
利息收入	13,470	11,907
利息支出	6,941	6,135
股息收入	44	39

中期財務報表附註

1. (a) 除預計需要反映在2014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2013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。已列載此中期財務報表內有關以前已滙報截至2013年12月31日止年度的財務資料，並不構成本集團截至該年度的法定賬項，而只是從該等財務報表中節錄。截至2013年12月31日止年度的法定賬項，可於本行註冊行址取得。於2014年2月18日的報告書中，核數師已對該等賬項表示並無保留意見。
- (b) 香港利得稅稅款是以截至2014年6月30日止6個月預計應課稅溢利按稅率16.5%計算。海外分行及附屬公司的稅款按其經營所在國家現行稅率計算。
- (c) (i) 每股基本盈利乃按照已派發予混合一級資本工具持有人港幣1.65億元(截至2013年6月30日止6個月：港幣1.63億元)後之溢利港幣34.15億元(截至2013年6月30日止6個月：港幣32.13億元)及截至2014年6月30日止6個月內已發行普通股份的加權平均數23.09億股(截至2013年6月30日止6個月：22.43億股)計算。
- (ii) 每股攤薄盈利乃按照已派發予混合一級資本工具持有人港幣1.65億元(截至2013年6月30日止6個月：港幣1.63億元)後之溢利港幣34.15億元(截至2013年6月30日止6個月：港幣32.13億元)及就截至2014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23.09億股(截至2013年6月30日止6個月：22.45億股)計算。
- (d) 股息
- (i) 可歸屬於本中期而應付予本集團股東的股息

	截至30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
在中期後已宣布派發中期股息 每股港幣0.43元(截至2013年6月30日止 6個月：每股港幣0.43元)	1,001	973

報告期結束日該中期股息並未確認為負債。

- (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30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
已支付在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0.68元的第二次中期股息 (2013年：每股港幣0.63元)	-	1
代替末期股息之第二次中期股息予22.90億股 每股港幣0.68元(2013年：22.27億股 每股港幣0.63元)	1,557	1,403
	<u>1,557</u>	<u>1,404</u>

中期財務報表附註(續)

1. (e) 股本

於2013年12月31日，每股面值港幣2.50元共40億元之普通股已獲授權發行。根據於2014年3月3日生效之新香港《公司條例》(第622章)(「新《公司條例》」)，「法定股本」及「票面值」之概念已不復存在。按新《公司條例》附表11第37條所載的過渡性條文，作為過渡安排至無票面值制度的一部分，於2014年3月3日股份溢價賬之貸方結餘已成為本行股本的一部分。此變動對已發行股份數目或任何股東的相關權益並無任何影響。

本行普通股的變動列示如下：

	於30/6/2014		於31/12/2013	
	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	2,290	5,724	2,227	5,568
根據僱員認股計劃發行的股份	1	26	5	12
過渡至2014年3月3日之				
無票面值制度	–	17,770	–	–
認股權的公平價值轉自				
資本儲備—已發行認股權	–	6	–	–
以股代息發行的股份	37	1,096	58	144
於6月30日／12月31日	<u>2,328</u>	<u>24,622</u>	<u>2,290</u>	<u>5,724</u>

(f) 股份溢價

於2014年3月3日以前，股份溢價的運用是受前香港《公司條例》(第32章)第48B段所規管。按新《公司條例》附表11第37條所載的過渡性條文，於2014年3月3日股份溢價賬之貸方結餘已成為本行股本的一部分(附註1(e))。由2014年3月3日起，股本的運用是受新《公司條例》所規管。

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以下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》及一項詮釋：

- 修訂《香港財務報告準則》第十號、第十二號及《香港會計準則》第二十七號「投資實體」
- 修訂《香港會計準則》第三十二號「金融資產及金融負債之抵銷」
- 修訂《香港會計準則》第三十六號「非金融資產的可收回金額之披露」
- 修訂《香港會計準則》第三十九號「衍生工具之更替及對沖會計法之延續」
- 香港《國際財務報告詮釋委員會》第二十一號「徵費」

以上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30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
分類為持至到期或可供出售的證券		
— 上市	423	323
— 非上市	729	489
交易用途資產		
— 上市	5	8
— 非上市	88	128
利率掉期合約	948	823
指定為通過損益以反映公平價值金融資產		
— 上市	152	215
— 非上市	97	96
貸款、在銀行和其他金融機構的存款、及貿易票據	11,242	9,833
	<u>13,684</u>	<u>11,915</u>

以上包括減值金融資產的應計利息為港幣5,300萬元(截至2013年6月30日止6個月：港幣4,100萬元)。

中期財務報表附註(續)

4. 利息支出

	截至30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
按攤銷成本列賬的客戶存款、銀行及其他 金融機構的存款及已發行存款證	5,855	4,808
已發行債務證券	137	151
按攤銷成本列賬的後償票據	375	373
利率掉期合約	967	854
指定為通過損益以反映公平價值金融工具	108	64
其他借款	1	1
	<u>7,443</u>	<u>6,251</u>

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30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
企業服務	559	531
貸款、透支及擔保	500	468
信用卡	437	471
貿易融資	364	216
其他零售銀行服務	233	235
證券及經紀	158	168
信託及其他代理業務	84	98
其他	244	220
	<u>2,579</u>	<u>2,407</u>
服務費及佣金收入總額		
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)	2,152	1,990
服務費收入	2,579	2,407
服務費支出	(427)	(417)

中期財務報表附註(續)

6. 交易溢利淨額

	截至30/6/2014 止6個月	截至30/6/2013 止6個月 重報
	港幣百萬元	港幣百萬元
外幣買賣(虧損)/溢利	(68)	322
交易用途證券溢利/(虧損)	80	(97)
衍生工具淨盈利	500	381
交易用途上市證券的股息收入	26	20
	<u>538</u>	<u>626</u>

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30/6/2014 止6個月	截至30/6/2013 止6個月 重報
	港幣百萬元	港幣百萬元
重估已發行債務盈利	19	17
出售其他指定為通過損益以反映公平價值 金融資產的淨溢利/(虧損)	1	(84)
重估其他指定為通過損益以反映公平價值 金融資產的虧損	(73)	(214)
	<u>(53)</u>	<u>(281)</u>

8. 對沖虧損淨額

	截至30/6/2014 止6個月	截至30/6/2013 止6個月
	港幣百萬元	港幣百萬元
公平價值對沖		
—可歸屬於被對沖項目之對沖風險產生的 淨(虧損)/盈利	(2)	275
—用作對沖工具的淨盈利/(虧損)	1	(289)
	<u>(1)</u>	<u>(14)</u>

截至2014年6月30日止6個月及2013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。

中期財務報表附註(續)

9. 其他經營收入

	截至30/6/2014 止6個月	截至30/6/2013 止6個月
	港幣百萬元	港幣百萬元
可供出售金融資產股息收入		
– 上市	7	4
– 非上市	11	15
保險箱租金收入	39	38
保險業務淨收入	174	153
物業租金收入	65	66
其他	40	68
	<u>336</u>	<u>344</u>

10. 經營支出

	截至30/6/2014 止6個月	截至30/6/2013 止6個月
	港幣百萬元	港幣百萬元
定額供款公積金供款		
– 香港	77	73
– 香港以外	172	149
以股份為基礎作支付的費用	11	11
薪金及其他員工成本	2,475	2,327
	<u>2,735</u>	<u>2,560</u>
員工成本總額		
不包括折舊的物業及設備支出		
– 物業租金	331	314
– 保養、維修及其他	297	288
	<u>628</u>	<u>602</u>
不包括折舊的物業及設備支出總額		
固定資產折舊	328	330
無形資產攤銷	16	16
其他經營支出		
– 印花稅、海外及中華人民共和國營業稅，及增值稅	399	337
– 法律及專業服務費	180	89
– 通訊、文具及印刷	158	150
– 廣告費	143	88
– 業務推廣及商務旅遊	84	76
– 有關信用卡支出	29	46
– 保險費	24	23
– 企業服務的行政費	8	6
– 會員費	8	7
– 銀行收費	5	5
– 捐款	3	17
– 銀行牌照費	2	2
– 其他	143	153
	<u>1,186</u>	<u>999</u>
其他經營支出總額		
經營支出總額	<u>4,893</u>	<u>4,507</u>

中期財務報表附註(續)

11. 出售可供出售金融資產之淨溢利

	截至30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
由儲備轉撥的重估盈利淨額	43	100
期內產生的溢利／(虧損)	25	(41)
	<u>68</u>	<u>59</u>

12. 出售固定資產之淨虧損

	截至30/6/2014 止6個月 港幣百萬元	截至30/6/2013 止6個月 港幣百萬元
出售銀行行址、傢私及設備之虧損	(3)	-
	<u>(3)</u>	<u>-</u>

13. 在銀行及其他金融機構的存款

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
在銀行及認可金融機構的存款	63,886	57,372
在中央銀行的存款	-	-
	<u>63,886</u>	<u>57,372</u>
到期期限		
— 1個月內	39,204	38,290
— 1個月至1年內	24,682	19,082
	<u>63,886</u>	<u>57,372</u>

中期財務報表附註(續)

14. 交易用途資產

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	23	26
債務證券	3,293	3,876
股份證券	1,304	1,407
投資基金	21	22
	<u>4,641</u>	<u>5,331</u>
發行機構：		
中央政府和中央銀行	118	236
公營機構	382	58
銀行及其他金融機構	1,926	2,864
企業實體	2,159	2,117
其他實體	56	56
	<u>4,641</u>	<u>5,331</u>
按上市地區分析：		
債務證券		
在香港上市	19	19
在香港以外地區上市	95	281
	<u>114</u>	<u>300</u>
非上市	3,202	3,602
	<u>3,316</u>	<u>3,902</u>
股份證券		
在香港上市	995	1,119
在香港以外地區上市	309	288
	<u>1,304</u>	<u>1,407</u>
投資基金		
在香港上市	6	7
在香港以外地區上市	15	15
	<u>21</u>	<u>22</u>
	<u>4,641</u>	<u>5,331</u>

中期財務報表附註(續)

15. 指定為通過損益以反映公平價值的金融資產

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
持有的存款證	1,495	128
債務證券	8,817	11,071
股份證券	363	354
投資基金	63	53
	<u>10,738</u>	<u>11,606</u>
發行機構：		
中央政府和中央銀行	251	355
銀行及其他金融機構	6,706	5,894
企業實體	3,719	5,303
其他實體	62	54
	<u>10,738</u>	<u>11,606</u>
按上市地區分析：		
債務證券		
在香港上市	972	1,520
在香港以外地區上市	4,692	5,887
	<u>5,664</u>	<u>7,407</u>
非上市	4,648	3,792
	<u>10,312</u>	<u>11,199</u>
股份證券		
在香港上市	119	115
在香港以外地區上市	244	239
	<u>363</u>	<u>354</u>
投資基金		
在香港以外地區上市	9	-
非上市	54	53
	<u>63</u>	<u>53</u>
	<u>10,738</u>	<u>11,606</u>

中期財務報表附註(續)

16. 客戶墊款及其他賬項

(a) 客戶墊款及其他賬項

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
(i) 客戶墊款	438,802	405,357
減：減值準備		
— 個別	(403)	(323)
— 整體	(748)	(699)
	<u>437,651</u>	<u>404,335</u>
(ii) 其他賬項		
銀行及其他金融機構墊款	5	5
減：減值準備—個別	(2)	(2)
	<u>3</u>	<u>3</u>
債券	1	1
持有的存款證	116	116
應計利息	2,855	2,641
承兌客戶負債	30,592	31,393
其他賬項	8,031	9,796
	<u>41,595</u>	<u>43,947</u>
減：減值準備		
— 個別	(38)	(13)
— 整體	(19)	(17)
	<u>41,538</u>	<u>43,917</u>
	<u><u>479,192</u></u>	<u><u>448,255</u></u>

中期財務報表附註(續)

16. 客戶墊款及其他賬項(續)

(b) 客戶墊款—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。

	30/6/2014		31/12/2013	
	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	15,214	71.89	13,743	71.01
—物業投資	37,757	89.21	37,574	87.51
—金融企業	16,337	83.34	13,780	81.80
—股票經紀	1,554	79.18	1,222	88.85
—批發與零售業	20,510	43.82	14,296	34.11
—製造業	7,186	37.76	6,963	37.04
—運輸與運輸設備	6,822	64.65	5,954	66.01
—娛樂活動	131	52.78	96	33.02
—資訊科技	1,774	7.04	1,063	8.88
—其他	19,522	70.73	10,189	50.34
—小計	126,807	70.64	104,880	68.31
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	1,073	100.00	1,096	100.00
—購買其他住宅物業的貸款	30,395	100.00	28,537	99.99
—信用卡墊款	3,927	0.00	4,137	0.00
—其他	18,381	76.97	19,453	68.64
—小計	53,776	84.83	53,223	80.76
在香港使用的貸款總額	180,583	74.86	158,103	72.50
貿易融資	5,543	52.89	5,895	39.60
在香港以外使用的貸款*	252,676	71.33	241,359	71.02
客戶墊款總額	438,802	72.55	405,357	71.14

* 在香港以外使用的貸款包括以下在中國內地使用的貸款。

	30/6/2014		31/12/2013	
	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	35,032	55.47	33,980	52.70
物業投資	29,989	98.47	29,801	98.45
批發與零售業	36,485	79.71	35,088	79.84
製造業	12,351	59.48	12,081	47.34
其他	75,343	64.92	68,844	66.67
	189,200	70.99	179,794	70.57

16. 客戶墊款及其他賬項(續)

(b) 客戶墊款－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：

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
(i) 物業發展		
a. 已個別減值的貸款	48	131
b. 個別減值準備	10	16
c. 整體減值準備	74	62
d. 於收益表支銷的準備		
－個別減值損失	1	－
－整體減值損失	20	22
e. 撇銷	－	－
(ii) 物業投資		
a. 已個別減值的貸款	256	242
b. 個別減值準備	5	5
c. 整體減值準備	132	140
d. 於收益表支銷的準備		
－個別減值損失	－	－
－整體減值損失	23	35
e. 撇銷	－	－
(iii) 購買其他住宅物業的貸款		
a. 已個別減值的貸款	240	169
b. 個別減值準備	8	2
c. 整體減值準備	56	55
d. 於收益表支銷的準備		
－個別減值損失	8	3
－整體減值損失	6	12
e. 撇銷	1	2
(iv) 批發與零售業		
a. 已個別減值的貸款	530	314
b. 個別減值準備	162	106
c. 整體減值準備	111	109
d. 於收益表支銷的準備		
－個別減值損失	131	120
－整體減值損失	19	38
e. 撇銷	41	72

16. 客戶墊款及其他賬項(續)

(c) 客戶墊款—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。

	30/6/2014				
	逾期		減值 客戶墊款	個別 減值準備	整體 減值準備
	客戶 墊款總額	3個月以上 的客戶墊款			
香港	186,198	204	389	68	227
中華人民共和國	207,305	849	1,226	225	368
其他亞洲國家	23,201	37	156	105	99
其他	22,098	59	149	5	54
總額	438,802	1,149	1,920	403	748
佔客戶墊款總額的百分比			0.44%		
減值客戶墊款抵押品市值			3,018		
	31/12/2013				
	逾期		減值 客戶墊款	個別 減值準備	整體 減值準備
	客戶 墊款總額	3個月以上 的客戶墊款			
香港	172,436	188	384	81	210
中華人民共和國	189,924	653	840	159	316
其他亞洲國家	22,124	18	120	72	106
其他	20,873	65	237	11	67
總額	405,357	924	1,581	323	699
佔客戶墊款總額的百分比			0.39%		
減值客戶墊款抵押品市值			3,779		

