



BEA 東亞銀行

(Stock Code 股份代號 : 23)



Interim Report
2021 中期報告

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FINANCIAL HIGHLIGHTS

	30 June 2021	30 June 2020	31 December 2020
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For the half year ended

Profitability	HK\$ Mn	HK\$ Mn	HK\$ Mn
Operating profit before impairment losses	3,768	4,124	4,223
Profit attributable to owners of the parent	2,671	1,532	2,082
Earnings Per Share and Dividends Per Share	HK\$	HK\$	HK\$
Basic earnings	0.78	0.39	0.58
Dividends	0.35	0.16	0.24
Key Ratios	%	%	%
Return on average assets (annualised) ¹	0.5	0.3	0.4
Return on average equity (annualised) ²	4.6	2.5	3.5
Cost-to-income ratio ³	55.2	51.3	52.2

At period/year end

Balance Sheet Strength	HK\$ Mn	HK\$ Mn	HK\$ Mn
Total loans and advances to customers and trade bills	546,577	512,308	525,725
Total assets	900,509	848,713	884,420
Total customers' deposits and certificates of deposit issued	661,656	611,229	650,054
Total equity	114,506	106,998	113,796
Key Ratios	%	%	%
Loan to deposit ratio ⁴	80.9	82.0	79.1
Impaired loan ratio ⁵	1.21	1.29	1.26
Common Equity Tier 1 capital ratio ⁶	16.9	16.5	16.5
Tier 1 capital ratio ⁶	19.8	19.5	19.4
Total capital ratio ⁶	22.4	22.1	21.9

Notes:

1. Annualised profits attributable to the owners of the parent for the period after deduction of the distributions to Additional Tier 1 issue holders / Monthly average balance of the total assets for the period including last year-end balance.
2. Annualised profits attributable to the owners of the parent for the period after deduction of the distributions to Additional Tier 1 issue holders / Monthly average balance of the total equity attributable to the owners of the parent for the period including last year-end balance.
3. Operating expenses / Operating income.
4. Total gross loans and advances to customers / Total deposits from customers and certificates of deposits issued.
5. Gross impaired loans and advances to customers / Total gross loans and advances to customers.
6. It is computed on a consolidated basis in accordance with Banking (Capital) Rules.

CORPORATE INFORMATION

SPECIAL ADVISOR TO THE BOARD

Dr. Isidro FAINÉ CASAS

BOARD OF DIRECTORS

Executive Directors

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

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

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

Non-executive Directors

Professor Arthur LI Kwok-cheung
(Deputy Chairman)

Mr. Aubrey LI Kwok-sing

Mr. Winston LO Yau-lai

Mr. Stephen Charles LI Kwok-sze

Dr. Daryl NG Win-kong

Mr. Masayuki OKU

Dr. Francisco Javier SERRADO TREPAT

Independent Non-executive Directors

Dr. Allan WONG Chi-yun
(Deputy Chairman)

Dr. the Hon. Rita FAN HSU Lai-tai

Mr. Meocre LI Kwok-wing

Dr. the Hon. Henry TANG Ying-yen

Dr. Delman LEE

Mr. William Junior Guilherme DOO

Dr. David MONG Tak-yeung

SENIOR ADVISOR

Mr. CHAN Tze-ching

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu
Co-Chief Executive

Mr. Brian David LI Man-bun
Co-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

AUDITOR

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

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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, 2021. The interim financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2020 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 audited financial statements. Details of these changes in accounting policies are set out in Note 2. The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. KPMG's independent review report to the Board is included on page 78.

Consolidated Income Statement

		6 months ended 30/6/2021	6 months ended 30/6/2020
	Notes	HK\$ Mn	HK\$ Mn
Interest income	3	8,887	11,809
Interest income calculated using the effective interest method		9,403	11,928
Other interest expense		(516)	(119)
Interest expense	4	(3,364)	(5,695)
Net interest income		5,523	6,114
Fee and commission income	5	1,969	1,854
Fee and commission expense		(429)	(419)
Net fee and commission income		1,540	1,435
Net trading profit	6	561	453
Net result on financial instruments at FVTPL	7	173	(106)
Net result on financial assets measured at FVOCI	8	21	37
Net loss on sale of investments measured at amortised cost		(13)	–
Net hedging profit	9	64	36
Net insurance profit	10	371	268
Other operating income	11	175	237
Non-interest income		2,892	2,360
Operating income		8,415	8,474
Operating expenses	12	(4,647)	(4,350)
Operating profit before impairment losses		3,768	4,124
Impairment losses on financial instruments	13	(581)	(2,675)
Impairment losses on assets held for sale		–	(5)
Impairment losses on intangible assets		–	(2)
Impairment losses on associate	23	–	(220)
Impairment losses		(581)	(2,902)
Operating profit after impairment losses		3,187	1,222
Net profit on sale of assets held for sale	14	–	2
Net profit on disposal of subsidiaries/associates		–	341
Net loss on disposal of fixed assets	15	(22)	(11)
Valuation losses on investment properties	24	(123)	(130)
Share of profits less losses of associates and joint ventures		129	190
Profit for the period before taxation		3,171	1,614
Income tax	16	(474)	(56)
Profit for the period		2,697	1,558

Consolidated Income Statement (Continued)

		6 months ended 30/6/2021	6 months ended 30/6/2020
	Notes	HK\$ Mn	HK\$ Mn
Attributable to:			
Owners of the parent		2,671	1,532
Non-controlling interests		26	26
Profit for the period		<u>2,697</u>	<u>1,558</u>
Profit for the Bank		<u>2,305</u>	<u>2,496</u>
Earnings per share			
Basic	1(b)	HK\$0.78	HK\$0.39
Diluted	1(b)	HK\$0.78	HK\$0.39

Consolidated Statement of Comprehensive Income

		6 months ended 30/6/2021	6 months ended 30/6/2020
	Notes	HK\$ Mn	HK\$ Mn
Net profit		2,697	1,558
Other comprehensive income for the period:			
Items that will not be reclassified to income statement:			
Premises:			
– unrealised surplus on revaluation of premises		4	–
– deferred taxes	32	5	1
Fair value reserve (equity instruments):			
– net change in fair value		(537)	(278)
– deferred taxes	32	(13)	6
Liability credit reserve:			
– net change in fair value attributable to Group's own credit risk		(7)	(11)
– deferred taxes	32	2	2
Items that may be reclassified subsequently to income statement:			
Fair value reserve (debt instruments):			
– net change in fair value		463	(1,480)
– amount transferred to income statement on disposal		(78)	(234)
– on amortisation		–	(1)
– deferred taxes	32	(163)	311
Hedging reserve (cash flow hedges):			
– effective portion of changes in fair value of hedging instruments		1	4
– fair value change transferred to income statement		(1)	(6)
Share of changes in equity of associates and joint ventures		(193)	(148)
Exchange differences arising from translation of accounts/disposal of overseas branches, subsidiaries, associates and joint ventures		266	(1,045)
Other comprehensive income		(251)	(2,879)
Total comprehensive income		2,446	(1,321)
Total comprehensive income attributable to:			
Owners of the parent		2,420	(1,347)
Non-controlling interests		26	26
		2,446	(1,321)

Consolidated Statement of Financial Position

		30/6/2021	31/12/2020
	Notes	HK\$ Mn	HK\$ Mn
ASSETS			
Cash and balances with banks	17	60,370	56,377
Placements with and advances to banks	18	50,728	66,849
Trade bills	19	11,464	11,793
Trading assets	20	4,126	1,190
Derivative assets	38(b)	5,231	8,059
Loans and advances to customers	21	530,833	509,070
Investment securities	22	141,205	144,171
Investments in associates and joint ventures	23	9,051	9,182
Fixed assets	24	13,768	14,065
– Investment properties		4,975	4,961
– Other properties and equipment		7,968	8,208
– Right-of-use assets		825	896
Goodwill and intangible assets		1,905	1,912
Deferred tax assets	32	1,950	2,022
Other assets	25	69,878	59,730
– Assets held for sale	43	30,630	26,657
– Others		39,248	33,073
Total Assets		900,509	884,420
EQUITY AND LIABILITIES			
Deposits and balances of banks		31,326	31,143
– Designated at fair value through profit or loss	26	3,146	5,442
– At amortised cost		28,180	25,701
Deposits from customers		598,588	589,202
– Demand deposits and current accounts		72,780	69,835
– Savings deposits		191,451	187,902
– Time, call and notice deposits		334,357	331,465
Trading liabilities	27	1	–
Derivative liabilities		8,116	13,016
Certificates of deposit issued		63,068	60,852
– Designated at fair value through profit or loss	26	29,925	24,494
– At amortised cost		33,143	36,358
Current taxation		861	624
Debt securities issued		5,404	5,057
– Designated at fair value through profit or loss	26	460	155
– At amortised cost		4,944	4,902
Deferred tax liabilities	32	649	460
Other liabilities	28	67,659	59,959
– Liabilities held for sale	43	28,281	26,864
– Others		39,378	33,095
Loan capital – at amortised cost	29	10,331	10,311
Total Liabilities		786,003	770,624
Share capital	1(d)	41,599	41,557
Reserves	33	58,652	57,328
Total equity attributable to owners of the parent		100,251	98,885
Additional equity instruments	34	13,968	13,968
Non-controlling interests		287	943
Total Equity		114,506	113,796
Total Equity and Liabilities		900,509	884,420

Consolidated Statement of Changes in Equity

	Share capital	General reserve	Revaluation reserve of bank premises	Capital reserve	Exchange revaluation reserve	Capital reserve – staff share options issued	Fair value reserve	Hedging reserve	Liability credit reserve	Other reserves ^{Note}	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity	
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
At 1st January, 2021	41,557	13,657	1,895	895	301	157	2,465	–	(32)	5,138	32,852	98,885	13,968	943	113,796	
Changes in equity																
Profit for the period	–	–	–	–	–	–	–	–	–	–	2,671	2,671	–	26	2,697	
Other comprehensive income	–	–	9	–	266	–	(328)	–	(5)	(193)	–	(251)	–	–	(251)	
Total comprehensive income	–	–	9	–	266	–	(328)	–	(5)	(193)	2,671	2,420	–	26	2,446	
Shares issued in lieu of dividend (Note 1(d))	42	–	–	–	–	–	–	–	–	–	–	42	–	–	42	
Equity settled share-based transaction	–	–	–	–	–	9	–	–	–	–	–	9	–	–	9	
Transfer	–	–	–	–	–	(24)	–	–	–	208	(184)	–	–	–	–	
Distribution/Dividends declared or approved during the period	–	–	–	–	–	–	–	–	–	–	(1,105)	(1,105)	–	(52)	(1,157)	
Change of ownership in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(630)	(630)	
At 30th June, 2021	<u>41,599</u>	<u>13,657</u>	<u>1,904</u>	<u>895</u>	<u>567</u>	<u>142</u>	<u>2,137</u>	<u>–</u>	<u>(37)</u>	<u>5,153</u>	<u>34,234</u>	<u>100,251</u>	<u>13,968</u>	<u>287</u>	<u>114,506</u>	
At 1st January, 2020	41,379	13,651	1,848	1,090	(1,629)	163	2,331	1	(7)	5,347	31,133	95,307	13,963	368	109,638	
Changes in equity																
Profit for the period	–	–	–	–	–	–	–	–	–	–	1,532	1,532	–	26	1,558	
Other comprehensive income	–	–	1	–	(1,045)	–	(1,676)	(2)	(9)	(148)	–	(2,879)	–	–	(2,879)	
Total comprehensive income	–	–	1	–	(1,045)	–	(1,676)	(2)	(9)	(148)	1,532	(1,347)	–	26	(1,321)	
Shares issued in lieu of dividend	149	–	–	–	–	–	–	–	–	–	–	149	–	–	149	
Equity settled share-based transaction	–	–	–	–	–	2	–	–	–	–	–	2	–	–	2	
Transfer	–	–	–	(196)	–	(17)	–	–	–	(84)	297	–	–	–	–	
Distribution/Dividends declared or approved during the period	–	–	–	–	–	–	–	–	–	–	(1,414)	(1,414)	–	(53)	(1,467)	
Change of ownership in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(3)	(3)	
At 30th June, 2020	<u>41,528</u>	<u>13,651</u>	<u>1,849</u>	<u>894</u>	<u>(2,674)</u>	<u>148</u>	<u>655</u>	<u>(1)</u>	<u>(16)</u>	<u>5,115</u>	<u>31,548</u>	<u>92,697</u>	<u>13,963</u>	<u>338</u>	<u>106,998</u>	

Note: Other reserves include statutory reserve and other reserves.

Condensed Consolidated Cash Flow Statement

		6 months ended 30/6/2021	6 months ended 30/6/2020
	Notes	HK\$ Mn	HK\$ Mn
NET CASH OUTFLOW FROM OPERATIONS		(13,894)	(2,041)
Income tax paid			
Hong Kong profits tax paid		(16)	(738)
Outside Hong Kong profits tax paid		(105)	(183)
NET CASH USED IN OPERATING ACTIVITIES		(14,015)	(2,962)
INVESTING ACTIVITIES			
Dividends received from equity securities measured at FVOCI		6	4
Purchase of fixed assets		(174)	(175)
Proceeds from disposal of other properties and equipment		3	1
Proceeds from sale of assets held for sale		–	8
Proceeds from disposal of associates		–	906
Returns of investment in associates		3	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(162)	744
FINANCING ACTIVITIES			
Ordinary dividends paid		(710)	(921)
Distribution to Additional Tier 1 issue holders	1(c)	(405)	(397)
Issue of debt securities		314	1,393
Issue of loan capital		–	4,617
Payment of lease liabilities		(199)	(215)
Redemption of debt securities issued		(4)	(155)
Interest paid on loan capital		(236)	(269)
Interest paid on debt securities issued		(117)	(113)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(1,357)	3,940
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,534)	1,722
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		113,702	94,638
Effect of foreign exchange rate changes		479	(1,212)
CASH AND CASH EQUIVALENTS AT 30TH JUNE	35	98,647	95,148
Cash flows from operating activities included:			
Interest received		8,961	12,067
Interest paid		3,648	7,006
Dividend received		17	15

Notes to the Interim Financial Statements

Notes:

1. (a) This interim report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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, 2020 that is included in the interim financial report as comparative information does not constitute the Bank's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Bank has delivered the financial statements for the year ended 31st December, 2020 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Bank's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

- (b) (i) The calculation of basic earnings per share is based on the consolidated profit for the period attributable to owners of the parent of HK\$2,266 million (six months ended 30th June, 2020: HK\$1,135 million) after accounting for the distribution of HK\$405 million (six months ended 30th June, 2020: HK\$397 million) to Additional Tier 1 issue holders, and on the weighted average of 2,918 million ordinary shares outstanding during the six months ended 30th June, 2021 (six months ended 30th June, 2020: 2,911 million).
- (ii) The calculation of diluted earnings per share is based on the consolidated profit for the period attributable to owners of the parent of HK\$2,266 million (six months ended 30th June, 2020: HK\$1,135 million) after accounting for the distribution of HK\$405 million (six months ended 30th June, 2020: HK\$397 million) to Additional Tier 1 issue holders, and on the weighted average of 2,918 million ordinary shares outstanding during the six months ended 30th June, 2021 (six months ended 30th June, 2020: 2,911 million), adjusted for the effects of all dilutive potential shares.
- (c) Distribution/Dividends
- (i) Dividends payable to equity owners of the parent attributable to the interim period

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Interim dividend declared after the interim period of HK\$0.35 per share on 2,919 million shares (six months ended 30th June, 2020: HK\$0.16 per share on 2,915 million shares)	1,022	466

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

Notes to the Interim Financial Statements (Continued)

1. (c) Distribution/Dividends (Continued)

- (ii) Dividends payable to equity owners of the parent attributable to the previous financial year, approved and paid during the interim period

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Second interim dividend of HK\$0.24 per share on 2,917 million shares (2020: HK\$0.35 per share on 2,907 million shares)	700	1,017

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

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Distribution paid on the Additional Tier 1 capital instruments	405	397

(d) Share Capital

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

	At 30th June, 2021		At 31st December, 2020	
	No. of shares		No. of shares	
	Million	HK\$ Mn	Million	HK\$ Mn
Ordinary shares, issued and fully paid:				
At 1st January	2,917	41,557	2,907	41,379
Share issued in lieu of dividend	2	42	10	178
At 30th June/31st December	2,919	41,599	2,917	41,557

Notes to the Interim Financial Statements (Continued)

2. Changes in Accounting Policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31st December, 2020.

The change in accounting policy are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31st December 2021.

The Group has initially adopted Interest Rate Benchmark Reform – Phase 2 Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (the "Phase 2 amendments") from 1st January, 2021.

The Group applied the Phase 2 amendments retrospectively. In accordance with the options permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020.

There is no impact on opening equity balances as a result of retrospective application given that the relevant modifications to financial contracts would only be required after 2020.

The Phase 2 amendments provide practical relief from certain requirements in HKFRSs. This relief relates to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

The Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the interest rate benchmark reform if the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional changes.

The Phase 2 amendments allow the Group to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

The Phase 2 amendments also provide a series of temporary exemptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedging relationship to be continued without interruption. The Group applies the following relief as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

Notes to the Interim Financial Statements (Continued)

3. Interest Income

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Loans, deposits with banks, and trade bills	7,635	9,962
Investment securities		
– measured at amortised cost or FVOCI	1,169	1,724
– designated at FVTPL	–	23
– mandatory at FVTPL	57	86
Trading assets	26	14
	<u>8,887</u>	<u>11,809</u>

For the transactions where interest rate risk is hedged, the periodic payments and receipts arising from interest rate contracts which are qualifying hedging instruments for, or individually managed in conjunction with, interest earning financial assets are first netted together and then combined with the interest income from the corresponding financial assets.

The above included HK\$9,403 million (six months ended 30th June, 2020: HK\$11,928 million) interest income, before hedging effect, for financial assets that are not recognised at fair value through profit or loss.

4. Interest Expense

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Customer deposits and deposits of banks		
– at amortised cost	2,721	4,582
– designated at FVTPL	6	27
Certificates of deposit and debt securities issued		
– at amortised cost	327	592
– designated at FVTPL	96	226
Subordinated notes carried at amortised cost	197	248
Lease liabilities	15	18
Other borrowings	2	2
	<u>3,364</u>	<u>5,695</u>

For the transactions where interest rate risk is hedged, the periodic payments and receipts arising from interest rate contracts which are qualifying hedging instruments for, or individually managed in conjunction with, interest-bearing financial liabilities are first netted together and then combined with the interest expense from the corresponding financial liabilities.

The above included HK\$3,285 million (six months ended 30th June, 2020: HK\$5,476 million) interest expense, before hedging effect, for financial liabilities that are not recognised at fair value through profit or loss.

Notes to the Interim Financial Statements (Continued)

5. Fee and Commission Income

Fee and commission income is disaggregated by services:

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Loans, overdrafts and guarantees	397	381
Credit cards	391	485
Investment products	246	222
Securities brokerage	231	167
Trust and other fiduciary activities	150	139
Trade finance	118	137
Other retail banking services	86	81
Sale of third party insurance policies	83	26
Financial consultancy	1	11
Others	266	205
	<u>1,969</u>	<u>1,854</u>
Total fee and commission income		
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 measured at FVTPL	1,549	1,442
Fee income	1,969	1,854
Fee expenses	(420)	(412)

6. Net Trading Profit

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Profit on dealing in foreign currencies and funding swaps	239	223
Profit/(Loss) on trading securities	82	(42)
Net gain on derivatives	229	262
Loss on other dealing activities	(1)	(1)
Dividend income from trading equity securities	12	11
	<u>561</u>	<u>453</u>

Notes to the Interim Financial Statements (Continued)

7. Net Result on Financial Instruments at FVTPL

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Net profit/(loss) from financial instruments designated at FVTPL	16	(88)
Net profit/(loss) from financial instruments mandatorily measured at FVTPL (other than those included in net trading profits)	157	(18)
	<u>173</u>	<u>(106)</u>

8. Net Result on Financial Assets Measured at FVOCI

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Net profit on sale of debt securities	15	33
Dividend income from equity securities	6	4
	<u>21</u>	<u>37</u>

9. Net Hedging Profit

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Fair value hedges		
– Net (loss)/profit on hedged items attributable to the hedged risk	(1,655)	3,067
– Net profit/(loss) on hedging instruments	1,719	(3,031)
	<u>64</u>	<u>36</u>

There was insignificant ineffectiveness recognised in the Group's income statement arising from cash flow hedge for the six months ended 30th June, 2021 and 30th June, 2020.

Notes to the Interim Financial Statements (Continued)

10. Net Insurance Profit

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
(a) Net insurance profit		
Net interest income	352	326
Net trading profit/(loss)	29	(80)
Net result on financial instruments at FVTPL	159	(161)
Net profit on sale of debt investment securities measured at FVOCI	56	226
Net insurance premium	(b) 3,550	4,140
	4,146	4,451
Net insurance claims and expenses	(c) (3,752)	(4,155)
	394	296
Operating expenses	(2)	(1)
Impairment losses on financial instruments	(21)	(27)
	371	268
(b) Net insurance premium		
Gross insurance premium income (Note)	3,586	4,172
Reinsurer's share of gross insurance premium income	(36)	(32)
	3,550	4,140
(c) Net insurance claims and expenses		
Claims, benefits and surrenders paid	3,263	1,478
Movement in provisions	445	2,625
	3,708	4,103
Reinsurers' share of claim, benefits and surrenders paid	(17)	(36)
Reinsurers' share of movement in provisions	(3)	12
	(20)	(24)
Net insurance commission expenses	3,688	4,079
	64	76
	3,752	4,155

Note: Gross insurance premium income represents gross premiums received and receivable in respect of long-term business and general insurance business, net of discounts and returns.

Notes to the Interim Financial Statements (Continued)

11. Other Operating Income

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Rental from safe deposit boxes	61	61
Rental income on properties	76	80
Government subsidy – Employment Support Scheme	–	42
Others	38	54
	175	237

12. Operating Expenses

	6 months ended 30/6/2021	6 months ended 30/6/2020 Restated ^(Note)
	HK\$ Mn	HK\$ Mn
Contributions to defined contribution plan		
– Hong Kong	93	94
– Outside Hong Kong	116	54
Equity settled share-based payment expenses	9	2
Salaries and other staff costs	2,547	2,292
Total staff costs	2,765	2,442
Premises and equipment expenses excluding depreciation		
– Expenses relating to short-term leases	10	8
– Variable lease payments not included in the measurement of lease liabilities*	3	–
– Maintenance, repairs and others	373	362
Total premises and equipment expenses excluding depreciation	386	370
Depreciation on		
– Bank premises, furniture, fixtures and office equipment	290	274
– Right-of-use assets	195	218
	485	492
Amortisation of intangible assets	7	7
Other operating expenses		
– Internet platform charges	259	291
– Legal and professional fees	163	178
– Communications, stationery and printing	129	130
– Advertising expenses	95	89
– Insurance expenses	66	65
– Card related expenses	64	73
– Stamp duty, withholding taxes and value added taxes	41	49
– Business promotions and business travel	24	24
– Others	163	140
Total other operating expenses	1,004	1,039
Total operating expenses	4,647	4,350

Note: Certain other operating expenses of HK\$40 million for the six months ended 30th June, 2020 has been reclassified from legal and professional expense to maintenance, repairs and others in line with the nature of the expenses.

* Included a credit of HK\$1 million (six months ended 30th June, 2020: HK\$2 million) of COVID-19-related rent concessions during the period.

Notes to the Interim Financial Statements (Continued)

13. Impairment Losses on Financial Instruments

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Loans and advances to customers	552	2,552
Others	29	123
	<u>581</u>	<u>2,675</u>

14. Net Profit on Sale of Assets Held for Sale

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Net profit on sale of disposal group	<u>-</u>	<u>2</u>

15. Net Loss on Disposal of Fixed Assets

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Net loss on disposal of bank premises, furniture, fixtures and equipment	<u>(22)</u>	<u>(11)</u>

Notes to the Interim Financial Statements (Continued)

16. Income Tax

Taxation in the consolidated income statement represents:

	6 months ended 30/6/2021	6 months ended 30/6/2020
	HK\$ Mn	HK\$ Mn
Current tax – Hong Kong		
Tax for the year	286	332
Over-provision in respect of prior years	(60)	(139)
	<u>226</u>	<u>193</u>
Current tax – outside Hong Kong		
Tax for the year	128	156
Over-provision in respect of prior years	(5)	(2)
	<u>123</u>	<u>154</u>
Deferred tax		
Origination and reversal of temporary differences	125	(291)
	<u>474</u>	<u>56</u>

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30th June, 2020: 16.5%) of the estimated assessable profits for the six months ended 30th June, 2021.

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

17. Cash and Balances with Banks

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Cash in hand	1,064	1,140
Balances with central banks	41,711	33,506
Balances with other banks	17,625	21,750
	60,400	56,396
Less: Impairment allowances	(30)	(19)
– Stage 1	(30)	(19)
– Stage 2	–	–
– Stage 3	–	–
	<u>60,370</u>	<u>56,377</u>

Notes to the Interim Financial Statements (Continued)

18. Placements with and Advances to Banks

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Placements with and advances to banks		
Maturing		
– within one month	47,990	64,380
– after one month but within one year	2,739	2,472
– after one year	–	–
	50,729	66,852
Less: Impairment allowances	(1)	(3)
– Stage 1	(1)	(3)
– Stage 2	–	–
– Stage 3	–	–
	50,728	66,849
Of which:		
Placements with and advances to central banks	–	–

19. Trade Bills

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Measured at amortised cost	758	372
Less: Impairment allowances	(1)	(3)
– Stage 1	(1)	(3)
– Stage 2	–	–
– Stage 3	–	–
	757	369
Measured at FVOCI	10,707	11,424
	11,464	11,793

20. Trading Assets

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	–	119
Certificates of deposits held	1,775	–
Debt securities	1,275	190
Equity securities	1,076	881
	4,126	1,190

Notes to the Interim Financial Statements (Continued)

21. Loans and Advances to Customers

(a) Loans and advances to customers

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Loans and advances to customers at amortised cost	535,112	513,929
Less: Impairment allowances	(4,279)	(4,859)
– Stage 1	(850)	(845)
– Stage 2	(620)	(1,038)
– Stage 3	(2,809)	(2,976)
	<u>530,833</u>	<u>509,070</u>

(b) Loans and advances to customers - by industry sectors

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

	30/6/2021		31/12/2020	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK\$ Mn	%	HK\$ Mn	%
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	28,258	53.50	29,038	59.33
– Property investment	48,174	88.29	49,544	89.17
– Financial concerns	12,994	52.68	13,434	55.49
– Stockbrokers	5,860	94.37	4,468	94.34
– Wholesale and retail trade	5,878	47.66	6,273	52.78
– Manufacturing	3,935	44.49	4,390	47.24
– Transport and transport equipment	4,957	54.68	5,441	56.21
– Recreational activities	73	65.08	82	70.40
– Information technology	1,210	1.64	676	5.20
– Others	21,392	53.02	19,151	56.85
– Sub-total	<u>132,731</u>	66.83	<u>132,497</u>	69.81
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,338	100.00	1,383	100.00
– Loans for the purchase of other residential properties	86,688	100.00	87,512	100.00
– Credit card advances	4,228	0.00	4,043	0.00
– Others	27,216	85.20	27,730	85.01
– Sub-total	<u>119,470</u>	93.09	<u>120,668</u>	93.20
Total loans for use in Hong Kong	252,201	79.27	253,165	80.96
Trade finance	6,636	39.29	4,427	49.24
Loans for use outside Hong Kong (Note)	<u>276,275</u>	36.20	<u>256,337</u>	37.78
Total advances to customers	<u>535,112</u>	56.54	<u>513,929</u>	59.15

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

Notes to the Interim Financial Statements (Continued)

21. Loans and Advances to Customers (Continued)

(b) Loans and advances to customers - by industry sectors (Continued)

	30/6/2021		31/12/2020	
	Gross advances	% of gross advances covered by collateral	Gross advances	% of gross advances covered by collateral
	HK\$ Mn	%	HK\$ Mn	%
Loans for use in Mainland China				
Industrial, commercial and financial				
– Property development	49,708	35.66	41,344	29.81
– Property investment	11,976	78.15	13,254	81.47
– Financial concerns	45,157	0.51	41,107	3.84
– Wholesale and retail trade	9,520	15.30	6,644	40.81
– Manufacturing	8,896	5.05	5,870	12.28
– Transport and transport equipment	619	49.52	584	38.04
– Recreational activities	36	0.00	71	58.14
– Information technology	1,727	0.53	1,601	0.70
– Others	15,134	16.67	13,997	19.62
– Sub-total	142,773	22.46	124,472	25.03
Individuals				
– Loans for the purchase of other residential properties	15,001	100.00	14,180	99.98
– Credit card advances	6,525	0.00	7,072	0.00
– Others	12,926	1.83	14,910	1.84
– Sub-total	34,452	44.23	36,162	39.96
Total loans for use in Mainland China	177,225	26.69	160,634	28.39

Notes to the Interim Financial Statements (Continued)

21. Loans and Advances to Customers (Continued)

(b) Loans and advances to customers - by industry sectors (Continued)

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

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
(i) Property development		
a. Individually impaired loans	397	642
b. Specific provisions	126	216
c. Collective provisions	58	88
d. New provision charged to income statement	29	324
e. Written off	87	284
(ii) Property investment		
a. Individually impaired loans	2,711	2,298
b. Specific provisions	1,061	702
c. Collective provisions	158	319
d. New provision charged to income statement	358	1,079
e. Written off	–	666
(iii) Loans for purchase of residential properties		
a. Individually impaired loans	272	273
b. Specific provisions	9	13
c. Collective provisions	65	153
d. New provision charged to income statement	66	200
e. Written off	–	–
(iv) Financial concerns		
a. Individually impaired loans	–	–
b. Specific provisions	–	–
c. Collective provisions	228	303
d. New provision charged to income statement	47	250
e. Written off	–	–

The specific provisions represent lifetime expected credit loss provisions for credited impaired exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired exposures.

Notes to the Interim Financial Statements (Continued)

21. Loans and Advances to Customers (Continued)

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

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk in accordance with the requirements of Banking (Disclosure) Rules. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. The location of a party is determined by its residence which is the economic territory under whose laws the party is incorporated or registered. This requirement is different from the allocation under segment reporting in Note 30 which is prepared in a manner consistent with the way in which information is reported internally to the Group's Senior Management. The specific provisions represent lifetime expected credit loss provisions for credit impaired exposures and the collective provisions represent the 12-month and lifetime expected credit loss provisions for non-credit impaired exposures.

	30/6/2021				
	Total	Advances	Impaired	Specific	Collective
	advances to customers	overdue for over three months	advances to customers	provisions	provisions
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	263,186	377	1,225	416	179
Mainland China	194,965	2,068	5,012	2,262	946
Other Asian Countries and Regions	31,347	74	214	131	111
Others	45,614	7	7	–	234
Total	535,112	2,526	6,458	2,809	1,470
% of total advances to customers			1.21%		
Market value of collateral held against impaired advances to customers			4,462		

Notes to the Interim Financial Statements (Continued)

21. Loans and Advances to Customers (Continued)

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

	31/12/2020				
	Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Specific provisions	Collective provisions
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Hong Kong	262,280	863	1,225	447	423
Mainland China	178,085	1,856	4,992	2,353	1,179
Other Asian Countries and Regions	29,483	80	234	174	55
Others	44,081	14	14	2	226
Total	513,929	2,813	6,465	2,976	1,883
% of total advances to customers			1.26%		
Market value of collateral held against impaired advances to customers			4,801		

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

Collateral includes any tangible security that carries a fair market value and is readily marketable. This includes (but is not limited to) cash and deposits, stocks and bonds, mortgages over properties and charges over other fixed assets such as plant and equipment. Where collateral values are greater than gross loans and advances to customers, only the amount of collateral up to the gross loans and advances is included.

Notes to the Interim Financial Statements (Continued)

22. Investment Securities

	30/06/2021			
	Mandatorily measured at FVTPL	Measured at FVOCI	Measured at amortised cost	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	–	18,769	2,247	21,016
Certificates of deposits held	–	966	780	1,746
Debt securities	4,294	97,364	14,447	116,105
Equity securities	560	746	–	1,306
Investment funds	1,032	–	–	1,032
	<u>5,886</u>	<u>117,845</u>	<u>17,474</u>	<u>141,205</u>
	31/12/2020			
	Mandatorily measured at FVTPL	Measured at FVOCI	Measured at amortised cost	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Treasury bills (including Exchange Fund Bills)	–	25,828	2,359	28,187
Certificates of deposits held	–	1,175	1,065	2,240
Debt securities	4,571	94,325	12,297	111,193
Equity securities	482	1,283	–	1,765
Investment funds	786	–	–	786
	<u>5,839</u>	<u>122,611</u>	<u>15,721</u>	<u>144,171</u>

Equity securities designated at FVOCI

	30/6/2021		31/12/2020	
	Fair value	Dividend income recognised	Fair value	Dividend income recognised
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Equity investments held for long-term strategic purposes	<u>746</u>	<u>6</u>	<u>1,283</u>	<u>13</u>

Notes to the Interim Financial Statements (Continued)

23. Investments in Associates and Joint Ventures

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Share of net assets	9,377	9,504
Goodwill	473	477
	9,850	9,981
Less: Impairment allowances	(799)	(799)
	9,051	9,182

At 30th June, 2021, the fair value of the Group's investment in AFFIN Bank Berhad ("AFFIN") based on the quoted market price had been persistently below the carrying amount for a period of time. As a result, the Group performed an impairment test on the investment using a value-in-use ("VIU") methodology and this demonstrated that the recoverable amount of the investment was HK\$3,396 million. The recoverable amount was higher than the carrying value of HK\$3,364 million and no further impairment charge was recognised (six months ended 30th June, 2020: impairment charge of HK\$220 million). The VIU calculation uses discounted cash flow projections based on AFFIN's latest forecast of financial results and estimates made by the Group's management for the next five years and extrapolating in perpetuity using a long-term growth rate of 3% to derive a terminal value. Discount rate of 11% (2020: 11%), which is based on a Capital Asset Pricing Model calculation for AFFIN, is used in the VIU calculation.