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。

中期財務報表附註(續)

17. 可供出售金融資產

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	28,154	18,797
持有的存款證	1,929	2,386
債務證券	53,094	47,499
股份證券	2,762	2,722
投資基金	215	185
	<u>86,154</u>	<u>71,589</u>
發行機構：		
中央政府和中央銀行	27,139	19,694
公營機構	1,789	2,273
銀行及其他金融機構	29,465	25,350
企業實體	27,508	24,048
其他實體	253	224
	<u>86,154</u>	<u>71,589</u>
按上市地區分析：		
債務證券		
在香港上市	11,538	8,165
在香港以外地區上市	11,791	12,292
	<u>23,329</u>	<u>20,457</u>
非上市	59,848	48,225
	<u>83,177</u>	<u>68,682</u>
股份證券		
在香港上市	632	580
在香港以外地區上市	1,323	1,318
	<u>1,955</u>	<u>1,898</u>
非上市	807	824
	<u>2,762</u>	<u>2,722</u>
投資基金		
在香港以外地區上市	39	1
非上市	176	184
	<u>215</u>	<u>185</u>
	<u>86,154</u>	<u>71,589</u>

中期財務報表附註(續)

18. 持至到期投資

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	640	649
持有的存款證	1,111	1,186
債務證券	3,753	3,213
	<u>5,504</u>	<u>5,048</u>
發行機構：		
中央政府和中央銀行	1,682	1,745
公營機構	40	153
銀行及其他金融機構	736	803
企業實體	3,046	2,347
	<u>5,504</u>	<u>5,048</u>
按上市地區分析：		
債務證券		
在香港上市	1,978	1,119
在香港以外地區上市	1,815	1,777
	<u>3,793</u>	<u>2,896</u>
非上市	1,711	2,152
	<u>5,504</u>	<u>5,048</u>
公平價值：		
上市證券	3,835	2,983
非上市證券	1,704	2,152
	<u>5,539</u>	<u>5,135</u>

19. 固定資產

	30/6/2014				
	投資物業	行址	傢俬、裝修 及設備	小計	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
成本或估值					
於2014年1月1日	4,400	8,875	5,057	13,932	18,332
增置	–	5	147	152	152
重估盈餘	115	–	–	–	115
由投資物業轉入行址	(84)	84	–	84	–
由傢俬、裝修及設備轉入行址	–	46	(46)	–	–
重新分類至其他賬項	(33)	(79)	(1)	(80)	(113)
重建成本	43	–	–	–	43
出售	–	–	(158)	(158)	(158)
匯兌調整	(8)	(110)	(40)	(150)	(158)
於2014年6月30日	4,433	8,821	4,959	13,780	18,213
累計折舊及攤銷					
於2014年1月1日	–	1,314	3,488	4,802	4,802
期內支銷	–	88	240	328	328
由傢俬、裝修及設備轉入行址	–	33	(33)	–	–
出售時撇銷	–	–	(152)	(152)	(152)
匯兌調整	–	(18)	(25)	(43)	(43)
於2014年6月30日	–	1,417	3,518	4,935	4,935
賬面淨值					
於2014年6月30日	4,433	7,404	1,441	8,845	13,278
賬面淨值					
於2013年12月31日	4,400	7,561	1,569	9,130	13,530
上述資產的總額列示如下：					
按成本	–	8,009	4,959	12,968	12,968
按董事估值					
– 1989	–	812	–	812	812
按專業估值					
– 2014	4,433	–	–	–	4,433
	4,433	8,821	4,959	13,780	18,213

中期財務報表附註(續)

20. 交易用途負債

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
外滙基金票據空倉	17	-
股份空倉	22	11
	<u>39</u>	<u>11</u>

21. 其他賬項及準備

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
應計應付利息	4,633	4,131
應付承兌匯票	30,592	31,393
其他賬項	19,530	18,457
	<u>54,755</u>	<u>53,981</u>

22. 借貸資本

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
按攤銷成本列賬的6億美元後償票據	4,890	4,815
按攤銷成本列賬的5億美元後償票據 (按歐洲形式中期票據計劃)	3,921	3,923
按攤銷成本列賬的8億新加坡元後償票據 (按歐洲形式中期票據計劃)	4,980	4,894
	<u>13,791</u>	<u>13,632</u>

兩宗票面值總額港幣46.50億元(6億美元)及賬面值總額港幣48.90億元(於2013年12月31日:港幣48.15億元)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2014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(2013年上半年:港幣500萬元虧損)。

票面值港幣38.75億元(5億美元),即賬面值港幣39.21億元(於2013年12月31日:港幣39.23億元)的借貸資本,是指由本行於2011年11月4日發行年息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)。該等票據於新加坡交易所上市,並將於2022年5月4日到期。就其中4億美元後償票據而言,在2014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10萬元(2013年上半年:港幣2.5萬元虧損)。於2014年6月30日,其中1億美元後償票據的公平價值則為港幣8.48億元(1.094億美元)(2013年12月31日:港幣8.49億元(1.095億美元))。

票面值港幣49.64億元(8億新加坡元)及賬面值港幣49.80億元(於2013年12月31日:港幣48.94億元)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2014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(2013年上半年:港幣100萬元虧損)。

23. 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。

中國業務包括在香港支援中國業務的後勤單位、所有在中國經營的分行、附屬公司及聯營公司，但不包括在中國經營企業服務和資料處理及其他後勤支援之附屬公司。

國際業務包括在香港支援國際業務的後勤單位、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。

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、聯營公司的淨表現及其他在香港之附屬公司(除已包括在其他香港銀行業務之附屬公司)。

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。

除接收有關稅前溢利的分部資料外，有關分部收入(包括分部間之借款)、利息支出、折舊、攤銷及減值損失和提供予分部營運之非流動分部資產的增置等資料亦提供予管理層。

中期財務報表附註(續)

23. 分部報告(續)

截至2014年6月30日止

	香港銀行業務									可匯報 分部總額 港幣百萬元	其他 港幣百萬元	分部間之 交易抵銷 港幣百萬元	總額 港幣百萬元
	個人銀行	企業銀行	財資市場	財富管理	金融機構	其他	中國業務	國際業務	企業服務				
	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				
淨利息收入/(支出)	1,230	1,112	(56)	136	89	118	2,995	530	2	6,156	85	-	6,241
非利息收入	372	339	133	180	12	309	798	95	565	2,803	327	(169)	2,961
經營收入	1,602	1,451	77	316	101	427	3,793	625	567	8,959	412	(169)	9,202
經營支出	(765)	(95)	(67)	(90)	(7)	(283)	(2,180)	(259)	(387)	(4,133)	(929)	169	(4,893)
未扣除減值損失之經營溢利/(虧損)	837	1,356	10	226	94	144	1,613	366	180	4,826	(517)	-	4,309
貸款及墊款及其他賬項的 減值損失(支銷)/回撥	(53)	(19)	1	(2)	-	(11)	(168)	(65)	(2)	(319)	-	-	(319)
持至到期投資減值損失回撥	-	-	3	-	-	-	-	-	-	3	-	-	3
已扣除減值損失後之經營溢利/(虧損)	784	1,337	14	224	94	133	1,445	301	178	4,510	(517)	-	3,993
出售固定資產及可供出售金融資產之 溢利/(虧損)	-	24	41	-	-	2	(2)	-	-	65	-	-	65
重估投資物業盈利	-	-	-	-	-	-	-	1	-	1	114	-	115
應佔聯營公司溢利減虧損	-	-	-	-	-	(2)	97	213	1	309	-	-	309
除稅前溢利/(虧損)	784	1,361	55	224	94	133	1,540	515	179	4,885	(403)	-	4,482
期內折舊	(37)	(1)	(2)	(2)	-	(13)	(161)	(10)	(13)	(239)	(89)	-	(328)
分部資產	54,265	174,467	145,648	30,378	12,454	17,772	363,976	87,768	3,035	889,763	33,290	(123,518)	799,535
聯營公司投資	-	-	-	-	-	56	620	5,117	21	5,814	-	-	5,814
資產總額	54,265	174,467	145,648	30,378	12,454	17,828	364,596	92,885	3,056	895,577	33,290	(123,518)	805,349
負債總額	280,974	1,051	99,934	20,718	2	13,427	334,215	75,029	748	826,098	2,973	(94,932)	734,139

中期財務報表附註(續)

23. 分部報告(續)

截至2013年6月30日止

	香港銀行業務									可匯報 分部總額 港幣百萬元	分部間之		總額 港幣百萬元
	個人銀行	企業銀行	財資市場	財富管理	金融機構	其他	中國業務	國際業務	企業服務		其他	交易抵銷	
	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	
淨利息收入/(支出)	1,083	1,164	(7)	136	34	93	2,600	468	2	5,573	90	1	5,664
非利息收入/(支出)	361	349	(31)	207	10	298	631	155	535	2,515	306	(165)	2,656
經營收入	1,444	1,513	(38)	343	44	391	3,231	623	537	8,088	396	(164)	8,320
經營支出	(720)	(91)	(58)	(84)	(6)	(256)	(1,936)	(227)	(373)	(3,751)	(920)	164	(4,507)
未扣除減值損失之經營溢利/(虧損)	724	1,422	(96)	259	38	135	1,295	396	164	4,337	(524)	-	3,813
貸款及墊款及其他賬項的減值損失 (支銷)/回撥	(40)	(1)	1	(2)	-	(6)	(159)	29	(4)	(182)	-	-	(182)
可供出售金融資產之減值損失	-	-	-	-	-	(1)	-	-	-	(1)	-	-	(1)
已扣除減值損失後之經營溢利/(虧損)	684	1,421	(95)	257	38	128	1,136	425	160	4,154	(524)	-	3,630
出售固定資產、可供出售金融資產、 貸款及應收賬款之溢利	-	3	44	-	-	5	5	1	-	58	1	-	59
重估投資物業盈利	-	-	-	-	-	-	-	167	-	167	152	-	319
應佔聯營公司溢利減虧損	-	-	-	-	-	2	90	286	-	378	-	-	378
除稅前溢利/(虧損)	684	1,424	(51)	257	38	135	1,231	879	160	4,757	(371)	-	4,386
期內折舊	(36)	(1)	(4)	(1)	-	(10)	(174)	(9)	(13)	(248)	(82)	-	(330)
分部資產	46,762	153,678	105,604	26,072	13,777	14,420	333,950	67,514	3,042	764,819	24,139	(96,443)	692,515
聯營公司投資	-	-	-	-	-	60	603	4,254	1	4,918	-	-	4,918
資產總額	46,762	153,678	105,604	26,072	13,777	14,480	334,553	71,768	3,043	769,737	24,139	(96,443)	697,433
負債總額	247,005	1,495	62,970	18,206	-	10,879	308,353	56,546	814	706,268	3,233	(76,989)	632,512

中期財務報表附註(續)

24. 資產及負債的剩餘期限分析

	30/6/2014							總額 港幣百萬元
	即時還款	1個月以下	1個月以上 至3個月	3個月以上 至1年	1年以上 至5年	5年以上	無註明日期 或逾期	
	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	
資產								
現金及在銀行和其他 金融機構的結存	24,142	33	70	124	1	-	37,081	61,451
在銀行及其他金融機構的存款	285	38,919	16,853	7,829	-	-	-	63,886
貿易票據	150	8,003	20,721	37,894	-	-	-	66,768
交易用途資產	-	16	161	1,851	1,288	-	1,325	4,641
指定為通過損益以反映公平價值的 金融資產	-	451	502	3,667	3,922	1,770	426	10,738
衍生工具的正公平價值	-	-	-	-	-	-	3,834	3,834
客戶墊款及其他賬項	8,411	66,716	50,334	101,427	157,498	89,906	4,900	479,192
可供出售金融資產	-	6,955	20,266	6,219	40,803	8,934	2,977	86,154
持至到期投資	104	1,010	329	708	3,162	191	-	5,504
無註明日期資產	-	-	-	-	-	-	23,181	23,181
資產總額	33,092	122,103	109,236	159,719	206,674	100,801	73,724	805,349
負債								
銀行及其他金融機構的 存款及結餘	4,590	8,960	8,200	4,872	1,116	15	-	27,753
客戶存款	158,495	133,520	145,159	102,874	19,464	-	-	559,512
—活期存款及來往賬戶	64,264	-	-	-	-	-	-	64,264
—儲蓄存款	92,480	-	-	-	-	-	-	92,480
—定期及通知存款	1,751	133,520	145,159	102,874	19,464	-	-	402,768
交易用途負債	-	17	-	-	-	-	22	39
衍生工具的負公平價值	-	-	-	-	-	-	3,315	3,315
已發行存款證	-	7,266	11,565	23,283	6,577	-	-	48,691
本期稅項	-	-	-	1,516	-	-	-	1,516
已發行債務證券	-	256	3,369	12,841	7,500	-	-	23,966
借貸資本	-	-	-	-	8,901	4,890	-	13,791
其他負債	1,616	7,106	12,328	17,043	7,277	2,166	8,020	55,556
負債總額	164,701	157,125	180,621	162,429	50,835	7,071	11,357	734,139
淨差距	(131,609)	(35,022)	(71,385)	(2,710)	155,839	93,730		

中期財務報表附註(續)

24. 資產及負債的剩餘期限分析(續)

	31/12/2013							總額 港幣百萬元
	即時還款	1個月以下	1個月以上 至3個月	3個月以上 至1年	1年以上 至5年	5年以上	無註明日期 或逾期	
	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	
資產								
現金及在銀行和其他 金融機構的結存	28,794	70	-	29	-	-	39,884	68,777
在銀行及其他金融機構的存款	-	38,290	16,153	2,929	-	-	-	57,372
貿易票據	13	9,069	11,579	39,271	-	-	-	59,932
交易用途資產	-	64	230	890	2,667	51	1,429	5,331
指定為通過損益以反映公平價值的 金融資產	-	194	39	3,980	5,087	1,899	407	11,606
衍生工具的正公平價值	-	-	-	-	-	-	3,625	3,625
客戶墊款及其他賬項	7,434	57,018	36,227	96,870	162,913	82,925	4,868	448,255
可供出售金融資產	-	5,236	12,303	11,621	33,450	6,072	2,907	71,589
持至到期投資	104	1,256	334	597	2,711	46	-	5,048
無註明日期資產	-	-	-	-	-	-	22,419	22,419
資產總額	36,345	111,197	76,865	156,187	206,828	90,993	75,539	753,954
負債								
銀行及其他金融機構的 存款及結餘	3,691	10,319	9,231	4,609	1,073	-	-	28,923
客戶存款	163,343	136,534	104,544	108,409	22,141	-	-	534,971
—活期存款及來往賬戶	69,259	-	-	-	-	-	-	69,259
—儲蓄存款	92,936	-	-	-	-	-	-	92,936
—定期及通知存款	1,148	136,534	104,544	108,409	22,141	-	-	372,776
交易用途負債	-	-	-	-	-	-	11	11
衍生工具的負公平價值	-	-	-	-	-	-	4,545	4,545
已發行存款證	-	8,765	7,820	18,991	7,353	-	-	42,929
本期稅項	-	-	-	1,353	-	-	-	1,353
已發行債務證券	-	-	792	2,656	1,280	-	-	4,728
借貸資本	-	-	-	-	8,817	4,815	-	13,632
其他負債	1,226	8,533	11,285	17,545	6,466	2,221	7,352	54,628
負債總額	168,260	164,151	133,672	153,563	47,130	7,036	11,908	685,720
淨差距	(131,915)	(52,954)	(56,807)	2,624	159,698	83,957		

中期財務報表附註(續)