The following table illustrates the impact on VIU of reasonably possible changes to key assumptions. This reflects the sensitivity of the VIU to each key assumption on its own and it is possible that more than one favourable and/or unfavourable change may occur at the same time.

	Favourable change		Unfavourable change			
	Increase in		Decrease in			
	VIU	VIU	VIU	VIU		
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn		
At 30th June, 2021						
Discount rate	-50 bps	220	3,616	+50 bps	(194)	3,202
Long-term growth rate	+50 bps	52	3,448	-50 bps	(45)	3,351
Expected cash flows	+10%	340	3,736	-10%	(339)	3,057

Notes to the Interim Financial Statements (Continued)

24. Fixed Assets

	30/6/2021							
	Investment properties	Bank premises	Furniture, fixtures and equipment	Sub-total	Right-of-use assets – Bank premises	Right-of-use assets – Furniture, fixtures and equipment	Sub-total	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Cost or valuation								
At 1st January, 2021	4,961	8,595	6,311	14,906	1,549	26	1,575	21,442
Additions	-	2	172	174	120	1	121	295
Revaluation deficit	(123)	-	-	-	-	-	-	(123)
Disposals	-	(14)	(148)	(162)	-	-	-	(162)
Revaluation surplus on bank premises upon transfer to investment properties	-	4	-	4	-	-	-	4
Transfer from bank premises to investment properties	137	(137)	-	(137)	-	-	-	-
Expiry/termination of lease contracts	-	-	-	-	(118)	(1)	(119)	(119)
Less: Elimination of accumulated depreciation on revalued bank premises	-	(2)	-	(2)	-	-	-	(2)
Transfer to asset classified as assets held for sale	-	-	(3)	(3)	-	-	-	(3)
Exchange adjustments	-	44	27	71	9	-	9	80
At 30th June, 2021	4,975	8,492	6,359	14,851	1,560	26	1,586	21,412
Accumulated depreciation and amortisation								
At 1st January, 2021	-	2,254	4,444	6,698	670	9	679	7,377
Charge for the period	-	77	213	290	192	3	195	485
Expiry/termination of lease contracts	-	-	-	-	(115)	(1)	(116)	(116)
Elimination of accumulated depreciation on revalued bank premises	-	(2)	-	(2)	-	-	-	(2)
Written off on disposal	-	(9)	(128)	(137)	-	-	-	(137)
Exchange adjustments	-	17	17	34	3	-	3	37
At 30th June, 2021	-	2,337	4,546	6,883	750	11	761	7,644
Net book value at 30th June, 2021	4,975	6,155	1,813	7,968	810	15	825	13,768
Net book value at 31st December, 2020	4,961	6,341	1,867	8,208	879	17	896	14,065
The gross amounts of the above assets are stated:								
At cost	-	7,744	6,359	14,103	1,560	26	1,586	15,689
At Directors' valuation - 1989	-	748	-	748	-	-	-	748
At professional valuation - 2021	4,975	-	-	-	-	-	-	4,975
	4,975	8,492	6,359	14,851	1,560	26	1,586	21,412

Notes to the Interim Financial Statements (Continued)

25. Other Assets

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Accrued interest	2,414	2,488
Customer liabilities under acceptances	24,529	17,333
Other accounts (Note)	12,506	13,437
Less: Impairment allowances	(201)	(185)
– Stage 1	(12)	(14)
– Stage 2	(3)	(3)
– Stage 3	(186)	(168)
	<u>39,248</u>	<u>33,073</u>
Assets held for sale (Note 43)	<u>30,630</u>	<u>26,657</u>
	<u><u>69,878</u></u>	<u><u>59,730</u></u>

Note: Include nil contract assets (31/12/2020: nil) from contracts with customers under HKFRS 15.

26. Financial Liabilities Designated at Fair Value through Profit or Loss

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Deposits and balances of banks	3,146	5,442
Certificates of deposits issued	29,925	24,494
Debt securities issued	460	155
	<u>33,531</u>	<u>30,091</u>

Financial liabilities above have been designated as at FVTPL when the Group holds related derivatives at FVTPL, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The amount of change, during the period and cumulatively, in the fair value of financial liabilities designated at FVTPL that is attributable to changes in the credit risk of these liabilities and recognised in other comprehensive income is set out below.

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Balance at 1st January	(32)	(7)
Recognised in other comprehensive income during the period	(7)	(29)
Deferred tax	2	4
Balance at 30th June/31st December	<u>(37)</u>	<u>(32)</u>

There was no transfer of cumulative gain or loss within equity due to de-recognition of liabilities designated at FVTPL during first half of 2021 (31/12/2020: Nil).

The change in fair value attributable to changes in credit risk on financial liabilities is calculated using the difference between the fair value of the financial liabilities at the reporting date and the present value computed with adjusted asset swap spread.

The carrying amount of financial liabilities designated as at FVTPL at 30th June, 2021 was HK\$8 million higher than the contractual amount due at maturity (31/12/2020: HK\$2 million lower).

Notes to the Interim Financial Statements (Continued)

27. Trading Liabilities

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Shares sold	1	–

28. Other Liabilities

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Accrued interest payable	1,568	1,852
Acceptance draft payable	24,529	17,333
Impairment allowances on financial guarantee contracts issued and loan commitments issued	64	72
– Stage 1	43	52
– Stage 2	21	18
– Stage 3	–	2
Liabilities held for sale (Note 43)	28,281	26,864
Lease liabilities	873	936
Other accounts (Note)	12,344	12,902
	<u>67,659</u>	<u>59,959</u>

Note: Include contract liabilities of HK\$605 million (31/12/2020: HK\$612 million) from contracts with customers under HKFRS 15.

29. Loan Capital

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Subordinated notes, at amortised cost with fair value hedge adjustments		
USD500 million fixed rate subordinated notes due 3rd November, 2026	(1) 3,897	3,911
Subordinated notes, at amortised cost without hedging		
RMB1,500 million fixed rate subordinated notes due 25th April, 2029	(2) 1,801	1,778
USD600 million fixed rate subordinated notes due 29th May, 2030	(3) 4,633	4,622
	<u>10,331</u>	<u>10,311</u>

Notes to the Interim Financial Statements (Continued)

29. Loan Capital (Continued)

The Group has not had any defaults of principal, interest or other breaches with respect to its debt securities during the period/year ended 30th June, 2021 and 31st December, 2020.

- (1) Loan capital of face value of HK\$3,882 million (USD500 million) and carrying amount of HK\$3,897 million (31/12/2020: HK\$3,911 million) represents subordinated notes (under the Euro Medium Term Note Programme) carrying a coupon rate of 4% p.a. qualifying as Tier 2 capital issued on 3rd November, 2016 by the Bank. The notes are listed on the Hong Kong Stock Exchange and with maturity on 3rd November, 2026 and callable on 3rd November, 2021. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$1 million loss was recorded in first half of 2021 (first half of 2020: HK\$1 million loss).
- (2) Loan capital of face value of HK\$1,803 million (RMB1,500 million) and carrying amount of HK\$1,801 million (31/12/2020: HK\$1,778 million) represents subordinated notes carrying a coupon of 4.94% p.a. issued on 25th April, 2019 by the Bank's subsidiary, The Bank of East Asia (China) Limited. The notes are with maturity on 25th April, 2029 and callable on 25th April, 2024.
- (3) Loan capital of face value of HK\$4,659 million (USD600 million) and carrying amount of HK\$4,633 million (31/12/2020: HK\$4,622 million) represents subordinated notes carrying a coupon of 4% p.a. qualifying as Tier 2 capital and meeting the loss-absorbing capacity requirements issued on 29th May, 2020 by the Bank. The notes are listed on the Hong Kong Stock Exchange and with maturity on 29th May, 2030 and callable on 29th May, 2025.

Notes to the Interim Financial Statements (Continued)

30. 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.

Hong Kong operations

Hong Kong operations include Hong Kong banking business carrying out by the Bank and other business operations, dividing into the following six reportable segments.

- **Personal Banking** includes branch operations, personal internet banking, consumer finance, property loans and credit card business to individual customers in Hong Kong.
- **Corporate Banking** includes corporate lending and loan syndication, asset based lending, commercial lending, securities lending and trade financing activities with correspondent banks and corporates in Hong Kong.
- **Treasury Markets** include treasury operations and securities dealing in Hong Kong.
- **Wealth management** includes private banking business and investment products & advisory in Hong Kong.
- **Centralised operations** include supporting units of banking operations in Hong Kong.
- **Others** mainly include insurance business, trust business, securities & futures broking and corporate financial advisory carried out by subsidiaries operated in Hong Kong and other supporting units of Hong Kong operations located outside Hong Kong.

Mainland operations

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

Overseas operations

Overseas operations mainly include the back office unit for overseas banking operations in Hong Kong, Macau Branch, Taiwan Branch and all branches, subsidiaries and associates operated in overseas.

Corporate management

Corporate management absorbs the regulatory capital cost of loan capital issued by the Bank and receives from Hong Kong operations the interest income on capital instruments issued by the Bank.

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

Segment assets include all assets with the exception of interests in associates and joint ventures and assets held for sale. Segment liabilities include deposits, financial liabilities and other liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Notes to the Interim Financial Statements (Continued)

30. Segment Reporting (Continued)

	Hong Kong operations												
	Hong Kong banking business							Total	Mainland China operations	Overseas operations	Corporate management	Inter-segment elimination	Total
	Personal banking	Corporate banking	Treasury markets	Wealth management	Centralised operations	Total	Others						
HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
6 months ended 30th June, 2021													
Net interest income/(expense)	1,130	1,177	60	162	(10)	2,519	56	2,575	1,962	828	158	-	5,523
Non-interest income	565	326	393	255	179	1,718	625	2,343	451	117	-	(19)	2,892
Operating income	1,695	1,503	453	417	169	4,237	681	4,918	2,413	945	158	(19)	8,415
Operating expenses	(801)	(166)	(87)	(113)	(1,126)	(2,293)	(245)	(2,538)	(1,753)	(375)	-	19	(4,647)
Operating profit/(loss) before impairment losses	894	1,337	366	304	(957)	1,944	436	2,380	660	570	158	-	3,768
Impairment losses on financial instruments	(56)	(189)	(7)	(1)	-	(253)	(5)	(258)	(317)	(6)	-	-	(581)
Operating profit/(loss) after impairment losses	838	1,148	359	303	(957)	1,691	431	2,122	343	564	158	-	3,187
Net loss on sale of fixed assets	(8)	-	-	-	(2)	(10)	-	(10)	(12)	-	-	-	(22)
Valuation losses on investment properties	-	-	-	-	(101)	(101)	(22)	(123)	-	-	-	-	(123)
Share of profits less losses of associates and joint ventures	-	-	-	-	-	-	(1)	(1)	84	46	-	-	129
Profit/(Loss) before taxation	830	1,148	359	303	(1,060)	1,580	408	1,988	415	610	158	-	3,171
Depreciation for the period	(160)	(4)	(4)	(2)	(112)	(282)	(21)	(303)	(149)	(33)	-	-	(485)
At 30th June, 2021													
Segment assets	115,058	169,650	208,857	28,766	12,126	534,457	5,382	539,839	244,989	117,583	-	(41,583)	860,828
Investments in associates and joint ventures	-	-	-	-	-	-	75	75	4,241	4,735	-	-	9,051
Other assets – Assets held for sale	-	-	-	-	20	20	30,593	30,613	17	-	-	-	30,630
Total assets	115,058	169,650	208,857	28,766	12,146	534,477	36,050	570,527	249,247	122,318	-	(41,583)	900,509
Segment liabilities	325,584	48,832	64,358	29,317	2,703	470,794	1,515	472,309	217,767	107,873	-	(40,227)	757,722
Other liabilities – Liabilities held for sale	-	-	-	-	-	-	28,281	28,281	-	-	-	-	28,281
Total liabilities	325,584	48,832	64,358	29,317	2,703	470,794	29,796	500,590	217,767	107,873	-	(40,227)	786,003

Notes to the Interim Financial Statements (Continued)

30. Segment Reporting (Continued)

	Hong Kong operations												
	Hong Kong banking business							Mainland China operations	Overseas operations	Corporate management	Inter-segment elimination	Total	
	Personal banking	Corporate banking	Treasury markets	Wealth management	Centralised operations	Total	Others						HK\$ Mn
6 months ended 30th June, 2020	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
Net interest income/(expense)	1,562	1,192	156	169	(57)	3,022	82	3,104	2,060	737	213	-	6,114
Non-interest income/(expense)	493	274	(18)	222	212	1,183	465	1,648	571	160	-	(19)	2,360
Operating income	2,055	1,466	138	391	155	4,205	547	4,752	2,631	897	213	(19)	8,474
Operating expenses	(838)	(152)	(84)	(112)	(1,039)	(2,225)	(219)	(2,444)	(1,580)	(345)	-	19	(4,350)
Operating profit/(loss) before impairment losses	1,217	1,314	54	279	(884)	1,980	328	2,308	1,051	552	213	-	4,124
(Charge for)/Write back of impairment losses on financial instruments	(117)	(564)	(73)	5	(2)	(751)	(3)	(754)	(1,715)	(206)	-	-	(2,675)
Impairment losses on assets held for sale	-	-	-	-	-	-	-	-	(5)	-	-	-	(5)
Impairment losses on intangible assets	-	-	-	-	-	-	-	-	(2)	-	-	-	(2)
Impairment losses on associates	-	-	-	-	-	-	-	-	-	(220)	-	-	(220)
Operating profit/(loss) after impairment losses	1,100	750	(19)	284	(886)	1,229	325	1,554	(671)	126	213	-	1,222
Net profit on sale of assets held for sale	-	-	-	-	-	-	-	-	1	1	-	-	2
Net profit on disposal of subsidiaries/associates	-	-	-	-	-	-	-	-	-	341	-	-	341
Net profit/(loss) on sale of fixed assets	(7)	-	-	-	1	(6)	-	(6)	(4)	(1)	-	-	(11)
Valuation losses on investment properties	-	-	-	-	(110)	(110)	(20)	(130)	-	-	-	-	(130)
Share of profits less losses of associates and joint ventures	-	-	-	-	-	-	(4)	(4)	72	122	-	-	190
Profit/(Loss) before taxation	1,093	750	(19)	284	(995)	1,113	301	1,414	(602)	589	213	-	1,614
Depreciation for the period	(172)	(3)	(3)	(2)	(105)	(285)	(20)	(305)	(153)	(34)	-	-	(492)
At 31st December, 2020													
Segment assets	115,004	163,163	218,240	31,371	11,406	539,184	9,244	548,428	230,472	113,192	-	(43,511)	848,581
Investments in associates and joint ventures	-	-	-	-	-	-	76	76	4,121	4,985	-	-	9,182
Other assets – Assets held for sale	-	-	-	-	20	20	26,620	26,640	17	-	-	-	26,657
Total assets	115,004	163,163	218,240	31,371	11,426	539,204	35,940	575,144	234,610	118,177	-	(43,511)	884,420
Segment liabilities	328,720	46,151	69,730	29,911	1,958	476,470	2,229	478,699	203,868	103,955	-	(42,762)	743,760
Other liabilities – Liabilities held for sale	-	-	-	-	-	-	26,864	26,864	-	-	-	-	26,864
Total liabilities	328,720	46,151	69,730	29,911	1,958	476,470	29,093	505,563	203,868	103,955	-	(42,762)	770,624

Notes to the Interim Financial Statements (Continued)

31. Analysis of Assets and Liabilities by Remaining Maturity

	30/6/2021							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Assets								
Cash and balances with banks	45,737	17	277	91	–	–	14,248	60,370
Placements with and advances to banks	–	47,989	1,754	985	–	–	–	50,728
Trade bills	–	2,622	3,505	5,337	–	–	–	11,464
Trading assets	–	1,489	899	–	662	–	1,076	4,126
Derivative assets	–	–	–	–	–	–	5,231	5,231
Loans and advances to customers	3,020	76,060	37,374	102,319	195,242	115,154	1,664	530,833
Investment securities	–	7,419	4,979	24,510	61,853	40,146	2,298	141,205
Investments in associates and joint ventures	–	–	–	–	–	–	9,051	9,051
Fixed assets	–	–	–	–	–	–	13,768	13,768
Goodwill and intangible assets	–	–	–	–	–	–	1,905	1,905
Deferred tax assets	–	–	–	–	–	–	1,950	1,950
Other assets	46	7,248	6,262	16,432	6,236	19,781	13,873	69,878
Total assets	48,803	142,844	55,050	149,674	263,993	175,081	65,064	900,509
Liabilities								
Deposits and balances of banks	3,326	16,200	9,336	2,464	–	–	–	31,326
Deposits from customers	266,346	90,469	144,880	84,927	11,966	–	–	598,588
– Demand deposits and current accounts	72,780	–	–	–	–	–	–	72,780
– Savings deposits	191,451	–	–	–	–	–	–	191,451
– Time, call and notice deposits	2,115	90,469	144,880	84,927	11,966	–	–	334,357
Trading liabilities	–	–	–	–	–	–	1	1
Derivative liabilities	–	–	–	–	–	–	8,116	8,116
Certificates of deposit issued	–	4,651	14,307	34,644	9,466	–	–	63,068
Current taxation	–	–	–	861	–	–	–	861
Debt securities issued	–	–	–	3,005	2,399	–	–	5,404
Deferred tax liabilities	–	–	–	–	–	–	649	649
Other liabilities	1,107	5,883	6,791	21,167	15,727	6,533	10,451	67,659
– Lease liabilities	2	31	59	194	397	190	–	873
– Other accounts	1,105	5,852	6,732	20,973	15,330	6,343	10,451	66,786
Loan capital	–	–	–	3,897	6,434	–	–	10,331
Total liabilities	270,779	117,203	175,314	150,965	45,992	6,533	19,217	786,003
Net gap	(221,976)	25,641	(120,264)	(1,291)	218,001	168,548		

Notes to the Interim Financial Statements (Continued)

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

	31/12/2020							
	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Assets								
Cash and balances with banks	42,702	20	273	541	–	–	12,841	56,377
Placements with and advances to banks	–	64,378	1,219	1,252	–	–	–	66,849
Trade bills	1	3,250	6,225	2,317	–	–	–	11,793
Trading assets	–	178	–	–	95	36	881	1,190
Derivative assets	–	–	–	–	–	–	8,059	8,059
Loans and advances to customers	3,289	70,318	30,773	96,407	190,272	116,354	1,657	509,070
Investment securities	–	8,189	9,918	29,335	58,208	35,970	2,551	144,171
Investments in associates and joint ventures	–	–	–	–	–	–	9,182	9,182
Fixed assets	–	–	–	–	–	–	14,065	14,065
Goodwill and intangible assets	–	–	–	–	–	–	1,912	1,912
Deferred tax assets	–	–	–	–	–	–	2,022	2,022
Other assets	45	6,598	6,664	9,315	5,529	17,360	14,219	59,730
Total assets	46,037	152,931	55,072	139,167	254,104	169,720	67,389	884,420
Liabilities								
Deposits and balances of banks	980	12,957	7,732	9,474	–	–	–	31,143
Deposits from customers	259,701	96,354	130,613	89,267	13,267	–	–	589,202
– Demand deposits and current accounts	69,835	–	–	–	–	–	–	69,835
– Savings deposits	187,902	–	–	–	–	–	–	187,902
– Time, call and notice deposits	1,964	96,354	130,613	89,267	13,267	–	–	331,465
Derivative liabilities	–	–	–	–	–	–	13,016	13,016
Certificates of deposit issued	–	4,783	20,456	28,509	7,104	–	–	60,852
Current taxation	–	–	–	624	–	–	–	624
Debt securities issued	–	1	–	–	5,056	–	–	5,057
Deferred tax liabilities	–	–	–	–	–	–	460	460
Other liabilities	933	5,910	8,702	11,256	15,544	6,313	11,301	59,959
– Lease liabilities	2	34	62	238	399	201	–	936
– Other accounts	931	5,876	8,640	11,018	15,145	6,112	11,301	59,023
Loan capital	–	–	–	3,911	6,400	–	–	10,311
Total liabilities	261,614	120,005	167,503	143,041	47,371	6,313	24,777	770,624
Net gap	(215,577)	32,926	(112,431)	(3,874)	206,733	163,407		

Notes to the Interim Financial Statements (Continued)

32. Deferred Tax Assets and Liabilities Recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of financial assets at FVOCI	Tax losses	Others	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
At 1st January, 2021	345	115	(1,387)	122	(540)	(217)	(1,562)
Charged/(Credited) to income statement	(1)	-	(176)	-	245	57	125
Charged/(Credited) to reserve	-	(5)	-	176	-	(2)	169
Transfer to assets held for sale	-	-	-	(24)	16	-	(8)
Exchange and other adjustments	-	-	(15)	-	(8)	(2)	(25)
At 30th June, 2021	<u>344</u>	<u>110</u>	<u>(1,578)</u>	<u>274</u>	<u>(287)</u>	<u>(164)</u>	<u>(1,301)</u>
Balance as at 31st December, 2020	<u>345</u>	<u>115</u>	<u>(1,387)</u>	<u>122</u>	<u>(540)</u>	<u>(217)</u>	<u>(1,562)</u>

Deferred tax assets and liabilities are offset on an individual entity basis when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Net deferred tax assets recognised on the statement of financial position	(1,950)	(2,022)
Net deferred tax liabilities recognised on the statement of financial position	<u>649</u>	<u>460</u>
	<u>(1,301)</u>	<u>(1,562)</u>

33. Reserves

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
General reserve	13,657	13,657
Revaluation reserve on bank premises	1,904	1,895
Capital reserve	895	895
Exchange revaluation reserve	567	301
Capital reserve – staff share options issued	142	157
Fair value reserve	2,137	2,465
Liability credit reserve	(37)	(32)
Other reserves	5,153	5,138
Retained profits (Note)	<u>34,234</u>	<u>32,852</u>
	<u>58,652</u>	<u>57,328</u>
Proposed dividends, not provided for	<u>1,022</u>	<u>700</u>

Note: 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, 2021, the effect of this requirement is to restrict the amount of reserves which can be distributed by the Bank to shareholders by HK\$2,324 million (31/12/2020: HK\$1,762 million).

Notes to the Interim Financial Statements (Continued)

34. Additional Equity Instruments

		30/6/2021	31/12/2020
		HK\$ Mn	HK\$ Mn
Additional Tier 1 Capital Securities			
USD500 million undated non-cumulative subordinated capital securities	(1)	3,878	3,878
USD650 million undated non-cumulative subordinated capital securities	(2)	5,069	5,069
USD650 million undated non-cumulative subordinated capital securities	(3)	5,021	5,021
		<u>13,968</u>	<u>13,968</u>

- (1) On 18th May, 2017, the Bank issued undated non-cumulative subordinated capital securities (“Additional Tier 1 Capital Securities”) with a face value of US\$500 million (equivalent to HK\$3,878 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.625% per annum coupon until the first call date on 18th May, 2022. The coupon will be reset every five years, if the Additional Tier 1 Capital Securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 3.682% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 Capital Securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up.
- (2) On 19th September, 2019, the Bank issued undated non-cumulative subordinated capital securities (“Additional Tier 1 Capital Securities”) with a face value of US\$650 million (equivalent to HK\$5,069 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.875% per annum coupon until the first call date on 19th September, 2024. The coupon will be reset every five years, if the Additional Tier 1 Capital Securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 4.257% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 Capital Securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirements.
- (3) On 21st October, 2020, the Bank issued undated non-cumulative subordinated capital securities (“Additional Tier 1 Capital Securities”) with a face value of US\$650 million (equivalent to HK\$5,021 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.825% per annum coupon until the first call date on 21st October, 2025. The coupon will be reset every five years, if the Additional Tier 1 Capital Securities are not redeemed, to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 5.527% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 Capital Securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up, and meet the loss-absorbing capacity requirements.

Notes to the Interim Financial Statements (Continued)

35. Consolidated Cash Flow Statement

Cash and cash equivalents

	30/6/2021	30/6/2020
	HK\$ Mn	HK\$ Mn
(i) Components of cash and cash equivalents in the consolidated cash flow statement		
Cash and balances with banks with original maturity within three months	45,900	27,771
Placements with and advances to banks with original maturity within three months	47,579	60,419
Treasury bills with original maturity within three months	3,767	4,034
Certificates of deposit held with original maturity within three months	480	–
Debt securities with original maturity within three months	921	2,924
	<u>98,647</u>	<u>95,148</u>
(ii) Reconciliation with the consolidated statement of financial position		
Cash and balances with banks	60,370	40,462
Placements with and advances to banks	50,728	63,990
Treasury bills, certificates of deposit held and debt securities		
– trading assets	3,050	462
– investment securities	138,867	156,009
	141,917	156,471
Add: Debt securities – investment securities included in “Assets held for sale”	25,376	–
Amount shown in the consolidated statement of financial position	278,391	260,923
Less: Amounts with an original maturity of beyond three months	(165,244)	(153,077)
Cash balance with central bank subject to regulatory restriction	(14,500)	(12,698)
Cash and cash equivalents in the consolidated cash flow statement	<u>98,647</u>	<u>95,148</u>

Notes to the Interim Financial Statements (Continued)

36. 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 that are 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, including net present value and discounted cash flow models and various market-wide recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, historical or implied volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument which would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses valuation models, which usually are developed from recognised valuation methodologies. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation control function, namely Financial Instruments Valuation Group ("FIVG") which comprises control units independent of front office management. Procedures for price verification have been established. Any pricing models to be used would be subject to a rigorous validation and approval process.

Notes to the Interim Financial Statements (Continued)

36. Fair Values of Financial Instruments (Continued)

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

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised.

	30/6/2021				31/12/2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Recurring fair value measurement								
Assets								
Trade Bills - At FVOCI	-	10,707	-	10,707	-	11,424	-	11,424
Trading assets	1,076	3,050	-	4,126	881	309	-	1,190
Derivative assets	88	5,143	-	5,231	267	7,792	-	8,059
Investment securities								
- Mandatorily measured at FVTPL	2	4,561	1,323	5,886	2	4,987	850	5,839
- Measured at FVOCI	19,629	97,470	746	117,845	26,183	95,145	1,283	122,611
	<u>20,795</u>	<u>120,931</u>	<u>2,069</u>	<u>143,795</u>	<u>27,333</u>	<u>119,657</u>	<u>2,133</u>	<u>149,123</u>
Investment securities classified as assets held for sale								
- Mandatorily measured at FVTPL	1,446	3,280	-	4,726	1,026	3,702	-	4,728
- Measured at FVOCI	-	22,150	-	22,150	-	19,088	-	19,088
	<u>1,446</u>	<u>25,430</u>	<u>-</u>	<u>26,876</u>	<u>1,026</u>	<u>22,790</u>	<u>-</u>	<u>23,816</u>
Liabilities								
Trading liabilities	1	-	-	1	-	-	-	-
Derivative liabilities	18	8,098	-	8,116	104	12,912	-	13,016
Financial liabilities designated at FVTPL	-	33,531	-	33,531	-	30,091	-	30,091
	<u>19</u>	<u>41,629</u>	<u>-</u>	<u>41,648</u>	<u>104</u>	<u>43,003</u>	<u>-</u>	<u>43,107</u>
Derivative liabilities classified as liabilities held for sale	-	-	-	-	-	1	-	1

During the period ended 30th June, 2021 and year ended 31st December, 2020, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Interim Financial Statements (Continued)

36. Fair Values of Financial Instruments (Continued)

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

Information about significant unobservable inputs in Level 3 valuations:

	Valuation technique	Significant unobservable input(s)	Value or range
Unlisted debt securities, equity securities and investment funds	Counterparty quote	N/A	N/A
	Net asset value	N/A	N/A
	Discounted cash flow model	Discount rate	30/6/2021: 13.3% (31/12/2020: 16.4%)
		Marketability discount	30/6/2021: 20% (31/12/2020: 20%)
	Market-comparable approach	Earnings multiple	30/6/2021: 46.95 – 48.56 (31/12/2020: 43.49 – 52.88)
		EV/EBIT	30/6/2021: 38.55 – 45.63 (31/12/2020: 38.43 – 42.49)
		Marketability discount	30/6/2021: 50% (31/12/2020: 50%)

The fair values of unlisted equity instruments mandatorily measured at FVTPL or measured at FVOCI are estimated using the discounted cash flow model, on the basis of an analysis of the investee's financial position and results, or with reference to multiples of comparable listed companies, adjusted for a marketability discount to reflect the fact that the shares are not actively traded. An increase in the ratio/investee's financial position and results in isolation will result in favourable movement in the fair values, while an increase in discount rate/marketability discount in isolation will result in unfavourable movement.

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

Notes to the Interim Financial Statements (Continued)

36. 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:

	30/6/2021		31/12/2020	
	Investment securities mandatorily measured at FVTPL HK\$ Mn	Investment securities measured at FVOCI HK\$ Mn	Investment securities mandatorily measured at FVTPL HK\$ Mn	Investment securities measured at FVOCI HK\$ Mn
Assets				
At 1st January	850	1,283	278	1,055
Additions/Purchases	365	–	510	–
Settlements	(8)	–	(9)	–
Changes in fair value recognised in the income statement	116	–	71	–
Changes in fair value recognised in the other comprehensive income	–	(537)	–	228
At 30th June/31st December	<u>1,323</u>	<u>746</u>	<u>850</u>	<u>1,283</u>
Total gains or losses for the period included in FVOCI fair value reserve of the other comprehensive income for assets held at the end of the reporting period	<u>–</u>	<u>(537)</u>	<u>–</u>	<u>228</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 results from other financial instruments at FVTPL	<u>116</u>	<u>–</u>	<u>71</u>	<u>–</u>

Notes to the Interim Financial Statements (Continued)

36. Fair Values of Financial Instruments (Continued)

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

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

	30/6/2021			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	110	(110)	–	–
Investment securities measured at FVOCI	–	–	62	(62)
	<u>110</u>	<u>(110)</u>	<u>62</u>	<u>(62)</u>
	31/12/2020			
	Effect recorded in profit or loss		Effect recorded directly in equity	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Financial assets				
Investment securities mandatorily measured at FVTPL	71	(71)	–	–
Investment securities measured at FVOCI	–	–	107	(107)
	<u>71</u>	<u>(71)</u>	<u>107</u>	<u>(107)</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)

36. Fair Values of Financial Instruments (Continued)

(b) Fair values of financial instruments carried at other than fair value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented below:

- (i) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the end of the reporting period.
- (ii) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances from both the carrying amount and fair value.
- (iii) The fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value.
- (iv) The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services when such information is obtainable, or is otherwise estimated by reference to interest rate differentials when reliable estimates of such information can be made. The interest rate differentials could be estimated as the difference between the actual rates charged by lenders when the guarantee is made available and the estimated rates that lenders would have charged had the guarantees not been available.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30th June, 2021 and 31st December, 2020 except as follows:

	30/6/2021		31/12/2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Financial assets				
Investment securities measured at amortised cost	17,474	17,674	15,721	15,796
Investment securities measured at amortised cost classified as assets held for sale	2,026	2,244	2,104	2,380

Notes to the Interim Financial Statements (Continued)

37. Credit Risk

The Group adopts the criteria of stage allocation as follows:

HKMA's 5-Grade Asset Classification		Stage allocation
Pass	General (i.e. do not meet the Bank's criteria of "Significant Increase of Credit Risk")	1
	Meet the Bank's criteria of "Significant Increase of Credit Risk"	2
Special Mention		2
Substandard		3
Doubtful		
Loss		

The criteria of "significant increase of credit risk" has taken into consideration of two key factors:

- The exposure has a significant deterioration of internal or external rating as compared with the rating at the time when the exposure was originated; and
- The rating of the exposure falls out of the "Low-Credit Risk Threshold" that is equivalent to the globally understood definition of "investment grade".

(a) Credit Quality Analysis

Credit quality of loans and advances

The following tables set out information about the credit quality of loans and advances to customers. Unless specifically indicated, the amounts in the table represent gross carrying amounts.

	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loans and advances to customers at amortised cost								
– Grades 1 - 15: Pass	507,166	638	14,897	24	–	–	522,063	662
– Grades 16 - 17: Special Mention	–	–	6,591	12	–	–	6,591	12
– Grade 18: Substandard	–	–	–	–	4,659	16	4,659	16
– Grade 19: Doubtful	–	–	–	–	1,228	44	1,228	44
– Grade 20: Loss	–	–	–	–	571	13	571	13
Total gross carrying amount	507,166	638	21,488	36	6,458	73	535,112	747
Impairment allowances	(850)	(3)	(620)	(2)	(2,809)	(66)	(4,279)	(71)
Carrying amount	506,316	635	20,868	34	3,649	7	530,833	676

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of loans and advances (Continued)

	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loans and advances to customers at amortised cost								
– Grades 1 - 15: Pass	482,325	819	17,485	42	–	–	499,810	861
– Grades 16 - 17: Special Mention	–	–	7,654	23	–	–	7,654	23
– Grade 18: Substandard	–	–	–	–	3,953	3	3,953	3
– Grade 19: Doubtful	–	–	–	–	2,370	96	2,370	96
– Grade 20: Loss	–	–	–	–	142	3	142	3
Total gross carrying amount	482,325	819	25,139	65	6,465	102	513,929	986
Impairment allowances	(845)	(4)	(1,038)	(3)	(2,976)	(49)	(4,859)	(56)
Carrying amount	481,480	815	24,101	62	3,489	53	509,070	930

Credit quality of financial assets other than loans and advances

The following tables set out the credit analysis for financial assets other than loans and advances to customers, measured at amortised cost and FVOCI. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts/fair value. For loan commitment and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Trade bills at amortised cost								
– Grades 1 - 15: Pass	758	–	–	–	–	–	758	–
– Grades 16 - 17: Special Mention	–	–	–	–	–	–	–	–
– Grade 18: Substandard	–	–	–	–	–	–	–	–
– Grade 19: Doubtful	–	–	–	–	–	–	–	–
– Grade 20: Loss	–	–	–	–	–	–	–	–
Total gross carrying amount	758	–	–	–	–	–	758	–
Impairment allowances	(1)	–	–	–	–	–	(1)	–
Carrying amount	757	–	–	–	–	–	757	–

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Trade bills at amortised cost								
– Grades 1 - 15: Pass	367	–	–	–	–	–	367	–
– Grades 16 - 17: Special Mention	–	–	5	–	–	–	5	–
– Grade 18: Substandard	–	–	–	–	–	–	–	–
– Grade 19: Doubtful	–	–	–	–	–	–	–	–
– Grade 20: Loss	–	–	–	–	–	–	–	–
Total gross carrying amount	367	–	5	–	–	–	372	–
Impairment allowances	(3)	–	–	–	–	–	(3)	–
Carrying amount	<u>364</u>	<u>–</u>	<u>5</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>369</u>	<u>–</u>
	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Trade bills at FVOCI								
– Grades 1 - 15: Pass	10,671	–	36	–	–	–	10,707	–
– Grade 18: Substandard	–	–	–	–	–	–	–	–
Total carrying amount at fair value	<u>10,671</u>	<u>–</u>	<u>36</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,707</u>	<u>–</u>
Impairment allowances	<u>(2)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2)</u>	<u>–</u>
	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Trade bills at FVOCI								
– Grades 1 - 15: Pass	11,056	–	361	–	–	–	11,417	–
– Grade 18: Substandard	–	–	–	–	7	–	7	–
Total carrying amount at fair value	<u>11,056</u>	<u>–</u>	<u>361</u>	<u>–</u>	<u>7</u>	<u>–</u>	<u>11,424</u>	<u>–</u>
Impairment allowances	<u>(3)</u>	<u>–</u>	<u>(1)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4)</u>	<u>–</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Placements with and advances to banks								
– Grades 1 - 15: Pass	50,729	6	–	–	–	–	50,729	6
Total gross carrying amount	50,729	6	–	–	–	–	50,729	6
Impairment allowances	(1)	–	–	–	–	–	(1)	–
Carrying amount	<u>50,728</u>	<u>6</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>50,728</u>	<u>6</u>
	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Placements with and advances to banks								
– Grades 1 - 15: Pass	66,852	12	–	–	–	–	66,852	12
Total gross carrying amount	66,852	12	–	–	–	–	66,852	12
Impairment allowances	(3)	–	–	–	–	–	(3)	–
Carrying amount	<u>66,849</u>	<u>12</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>66,849</u>	<u>12</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	30/6/2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loan commitments				
– Grades 1 - 15: Pass	207,173	4,853	–	212,026
– Grades 16 - 17: Special Mention	–	206	–	206
– Grade 18: Substandard	–	–	1	1
Total	207,173	5,059	1	212,233
Impairment allowances	(40)	(17)	–	(57)
Financial guarantee contracts				
– Grades 1 - 15: Pass	12,079	1,820	–	13,899
– Grades 16 - 17: Special Mention	–	–	–	–
– Grade 18: Substandard	–	–	–	–
Total	12,079	1,820	–	13,899
Impairment allowances	(3)	(4)	–	(7)
	31/12/2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loan commitments				
– Grades 1 - 15: Pass	187,734	7,621	–	195,355
– Grades 16 - 17: Special Mention	–	1,431	–	1,431
– Grade 18: Substandard	–	–	2	2
Total	187,734	9,052	2	196,788
Impairment allowances	(40)	(16)	(2)	(58)
Financial guarantee contracts				
– Grades 1 - 15: Pass	21,608	1,788	–	23,396
– Grades 16 - 17: Special Mention	–	148	–	148
– Grade 18: Substandard	–	–	1	1
Total	21,608	1,936	1	23,545
Impairment allowances	(12)	(2)	–	(14)

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

Credit risk of treasury transactions is managed in the same way as the Group manages its corporate and bank lending risk and risk gradings are applied to the counterparties with individual counterparty limits set.

At the end of the reporting period, the credit quality of investment in debt securities analysed by designation of external credit assessment institution, Moody's Investor Services, or equivalent, is as follows:

	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	3,036	-	-	-	-	-	3,036	-
A1 to A3	4,898	70	-	-	-	-	4,898	70
Baa1 to Baa3	2,386	20	-	-	-	-	2,386	20
Below Baa3	1,733	22	-	-	-	-	1,733	22
Unrated	5,530	55	-	-	-	-	5,530	55
Total gross carrying amount	17,583	167	-	-	-	-	17,583	167
Impairment allowances	(109)	(1)	-	-	-	-	(109)	(1)
Carrying amount	17,474	166	-	-	-	-	17,474	166
Debt investment securities measured at amortised cost classified as assets held for sale								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	12	-	-	-	-	-	12	-
A1 to A3	1,001	8	-	-	-	-	1,001	8
Baa1 to Baa3	987	11	-	-	-	-	987	11
Below Baa3	31	1	-	-	-	-	31	1
Unrated	-	-	-	-	-	-	-	-
Total gross carrying amount	2,031	20	-	-	-	-	2,031	20
Impairment allowances	(5)	-	-	-	-	-	(5)	-
Carrying amount	2,026	20	-	-	-	-	2,026	20

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities measured at amortised cost								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	3,187	-	-	-	-	-	3,187	-
A1 to A3	3,938	65	-	-	-	-	3,938	65
Baa1 to Baa3	2,036	16	-	-	-	-	2,036	16
Below Baa3	1,193	24	-	-	-	-	1,193	24
Unrated	5,436	50	-	-	-	-	5,436	50
Total gross carrying amount	15,790	155	-	-	-	-	15,790	155
Impairment allowances	(69)	(1)	-	-	-	-	(69)	(1)
Carrying amount	15,721	154	-	-	-	-	15,721	154
Debt investment securities measured at amortised cost classified as assets held for sale								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	11	-	-	-	-	-	11	-
A1 to A3	998	8	-	-	-	-	998	8
Baa1 to Baa3	1,009	12	-	-	-	-	1,009	12
Below Baa3	31	1	-	-	-	-	31	1
Unrated	62	1	-	-	-	-	62	1
Total gross carrying amount	2,111	22	-	-	-	-	2,111	22
Impairment allowances	(7)	-	-	-	-	-	(7)	-
Carrying amount	2,104	22	-	-	-	-	2,104	22

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	30/6/2021							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities measured at FVOCI								
Aaa	7,284	10	-	-	-	-	7,284	10
Aa1 to Aa3	15,301	5	-	-	-	-	15,301	5
A1 to A3	52,605	666	-	-	-	-	52,605	666
Baa1 to Baa3	36,567	358	-	-	-	-	36,567	358
Below Baa3	221	4	-	-	-	-	221	4
Unrated	5,121	62	-	-	-	-	5,121	62
Total carrying amount at fair value	<u>117,099</u>	<u>1,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,099</u>	<u>1,105</u>
Impairment allowances	<u>(185)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185)</u>	<u>(2)</u>
Debt investment securities measured at FVOCI classified as assets held for sale								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	102	-	-	-	-	-	102	-
A1 to A3	11,217	76	-	-	-	-	11,217	76
Baa1 to Baa3	10,611	96	-	-	-	-	10,611	96
Below Baa3	165	4	-	-	-	-	165	4
Unrated	55	1	-	-	-	-	55	1
Total carrying amount at fair value	<u>22,150</u>	<u>177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,150</u>	<u>177</u>
Impairment allowances	<u>(104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>-</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

	31/12/2020							
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Total	
	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest	Principal	Accrued interest
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities measured at FVOCI								
Aaa	8,415	9	-	-	-	-	8,415	9
Aa1 to Aa3	21,163	7	-	-	-	-	21,163	7
A1 to A3	49,729	744	-	-	-	-	49,729	744
Baa1 to Baa3	35,515	336	-	-	-	-	35,515	336
Below Baa3	246	5	-	-	-	-	246	5
Unrated	6,260	71	-	-	-	-	6,260	71
Total carrying amount at fair value	<u>121,328</u>	<u>1,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,328</u>	<u>1,172</u>
Impairment allowances	<u>(201)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201)</u>	<u>(2)</u>
Debt investment securities measured at FVOCI classified as assets held for sale								
Aaa	-	-	-	-	-	-	-	-
Aa1 to Aa3	133	-	-	-	-	-	133	-
A1 to A3	9,187	60	-	-	-	-	9,187	60
Baa1 to Baa3	9,416	89	-	-	-	-	9,416	89
Below Baa3	167	4	-	-	-	-	167	4
Unrated	156	2	29	-	-	-	185	2
Total carrying amount at fair value	<u>19,059</u>	<u>155</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,088</u>	<u>155</u>
Impairment allowances	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>-</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

The following table sets out the credit analysis for non-trading financial assets measured at FVTPL.

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Debt investment securities		
Aaa	–	–
Aa1 to Aa3	–	–
A1 to A3	354	171
Baa1 to Baa3	3,816	4,279
Below Baa3	–	–
Unrated	124	121
	<u>4,294</u>	<u>4,571</u>
Debt investment securities classified as assets held for sale		
Aaa	–	–
Aa1 to Aa3	–	–
A1 to A3	9	77
Baa1 to Baa3	970	976
Below Baa3	221	219
Unrated	–	–
	<u>1,200</u>	<u>1,272</u>

The following table sets out the credit analysis for trading debt investment securities.

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Debt investment securities		
Aaa	–	–
Aa1 to Aa3	–	–
A1 to A3	2,222	309
Baa1 to Baa3	624	–
Below Baa3	144	–
Unrated	60	–
	<u>3,050</u>	<u>309</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(a) Credit Quality Analysis (Continued)

Credit quality of financial assets other than loans and advances (Continued)

The following table shows the credit quality of the counterparties to which there were exposures arising from derivative asset transactions.

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Derivative assets		
Aa1 to Aa3	68	53
A1 to A3	2,716	4,590
Baa1 to Baa3	921	1,259
Below Baa3	–	264
Unrated	1,526	1,893
	<hr/>	<hr/>
Total carrying amount at fair value	5,231	8,059
	<hr/> <hr/>	<hr/> <hr/>

Cash and balances with banks

The Group held cash and balances with banks of HK\$60,400 million at 30th June, 2021 (31st December, 2020: HK\$56,396 million), of which 99% (31st December, 2020: 99%) of cash and balances with banks counterparties that are rated at investment grade, based on Moody's Investor Services, or equivalent ratings.

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation

The following tables show reconciliations from the opening to the closing balance of the impairment allowance by type of financial instrument. The reconciliation is prepared by comparing the position of impairment allowance between 1st January and 30th June/31st December at transaction level.

	30/6/2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loans and advances to customers				
Balance at 1st January	849	1,041	3,025	4,915
Transfer to 12-month ECL	78	(78)	–	–
Transfer to lifetime ECL not credit-impaired	(12)	17	(5)	–
Transfer to lifetime ECL credit-impaired	(2)	(368)	370	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	200	10	1	211
Write-offs	–	–	(1,349)	(1,349)
Net remeasurement of impairment allowances (including exchange adjustments)	(260)	–	833	573
Balance at 30th June	<u>853</u>	<u>622</u>	<u>2,875</u>	<u>4,350</u>
Of which:				
For advance to customers at amortised cost	850	620	2,809	4,279
For related accrued interest receivable	3	2	66	71
	<u>853</u>	<u>622</u>	<u>2,875</u>	<u>4,350</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation (Continued)

	31/12/2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Loans and advances to customers				
Balance at 1st January	502	518	2,784	3,804
Transfer to 12-month ECL	23	(23)	–	–
Transfer to lifetime ECL not credit-impaired	(8)	12	(4)	–
Transfer to lifetime ECL credit-impaired	(5)	(68)	73	–
New financial assets originated or purchased, assets derecognised, repayments and further lending	324	344	364	1,032
Write-offs	–	–	(4,172)	(4,172)
Net remeasurement of impairment allowances (including exchange adjustments)	13	258	3,980	4,251
Balance at 31st December	<u>849</u>	<u>1,041</u>	<u>3,025</u>	<u>4,915</u>
Of which:				
For advance to customers at amortised cost	845	1,038	2,976	4,859
For related accrued interest receivable	4	3	49	56
	<u>849</u>	<u>1,041</u>	<u>3,025</u>	<u>4,915</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation (Continued)

	30/6/2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities				
Balance at 1st January	273	–	–	273
Transfer to 12-month ECL	–	–	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	50	–	–	50
Write-offs	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	(26)	–	–	(26)
Balance at 30th June	<u>297</u>	<u>–</u>	<u>–</u>	<u>297</u>
Of which:				
For debt investment securities measured at amortised cost	109	–	–	109
For related accrued interest receivable	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
	<u>110</u>	<u>–</u>	<u>–</u>	<u>110</u>
For debt investment securities measured at FVOCI	185	–	–	185
For related accrued interest receivable	<u>2</u>	<u>–</u>	<u>–</u>	<u>2</u>
	<u>187</u>	<u>–</u>	<u>–</u>	<u>187</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation (Continued)

	31/12/2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt investment securities				
Balance at 1st January	359	4	–	363
Transfer to 12-month ECL	–	–	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased, assets derecognised, repayments and further investment	12	(4)	–	8
Write-offs	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	(19)	–	–	(19)
Transfer to assets held for sale	(79)	–	–	(79)
	<u>273</u>	<u>–</u>	<u>–</u>	<u>273</u>
Balance at 31st December	<u>273</u>	<u>–</u>	<u>–</u>	<u>273</u>
Of which:				
For debt investment securities measured at amortised cost	69	–	–	69
For related accrued interest receivable	1	–	–	1
	<u>70</u>	<u>–</u>	<u>–</u>	<u>70</u>
For debt investment securities measured at FVOCI	201	–	–	201
For related accrued interest receivable	2	–	–	2
	<u>203</u>	<u>–</u>	<u>–</u>	<u>203</u>

The impairment allowances of debt investment securities measured at FVOCI are not separately recognised in the statement of financial position because the carrying amount of debt investment securities measured at FVOCI is their fair value.

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation (Continued)

	30/6/2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Others				
Balance at 1st January	89	19	121	229
Transfer to 12-month ECL	2	(2)	–	–
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased, assets derecognised and repayments	9	(2)	–	7
Write-offs	–	–	(1)	(1)
Changes in models	–	–	–	–
Net remeasurement of impairment allowances (including exchange adjustments)	(15)	7	–	(8)
Balance at 30th June	<u>85</u>	<u>22</u>	<u>120</u>	<u>227</u>
Of which:				
For trade bills at FVOCI	2	–	–	2
For related accrued interest receivable	–	–	–	–
	<u>2</u>	<u>–</u>	<u>–</u>	<u>2</u>
For trade bills at amortised cost (Note 19)	1	–	–	1
For related accrued interest receivable	–	–	–	–
	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
For placements with and advances to banks (Note 18)	1	–	–	1
For related accrued interest receivable	–	–	–	–
	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
For cash and balances with banks (Note 17)	30	–	–	30
For related accrued interest receivable	–	–	–	–
	<u>30</u>	<u>–</u>	<u>–</u>	<u>30</u>
For loan commitments and financial guarantee contracts (Note 28)	<u>43</u>	<u>21</u>	<u>–</u>	<u>64</u>
For account receivables and other accounts	<u>8</u>	<u>1</u>	<u>120</u>	<u>129</u>

Notes to the Interim Financial Statements (Continued)

37. Credit Risk (Continued)

(b) Impairment Allowances Reconciliation (Continued)

	31/12/2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Others				
Balance at 1st January	115	32	112	259
Transfer to 12-month ECL	2	(2)	–	–
Transfer to lifetime ECL not credit-impaired	(1)	1	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
New financial assets originated or purchased, assets derecognised and repayments	(23)	(10)	4	(29)
Write-offs	–	–	(4)	(4)
Net remeasurement of impairment allowances (including exchange adjustments)	(4)	(2)	9	3
Balance at 31st December	<u>89</u>	<u>19</u>	<u>121</u>	<u>229</u>
Of which:				
For trade bills at FVOCI	3	1	–	4
For related accrued interest receivable	–	–	–	–
	<u>3</u>	<u>1</u>	<u>–</u>	<u>4</u>
For trade bills at amortised cost (Note 19)	3	–	–	3
For related accrued interest receivable	–	–	–	–
	<u>3</u>	<u>–</u>	<u>–</u>	<u>3</u>
For placements with and advances to banks (Note 18)	3	–	–	3
For related accrued interest receivable	–	–	–	–
	<u>3</u>	<u>–</u>	<u>–</u>	<u>3</u>
For cash and balances with banks (Note 17)	19	–	–	19
For related accrued interest receivable	–	–	–	–
	<u>19</u>	<u>–</u>	<u>–</u>	<u>19</u>
For loan commitments and financial guarantee contracts (Note 28)	<u>52</u>	<u>18</u>	<u>2</u>	<u>72</u>
For account receivables and other accounts	<u>9</u>	<u>–</u>	<u>119</u>	<u>128</u>

The impairment allowances of trade bills at FVOCI are not recognised in the statement of financial position because the carrying amount of trade bills at FVOCI is their fair value.

Notes to the Interim Financial Statements (Continued)

38. Off-balance Sheet Exposures

(a) *Contingent liabilities and commitments*

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments and the aggregate credit risk-weighted amount and is prepared with reference to the completion instructions for the HKMA return of capital adequacy ratio.

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Contractual amounts of contingent liabilities		
Direct credit substitutes	6,628	9,065
Transaction-related contingencies	1,718	1,325
Trade-related contingencies	5,499	4,303
	<u>13,845</u>	<u>14,693</u>
Contractual amounts of commitments		
Commitments that are unconditionally cancellable without prior notice	177,718	159,852
Other commitments with an original maturity		
– up to 1 year	3,736	7,093
– over 1 year	30,328	27,722
	<u>211,782</u>	<u>194,667</u>
Total	<u>225,627</u>	<u>209,360</u>
Credit risk weighted amounts	<u>21,064</u>	<u>22,946</u>
(b) <i>Derivatives</i>		
Fair value of derivatives		
Assets		
Exchange rate contracts	1,323	2,333
Interest rate contracts	1,604	2,004
Equity contracts	2,304	3,721
Others	–	1
	<u>5,231</u>	<u>8,059</u>
Liabilities		
Exchange rate contracts	1,146	2,827
Interest rate contracts	4,670	6,450
Equity contracts	2,300	3,740
Others	–	–
	<u>8,116</u>	<u>13,017</u>
Notional amounts of derivatives		
Exchange rate contracts	330,976	293,773
Interest rate contracts	423,037	428,454
Equity contracts	13,998	17,522
Others	–	77
	<u>768,011</u>	<u>739,826</u>

Notes to the Interim Financial Statements (Continued)

38. Off-balance Sheet Exposures (Continued)

(c) 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:

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Expenditure authorised and contracted for	284	340
Expenditure authorised but not contracted for	191	116
	<u>475</u>	<u>456</u>

(d) Contingencies

The Group receives legal claims against it arising in the normal courses of business. The Group considers none of these matters as material. Where appropriate the Group recognises provisions for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation.

39. Material Related Party Transactions

(a) Key management personnel remuneration

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

	30/6/2021	30/6/2020
	HK\$ Mn	HK\$ Mn
Short-term employee benefits	83	67
Post-employment benefits	4	4
Equity compensation benefits	10	2
	<u>97</u>	<u>73</u>

Notes to the Interim Financial Statements (Continued)

39. Material Related Party Transactions (Continued)

- (b) The Group maintains certain retirement benefit schemes for its staff. In the six months ended 30th June, 2021, the total amount of contributions the Group made to the schemes was HK\$106 million (six months ended 30th June, 2020: HK\$99 million).

The Group enters into a number of transactions with the Group's related parties, including its associates, shareholders with significant influence, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. All interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

The interest received from and interest paid to the Group's related parties for the six months ended 30th June, 2021, outstanding balances of amounts due from and due to them at 30th June, 2021 and maximum outstanding balance of amounts due from and due to them for the six months ended 30th June, 2021 are aggregated as follows:

	Key management personnel		Associates		Shareholders with significant influence	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Interest income	8	31	34	34	–	–
Interest expense	5	7	–	2	–	–
Amounts due from	735	2,246	1,623	1,440	3,409	1,208
Amounts due to	2,386	1,003	32	451	135	25
Maximum amounts due from	1,107	3,452	1,950	1,862	6,125	8,102
Maximum amounts due to	3,976	3,481	251	619	1,003	803
Committed facilities to	1,286	1,187	1,009	951	–	–

Notes to the Interim Financial Statements (Continued)

40. Basis of Consolidation

Unless otherwise stated, all financial information contained in this interim report is prepared according to the consolidation basis for accounting purposes.

The capital adequacy ratio, leverage ratio and liquidity position of the Group are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation base for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries, associates and joint ventures whereas the latter includes the Bank and only some of the Group's subsidiaries which mainly conduct banking business or other businesses incidental to banking business.

List of subsidiaries for financial reporting consolidation as at reporting date:

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Ample Delight Limited	Investment holding	329	329
* Bank of East Asia (Trustees) Limited	Trustee service	233	215
BC (BVI) Holdings Limited	Investment holding	16	16
BEA Consortium GS Investors L.P.	Acting as a limited partner for the purpose of making investment in private equity fund	40	40
BEA Insurance Agency Limited	Insurance agency	–	–
BEA Life Limited	Life insurance	29,160	2,234
BEA Union Investment Management Limited	Asset management	567	505
BEA Union Investment Management (Shenzhen) Limited	Asset management/Investment management	10	8
Blue Care (BVI) Holdings Limited	Investment holding	16	16
Blue Care JV (BVI) Holdings Limited	Investment holding	20	17
Blue Care Medical Services Limited	Medical services	49	42
Blue Cross (Asia-Pacific) Insurance Limited	Insurance	2,637	791
Central Town Limited	Property investment	764	632
Century Able Limited	Investment holding	89	89
Citiview Capital Limited	Acting as the general partner and limited partner of a limited partnership	2	2
Corona Light Limited	Investment holding	930	930

Notes to the Interim Financial Statements (Continued)

40. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets	Total equity
		HK\$ Mn	HK\$ Mn
* Credit Gain Finance Company Limited	Money lenders	685	684
Crystal Gleaming Limited	Investment holding	930	930
Dragon Jade Holdings Company Limited	Investment holding	1,127	1,127
EA Securities Limited	Investment holding	–	(63)
* East Asia Digital Information Services (Guangdong) Limited	Servicing	237	171
* East Asia Facility Management Limited	Facility management	31	20
East Asia Financial Services (BVI) Ltd.	Investment holding	–	–
East Asia Futures Limited	Futures and options trading	58	58
* East Asia Holding Company, Inc.	Bank holding company	627	609
East Asia Indonesian Holdings Limited	Investment holding	2	2
East Asia International Trustees Holdings (BVI) Limited	Investment holding	10	10
East Asia International Trustees Limited	Trustee service	38	36
* East Asia Properties (US), Inc.	Funding support	14	12
East Asia Properties Holding Company Limited	Investment holding	–	(47)
East Asia Property Agency Company Limited	Property agency	8	8
East Asia Qianhai Holdings Company Limited	Investment holding	220	220
East Asia Secretaries Limited	Secretarial services	–	–
East Asia Securities Company Limited	Securities broking	1,672	1,022
* East Asia Services (Holdings) Limited	Holding company	23	–
Golden Empire International Inc.	Property investment	1	1
Leader One Limited	Investment holding	1	1
Manchester Property Holdings Ltd.	Property holding	33	18

Notes to the Interim Financial Statements (Continued)

40. Basis of Consolidation (Continued)

Name of company	Nature of business	Total assets HK\$ Mn	Total equity HK\$ Mn
Quantum Hong Kong Holdings Company Limited	Investment holding	77	77
Red Phoenix Limited	Leasing of motor vehicles	2	2
Shaftesbury Property Holdings Limited	Investment holding	61	61
Shaftesbury Property Investments Limited	Investment holding	42	42
Shanghai Lingxie Business Consulting Co. Ltd.	Business information consulting, corporate management consulting	217	217
Silver River International Limited	Acting as the general partner and limited partner of a limited partnership	31	31
Silver Sunlight Limited	Acting as the general partner of a limited partnership	–	–
Skyray Holdings Limited	Investment holding	450	450
Speedfull Limited	Investment holding	450	450
* /# The Bank of East Asia (China) Limited	Banking and related financial services	243,800	26,047
The Bank of East Asia (Nominees) Limited	Nominee services	–	–
The Bank of East Asia (Nominees) Private Limited	Trustee, fiduciary and custody services	–	–
Travelsafe Limited	Dormant	–	–
U Care Hong Kong Medical Limited	Medical services	24	(11)
United Chinese (Nominee) Limited	Dormant	–	–

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

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

41. Comparative Figures

Certain 2020 comparative figures have been restated to conform to current period's presentation. Please refer to Note 12 for the effect of the restatement.

Notes to the Interim Financial Statements (Continued)

42. Statement of Compliance

The Interim Report has been prepared in accordance with the applicable disclosure provisions of the Listing Rules and in compliance with HKAS 34, "Interim Financial Reporting", issued by the HKICPA. It was authorised for issue on 19th August, 2021.

The Banking Disclosure Statement (refer to Note E of Supplementary Financial Information), together with the disclosures in the interim financial report, contained all the disclosures required by the Banking (Disclosure) Rules issued by the HKMA.

43. Assets Held for Sale

The assets held for sale and liabilities held for sale after elimination of inter-companies balances are summarised below:

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Assets held for sale (<i>Note 25</i>)		
Disposal groups held for sale	30,593	26,620
Other properties	37	37
	<u>30,630</u>	<u>26,657</u>
Liabilities held for sale (<i>Note 28</i>)		
Disposal groups held for sale	<u>28,281</u>	<u>26,864</u>

On 23rd September, 2020, the Bank announced that it had completed its comprehensive strategic review and decided to initiate a sale process for its wholly-owned subsidiary, BEA Life Limited ("BEA Life"). Subsequently, the Bank launched the sale process of BEA Life and the residual life insurance portfolio underwritten by its wholly owned subsidiary, Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross").

On 24th March, 2021, the Bank entered into the Share Sale and Framework Agreement with AIA in relation to the sale of BEA Life to AIA. On the same day, the Bank entered into the Regional Distribution Agreement with AIA setting out the framework for the arrangements proposed to be entered into under which the AIA Group will be the exclusive provider of life insurance products for the Bank's personal banking customers in Hong Kong, Mainland China and Macau, including for the avoidance of doubt the Greater Bay Area. The consideration for the sale of BEA Life and the Bank's entry into and compliance with the distribution arrangements contemplated in the Regional Distribution Agreement is HK\$5,070 million in cash, plus an amount equivalent to notional interest on that sum for the period from 30th September, 2020 to completion of the sale. In addition, on 24th March, 2021, BEA Life and Blue Cross entered into an agreement under which the residual life insurance portfolio of Blue Cross ("Portfolio") will be transferred from Blue Cross to BEA Life at the net asset value of the Portfolio on closing of the Portfolio transfer. The sale of BEA Life transaction has been approved by Insurance Authority of Hong Kong and the completion of the sale is expected to take place shortly. The completion of the Portfolio transfer is subject to both regulatory approval and consent of the Hong Kong court.

The assets and liabilities of BEA Life and the Portfolio as at 30th June, 2021 and 31st December, 2020 are classified and presented separately as assets held for sale and liabilities held for sale in the consolidated financial statements.

Notes to the Interim Financial Statements (Continued)

43. Assets Held for Sale (Continued)

The assets and liabilities of the disposal groups held for sale after elimination of inter-companies balances are summarised below:

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
ASSETS		
Cash and balances with banks	–	3
Investment securities	28,902	25,920
Fixed assets	12	9
– Investment properties	–	–
– Other properties and equipment	12	9
Other assets	1,679	688
Assets held for sale	<u>30,593</u>	<u>26,620</u>
LIABILITIES		
Derivative liabilities	–	1
Current taxation	28	39
Deferred tax liabilities	9	1
Other liabilities	28,244	26,823
Liabilities held for sale	<u>28,281</u>	<u>26,864</u>

As at 30th June, 2021, the total equity of the disposal groups attributable to the Group was HK\$2,440 million (31/12/2020: HK\$2,688 million).

Investment Securities

	30/6/2021			
	Mandatorily measured at FVTPL	Measured at FVOCI	Measured at amortised cost	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt securities	1,200	22,150	2,026	25,376
Equity securities	1,702	–	–	1,702
Investment funds	1,824	–	–	1,824
	<u>4,726</u>	<u>22,150</u>	<u>2,026</u>	<u>28,902</u>
	31/12/2020			
	Mandatorily measured at FVTPL	Measured at FVOCI	Measured at amortised cost	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Debt securities	1,272	19,088	2,104	22,464
Equity securities	1,026	–	–	1,026
Investment funds	2,430	–	–	2,430
	<u>4,728</u>	<u>19,088</u>	<u>2,104</u>	<u>25,920</u>

Notes to the Interim Financial Statements (Continued)

43. Assets Held for Sale (Continued)

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

	30/6/2021
	HK\$ Mn
Cumulative loss recognised in other comprehensive income	(525)

44. Exposures to Interbank Offered Rates

The following table shows outstanding amounts of financial instruments referencing the interest rate benchmarks that have yet to transit to alternative benchmark rates as at 30th June, 2021, excluding the financial instruments that will expire before the transition date. The amounts of financial assets and liabilities are shown at gross carrying amounts, and derivatives are shown at notional amounts.

	30/6/2021							
	Gross Carrying Amount/Notional Amount							
	USD LIBOR	EUR LIBOR	GBP LIBOR	HIBOR	SG Swap Offer Rate	Bank Bill Swap Rate	Bank Bill Benchmark Rate	Other IBOR
	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
Assets								
Loans and advances to customers	28,338	89	14,534	200,054	4,009	2,189	-	13,530
Placements with and advances to banks	2,049	-	-	6,151	-	-	-	-
Negotiable debt instruments held, including negotiable certificates of deposit	171	-	-	550	-	-	-	-
Total Asset	<u>30,558</u>	<u>89</u>	<u>14,534</u>	<u>206,755</u>	<u>4,009</u>	<u>2,189</u>	<u>-</u>	<u>13,530</u>
Liabilities								
Deposits from customers	-	-	-	10,896	-	-	-	-
Certificates of deposit and debt securities issued	2,702	-	-	230	-	-	-	-
Total liabilities	<u>2,702</u>	<u>-</u>	<u>-</u>	<u>11,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Derivatives								
Interest rate swaps	55,303	-	215	53,592	173	9,142	666	6,732
Cross currency swaps	2,936	-	-	1,483	-	3,028	1,569	2,552
Other derivatives	311	-	1,503	1,843	-	11	-	-
Gross total derivatives	<u>58,550</u>	<u>-</u>	<u>1,718</u>	<u>56,918</u>	<u>173</u>	<u>12,181</u>	<u>2,235</u>	<u>9,284</u>

The Group has fair value hedge accounting relationships maturing beyond the anticipated cessation date for IBORs. Significant judgement will be required in determining when uncertainty is expected to be resolved and when targeted relief will cease to apply. As at 30th June, 2021, the Group believes uncertainty continues to exist as to when and how the replacement may occur with respect to the relevant derivative hedging instruments, and so the targeted reliefs apply to the Group's hedge accounting relationships that reference benchmarks subject to reform or replacement.

Notes to the Interim Financial Statements (Continued)

44. Exposures to Interbank Offered Rates (Continued)

As at 30th June, 2021, the details of derivative instruments designated in fair value hedge accounting relationships linked to IBORs, excluding the derivative instruments that will expire before the transition date, are as follows:

	30/6/2021	
	Notional designated	Weighted average exposure years
	HK\$ Mn	
Interest rate swaps		
USD LIBOR	44,857	4.05
Bank Bill Swap Rate	9,125	0.87
HIBOR	2,302	0.17
Bank Bill Benchmark Rate	611	0.03
SG Swap Offer Rate	173	0.01
Other IBOR	5,220	0.28
	<u>62,288</u>	<u>5.41</u>

Supplementary Financial Information

A. Capital Adequacy

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Capital base		
– Common Equity Tier 1 capital	83,395	81,784
– Additional Tier 1 capital	13,968	13,968
	<hr/>	<hr/>
– Total Tier 1 capital	97,363	95,752
– Tier 2 capital	13,088	12,669
	<hr/>	<hr/>
– Total capital	110,451	108,421
	<hr/> <hr/>	<hr/> <hr/>
Risk weighted assets by risk type		
– Credit risk	448,528	453,886
– Market risk	14,672	11,516
– Operational risk	32,053	32,285
	<hr/>	<hr/>
	495,253	497,687
Less: Deductions	(3,088)	(3,145)
	<hr/>	<hr/>
	492,165	494,542
	<hr/> <hr/>	<hr/> <hr/>
	30/6/2021	31/12/2020
	%	%
Common Equity Tier 1 capital ratio	16.9	16.5
Tier 1 capital ratio	19.8	19.4
Total capital ratio	22.4	21.9

Capital adequacy ratios are compiled in accordance with the Banking (Capital) Rules issued by the HKMA. 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 Banking (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 Banking (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 as determined in accordance with Part 3 of the Banking (Capital) Rules.

Supplementary Financial Information (Continued)

A. Capital Adequacy (Continued)

The subsidiaries that are included in consolidation for regulatory purposes are listed in Note 40 of the Interim Report.