25. 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		金融資產的	可供出售			總額
	折舊的折舊	物業重估	減值損失	證券重估	稅損	其他	
	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	港幣百萬元
於2014年1月1日	388	199	117	(9)	(11)	(157)	527
綜合收益表內(存入)/支銷	(51)	1	14	-	1	72	37
儲備內支銷	-	-	-	131	-	-	131
匯兌及其他調整	-	(2)	(5)	2	-	5	-
於2014年6月30日	<u>337</u>	<u>198</u>	<u>126</u>	<u>124</u>	<u>(10)</u>	<u>(80)</u>	<u>695</u>
於2013年12月31日結餘	<u>388</u>	<u>199</u>	<u>117</u>	<u>(9)</u>	<u>(11)</u>	<u>(157)</u>	<u>527</u>

26. 儲備

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
法定資本儲備(附註1(e))		
股份溢價	-	17,770
其他儲備		
一般儲備	13,933	13,877
行址重估儲備	1,640	1,642
投資重估儲備	1,542	978
匯兌重估儲備	2,401	2,874
其他儲備	4,002	4,039
留存溢利*	18,518	16,778
	<u>42,036</u>	<u>40,188</u>
總額	<u>42,036</u>	<u>57,958</u>
未入賬擬派股息	<u>1,001</u>	<u>1,557</u>

* 為符合香港《銀行業條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款及墊款減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2014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58.35億元(2013年12月31日：港幣53.81億元)，但派發前須諮詢金管局。

中期財務報表附註(續)

27. 綜合現金流量表

(a) 收購附屬公司

	30/6/2014 港幣百萬元	30/6/2013 港幣百萬元
已購入淨資產		
其他賬項及準備	(1)	-
賬項綜合時產生的商譽	3	-
總收購價	2	-
已扣除所購入現金的現金流	2	-

(b) 現金及等同現金項目

	30/6/2014 港幣百萬元	30/6/2013 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		
現金及在銀行及其他金融機構的結存	25,456	19,853
原本期限為3個月以內在銀行及其他金融機構的存款	32,932	26,467
原本期限為3個月以內的國庫債券	14,557	7,518
原本期限為3個月以內之持有的存款證	1,038	1,035
原本期限為3個月以內的債務證券	-	881
	<u>73,983</u>	<u>55,754</u>
(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	61,451	53,055
在銀行及其他金融機構的存款	63,886	52,976
國庫債券、持有的存款證及債務證券		
- 交易用途資產	3,316	4,766
- 指定為通過損益以反映公平價值的	10,312	11,866
- 墊款及其他賬項	117	79
- 可供出售	83,177	61,882
- 持至到期	5,504	4,977
	<u>102,426</u>	<u>83,570</u>
在綜合財務狀況表列示的金額	227,763	189,601
減：原本期限為3個月以上的金額	(117,785)	(100,645)
受監管限制的在中央銀行之現金結存	(35,995)	(33,202)
在綜合現金流量表內的現金及等同現金項目	<u>73,983</u>	<u>55,754</u>

中期財務報表附註(續)

28. 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2014年6月30日				
	已確認 金融資產 總額	於資產負債 表中抵銷之 已確認金融 負債總額	於資產負債 表中列示的 金融資產 淨額	未有 抵銷之相關 金融工具	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	59	-	59	(52)	7
其他賬項	507	(397)	110	-	110
總額	566	(397)	169	(52)	117
負債					
衍生工具的負公平價值	88	-	88	(52)	36
其他賬項	397	(397)	-	-	-
總額	485	(397)	88	(52)	36

中期財務報表附註(續)

28. 抵銷金融工具(續)

	於2013年12月31日				
	已確認 金融資產 總額	於資產負債 表中抵銷之 已確認金融 負債總額	於資產負債 表中列示的 金融資產 淨額	未有 抵銷之相關 金融工具	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	66	-	66	(54)	12
其他賬項	745	(681)	64	-	64
總額	811	(681)	130	(54)	76

	於2013年12月31日				
	已確認 金融負債 總額	於資產負債 表中抵銷之 已確認金融 資產總額	於資產負債 表中列示的 金融負債 淨額	未有 抵銷之相關 金融工具	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	254	-	254	(54)	200
其他賬項	779	(681)	98	-	98
總額	1,033	(681)	352	(54)	298

29. 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釐定出公平價值，藉以在報告日能反映金融工具的價格，而該價格可被視為等同在公平交易下由市場人士決定的價格。

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。而對於分類為第三級的金融工具，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、或基於假設而作出的估算。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、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

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。

29. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

下表是根據估值方法，分析金融工具之公平價值：

	30/6/2014				31/12/2013			
	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
重覆發生的公平價值釐定								
資產								
交易用途資產	4,506	135	-	4,641	5,161	170	-	5,331
指定為通過損益以反映 公平價值的金融資產	6,036	4,702	-	10,738	7,761	3,845	-	11,606
衍生工具的正公平價值	-	2,826	1,008	3,834	-	3,040	585	3,625
可供出售金融資產	70,673	14,495	986	86,154	55,638	14,941	1,010	71,589
	<u>81,215</u>	<u>22,158</u>	<u>1,994</u>	<u>105,367</u>	<u>68,560</u>	<u>21,996</u>	<u>1,595</u>	<u>92,151</u>
負債								
交易用途負債	39	-	-	39	11	-	-	11
衍生工具的負公平價值	-	2,395	920	3,315	-	3,980	565	4,545
指定為通過損益以反映 公平價值的金融負債	-	18,716	-	18,716	-	8,659	-	8,659
	<u>39</u>	<u>21,111</u>	<u>920</u>	<u>22,070</u>	<u>11</u>	<u>12,639</u>	<u>565</u>	<u>13,215</u>

截至2014年6月30日止6個月內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間並無轉移，亦未有第三級的轉入或轉出(2013年：無)。本集團的政策是只確認在滙報期期末按分級方法釐定公平價值之金融工具之間發生的轉移。

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
非上市可供出售股份工具	現金流折扣模式	預計現金流及終端增長率
結構性衍生工具	期權模式	預計波幅

非上市可供出售股份工具的公平價值是根據現金流折扣模式，而用以計量公平價值之重要非可觀察參數是預計現金流及終端增長率。計量公平價值與淨現金流及終端增長率是有正面的相互關聯。

在結構性衍生工具內之嵌入期權的公平價值是根據期權估值模式，而用以計量公平價值之重要非可觀察參數是預計波幅。工具的公平價值與預計波幅是有正面的相互關聯。

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

29. 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：

	30/6/2014		總額 港幣百萬元
	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	
資產			
於2014年1月1日	585	1,010	1,595
購入	-	4	4
結算	(123)	(23)	(146)
公平價值變動確認於收益表	546	-	546
公平價值變動確認於其他全面收益表	-	(5)	(5)
於2014年6月30日	<u>1,008</u>	<u>986</u>	<u>1,994</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表 之可供出售公平價值儲備之 收益或虧損總額	<u>-</u>	<u>(5)</u>	<u>(5)</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>546</u>	<u>-</u>	<u>546</u>

29. 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)

	31/12/2013		
	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
資產			
於2013年1月1日	554	765	1,319
購入	–	193	193
結算	(196)	(54)	(250)
公平價值變動確認於收益表	227	(68)	159
公平價值變動確認於其他全面收益表	–	174	174
於2013年12月31日	585	1,010	1,595
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表之可供出售 公平價值儲備之收益或虧損總額	–	174	174
於報告期結束日持有之資產而 已計入年度內收益表之交易 收入淨額之收益或虧損總額	227	(68)	159
負債			
於2014年1月1日			565
結算			(100)
公平價值變動確認於收益表			455
於2014年6月30日			920
於報告期結束日持有之負債而已計入期內收益表之 交易收入淨額之收益或虧損總額			455
			30/6/2014 衍生工具的 負公平價值 港幣百萬元

中期財務報表附註(續)

29. 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)

	31/12/2013
	衍生工具的 負公平價值
	港幣百萬元
負債	
於2013年1月1日	562
結算	(219)
公平價值變動確認於收益表	222
	<u>565</u>
於2013年12月31日	<u>565</u>
於報告期結束日持有之負債而已計入年度內收益表之 交易收入淨額之收益或虧損總額	<u>222</u>

(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

	30/6/2014			
	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
衍生工具的正公平價值 可供出售金融資產	84	(84)	-	-
	<u>-</u>	<u>-</u>	<u>82</u>	<u>(82)</u>
	<u>84</u>	<u>(84)</u>	<u>82</u>	<u>(82)</u>
衍生工具的負公平價值	<u>77</u>	<u>(77)</u>	<u>-</u>	<u>-</u>
	31/12/2013			
	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
衍生工具的正公平價值 可供出售金融資產	49	(49)	-	-
	<u>-</u>	<u>-</u>	<u>84</u>	<u>(84)</u>
	<u>49</u>	<u>(49)</u>	<u>84</u>	<u>(84)</u>
衍生工具的負公平價值	<u>47</u>	<u>(47)</u>	<u>-</u>	<u>-</u>

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。上表顯示出公平價值之敏感度，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。

29. 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2014年6月30日及2013年12月31日之公平價值相若。

	30/6/2014		31/12/2013	
	賬面值 港幣百萬元	公平價值 港幣百萬元	賬面值 港幣百萬元	公平價值 港幣百萬元
金融資產				
持至到期投資	5,504	5,539	5,048	5,135
金融負債				
已發行存款證	36,342	36,327	34,420	34,443
已發行債務證券	17,599	17,678	4,578	5,095
後償負債	13,791	14,582	13,632	14,380

中期財務報表附註(續)

30. 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：

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
或然負債及承擔的合約金額		
直接信貸代替品	29,273	18,670
與交易有關的或然項目	2,580	2,655
與貿易有關的或然項目	1,204	1,319
可無條件取消而毋須事先通知的承擔	155,791	126,463
其他承擔的原到期日		
-1年或以下	40,828	56,690
-1年以上	22,070	29,319
總額	<u>251,746</u>	<u>235,116</u>
信貸風險加權金額	<u>32,989</u>	<u>44,605</u>
衍生工具的公平價值		
資產		
匯率合約	2,308	1,675
利率合約	1,185	1,538
股份合約	267	303
其他	74	109
	<u>3,834</u>	<u>3,625</u>
負債		
匯率合約	1,810	2,335
利率合約	1,151	1,813
股份合約	280	288
其他	74	109
	<u>3,315</u>	<u>4,545</u>
衍生工具的名義金額		
匯率合約	659,272	566,787
利率合約	238,392	196,583
股份合約	12,949	16,569
其他	4,006	3,905
	<u>914,619</u>	<u>783,844</u>
信貸風險加權金額*		
匯率合約	8,009	6,203
利率合約	1,767	2,210
股份合約	656	841
其他	763	703
	<u>11,195</u>	<u>9,957</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2014年6月30日及2013年12月31日之信貸風險加權資產金額。

30. 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：

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
已核准支出並已簽約	216	682
已核准支出但未簽約	32	2,635
	<u>248</u>	<u>3,317</u>

31. 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：

	30/6/2014	30/6/2013
	港幣百萬元	港幣百萬元
短期僱員福利	63	64
僱員退休福利	3	2
股份補償福利	11	11
	<u>77</u>	<u>77</u>

- (b) 本集團為其職員提供若干退休保障計劃。截至2014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2013年6月30日止6個月：港幣7,400萬元)。

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2014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2014年6月30日關聯人士的欠款及欠關聯人士的款項，及截至2014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	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
利息收入	34	59	6	5
利息支出	36	24	-	-
關聯人士的欠款	4,110	7,782	759	965
欠關聯人士的款項	5,090	4,745	279	7
關聯人士的最高欠款	6,644	9,394	1,544	1,061
欠關聯人士的最高款項	7,492	6,511	556	719
信貸承諾予關聯人士	3,401	3,353	265	-

中期財務報表附註(續)

32. 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比率，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
Abacus (Nominees) Limited	受托代管公司	-	-
Abacus Business Consultants Sdn. Bhd.	不活動	-	-
Abacus Company Administration Sdn. Bhd.	法人團體董事及秘書服務	-	-
雅柏勤證券登記有限公司	預留公司名稱	-	-
Acheson Limited	信託及股東服務	-	-
Agensi Pekerjaan Tricor Sdn Bhd	職業介紹機構	-	-
Albridge Corporate Advisory Services Ltd	企業服務	-	-
Albridge Services London Ltd	不活動	-	-
Alhart Limited	受托代管公司	-	-
承悦有限公司	投資控股	398	398
亞洲管理服務有限公司	管理服務	6	6
Asia Securities Sdn Bhd	管理服務	-	-
Bandon Enterprises Limited	法律程序文件代理人 及委託交易服務	-	-
* 東亞銀行(信託)有限公司	信託服務	175	172
Barbinder & Co. Pte. Ltd.	證券登記	7	2
Barbinder & Co., Sdn. Bhd.	不活動	-	-
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	1

中期財務報表附註(續)

32. 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
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	56	53
BEA Blue Sky SLP Limited	出任BEA/AGRE China Real Estate Fund, L.P.特殊有限責任合夥人	—	—
東亞保險代理有限公司	保險	—	—
東亞銀保險經紀人股份有限公司	一般及人壽保險經紀	1	—
東亞人壽保險有限公司	人壽保險	9,001	868
BEA Pacific Asia Limited	投資控股	—	—
BEA Pacific Holding Company Limited	投資控股	1	1
東亞聯豐投資管理有限公司	資產管理	478	451
東亞證券股份有限公司	財富管理服務	184	107
Becmac Limited	股東代名人	—	—
Beecroft Limited	受託代管公司	—	—
Bentley Services Limited	董事代名人	—	—
Blue Care (BVI) Holdings Limited	投資控股	16	16
Blue Care JV (BVI) Holdings Limited	投資控股	18	18
寶康醫療服務有限公司	醫療服務	35	16
藍十字(亞太)保險有限公司	保險	4,285	824
Branford Investments Limited	受託代管服務	—	—
Camceb Limited	股東代名人	—	—
Cane Garden Bay Limited	董事/股東代名人	—	—
Capico Asset Management Sdn. Bhd.	不活動	—	—
Caribbean Corporate Services Ltd.	法人團體秘書及會計服務	10	8
CCSL St. Lucia Ltd.	控股公司	—	—

中期財務報表附註(續)

32. 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
匯中興業有限公司	物業投資	567	332
階潤有限公司	投資控股	831	831
Cheam Holdings Limited	董事代名人	-	-
Cheam Nominees Limited	董事代名人	-	-
重慶市東榮商務諮詢有限公司	商務諮詢服務	8	5
* 重慶兩江新區領達小額貸款有限公司	小額融資貸款	386	382
Chua, Woo & Company Sdn. Bhd.	不活動	-	-
Clacton Company Limited	受託代管公司	-	-
Clancy Limited	不活動	-	-
Corona Light Limited	投資控股	930	930
* 領達財務有限公司	放債人	705	511
Crystal Gleaming Limited	投資控股	930	930
Dean Street Property Limited	物業發展	24	12
Delanez Limited	董事/股東代名人	-	-
Denroy Nominees Limited	董事代名人	-	-
Dersale Limited	董事/股東代名人	-	-
Directra Overseas Services Inc.	受託代管公司	-	-
Directra Services Limited	受託代管公司	-	-
EA Securities Limited	投資控股	-	(62)
East Asia Corporate Services (BVI) Limited	註冊代理及信託服務	36	36
East Asia Corporate Services (Nominees) Ltd.	董事/股東代名人	-	-
* 東亞電子資料處理(廣州)有限公司	服務	71	57

中期財務報表附註(續)