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

The information relating to the Group's regulatory capital and other disclosures can be found on the Bank's website, accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

B. Leverage Ratio

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Total Tier 1 capital	97,363	95,752
Exposure measure	900,572	879,956
	30/6/2021	31/12/2020
	%	%
Leverage ratio	10.8	10.9

The disclosure on leverage ratio has been effective since 31st March, 2015 and is computed on the same consolidated basis as specified in a notice from the HKMA in accordance with section 3C of the Banking (Capital) Rules. The relevant disclosures can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

C. Liquidity Position

Liquidity coverage ratio

	30/6/2021	31/12/2020
	%	%
Average liquidity coverage ratio – First quarter	189.4	178.1
– Second quarter	177.3	177.7
– Third quarter	N/A	175.9
– Fourth quarter	N/A	183.8

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

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

Supplementary Financial Information (Continued)

C. Liquidity Position (Continued)

Net stable funding ratio

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Total available stable funding	542,465	540,767
Total required stable funding	474,589	455,969
	30/6/2021	31/12/2020
	%	%
Net stable funding ratio	114.3	118.6

The net stable funding ratio is calculated in accordance with the Banking (Liquidity) Rules effective from 1st January, 2018. The information for the regulatory disclosure can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

D. Overdue, Rescheduled and Repossessed Assets

(a) Overdue and rescheduled advances to customers

	30/6/2021		31/12/2020	
	HK\$ Mn	% of total advances to customers	HK\$ Mn	% of total advances to customers
Advances to customers overdue for				
– 6 months or less but over 3 months	1,184	0.2	776	0.2
– 1 year or less but over 6 months	661	0.1	870	0.2
– Over 1 year	681	0.2	1,167	0.2
	2,526	0.5	2,813	0.6
Rescheduled advances to customers	132	0.0	166	0.0
Total overdue and rescheduled advances	2,658	0.5	2,979	0.6
Covered portion of overdue advances	951	0.2	1,878	0.4
Uncovered portion of overdue advances	1,575	0.3	935	0.2
Current market value of collateral held against the covered portion of overdue advances	4,130		5,007	
Specific provisions made on advances overdue for more than 3 months	1,343		1,578	

Supplementary Financial Information (Continued)

D. Overdue, Rescheduled and Repossessed Assets (Continued)

(a) *Overdue and rescheduled advances to customers (Continued)*

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.

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

Supplementary Financial Information (Continued)

D. Overdue, Rescheduled and Repossessed Assets (Continued)

(b) Overdue and rescheduled advances to banks

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Advances to banks overdue for		
– 6 months or less but over 3 months	–	–
– 1 year or less but over 6 months	–	–
– Over 1 year	–	–
	–	–
Rescheduled advances to banks	–	–
Total overdue and rescheduled advances	–	–

(c) Other overdue and rescheduled assets

	30/6/2021		
	Accrued interest	Debt securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	10	–	–
– 1 year or less but over 6 months	6	–	–
– Over 1 year	61	–	–
	77	–	–
Rescheduled assets	1	–	–
Total other overdue and rescheduled assets	78	–	–
	31/12/2020		
	Accrued Interest	Debt Securities	Other assets*
	HK\$ Mn	HK\$ Mn	HK\$ Mn
Other assets overdue for			
– 6 months or less but over 3 months	8	–	–
– 1 year or less but over 6 months	20	–	–
– Over 1 year	73	–	–
	101	–	–
Rescheduled assets	–	–	–
Total other overdue and rescheduled assets	101	–	–

* Other assets refer to trade bills and receivables.

Supplementary Financial Information (Continued)

D. Overdue, Rescheduled and Repossessed Assets (Continued)

(d) Repossessed assets

	30/6/2021	31/12/2020
	HK\$ Mn	HK\$ Mn
Reposessed land and buildings (Note)	252	211
Reposessed vehicles and equipment	17	28
Reposessed machines	–	–
	<hr/>	<hr/>
Total reposessed assets	<u>269</u>	<u>239</u>

The amount represents the estimated market value of the reposessed assets as at 30th June, 2021 and 31st December, 2020.

Note: The balance included HK\$44 million (31/12/2020: HK\$52 million) relating to properties that were contracted for sale but not yet completed.

E. Banking Disclosure Statement

Additional information disclosures for this period which are prepared in accordance with the Banking (Disclosure) Rules, the disclosure requirements in Part 6 of Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and disclosure templates issued by the HKMA can be found on the Bank's website accessible through the "Regulatory Disclosures" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF THE BANK OF EAST ASIA, LIMITED

INTRODUCTION

We have reviewed the interim financial report set out on pages 3 to 71 which comprises the consolidated statement of financial position of The Bank of East Asia, Limited as of 30th June, 2021 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30th June, 2021 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

19th August, 2021

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30th June, 2021 of HK\$0.35 per Share (the "2021 Interim Dividend") (2020 Interim Dividend: HK\$0.16 per Share). The 2021 Interim Dividend will be paid on or about Monday, 4th October, 2021 in cash with an option to receive new, fully paid Shares in lieu of cash (the "Scrip Dividend Scheme"), to shareholders whose names appear on the Register of Members of the Bank at the close of business on Thursday, 9th September, 2021. For the purpose of calculating the number of new Shares to be allotted under the Scrip Dividend Scheme, the market value of the new Shares means the average closing price of the Shares on the Stock Exchange from Friday, 3rd September, 2021 (being the first day that the Shares were traded ex-dividend) to Thursday, 9th September, 2021 (both days inclusive). Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 9th September, 2021.

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 Monday, 4th October, 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Bank will be closed from Tuesday, 7th September, 2021 to Thursday, 9th September, 2021 (both days inclusive). In order to qualify for the 2021 Interim Dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:00 p.m. on Monday, 6th September, 2021.

FINANCIAL REVIEW

Financial Performance

For the first six months of 2021, BEA and its subsidiaries earned a profit attributable to owners of the parent of HK\$2,671 million, representing an increase of HK\$1,139 million or 74.3%, compared with the HK\$1,532 million earned in the same period in 2020.

The increase in attributable profit was mainly due to a significant decrease in impairment losses in Mainland China and Hong Kong. Credit costs improved as a result of fewer loan downgrades, as well as a positive impact from updates to economic variables in the Bank's expected credit loss model.

Basic earnings per share rose from HK\$0.39 in the first half of 2020 to HK\$0.78 in the corresponding period in 2021.

The annualised return on average assets rose from 0.3% to 0.5%, while the annualised return on average equity rose from 2.5% to 4.6%.

Net interest income for the Group decreased by HK\$591 million, or 9.7%, to HK\$5,523 million, despite a 4.3% rise in average interest earning assets. Net interest margin narrowed from 1.59% to 1.38% under the prolonged low interest rate environment.

Net fee and commission income rose by HK\$105 million, or 7.3%, to HK\$1,540 million. Net commission income from sale of investment products, insurance policies, and securities brokerage grew. This increase was partly offset by a decline in credit card and trade finance income.

Net insurance profit was up by HK\$103 million or 38.8%. The increase was mainly due to improved results from underwriting and mark-to-market changes on financial instruments.

Taken together, net trading and hedging results and net results from other financial instruments rose by HK\$386 million, or 91.6%, to HK\$806 million. Overall, non-interest income rose by 22.5% to HK\$2,892 million. Total operating income slightly decreased by 0.7% to HK\$8,415 million.

Total operating expenses increased by 6.8% to HK\$4,647 million. The rise came as a result of IT investment, as well as higher performance incentives as profitability improved. Costs were also affected by a negative impact from Renminbi exchange rate movements. The cost-to-income ratio for the first half of 2021 was 55.2%, compared to 51.3% in the first half of 2020.

Impairment losses on financial instruments fell sharply, from HK\$2,675 million in 2020 to HK\$581 million in 2021. The Group's impaired loan ratio fell from 1.26% at the end of December 2020 to 1.21% at the end of June 2021. The impaired loan ratio for Hong Kong operations rose from 0.75% to 0.79%, while that for Mainland China operations fell from 3.10% to 2.63%.

Operating profit after impairment losses amounted to HK\$3,187 million, an increase of HK\$1,965 million, or 160.8%.

In the first half of 2020, the Group booked a profit of HK\$341 million on the sale of subsidiaries and associates. No similar gain was recognised in the first half this year. Valuation on investment properties recorded a net loss of HK\$123 million.

After accounting for income taxes, profit increased to HK\$2,697 million, an increase of 73.1% compared to the HK\$1,558 million recorded in the first half of 2020.

Financial Position

The Group's total consolidated assets stood at HK\$900,509 million at the end of June 2021, an increase of 1.8% compared to HK\$884,420 million at the end of 2020.

Gross advances to customers increased by 4.1% to HK\$535,112 million.

Driven by the strong contribution from net profit for the period, total equity attributable to owners of the parent increased to HK\$100,251 million, a rise of 1.4%.

Total deposits from customers increased by 1.6% to HK\$598,588 million. Of the total, demand deposits and current account balances increased by HK\$2,945 million, or 4.2%; savings deposits increased by HK\$3,549 million, or 1.9%; and time deposits increased by HK\$2,892 million, or 0.9%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, increased by 1.8% to HK\$661,656 million.

As at 30th June, 2021, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 22.4%, 19.8%, and 16.9%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2021 was 177.3%, well above the statutory minimum of 100%.

BUSINESS REVIEW

In the first half of this year, the nascent economic rebound gathered momentum, spurred by optimism over the vaccine rollout. However, the emergence of more infectious strains of the virus heightened uncertainties and the COVID-19 pandemic continued to cloud the global economy.

Hong Kong's economy benefitted from the global rebound, with exports rising 30% on an annualised basis in the first half of the year. Unemployment fell to an average of 5.5% during the April-to-June period, down from 6% between March and May. Riding on this trend, the economy grew by 7.8% year-on-year over the first six months of the year. Property prices were up by 3.8% year-to-date in June, reaching their highest level since July 2019 at a mere 0.6% below the peak level seen in May that year.

The recovery is uneven, with some sectors lagging behind, including the airline and hotel industries. However, with a relatively stable epidemic situation in Hong Kong, positive momentum will continue. Due to different bases of comparison, the growth rate in the second half will be lower than the first. For the year as a whole, BEA projects that Hong Kong's economy will expand by 5.8% year-on-year, with inflation reaching 1.5%. The unemployment rate will stand at 4.8% at year-end.

The Mainland economy has recovered strongly. Taken over two years, value-added industrial output grew by an average of 6.5% per annum in June. Investment rose, mainly supported by public spending. The overall economy grew by 12.7% in the first two quarters of the year. Meanwhile, pushed by spiking commodity prices, producer prices expanded by 8.8% year-on-year in June. As rising costs filter through, cost inflation is certain to impact the manufacturing sector's profitability in the months to come. With numerous policy curbs, tightening on developers' financing and more stringent credit quotas, home price growth slowed month-on-month for the first time since November last year. The cost of housing rose by 0.5% month-on-month in June, down from 0.6% in May, a trend that should moderate further as the cooling measures remain in place.

Overall, China's economy is accelerating but domestic consumption remains sluggish. Over two years, average annual retail sales growth stood at a modest 4.9% in June. Core inflation (excluding food and energy) rose by only 0.9%. The People's Bank of China is expected to adopt an easier monetary policy, hoping to keep the economic momentum alive.

Looking ahead, the Chinese economy is expected to post a strong 2021, with the economy growing by 8.9% while inflation will remain modest at 1.4%.

Business – Hong Kong

Profit before tax for Hong Kong operations increased by 40.6% year-on-year to HK\$1,988 million.

Growth was driven by higher fee income, reduced impairment losses and a positive swing in mark-to-market revaluations, as the business conditions and outlook improved.

Impairment losses were significantly lower due to fewer corporate loan downgrades, lower provisions on the retail portfolio, and a positive impact from updates to economic variables in the Bank's expected credit loss model.

The Bank focussed on growing non-interest income under the low-for-long interest rate environment. Efforts to uplift frontline productivity and drive fee-generating business were successful, and net fee and commission income increased by 21.7% year-on-year. Net insurance profit also rose notably on improved results from underwriting and mark-to-market revaluations.

The growth in non-interest income was partially offset by a decline in net interest income, as seen across the industry. Net interest margin narrowed as a result of the material drop in interbank rates since the second quarter of 2020. Overall, operating income increased by 3.5% year-on-year.

The Bank maintained a cautious approach to lending at the beginning of the year, and started to take a more proactive stance in the second quarter as the macroeconomic outlook improved. Demand for corporate loans showed good momentum as companies began to plan for the post-pandemic recovery.

BEA's customer loans in Hong Kong increased by 1.8% to HK\$301,186 million in the six months to 30th June, 2021, while debt investments grew by 2.3% to HK\$133,008 million. Total deposits rose by 1.1% to HK\$395,255 million. The Bank continued to attract low-cost deposits across all business units and optimise funding costs. The current and savings account ratio rose to 51.9%.

While cost containment remained a priority across the Bank, Hong Kong staff expenses rose with continued investment in BEA's digital and wealth management capabilities. Efforts to accelerate front-to-back digitalisation showed initial results and efficiency gains are expected to be realised in subsequent periods.

On 24th March, 2021, BEA announced the formation of a 15-year exclusive bancassurance partnership with AIA Group covering Hong Kong and Mainland China. Under the partnership, AIA Group will have exclusive access to provide life and long-term savings insurance solutions to the Bank's sizeable retail customer base. Meanwhile, BEA will leverage AIA Group's extensive product expertise and resources to build out its regional omni-channel insurance distribution platform, generating sustainable fee income growth.

Retail Banking

Operating income for the Bank's retail operations was dragged by a decline in net interest income. Income from retail deposits was particularly affected by the aforementioned drop in interbank rates.

The impact was partially offset by a 14.6% rise in non-interest income, driven by robust growth in retail wealth activity. With an improved global outlook, investor sentiment picked up strongly from a slow period in the first half last year. Fee income from investment products and brokerage activities grew. Commissions from insurance product sales were also higher, led by a strong performance from distributing life insurance products in the first quarter.

The Bank has continued to refine its value propositions for different customer groups, with encouraging growth across key target segments. In particular, the affluent customer base grew by 13.9% year-on-year following a revamp of the SupremeGold all-in-one account. The Bank also saw a rise in investment activity among customers of its newly launched SupremeGold Private service. Meanwhile, the emerging affluent customer base rose by 9.5%. To further attract this segment, the Supreme Account has been relaunched with improved mobile and online offerings.

Continued progress was made in migrating basic transactions to the Bank's automated channels. The number of financial transactions made via mobile and online channels increased by 16.2% year-on-year, with digital investment transactions rising by 51.5%. In May, the Bank launched a new mobile rewards marketplace, BEA Mall, with attractive offers and interactive features to drive customer engagement. BEA will continue to develop its digital partnerships and ecosystem to expand customer reach.

Corporate & Commercial Banking

The Bank supported its customers throughout the worst of the COVID-19 pandemic, helping them to weather the storm. The business environment turned increasingly positive during the first half of 2021 and, with lower impairments, Corporate Banking's performance improved.

The corporate loan balance rose by 4.1% over the period. With businesses benefitting from a gradual economic revival, loan demand increased towards the end of the first half, and this momentum is expected to continue in the second half of the year.

Operating income rose by 2.5% year-on-year, supported by 18.9% growth in non-interest income. Debt capital markets solutions have become a growing source of revenue following enhancements to the Bank's services last year. Fee revenues were also lifted by effective cross-selling of corporate wealth management products.

BEA continued to provide tailored solutions to target sectors, addressing business needs across value chains in related industries. At the same time, the Bank strengthened its trade finance offering to acquire quality customers, generate recurring revenue streams and capture deposits through operating accounts. BEA will further leverage its Mainland China network covering the GBA, Bohai Economic Rim, Yangtze River Delta and Central West Region to diversify into sectors with national policy support.

Meanwhile, the Bank remains committed to supporting the development of green and sustainable finance in Hong Kong. BEA established a Green & Sustainability-linked Lending Policy in the first quarter of 2021, with a focus on helping customers transition to a low-carbon economy. The value of green loans and bond investments in the corporate portfolio rose notably during the period. The Bank will continue to enhance its lending and investment policies, incorporate climate-related risk assessment in its financing decisions, and help clients to assess and manage sustainability risks and opportunities.

Wealth Management

Private Banking recorded a mild decline in operating income. Assets under Management (“AUM”) dropped as clients de-risked their portfolios, particularly in notes and bonds. Despite this, sales of investment products continued to perform well. As a result, net fee and commission income rose by 11.2% year-on-year, in line with the Bank’s strategy.

The two-way opening of Mainland China’s financial markets will broaden Private Banking’s potential client base. The GBA is home to one fifth of the Mainland’s ultra-high-net-worth households, and their wealth is projected to grow significantly in the coming years. Preferences are also changing, with increasing demand for more sophisticated, diversified products including those related to succession planning. The market for wealth management and family office services is expected to grow accordingly. BEA is strengthening its integrated service platform and enriching its product offering to meet the holistic needs of this lucrative segment.

A new leadership team is coming on board to drive the continued revamp of the Bank’s Wealth Management Division. Meanwhile, seasoned relationship managers are being recruited to strengthen Private Banking’s salesforce and coverage in the GBA. Given BEA’s established presence and long tradition of service in Mainland China, the Bank is well positioned to capture the boundless opportunities in the region.

The launch of the Wealth Management Connect scheme is expected to bring growing demand for cross-boundary wealth management services. The Bank has developed a seamless omni-channel fulfilment platform to meet the needs of customers seeking asset diversification and/or yield enhancement. Southbound customers will have access to a full range of products and services via BEA’s dedicated Cross-border Centres and digital channels. For northbound customers, the Bank will provide market-leading products, including a GBA mortgage and comprehensive investment solutions.

Insurance & MPF Services

Excluding mark-to-market revaluations and release of policy reserves, profit from BEA’s core insurance business grew by 12.8% year-on-year, reflecting strong underwriting results.

BEA Life Limited, the Bank’s wholly-owned life insurance arm, recorded substantial growth in new premium income during the first three months, as customers responded well to a mix of short-term and whole-life products. After the launch of BEA’s bancassurance partnership with AIA Group in July, the Bank will focus on selling AIA’s life insurance and long-term savings plans, which offer enhanced wealth accumulation opportunities to customers.

For Blue Cross (Asia Pacific) Insurance Limited, BEA’s wholly-owned general insurance arm (“Blue Cross”), underwriting profit normalised following an exceptional result last year, when medical claims ratios dropped as customers avoided treatment during COVID-19. Premium income was pressured by a competitive market for medical insurance in the first half of 2021, as well as the impact of ongoing travel restrictions. Under these conditions, the company will focus on retaining quality group medical accounts, growing individual medical business in the high-net-worth segment, and maintaining positive sales momentum in commercial insurance.

Blue Cross has continued to launch new medical e-services for clients. In January, the company added an online doctor appointment service in its mobile app, enabling customers to make appointments at over 1,000 network service points. This was followed by a remote video doctor consultation service in May, provided in partnership with HKT Limited. Adoption of features including e-claims and QR code outpatient registration continued to rise, reducing cost to serve, as customers responded favourably to Blue Cross’s convenient digital platform.

Total membership of BEA’s Mandatory Provident Fund (“MPF”) schemes grew to 838,000 at the end of June 2021, while AUM stood at HK\$33 billion. The Bank continued to promote the convenience of its digital MPF service channels to both employers and members, and the utilisation rate among each group rose to 40.3% and 91.7% respectively during the period under review.

Business – Mainland China

Mainland China was the first major economy to return to growth following the outbreak of the COVID-19 pandemic last year. In the first half of 2021, Mainland China's economy surged by 12.7% compared to one year ago. Boosted by the government's policy support and strong external demand, exports and imports boomed, while both domestic consumption and fixed-asset investment rose.

Benefitting from the economic recovery, and as a result of effective risk management, BEA China turned a net profit of HK\$279 million in the first half of 2021. This is a marked improvement from the net loss of HK\$468 million in the same period last year. Loan growth momentum accelerated, while credit cost was maintained at a manageable level.

In the period under review, BEA China placed emphasis on sustainable income growth through deepening client relationships, improving product and service offerings, and laying a strong institutional foundation. In the first six months of 2021, BEA China's total loans grew by double digits to reach HK\$140,313 million, fuelled by an expansion in the corporate loan portfolio, now comprising a more diversified and higher quality client base.

This positive development has helped spur growth in BEA China's corporate banking business, with net interest income rising on a half-on-half basis. BEA China will continue to tap into business opportunities stemming from emerging pillar industries such as green energy, auto, healthcare, and technology, media and telecommunications. This will help expand the customer base, further diversify loan portfolio and revenue sources and drive fee income. At the same time, a greater emphasis will be placed on cross-selling of treasury products, transaction banking service, cross-boundary financing solutions and on-and-offshore debt capital market service.

In terms of retail business, BEA China continues to focus on developing its wealth management business. The exclusive bancassurance partnership between BEA China and AIA Life Insurance Company Limited has been sealed and was launched officially early in the second half of 2021. Leveraging BEA China's high-net-worth customer base, this partnership will help increase wallet share and drive more sustainable fee income in the future.

The consumer finance portfolio dropped by 10% in the first six months of the year compared to the same period in 2020. BEA China continues to work with its ecosystem partners and at the same time enhance its ability to self-originate loans for the mass market. A more refined business model and improved risk management controls for both pre-lending and post-lending are being rolled out to meet new regulatory requirements.

Corporate banking and retail banking both saw improved asset quality. The impaired loan ratio continued the steady decline registered since the second half of 2019 to 2.63% as of 30th June, 2021. Impairment losses for the first six months of 2021 stood at HK\$318 million, an 81.5% reduction year-on-year. This trend is expected to continue into the second half of 2021.

Operating expenses for BEA China were roughly flat on a Renminbi basis in the first half of 2021. The cost benefits of network consolidation and a more efficient workforce were offset by the absence of a one-time social insurance contribution exemption granted by the Central Government in 2020 amid the COVID-19 outbreak.

Going forward, the main focus will be on improving operating efficiency through various transformation initiatives. Aligning with the Group's strategy, BEA China has formulated a three-year digital transformation plan to further improve data governance, big data analytic capabilities and workflow automation. At the same time, BEA China has developed a technology roadmap to improve system resilience, and implement a more agile and cost-efficient IT infrastructure to facilitate more scalable growth in future. Meanwhile, BEA China is actively exploring strategic and synergistic partnerships in Mainland China to further enhance its business capabilities. Together, these initiatives will lay the essential foundation to enhance customer experience, strengthen risk management and improve productivity for years to come.

Business – International, Macau and Taiwan

The performance of the Bank's overseas operations continued to improve in the first half of 2021, building on the foundation laid in 2020.

Due to the heightened risk environment, as the COVID-19 pandemic continued to surge, BEA's overseas branches acted prudently and exited challenging relationships where warranted. By focussing on business opportunities that remained viable despite the pandemic, customer advances through overseas operations registered modest growth of 2.8% in the first six months. Asset quality remained sound. At the end of June 2021, the impaired loan ratio stood at 0.42%.

Pre-provision operating profit for overseas branches fell by 0.8% year-on-year. This was primarily due to a significant drop in other interest income for deposits placed with central banks under the ultra-low interest rate environment. The impact of low interest rates on interest-earning assets was partially mitigated by lower borrowing costs, thanks to BEA's diversified funding sources.

Net profit after tax surged 66.1% to HK\$438 million driven by a net release of expected credit losses due to an improvement in the economic outlook. During the period under review, the cost-to-income ratio edged up to 39.3% from 37.2% on the back of higher operating costs when compared to a low base for the same period last year.

As the year progresses, major economies are expected to gradually reopen and economic activity should see a strong rebound, particularly in the US and the UK. BEA's overseas operations are in a good position to capitalise on opportunities in sectors that will perform well as the economic recovery takes hold on both sides of the Atlantic.

In Asia (excluding Hong Kong and Mainland China), BEA is carrying out a strategic repositioning exercise aimed at enhancing profitability. As part of this exercise, Singapore and Macau branches are shifting their focus to corporate banking.

The Bank's Taiwan operations maintained a prudent stance, given the economic headwinds facing the island. Going forward, Taiwan branch will focus on generating new business from large corporations and prioritise asset quality over loan growth.

The Bank's overall overseas strategy remains unchanged, with overseas branches leveraging BEA's strong Greater China and international network to expand cross-selling opportunities and enhance clients' total value to the Bank Group.

The Bank's overseas branches will seek additional cost savings by rationalising their physical networks and investing in digital capabilities to automate workflow and enhance the Bank's value to customers. BEA's overseas operations are also committed to the development of green and sustainability-linked financing in order to support the long-term growth of the Bank.

BEA Union Investment Management Limited

BEA Union Investment Management Limited (“BEA Union Investment”) continued to strengthen its investment capabilities, aiming to deliver competitive investment performance and effective solutions to clients and business partners. BEA Union Investment sees an evolving global demand for investment solutions with ESG-focussed investing. From the beginning of 2021, BEA Union Investment, being a socially responsible investor, started integrating ESG aspects into its equity investment process. ESG issues were taken into account alongside financial parameters when making investment decisions, which BEA Union Investment believes will deliver long-term added value to investors.

To broaden its distribution base and further expand business scope in Mainland China, BEA Union Investment registered additional funds available for sale via the Mutual Recognition of Funds Scheme and opened up new online distribution platforms in the first half of the year. Looking ahead, GBA integration will create additional distribution opportunities for Hong Kong-based investment products via the Wealth Management Connect scheme.

Our People

As of 30th June, 2021, the BEA Group employed 9,215 people:

	As of 30th June, 2021	As of 31st December, 2020	As of 30th June, 2020
Hong Kong	5,359	5,576	5,560
Mainland China	3,277	3,373	3,511
Macau & Taiwan	140	151	154
Overseas	439	439	445
Total	<u>9,215</u>	<u>9,539</u>	<u>9,670</u>

To build a pipeline of young talent and provide them with employment opportunities, the Bank continuously participates in the HKMA Banking Talent Programme and sponsors intake through the FinTech Career Accelerator Scheme co-launched by the HKMA and the Applied Science and Technology Research Institute. In 2021, BEA also participated in the Greater Bay Area Youth Employment Scheme, which was launched by the HKSAR Government.

The Bank supports staff capacity building and invests in long-term talent development. Aligned with the Bank’s transformation imperatives, BEA sets its learning and development strategy around four pillars, namely developing potential, building for the future, reskilling for change, and enabling a learning culture.

This year, the Bank is stepping up its Future Leader Accelerated Programme for high-potential executives, who will gain insight and development through different programme aspects such as the Leadership Development Centre and Executive Mentoring scheme. BEA also rolled out a new training framework to progressively upskill leaders and enable staff to stay adaptable and agile amid new challenges and opportunities. Specifically, new programmes were institutionalised to cultivate growth mindset among staff and promote digital literacy and capability.

The Bank also placed more emphasis on online learning due to social distancing needs. BEA’s network meanwhile facilitates large-scale learning through live webcasts and educational videos shared via its intranet.

BEA believes in learning as a driver for sustainable growth, and thus encourages and supports forms of learning other than classroom training, like online learning, micro-learning, and knowledge and best practice sharing leveraging on the wide spectrum of expertise of staff and stakeholders. The Bank will accelerate this drive throughout the year.

The Bank has adopted the Enhanced Competency Framework (“ECF”), as guided by the HKMA, and support staff members by promoting training programmes and examinations that meet the ECF benchmark.

Amid COVID-19, the Bank continued to enhance communication efforts to optimise various means of cross-functional communications such as senior management forums, divisional town halls, cross-functional meetings and posts on BEA's intranet platform. As a result, there was remarkable increase in communication across BEA's Hong Kong, Mainland China and overseas operations.

To further enhance and reinforce a sound bank culture, BEA restructured its Bank Culture Work Group to reinforce the collective efforts to promote healthy risk culture. Bank-wide division-specific culture plans were developed based on relevant recommendations and comments received during the 2020 employee survey. A pulse employee survey will be conducted later this year following a full scale survey conducted in 2020.

Staff members' health and safety, as well as that of the public, is always of utmost importance to the Bank. As a result, provisions including staff members being permitted to take on flexible work arrangements such as split-team and work-from-home operations throughout the pandemic were implemented.

In support of the HKSAR Government's vaccination programme, the Bank provided one additional day of leave allowance to all staff for each COVID-19 vaccination received.

The Bank also requested that client-facing staff members and those with critical support functions either receive COVID-19 vaccinations or undergo regular testing, as guided by the HKMA. Staff were allowed to get tested during office hours and entitled to reimbursement if they paid for the tests.

Outlook

More than a year from the initial outbreak of COVID-19, the global economy has rebounded, gradually overcoming fears of a protracted economic downturn. The massive scale of monetary and fiscal support worldwide, notably in advanced economies, has helped stem the pandemic's impact and keep economies afloat.

In the first half of this year, the global vaccine rollout gathered pace, buoying investor confidence and pushing global equities to new highs. While smaller businesses have been hard hit by the downturn, consumption is gradually picking up.

As the recovery gets underway, credit quality is gradually improving. Rising consumer spending and investments in infrastructure and talent will fuel inflationary pressure, but rate hikes are not expected in the immediate future. While the prevailing low interest rate environment is challenging to operate in, there are promising signs that net interest margins are stabilising in our key markets.

It remains to be seen whether inflation expectations will materialise sooner than expected and impact monetary policies. Differences in policy approaches and recovery paths across locations will impact asset prices and exchange rates, and therefore investment and consumption decisions. For the time being, the consensus is that the inflationary pressure is transitory.

On the back of surging demand from major economies that are emerging from lockdowns, the Mainland is expected to reinforce its manufacturing dominance, while continuing to foster growth in new industries. While there is increasing uncertainty from ongoing Sino-US tensions, the adoption of a "dual circulation" strategy is constructive to the sustained development and stability in the domestic market.

The GBA is also bringing additional opportunities, particularly in retail and cross-boundary segments. The impending launch of the Wealth Management Connect scheme in the second half of 2021 will further integrate the region's major cities and open a new multi-billion dollar market that plays to the Bank's strengths. With its well-established capabilities across the region, BEA is on target to benefit from first-mover advantage when the scheme is launched.

The financial industry faces disruptions arising from COVID-19 and rapid technological changes as well as an evolving regulatory environment. To stay competitive, banks need to stay nimble and enhance their offerings. BEA continues to expand its suite of services and invest in digitalisation to improve customer experience and streamline processes. The Bank has formulated a work plan for the development of its IT platforms, data infrastructure and other fintech solutions, in line with the HKMA's Fintech 2025 strategy.

Overall, BEA is cautiously optimistic about the outlook for its key markets. Economic activity and employment are expected to strengthen in the second half of the year. The Bank is confident that its focus on enhancing service and asset quality will bring continued improvement in business volume, fee-generating activity and credit costs, setting the stage for sustainable growth as the global economy recovers.

RISK MANAGEMENT

The Group recognises that a sound risk culture is the very foundation of its strength. To this end, the Group maintains a prudent and proactive risk management framework that supports risk awareness, proper behaviour and sound judgement in relation to risk-taking. All employees are responsible for the management of risk.

Principal Risks

The Group faces a variety of risks that could affect its franchise, operations and financial health. The principal risks identified by the Group include credit risk, interest-rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk and technology risk. The description of principal risks and how they are managed is set out in the "Risk Management" section of the Annual Report 2020.

Key Developments

The COVID-19 pandemic has presented a wide range of challenges to the Group, and the Group has actively managed the associated risks. Specifically, the Group enhanced risk management in the following areas in the first half of 2021:

Additional resources have been allocated for management of special assets and credit monitoring so as to proactively identify risk in the loan book and take timely mitigation action.

Additional resources have also been allocated to strengthen parental oversight of the credit risk of BEA China. An expanded operational risk plan has been introduced, incorporating enhanced communication protocols. Post-credit-approval reviews and thematic reviews are regularly conducted on selected portfolios by head office.

The Group continues to upgrade its operational risk framework. Recent enhancements include standardisation of the risk taxonomy and control monitoring mechanism; improvement of fraud-risk monitoring and detection capabilities; and update of policies for managing third-party risk.

The Group is committed to incorporating sustainable practices into all business and operational initiatives. In order to identify and assess the risks associated with this policy and determine the resilience of the Group to climate change, the Group maintained close dialogue with the regulator and industry peers. In addition, the Group launched the Green and Sustainability-linked Lending Policy, introduced risk management processes to address pertinent climate risks and conducted climate-change stress testing.

Principal Uncertainties

During the first half of 2021, the Group identified a number of emerging risks. The key uncertainties currently facing the Group and the mitigation measures implemented are set out below.

Principal Uncertainties

Mitigation Measures

Macro-economic Uncertainty Risk

The COVID-19 pandemic and US-China tensions impacted a wide range of industries in 2019 and 2020. While a rebound is under way in 2021, the recovery is uneven and threatened by supply-chain bottlenecks.

The Group will continue to monitor the market situation and portfolios closely in order to manage risk exposure.

From a credit risk perspective, the Bank continues to identify potential adverse events and devise ways to mitigate any impact on its capital adequacy and asset quality. Such measures include enhanced credit control on loan exposures most susceptible to the COVID-19 pandemic and US-China tensions, and performing stress testing on capital adequacy and loan-loss allowances.

From a market risk perspective, the Bank continues to assess trends, manage exposures, review its risk-taking strategy and formulate mitigation actions for impacted securities (as necessary).

From a compliance risk perspective, the Bank continues to track the development of relevant sanction regimes and adopt mitigating measures where appropriate.

Cyber Security Risk

Cyber security risk is a key focus area for regulators and the banking industry, as these risks evolve rapidly. Attackers are constantly seeking more sophisticated and efficient ways to undermine banks' cyber security and operations.

The Group takes a multi-pronged approach to tackle cyber security risk:

- Engage external auditors to assess the Group's cyber security controls against relevant information security standards and emerging risks to identify and implement necessary improvements
- Analyse different intelligence sources to monitor the latest worldwide threats
- Maintain a proper incident response management process including cyber security insurance policy
- Enhance information security training programmes including periodic phishing tests to promote security awareness among staff and improve security practices

Information security risks and controls are regularly reviewed and reported to directors in Risk Committee meetings quarterly.

Principal Uncertainties

Mitigation Measures

ESG Risks

Climate change poses both short-term and long-term risks to the banking industry. "Physical risk" refers to the impacts of weather and climate-related events, which could lead to disruptions to the business and operations of both banks and their clients. "Transition risk" refers to the risk related to the process of adjustment towards a low-carbon economy, which can be prompted by policy, legal, technology and market changes to address climate mitigation and adaptation measures

To manage negative impacts from ESG risks and cultivate ESG consciousness throughout the Group, BEA has:

- Developed a Green and Sustainability-linked Lending Policy
- Enhanced its ESG risk assessment checklist for credit applications by incorporating climate-risk considerations

In 2021, the Group will implement the roadmap for green and sustainable banking that it developed the previous year. The primary goal of the roadmap is to integrate ESG risks, including climate risk, into the Group's risk appetite framework.

Interbank Offered Rate Reform Transition Arrangement

Following the decision by global regulators to phase out Interbank offered rates ("IBORs") and replace them with risk-free rates as alternative reference rates ("ARRs"), the Group put in place detailed plans, processes and procedures for a smooth transition from IBOR to ARR products.

Fallback provisions have been incorporated into all new IBOR contracts. For all legacy IBOR-linked contracts with maturity after the expected IBOR cessation, the Group has established procedures to revise agreements with customers, by the end of this year, to the contract amendment for fallback clauses or replacement of IBOR benchmarks by ARRs.

The Group has been developing its product capabilities to offer ARR products during the year. Up to now, the Group has traded and issued ARR-referenced interest rate swaps, bilateral loans and certificates of deposit. More ARR products will be offered throughout the rest of this year. IT and operational changes necessary to facilitate an orderly transition are on schedule, enabling the Group to meet regulatory milestones.

IBOR reform exposes the Group to various risks, which are being managed and monitored closely. These risks include but are not limited to the following:

- Conduct risk arising from communications with clients and market counterparties due to the amendments required to legacy contracts necessary to affect IBOR reform;
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces;
- Operational risk arising from changes to systems and processes, and the risk of payments being disrupted if an IBOR ceases to be available; and
- Risk on mismatch of hedging relationships as financial instruments transit to ARRs resulting in unrepresentative income statement volatility.

Please refer to Note 44 to discover outstanding financial instruments referencing interest rate benchmarks that have yet to transit to alternative benchmark rates as at 30th June, 2021.

SUSTAINABILITY

The Group's commitment to sustainability is underlined by the decision last year to establish a Board-level ESG Committee to lead and oversee the Group's ESG strategy. The Committee held its first meeting in April 2021, where it set out the Group's ESG goals for 2021 and beyond.

These goals commit BEA to integrating ESG into its risk appetite framework and driving the development of green finance with a view to supporting the transition to a low-carbon economy. The goals are also included in the Bank's scorecard for 2021. The Group's progress towards achieving targets will be led by the ESG Work Group and monitored by the ESG Steering Committee.

In support of the Group's efforts, and to guide its own ESG work, BEA China established an ESG governance structure in April 2021. Its ESG Steering Committee will oversee strategic planning and performance monitoring, while its ESG Work Group will implement related initiatives.

To achieve the Group's ESG goals, management is creating a sustainability-conscious organisation in which each and every member of staff is involved and empowered. In May 2021, the Bank conducted its first "lunch and learn" session on sustainability, which was well received by participants. More sessions are planned on topics such as wellness in the workplace, green finance and climate change. In June 2021, the Group launched a new training module on sustainability for all staff. Meanwhile, sensitivity to environmental issues is being encouraged every day throughout the organisation. For example, staff canteens now offer eco-friendly lunch options to foster awareness of the impact of food choices on the rate of climate change.

Staff health and well-being has been a top priority. The Bank revised staff medical benefits in 2021 to enhance inpatient, outpatient and dental benefits, and introduce new coverage for mental health concerns. New mothers now receive an additional two weeks of maternity leave, while all employees at manager grade or below who joined the Bank during the past three years have been granted an extra day of annual leave. As part of the Bank's efforts to promote a healthy work-life balance, all staff are able to enjoy enhanced well-being time off benefits.

The Bank's Staff Sports & Recreation Club organised over 20 fitness, wellness, and recreational activities during the first half of 2021, which were attended by over 1,000 employees and their family members. These activities included physical health and stress relief activities, which were mainly conducted online due to social distancing requirements during the COVID-19 pandemic.

Talent development plays a critical role in ensuring BEA's continued success as an organisation and in realising the Group's vision to be the trusted and preferred banking partner in Greater China and beyond. To provide Management Trainees with a broader understanding of developments in the financial services sector on the Mainland, a special training conference was held in April and on-the-job attachment opportunities provided in the Bank's Greater Bay Area Office. To support the Bank's transformation journey, a "growth mindset" has been incorporated into training programmes across different tiers of the Bank, so that staff have the right mindset and skills to embrace change.

To commemorate the tenth anniversary of The Palliative Care in Residential Care Homes for the Elderly Programme, a flagship programme of The Bank of East Asia Charitable Foundation ("BEA Foundation"), the BEA Foundation, "la Caixa" Banking Foundation, and The Salvation Army Hong Kong and Macau Command conducted an international virtual symposium in Hong Kong in May 2021 that drew nearly 300 attendees including medical professionals, social workers, academics, and students.

For the sixth consecutive year, in March 2021, BEA served as title sponsor of The Community Chest BEA Charity Golf Day, which raised over HK\$2.5 million in support of mental health services.

The BEA Volunteer Team remained committed to helping vulnerable and under-resourced members of the local community despite curtailed mobility due to social distancing regulations. Co-Chief Executives Mr Adrian Li and Mr Brian Li, together with volunteers, personally wrote over 200 well wishes to needy families during the Lunar New Year, which were donated along with lunch boxes and gift bags containing daily essentials. By the end of June 2021, more than 100 volunteers (including staff members' friends and relatives) contributed around 580 service hours to the community in nearly 30 activities.

Education is a pillar of the BEA's community investment programme. In March 2021, the Bank participated in "Hong Kong Money Month" organised by the Investor and Financial Education Council. BEA hosted a virtual FinTech Education Workshop for target groups, including more than 330 students from 19 secondary schools. Participants learned about FinTech and banking as a career path. Members of the BEA Volunteer Team organised a series of STEM (science, technology, engineering, and mathematics) workshops for children of under-resourced families. Attendees explored their creativity by making kaleidoscopes and kinetic toy cars while learning about science.

On the Mainland, BEA China contributed CNY2.5 million to jointly establish the Shanghai Charity Foundation – Bank of East Asia Charity Fund ("the Fund"), which aims to support public health initiatives in the fight against COVID-19. As its first endeavour, the Fund established the Medical Staff Care Programme and donated CNY1 million to Huashan Hospital, which in turn offered financial assistance to front-line medical workers, training to nurses, and more.

Having set a target to reduce the Group's absolute emissions by 32% by the end of 2030, and by 19% by the end of 2023 as an interim target, BEA has begun efforts to cut emissions, starting with direct emissions from its fleet of vehicles. Given that the shuttle bus service between the Bank's Head Office and BEA Tower was not heavily utilised, the Bank suspended the service in the first half of 2021. Staff are now encouraged to make trips by public transport, which conveniently links both locations. Following the completion of energy audits at its Head Office and BEA Tower offices in the first half 2021, the Bank will consider recommendations in the audit report to reduce energy consumption at both buildings, which will support a further reduction in carbon emissions.

During the period under review, the Bank successfully completed the Municipal Solid Waste Charging Trial Scheme with Green Council in the Bank's offices in Central and Kwun Tong. Cleaning crews received training on how to weigh waste, and the Bank began submitting waste reports to Green Council for inspection starting from June. BEA effectively reduced food waste from its canteens by 10% during the first six months of 2021 compared to the same period in the previous year. Various initiatives contributed to the reduction, including preparing less food to prevent food waste, and by displaying posters in canteens to ask staff members to order only what they can consume.

For more information on BEA's ESG performance including community investment initiatives, please refer to the Group's 2020 ESG Report, which is available via the Bank's corporate website at www.hkbea.com (About BEA/Sustainability).

MAJOR RECOGNITION

During the first six months of 2021, the Bank received a number of awards in recognition of its achievements. These included:

- "2021 Best SME's Partner Gold Award" (for the fourth consecutive year) from The Hong Kong General Chamber of Small and Medium Business;
- "Outstanding Achievement Award" in the Retail Bank of Year, Premium Segment Client Service, and Wealth Management Platform categories in the Financial Institution Awards 2021 from Bloomberg Businessweek (Chinese Edition);
- "Excellent Brand of Retail Banking for Premium Affluent Clients" in the Hong Kong Leaders' Choice Awards 2021 from Metro Finance; and
- "Best Personal Banking Brand, Hong Kong 2021", "Best Wealth Management Partner in North Asia 2021" and "Best Private Bank in Greater China 2021" from Global Brands Magazine.

Blue Cross received "GOtrip Travel Awards 2021 - Favourite Travel Insurance Company" from GOtrip, while Bank of East Asia (Trustees) Limited received Gold Ratings for the BEA (MPF) Value Scheme in the MPF Ratings' 2021 MPF Scheme Ratings and Awards programme from MPF Ratings Limited.

BEA Union Investment received several awards in recognition of superior performance from Refinitiv Lipper Fund Award 2021:

- Best Group Mixed Asset; and
- Best Group Overall.

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 2020 up to 19th August, 2021 (being the date of approval of the Bank's Interim Report 2021) are set out below:

Changes in positions held with the Bank Group

Professor Arthur LI Kwok-cheung was appointed as a member of the Nomination Committee of the Bank with effect from 1st April, 2021.

Dr. David MONG Tak-yeung was appointed as a member of the Nomination Committee of the Bank with effect from 1st April, 2021.

Changes in experience including other directorships and major appointments

<u>Name of Directors</u>	<u>Other directorships and appointments</u>
Mr. Adrian David LI Man-kiu	Resigned as a member of the Judging Panel of the BAI Global Innovation Awards
Mr. Brian David LI Man-bun	Appointed as an Independent Non-executive Director of Guangdong Investment Limited (listed in Hong Kong)
Dr. Daryl NG Win-kong	Awarded Silver Bauhinia Star by the Chief Executive of the HKSAR Government Ceased to be a member of the Court of the Hong Kong University of Science and Technology
Mr. Masayuki OKU	Appointed as an Independent Non-executive Director of TV TOKYO Holdings Corporation (listed in Japan)
Dr. Rita FAN HSU Lai-tai	Appointed as a Non-official Member of the Candidate Eligibility Review Committee of the HKSAR

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

DIRECTORS' AND CO-CHIEF EXECUTIVES' INTERESTS

As at 30th June, 2021, the interests and short positions of the Directors and Co-Chief Executives 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:

<u>Name</u>	<u>Capacity and nature</u>	<u>No. of shares</u>	<u>Total</u>	<u>% of issued voting shares</u>
David LI Kwok-po	Beneficial owner	88,160,000	102,517,810 ¹	3.51
	Interest of spouse	2,215,755		
	Interest of corporation	458,594		
	Executor of estate	<u>11,683,461</u>		
Arthur LI Kwok-cheung	Beneficial owner	13,085,663	42,206,417 ²	1.45
	Interest of corporation	17,437,293		
	Executor of estate	<u>11,683,461</u>		
Allan WONG Chi-yun	Beneficial owner	464,393	17,879,763 ³	0.61
	Interest of spouse	136		
	Founder and beneficiary of discretionary trust	<u>17,415,234</u>		
Aubrey LI Kwok-sing	Beneficial owner	845,097	18,771,846 ⁴	0.64
	Interest of spouse	25,508		
	Founder/Settlor of trust	<u>17,901,241</u>		
Stephen Charles LI Kwok-sze	Beneficial owner	11,752,581	13,575,104 ⁵	0.47
	Administrator of estates	<u>1,822,523</u>		
Adrian David LI Man-kiu	Beneficial owner	1,095,959	3,250,799 ⁶	0.11
	Settlor/Founder of discretionary trust	<u>2,154,840</u>		
Brian David LI Man-bun	Beneficial owner	2,679,902	3,500,184 ⁷	0.12
	Interest of corporation	<u>820,282</u>		
David MONG Tak-yeung	Interest of corporation	<u>6,041,926</u>	6,041,926 ⁸	0.21

Notes:

- 1 *David LI Kwok-po was the beneficial owner of 88,160,000 shares and he was deemed to be interested in 2,215,755 shares through the interests of his spouse, Penny POON Kam-chui. He was also deemed to be interested in 458,594 shares held by David LI Kwok-po Charitable Foundation Limited, a charitable institution of which David LI Kwok-po is a director and the sole member. He was also deemed to be interested in 11,683,461 shares held by an estate of which he is one of the executors. Arthur LI Kwok-cheung was also deemed to be interested in the same block of 11,683,461 shares as one of the executors of the estate (please refer to Note 2 below).*
- 2 *Arthur LI Kwok-cheung was the beneficial owner of 13,085,663 shares and he was deemed to be interested in 17,437,293 shares held by Dapa Company Limited, which is wholly-owned by him. He was also deemed to be interested in 11,683,461 shares held by an estate of which he is one of the executors. David LI Kwok-po was also deemed to be interested in the same block of 11,683,461 shares as one of the executors of the estate (please refer to Note 1 above).*
- 3 *Allan WONG Chi-yun was the beneficial owner of 464,393 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 17,415,234 shares held by a discretionary trust, Allan Wong 2011 Trust, of which Allan WONG Chi-yun is a founder and an eligible beneficiary.*
- 4 *Aubrey LI Kwok-sing was the beneficial owner of 845,097 shares and he was deemed to be interested in 25,508 shares through the interests of his spouse, Elizabeth WOO. He was also deemed to be interested in 17,901,241 shares held by LEVA Trust of which he is the founder/settlor.*
- 5 *Stephen Charles LI Kwok-sze was the beneficial owner of 11,752,581 shares. He was also deemed to be interested in 1,822,523 shares held by two estates of which he is one of the administrators.*
- 6 *Adrian David LI Man-kiu was the beneficial owner of 1,095,959 shares. He has made a voluntary disclosure of 2,154,840 shares indirectly held by a discretionary trust of which he was the settlor/founder but has no influence on how the trustee exercises its discretion.*
- 7 *Brian David LI Man-bun was the beneficial owner of 2,679,902 shares. He was also deemed to be interested in 820,282 shares held by Triple Kingdom Limited, which is wholly-owned by him.*
- 8 *David MONG Tak-yeung was deemed to be interested in 6,041,926 shares held by certain corporations, out of which (i) 5,306,771 shares were held by Shun Hing Electronic Trading Co., Ltd., and (ii) 735,155 shares were held by Shun Hing Technology Co. Ltd.. He directly/indirectly controls one-third or more of the voting power at a general meeting of these corporations.*

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

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po, Adrian David LI Man-kiu and Brian David LI Man-bun pursuant to the approved Staff Share Option Schemes. Information in relation to these share options during the six months ended 30th June, 2021 was shown in the section under "Information on Share Options" of this Report.

III. Interests in debt securities of the Bank:

Francisco Javier SERRADO TREPAT was the beneficial owner of the following debt securities issued by the Bank:

Type of Debt Securities	Amount of Debentures
Additional Tier 1 Undated Capital Securities ^{Note}	US\$20,500,000

Note: The 5.875% Additional Tier 1 Undated Capital Securities with a face value of US\$650 million were issued by the Bank under its US\$6,000 million Medium Term Note Programme in 2019 and are listed on the Stock Exchange.

Each of the other Directors, namely Winston LO Yau-lai, Daryl NG Win-kong, Masayuki OKU, Rita FAN HSU Lai-tai, Meocre LI Kwok-wing, Henry TANG Ying-yen, Delman LEE and William Junior Guilherme DOO did not have any interest or short position in the shares, underlying shares or debentures of the Bank or any of its associated corporations as at 30th June, 2021.

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, 2021:

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2021
		Outstanding at 01/1/2021	Granted	Exercised	Lapsed	
David LI Kwok-po	03/5/2013 ^a	668,000 ^{T3}	–	–	668,000	0
	02/5/2014 ^a	666,000 ^{T2}	–	–	666,000	0
	02/5/2014 ^a	668,000 ^{T3}	–	–	–	668,000
	04/5/2015 ^a	666,000 ^{T1}	–	–	666,000	0
	04/5/2015 ^a	666,000 ^{T2}	–	–	–	666,000
	04/5/2015 ^a	668,000 ^{T3}	–	–	–	668,000
	08/4/2016 ^a	666,000 ^{T2}	–	–	–	666,000
	08/4/2016 ^a	668,000 ^{T3}	–	–	–	668,000
	07/4/2017 ^a	666,000 ^{T1}	–	–	–	666,000
	07/4/2017 ^a	666,000 ^{T2}	–	–	–	666,000
	07/4/2017 ^a	501,000 ^{T3}	–	–	–	501,000
	10/4/2018 ^a	666,000 ^{T1}	–	–	–	666,000
	10/4/2018 ^a	499,500 ^{T2}	–	–	–	499,500
	10/4/2018 ^a	501,000 ^{T3}	–	–	–	501,000
	19/7/2019 ^a	499,500 ^{T1}	–	–	–	499,500
	19/7/2019 ^a	499,500 ^{T2}	–	–	–	499,500
	19/7/2019 ^a	501,000 ^{T3}	–	–	–	501,000
	07/4/2020 ^a	346,115 ^{T1}	–	–	–	346,115
	07/4/2020 ^a	347,802 ^{T2}	–	–	–	347,802
	07/4/2020 ^a	354,090 ^{T3}	–	–	–	354,090
13/4/2021 ^b	–	–	123,586 ^{T1}	–	–	123,586
13/4/2021 ^b	–	–	123,602 ^{T2}	–	–	123,602
13/4/2021 ^b	–	–	123,893 ^{T3}	–	–	123,893
Adrian David LI Man-kiu	03/5/2013 ^a	218,000 ^{T3}	–	–	218,000	0
	02/5/2014 ^a	216,000 ^{T2}	–	–	216,000	0
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000
	04/5/2015 ^a	216,000 ^{T1}	–	–	216,000	0
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000
	08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000
	07/4/2017 ^a	216,000 ^{T1}	–	–	–	216,000
	07/4/2017 ^a	216,000 ^{T2}	–	–	–	216,000
	07/4/2017 ^a	163,500 ^{T3}	–	–	–	163,500
	10/4/2018 ^a	216,000 ^{T1}	–	–	–	216,000
	10/4/2018 ^a	162,000 ^{T2}	–	–	–	162,000
	10/4/2018 ^a	163,500 ^{T3}	–	–	–	163,500
	19/7/2019 ^a	162,000 ^{T1}	–	–	–	162,000
	19/7/2019 ^a	162,000 ^{T2}	–	–	–	162,000
	19/7/2019 ^a	163,500 ^{T3}	–	–	–	163,500
	07/4/2020 ^a	268,360 ^{T1}	–	–	–	268,360
	07/4/2020 ^a	271,648 ^{T2}	–	–	–	271,648
07/4/2020 ^a	282,769 ^{T3}	–	–	–	282,769	
13/4/2021 ^b	–	–	240,154 ^{T1}	–	–	240,154
13/4/2021 ^b	–	–	240,186 ^{T2}	–	–	240,186
13/4/2021 ^b	–	–	240,759 ^{T3}	–	–	240,759

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2021	
		Outstanding at 01/1/2021	Granted	Exercised	Lapsed		
Brian David Li Man-bun	03/5/2013 ^a	218,000 ^{T3}	–	–	218,000	0	
	02/5/2014 ^a	216,000 ^{T2}	–	–	216,000	0	
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000	
	04/5/2015 ^a	216,000 ^{T1}	–	–	216,000	0	
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000	
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000	
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000	
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000	
	08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000	
	07/4/2017 ^a	216,000 ^{T1}	–	–	–	216,000	
	07/4/2017 ^a	216,000 ^{T2}	–	–	–	216,000	
	07/4/2017 ^a	109,000 ^{T3}	–	–	–	109,000	
	10/4/2018 ^a	216,000 ^{T1}	–	–	–	216,000	
	10/4/2018 ^a	108,000 ^{T2}	–	–	–	108,000	
	10/4/2018 ^a	109,000 ^{T3}	–	–	–	109,000	
	07/4/2020 ^a	286,690 ^{T1}	–	–	–	286,690	
	07/4/2020 ^a	288,878 ^{T2}	–	–	–	288,878	
	07/4/2020 ^a	297,977 ^{T3}	–	–	–	297,977	
	13/4/2021 ^b	–	–	240,154 ^{T1}	–	–	240,154
	13/4/2021 ^b	–	–	240,186 ^{T2}	–	–	240,186
13/4/2021 ^b	–	–	240,759 ^{T3}	–	–	240,759	
Aggregate of other Employees*	03/5/2013 ^a	586,000 ^{T3}	–	–	586,000	0	
	02/5/2014 ^a	682,000 ^{T2}	–	–	682,000	0	
	02/5/2014 ^a	686,000 ^{T3}	–	–	–	686,000	
	04/5/2015 ^a	682,000 ^{T1}	–	–	682,000	0	
	04/5/2015 ^a	682,000 ^{T2}	–	–	–	682,000	
	04/5/2015 ^a	686,000 ^{T3}	–	–	–	686,000	
	08/4/2016 ^a	532,000 ^{T1}	–	–	–	532,000	
	08/4/2016 ^a	698,000 ^{T2}	–	–	–	698,000	
	08/4/2016 ^a	742,500 ^{T3}	–	–	–	742,500	
	07/4/2017 ^a	782,000 ^{T1}	–	–	–	782,000	
	07/4/2017 ^a	782,000 ^{T2}	–	–	–	782,000	
	07/4/2017 ^a	639,500 ^{T3}	–	–	–	639,500	
	10/4/2018 ^a	827,000 ^{T1}	–	–	–	827,000	
	10/4/2018 ^a	681,500 ^{T2}	–	–	–	681,500	
	10/4/2018 ^a	687,000 ^{T3}	–	–	–	687,000	
	19/7/2019 ^a	719,500 ^{T1}	–	–	–	719,500	
	19/7/2019 ^a	719,500 ^{T2}	–	–	–	719,500	
	19/7/2019 ^a	723,500 ^{T3}	–	–	–	723,500	
	07/4/2020 ^a	765,000 ^{T1}	–	–	–	765,000	
	07/4/2020 ^a	765,000 ^{T2}	–	–	–	765,000	
07/4/2020 ^a	770,000 ^{T3}	–	–	–	770,000		
13/4/2021 ^b	–	–	839,903 ^{T1}	–	–	839,903	
13/4/2021 ^b	–	–	839,932 ^{T2}	–	–	839,932	
13/4/2021 ^b	–	–	843,439 ^{T3}	–	–	843,439	

Name	Date of Grant	Number of Share Options				Outstanding at 30/6/2021
		Outstanding at 01/1/2021	Granted	Exercised	Lapsed	
Other Participants**	03/5/2013 ^a	150,000 ^{T3}	–	–	150,000	0
	02/5/2014 ^a	162,000 ^{T2}	–	–	162,000	0
	02/5/2014 ^a	163,500 ^{T3}	–	–	50,000	113,500
	04/5/2015 ^a	250,000 ^{T1}	–	–	250,000	0
	04/5/2015 ^a	250,000 ^{T2}	–	–	50,000	200,000
	04/5/2015 ^a	215,746 ^{T3}	–	–	50,000	165,746
	08/4/2016 ^a	100,000 ^{T1}	–	–	–	100,000
	08/4/2016 ^a	200,000 ^{T2}	–	–	50,000	150,000
	08/4/2016 ^a	250,000 ^{T3}	–	–	50,000	200,000
	07/4/2017 ^a	250,000 ^{T1}	–	–	50,000	200,000
	07/4/2017 ^a	250,000 ^{T2}	–	–	50,000	200,000
	07/4/2017 ^a	187,500 ^{T3}	–	–	37,500	150,000
	10/4/2018 ^a	300,000 ^{T1}	–	–	100,000	200,000
	10/4/2018 ^a	212,500 ^{T2}	–	–	50,000	162,500
	10/4/2018 ^a	212,500 ^{T3}	–	–	–	212,500
	19/7/2019 ^a	162,500 ^{T1}	–	–	–	162,500
	19/7/2019 ^a	162,500 ^{T2}	–	–	–	162,500
	19/7/2019 ^a	162,500 ^{T3}	–	–	–	162,500
	07/4/2020 ^a	112,000 ^{T1}	–	–	–	112,000
	07/4/2020 ^a	112,000 ^{T2}	–	–	–	112,000
	07/4/2020 ^a	113,500 ^{T3}	–	–	–	113,500

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

** Other Participants refer to certain former employees of the Bank. Such share options were offered/granted to them prior to their cessation as employees of the Bank.

Notes:

a Particulars of share options granted in years 2013 to 2020:

<u>Date of Grant</u>	<u>Tranche</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share</u>
				HK\$
03/5/2013	T3	03/5/2013 – 02/5/2016	03/5/2016 – 03/5/2021	31.40
02/5/2014	T2	02/5/2014 – 01/5/2016	02/5/2016 – 02/5/2021	32.50
02/5/2014	T3	02/5/2014 – 01/5/2017	02/5/2017 – 02/5/2022	32.50
04/5/2015	T1	04/5/2015 – 03/5/2016	04/5/2016 – 04/5/2021	34.15
04/5/2015	T2	04/5/2015 – 03/5/2017	04/5/2017 – 04/5/2022	34.15
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T1	08/4/2016 – 07/4/2017	08/4/2017 – 08/4/2022	28.45
08/4/2016	T2	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017	T1	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018	T1	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018	T2	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018	T3	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019	T1	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019	T2	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019	T3	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020	T1	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020	T2	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020	T3	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58

b Share options granted in year 2021:

(i) Particulars:

<u>Date of Grant</u>	<u>Tranche</u>	<u>Vesting Period</u>	<u>Exercise Period</u>	<u>Exercise Price Per Share</u>
				HK\$
13/4/2021	T1	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021	T2	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021	T3	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08

(ii) The closing price of the shares of the Bank on 12th April, 2021 (being the business day immediately preceding 13th April, 2021 on which the options were granted) was HK\$16.60.

(iii) Fair value of share options granted during the six months ended 30th June, 2021 and assumptions are as follows:

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

	6 months ended 30/6/2021
Fair value at measurement date	
– Tranche 1	HK\$5.05
– Tranche 2	HK\$5.34
– Tranche 3	HK\$5.57
Share price at measurement date	HK\$17.08
Exercise price	HK\$17.08
Expected volatility	36.72%
Option life	
– Tranche 1	6 years
– Tranche 2	7 years
– Tranche 3	8 years
Expected dividends	3.24%-3.69%
Risk-free interest rate (based on Hong Kong Government Bonds)	0.97%-1.29%

The expected volatility is based on the historic volatility and the expected dividends are based on historical dividends prior to grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

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.

(2) No share options were exercised or cancelled during the six months ended 30th June, 2021.

(3) The accounting policy adopted for share based payment:

The option exercise price is equal to the highest of:

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

When the options are exercised, equity is increased by the amount of the proceeds received. The fair value of share options granted to employees is recognised as an expense in the income statement with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the trinomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Bank's shares.

The equity amount is recognised in capital reserve until either the option is exercised and new shares allotted (when it is transferred to share capital) or the option expires (when it is released directly to retained profits). For Grantees who do not meet the applicable vesting conditions, the unvested options are forfeited, either in whole or in part. Forfeited share options are cancelled.

Save as disclosed above, as at 30th June, 2021, none of the Directors or Co-Chief Executives 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, 2021, 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:

<u>Name</u>	<u>Capacity and nature</u>	<u>No. of shares</u>	<u>% of issued voting Shares</u>
Sumitomo Mitsui Banking Corporation	Beneficial owner	510,003,673 ¹	19.01
Sumitomo Mitsui Financial Group, Inc.	Interest of corporation	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	Beneficial owner	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	Interest of corporation	464,287,319 ²	17.30
Guoco Management Company Limited	Beneficial owner	435,691,137 ^{3,4}	14.92 ⁵
Guoco Group Limited	Interest of corporation	435,691,137 ³	14.92
GuoLine Overseas Limited	Interest of corporation	435,691,137 ³	14.92 ⁵
GuoLine Capital Assets Limited	Interest of corporation	435,691,137 ³	14.92
QUEK Leng Chan	Interest of corporation	435,691,137 ³	14.92
Hong Leong Investment Holdings Pte. Ltd.	Interest of corporation	435,691,137 ⁴	14.92
Davos Investment Holdings Private Limited	Interest of corporation	435,691,137 ⁴	14.92
KWEK Leng Kee	Interest of corporation	435,691,137 ⁴	14.92
Elliott International Special GP, LLC	Interest of corporation	229,178,373 ⁶	7.86
Elliott Investment Management GP LLC	Investment Manager	249,214,373 ⁷	8.54

Notes:

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

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 30th June, 2021, they stood at 574,516,317 shares (equivalent to approximately 19.68% of the issued shares of the Bank as at 30th June, 2021). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

- 2 As at 30th June, 2021, Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" ("la Caixa") owned a 100% interest in Criteria Caixa, S.A., Sociedad Unipersonal ("Criteria Caixa"). la Caixa was deemed to be interested in the 464,287,319 shares of the Bank held by Criteria Caixa.

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 30th June, 2021, they stood at 508,519,684 shares (equivalent to approximately 17.42% of the issued shares of the Bank as at 30th June, 2021). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

- 3 The references to 435,691,137 shares of the Bank in Notes 3 and 4 relate to the same block of shares. Guoco Management Company Limited was the beneficial owner of 435,691,137 shares. GuoLine Overseas Limited held a 71.88% interest in Guoco Group Limited which in turn owned a 100% interest in Guoco Management Company Limited. GuoLine Capital Assets Limited was deemed to be interested in the 435,691,137 shares held by Guoco Management Company Limited by virtue of its 100% interest in GuoLine Overseas Limited. GuoLine Overseas Limited and Guoco Group Limited were all deemed to be interested in the 435,691,137 shares held by Guoco Management Company Limited.

QUEK Leng Chan was deemed to be interested in the 435,691,137 shares held by Guoco Management Company Limited by virtue of his 49.11% interest in GuoLine Capital Assets Limited.

- 4 The references to 435,691,137 shares of the Bank in Notes 3 and 4 relate to the same block of shares. GuoLine Capital Assets Limited was 34.49% 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 435,691,137 shares held by Guoco Management Company Limited by virtue of their interests in GuoLine Capital Assets Limited.

KWEK Leng Kee was deemed to be interested in the 435,691,137 shares held by Guoco Management Company Limited by virtue of his 41.92% interest in Davos Investment Holdings Private Limited.

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

- 6 Elliott International Special GP, LLC ("EISGP") was deemed to be interested in these shares comprising 229,177,773 shares held by Elliott International L.P. ("EILP"), 200 shares held by Milton Investments Ltd, 200 shares held by Parlan Investments Ltd and 200 shares held by Trevet Investments Ltd. Please also refer to note 7 below.

Milton Investments Ltd, Parlan Investments Ltd and Trevet Investments Ltd. were 100% controlled by EILP which in turn was 100% controlled by Hambledon, Inc..

Hambledon, Inc. was 100% controlled by EISGP which is accustomed to act in accordance with the directions of Paul Singer.

- 7 Elliott Investment Management GP LLC ("EIMGP"), as Investment Manager, was deemed to be interested in these shares comprising those shares disclosed in note 6 above, 20,035,600 shares held by The Liverpool Limited Partnership, 200 shares held by Artan Investments Ltd and 200 shares held by Frasco Investments Ltd. EIMGP 100% controls Elliott Investment Management L.P., which has investment discretion with respect to all these shares.

EIMGP is accustomed to act in accordance with the directions of Paul Singer.

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

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

There was no purchase, sale or redemption by the Bank or any of its subsidiaries, of the listed securities of the Bank during the six months ended 30th June, 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Bank has in place a Corporate Governance Framework which identifies all the key participants of the Group and their roles in the application of effective governance policies and processes. A *Corporate Governance Policy* has also been established to direct and guide the business conducts and affairs of the Group.

Throughout the six months ended 30th June, 2021, the Bank has complied with all Code Provisions set out in the CG Code.

During the six months ended 30th June, 2021, the Bank has also followed the modules on CG-1, CG-5, Guidance on Empowerment of INEDs, and the circular on Bank Culture Reform issued by the HKMA.

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, 2021 and the Bank's Interim Report 2021.

COMPLIANCE WITH MODEL CODE

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

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

Following specific enquiries by the Bank, all Directors confirmed that they had complied with the required standard set out in the Model Code and the Bank's Policy at all the applicable time during the six months ended 30th June, 2021.