32. 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
* 東亞設施管理有限公司	設施管理	13	12
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	1,412	1,411
East Asia Indonesian Holdings Limited	投資控股	141	123
East Asia International Trustees Holdings (BVI) Limited	投資控股	10	10
East Asia International Trustees Limited	信託服務	23	18
* East Asia Investments Holdings (BVI) Ltd.	投資控股	791	791
* East Asia Properties (US), Inc.	物業持有	220	196
東亞物業控股有限公司	投資控股	1	(82)
東亞物業代理有限公司	物業代理	14	13
East Asia Property Holdings (Jersey) Limited	物業持有	53	(6)
東亞物業管理(中國)有限公司	物業管理	1	(8)
東亞物業管理(廣州)有限公司	物業管理	2	2
East Asia Secretaries (BVI) Limited	投資控股	594	594
東亞秘書有限公司	秘書服務	–	–
東亞證券有限公司	證券買賣	1,226	646
* 東亞服務(控股)有限公司	控股公司	23	–
East Asia Strategic Holdings Limited	投資控股	417	417
Eglantine Investments Limited	投資控股	–	–
Elemen Limited	股東代名人	–	–
Epsilon Registration Services Sdn. Bhd.	不活動	–	–
Equity Trustee Limited	信託服務	1	1
Essex Nominees Limited	董事/股東代名人	–	–
Evatthouse Corporate Services Pte. Ltd.	法人團體秘書及 諮詢服務	116	5

中期財務報表附註(續)

32. 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
Far East Bank Nominees Limited	進入清盤程序	—	—
Fitz Services Pte. Ltd.	商業及管理諮詢服務	—	—
Fortra Services Limited	受託代管公司	—	—
FTG Nominees Limited	不活動	—	—
Gainsville Limited	股東代名人	—	—
Gil Services Pte. Ltd.	商業及管理諮詢服務	—	—
Gladwood Limited	董事代名人	—	—
Global Success Ltd.	投資控股	—	—
Gold Arch Sdn Bhd	不活動	14	—
Golden Sweep Sdn Bhd	投資控股	32	5
Golden Empire International Inc.	物業投資	—	—
Golden Properties Finance Ltd.	按揭財務	—	—
Golden Queen International Ltd.	物業投資	—	—
Grimma Company Limited	受託代管公司	—	—
High Town Limited	投資控股	4	4
工商東亞融資有限公司	企業融資諮詢及包銷服務	70	70
ICIS China (HK) Co Limited	預留公司名稱服務	—	—
* 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	3,875	3,875
International Holdings Corporation	信託相關服務	—	—
Kaliwood Corporation	董事／股東代名人	—	—
Keen Sight Development Limited	投資控股	229	229

中期財務報表附註(續)

32. 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
Leader One Limited	投資控股	18	—
領皇投資有限公司	信託服務	—	—
Maccabee (Nominees) Limited	董事代名人	—	—
Mache Holdings Limited	股東代名人	—	—
Mache Nominees Limited	股東代名人	—	—
Mactors Limited	董事代名人	—	—
Maintex Limited	董事代名人	—	—
Malplaquet Limited	董事、股東及秘書代名人	—	—
Manchester Property Holdings Ltd.	投資控股	36	14
Menroy Registrars Limited	董事代名人	—	—
Norpac Holdings Limited	保管服務	—	—
Outsource Centre Pte. Ltd.	會計及支薪服務	1	1
Overseas Nominees Limited	受託代管服務	—	—
Pen Ling Limited	受託代管公司	—	—
PFA Corporate Consultants Sdn. Bhd.	諮詢、顧問及受託代管服務	—	—
PFA Registration Services Sdn. Bhd.	不活動	1	1
Powerhouse Worldwide Limited	投資控股	227	227
陳唱國際有限公司	預留公司名稱服務	—	—
Ramillies Limited	董事、股東及秘書代名人	—	—
Red Phoenix Limited	汽車租賃	2	1
Richard Tozer Nominees Ltd	不活動	—	—
Roebuck Limited	董事職務服務	—	—
Rontors Limited	董事代名人	—	—

中期財務報表附註(續)

32. 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
Rosland Corporate Management Limited	股東代名人	—	—
秘書商業服務有限公司	預留公司名稱服務	—	—
Secretarius Services Sdn. Bhd.	不活動	—	—
Selene Throne (HK) Limited	預留公司名稱服務	—	—
* 陝西富平東亞村鎮銀行有限責任公司	銀行及有關的金融服務	192	28
Shaftesbury Property Holdings Limited	投資控股	131	131
Shaftesbury Property Investments Limited	投資控股	84	84
Shareg Nominees Limited	受託代管服務	—	—
* 深圳市領達小額貸款有限公司	小額融資貸款	350	344
Skyray Holdings Limited	投資控股	450	450
Speedfull Limited	投資控股	450	450
標準證券登記有限公司	預留公司名稱服務	—	—
Strath Corporate Services Limited	商業及企業服務	—	—
Strath Fiduciaries Limited	信託服務	—	—
Swan Nominees Limited	股東代名人	—	—
德纘有限公司	信託保障人	—	—
Teeroy Limited	信託服務	—	—
Tengis International Limited	授權簽署服務	—	—
登捷時有限公司	不活動	—	—
Tengis Services Limited	出任客戶支薪及 強積金帳戶持有人	—	—
* 東亞銀行(中國)有限公司	銀行及有關的金融服務	339,951	24,609
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	受託代管服務	—	—

中期財務報表附註(續)

32. 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
東亞銀行慈善基金有限公司	慈善機構	-	-
The Bank of East Asia Nominees (UK) Limited	不活動	-	-
Travelsafe Limited	保險	-	-
Tricor (B) Sdn. Bhd.	企業、商業及投資者服務	6	2
Tricor (Labuan) Limited	不活動	2	1
Tricor A&S Corporate Services KK	公司秘書、稅務及 會計、支薪、銀行及 現金管理服務	-	-
卓佳雅柏勤有限公司	投資者服務	2	2
Tricor Asia Limited	出任客戶支薪及 付款處理帳戶持有人	-	-
Tricor Authorised Representative Limited	授權代表服務	-	-
Tricor Board Dynamics Sdn Bhd	不活動	-	-
Tricor Business Services Sdn. Bhd.	會計、支薪及行政服務	63	15
Tricor Caribbean Limited	不活躍	-	-
Tricor CNP Corporate Services Pte. Ltd.	企業服務	4	3
東亞卓佳諮詢(北京)有限公司	國內商業諮詢	151	145
Tricor Consulting Limited	諮詢服務	3	-
Tricor Corporate Secretaries Limited	不活動	-	-
Tricor Corporate Secretary Limited	企業服務	-	-
Tricor Coporate Services Sdn. Bhd.	秘書、財務與會計、 人力資源諮詢以 及其他諮詢服務	48	19
Tricor Custodian Limited	法律程序文件代理人及 委託交易服務	-	-

中期財務報表附註(續)

32. 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
Tricor EACS (Hong Kong) Limited	East Asia Corporate Service (BVI) Limited之代理人	-	-
Tricor Executive Recruitment Ltd.	高級管理人才招聘	2	(7)
Tricor Executive Resources Limited	搜羅及選核高級管理人才	2	(3)
Tricor Firmley Limited	受託代管公司及企業服務	-	-
卓佳準誠有限公司	投資者服務	1	1
Tricor Global Limited	投資控股	-	-
卓佳大中華有限公司	卓佳北京外商投資企業投資者	18	16
Tricor Holdings Limited	投資控股	1,211	1,185
Tricor Holdings Pte. Ltd.	投資控股	515	157
Tricor HSP Japan JV K.K.	諮詢服務	-	-
Tricor HSP Singapore Pte. Ltd.	秘書及會計服務	3	-
Tricor Human Capital Limited	諮詢服務	-	-
Tricor IAG Fund Administration (Hong Kong) Limited	基金管理	1	(3)
Tricor IAG Fund Administration (Singapore) Limited	商業及管理諮詢服務	-	(2)
Tricor International Trustee Limited	信託服務	2	2
卓佳證券登記有限公司	投資者服務	83	50
Tricor Investor Services Sdn. Bhd.	證券登記服務	28	26
卓佳日本有限公司	諮詢、會計、人力資源及辦公室行政服務	7	6
Tricor K.K.	業務流程外包	37	28
TRICOR KNOWLEDGE HOUSE SDN BHD	不活動	2	1
Tricor Nominees Limited	為卓佳香港空殼公司之創辦成員	-	-

中期財務報表附註(續)

32. 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
Tricor Outsourcing (Thailand) Ltd.	業務外包	40	5
Tricor Prime Partners Corporate Services Pte Ltd	秘書、會計及證券登記及人力資源	3	2
卓佳廣進有限公司	投資者服務	1	1
Tricor Representatives Limited	法律程序文件代理人及委託交易服務	-	-
Tricor Roots Business Intelligence Sdn Bhd.	電腦軟件開發及買賣以及提供相關之軟件諮詢服務	19	19
Tricor Roots Consulting Sdn Bhd.	諮詢服務	5	(12)
Tricor Roots Governance Sdn. Bhd.	內部審計服務	-	(2)
TRICOR SAAS SDN BHD	軟件開發以及其他相關資訊科技支援	-	-
卓佳秘書商務有限公司	商業、企業及投資者服務	24	19
Tricor Securities Limited	受託代管服務	-	-
Tricor Senedi Sdn Bhd	資訊科技支援	1	(4)
Tricor Services (Brunei) Ltd	註冊代理	-	-
Tricor Services (BVI) Limited	註冊代理及信託服務	27	21
卓佳專業商務(澳門)有限公司	商業服務	1	1
Tricor Services (Malaysia) Sdn. Bhd.	投資控股	105	10
Tricor Services (UK) Limited	投資控股	509	-
Tricor Services Europe LLP	有限責任合夥	44	5
卓佳專業商務有限公司	商業、企業及投資者服務	385	265
Tricor Signatory Limited	銀行戶口簽署人	-	-

中期財務報表附註(續)

32. 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
Tricor Singapore Pte. Ltd.	商業管理及諮詢服務、 兼職業介紹機構	335	146
卓佳標準有限公司	投資者服務	4	4
Tricor Strath Group Limited (formerly Strath Corporate Services Holdings Limited)	控股公司	–	–
Tricor Strath Limited	商業及企業服務	–	–
Tricor Subscribers Limited	受託代管公司	–	–
Tricor Tax Services Sdn. Bhd.	顧問及諮詢	3	2
卓佳登捷時有限公司	商業、企業及投資者服務	33	13
Tricor Trident Nominees Limited	信託人公司	–	–
Tricor Trustco (Labuan) Limited	企業、秘書及會計服務	25	22
Tricor WP Corporate Services Pte. Ltd	商業及管理諮詢服務	32	25
Trident Corporate Management Limited	股東代名人	–	–
Tristan Company Limited	董事／股東代名人	–	–
Tudor Nominees Limited	股東代名人	–	–
* 東盛金業(經紀)有限公司	買賣及經紀服務	111	1
* 東盛金融服務(經紀)有限公司	信貸	182	22
* 東盛期貨(經紀)有限公司	處理期貨及期權合約	53	26
Tung Shing Holdings (BVI) Limited	投資控股	–	–
* 東盛控股有限公司(以Tung Shing (Brokers) Holdings Company Limited 之名稱於香港營業)	投資控股	547	131
* 東盛證券(經紀)有限公司	經紀、包銷及保證金融資服務	1,563	525
* 東盛服務有限公司	管理和行政服務	21	(20)
Turquandia Limited	股東代名人	–	–

中期財務報表附註(續)

32. 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
明康醫療香港有限公司	醫療服務	12	(15)
United Chinese (Nominee) Limited	不活動	—	—
Vanceburg Limited	股東代名人、秘書及提名人	—	—
W.T. (Secretaries) Limited	秘書服務	—	—
偉超有限公司	董事／股東代名人	—	—
偉合有限公司	董事／股東代名人	—	—
WCS Nominees Limited	不活動	—	—
Westboro Limited	受託代管服務	—	—
Wilfred Co., Ltd.	首任具名董事服務	—	—
Witcombe Corporation	董事／股東代名人	—	—
Woodside Corporate Services Limited	收款代理人、基金管理、 保管、信託保安及登記服務	4	10
Woodside Secretaries Limited	法人團體秘書服務、 過戶登記處及企業投資 計劃行政服務	—	2
WT Management (PTC) Inc	信託服務	—	—

* 「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。

33. 比較數字

比較數字已作重報以符合本期的呈報方式。

34. 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2014年8月1日獲授權發布。

補充財務資料

A. 資本充足

	30/6/2014	31/12/2013
	港幣百萬元	港幣百萬元
股本基礎		
– 普通股權一級資本比率	51,128	49,245
– 一級資本比率	2,835	3,190
– 一級資本總額	53,963	52,435
– 二級資本	15,237	16,489
– 資本總額	69,200	68,924
風險加權資產類別		
– 信貸風險	398,178	393,020
– 市場風險	17,889	16,524
– 營運風險	27,991	26,654
減：扣除	444,058 (2,273)	436,198 (2,322)
	441,785	433,876
	30/6/2014	31/12/2013
	百份率	百份率
普通股權一級資本比率	11.6	11.4
一級資本比率	12.2	12.1
總資本比率	15.7	15.9

資本充足比率乃根據金管局所頒布的《資本規則》計算。於2014年6月30日及2013年12月31日之資本充足比率乃根據因應實施新巴塞爾資本協定III而經修訂並於2013年1月1日生效的《資本規則》所編製。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》及香港《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。

包括在用作監管用途的綜合基礎之主要附屬公司已於附註32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，可於本行網站該節內找到，只要瀏覽本行網站 www.hkbea.com 主頁內「監管披露」的連繫或 www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html 的直接連繫。

補充財務資料(續)

B. 流動資金比率

	截至 30/6/2014 止6個月 百分率	截至 31/12/2013 止年度 百分率
期內平均流動資金比率	50.2	47.0

期內平均流動資金比率是每月平均比率的簡單平均數，其計算是根據金管局訂定用作規管用途的綜合基準及香港《銀行業條例》附表4。

C. 跨國債權

跨國債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及轉移風險因素。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風險總額的10%或以上，該地區的風險額便須予以披露。

	30/6/2014			
	銀行及 其他金融機構	公營機構	其他	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
中華人民共和國	48,020	2,928	90,143	141,091
亞洲國家 (不包括中華人民共和國)	13,977	325	13,385	27,687
北美洲	5,199	-	3,154	8,353
西歐	8,959	-	1,924	10,883
	31/12/2013(重報)			
	銀行及 其他金融機構	公營機構	其他	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
中華人民共和國	30,341	3,702	98,630	132,673
亞洲國家 (不包括中華人民共和國)	13,125	515	12,167	25,807
北美洲	6,182	40	3,059	9,281
西歐	7,238	-	2,323	9,561

補充財務資料(續)

D. 內地非銀行類客戶風險

內地非銀行類客戶直接風險總額及其個別減值準備如下：

	30/6/2014			
	資產負債表 以內的風險	資產負債表 以外的風險	總額	個別 減值準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
<u>交易對手的類別</u>				
內地實體	218,342	51,784	270,126	120
信貸是用於內地而借款的公司 及個人是在國外	54,846	4,654	59,500	89
其他交易對手而其風險被認定 為內地非銀行類客戶風險	31,508	162	31,670	32
總額	304,696	56,600	361,296	241
	31/12/2013			
	資產負債表 以內的風險	資產負債表 以外的風險	總額	個別 減值準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
<u>交易對手的類別</u>				
內地實體	210,116	62,056	272,172	107
信貸是用於內地而借款的公司 及個人是在國外	47,304	4,512	51,816	7
其他交易對手而其風險被認定為 內地非銀行類客戶風險	30,049	442	30,491	11
總額	287,469	67,010	354,479	125