PUBLICATION OF INTERIM REPORT

The Interim Report 2021 in both English and Chinese is now available in printed form and on the websites of the Bank (www.hkbea.com) and HKEX (www.hkexnews.hk). Shareholders are encouraged to rely on website version to help reduce the quantity of printed copies of corporate communications of the Bank and hence the impact on the environment. Notwithstanding any choice of means for the receipt of corporate communications (i.e. either receiving a printed copy or by electronic means through the Bank's website) previously made by Shareholders and communicated to the Bank, Shareholders may at any time change their choice, free of charge, by giving reasonable notice in writing to the Bank's Share Registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by fax to (852) 2810 8185 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

Adrian David LI Man-kiu
Co-Chief Executive

Brian David LI Man-bun
Co-Chief Executive

Hong Kong, 19th August, 2021

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

[#] Executive Director

^{*} Non-executive Director

^{**} Independent Non-executive Director

財務摘要

	2021年 6月30日	2020年 6月30日	2020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
未扣除減值損失之經營溢利	3,768	4,124	4,223
可歸屬於本集團股東溢利	2,671	1,532	2,082
每股盈利及每股股息	港幣元	港幣元	港幣元
基本盈利	0.78	0.39	0.58
股息	0.35	0.16	0.24
主要比率	%	%	%
平均資產回報率(年率) ¹	0.5	0.3	0.4
平均股東權益回報率(年率) ²	4.6	2.5	3.5
成本對收入比率 ³	55.2	51.3	52.2

於期末／年末

	港幣百萬元	港幣百萬元	港幣百萬元
資產負債狀況			
客戶貸款及墊款及貿易票據總額	546,577	512,308	525,725
資產總額	900,509	848,713	884,420
客戶存款及已發行存款證總額	661,656	611,229	650,054
股東權益總額	114,506	106,998	113,796
主要比率	%	%	%
貸款對存款比率 ⁴	80.9	82.0	79.1
減值貸款比率 ⁵	1.21	1.29	1.26
普通股權一級資本比率 ⁶	16.9	16.5	16.5
一級資本比率 ⁶	19.8	19.5	19.4
總資本比率 ⁶	22.4	22.1	21.9

附註：

1. 已減除分派予額外一級資本工具持有人及年度化後可歸屬於本集團股東之期內溢利／期內(包括去年末的結餘)資產總額之每月平均結餘。
2. 已減除分派予額外一級資本工具持有人及年度化後可歸屬於本集團股東之期內溢利／期內(包括去年末的結餘)可歸屬於本集團股東權益總額之每月平均結餘。
3. 經營支出／經營收入。
4. 客戶貸款及墊款總額／客戶存款及已發行存款證總額。
5. 減值貸款及墊款總額／客戶貸款及墊款總額。
6. 根據銀行業(資本)規則的綜合基準計算。

公司資料

董事會特別顧問
范禮賢博士

董事會
執行董事
李國寶爵士
(執行主席)
李民橋先生
(聯席行政總裁)
李民斌先生
(聯席行政總裁)

非執行董事
李國章教授
(副主席)
李國星先生
羅友禮先生
李國仕先生
黃永光博士
奧正之先生
Francisco Javier SERRADO TREPAT博士

獨立非執行董事
黃子欣博士
(副主席)
范徐麗泰博士
李國榮先生
唐英年博士
李國本博士
杜家駒先生
蒙德揚博士

高級顧問
陳子政先生

高層管理人員
李民橋先生
聯席行政總裁

李民斌先生
聯席行政總裁

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
於《財務匯報局條例》下的註冊公眾利益實體核數師

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中期業績

本行董事會欣然宣布本集團截至2021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2021年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2020年年度已審核賬項所採納的會計政策及方法是一致的。會計政策變動之詳情已列載於附註2。此中期財務報表是未經審核的，但畢馬威會計師事務所已按照香港會計師公會頒布之《香港審閱工作準則》第2410號「由實體的獨立核數師對中期財務資料的審閱」，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182頁。

綜合收益表

		截至30/6/2021 止6個月	截至30/6/2020 止6個月
	附註	港幣百萬元	港幣百萬元
利息收入	3	8,887	11,809
按有效利率方法計算的利息收入		9,403	11,928
其他利息支出		(516)	(119)
利息支出	4	(3,364)	(5,695)
淨利息收入		5,523	6,114
服務費及佣金收入	5	1,969	1,854
服務費及佣金支出		(429)	(419)
服務費及佣金收入淨額		1,540	1,435
交易溢利淨額	6	561	453
通過損益以反映公平價值金融工具的淨表現	7	173	(106)
通過全面收益以反映公平價值金融資產的淨表現	8	21	37
出售按攤銷成本計量投資之淨虧損		(13)	-
對沖溢利淨額	9	64	36
保險業務淨收入	10	371	268
其他經營收入	11	175	237
非利息收入		2,892	2,360
經營收入		8,415	8,474
經營支出	12	(4,647)	(4,350)
未扣除減值損失之經營溢利		3,768	4,124
金融工具減值損失	13	(581)	(2,675)
持有作出售資產減值損失		-	(5)
無形資產減值損失		-	(2)
聯營公司減值損失	23	-	(220)
減值損失		(581)	(2,902)
已扣除減值損失後之經營溢利		3,187	1,222
出售持有作出售資產之淨溢利	14	-	2
出售附屬公司／聯營公司之淨溢利		-	341
出售固定資產之淨虧損	15	(22)	(11)
重估投資物業虧損	24	(123)	(130)
應佔聯營公司及合資企業溢利減虧損		129	190
期內除稅前溢利		3,171	1,614
所得稅	16	(474)	(56)
期內溢利		2,697	1,558

綜合收益表(續)

		截至30/6/2021 止6個月	截至30/6/2020 止6個月
	附註	港幣百萬元	港幣百萬元
可歸屬於：			
本集團股東		2,671	1,532
非控股權益		26	26
期內溢利		<u>2,697</u>	<u>1,558</u>
本行的溢利		<u>2,305</u>	<u>2,496</u>
每股盈利			
基本	1(b)	港幣0.78元	港幣0.39元
攤薄	1(b)	港幣0.78元	港幣0.39元

綜合全面收益表

		截至30/6/2021 止6個月	截至30/6/2020 止6個月
	附註	港幣百萬元	港幣百萬元
淨溢利		2,697	1,558
期內其他全面收益：			
不可轉回收益表的項目：			
行址：			
－重估行址所產生的未實現盈餘		4	－
－遞延稅項	32	5	1
公平價值儲備(股份工具)：			
－公平價值變動		(537)	(278)
－遞延稅項	32	(13)	6
負債信貸儲備：			
－因集團自身信貸風險而引致的公平價值變動		(7)	(11)
－遞延稅項	32	2	2
以後可能轉回收益表的項目：			
公平價值儲備(債務工具)：			
－公平價值變動		463	(1,480)
－於出售時轉入收益表的金額		(78)	(234)
－攤銷		－	(1)
－遞延稅項	32	(163)	311
對沖儲備(現金流對沖)：			
－對沖工具公平價值變動的有效部分		1	4
－轉入收益表的公平價值變動		(1)	(6)
應佔聯營公司及合資企業權益的變動		(193)	(148)
從海外分行、附屬公司、聯營公司及合資企業的 賬項折算／出售所產生的匯兌差額		266	(1,045)
其他全面收益		(251)	(2,879)
全面收益總額		2,446	(1,321)
全面收益總額可歸屬於：			
本集團股東		2,420	(1,347)
非控股權益		26	26
		2,446	(1,321)

綜合財務狀況表

		30/6/2021	31/12/2020
	附註	港幣百萬元	港幣百萬元
資產			
現金及在銀行的結存	17	60,370	56,377
在銀行的存款及墊款	18	50,728	66,849
貿易票據	19	11,464	11,793
交易用途資產	20	4,126	1,190
衍生工具資產	38(b)	5,231	8,059
客戶貸款及墊款	21	530,833	509,070
投資證券	22	141,205	144,171
聯營公司及合資企業投資	23	9,051	9,182
固定資產	24	13,768	14,065
— 投資物業		4,975	4,961
— 其他物業及設備		7,968	8,208
— 使用權資產		825	896
商譽及無形資產		1,905	1,912
遞延稅項資產	32	1,950	2,022
其他資產	25	69,878	59,730
— 持有作出售資產	43	30,630	26,657
— 其他		39,248	33,073
資產總額		900,509	884,420
股東權益及負債			
銀行的存款及結餘		31,326	31,143
— 指定為通過損益以反映公平價值	26	3,146	5,442
— 攤銷成本		28,180	25,701
客戶存款		598,588	589,202
— 活期存款及往來賬戶		72,780	69,835
— 儲蓄存款		191,451	187,902
— 定期及通知存款		334,357	331,465
交易用途負債	27	1	—
衍生工具負債		8,116	13,016
已發行存款證		63,068	60,852
— 指定為通過損益以反映公平價值	26	29,925	24,494
— 攤銷成本		33,143	36,358
本期稅項		861	624
已發行債務證券		5,404	5,057
— 指定為通過損益以反映公平價值	26	460	155
— 攤銷成本		4,944	4,902
遞延稅項負債	32	649	460
其他負債	28	67,659	59,959
— 持有作出售負債	43	28,281	26,864
— 其他		39,378	33,095
借貸資本—攤銷成本	29	10,331	10,311
負債總額		786,003	770,624
股本	1(d)	41,599	41,557
儲備	33	58,652	57,328
歸屬於本集團股東權益總額		100,251	98,885
額外股本工具	34	13,968	13,968
非控股權益		287	943
股東權益總額		114,506	113,796
股東權益及負債總額		900,509	884,420

綜合權益變動表

	股本	一般儲備	行址重估 儲備	資本儲備	匯兌重估 儲備	資本儲備— 已發行權員 認股權	公平價值 儲備	對沖儲備	負債信貸 儲備	其他儲備 [#]	留存溢利	總額	額外股本 工具	非控股 權益	權益總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
於2021年1月1日	41,557	13,657	1,895	895	301	157	2,465	-	(32)	5,138	32,852	98,885	13,968	943	113,796
權益變動															
期內溢利	-	-	-	-	-	-	-	-	-	-	2,671	2,671	-	26	2,697
其他全面收益	-	-	9	-	266	-	(328)	-	(5)	(193)	-	(251)	-	-	(251)
全面收益總額	-	-	9	-	266	-	(328)	-	(5)	(193)	2,671	2,420	-	26	2,446
以股代息發行的股份 (附註1(d))	42	-	-	-	-	-	-	-	-	-	-	42	-	-	42
以股份為基礎作支付之交易	-	-	-	-	-	9	-	-	-	-	-	9	-	-	9
轉賬	-	-	-	-	-	(24)	-	-	-	208	(184)	-	-	-	-
期內的分派及已宣布或 核准派發股息	-	-	-	-	-	-	-	-	-	-	(1,105)	(1,105)	-	(52)	(1,157)
附屬公司之擁有權變動	-	-	-	-	-	-	-	-	-	-	-	-	-	(630)	(630)
於2021年6月30日	<u>41,599</u>	<u>13,657</u>	<u>1,904</u>	<u>895</u>	<u>567</u>	<u>142</u>	<u>2,137</u>	<u>-</u>	<u>(37)</u>	<u>5,153</u>	<u>34,234</u>	<u>100,251</u>	<u>13,968</u>	<u>287</u>	<u>114,506</u>
於2020年1月1日	41,379	13,651	1,848	1,090	(1,629)	163	2,331	1	(7)	5,347	31,133	95,307	13,963	368	109,638
權益變動															
期內溢利	-	-	-	-	-	-	-	-	-	-	1,532	1,532	-	26	1,558
其他全面收益	-	-	1	-	(1,045)	-	(1,676)	(2)	(9)	(148)	-	(2,879)	-	-	(2,879)
全面收益總額	-	-	1	-	(1,045)	-	(1,676)	(2)	(9)	(148)	1,532	(1,347)	-	26	(1,321)
以股代息發行的股份	149	-	-	-	-	-	-	-	-	-	-	149	-	-	149
以股份為基礎作支付之交易	-	-	-	-	-	2	-	-	-	-	-	2	-	-	2
轉賬	-	-	-	(196)	-	(17)	-	-	-	(84)	297	-	-	-	-
期內的分派及已宣布或 核准派發股息	-	-	-	-	-	-	-	-	-	-	(1,414)	(1,414)	-	(53)	(1,467)
附屬公司之擁有權變動	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
於2020年6月30日	<u>41,528</u>	<u>13,651</u>	<u>1,849</u>	<u>894</u>	<u>(2,674)</u>	<u>148</u>	<u>655</u>	<u>(1)</u>	<u>(16)</u>	<u>5,115</u>	<u>31,548</u>	<u>92,697</u>	<u>13,963</u>	<u>338</u>	<u>106,998</u>

註：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30/6/2021 止6個月	截至30/6/2020 止6個月
	附註	港幣百萬元	港幣百萬元
經營活動現金流出淨額		(13,894)	(2,041)
已付所得稅			
已付香港利得稅		(16)	(738)
已付海外利得稅		(105)	(183)
用於經營活動之現金淨額		<u>(14,015)</u>	<u>(2,962)</u>
投資活動			
收取通過全面收益以反映公平價值股份證券股息		6	4
購入固定資產		(174)	(175)
出售其他物業及設備所得款項		3	1
出售持有作出售資產所得款項		–	8
出售聯營公司所得款項		–	906
聯營公司投資返還		3	–
(用於)／源自投資活動之現金淨額		<u>(162)</u>	<u>744</u>
融資活動			
支付普通股股息		(710)	(921)
分派予額外一級資本工具持有人	1(c)	(405)	(397)
發行債務證券		314	1,393
發行借貸資本		–	4,617
支付租賃負債		(199)	(215)
贖回已發行債務證券		(4)	(155)
支付已發行借貸資本利息		(236)	(269)
支付已發行債務證券利息		(117)	(113)
(用於)／源自融資活動之現金淨額		<u>(1,357)</u>	<u>3,940</u>
現金及等同現金項目之淨(減少)／增加		(15,534)	1,722
於1月1日之現金及等同現金項目		113,702	94,638
匯率變動的影響		479	(1,212)
於6月30日之現金及等同現金項目	35	<u>98,647</u>	<u>95,148</u>
源自經營活動的現金流量包括：			
利息收入		8,961	12,067
利息支出		3,648	7,006
股息收入		17	15

中期財務報表附註

附註：

1. (a) 除預計需要反映在2021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2020年年度財務報表是一致的。會計政策變動之詳情已列載於附註2。

作為比較信息被納入中期報告的、與截至2020年12月31日止年度有關的財務信息雖然來源於本行的法定年度綜合財務報表，但不構成本行的法定年度綜合財務報表。《公司條例》第436條要求披露的與這些法定財務報表有關的更多信息如下：

按照《公司條例》第662(3)條及附表6第3部的要求，本行已向香港公司註冊處遞交截至2020年12月31日止年度的財務報表。

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

- (b) (i) 每股基本盈利乃按照已分派予額外一級資本工具持有人港幣4.05億元（截至2020年6月30日止6個月：港幣3.97億元）後的可歸屬於本集團股東之期內溢利港幣22.66億元（截至2020年6月30日止6個月：港幣11.35億元）及截至2021年6月30日止6個月內已發行普通股份的加權平均數29.18億股（截至2020年6月30日止6個月：29.11億股）計算。
- (ii) 每股攤薄盈利乃按照已分派予額外一級資本工具持有人港幣4.05億元（截至2020年6月30日止6個月：港幣3.97億元）後的可歸屬於本集團股東之期內溢利港幣22.66億元（截至2020年6月30日止6個月：港幣11.35億元）及就截至2021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29.18億股（截至2020年6月30日止6個月：29.11億股）計算。
- (c) 分派／股息
- (i) 可歸屬於本中期而應付予本集團股東的股息

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
在中期後已宣布派發中期股息予29.19億股每股港幣0.35元（截至2020年6月30日止6個月：29.15億股每股港幣0.16元）	1,022	466

於報告期期末，該中期股息並未確認為負債。

中期財務報表附註(續)

1. (c) 分派／股息(續)

(ii) 已核准及在本期內支付可歸屬於上年度應付予本集團股東的股息

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
第二次中期股息予29.17億股每股港幣0.24元 (2020年：29.07億股每股港幣0.35元)	700	1,017

(iii) 分派予額外一級資本工具持有人

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
已付予額外一級資本工具的分派	405	397

(d) 股本

本行普通股的變動列示如下：

	於30/6/2021		於31/12/2020	
	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	2,917	41,557	2,907	41,379
以股代息發行的股份	2	42	10	178
於6月30日／12月31日	2,919	41,599	2,917	41,557

2. 會計政策之變動

除下文所述者外，編製此中期財務報表時所採納的會計政策與本集團於2020年12月31日及截至該日止年度的綜合財務報表相同。

預期會計政策之變動亦將在本集團於2021年12月31日及截至該日止年度的綜合財務報表內反映。

本集團自2021年1月1日起初始採用《香港財務報告準則》第9號、《香港會計準則》第39號、《香港財務報告準則》第7號、《香港財務報告準則》第4號及《香港財務報告準則》第16號有關利率基準改革之第二期修訂(「第二期修訂」)。

本集團追溯性採用第二期修訂。根據第二期修訂容許，本集團反映該修訂時選擇不重新列示比較數字，包括不提供2020年的額外披露。

由於相關修訂在2020年後才需要對財務合約作出修改，故追溯性採用並不會影響期初權益結餘。

第二期修訂為香港財務報告準則的某些規定提供了實務操作方法。該實務操作與金融工具及租賃合約的修改或由合約中的基準利率被替代基準利率所取代而觸發的對沖關係有關。

本集團更新金融資產或金融負債的有效利率，以反映因利率基準改革而導致以攤銷成本計量的金融資產或金融負債之合約現金流的基礎變動。因利率基準改革要求而改變釐定合約現金流的基礎必須符合以下條件：

- 該變動必須是利率基準改革直接導致的結果；和
- 用於確定合約現金流的新基礎在經濟上是等同於舊基礎(即變動前的基礎)。

如果金融資產或金融負債合約現金流的基礎發生除利率基準改革要求以外的變動，則本集團首先更新該金融資產或金融負債的有效利率，以反映利率基準改革要求的變動。隨後，本集團應用以上修訂的會計政策於額外變動。

因利率基準改革所要求的租賃修改，在重新計量租賃負債時，第二期修訂容許使用修訂後的貼現率以反映利率變動。

當被對沖項目和/或用作對沖工具發生利率基準改革所要求的變動時，第二期修訂對某些對沖會計規定亦提供了一系列的臨時豁免，對沖關係得以繼續並不受干擾。當利率基準改革對被對沖項目或用作對沖工具以利率為基礎的現金流在時間和金額上不再存在不確定性時，本集團採用以下操作：

- 本集團修改對沖關係的指定，以反映改革所要求的變動，且不會導致對沖關係終止；和
- 當現金流對沖的被對沖項目被修改以體現改革要求的變動時，現金流對沖儲備中的累計金額將被視為以用於確定未來被對沖現金流的替代基準利率為基礎而確定的金額。

當被對沖項目或用作對沖工具基於利率基準的現金流在時間或金額上仍存在不確定性，本集團則繼續採用現有會計政策。

中期財務報表附註(續)

3. 利息收入

	截至30/6/2021 止6個月	截至30/6/2020 止6個月
	港幣百萬元	港幣百萬元
貸款、在銀行的存款、及貿易票據	7,635	9,962
投資證券		
—按攤銷成本或通過其他全面收益以反映公平價值	1,169	1,724
—指定為通過損益以反映公平價值	—	23
—強制按通過損益以反映公平價值	57	86
交易用途資產	26	14
	<u>8,887</u>	<u>11,809</u>

就已對沖利率風險的交易，賺取利息金融資產的合格對沖工具或可個別地與賺取利息金融資產共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融資產產生的利息收入合併。

在不包括對沖影響前，來自非按公平價值確認損益的金融資產之利息收入為港幣94.03億元(截至2020年6月30日止6個月：港幣119.28億元)。

4. 利息支出

	截至30/6/2021 止6個月	截至30/6/2020 止6個月
	港幣百萬元	港幣百萬元
客戶存款及銀行的存款		
—按攤銷成本	2,721	4,582
—指定為通過損益以反映公平價值	6	27
已發行存款證及債務證券		
—按攤銷成本	327	592
—指定為通過損益以反映公平價值	96	226
按攤銷成本列賬的後償票據	197	248
租賃負債	15	18
其他借款	2	2
	<u>3,364</u>	<u>5,695</u>

就已對沖利率風險的交易，帶息金融負債的合格對沖工具或可個別地與帶息金融負債共同管理的利率合約所產生的定期支出及收入首先抵銷，淨額與其相關金融負債產生的利息支出合併。

在不包括對沖影響前，來自非按公平價值確認損益的金融負債之利息支出為港幣32.85億元(截至2020年6月30日止6個月：港幣54.76億元)。

中期財務報表附註(續)

5. 服務費及佣金收入

服務費及佣金收入分類如下：

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
貸款、透支及擔保	397	381
信用卡	391	485
投資產品	246	222
證券經紀	231	167
信託及其他代理業務	150	139
貿易融資	118	137
其他零售銀行服務	86	81
銷售第三者發行的保單	83	26
財務諮詢	1	11
其他	266	205
服務費及佣金收入總額	1,969	1,854
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 金融資產或金融負債所產生之淨服務費收入(不包括用作計 算有效利率之金額)	1,549	1,442
服務費收入	1,969	1,854
服務費支出	(420)	(412)

6. 交易溢利淨額

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
外幣買賣及外匯掉期溢利	239	223
交易用途證券溢利/(虧損)	82	(42)
衍生工具淨盈利	229	262
其他交易業務虧損	(1)	(1)
交易用途股份證券的股息收入	12	11
	561	453

中期財務報表附註(續)

7. 通過損益以反映公平價值金融工具的淨表現

	截至30/6/2021 止6個月	截至30/6/2020 止6個月
	港幣百萬元	港幣百萬元
指定為通過損益以反映公平價值金融工具的淨溢利／(虧損)	16	(88)
強制按通過損益以反映公平價值計量金融工具的淨溢利／(虧損) (除已包括在交易溢利淨額內)	157	(18)
	<u>173</u>	<u>(106)</u>

8. 通過全面收益以反映公平價值金融資產的淨表現

	截至30/6/2021 止6個月	截至30/6/2020 止6個月
	港幣百萬元	港幣百萬元
出售債務證券之淨溢利	15	33
股份證券股息收入	6	4
	<u>21</u>	<u>37</u>

9. 對沖溢利淨額

	截至30/6/2021 止6個月	截至30/6/2020 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)／溢利	(1,655)	3,067
—用作對沖工具的淨溢利／(虧損)	1,719	(3,031)
	<u>64</u>	<u>36</u>

截至2021年6月30日止6個月及2020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)

10. 保險業務淨收入

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
(a) 保險業務淨收入		
淨利息收入	352	326
交易溢利／(虧損)淨額	29	(80)
通過損益以反映公平價值金融工具的淨表現	159	(161)
出售通過其他全面收益以反映公平價值債務投資 證券的淨溢利	56	226
淨保費	(b) 3,550	4,140
保險索償及支出淨額	(c) 4,146 (3,752)	4,451 (4,155)
經營支出	394 (2)	296 (1)
金融工具減值損失	(21)	(27)
	<u>371</u>	<u>268</u>
(b) 淨保費		
保費收入總額(註)	3,586	4,172
保費收入總額之分保份額	(36)	(32)
	<u>3,550</u>	<u>4,140</u>
(c) 保險索償及支出淨額		
已付索償、利益及退保 準備金變動	3,263 445	1,478 2,625
	<u>3,708</u>	<u>4,103</u>
已付索償、利益及退保之分保份額 準備金變動之分保份額	(17) (3)	(36) 12
	<u>(20)</u>	<u>(24)</u>
保險佣金支出淨額	3,688 64	4,079 76
	<u>3,752</u>	<u>4,155</u>

註： 保費收入總額指由長期業務及一般保險業務產生的已收取和應收取之保費總額，並已扣除折扣及回報。

中期財務報表附註(續)

11. 其他經營收入

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
保險箱租金收入	61	61
物業租金收入	76	80
政府補貼－「保就業」計劃	—	42
其他	38	54
	<u>175</u>	<u>237</u>

12. 經營支出

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 重報 ^(註) 港幣百萬元
定額供款公積金供款		
—香港	93	94
—香港以外	116	54
以股份為基礎作支付的費用	9	2
薪金及其他員工成本	2,547	2,292
員工成本總額	<u>2,765</u>	<u>2,442</u>
不包括折舊的物業及設備支出		
—有關短期租賃支出	10	8
—不包括計量租賃負債的可變租賃款項*	3	—
—保養、維修及其他	373	362
不包括折舊的物業及設備支出總額	<u>386</u>	<u>370</u>
折舊		
—行址、傢俬、裝修及設備	290	274
—使用權資產	195	218
	<u>485</u>	<u>492</u>
無形資產攤銷	<u>7</u>	<u>7</u>
其他經營支出		
—互聯網平台費用	259	291
—法律及專業服務費	163	178
—通訊、文具及印刷	129	130
—廣告費	95	89
—保險費	66	65
—有關信用卡支出	64	73
—印花稅、預提稅及增值稅	41	49
—業務推廣及商務旅遊	24	24
—其他	163	140
其他經營支出總額	<u>1,004</u>	<u>1,039</u>
經營支出總額	<u>4,647</u>	<u>4,350</u>

註：為了更好地反映經營支出的類別，若干截至2020年6月30日止6個月被歸類為法律及專業服務費項下的港幣4,000萬元，現已重新分類為保養、維修及其他項下。

* 包括期內港幣100萬元(截至2020年6月30日止6個月：港幣200萬元)的2019冠狀病毒病相關租金寬免。

中期財務報表附註(續)

13. 金融工具減值損失

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
客戶貸款及墊款	552	2,552
其他	29	123
	<u>581</u>	<u>2,675</u>

14. 出售持有作出售資產之淨溢利

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
出售出售組別之淨溢利	-	2

15. 出售固定資產之淨虧損

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
出售行址、傢俬、裝修及設備之淨虧損	(22)	(11)

中期財務報表附註(續)

16. 所得稅

綜合收益表內的稅項指：

	截至30/6/2021 止6個月 港幣百萬元	截至30/6/2020 止6個月 港幣百萬元
本期稅項－香港		
本年度稅項	286	332
往年度過剩的回撥	(60)	(139)
	<u>226</u>	<u>193</u>
本期稅項－香港以外		
本年度稅項	128	156
往年度過剩的回撥	(5)	(2)
	<u>123</u>	<u>154</u>
遞延稅項		
暫時性差異的源生及轉回	125	(291)
	<u>474</u>	<u>56</u>

香港利得稅款是以截至2021年6月30日止6個月預計應課稅溢利按稅率16.5% (截至2020年6月30日止6個月：16.5%) 計算。

海外分行及附屬公司的稅款是按其經營所在地現行稅率而計算。

17. 現金及在銀行的結存

	30/6/2021 港幣百萬元	31/12/2020 港幣百萬元
現金	1,064	1,140
在中央銀行的結存	41,711	33,506
在其他銀行的結存	<u>17,625</u>	<u>21,750</u>
	60,400	56,396
減：減值準備	(30)	(19)
－第一階段	(30)	(19)
－第二階段	—	—
－第三階段	—	—
	<u>60,370</u>	<u>56,377</u>

中期財務報表附註(續)

18. 在銀行的存款及墊款

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
在銀行的存款及墊款		
到期期限		
—1個月內	47,990	64,380
—1個月至1年內	2,739	2,472
—1年後	—	—
	50,729	66,852
減：減值準備	(1)	(3)
—第一階段	(1)	(3)
—第二階段	—	—
—第三階段	—	—
	50,728	66,849
其中：		
在中央銀行的存款及墊款	—	—

19. 貿易票據

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
按攤銷成本計量	758	372
減：減值準備	(1)	(3)
—第一階段	(1)	(3)
—第二階段	—	—
—第三階段	—	—
	757	369
按通過其他全面收益以反映公平價值計量	10,707	11,424
	11,464	11,793

20. 交易用途資產

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	—	119
持有存款證	1,775	—
債務證券	1,275	190
股份證券	1,076	881
	4,126	1,190

中期財務報表附註(續)

21. 客戶貸款及墊款

(a) 客戶貸款及墊款

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
按攤銷成本計量的客戶貸款及墊款	535,112	513,929
減：減值準備	(4,279)	(4,859)
— 第一階段	(850)	(845)
— 第二階段	(620)	(1,038)
— 第三階段	(2,809)	(2,976)
	<u>530,833</u>	<u>509,070</u>

(b) 客戶貸款及墊款—按行業分類

按行業分類的客戶貸款及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。

	30/6/2021		31/12/2020	
	墊款總額	有抵押墊款 的百分比	墊款總額	有抵押墊款 的百分比
	港幣百萬元	百分率	港幣百萬元	百分率
在香港使用的貸款				
工商金融				
— 物業發展	28,258	53.50	29,038	59.33
— 物業投資	48,174	88.29	49,544	89.17
— 金融企業	12,994	52.68	13,434	55.49
— 股票經紀	5,860	94.37	4,468	94.34
— 批發與零售業	5,878	47.66	6,273	52.78
— 製造業	3,935	44.49	4,390	47.24
— 運輸與運輸設備	4,957	54.68	5,441	56.21
— 娛樂活動	73	65.08	82	70.40
— 資訊科技	1,210	1.64	676	5.20
— 其他	21,392	53.02	19,151	56.85
— 小計	<u>132,731</u>	66.83	<u>132,497</u>	69.81
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	1,338	100.00	1,383	100.00
— 購買其他住宅物業的貸款	86,688	100.00	87,512	100.00
— 信用卡墊款	4,228	0.00	4,043	0.00
— 其他	27,216	85.20	27,730	85.01
— 小計	<u>119,470</u>	93.09	<u>120,668</u>	93.20
在香港使用的貸款總額	252,201	79.27	253,165	80.96
貿易融資	6,636	39.29	4,427	49.24
在香港以外使用的貸款(註)	<u>276,275</u>	36.20	<u>256,337</u>	37.78
客戶墊款總額	<u>535,112</u>	56.54	<u>513,929</u>	59.15

註： 在香港以外使用的貸款包括以下在內地使用的貸款。

中期財務報表附註(續)

21. 客戶貸款及墊款(續)

(b) 客戶貸款及墊款—按行業分類(續)

	30/6/2021		31/12/2020	
	墊款總額	有抵押墊款 的百分比	墊款總額	有抵押墊款 的百分比
	港幣百萬元	百分率	港幣百萬元	百分率
在內地使用的貸款				
工商金融				
—物業發展	49,708	35.66	41,344	29.81
—物業投資	11,976	78.15	13,254	81.47
—金融企業	45,157	0.51	41,107	3.84
—批發與零售業	9,520	15.30	6,644	40.81
—製造業	8,896	5.05	5,870	12.28
—運輸與運輸設備	619	49.52	584	38.04
—娛樂活動	36	0.00	71	58.14
—資訊科技	1,727	0.53	1,601	0.70
—其他	15,134	16.67	13,997	19.62
—小計	142,773	22.46	124,472	25.03
個人				
—購買其他住宅物業的貸款	15,001	100.00	14,180	99.98
—信用卡墊款	6,525	0.00	7,072	0.00
—其他	12,926	1.83	14,910	1.84
—小計	34,452	44.23	36,162	39.96
在內地使用的貸款總額	177,225	26.69	160,634	28.39

中期財務報表附註(續)

21. 客戶貸款及墊款(續)

(b) 客戶貸款及墊款—按行業分類(續)

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

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
(i) 物業發展		
a. 已個別減值的貸款	397	642
b. 特殊準備	126	216
c. 整體準備	58	88
d. 於收益表支銷的準備	29	324
e. 撇銷	87	284
(ii) 物業投資		
a. 已個別減值的貸款	2,711	2,298
b. 特殊準備	1,061	702
c. 整體準備	158	319
d. 於收益表支銷的準備	358	1,079
e. 撇銷	—	666
(iii) 購買其他住宅物業的貸款		
a. 已個別減值的貸款	272	273
b. 特殊準備	9	13
c. 整體準備	65	153
d. 於收益表支銷的準備	66	200
e. 撇銷	—	—
(iv) 金融企業		
a. 已個別減值的貸款	—	—
b. 特殊準備	—	—
c. 整體準備	228	303
d. 於收益表支銷的準備	47	250
e. 撇銷	—	—

特殊準備指減值信貸風險在合約期內的預期信貸損失準備及整體準備指非減值信貸風險在12個月及合約期內的預期信貸損失準備。

中期財務報表附註(續)

21. 客戶貸款及墊款(續)

(c) 客戶貸款及墊款- 按區域分類

根據《銀行業(披露)規則》，客戶墊款總額按國家或區域的分類是根據交易對手的所在地，並考慮轉移風險因素後得出的。一般而言，有關墊款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。一方的所在地由其居住地決定，而該居住地是該締約方註冊或登記的法律所規定的經濟領土。此要求與附註30分部報告的分配不同，後者的編製方法與內部匯報資料予集團高層管理人員的方法是一致的。特殊準備指減值信貸風險在合約期內的預期信貸損失準備及整體準備指非減值信貸風險12個月及合約期內的預期信貸損失準備。

	30/6/2021				
	客戶墊款 總額	逾期3個月 以上的 客戶墊款	減值客戶 墊款	特殊準備	整體準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
香港	263,186	377	1,225	416	179
內地	194,965	2,068	5,012	2,262	946
其他亞洲國家及地區	31,347	74	214	131	111
其他	45,614	7	7	-	234
總額	<u>535,112</u>	<u>2,526</u>	<u>6,458</u>	<u>2,809</u>	<u>1,470</u>
佔客戶墊款總額的百分比			<u>1.21%</u>		
減值客戶墊款抵押品市值			<u>4,462</u>		

中期財務報表附註(續)

21. 客戶貸款及墊款(續)

(c) 客戶貸款及墊款—按區域分類(續)

	31/12/2020				
	客戶墊款 總額	逾期3個月 以上的 客戶墊款	減值客戶 墊款	特殊準備	整體準備
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
香港	262,280	863	1,225	447	423
內地	178,085	1,856	4,992	2,353	1,179
其他亞洲國家及地區	29,483	80	234	174	55
其他	44,081	14	14	2	226
總額	<u>513,929</u>	<u>2,813</u>	<u>6,465</u>	<u>2,976</u>	<u>1,883</u>
佔客戶墊款總額的百分比			<u>1.26%</u>		
減值客戶墊款抵押品市值			<u>4,801</u>		

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。以上按國家或區域的分類的資料，是根據交易對手的所在地並已考慮轉移風險因素。

抵押品包括任何具公平價值及可隨時出售的有形抵押品。這些抵押品包括(但不限於)現金及存款、股票及債券、物業按揭及其他固定資產如器材及設備之押記。倘抵押品價值高於客戶貸款及墊款總額，則只計入最高達貸款及墊款總額的抵押品金額。

中期財務報表附註(續)

22. 投資證券

	30/06/2021			
	強制	按通過其他		
	按通過損益	全面收益	按攤銷	總額
	以反映公平	以反映公平	成本計量	
價值計量	價值計量			
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	-	18,769	2,247	21,016
持有存款證	-	966	780	1,746
債務證券	4,294	97,364	14,447	116,105
股份證券	560	746	-	1,306
投資基金	1,032	-	-	1,032
	<u>5,886</u>	<u>117,845</u>	<u>17,474</u>	<u>141,205</u>
	31/12/2020			
	強制	按通過其他		
	按通過損益	全面收益	按攤銷	總額
	以反映公平	以反映公平	成本計量	
	價值計量	價值計量		
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
國庫債券(包括外匯基金票據)	-	25,828	2,359	28,187
持有存款證	-	1,175	1,065	2,240
債務證券	4,571	94,325	12,297	111,193
股份證券	482	1,283	-	1,765
投資基金	786	-	-	786
	<u>5,839</u>	<u>122,611</u>	<u>15,721</u>	<u>144,171</u>

指定為通過全面收益以反映公平價值的股份證券

	30/6/2021		31/12/2020	
	公平價值	期內已確認	公平價值	期內已確認
		股息收入		股息收入
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
持有作長期策略用途的股份投資	<u>746</u>	<u>6</u>	<u>1,283</u>	<u>13</u>

中期財務報表附註(續)

23. 聯營公司及合資企業投資

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
應佔淨資產	9,377	9,504
商譽	473	477
	9,850	9,981
減：減值準備	(799)	(799)
	9,051	9,182

於2021年6月30日，按市場報價的公允價值，本集團對AFFIN Bank Berhad (「AFFIN」) 之投資的市值持續低於賬面值一段時間。因此，本集團對此項投資透過使用價值計算方法進行減值測試，測試顯示此項投資的可收回金額為港幣33.96億元。由於可回收金額高於港幣33.64億元之賬面值，期內並無確認額外減值損失(截至2020年6月30日止6個月：港幣2.2億元)。使用價值計算方法採用了集團管理層基於AFFIN最新的財務業績預測以及對未來五年的估計的折現現金流量預測，並使用3%長期增長率永久性推算得出終端價值。在價值計算方法中使用基於AFFIN的資本資產定價模型計算得出的11% (2020年：11%) 折現率。

下表列出主要假設的合理可能變動對使用價值產生的影響。有關資料反映使用價值對各主要假設本身的敏感度。超過一項有利及／或不利變動有可能同時發生。

	有利變動		不利變動		
	使用價值 增加	使用價值	使用價值 減少	使用價值	
	港幣 百萬元	港幣 百萬元	港幣 百萬元	港幣 百萬元	
於2021年6月30日					
折現率	-50 bps	220	3,616	+50 bps (194)	3,202
長期增長率	+50 bps	52	3,448	-50 bps (45)	3,351
預計現金流	+10%	340	3,736	-10% (339)	3,057

中期財務報表附註(續)

24. 固定資產

	30/6/2021							
	投資物業	行址	傢俬、裝修 及設備	小計	使用權資產 —行址	使用權資產 —傢俬、 裝修及設備	小計	總額
	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
成本或估值								
於2021年1月1日	4,961	8,595	6,311	14,906	1,549	26	1,575	21,442
增置	-	2	172	174	120	1	121	295
重估虧損	(123)	-	-	-	-	-	-	(123)
出售	-	(14)	(148)	(162)	-	-	-	(162)
行址重估盈餘轉入投資物業	-	4	-	4	-	-	-	4
由行址轉入投資物業	137	(137)	-	(137)	-	-	-	-
到期/終止租賃合約	-	-	-	-	(118)	(1)	(119)	(119)
減：抵銷行址重估的累計折舊	-	(2)	-	(2)	-	-	-	(2)
轉至分類為持有作出售資產	-	-	(3)	(3)	-	-	-	(3)
匯兌調整	-	44	27	71	9	-	9	80
於2021年6月30日	4,975	8,492	6,359	14,851	1,560	26	1,586	21,412
累計折舊及攤銷								
於2021年1月1日	-	2,254	4,444	6,698	670	9	679	7,377
期內支銷	-	77	213	290	192	3	195	485
到期/終止租賃合約	-	-	-	-	(115)	(1)	(116)	(116)
抵銷行址重估的累計折舊	-	(2)	-	(2)	-	-	-	(2)
出售時撇銷	-	(9)	(128)	(137)	-	-	-	(137)
匯兌調整	-	17	17	34	3	-	3	37
於2021年6月30日	-	2,337	4,546	6,883	750	11	761	7,644
賬面淨值於2021年6月30日	4,975	6,155	1,813	7,968	810	15	825	13,768
賬面淨值於2020年12月31日	4,961	6,341	1,867	8,208	879	17	896	14,065
上述資產的總額列示如下：								
按成本	-	7,744	6,359	14,103	1,560	26	1,586	15,689
按董事估值—1989	-	748	-	748	-	-	-	748
按專業估值—2021	4,975	-	-	-	-	-	-	4,975
	4,975	8,492	6,359	14,851	1,560	26	1,586	21,412

中期財務報表附註(續)

25. 其他資產

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
應計利息	2,414	2,488
承兌客戶負債	24,529	17,333
其他賬項(註)	12,506	13,437
減：減值準備	(201)	(185)
— 第一階段	(12)	(14)
— 第二階段	(3)	(3)
— 第三階段	(186)	(168)
	<u>39,248</u>	<u>33,073</u>
持有作出售資產(附註43)	<u>30,630</u>	<u>26,657</u>
	<u><u>69,878</u></u>	<u><u>59,730</u></u>

註：包括由《香港財務報告準則》第15號所產生的合約資產為無(2020年12月31日：無)。

26. 指定為通過損益以反映公平價值的金融負債

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
銀行存款及結餘	3,146	5,442
已發行存款證	29,925	24,494
已發行債務證券	460	155
	<u>33,531</u>	<u>30,091</u>

當本集團持有指定為通過損益以反映公平價值的相關衍生工具，以上金融負債被指定為通過損益以反映公平價值，而該指定可消除或明顯減少會計錯配的情況。

在期內及累計結餘，下表列示指定為通過損益以反映公平價值的金融負債的公平價值變動及在其他全面收益表內確認的金額，而該變動是歸屬於該等負債的信貸風險。

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
於1月1日結餘	(32)	(7)
期內在其他全面收益表內確認的金額	(7)	(29)
遞延稅項	2	4
於6月30日/12月31日結餘	<u>(37)</u>	<u>(32)</u>

在2021年上半年期內並未有指定為通過損益以反映公平價值的負債被終止確認，亦未有將其累計盈利或虧損在股東權益內轉賬(2020年12月31日：無)。

計算可歸屬於金融負債信貸風險的公平價值變動是根據於報告日該等金融負債的公平價值與經調整資產掉期利差之現值後的差額。

於2021年6月30日，指定為通過損益以反映公平價值金融負債的賬面值較其到期日之合約金額高港幣800萬元(2020年12月31日：低港幣200萬元)。

中期財務報表附註(續)

27. 交易用途負債

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
股份空倉	1	-

28. 其他負債

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
應計應付利息	1,568	1,852
應付承兌票據	24,529	17,333
已發行的財務擔保及已發行的貸款承擔之減值準備	64	72
— 第一階段	43	52
— 第二階段	21	18
— 第三階段	-	2
持有作出售負債(附註43)	28,281	26,864
租賃負債	873	936
其他賬項(註)	12,344	12,902
	67,659	59,959

註： 包括由《香港財務報告準則》第15號所產生的合約負債港幣6.05億元(2020年12月31日：港幣6.12億元)。

29. 借貸資本

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
按攤銷成本及經公平價值對沖調整後列賬的後償票據		
在2026年11月3日到期的定息5億美元後償票據	(1) 3,897	3,911
按攤銷成本列賬及並未對沖的後償票據		
在2029年4月25日到期的定息人民幣15億元後償票據	(2) 1,801	1,778
在2030年5月29日到期的定息6億美元後償票據	(3) 4,633	4,622
	10,331	10,311

中期財務報表附註(續)

29. 借貸資本(續)

截至2021年6月30日及2020年12月31日止期內／年度內本集團對其所發行之債務證券的本金和利息並無違約或不履行。

- (1) 票面值港幣38.82億元(5億美元)及賬面值港幣38.97億元(於2020年12月31日:港幣39.11億元)的借貸資本,是指由本行於2016年11月3日發行年息4%,並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於聯交所上市,並將於2026年11月3日到期,可於2021年11月3日贖回。在2021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100萬元(2020年上半年:港幣100萬元虧損)。
- (2) 票面值港幣18.03億元(人民幣15億元)及賬面值港幣18.01億元(於2020年12月31日:港幣17.78億元)的借貸資本,是指由本行附屬公司東亞中國於2019年4月25日發行年息4.94%的後償票據。該等票據將於2029年4月25日到期,可於2024年4月25日贖回。
- (3) 票面值港幣46.59億元(6億美元)及賬面值港幣46.33億元(於2020年12月31日:港幣46.22億元)的借貸資本,是指由本行於2020年5月29日發行年息4%,並評定為二級資本及符合吸收虧損能力之要求的後償票據。該等票據於聯交所上市,並將於2030年5月29日到期,可於2025年5月29日贖回。

30. 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。

香港業務

香港業務包括本行在香港經營的銀行業務及其他業務，分類為以下六個可匯報分部。

- **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、按揭貸款及個人信用卡業務。
- **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、證券業務貸款及與在香港之全球同業間的銀行代理行及企業的金融貿易業務。
- **財資市場**包括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投資產品和諮詢業務。
- **中央營運**包括在香港業務之後勤單位。
- **其他業務**主要包括由在香港附屬公司經營之保險業務、信託業務、證券及期貨經紀及企業財務諮詢，及在香港以外但支援香港業務之後勤單位。

內地業務

內地業務主要包括在香港支援內地業務之後勤單位、所有在內地經營的附屬公司及聯營公司，但不包括在內地經營資料處理及其他後勤支援香港業務之附屬公司。

國際業務

國際業務包括在香港支援國際銀行業務之後勤單位、所有在海外經營的分行包括澳門及台灣、附屬公司及聯營公司。

企業管理

企業管理承擔本行發行借貸資本的監管資本成本及向香港業務收取由本行發行資本工具的利息。

在評估分部表現及分配分部間的資源時，集團的高層管理人員根據以下基準監控可歸屬於每一可匯報分部之業績、資產及負債：

除聯營公司及合資企業之權益及持有作出售資產外，分部資產包括所有資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及服務費用和佣金收入，及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。

中期財務報表附註(續)

30. 分部報告(續)

	香港業務													
	香港銀行業務							其他	總額	內地業務	國際業務	企業管理	分部間之 交易抵銷	總額
	個人銀行	企業銀行	財資市場	財富管理	中央營運	總額	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	港幣百萬元	
截至2021年6月30日止6個月														
淨利息收入/(支出)	1,130	1,177	60	162	(10)	2,519	56	2,575	1,962	828	158	-	5,523	
非利息收入	565	326	393	255	179	1,718	625	2,343	451	117	-	(19)	2,892	
經營收入	1,695	1,503	453	417	169	4,237	681	4,918	2,413	945	158	(19)	8,415	
經營支出	(801)	(166)	(87)	(113)	(1,126)	(2,293)	(245)	(2,538)	(1,753)	(375)	-	19	(4,647)	
未扣除減值損失之 經營溢利/(虧損)	894	1,337	366	304	(957)	1,944	436	2,380	660	570	158	-	3,768	
金融工具的減值損失	(56)	(189)	(7)	(1)	-	(253)	(5)	(258)	(317)	(6)	-	-	(581)	
已扣除減值損失後之 經營溢利/(虧損)	838	1,148	359	303	(957)	1,691	431	2,122	343	564	158	-	3,187	
出售固定資產之淨虧損	(8)	-	-	-	(2)	(10)	-	(10)	(12)	-	-	-	(22)	
重估投資物業虧損	-	-	-	-	(101)	(101)	(22)	(123)	-	-	-	-	(123)	
應佔聯營公司及合資企業 溢利減虧損	-	-	-	-	-	-	(1)	(1)	84	46	-	-	129	
除稅前溢利/(虧損)	830	1,148	359	303	(1,060)	1,580	408	1,988	415	610	158	-	3,171	
期內折舊	(160)	(4)	(4)	(2)	(112)	(282)	(21)	(303)	(149)	(33)	-	-	(485)	
於2021年6月30日														
分部資產	115,058	169,650	208,857	28,766	12,126	534,457	5,382	539,839	244,989	117,583	-	(41,583)	860,828	
聯營公司及合資企業投資	-	-	-	-	-	-	75	75	4,241	4,735	-	-	9,051	
其他資產-持有作出售資產	-	-	-	-	20	20	30,593	30,613	17	-	-	-	30,630	
資產總額	115,058	169,650	208,857	28,766	12,146	534,477	36,050	570,527	249,247	122,318	-	(41,583)	900,509	
分部負債	325,584	48,832	64,358	29,317	2,703	470,794	1,515	472,309	217,767	107,873	-	(40,227)	757,722	
其他負債-持有作出售負債	-	-	-	-	-	-	28,281	28,281	-	-	-	-	28,281	
負債總額	325,584	48,832	64,358	29,317	2,703	470,794	29,796	500,590	217,767	107,873	-	(40,227)	786,003	

中期財務報表附註(續)

30. 分部報告(續)

	香港業務												
	香港銀行業務						其他	總額	內地業務	國際業務	企業管理	分部間之 交易抵銷	總額
	個人銀行	企業銀行	財資市場	財富管理	中央營運	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	
截至2020年6月30日止6個月													
淨利息收入/(支出)	1,562	1,192	156	169	(57)	3,022	82	3,104	2,060	737	213	-	6,114
非利息收入/(支出)	493	274	(18)	222	212	1,183	465	1,648	571	160	-	(19)	2,360
經營收入	2,055	1,466	138	391	155	4,205	547	4,752	2,631	897	213	(19)	8,474
經營支出	(838)	(152)	(84)	(112)	(1,039)	(2,225)	(219)	(2,444)	(1,580)	(345)	-	19	(4,350)
未扣除減值損失之經營溢利/(虧損)	1,217	1,314	54	279	(884)	1,980	328	2,308	1,051	552	213	-	4,124
金融工具的減值損失(支銷)/回撥	(117)	(564)	(73)	5	(2)	(751)	(3)	(754)	(1,715)	(206)	-	-	(2,675)
持有作出售資產減值損失	-	-	-	-	-	-	-	-	(5)	-	-	-	(5)
無形資產減值損失	-	-	-	-	-	-	-	-	(2)	-	-	-	(2)
聯營公司減值損失	-	-	-	-	-	-	-	-	-	(220)	-	-	(220)
已扣除減值損失後之經營溢利/(虧損)	1,100	750	(19)	284	(886)	1,229	325	1,554	(671)	126	213	-	1,222
出售持有作出售資產之淨溢利	-	-	-	-	-	-	-	-	1	1	-	-	2
出售附屬公司/聯營公司之淨溢利	-	-	-	-	-	-	-	-	-	341	-	-	341
出售固定資產之淨溢利/(虧損)	(7)	-	-	-	1	(6)	-	(6)	(4)	(1)	-	-	(11)
重估投資物業虧損	-	-	-	-	(110)	(110)	(20)	(130)	-	-	-	-	(130)
應佔聯營公司及合資企業溢利減虧損	-	-	-	-	-	-	(4)	(4)	72	122	-	-	190
除稅前溢利/(虧損)	1,093	750	(19)	284	(995)	1,113	301	1,414	(602)	589	213	-	1,614
期內折舊	(172)	(3)	(3)	(2)	(105)	(285)	(20)	(305)	(153)	(34)	-	-	(492)
於2020年12月31日													
分部資產	115,004	163,163	218,240	31,371	11,406	539,184	9,244	548,428	230,472	113,192	-	(43,511)	848,581
聯營公司及合資企業投資	-	-	-	-	-	-	76	76	4,121	4,985	-	-	9,182
其他資產-持有作出售資產	-	-	-	-	20	20	26,620	26,640	17	-	-	-	26,657
資產總額	115,004	163,163	218,240	31,371	11,426	539,204	35,940	575,144	234,610	118,177	-	(43,511)	884,420
分部負債	328,720	46,151	69,730	29,911	1,958	476,470	2,229	478,699	203,868	103,955	-	(42,762)	743,760
其他負債-持有作出售負債	-	-	-	-	-	-	26,864	26,864	-	-	-	-	26,864
負債總額	328,720	46,151	69,730	29,911	1,958	476,470	29,093	505,563	203,868	103,955	-	(42,762)	770,624

中期財務報表附註(續)

31. 資產及負債的剩餘期限分析

	30/6/2021							總額 港幣百萬元
	即時還款	1個月內	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								
現金及在銀行的結存	45,737	17	277	91	-	-	14,248	60,370
在銀行的存款及墊款	-	47,989	1,754	985	-	-	-	50,728
貿易票據	-	2,622	3,505	5,337	-	-	-	11,464
交易用途資產	-	1,489	899	-	662	-	1,076	4,126
衍生工具資產	-	-	-	-	-	-	5,231	5,231
客戶貸款及墊款	3,020	76,060	37,374	102,319	195,242	115,154	1,664	530,833
投資證券	-	7,419	4,979	24,510	61,853	40,146	2,298	141,205
聯營公司及合資企業投資	-	-	-	-	-	-	9,051	9,051
固定資產	-	-	-	-	-	-	13,768	13,768
商譽及無形資產	-	-	-	-	-	-	1,905	1,905
遞延稅項資產	-	-	-	-	-	-	1,950	1,950
其他資產	46	7,248	6,262	16,432	6,236	19,781	13,873	69,878
資產總額	48,803	142,844	55,050	149,674	263,993	175,081	65,064	900,509
負債								
銀行的存款及結餘	3,326	16,200	9,336	2,464	-	-	-	31,326
客戶存款	266,346	90,469	144,880	84,927	11,966	-	-	598,588
— 活期存款及往來賬戶	72,780	-	-	-	-	-	-	72,780
— 儲蓄存款	191,451	-	-	-	-	-	-	191,451
— 定期及通知存款	2,115	90,469	144,880	84,927	11,966	-	-	334,357
交易用途負債	-	-	-	-	-	-	1	1
衍生工具負債	-	-	-	-	-	-	8,116	8,116
已發行存款證	-	4,651	14,307	34,644	9,466	-	-	63,068
本期稅項	-	-	-	861	-	-	-	861
已發行債務證券	-	-	-	3,005	2,399	-	-	5,404
遞延稅項負債	-	-	-	-	-	-	649	649
其他負債	1,107	5,883	6,791	21,167	15,727	6,533	10,451	67,659
— 租賃負債	2	31	59	194	397	190	-	873
— 其他賬項	1,105	5,852	6,732	20,973	15,330	6,343	10,451	66,786
借貸資本	-	-	-	3,897	6,434	-	-	10,331
負債總額	270,779	117,203	175,314	150,965	45,992	6,533	19,217	786,003
淨差距	(221,976)	25,641	(120,264)	(1,291)	218,001	168,548		

中期財務報表附註(續)

31. 資產及負債的剩餘期限分析(續)

	31/12/2020							總額
	即時還款	1個月內	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								
現金及在銀行的結存	42,702	20	273	541	-	-	12,841	56,377
在銀行的存款及墊款	-	64,378	1,219	1,252	-	-	-	66,849
貿易票據	1	3,250	6,225	2,317	-	-	-	11,793
交易用途資產	-	178	-	-	95	36	881	1,190
衍生工具資產	-	-	-	-	-	-	8,059	8,059
客戶貸款及墊款	3,289	70,318	30,773	96,407	190,272	116,354	1,657	509,070
投資證券	-	8,189	9,918	29,335	58,208	35,970	2,551	144,171
聯營公司及合資企業投資	-	-	-	-	-	-	9,182	9,182
固定資產	-	-	-	-	-	-	14,065	14,065
商譽及無形資產	-	-	-	-	-	-	1,912	1,912
遞延稅項資產	-	-	-	-	-	-	2,022	2,022
其他資產	45	6,598	6,664	9,315	5,529	17,360	14,219	59,730
資產總額	46,037	152,931	55,072	139,167	254,104	169,720	67,389	884,420
負債								
銀行的存款及結餘	980	12,957	7,732	9,474	-	-	-	31,143
客戶存款	259,701	96,354	130,613	89,267	13,267	-	-	589,202
—活期存款及往來賬戶	69,835	-	-	-	-	-	-	69,835
—儲蓄存款	187,902	-	-	-	-	-	-	187,902
—定期及通知存款	1,964	96,354	130,613	89,267	13,267	-	-	331,465
衍生工具負債	-	-	-	-	-	-	13,016	13,016
已發行存款證	-	4,783	20,456	28,509	7,104	-	-	60,852
本期稅項	-	-	-	624	-	-	-	624
已發行債務證券	-	1	-	-	5,056	-	-	5,057
遞延稅項負債	-	-	-	-	-	-	460	460
其他負債	933	5,910	8,702	11,256	15,544	6,313	11,301	59,959
—租賃負債	2	34	62	238	399	201	-	936
—其他賬項	931	5,876	8,640	11,018	15,145	6,112	11,301	59,023
借貸資本	-	-	-	3,911	6,400	-	-	10,311
負債總額	261,614	120,005	167,503	143,041	47,371	6,313	24,777	770,624
淨差距	(215,577)	32,926	(112,431)	(3,874)	206,733	163,407		

中期財務報表附註(續)

32. 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 折舊的折舊 免稅額	物業重估	金融資產的 減值損失	按通過其他 全面收益以 反映公平價值 金融資產計量	稅損	其他	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
於2021年1月1日	345	115	(1,387)	122	(540)	(217)	(1,562)
收益表內支銷/(存入)	(1)	-	(176)	-	245	57	125
儲備內支銷/(存入)	-	(5)	-	176	-	(2)	169
轉至持有作出售資產	-	-	-	(24)	16	-	(8)
匯兌及其他調整	-	-	(15)	-	(8)	(2)	(25)
	<u>344</u>	<u>110</u>	<u>(1,578)</u>	<u>274</u>	<u>(287)</u>	<u>(164)</u>	<u>(1,301)</u>
於2021年6月30日							
於2020年12月31日結餘	<u>345</u>	<u>115</u>	<u>(1,387)</u>	<u>122</u>	<u>(540)</u>	<u>(217)</u>	<u>(1,562)</u>

當有法定權利可將現有稅項資產與現有稅項負債抵銷，而遞延稅項涉及同一稅務機關，則可將個別實體的遞延稅項資產與遞延稅項負債互相抵銷。下列在綜合財務狀況表內列賬之金額，已計入適當抵銷。

	30/6/2021 港幣百萬元	31/12/2020 港幣百萬元
於財務狀況表確認的遞延稅項資產淨額	(1,950)	(2,022)
於財務狀況表確認的遞延稅項負債淨額	649	460
	<u>(1,301)</u>	<u>(1,562)</u>

33. 儲備

	30/6/2021 港幣百萬元	31/12/2020 港幣百萬元
一般儲備	13,657	13,657
行址重估儲備	1,904	1,895
資本儲備	895	895
匯兌重估儲備	567	301
資本儲備—已發行僱員認股權	142	157
公平價值儲備	2,137	2,465
負債信貸儲備	(37)	(32)
其他儲備	5,153	5,138
留存溢利(註)	34,234	32,852
	<u>58,652</u>	<u>57,328</u>
未入賬擬派股息	1,022	700

註：為符合《銀行業條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款及墊款及投資減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2021年6月30日，該要求的影響是要限制本行可派發予本集團股東的儲備，金額為港幣23.24億元(2020年12月31日：港幣17.62億元)。

34. 額外股本工具

		30/6/2021	31/12/2020
		港幣百萬元	港幣百萬元
額外一級資本工具			
5億美元無到期日非累積後償資本證券	(1)	3,878	3,878
6.5億美元無到期日非累積後償資本證券	(2)	5,069	5,069
6.5億美元無到期日非累積後償資本證券	(3)	5,021	5,021
		<u>13,968</u>	<u>13,968</u>

- (1) 於2017年5月18日，本行發行面值5億美元(扣除有關發行成本後等值港幣38.78億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.625%年息率，直至2022年5月18日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息3.682%之固定利率贖回，息率將會按每五年重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本工具將會被撇銷。該額外一級資本工具在發生清盤事件時比普通股有優先權。
- (2) 於2019年9月19日，本行發行面值6.5億美元(扣除有關發行成本後等值港幣50.69億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.875%年息率，直至2024年9月19日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息4.257%之固定利率贖回，息率將會按每五年重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本工具將會被撇銷。該額外一級資本工具在發生清盤事件時比普通股有優先權，及符合吸收虧損能力之要求。
- (3) 於2020年10月21日，本行發行面值6.5億美元(扣除有關發行成本後等值港幣50.21億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.825%年息率，直至2025年10月21日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息5.527%之固定利率贖回，息率將會按每五年重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將會持續，該額外一級資本工具將會被撇銷。該額外一級資本工具在發生清盤事件時比普通股有優先權，及符合吸收虧損能力之要求。

中期財務報表附註(續)

35. 綜合現金流量表

現金及等同現金項目

	30/6/2021	30/6/2020
	港幣百萬元	港幣百萬元
(i) 在綜合現金流量表內現金及等同現金項目的組成部分		
現金及原本期限為3個月以內在銀行的結存	45,900	27,771
原本期限為3個月以內在銀行的存款及墊款	47,579	60,419
原本期限為3個月以內的國庫債券	3,767	4,034
原本期限為3個月以內之持有的存款證	480	-
原本期限為3個月以內之債務證券	921	2,924
	<u>98,647</u>	<u>95,148</u>
(ii) 與綜合財務狀況表的對賬		
現金及在銀行的結存	60,370	40,462
在銀行的存款及墊款	50,728	63,990
國庫債券、持有的存款證及債務證券		
— 交易用途資產	3,050	462
— 投資證券	138,867	156,009
	141,917	156,471
加：包括在「持有作出售資產」債務證券—投資證券	25,376	-
	<u>278,391</u>	<u>260,923</u>
在綜合財務狀況表列示的金額	278,391	260,923
減：原本期限為3個月以上的金額	(165,244)	(153,077)
受監管限制的在中央銀行之現金結存	(14,500)	(12,698)
	<u>98,647</u>	<u>95,148</u>
在綜合現金流量表內的現金及等同現金項目	<u>98,647</u>	<u>95,148</u>

36. 金融工具的公平價值

(a) 以公平價值列賬的金融工具

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。本集團以下列的分級方法計算公平價值：

第一級－參考同一工具在活躍市場取得的市場報價。

第二級－根據可觀察的參數之估值模式。為此級別估值的工具，包括以下方式：就相若工具在活躍市場取得的市場報價；就相若工具在非活躍市場取得的市場報價；或其他估值模式，而該等估值模式所用的參數，是直接或間接可從市場觀察所得的數據。

第三級－根據重要但非可觀察得到的參數之估值模式。為此級別估值的工具，其估值模式所輸入之參數為非可觀察的數據，惟該等非可觀察的數據可以對估值產生重大影響。為此級別估值的工具，也包括在活躍市場取得相若金融工具的市場報價，惟當中需要作出非可觀察之調整或假設，以反映不同金融工具之間的差別。

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是計量公平價值，藉以在報告日能反映金融工具的價格，而該價格可被視為在正常交易下市場人士當賣出資產時可收取或當轉移負債時須支付之款項。

本集團會使用廣泛應用的估值模式，以釐定一般性及較簡單金融工具的公平價值，例如僅使用可觀察市場價格及毋須管理層耗時判斷及估計之利率及貨幣掉期。可觀察價格及模式的參數，通常可從市場上的上市債務及股份證券、在交易所買賣的衍生工具和簡單的場外交易衍生工具如利率掉期獲取。獲取可觀察市場價格及模式的參數，可以減省管理層需時判斷及估計，也可減少有關釐定公平價值的不穩定因素。是否取得可觀察市場價格及參數，視乎產品及市場性質，並會因金融市場的個別事件和一般情況而有不同變化。

至於較複雜的金融工具，本集團會使用通常由已有認受性的估值模式改動而來。部分甚或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用重要而非可觀察之參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值；而揀選適當的估值模式、為估值之金融工具決定其預期的未來現金流、決定交易對手違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

本集團已就計算公平價值設立了監控機制。此機制包括擁有產品監控功能並獨立於前線管理人員，稱為金融工具估值群組(「群組」)。價格核賣的程序已經確立。任何將被採用的價格模式必須經過嚴格的檢測及審批程序。

中期財務報表附註(續)

36. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

下表是分析於報告期期末，在公平價值分級內金融工具之公平價值的處理方式。

	30/6/2021				31/12/2020			
	第一級	第二級	第三級	總額	第一級	第二級	第三級	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
重複發生的公平價值釐定								
資產								
貿易票據—通過其他全面								
收益以反映公平價值	-	10,707	-	10,707	-	11,424	-	11,424
交易用途資產	1,076	3,050	-	4,126	881	309	-	1,190
衍生工具資產	88	5,143	-	5,231	267	7,792	-	8,059
投資證券								
—強制按通過損益以反映								
公平價值計量	2	4,561	1,323	5,886	2	4,987	850	5,839
—按通過其他全面收益以								
反映公平價值計量	19,629	97,470	746	117,845	26,183	95,145	1,283	122,611
	<u>20,795</u>	<u>120,931</u>	<u>2,069</u>	<u>143,795</u>	<u>27,333</u>	<u>119,657</u>	<u>2,133</u>	<u>149,123</u>
投資證券分類為持有作出售								
資產								
—強制按通過損益以反映								
公平價值計量	1,446	3,280	-	4,726	1,026	3,702	-	4,728
—按通過其他全面收益以								
反映公平價值計量	-	22,150	-	22,150	-	19,088	-	19,088
	<u>1,446</u>	<u>25,430</u>	<u>-</u>	<u>26,876</u>	<u>1,026</u>	<u>22,790</u>	<u>-</u>	<u>23,816</u>
負債								
交易用途負債	1	-	-	1	-	-	-	-
衍生工具負債	18	8,098	-	8,116	104	12,912	-	13,016
指定為通過損益以反映公平								
價值的金融負債	-	33,531	-	33,531	-	30,091	-	30,091
	<u>19</u>	<u>41,629</u>	<u>-</u>	<u>41,648</u>	<u>104</u>	<u>43,003</u>	<u>-</u>	<u>43,107</u>
衍生工具負債分類為持有作出								
出售負債								
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

截至2021年6月30日止期內及2020年12月31日止年度內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間均並無重大的轉移。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

中期財務報表附註(續)

36. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

有關在第三級估值的重要非可觀察參數資料：

	估值模式	重要非可觀察參數	價值或幅度
非上市債務證券、股份 證券及投資基金	交易對手報價	不適用	不適用
	資產淨值	不適用	不適用
	現金流折扣模式	折扣率	30/6/2021: 13.3% (31/12/2020: 16.4%)
		市場性折扣	30/6/2021: 20% (31/12/2020: 20%)
	市場可類比法	盈利倍數	30/6/2021: 46.95 – 48.56 (31/12/2020: 43.49 – 52.88)
		企業價值／稅息前利潤	30/6/2021: 38.55 – 45.63 (31/12/2020: 38.43 – 42.49)
		市場性折扣	30/6/2021: 50% (31/12/2020: 50%)

強制按通過損益以反映公平價值計量或按通過其他全面收益以反映公平價值計量的非上市股份工具的公平價值，是採用現金流折扣模式作估算，或根據受投資公司的財務狀況及業績之分析，或參考可比較上市公司之估值比率，並計入市場性折扣以反映該股份並非有活躍交易之調整。任何因比率／受投資公司的財務狀況及業績之個別增加對公平價值有正面影響，而因折扣率／市場性折扣之個別增加則對公平價值有負面影響。

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

中期財務報表附註(續)

36. 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：

	30/6/2021		31/12/2020	
	強制 按通過損益 以反映公平 價值計量的 投資證券	按通過 其他全面 收益以反映 公平價值 計量的 投資證券	強制 按通過損益 以反映公平 價值計量的 投資證券	按通過 其他全面 收益以反映 公平價值 計量的 投資證券
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
資產				
於1月1日	850	1,283	278	1,055
購入／增置	365	—	510	—
結算	(8)	—	(9)	—
公平價值變動確認於收益表	116	—	71	—
公平價值變動確認於 其他全面收益	—	(537)	—	228
於6月30日／12月31日	<u>1,323</u>	<u>746</u>	<u>850</u>	<u>1,283</u>
於報告期結束日持有按通過 其他全面收益以反映公平價值 資產而已計入其他全面收益的 公平價值儲備之期內收益或虧損 總額	<u>—</u>	<u>(537)</u>	<u>—</u>	<u>228</u>
於報告期結束日持有之資產而已 計入期內收益表之通過損益以 反映公平價值金融工具的淨表 現之期內收益或虧損總額	<u>116</u>	<u>—</u>	<u>71</u>	<u>—</u>

36. 金融工具的公平價值(續)

(a) 以公平價值列賬的金融工具(續)