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

	30/6/2014		31/12/2013	
	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	274	0.1	216	0.1
– 6個月以上至1年	375	0.1	201	0.1
– 1年以上	500	0.1	507	0.1
	1,149	0.3	924	0.3
經重組客戶墊款	78	0.0	86	0.0
逾期及經重組客戶墊款總額	1,227	0.3	1,010	0.3
有抵押逾期墊款	963	0.2	777	0.2
無抵押逾期墊款	186	0.0	147	0.0
有抵押逾期墊款抵押品市值	1,955		2,736	
逾期3個月以上貸款的 個別減值準備	207		183	

有明確到期日之貸款，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。

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。

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)

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

	30/6/2014 港幣百萬元	31/12/2013 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	-	-

(c) 其他逾期及經重組資產

	30/06/2014		
	應計利息 港幣百萬元	債務證券 港幣百萬元	其他資產* 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	-	-	4
	-	-	4
經重組資產	-	-	-
其他逾期及經重組資產總額	-	-	4
	31/12/2013		
	應計利息 港幣百萬元	債務證券 港幣百萬元	其他資產* 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	-	-	4
	-	-	4
經重組資產	-	-	-
其他逾期及經重組資產總額	-	-	4

* 其他資產是指貿易票據及應收款項。

補充財務資料(續)

E. 逾期、經重組及收回資產(續)

(d) 收回資產

	30/6/2014 港幣百萬元	31/12/2013 港幣百萬元
收回土地及建築物	162	51
收回汽車及設備	-	-
收回資產總額	<u>162</u>	<u>51</u>

此等金額指於2014年6月30日及2013年12月31日收回資產的估計市值。

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。

	30/6/2014 港幣百萬元			總額
	美元	人民幣	其他	
現貨資產	182,434	414,901	81,022	678,357
現貨負債	(163,904)	(387,091)	(91,041)	(642,036)
遠期買入	151,868	110,576	22,369	284,813
遠期賣出	(167,301)	(138,598)	(11,971)	(317,870)
期權倉淨額	(33)	71	(17)	21
非結構性長／(短)盤淨額	<u>3,064</u>	<u>(141)</u>	<u>362</u>	<u>3,285</u>

	31/12/2013 港幣百萬元			總額
	美元	人民幣	其他	
現貨資產	185,817	751,286	77,208	1,014,311
現貨負債	(188,352)	(708,796)	(83,423)	(980,571)
遠期買入	166,647	111,459	17,799	295,905
遠期賣出	(161,663)	(153,524)	(12,039)	(327,226)
期權倉淨額	(31)	6	(8)	(33)
非結構性長／(短)盤淨額	<u>2,418</u>	<u>431</u>	<u>(463)</u>	<u>2,386</u>

	30/6/2014 港幣百萬元			總額
	美元	人民幣	其他	
結構性持倉淨額	<u>2,862</u>	<u>11,611</u>	<u>3,083</u>	<u>17,556</u>

	31/12/2013 港幣百萬元			總額
	美元	人民幣	其他	
結構性持倉淨額	<u>2,475</u>	<u>8,960</u>	<u>754</u>	<u>12,189</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。

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93頁至第143頁的中期財務報告，此中期財務報告包括於2014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《香港聯合交易所有限公司證券上市規則》，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2014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

香港，2014年8月1日

中期股息

董事會欣然宣布派發截至2014年6月30日止6個月的中期股息每股港幣0.43元（「2014中期股息」）（2013中期股息：每股港幣0.43元）。2014中期股息將以現金派發予於2014年8月21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」）。2014中期股息的除息日期為2014年8月18日（星期一）。以股代息計劃的詳情將連同有關選擇表格約於2014年8月21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2014年9月12日（星期五）以平郵寄予股東。

過戶日期

本行將於2014年8月20日（星期三）及2014年8月21日（星期四）暫停辦理股票過戶登記。如欲享有2014中期股息，股東須於2014年8月19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2014年首6個月，本集團錄得可歸屬於集團股東溢利達港幣35.80億元，較上年同期港幣33.76億元增加港幣2.04億元或6.0%。每股基本盈利為港幣1.48元。平均股本回報率為11.2%，而平均資產回報率則為0.9%。

於2014年首6個月，本集團的淨利息收入增加港幣5.77億元，或10.2%，至港幣62.41億元，主要受益於客戶墊款及貿易票據增加。淨費用及佣金收入增加港幣1.60億元，或8.1%，至港幣21.41億元，而非利息收入總額增加港幣3.05億元，或11.5%。經營收入則增加10.6%，至港幣92.02億元。

總經營支出上升8.6%，至港幣48.93億元。經營效率進一步提升，令成本對收入比率由2013上半年的54.2%下降至2014上半年的53.2%。若將中國業務之營業稅及附加稅於營業支出撇除而納入稅項計算，本集團之成本對收入比率會保持在49.4%的水平。

未扣除減值損失之經營溢利上升至港幣43.09億元，較2013同期增加港幣4.96億元，或13.0%。

減值損失增加73.5%至港幣3.16億元，但仍然處於受控的低水平。

已扣除減值損失之經營溢利為港幣39.93億元，升幅為10.0%，或港幣3.63億元。

投資物業重估盈利下跌至港幣1.15億元。此外，集團應佔聯營公司之除稅後溢利為港幣3.09億元。

經計及入息稅後，除稅後溢利達港幣36.32億元，較2013年同期的溢利港幣34.30億元，上升5.9%。

財務狀況

於2014年6月底，本集團綜合資產總額較2013年底的港幣7,539.54億元上升6.8%，至港幣8,053.49億元。客戶墊款總額上升8.3%至港幣4,388.02億元。股東權益總額增加4.4%，至港幣712.10億元。

客戶存款總額上升4.6%至港幣5,595.12億元。與2013年底的存款數字比較，活期存款和往來存款賬戶結餘減少港幣49.95億元，減幅為7.2%。相較2013年底存款數字，儲蓄存款減少至港幣924.80億元，減幅為0.5%，而定期存款則增加港幣299.92億元，增幅為8.0%。包括客戶存款及所有已發行的存款證的存款總額增加5.2%至港幣6,082.03億元。

於2014年6月底的貸款對存款比率為72.1%，較2013年底呈報的70.1%增加2.0個百分點。

榮譽與獎項

本行於2014年首6個月之表現卓越，先後獲頒發多個獎項，包括：

- 香港中小型企業總商會之「2014中小企業最佳拍檔獎」(連續第7年獲獎)；
- 華富財經(香港)有限公司之「華富財經傑出企業大獎2013 — 傑出中小企業服務機構(銀行)」；
- 《文匯報》之「傑出企業銀行人民幣業務獎」；
- 新城財經台、新城數碼財經台及《文匯報》之《人民幣業務傑出大獎2014》—「傑出企業／商業銀行 — 中港聯動大獎」(連續第2年獲獎)；
- 獲《Private Banker International》評選為「香港最佳私人銀行」；
- 萬事達卡國際組織之「2013年度香港區最高高端信用卡平均消費 — 銅獎」，「2013年度香港區最高零售簽賬額增長大獎 — 銀獎」，及「2013年度香港區最高信用卡平均消費 — 銅獎」；
- 銀聯國際之「2013獨家信用卡推廣優惠平台獎」；及
- Visa Inc.之「2013最佳風險管理防詐騙管控發卡銀行」及「2013最高商戶簽賬額增長大獎 — 銅獎」。

此外，東亞銀行(中國)有限公司則榮獲：

- 《北京青年報》之「2013年度中國最佳外資零售銀行」；
- 《貿易金融雜誌》及中國貿易金融網之「2013年度中國外經貿企業最信賴的金融服務商」中「最佳貿易金融產品創新銀行」；
- 中國電子金融年會組委會之「2013年度中國互聯網金融創新獎」；及
- 《環球企業家》雜誌之「中國最佳表現公司50強」。

本集團內其他附屬公司於上半年內榮獲的獎項：

- 藍十字(亞太)保險有限公司榮獲《資本雜誌》頒發「第14屆資本傑出企業成就獎 — 最佳醫療及一般保險」(連續第3年獲獎)；及
- 領達財務有限公司榮獲《資本壹週》頒發「2014《資本壹週》服務大獎 — 信貸財務服務」。

東亞聯豐投資管理有限公司之基金業績表現卓越，先後獲頒發多個獎項。

頒予東亞聯豐投資亞洲債券及貨幣基金：

- 「理柏基金香港年獎2014」之「最佳亞太區債券基金」(按其過往3年及5年業績)；
- 亞洲資產管理之「2013最佳投資表現獎項 — 亞洲債券」(按其過往3年業績)；
- AsianInvestor之「AsianInvestor投資表現獎項2014 — 最佳亞洲債券(美元)」；以及
- Fundsupermart.com之「FSM精選基金2014/15 — 亞洲債券」。

頒予東亞聯豐投資環宇資源基金：

- Fundsupermart.com之「FSM精選基金2014/15 — 環宇資源股票」。

頒予東亞(強積金)日本股票基金：

- 亞洲資產管理之「2014強積金大獎 — 最佳亞洲股票基」(按其過往1年業績)；及
- 理柏基金香港強積金年獎2014之「最佳日本股票基」(按其過往3年業績)。

經濟概覽

踏入2014年，全球經濟放緩。美國經濟於2014年首季下滑，而歐元區經濟復甦亦面對重重障礙。同時，中國的經濟增長速度因政府持續推動經濟改革而放緩。外部需求疲弱，拖累香港出口表現，2014年首6個月的出口增長按年僅上升2.8%。

香港的失業率持續在低位徘徊，於6月底為3.2%。然而，今年首5個月的本地零售業銷售增長按年下滑至0.2%。主要是受到內地經濟增長放緩及內地遊客的消費意欲減低。整體而言，香港經濟於首季度按年溫和增長2.5%。

香港特區政府早前推出樓市降溫措施，繼續打擊市場氣氛，導致樓市交投淡靜。2014年首6個月的住宅物業交易宗數按年減少3.3%。

展望未來，預計美國經濟將會反彈，可於年內為香港的出口業帶來支持。預測香港的本地生產總值增長全年為3%，平均通脹率為3.9%。

內地方面，2014年上半年的出口值按年上升0.9%。與此同時，房地產市場進入調整期，一手樓價於2014年4至6月下跌幅0.8%。由於政府繼續收緊信貸擴張，預計投資增長將持續放緩。

雖然經濟轉弱，但中央政府無意推出大規模的經濟刺激方案以推動增長，反映當局決意容忍較緩慢的經濟增長，以換取經濟改革的成果。此外，內部需求疲弱有助紓緩物價壓力。於今年上半年，通脹率放緩至2.3%。

於2014年下半年，預料西方經濟將逐步改善，這有助紓緩中國內地投資增長減慢的影響。中國於2014年的國內生產總值預期會增長7.5%，預計通脹率平均為2.5%。

業務回顧

香港業務

於2014年6月30日，本行香港的客戶貸款及貿易票據總額較2013年底增長8.8%，存款總額增加7.3%，而債券投資亦增長20.2%。

零售銀行

於2014年上半年，個人銀行業務的經營收入總額較去年同期上升11.0%。所有零售借貸產品均錄得按年增長，當中以私人貸款及按揭貸款表現最為突出，分別上升17.3%及17.8%。在充滿挑戰的市況下，投資及保險產品的銷售仍保持增長，繼續成為服務費及佣金收入淨額的重要來源。

期內，本行繼續致力吸納富裕客戶，並定位為客戶的主要銀行夥伴。本行在時代廣場新開設的分行及顯卓理財中心，進一步增加本行在優越地段的據點。時代廣場分行配備尖端數碼科技，顯卓理財中心則展示品牌全新面貌，而該嶄新品牌設計將伸延至其他顯卓理財中心。此外，本行亦就分行營運展開全面性檢討，旨在透過優化人力資源、簡化程序及針對性地推出數碼方案，以提升效率及服務質素。

本行透過推廣幾種主要零售銀行產品，藉以建立及鞏固與客戶的關係，以及增加往來存款賬戶及儲蓄賬戶的結餘，當中以按揭貸款最能有效吸納全新客戶。儘管樓市低迷，本行的新登記按揭市場佔有率仍然能夠由2013年全年的4.9%上升至2014年上半年的5.6%。與此同時，本行亦提升至尊理財、顯卓理財及企業綜合理財戶口的賬戶之優惠，以吸納新客戶、提高客戶的忠誠度，以及增加客戶所持的產品數目。於2014年6月底，企業綜合理財戶口總數較去年年底增加26.7%，而至尊理財及顯卓理財戶口數目則分別增加9.6%及6.6%。

企業及商業銀行

跨境業務仍是推動本行企業及商業銀行業務發展的主要動力。由於中國企業透過離岸關聯公司籌集資金，以應付日常營運、貿易及在內地、海外進行收購活動的融資需要，故內地企業在港貸款需求依然旺盛。本行以優質的客戶群為服務對象，透過於香港及中國內地的強大跨境業務優勢及龐大網絡，充分迎合市場對跨境銀行服務的需求。

因此，本行的跨境業務錄得理想增長，帶動企業貸款及貿易票據組合期內增長6.6%。資產質素保持良好，而減值貸款比率維持在偏低水平。期內，由於資金成本上升及貸款重新定價未能即時為利息收入帶來貢獻，令淨利息收入承受一定壓力。不過，服務費及佣金收入淨額則按年增長8.2%。

展望未來，本行仍然看好跨境業務的前景。內地新經濟發展區及自由貿易區的發展將繼續為本行創造商機，本行將把握政策持續開放及離岸貸款市場逐步深化所帶來的機遇。

財富管理

2014年上半年，本行私人銀行管理的資產較去年年底增長7.4%。服務費及佣金收入淨額錄得強勁增長，較2013年同期上升20.8%。然而，由於資金成本上漲，儘管在上半年貸款餘額增加17.8%，淨利息收入仍然輕微下降。

產品方面，本行精心設計能切合投資者需求的產品。固定收入產品及單位信託基金的銷售錄得健康增長。私人銀行銷售投資產品的收入平均分布於各主要資產類別，不但加強本行佣金收入的穩定性，而且減低客戶資產轉換所造成的影響。

在香港逐漸發展成為大中華地區財富管理中心的趨勢下，本行銳意站在行業的最前線，為此，本行繼續增聘銷售人才。於今年6月底，內地客戶數目較去年年底增加7.7%，而為此客戶群管理的資產值亦增長15.5%。

東亞私人銀行於《Private Banker International》大中華大獎2014獲評選為「香港最佳私人銀行」，並以其龐大的跨境業務平台帶來的競爭優勢備受特別嘉許。這項業界殊榮突顯本行的私人銀行業務縱然營運歷史相對較短，仍能取得驕人成績，並為其未來發展奠定穩固的基礎。

保險及強積金服務

保險業務仍是本行服務費及佣金收入的重要來源。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保持穩定。以人民幣為保單貨幣的短期保險儲蓄產品的銷售額，因人民幣定期存款的競爭而受壓，但長期壽險產品仍錄得穩健增長，新造保單保費收入按年增長22.5%。

本行旗下全資一般保險附屬公司 — 藍十字之保費收入總額按年增長6.6%，其中醫療保險收入上升6.7%。憑藉本集團的科技實力，藍十字繼續進一步開發電子業務平台，成功令網上交易的保費收入按年提高28.9%。期內，全新的旅遊保險流動網絡平台亦同時推出，為客戶提供便利的網上投保服務及更簡易快捷的交易流程。

本行旗下強積金計劃的成員總數達587,000名。管理的資產值增至港幣180億元，較2013年底增加5.0%。本行的行業計劃繼續保持市場領先地位，市場佔有率達67.1%。本行的強積金計劃透過調低收費進一步提升競爭力，其截至2014年3月底的平均基金開支比率，較最近期公布的行業平均水平為低。

經紀業務

由於美國及中國的經濟數據遜於預期，年初樂觀的投資氣氛迅速減退。烏克蘭地緣政治陷入緊張局勢，而西方主要國家亦牽涉其中，進一步削弱投資情緒。在2014年上半年，A股市場表現欠佳，亦某程度上拖累香港市場的表現。

本行經紀業務受市場氣氛不利所影響，導致成交量下降7%，而稅前盈利亦因固定成本上升而減少42%。由於內地正著手處理結構失衡問題及強化銀行體系，並將經濟增長放於次位，2014年下半年的前景仍然充滿挑戰。本行下半年將繼續進行推廣活動，務求提升市場佔有率。新公布的滬港股票市場交易機制試點計劃，將讓投資者可進行跨境股票交易，本行亦會積極從中發掘機會。

大中華地區業務(香港除外)

中國內地業務

本行在內地註冊成立的附屬公司 — 東亞中國於今年上半年審慎地維持其業務增長。

中國政府為調整經濟結構所實施的宏觀政策對經營環境帶來持續影響。有見及此，東亞中國採取審慎的策略發展新業務。貸款和存款業務與2013年底相比溫和增長，於2014年6月30日的貸款總額和存款總額分別上升2.2%和2.0%。東亞中國的貸款對存款比率維持在68.3%。

今年上半年，存款競爭加劇推高了資金成本，從而對東亞中國的淨息差構成壓力。與2013年下半年相比，淨息差在2014年上半年下跌24個基點至2.22%。然而，淨息差按年比較仍上升11個基點。

展望在市場資金流動性比較充裕及放寬貸款對存款比率計算方法的情況下，東亞中國的淨息差可望於2014年下半年維持穩定。

為了提升業務發展潛力，東亞中國將其業務重點從擴大貸款規模轉移至協助客戶安排離岸貸款，以支持其拓展海外業務。因此，東亞中國為擔保其客戶海外業務的離岸貸款而開立的備用信用證餘額大幅上升，為東亞中國帶來手續費收入。

截至2014年6月30日，東亞中國所開立以本行香港及海外業務部門為受益人的備用信用證餘額較2013年底增加77.9%，帶動企業銀行業務的手續費及佣金收入淨額按年上升37.5%。

2014年上半年，東亞中國亦藉機審視其客戶組合，以大型及國有企業為業務重心。房地產相關貸款主要集中於一、二線城市的房地產項目。

自2013年初成功推出供應鏈融資試點計劃後，東亞中國於今年上半年將該計劃擴展至內地的所有分行。透過該計劃，東亞中國為核心客戶及其上、下游合作夥伴提供全面的金融服務。

東亞中國亦繼續透過擴闊產品種類、擴大零售客戶基礎及提升前線銷售人員的生產力來增強零售銀行業務的盈利能力。此外，東亞中國推出一系列具吸引力的貸款產品，包括小微企業貸款、汽車貸款和信用卡分期貸款。

今年6月底東亞中國的零售貸款總額較2013年底上升4.2%，佔東亞中國總貸款組合的23%。

東亞中國的成本對收入比率由2013年上半年的57.8%下降至2014年同期的55.3%，主要是由於減慢擴展支行網絡步伐，以及實施各項成本控制措施。網點業務重新定位計劃進展良好，推動所有支行在提升收入及人均利潤的能力。

東亞中國進一步擴闊財資產品種類，包括提供外匯即期及遠期匯率實時報價的新服務。東亞中國於2014年3月獲中國外匯交易中心暨全國銀行間同業拆借中心批准成為質押式回購開盤集中競價報價團成員。

2014年上半年，中國政府加大對影子銀行活動的規管，為商界帶來連串影響，亦導致銀行業的資產質素備受壓力。這些負面因素是引致東亞中國的減值貸款比率由2013年底的0.49%上升至2014年6月底的0.74%的主要原因。

東亞中國的資產質素預料在今年下半年仍然受壓。管理層將採取積極的措施以減低信貸風險。

2014年2月，本行向東亞中國注入人民幣20億元資本金，令東亞中國的註冊資本增加至人民幣100億元，資本充足率由2013年底的11.5%上升至2014年6月底的13.2%。東亞中國將繼續優化其資產及負債結構，尤其著重風險加權資產的回報。

在經濟氣候不明朗的因素下，東亞中國於今年上半年放慢擴展內地分行網絡的步伐。

東亞中國於2014年1月7日在中國(上海)自由貿易試驗區(「自貿區」)開設支行，成為首批在自貿區提供銀行服務的外資銀行之一。隨著2014年5月有關監管自貿區分賬核算業務的細則公布後，該支行已著手籌備開展自貿區分賬核算業務。在相關法例和監管框架逐步建立的同時，東亞中國將把握自貿區所帶來的業務機遇，推出更多創新金融產品和服務。

東亞中國亦於本年6月在福州開設一間分行。

截至2014年6月底，東亞中國在內地的41個城市共設有28間分行和98間支行，是內地外資銀行中擁有最強大網絡的銀行之一。此外，本行在陝西省富平縣設有一間村鎮銀行。

澳門及台灣業務

本行在澳門和台灣的網點於今年上半年加強與東亞中國的合作，令跨境業務在貸款及收入增長方面均顯著提高。本行澳門分行透過增加貸款予本地企業客戶，使其貸款組合更多元化。同時，本行台灣分行的人民幣貸款比去年底錄得可觀增長。

國際業務

於2014年上半年，本行的國際業務保持增長趨勢。

儘管資金成本上升，本土物業市場放緩，本行新加坡分行仍然錄得不俗的貸款資產增長。帶動增長的兩個因素包括：中國公司對跨境貿易及海外投資的需求持續，以及人民幣國際化。為擴闊資金來源，應付貸款增長，新加坡分行於上半年推出定期存款推廣活動，成功地強化現有存款客戶的基礎及吸納全新客戶，同時亦推出20億美元的中期票據計劃，並於6月完成首次發行。

展望未來，新加坡分行將繼續利用其長期以來在東南亞的市場優勢，以及借助本行在中國的龐大網絡，為當地及東亞中國的客戶提供跨境金融服務。

本行納閩分行於2014年上半年錄得強勁的貸款增長，主要來自雙邊及銀團貸款項目。該分行仍將集中發展馬來西亞的貸款業務。

本行在英國的業務表現持續理想，並錄得顯著的盈利增長，主要受惠於國外投資者持續青睞英國優質物業。

在回顧期內，英國經濟增長動力冒升，投資者對於優質資產的競爭日益激烈。面對種種新挑戰，本行英國分行將進一步提升服務及產品的質素，充分利用本行在全球主要國家城市的分行網絡，為來自不同地方的高端客戶提供具吸引力的業務方案，幫助這群目標客戶在英國投資。

2014年上半年，本行紐約分行慶祝成立30週年。期內本行在美國的業務取得穩固表現，貸款資產較2013年底錄得11%的額外增長，主要原因是受到主要城市商業地產市場的復甦及銀團貸款的增長所帶動。此外，本行的美國資產質素亦較2013年底進一步改善。

展望未來，本行將繼續採取拓展批發及企業銀行業務的策略，進一步與東亞中國緊密合作，致力為投資於美國的中國大型企業提供適切的服務。

其他附屬公司

領達財務有限公司

儘管商業環境競爭劇烈，但領達財務的貸款組合於2014年上半年仍錄得雙位數增長。該公司主要透過靈活的業務策略及多元化的銷售渠道獲取佳績。2014年2月，領達財務成為香港首家開立WeChat官方賬號的次級貸款公司，讓客戶能夠通過該平台申請貸款及獲取最新資訊。在香港境外，該公司繼續把握中國市場的潛力，在重慶（2014年5月）及深圳（2014年6月）新增兩家內地辦事處，使領達財務的內地辦事處總數增至4家。

卓佳集團有限公司

卓佳於2014年上半年成績斐然。客戶對卓佳的公司秘書與合規服務及投資者服務（特別是在香港）需求殷切，因此半年度費用收入整體錄得理想增長。2014年上半年，卓佳的費用收入再創新高，達港幣5.67億元。稅前溢利亦創歷史新高，達港幣1.79億元，對期內本集團的服務費及佣金收入貢獻良多。由於市場對高質素公司秘書及會計師的需求相當殷切，因此期內於挽留及招聘高質素專業人才方面，成為卓佳的重要挑戰，並預期會持續至下半年。

2014年3月，卓佳香港投資者服務的證券登記處遷往卓佳位於香港皇后大道東183號合和中心22樓的主要營業據點。同月，公司在越南的胡志明市開立合營公司，努力拓展亞洲服務網絡。

東亞聯豐投資管理有限公司

東亞聯豐投資的管理資產於2014年上半年錄得約5%的增長，主要歸因於其在零售及機構業務取得的成果。

因應零售投資者對人民幣投資方案的需求，東亞聯豐投資於2月份推出了人民幣核心債券基金。

展望未來，中國仍然是東亞聯豐投資在業務發展及投資上的重要市場。東亞聯豐投資會與本行合作，透過合格境外機構投資者(QFII)及人民幣合格境外機構投資者(RQFII)探索在內地分銷及投資的機遇。

人力資源

本集團於2014年6月30日的僱員人數為12,801人，分布如下：

香港	5,719
大中華地區(香港除外)	5,873
海外	1,209
總計	12,801

在回顧期內，本集團的薪酬政策及實務、花紅和認股權計劃以及培訓計劃並無重大變化。

企業社會責任

2014年5月，本行刊發截至2013年12月31日止的第二份獨立企業社會責任報告。該報告範圍擴大至整個集團，與本行的財務匯報保持一致。本行亦是香港率先採用全球報告倡議組織G4指引的公司之一。由2015年起，該指引將成為全球所有按照「全球報告倡議組織」指引進行報告的公司所遵循的標準。

本行作為金管局認可的《公平待客約章》的簽署銀行，去年繼續在服務收費上為弱勢客戶及非政府機構提供優惠。由2014年3月開始，本行豁免低收入客戶的港元儲蓄賬戶及多幣結單儲蓄賬戶的戶口服務月費。

本行於2014年首六個月繼續支持多項慈善活動。2014年1月，本行的義工隊與救世軍港澳軍區轄下院舍的長者共慶農曆新年。同年5月，義工隊組織了食物捐贈行動，將員工捐出的乾糧及罐頭食物贈予聖雅各福群會的眾膳坊。

本行現時為全年累計參與義工服務100小時以上的員工提供額外兩天休假，以鼓勵其支持有意義的慈善工作。

2014年6月，本行為本行及其全資附屬公司的員工子女設立大學獎學金計劃，以嘉許學術人才，減輕員工的子女教育開支負擔。

2014年上半年，東亞中國繼續支持多項教育、環境、健康及社會福利計劃。

期內，東亞中國新捐建一所「螢火蟲樂園」。截至2014年6月底，全國的「螢火蟲樂園」總數已增至32所。2014年上半年，逾340個「螢火蟲60背包」透過上海宋慶齡基金會－東亞銀行公益基金捐贈予內地兒童。公益基金自成立至2014年6月30日止，共籌得善款人民幣3,600萬元。

2014年3至4月期間，逾500位東亞中國義工、其家屬及客戶參與了「全家一起來植樹，保護環境減霧霾」活動，在全國20個城市種植逾600棵樹苗，以慶祝植樹節。2014年4月，東亞中國聯同上海宋慶齡基金會及蘆山縣鴻宇養豬農民專業合作社攜手推出「農民創業接力棒項目」，以協助去年在地震中受嚴重破壞的四川省雅安市的災後重建工作。該項目旨在為當地農民建立豬隻養殖事業提供經濟援助，協助其自力更生。

2014年4月，澳門分行與世界宣明會澳門分會攜手合辦「飢饉一餐」活動，為全球營養不良的兒童籌募善款。2014年5月，台北及高雄分行員工為陽光社會福利基金會籌集善款，協助容顏受損人士之身心康復。

海外方面，英國曼徹斯特分行於其客戶服務大堂張貼海報，協助宣傳由當地華人醫務諮詢中心舉辦的健康講座，主題是乙型肝炎及保持健康生活的重要性。講座已於2014年3月在該分行舉行。在美國，紐約分行於2014年1月為市中心的高中學生舉辦職業發展論壇；而洛杉磯分行亦於同年3月參加洛杉磯馬拉松五公里慈善跑，籌集所得的資金用作研究帕金森症。

2014年3月29日，本集團成員連續第6年參加世界自然基金會組織的「地球一小時」活動。藍十字獲香港傷健協會嘉許為「金牌贊助商」，以表彰其熱心參與2014年1月舉行的「傷健共融步行日」活動。2014年5月，領達財務的義工與基督教香港信義會天恩綜合家庭服務中心攜手合作，為葵青區弱勢兒童舉辦了一場派對。

2014年3月，卓佳香港員工在太古地產有限公司及香港小童群益會聯合舉辦的慈善書籍捐贈活動 — 「2014書出愛心」中，捐贈圖書600餘冊，義賣所得悉數撥捐香港小童群益會，為低收入家庭子女提供更多教育機會。

在回顧期內，本行積極履行企業社會責任，並獲頒發多個獎項以作表揚：

- 香港公益金頒發「公益榮譽獎」(連續第15年)；
- 榮獲香港社會服務聯會嘉許為「商界展關懷」機構(連續第11年)。藍十字及領達財務分別為第6年及第4年榮獲該項嘉許；
- 在文匯報、聯合國環境規劃基金會及多個環境保護協會合辦的「綠色中國大獎2014」中榮獲「企業社會責任傑出企業獎」；
- 政府資訊科技總監辦公室及平等機會委員會合辦的「無障礙網頁嘉許計劃」中榮獲「銀獎」；
- 政府諮詢組織的家庭議會之「2013/14年度傑出家庭友善僱主」及「2013/14年度家庭友善創意獎」；以及
- 獲頒發「香港環保卓越計劃」內之「卓越級別」節能標誌(中環總行大廈及觀塘東亞銀行中心)。

東亞中國連續第3年獲中國銀行業協會頒發「最佳社會責任實踐案例獎」，表揚其在2013年於社會責任方面的貢獻。2014年3月，領達財務獲社會福利署荃灣／葵青區安老服務協調委員會頒發「關愛長者機構嘉許計劃2013 — 一星級證書」。於2014年5月，該公司連續第3年獲得九龍樂善堂頒發「愛心企業獎」。

未來前景

2014年下半年的業務及經營環境預計仍不明朗。鑒於香港及中國內地銀行在資金競逐方面十分激烈，資金成本上漲將是銀行面臨的主要挑戰。

本行的跨境銀行業務依然是集團業務發展的核心，本行將充分利用其在香港、中國內地及海外的網絡優勢，以把握更大的跨境業務機遇。本行亦將致力發展內地(包括上海、前海、橫琴及南沙)自由貿易及經濟發展區的跨境業務。

在香港，本行將繼續在私人銀行、財富管理、保險、信用卡及互惠基金方面開拓收費業務的機會。在貸款方面，本行將重點發展按揭業務，藉此進一步推廣其他銀行產品及服務予客戶。

在海外市場，本行將與全球主要市場的金融機構加強戰略關係。本行將強化香港及海外分行與東亞中國及其廣泛的內地分行網絡之間的業務合作，以把握與中國內地日益頻繁的業務往來所帶來的機遇。

為支持跨境業務的發展，東亞中國將致力於跨境貿易融資業務，包括貿易結算及進出口貿易融資安排。這些交易可望進一步提升東亞中國的非利息收入，擴大本行在香港及海外市場(特別是新加坡及英國)的業務組合。東亞中國亦將繼續發展其供應鏈融資業務。

本行將透過優化分行網絡減低營運成本，包括引進電子交易平台及其他節省成本的方案，致力改善成本對收入比率。本行亦為電子支付及電子商務創造網上商機，以控制銷售成本。此外，本行還將充分利用直達式交易程序，優化業務運作。

風險管理

按照金管局發出的規定，本集團已建立一套完善的風險管理制度，以識別、衡量、監察、控制及匯報本集團所承受各類風險，當中涵蓋信貸風險、利率風險、市場風險、流動資金風險和營運風險，並於適當的情況下調配資本以抵禦該等風險。

本集團的風險管理機制是建立在一個中央架構上，當中包括風險委員會、危機管理委員會、風險管理委員會、專責風險管理委員會包括信貸委員會、資產負債管理委員會及營運風險管理委員會，以及風險管理處。這些管理機制可在集團層面上處理各重要的風險相關事項，包括制定政策、風險評估、設立程序和控制限額，以及持續監測遵守情況等，其後會向董事會匯報，確保風險相關事項已全面符合本集團政策，及於香港、中國和海外的相關法律和監管規定。管理層的積極參與、有效的內部監控和全面的稽核均能完善風險管理制度。

風險委員會由本集團的主席兼行政總裁、兩名獨立非執行董事及三名非執行董事組成，風險委員會協助董事會處理與風險管理相關的事宜，尤其是策略方面的事宜。風險委員會定期檢討本集團的風險偏好報告書(涵蓋主要風險)，並將其呈交董事會作批准。在適當的情況下，本集團已將與此有關的風險水平詳列於風險管理政策內。

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。董事會已將持續管理風險的責任授予風險委員會、風險管理委員會及專責風險管理委員會。與重要風險管理相關的事項須上報至董事會，以協助董事會監督風險管理。

本集團定期進行壓力測試，以評估眾多過往和假設壓力情景對本集團財務狀況的影響，尤其是對資本充足、盈利能力及流動資金的影響。

每一個新產品的推出，須通過審批過程，包括業務和財務分析和風險評估。這些新產品的審批由新產品開發工作組負責，並由新產品開發督導組認可。新產品開發工作組由支援職能及業務單位的部門主管組成，而新產品開發督導組主席為集團風險總監，並由支援職能的處級主管組成。

(a) 信貸風險管理

信貸風險源於客戶或交易對手未能履行其承擔，可來自本集團貸款及墊款中的交易對手風險、證券業務的發行商風險和交易活動的交易對手風險。

信貸委員會負責管理所有與本集團信貸風險有關的事務，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分部、制定適當的信貸政策和執行信貸評核程序，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。

本集團在評估與個別客戶或交易對手相關的信貸風險時，雖然可藉客戶或交易對手的抵押品減低信貸風險，然而他們的財政實力以及還款能力才是本集團的主要考慮因素。

本集團已制訂多項政策、程序及評級系統，以辨識、衡量、監察、控制及匯報本集團所承受的信貸風險。在此方面，本集團已將信貸風險管理指引詳列於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、有關法定要求及風險管理程序的最佳作業。

(b) 市場風險管理

市場風險源自所有對市場風險敏感的財務工具，包括債務證券、外匯合約、股份和衍生工具，以及資產負債表或結構性持倉。市場風險管理旨在減少本集團因財務工具內在的波動性而承受的風險。

資產負債管理委員會負責處理本集團一切與市場風險相關的事項，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、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及人民幣為單位，而其他外幣方面，該等貨幣風險佔本集團所有結構性及非結構性外幣的淨持倉總額低於10%。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。

本集團於分行、附屬公司和聯營公司的結構性外匯持倉，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。管理此等外幣持倉的主要目的，是保障本集團的儲備免受匯率波動的影響。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

本集團的利率持倉來自財資及商業銀行業務。交易組合和非交易組合均會產生利率風險。利率風險主要是由帶息資產、負債及承擔在再定息時的時差所致，亦與無息負債持倉有關，其中包括股東資金和往來賬戶及若干定息貸款和負債。利率風險由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審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

在此方面，資產負債管理委員會負責監察本集團承擔市場風險的活動，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，以確保所承擔風險屬於既定的控制限額內。

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。

本集團採用參數法評估本集團交易組合的風險值，其中，風險值乃透過組成份的有關方差及協方差計算得出。該方法是依據過往市場息率與價格的波動、99%置信水平、1日持倉期以及1年過往觀察期來推算，其中對較近期觀察給予相等或較高的權重，並且據此採用較高的風險值。

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」）的賬面值均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內。資產負債管理委員會須定期檢討該限額。

風險值統計

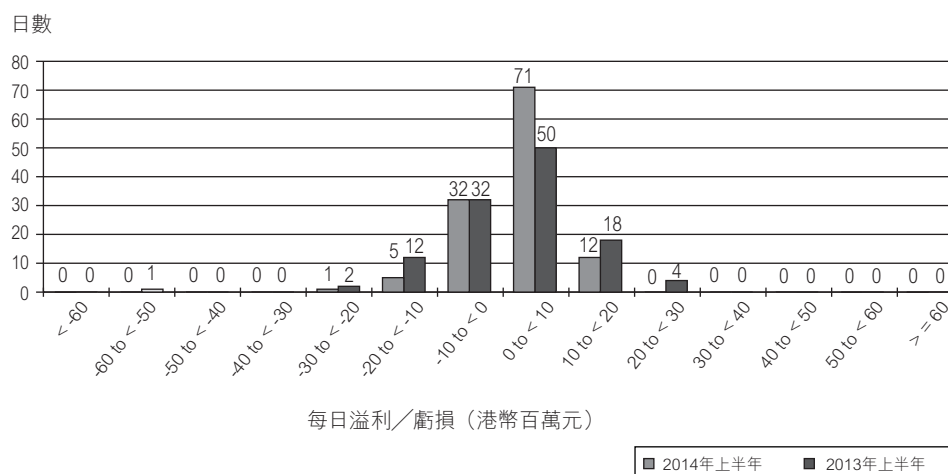
	2014年上半年			
	於6月30日 港幣百萬元	最高 港幣百萬元	最低 港幣百萬元	平均 港幣百萬元
交易活動的風險值總額	25	33	25	29
外匯交易持倉的風險值*	5	11	4	7
利率交易持倉的風險值	5	9	3	6
股份交易持倉的風險值	18	23	18	21

	2013上半年			
	於6月30日 港幣百萬元	最高 港幣百萬元	最低 港幣百萬元	平均 港幣百萬元
交易活動的風險值總額	43	43	26	29
外匯交易持倉的風險值*	9	10	4	7
利率交易持倉的風險值	10	10	2	3
股份交易持倉的風險值	32	32	21	23

* 包括所有外匯持倉但不包括結構性外匯持倉。

於2014年前6個月，所有交易活動（包括貨幣、利率及股份交易活動）所得的每日平均收入為港幣210萬元（2013年前6個月的每日平均收入為港幣142萬元）。每日溢利／虧損的標準差為港幣745萬元（2013年同期為港幣1,103萬元）。以下為每日溢利／虧損的頻率分布情況：

與交易活動相關的溢利／虧損每日分布圖
— 2014年上半年相對2013年上半年



(c) 營運風險管理

營運風險是指由於內部流程、人員和系統不足或不成熟，或因外部事件而導致損失的潛在風險。

營運風險管理的目的在於識別、評估、監控及匯報營運風險，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、自我評估監控、主要風險指標、營運手冊、保險政策、業務持續規劃等。

(d) 流動資金風險管理

流動資金與本集團履行到期責任的能力有關。融資流動風險管理關鍵在於是否能夠在不影響日常營運或財務狀況的情況下，滿足預期及未能預期、目前及未來的現金流量及抵押品需求。市場流動性風險管理著眼於是否能夠在市場深度不足或市場失序時，按市場價格平倉。

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配合所有財務承擔，並掌握業務擴展的機會，當中包括確保本集團能夠在即時或合約期滿時滿足客戶的提款要求，在借款期滿時能夠還款，符合法定的流動資金比率，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訂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，檢討各方面是否符合所設立的監管架構，以及是否有需要改變策略及政策。流動資金狀況由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。稽核部會定期作出檢討，確保流動資金風險管理功能得以有效執行。

穩健的零售客戶基礎構成本集團大部分的資金，本集團一直致力維持穩定的客戶基礎，當中包括各類型的存戶，而我們與存戶一直保持深厚的關係。本集團透過發行存款證、中期票據及後償債項使資金來源更多元化，亦會透過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。

至於內部，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，並接受定期監督及適當控制。

除緊守法定的流動資金比率外，本集團已設立不同的流動資金標準以衡量及分析流動資金風險，包括(但不限於)流動資金比率、貸存比率、累積錯配比例、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，本集團會定期透過對一系列時間內的資產負債表內外資產及項目進行現金流量分析及預測，確定特定時間內的資金需要，從而管理流動資金風險。本集團維持充足的流動資產，例如適量的現金、短期資金和證券數量，以確保能在經審慎釐定的限額內符合短期資金要求。本集團維持應急融資來源，能提供策略性的流動資金，以應付未能預計的大量資金需求。

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會對現金流量造成影響的項目。融資及市場流動資金風險均列入考慮範圍。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)均採用金管局最新監管政策手冊「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，並制訂應急融資政策及計劃，當中訂明了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。

應急融資政策及計劃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，當中包括質量性及數量性的措施，藉以監督內部及外在因素。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，應通知管理層。
2. 本集團已設立危機管理委員會，並由本集團的高層管理人員擔任主席，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，本集團會對問題進行詳細檢討，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，本集團會每年進行演習測試，並會定期檢討應急融資政策及計劃。應急融資政策及計劃如有任何重大變動，均須分別取得董事會及資產負債管理委員會的批准。

已發行存款證、債務證券及借貸資本

於2014年上半年，本行發行了面值為港幣5.20億元、1億美元及8,600萬歐元的浮息存款證及債務證券；面值為港幣15.20億元、12.37億美元、人民幣105.56億元、6.55億英鎊、5,000萬新加坡元、2.15億歐元、1億瑞士法郎及289億日元的定息存款證及債務證券；以及面值為港幣42.69億元、18.55億美元、人民幣8.83億元、1億英鎊、4,300萬歐元及1.40億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381.52億元。

於2014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728.03億元，賬面值則相等於港幣726.57億元。

已發行存款證及債務證券的年期

於2014年6月30日

(以百萬元位列示)

	總面值	到期年份				
		2014	2015	2016	2017	2019
浮息						
港元	2,010	185	905	920		
美元	590	369	141	30	50	
歐元	86		86			
定息(附註)						
港元	4,463		1,719	1,790	654	300
美元	1,486	266	400	20	800	
人民幣	14,687	6,062	8,525	100		
英鎊	385	385				
新加坡元	50		50			
歐元	70		70			
瑞士法郎	100			100		
日元	28,900	2,000	26,900			
零息						
港元	3,636	2,201	1,435			
美元	1,787	1,147	640			
人民幣	1,138	883			255	
英鎊	50	50				
新加坡元	27	27				
歐元	57	57				
瑞士法郎	165	55	110			
所有已發行存款證及債務證券 (港元等值)						
	72,803	32,021	28,829	4,092	7,561	300

附註：

已就管理長期存款證及債務證券附帶的利率風險進行認為必要的相關利率掉期

於2014年6月底，已發行的借貸資本面值相等於港幣134.90億元，賬面值則相等於港幣137.91億元。

借貸資本的年期

於2014年6月30日

(以百萬元位列示)

	總面值	到期年份	
		2020	2022
美元(附註1)	1,100	600	500
新加坡元(附註2)	800		800
所有已發行借貸資本(港元等值)	13,490	4,650	8,840

附註：

1. 將於2022年到期的5億美元借貸資本於2017年5月4日可贖回
2. 於2017年9月13日可贖回

(e) 利率風險管理

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。稽核部會定期作出檢討，確保利率風險管理功能得以有效執行。

本集團管理銀行賬冊利率風險的主要方法是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的到期情況及再定息特點。本行設有重訂息率差距限額以控制本集團的利率風險。

有關利率變動對盈利和經濟價值影響的敏感度分析乃透過每月假設資產負債的收益率曲線出現200個基點的利率衝擊來估算。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

策略性風險管理的目的是監控因不良商業決定或不當地實施良好商業決定而引致盈利或資本方面的風險。

資產負債管理委員會負責持續管理本集團的策略性風險。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。

(g) 法律風險和信譽風險管理

法律風險是指出現合約未能如期執行、一般訴訟或不利審判的情形，可能影響本集團的日常運作或財務狀況的潛在風險。

信譽風險則源自公眾對本集團一宗或多宗有關營商規則、行為或財務狀況事件的負面報導。此等報導，不管真確與否，有可能影響公眾對本集團的信心，因而可能導致高昂的訴訟費用，令本集團之客戶基礎下跌、業務或收入減少。

此等風險管理的目的，在於識別、評估、監控及匯報各項風險，以及遵守相關監管規定的要求。

營運風險管理委員會負責持續監督本集團的法律風險和信譽風險管理。

董事資料的變動

根據《上市規則》第13.51B(1)條，自刊發本行2013年報起直至2014年8月1日（為通過本行2014中期報告當天）期間，董事按第13.51(2)條第(a)至(e)段及第(g)段規定披露資料的變動如下：

於本行及本集團其他成員所擔當職位的變動

- (1) 本行主席兼行政總裁李國寶爵士獲委任為薪酬委員會成員，由2014年5月2日起生效。
- (2) 本行副主席及非執行董事李國章教授獲委任為風險委員會成員，由2014年5月2日起生效。
- (3) 本行獨立非執行董事張建標先生獲委任為薪酬委員會成員，由2014年5月2日起生效。
- (4) 李國寶爵士受聘為本行行政總裁的僱傭合約的任期現予延長3年，由2015年4月1日起生效，並將於2018年3月31日屆滿（包括首尾兩天）。
- (5) 李民橋先生及李民斌先生，現為本行的副行政總裁，已獲委任為本行的執行董事，由2014年8月2日起生效。

有關擔任其他公司董事職務及其他主要任命的變動

李國寶爵士辭任香港按揭證券有限公司董事。

駱錦明先生獲委任為中華民國工商協進會榮譽理事長（前為理事長）。

李國仕先生獲委任為HwangDBS Investment Bank Berhad董事。

杜惠愷先生出任豐盛創建控股有限公司之創辦人及榮譽主席。他辭任豐盛創建企業有限公司董事。

郭孔演先生獲委任為PACC Offshore Services Holdings Ltd.（在新加坡上市）的主席兼非執行董事。他辭任香格里拉（亞洲）有限公司非執行董事一職以及Shangri-La Hotel Public Company Limited（在泰國上市）的董事。

范禮賢博士獲委任為Caixa d' Estalvis i Pensions de Barcelona “la Caixa” Banking Foundation的一位受託人及主席，此變動乃由於西班牙巴塞羅那儲蓄銀行(Caixa d' Estalvis i Pensions de Barcelona “la Caixa”)因遵照西班牙相關規定所需進行的法定改革而產生。

有關董事酬金的變動

- (1) 李國寶爵士收取每年港幣3.85萬元的薪酬委員會成員酬金，由2014年5月2日起生效。
- (2) 李國章教授收取每年港幣3.85萬元的風險委員會成員酬金，由2014年5月2日起生效。
- (3) 張建標先生收取每年港幣3.85萬元的薪酬委員會成員酬金，由2014年5月2日起生效。
- (4) 於2014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9.8百萬元增加至港幣10.2百萬元。
- (5) 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的酬金於2014年7月1日起已經修訂，摘錄如下：

	2014	2013
	每年港幣(元)	每年港幣(元)
董事會：		
主席	460,000	400,000
副主席	330,000	280,000
其他董事	300,000	260,000
審核委員會：		
主席	210,000	180,000
其他成員	120,000	105,000
提名委員會：		
主席	80,000	66,000
副主席	60,000	50,000
其他成員	50,000	38,500
薪酬委員會：		
主席	80,000	66,000
其他成員	50,000	38,500
風險委員會：		
主席	160,000	66,000
其他成員	100,000	38,500

除以上所述外，本行董事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2014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關法團的股份、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	身份及性質	股份數目	總數	佔已發行股份的百分率
李國寶	實益擁有人 配偶的權益 法團的權益	61,962,506 1,853,778 168,795	63,985,079 ¹	2.75
李國章	實益擁有人 酌情信託的成立人	10,895,378 15,285,816	26,181,194 ²	1.12
黃子欣	實益擁有人 配偶的權益 酌情信託的成立人	388,530 136 14,570,135	14,958,801 ³	0.64
黃頌顯	實益擁有人 配偶的權益	51,491 378,544	430,035 ⁴	0.02
李國星	實益擁有人 配偶的權益 酌情信託的受益人	420,561 20,992 35,037,638	35,479,191 ⁵	1.52
羅友禮	—	—	無	無
邱繼炳	—	—	無	無
郭炳江	—	—	無	無
李澤楷	法團的權益	19,000	19,000 ⁶	0.001
駱錦明	—	—	無	無
李福全	實益擁有人 酌情信託的成立人及受益人 法團的權益	5,062,685 24,570,319 9,411,877	39,044,881 ⁷	1.68
李國仕	實益擁有人 子女的權益 酌情信託的受益人	12,146,777 579,773 2,489,481	15,216,031 ⁸	0.65
杜惠愷	—	—	無	無
郭孔演	—	—	無	無
張建標	—	—	無	無
范禮賢	—	—	無	無
李家傑	法團的權益 酌情信託的受益人	679,000 1,100,000	1,779,000 ⁹	0.08

附註：

- 1 李國寶為61,962,506股的實益擁有人。由於其配偶潘金翠擁有1,853,778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168,795股，李國寶為該慈善機構的董事兼唯一成員。
- 2 李國章為10,895,378股的實益擁有人。李國章自願披露其作為成立人的一個酌情信託所持有的15,285,816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。
- 3 黃子欣為388,530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14,570,135股。
- 4 黃頌顯為51,491股的實益擁有人。由於其配偶林美蓮擁有378,544股之權益，他亦被視為擁有該等股份。
- 5 李國星為420,561股的實益擁有人。由於其配偶吳伊莉擁有20,992股之權益，他亦被視為擁有該等股份。餘下之35,037,638股由一個酌情信託The Fook Wo Trust持有，李國星為該信託的其中一位酌情受益人。
- 6 李澤楷被視為擁有由PineBridge Investments LLC (「PBI LLC」)以投資經理身份所持有的19,000股。PBI LLC是李澤楷全資擁有的Chiltonlink Limited的間接附屬公司。
- 7 李福全為5,062,685股的實益擁有人。24,570,319股當中，17,570,319股由New Jerico Limited持有，而7,000,000股則由New Jerico Limited的全資附屬公司Ejeeco Limited持有。李福全是New Jerico Limited的唯一董事。The New Elico Trust持有New Jerico Limited的全部(一股)股份，而李福全為The New Elico Trust的成立人及一位酌情受益人。他亦被視為擁有由九龍維記牛奶有限公司持有的9,411,877股股份，李福全為該公司的主席兼行政總裁。
- 8 李國仕為12,146,777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579,773股。餘下的2,489,481股當中：(i) 2,279,000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18歲以下子女皆為該酌情信託的受益人；及(ii) 210,481股由一個酌情信託— Longevity Trust持有，而李國仕的18歲以下子女為該酌情信託的受益人。
- 9 該1,779,000股中，679,000股由李家傑全資擁有的公司Golf Limited持有。他亦被視為擁有1,100,000股(「該等被視為擁有之股份」)。該等被視為擁有之股份乃由中華煤氣有限公司(「中華煤氣」)之一間附屬公司實益擁有，而李家傑為全權信託之可能受益人，而該等信託間接控制中華煤氣股東大會超過三分之一投票權。

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2014年6月30日止6個月內的資料，見於下列「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500,000,000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年到期的步陞後償票據(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發行之無面值永久非累積步陞優先股(「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(為永久非累積步陞優先股)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2014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1/1/2014 尚未行使	授出	行使	失效	於30/6/2014 尚未行使
李國寶	05/5/2011 ^b	666,000 ^{T1}	—	—	—	666,000
	05/5/2011 ^b	666,000 ^{T2}	—	—	—	666,000
	05/5/2011 ^b	668,000 ^{T3}	—	—	—	668,000
	10/5/2012 ^b	566,000 ^{T1}	—	566,000 ^d	—	無
	10/5/2012 ^b	666,000 ^{T2}	—	—	—	666,000
	10/5/2012 ^b	668,000 ^{T3}	—	—	—	668,000
	03/5/2013 ^b	666,000 ^{T1}	—	—	—	666,000
	03/5/2013 ^b	666,000 ^{T2}	—	—	—	666,000
	03/5/2013 ^b	668,000 ^{T3}	—	—	—	668,000
	02/5/2014 ^c	—	666,000 ^{T1}	—	—	666,000
	02/5/2014 ^c	—	666,000 ^{T2}	—	—	666,000
	02/5/2014 ^c	—	668,000 ^{T3}	—	—	668,000
	其他僱員的總數*	05/5/2009 ^a	435,000	—	435,000 ^d	—
06/7/2010 ^a		3,450,000	—	—	—	3,450,000
05/5/2011 ^b		1,164,000 ^{T1}	—	—	—	1,164,000
05/5/2011 ^b		1,164,000 ^{T2}	—	—	—	1,164,000
05/5/2011 ^b		1,172,000 ^{T3}	—	—	—	1,172,000
10/5/2012 ^b		1,164,000 ^{T1}	—	—	—	1,164,000
10/5/2012 ^b		1,164,000 ^{T2}	—	—	—	1,164,000
10/5/2012 ^b		1,172,000 ^{T3}	—	—	—	1,172,000
03/5/2013 ^b		1,164,000 ^{T1}	—	—	—	1,164,000
03/5/2013 ^b		1,164,000 ^{T2}	—	—	—	1,164,000
03/5/2013 ^b		1,172,000 ^{T3}	—	—	—	1,172,000
02/5/2014 ^c		—	1,326,000 ^{T1}	—	—	1,326,000
02/5/2014 ^c		—	1,326,000 ^{T2}	—	—	1,326,000
02/5/2014 ^c		—	1,335,500 ^{T3}	—	—	1,335,500
其他參與人**		06/7/2010 ^a	150,000	—	—	—
	05/5/2011 ^b	100,000 ^{T1}	—	—	—	100,000
	05/5/2011 ^b	100,000 ^{T2}	—	—	—	100,000
	05/5/2011 ^b	100,000 ^{T3}	—	—	—	100,000
	10/5/2012 ^b	100,000 ^{T1}	—	—	—	100,000
	10/5/2012 ^b	100,000 ^{T2}	—	—	—	100,000
	10/5/2012 ^b	100,000 ^{T3}	—	—	—	100,000
	03/5/2013 ^c	50,000 ^{T1}	—	—	—	50,000
	03/5/2013 ^c	50,000 ^{T2}	—	—	—	50,000
	03/5/2013 ^c	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2009年及2010年授予的認股權詳情：

<u>授予日期</u>	<u>有效期</u>	<u>行使期</u>	<u>每股行使價</u> 港幣(元)
05/5/2009	05/5/2009 – 04/5/2010	05/5/2010 – 05/5/2014	21.25
06/7/2010	06/7/2010 – 05/7/2011	06/7/2011 – 06/7/2015	28.49

b 於2011年至2013年授予的認股權詳情：

<u>授予日期</u>	<u>部分</u>	<u>有效期</u>	<u>行使期</u>	<u>每股行使價</u> 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

c 於2014年授予的認股權：

(i) 詳情：

<u>授予日期</u>	<u>部分</u>	<u>有效期</u>	<u>行使期</u>	<u>每股行使價</u> 港幣(元)
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

(ii) 本行股份在2014年4月30日(即2014年5月2日授出認股權當日之前一個營業日)的收市價為港幣31.95元。

(iii) 截至2014年6月30日止6個月內授予的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輸入參數。

	30/06/2014
於計量日的公平價值	
一部分1	港幣4.93元
一部分2	港幣5.04元
一部分3	港幣5.08元
股價	港幣32.50元
行使價	港幣32.50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)	22.14%
認股權年期	
一部分1	6年
一部分2	7年
一部分3	8年
預計股息	4.76%
無風險利率(根據外匯基金票據)	1.34%

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。

d 在截至2014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：

授予日期	行使認股權數目	每股行使價 港幣(元)	半年加權 平均收市價 港幣(元)
05/5/2009	435,000	21.25	31.54
10/5/2012	566,000	28.99	32.85

(2) 截至2014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兩者之最高者：

(a) 於授出認股權當日本行普通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，本行普通股份在聯交所日報表的平均收市價。

當認股權被行使時，所得款項存入股東權益。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為在資本儲備內，直至當認股權被行使時（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2014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2014年6月30日，根據《證券及期貨條例》第336條須予備存的登記冊（「登記冊」）所記錄，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	身份及性質	股份數目	佔已發行股份的百分率
CaixaBank, S.A.	實益擁有人	396,883,785 ¹	17.05
西班牙巴塞羅那儲蓄銀行	法團的權益	396,883,785 ¹	17.05
國浩管理有限公司	實益擁有人	339,766,793 ^{2,3}	15.02 ⁴
國浩集團有限公司	法團的權益	339,766,793 ²	15.02
GuoLine Overseas Limited	法團的權益	339,766,793 ²	15.02 ⁴
GuoLine Capital Assets Limited	法團的權益	339,766,793 ²	15.02 ⁴
Hong Leong Company (Malaysia) Berhad	法團的權益	339,766,793 ^{2,3}	15.02
HL Holdings Sdn Bhd	法團的權益	339,766,793 ²	15.02
郭令燦	法團的權益	339,766,793 ²	15.02
Hong Leong Investment Holdings Pte. Ltd.	法團的權益	339,766,793 ³	15.02
Davos Investment Holdings Private Limited	法團的權益	339,766,793 ³	15.02
KWEK Leng Kee	法團的權益	339,766,793 ³	15.02
三井住友銀行	實益擁有人	211,553,938 ⁵	9.50
三井住友金融集團	法團的權益	211,553,938 ⁵	9.50

附註：

- 1 西班牙巴塞羅那儲蓄銀行擁有控制CaixaBank, S.A.的權益，因此而被視為擁有CaixaBank, S.A.所持有上列的396,883,785股本行股份的權益。

本行已收到通知上述2個法團的持股量已增加，於2014年6月30日持股量為411,379,185股（佔本行於2014年6月30日已發行股份約17.67%）。根據《證券及期貨條例》第XV部，彼等增持有關股份無須作出披露。

在2014年6月30日之後，本行獲告知，西班牙巴塞羅那儲蓄銀行終止為一間儲蓄銀行，而成為（就其在CaixaBank, S.A.的股份權益而言）一間受西班牙銀行監管的基金。由於有關法定改革，Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation因而成為CaixaBank, S.A.的控股公司。

- 2 附註2及3所指之339,766,793股本行股份為同一批股份。國浩管理有限公司為339,766,793股（相等於2013年6月26日根據《證券及期貨條例》第XV部作出披露時本行已發行股份約15.02%）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74.10%權益（在根據《證券及期貨條例》第XV部作出披露時）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339,766,793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339,766,793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339,766,793股股份的權益。

- 3 附註2及3所指之339,766,793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。Hong Leong Investment Holdings Pte. Ltd.和Davos Investment Holdings Private Limited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339,766,793股（相等於2013年6月26日根據《證券及期貨條例》第XV部作出披露時本行已發行股份約15.02%）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339,766,793股的權益。

- 4 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。

- 5 三井住友金融集團全資擁有三井住友銀行，因此三井住友金融集團被視為擁有三井住友銀行所持有上列的211,553,938股本行股份的權益。

本行已收到通知上述2個法團的持股量已增加至224,381,038股（佔本行於2014年6月30日已發行股份約9.64%）。根據《證券及期貨條例》第XV部，彼等增持有關股份無須作出披露。

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。

買賣本行上市證券

截止2014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

本集團致力維持最高的企業管治標準，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。

除以下所述偏離守則條文A.2.1的行為外，本行在截至2014年6月30日止6個月的會計期間內已遵守《上市規則》附錄十四「企業管治守則」的全部守則條文。

在截至2014年6月30日止6個月的會計期間內，本行遵循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》指引之各項要求。

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資歷的成員組成。董事會會議約每季召開1次，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，在17位董事會成員當中，9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確認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。

所有董事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2014年6月30日止之半年業績及2014年中期報告。

遵守標準守則

本行已自行訂立一套與《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」）所訂標準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」）。

本行亦已訂立一份*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。

本行經向所有董事明確查詢，彼等已確認於截至2014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

2014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)及香港交易及結算有限公司之網站(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，或以轉真(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，2014年8月1日

於本報告日期，本行的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)、黃頌顯先生**、李國星先生*、羅友禮先生**、丹斯里邱繼炳博士**、郭炳江博士**、李澤楷先生*、駱錦明先生**、李福全先生*、李國仕先生*、杜惠愷先生**、郭孔演先生**、張建標先生**、范禮賢博士*及李家傑先生*。

* 非執行董事

** 獨立非執行董事

GLOSSARY 詞彙

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」	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong 東亞銀行有限公司，於香港註冊成立的有限公司
BEA China 「東亞中國」	The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank 東亞銀行(中國)有限公司，本行的全資附屬公司
BEA Macau 「澳門分行」	the Bank's branch operations in Macau 本行的澳門分行
BEA Taiwan 「台灣分行」	the Bank's branch operations in Taiwan 本行的台灣分行
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
BGCA 「小童群益會」	The Boys' & Girls' Clubs Association of Hong Kong 香港小童群益會
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)》
Charity Fund 「公益基金」	Shanghai Soong Ching Ling Foundation – BEA Charity Fund 上海宋慶齡基金會－東亞銀行公益基金
CHF 「瑞士法郎」	Swiss franc 瑞士法郎
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
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
CSR 「企業社會責任」	Corporate social responsibility 企業社會責任
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 包括任何任職本行董事職位的人士(不論其職銜如何)，或文義另有所指的人士
EUR 「歐羅」	Euro 歐羅

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
GRI 「全球報告倡議組織」	Global Reporting Initiative 全球報告倡議組織
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
HKMA 「金管局」	Hong Kong Monetary Authority 香港金融管理局
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
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
JPY 「日圓」	Japanese yen 日圓
Mn 「百萬」	Million 百萬
NC 「提名委員會」	the Nomination Committee of the Bank 本行的提名委員會
NIM 「淨息差」	Net interest margin 淨息差
QFII 「合格境外機構投資者」	Qualified Foreign Institutional Investor 合格境外機構投資者
RC 「薪酬委員會」	the Remuneration Committee of the Bank 本行的薪酬委員會
RIC 「風險委員會」	the Risk Committee of the Bank 本行的風險委員會
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
Stock Exchange 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
Tricor 「卓佳」	Tricor Holdings Limited, a non-wholly-owned subsidiary of the Bank 卓佳集團有限公司，本行的非全資附屬公司
UK 「英國」	United Kingdom 英國

US 「美國」	United States of America 美利堅合眾國
US\$ or USD 「美元」	United States dollar, the lawful currency of the US 美國法定貨幣
VaR 「風險值」	value-at-risk 風險值

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