(2) 因重要而非可觀察之假設變動至合理可行之另類假設所產生的影響

	30/6/2021			
	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
金融資產				
强制按通過損益以 反映公平價值計量 的投資證券	110	(110)	-	-
按通過其他全面收益以 反映公平價值計量的 投資證券	-	-	62	(62)
	<u>110</u>	<u>(110)</u>	<u>62</u>	<u>(62)</u>
	31/12/2020			
	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
金融資產				
强制按通過損益以 反映公平價值計量 的投資證券	71	(71)	-	-
按通過其他全面收益以 反映公平價值計量的 投資證券	-	-	107	(107)
	<u>71</u>	<u>(71)</u>	<u>107</u>	<u>(107)</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。

36. 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，以釐定以下的金融工具的公平價值：

- (i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於報告期結束日可按要求而支付的金額。
- (ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。
- (iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。
- (iv) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，並在當中取用較可靠的相關資料以釐定公平價值。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息率作估算。

本集團以成本或攤銷成本入賬的金融工具賬面值，與其於2021年6月30日及2020年12月31日之公平價值相若，下列者除外：

	30/6/2021		31/12/2020	
	賬面值	公平價值	賬面值	公平價值
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
金融資產				
投資證券按攤銷成本計量	17,474	17,674	15,721	15,796
投資證券按攤銷成本計量分類為持有作出售資產	2,026	2,244	2,104	2,380

37. 信貸風險

本集團採納階段分配準則如下：

金管局的5級資產		階段分配
合格	一般(即不符合本行的「信貸風險顯著增加」的準則)	1
	符合本行的「信貸風險顯著增加」的準則	2
需要關注		2
次級		3
呆滯		
虧損		

「信貸風險顯著增加」的準則已計及兩個關鍵因素：

- 風險的內部或外部評級與風險源生之時的評級相比顯著轉差；及
- 風險的評級不再等同於國際通用的「投資級別」定義的「低信貸風險界限」。

(a) 信貸質素分析

貸款及墊款的信貸質素

下表載列貸款及墊款的信貸質素分析。除特別指明者外，表格內的金額為賬面總額。

	30/6/2021							
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額	
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息
	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
按攤銷成本計量的客戶貸款及墊款								
-1-15級：合格	507,166	638	14,897	24	-	-	522,063	662
-16-17級：需要關注	-	-	6,591	12	-	-	6,591	12
-18級：次級	-	-	-	-	4,659	16	4,659	16
-19級：呆滯	-	-	-	-	1,228	44	1,228	44
-20級：虧損	-	-	-	-	571	13	571	13
賬面值總額	507,166	638	21,488	36	6,458	73	535,112	747
減值準備	(850)	(3)	(620)	(2)	(2,809)	(66)	(4,279)	(71)
賬面值	<u>506,316</u>	<u>635</u>	<u>20,868</u>	<u>34</u>	<u>3,649</u>	<u>7</u>	<u>530,833</u>	<u>676</u>

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

貸款及墊款的信貸質素(續)

	31/12/2020								
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額		
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息	
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	
按攤銷成本計量的客戶貸款及墊款									
-1-15級：合格	482,325	819	17,485	42	-	-	499,810	861	
-16-17級：需要關注	-	-	7,654	23	-	-	7,654	23	
-18級：次級	-	-	-	-	3,953	3	3,953	3	
-19級：呆滯	-	-	-	-	2,370	96	2,370	96	
-20級：虧損	-	-	-	-	142	3	142	3	
賬面值總額	482,325	819	25,139	65	6,465	102	513,929	986	
減值準備	(845)	(4)	(1,038)	(3)	(2,976)	(49)	(4,859)	(56)	
賬面值	481,480	815	24,101	62	3,489	53	509,070	930	

除貸款及墊款外的金融資產的信貸質素

下表載列除貸款及墊款外並按攤銷成本及通過其他全面收益以反映公平價值計量的債務工具的信貸分析。除特別指明者外，就金融資產而言，表格內的金額為賬面總額／公平價值。就貸款承擔及財務擔保合約而言，表格內的金額分別為所承擔或擔保的金額。

	30/6/2021								
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額		
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息	
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	
按攤銷成本計量的貿易票據									
-1-15級：合格	758	-	-	-	-	-	758	-	
-16-17級：需要關注	-	-	-	-	-	-	-	-	
-18級：次級	-	-	-	-	-	-	-	-	
-19級：呆滯	-	-	-	-	-	-	-	-	
-20級：虧損	-	-	-	-	-	-	-	-	
賬面值總額	758	-	-	-	-	-	758	-	
減值準備	(1)	-	-	-	-	-	(1)	-	
賬面值	757	-	-	-	-	-	757	-	

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

	30/6/2021							
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額	
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息
	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
在銀行的存款及墊款 -1-15級：合格	50,729	6	-	-	-	-	50,729	6
賬面值總額	50,729	6	-	-	-	-	50,729	6
減值準備	(1)	-	-	-	-	-	(1)	-
賬面值	<u>50,728</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,728</u>	<u>6</u>
	31/12/2020							
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額	
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息
	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
在銀行的存款及墊款 -1-15級：合格	66,852	12	-	-	-	-	66,852	12
賬面值總額	66,852	12	-	-	-	-	66,852	12
減值準備	(3)	-	-	-	-	-	(3)	-
賬面值	<u>66,849</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,849</u>	<u>12</u>

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

	30/6/2021			
	12個月內之 預期信貸損失	非信貸不良的 合約期內之 預期信貸損失	信貸不良的 合約期內之 預期信貸損失	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
貸款承擔				
–1-15級：合格	207,173	4,853	–	212,026
–16-17級：需要關注	–	206	–	206
–18級：次級	–	–	1	1
總額	207,173	5,059	1	212,233
減值準備	(40)	(17)	–	(57)
財務擔保合約				
–1-15級：合格	12,079	1,820	–	13,899
–16-17級：需要關注	–	–	–	–
–18級：次級	–	–	–	–
總額	12,079	1,820	–	13,899
減值準備	(3)	(4)	–	(7)
	31/12/2020			
	12個月內之 預期信貸損失	非信貸不良的 合約期內之 預期信貸損失	信貸不良的 合約期內之 預期信貸損失	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
貸款承擔				
–1-15級：合格	187,734	7,621	–	195,355
–16-17級：需要關注	–	1,431	–	1,431
–18級：次級	–	–	2	2
總額	187,734	9,052	2	196,788
減值準備	(40)	(16)	(2)	(58)
財務擔保合約				
–1-15級：合格	21,608	1,788	–	23,396
–16-17級：需要關注	–	148	–	148
–18級：次級	–	–	1	1
總額	21,608	1,936	1	23,545
減值準備	(12)	(2)	–	(14)

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

資金交易的信貸風險管理方法，與本集團管理其企業及銀行借貸的方法一致及風險級別是適用於設有個別對手限額的對手。

於報告期結束日，按照外部信貸評級機構，穆迪投資服務，或相同等級的評級機構，所指定之債務證券投資的信貸質素分析如下：

	30/6/2021								
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額		
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息	
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	
按攤銷成本計量的債務投資證券									
Aaa	-	-	-	-	-	-	-	-	
Aa1 至 Aa3	3,036	-	-	-	-	-	3,036	-	
A1 至 A3	4,898	70	-	-	-	-	4,898	70	
Baa1 至 Baa3	2,386	20	-	-	-	-	2,386	20	
Baa3 以下	1,733	22	-	-	-	-	1,733	22	
無評級	5,530	55	-	-	-	-	5,530	55	
賬面值總額	17,583	167	-	-	-	-	17,583	167	
減值準備	(109)	(1)	-	-	-	-	(109)	(1)	
賬面值	17,474	166	-	-	-	-	17,474	166	
按攤銷成本計量的債務投資證券 分類為持有作出售資產									
Aaa	-	-	-	-	-	-	-	-	
Aa1 至 Aa3	12	-	-	-	-	-	12	-	
A1 至 A3	1,001	8	-	-	-	-	1,001	8	
Baa1 至 Baa3	987	11	-	-	-	-	987	11	
Baa3 以下	31	1	-	-	-	-	31	1	
無評級	-	-	-	-	-	-	-	-	
賬面值總額	2,031	20	-	-	-	-	2,031	20	
減值準備	(5)	-	-	-	-	-	(5)	-	
賬面值	2,026	20	-	-	-	-	2,026	20	

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

	31/12/2020							
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額	
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息
	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
按攤銷成本計量的債務投資證券								
Aaa	-	-	-	-	-	-	-	-
Aa1 至 Aa3	3,187	-	-	-	-	-	3,187	-
A1 至 A3	3,938	65	-	-	-	-	3,938	65
Baa1至 Baa3	2,036	16	-	-	-	-	2,036	16
Baa3以下	1,193	24	-	-	-	-	1,193	24
無評級	5,436	50	-	-	-	-	5,436	50
賬面值總額	15,790	155	-	-	-	-	15,790	155
減值準備	(69)	(1)	-	-	-	-	(69)	(1)
賬面值	<u>15,721</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,721</u>	<u>154</u>
按攤銷成本計量的債務投資證券 分類為持有作出售資產								
Aaa	-	-	-	-	-	-	-	-
Aa1 至 Aa3	11	-	-	-	-	-	11	-
A1 至 A3	998	8	-	-	-	-	998	8
Baa1至 Baa3	1,009	12	-	-	-	-	1,009	12
Baa3以下	31	1	-	-	-	-	31	1
無評級	62	1	-	-	-	-	62	1
賬面值總額	2,111	22	-	-	-	-	2,111	22
減值準備	(7)	-	-	-	-	-	(7)	-
賬面值	<u>2,104</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,104</u>	<u>22</u>

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

	30/6/2021							
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額	
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息
港幣百萬元		港幣百萬元		港幣百萬元		港幣百萬元		
按通過其他全面收益以反映 公平價值計量的債務投資證券								
Aaa	7,284	10	-	-	-	-	7,284	10
Aa1 至 Aa3	15,301	5	-	-	-	-	15,301	5
A1 至 A3	52,605	666	-	-	-	-	52,605	666
Baa1至 Baa3	36,567	358	-	-	-	-	36,567	358
Baa3以下	221	4	-	-	-	-	221	4
無評級	5,121	62	-	-	-	-	5,121	62
賬面值總額—按公平價值	117,099	1,105	-	-	-	-	117,099	1,105
減值準備	(185)	(2)	-	-	-	-	(185)	(2)
按通過其他全面收益以反映 公平價值計量的債務投資證券 分類為持有作出售資產								
Aaa	-	-	-	-	-	-	-	-
Aa1 至 Aa3	102	-	-	-	-	-	102	-
A1 至 A3	11,217	76	-	-	-	-	11,217	76
Baa1至 Baa3	10,611	96	-	-	-	-	10,611	96
Baa3以下	165	4	-	-	-	-	165	4
無評級	55	1	-	-	-	-	55	1
賬面值總額—按公平價值	22,150	177	-	-	-	-	22,150	177
減值準備	(104)	-	-	-	-	-	(104)	-

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

	31/12/2020								
	12個月內之 預期信貸損失		非信貸不良的合約 期內之預期信貸損失		信貸不良的合約 期內之預期信貸損失		總額		
	本金	應計利息	本金	應計利息	本金	應計利息	本金	應計利息	
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	
按通過其他全面收益以反映 公平價值計量的債務投資證券									
Aaa	8,415	9	-	-	-	-	8,415	9	
Aa1 至 Aa3	21,163	7	-	-	-	-	21,163	7	
A1 至 A3	49,729	744	-	-	-	-	49,729	744	
Baa1 至 Baa3	35,515	336	-	-	-	-	35,515	336	
Baa3 以下	246	5	-	-	-	-	246	5	
無評級	6,260	71	-	-	-	-	6,260	71	
賬面值總額—按公平價值	<u>121,328</u>	<u>1,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,328</u>	<u>1,172</u>	
減值準備	<u>(201)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201)</u>	<u>(2)</u>	
按通過其他全面收益以反映 公平價值計量的債務投資證券 分類為持有作出售資產									
Aaa	-	-	-	-	-	-	-	-	
Aa1 至 Aa3	133	-	-	-	-	-	133	-	
A1 至 A3	9,187	60	-	-	-	-	9,187	60	
Baa1 至 Baa3	9,416	89	-	-	-	-	9,416	89	
Baa3 以下	167	4	-	-	-	-	167	4	
無評級	156	2	29	-	-	-	185	2	
賬面值總額—按公平價值	<u>19,059</u>	<u>155</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,088</u>	<u>155</u>	
減值準備	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>-</u>	

中期財務報表附註(續)

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

下表載列按通過損益以反映公平價值計量的非交易金融資產的信貸分析。

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
債務投資證券		
Aaa	-	-
Aa1 至 Aa3	-	-
A1 至 A3	354	171
Baa1至 Baa3	3,816	4,279
Baa3以下	-	-
無評級	124	121
	<u>4,294</u>	<u>4,571</u>
賬面值總額—按公平價值		
債務投資證券分類為持有作出售資產		
Aaa	-	-
Aa1 至 Aa3	-	-
A1 至 A3	9	77
Baa1至 Baa3	970	976
Baa3以下	221	219
無評級	-	-
	<u>1,200</u>	<u>1,272</u>
賬面值總額—按公平價值		

下表載列作交易用途債務投資證券的信貸分析。

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
債務投資證券		
Aaa	-	-
Aa1 至 Aa3	-	-
A1 至 A3	2,222	309
Baa1至 Baa3	624	-
Baa3以下	144	-
無評級	60	-
	<u>3,050</u>	<u>309</u>
賬面值總額—按公平價值		

37. 信貸風險(續)

(a) 信貸質素分析(續)

除貸款及墊款外的金融資產的信貸質素(續)

下表載列由衍生工具資產交易所產生之對手信貸質素分析如下。

	<u>30/6/2021</u>	<u>31/12/2020</u>
	港幣百萬元	港幣百萬元
衍生工具資產		
Aa1 至 Aa3	68	53
A1 至 A3	2,716	4,590
Baa1至 Baa3	921	1,259
Baa3以下	-	264
無評級	<u>1,526</u>	<u>1,893</u>
賬面值總額—按公平價值	<u><u>5,231</u></u>	<u><u>8,059</u></u>

現金及在銀行的結存

於2021年6月30日，本集團持有現金及在銀行和其他金融機構的結存為港幣604.00億元(2020年12月31日：港幣563.96億元)。基於穆迪投資服務或相當的評級，其中99%(2020年12月31日：99%)的現金及在銀行交易對手的結存評級為投資評級。

中期財務報表附註(續)

37. 信貸風險(續)

(b) 減值準備對賬

下表列示按金融工具的類別劃分的減值準備的期初結餘與期末結餘的對賬。編製對賬的方法是比較減值準備於1月1日至6月30日/12月31日期間交易層面的狀況。

	30/6/2021			總額 港幣百萬元
	12個月內 之預期 信貸損失 港幣百萬元	非信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	
客戶貸款及墊款				
於1月1日的結餘	849	1,041	3,025	4,915
轉至12個月內之預期信貸損失	78	(78)	-	-
轉至非信貸不良的合約期內 之預期信貸損失	(12)	17	(5)	-
轉至信貸不良的合約期內 之預期信貸損失	(2)	(368)	370	-
源生或購入之新金融資產、 撤銷確認資產、還款及 進一步貸款	200	10	1	211
撇銷	-	-	(1,349)	(1,349)
減值準備的重新計量淨額 (包括外匯調整)	(260)	-	833	573
於6月30日的結餘	<u>853</u>	<u>622</u>	<u>2,875</u>	<u>4,350</u>
其中：				
就按攤銷成本計量的客戶墊款	850	620	2,809	4,279
就相關應收利息	3	2	66	71
	<u>853</u>	<u>622</u>	<u>2,875</u>	<u>4,350</u>

中期財務報表附註(續)

37. 信貸風險(續)

(b) 減值準備對賬(續)

	31/12/2020			總額 港幣百萬元
	12個月內 之預期 信貸損失 港幣百萬元	非信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	
客戶貸款及墊款				
於1月1日的結餘	502	518	2,784	3,804
轉至12個月內之預期信貸損失	23	(23)	-	-
轉至非信貸不良的合約期內 之預期信貸損失	(8)	12	(4)	-
轉至信貸不良的合約期內 之預期信貸損失	(5)	(68)	73	-
源生或購入之新金融資產、 撤銷確認資產、還款及 進一步貸款	324	344	364	1,032
撇銷	-	-	(4,172)	(4,172)
減值準備的重新計量淨額 (包括外匯調整)	13	258	3,980	4,251
於12月31日的結餘	<u>849</u>	<u>1,041</u>	<u>3,025</u>	<u>4,915</u>
其中：				
就按攤銷成本計量的客戶墊款	845	1,038	2,976	4,859
就相關應收利息	4	3	49	56
	<u>849</u>	<u>1,041</u>	<u>3,025</u>	<u>4,915</u>

中期財務報表附註(續)

37. 信貸風險(續)

(b) 減值準備對賬(續)

	30/6/2021			總額 港幣百萬元
	12個月內 之預期 信貸損失 港幣百萬元	非信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	
債務投資證券				
於1月1日的結餘	273	-	-	273
轉至12個月內之預期信貸損失	-	-	-	-
轉至非信貸不良的合約期內 之預期信貸損失	-	-	-	-
轉至信貸不良的合約期內 之預期信貸損失	-	-	-	-
源生或購入之新金融資產、 撤銷確認資產、還款及 進一步投資	50	-	-	50
撇銷	-	-	-	-
減值準備的重新計量淨額 (包括外匯調整)	(26)	-	-	(26)
於6月30日的結餘	297	-	-	297
其中：				
就按攤銷成本計量的債務投資證券	109	-	-	109
就相關應收利息	1	-	-	1
	110	-	-	110
就按通過其他全面收益以 反映公平價值計量的 債務投資證券	185	-	-	185
就相關應收利息	2	-	-	2
	187	-	-	187

37. 信貸風險(續)

(b) 減值準備對賬(續)

	31/12/2020			總額 港幣百萬元
	12個月內 之預期 信貸損失 港幣百萬元	非信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	
債務投資證券				
於1月1日的結餘	359	4	-	363
轉至12個月內之預期信貸損失	-	-	-	-
轉至非信貸不良的合約期內 之預期信貸損失	-	-	-	-
轉至信貸不良的合約期內 之預期信貸損失	-	-	-	-
源生或購入之新金融資產、 撤銷確認資產、還款及 進一步投資	12	(4)	-	8
撇銷	-	-	-	-
減值準備的重新計量淨額 (包括外匯調整)	(19)	-	-	(19)
轉至持有作出售資產	(79)	-	-	(79)
於12月31日的結餘	<u>273</u>	<u>-</u>	<u>-</u>	<u>273</u>
其中：				
就按攤銷成本計量的債務投資證券	69	-	-	69
就相關應收利息	1	-	-	1
	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>
就按通過其他全面收益以反映 公平價值計量的債務投資證券	201	-	-	201
就相關應收利息	2	-	-	2
	<u>203</u>	<u>-</u>	<u>-</u>	<u>203</u>

按通過其他全面收益以反映公平價值的債務證券的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值的債務投資證券的賬面值是其公平價值。

中期財務報表附註(續)

37. 信貸風險(續)

(b) 減值準備對賬(續)

	30/6/2021			總額 港幣百萬元
	12個月內 之預期 信貸損失 港幣百萬元	非信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	信貸 不良的合約 期內之預期 信貸損失 港幣百萬元	
其他				
於1月1日的結餘	89	19	121	229
轉至12個月內之預期信貸損失	2	(2)	-	-
轉至非信貸不良的合約期內 之預期信貸損失	-	-	-	-
轉至信貸不良的合約期內 之預期信貸損失	-	-	-	-
源生或購入之新金融資產、 撤銷確認資產及還款	9	(2)	-	7
撤銷	-	-	(1)	(1)
模型變動	-	-	-	-
減值準備的重新計量淨額 (包括外匯調整)	(15)	7	-	(8)
於6月30日的結餘	85	22	120	227
其中：				
就按通過其他全面收益以反映 公平價值計量的貿易票據	2	-	-	2
就相關應收利息	-	-	-	-
	2	-	-	2
就按攤銷成本計量的貿易票據 (附註19)	1	-	-	1
就相關應收利息	-	-	-	-
	1	-	-	1
就在銀行的存款及墊款(附註18)	1	-	-	1
就相關應收利息	-	-	-	-
	1	-	-	1
就現金及在銀行的結存(附註17)	30	-	-	30
就相關應收利息	-	-	-	-
	30	-	-	30
就貸款承擔和財務擔保合約 (附註28)	43	21	-	64
就應收賬款及其他賬項	8	1	120	129

中期財務報表附註(續)

37. 信貸風險(續)

(b) 減值準備對賬(續)

	31/12/2020			
	12個月內 之預期 信貸損失	非信貸 不良的合約 期內之預期 信貸損失	信貸 不良的合約 期內之預期 信貸損失	總額
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
其他				
於1月1日的結餘	115	32	112	259
轉至12個月內之預期信貸損失	2	(2)	-	-
轉至非信貸不良的合約期內 之預期信貸損失	(1)	1	-	-
轉至信貸不良的合約期內 之預期信貸損失	-	-	-	-
源生或購入之新金融資產、 撤銷確認資產及還款	(23)	(10)	4	(29)
撤銷	-	-	(4)	(4)
減值準備的重新計量淨額 (包括外匯調整)	(4)	(2)	9	3
於12月31日的結餘	<u>89</u>	<u>19</u>	<u>121</u>	<u>229</u>
其中：				
就按通過其他全面收益以反映 公平價值計量的貿易票據	3	1	-	4
就相關應收利息	-	-	-	-
	<u>3</u>	<u>1</u>	<u>-</u>	<u>4</u>
就按攤銷成本計量的貿易票據 (附註19)	3	-	-	3
就相關應收利息	-	-	-	-
	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
就在銀行的存款及墊款(附註18)	3	-	-	3
就相關應收利息	-	-	-	-
	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
就現金及在銀行的結存(附註17)	19	-	-	19
就相關應收利息	-	-	-	-
	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
就貸款承擔和財務擔保合約 (附註28)	52	18	2	72
就應收賬款及其他賬項	9	-	119	128

按通過其他全面收益以反映公平價值計量的貿易票據的減值準備並不在財務狀況表內確認，因按通過其他全面收益以反映公平價值計量的貿易票據的賬面值是其公平價值。

中期財務報表附註(續)

38. 資產負債表以外的風險

(a) 或然負債及承擔

參照金管局資本充足比率申報表的填報指示，每項資產負債表以外風險及信貸風險加權金額的主要類別摘要如下：

	30/6/2021 港幣百萬元	31/12/2020 港幣百萬元
或然負債的合約金額		
直接信貸代替品	6,628	9,065
與交易有關的或然項目	1,718	1,325
與貿易有關的或然項目	5,499	4,303
	<u>13,845</u>	<u>14,693</u>
承擔的合約金額		
可無條件取消而毋須事先通知的承擔	177,718	159,852
其他承擔的原到期日		
- 1年或以下	3,736	7,093
- 1年以上	30,328	27,722
	<u>211,782</u>	<u>194,667</u>
總額	<u>225,627</u>	<u>209,360</u>
信貸風險加權金額	<u>21,064</u>	<u>22,946</u>
 (b) 衍生工具		
衍生工具的公平價值		
資產		
匯率合約	1,323	2,333
利率合約	1,604	2,004
股份合約	2,304	3,721
其他	-	1
	<u>5,231</u>	<u>8,059</u>
負債		
匯率合約	1,146	2,827
利率合約	4,670	6,450
股份合約	2,300	3,740
其他	-	-
	<u>8,116</u>	<u>13,017</u>
衍生工具的名義金額		
匯率合約	330,976	293,773
利率合約	423,037	428,454
股份合約	13,998	17,522
其他	-	77
	<u>768,011</u>	<u>739,826</u>

中期財務報表附註(續)

38. 資產負債表以外的風險(續)

(c) 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：

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
已核准支出並已簽約	284	340
已核准支出但未簽約	191	116
	<u>475</u>	<u>456</u>

(d) 或有事項

本集團收到正常業務過程中產生的法律索賠。本集團認為這些事項均不重大。在適當情況下，本集團在很可能需要經濟利益流出並且可以對該責任作出可靠估計時確認負債準備。

39. 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：

	30/6/2021	30/6/2020
	港幣百萬元	港幣百萬元
短期僱員福利	83	67
僱員退休福利	4	4
股份補償福利	10	2
	<u>97</u>	<u>73</u>

中期財務報表附註(續)

39. 關聯人士的重大交易(續)

- (b) 本集團為其職員提供若干退休保障計劃。截至2021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1.06億元(截至2020年6月30日止6個月：港幣9,900萬元)。

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，有重大影響力之股東，及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

截至2021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2021年6月30日關聯人士的欠款及欠關聯人士的款項，及截至2021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		有重大影響力之股東	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	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
利息收入	8	31	34	34	-	-
利息支出	5	7	-	2	-	-
關聯人士的欠款	735	2,246	1,623	1,440	3,409	1,208
欠關聯人士的款項	2,386	1,003	32	451	135	25
關聯人士的最高欠款	1,107	3,452	1,950	1,862	6,125	8,102
欠關聯人士的最高款項	3,976	3,481	251	619	1,003	803
給予信貸承諾	1,286	1,187	1,009	951	-	-

中期財務報表附註(續)

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

於報告日已包括在綜合財務報表內的附屬公司列示如下：

公司名稱	業務性質	資產總額 港幣百萬元	股東權益總額 港幣百萬元
承悅有限公司	投資控股	329	329
* 東亞銀行(信託)有限公司	信託服務	233	215
BC (BVI) Holdings Limited	投資控股	16	16
BEA Consortium GS Investors L.P.	出任有限責任合夥人 用作投資私募基金	40	40
東亞保險代理有限公司	保險代理	—	—
東亞人壽保險有限公司	人壽保險	29,160	2,234
東亞聯豐投資管理有限公司	資產管理	567	505
東亞聯豐投資管理(深圳) 有限公司	資產管理／投資管理	10	8
Blue Care (BVI) Holdings Limited	投資控股	16	16
Blue Care JV (BVI) Holdings Limited	投資控股	20	17
寶康醫療服務有限公司	醫療服務	49	42
藍十字(亞太)保險有限公司	保險	2,637	791
匯中興業有限公司	物業投資	764	632
階潤有限公司	投資控股	89	89
Citiview Capital Limited	普通合夥人及有限責任 合夥人	2	2
Corona Light Limited	投資控股	930	930

中期財務報表附註(續)

40. 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
* 領達財務有限公司	放債人	685	684
Crystal Gleaming Limited	投資控股	930	930
卓領控股有限公司	投資控股	1,127	1,127
EA Securities Limited	投資控股	–	(63)
* 東亞數據信息服務(廣東)有限公司	服務	237	171
* 東亞設施管理有限公司	設施管理	31	20
East Asia Financial Services (BVI) Ltd.	投資控股	–	–
東亞期貨有限公司	期貨及期權交易	58	58
* East Asia Holding Company, Inc.	銀行控股公司	627	609
East Asia Indonesian Holdings Limited	投資控股	2	2
East Asia International Trustees Holdings (BVI) Limited	投資控股	10	10
East Asia International Trustees Limited	信託服務	38	36
* East Asia Properties (US), Inc.	資金支持	14	12
東亞物業控股有限公司	投資控股	–	(47)
東亞物業代理有限公司	物業代理	8	8
東亞前海控股有限公司	投資控股	220	220
東亞秘書有限公司	秘書服務	–	–
東亞證券有限公司	證券買賣	1,672	1,022
* 東亞服務(控股)有限公司	控股公司	23	–
Golden Empire International Inc.	物業投資	1	1
Leader One Limited	投資控股	1	1
Manchester Property Holdings Ltd.	物業控股	33	18

中期財務報表附註(續)

40. 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
君騰香港控股有限公司	投資控股	77	77
Red Phoenix Limited	汽車租賃	2	2
Shaftesbury Property Holdings Limited	投資控股	61	61
Shaftesbury Property Investments Limited	投資控股	42	42
上海領偕商務諮詢有限公司	商業資訊諮詢及 企業管理諮詢	217	217
Silver River International Limited	出任普通合夥人及 有限責任合夥人	31	31
Silver Sunlight Limited	出任普通合夥人	—	—
Skyray Holdings Limited	投資控股	450	450
Speedfull Limited	投資控股	450	450
*# 東亞銀行(中國)有限公司	銀行及有關的金融服務	243,800	26,047
東亞銀行受託代管有限公司	受託代管服務	—	—
The Bank of East Asia (Nominees) Private Limited	信託、代理及託管服務	—	—
Travelsafe Limited	不活動	—	—
明康醫療香港有限公司	醫療服務	24	(11)
United Chinese (Nominee) Limited	不活動	—	—

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

「聯營實體」是按照《銀行業(流動性)規則》之定義及已包括在用作監管用途之綜合基準內。

41. 比較數字

若干2020年的比較數字經已重報以符合本期的呈報方式。請參閱附註12中所述的重報影響。

中期財務報表附註(續)

42. 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2021年8月19日獲授權發布。

銀行業披露報表(即補充財務資料的附註E所載)以及此中期財務報表所列載的披露資料，亦已根據金管局所頒布的《銀行業(披露)規則》之要求作披露。

43. 持有作出售資產

持有作出售之資產及負債，並撇銷與本集團屬下業務公司之間的交易摘要如下：

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
持有作出售資產(附註25)		
持有作出售的組別	30,593	26,620
其他物業	37	37
	<u>30,630</u>	<u>26,657</u>
持有作出售負債(附註28)		
持有作出售的組別	<u>28,281</u>	<u>26,864</u>

於2020年9月23日，本行公布已完成全面策略性檢討並決定啟動出售其全資擁有附屬公司—東亞人壽保險有限公司(「東亞人壽」)。其後，本行決定啟動出售東亞人壽保險有限公司及旗下全資附屬公司—藍十字(亞太)保險有限公司(「藍十字」)所提供的剩餘人壽保險業務組合的流程。

於2021年3月24日，本行就向友邦出售東亞人壽一事與友邦訂立了售股和框架協議。於同日，本行與友邦訂立了區域分銷協議，其框架擬定了友邦集團將成為本行集團於香港、內地和澳門(為免存疑，包括大灣區)個人銀行客戶羣的壽險產品的獨家提供者。出售東亞人壽及本行訂立及遵守區域分銷協議中預期的分銷安排的代價為現金50.70億港元，加上相等於由2020年9月30日至完成出售期間所產生名義利息之金額。此外，東亞人壽與藍十字於2021年3月24日訂立了一份業務組合轉讓協議，以將有關藍十字的剩餘人壽保險業務組合(「人壽保險業務組合」)轉讓給東亞人壽，並以業務組合於轉讓完成時的資產淨值作為代價。是次出售東亞人壽的交易已獲香港保險業監管局批准，預計於短期內完成。而人壽保險業務組合的轉讓有待監管部門批准及香港法院同意。

於2021年6月30日及2020年12月31日，東亞人壽和人壽保險業務組合的資產及負債在綜合財務表中分別以持有作出售資產及持有作出售負債列示。

中期財務報表附註(續)

43. 持有作出售資產(續)

持有作出售組合的資產和負債，並撇銷與本集團內部交易餘額概述如下：

	30/6/2021 港幣百萬元	31/12/2020 港幣百萬元
資產		
現金及在銀行的結存	-	3
投資證券	28,902	25,920
固定資產	12	9
— 投資物業	-	-
— 其他物業及設備	12	9
其他資產	1,679	688
持有作出售資產	<u>30,593</u>	<u>26,620</u>
負債		
衍生工具負債	-	1
本期稅項	28	39
遞延稅項負債	9	1
其他負債	28,244	26,823
持有作出售負債	<u>28,281</u>	<u>26,864</u>

於2021年6月30日，可歸屬於本集團之出售組合的股東權益總額為港幣24.40億元(31/12/2020: 港幣26.88億元)。

投資證券

	30/6/2021			
	強制 按通過損益 以反映公平 價值計量 港幣百萬元	按通過其他 全面收益 以反映公平 價值計量 港幣百萬元	按攤銷 成本計量 港幣百萬元	總額 港幣百萬元
債務證券	1,200	22,150	2,026	25,376
股份證券	1,702	-	-	1,702
投資基金	1,824	-	-	1,824
	<u>4,726</u>	<u>22,150</u>	<u>2,026</u>	<u>28,902</u>
	31/12/2020			
	強制 按通過損益 以反映公平 價值計量 港幣百萬元	按通過其他 全面收益 以反映公平 價值計量 港幣百萬元	按攤銷 成本計量 港幣百萬元	總額 港幣百萬元
債務證券	1,272	19,088	2,104	22,464
股份證券	1,026	-	-	1,026
投資基金	2,430	-	-	2,430
	<u>4,728</u>	<u>19,088</u>	<u>2,104</u>	<u>25,920</u>

中期財務報表附註(續)

43. 持有作出售資產(續)

有關持有作出售的組別在其他全面收益內確認之累計損失如下：

	30/6/2021
	港幣百萬元
確認在其他全面收益內之累計損失	(525)

44. 銀行同業拆借利率風險

下表載列了截至2021年6月30日參考利率基準而又尚未過渡至替代基準利率的金融工具之餘額，並不包括將在過渡日之前到期的金融工具。金融資產和負債的金額以賬面值總額列示，而衍生工具則以名義金額列示。

	30/6/2021							
	賬面值總額/名義金額							
	美元倫敦 銀行同業 拆借利率	歐元倫敦 銀行同業 拆借利率	英磅倫敦 銀行同業 拆借利率	香港 銀行同業 拆借利率	新加坡元 掉期利率	澳元 銀行票據 掉期利率	紐西蘭元 銀行票據 參考利率	其他 銀行同業 拆借利率
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	
資產								
客戶貸款及墊款	28,338	89	14,534	200,054	4,009	2,189	-	13,530
在銀行的存款及墊款	2,049	-	-	6,151	-	-	-	-
已持有可轉讓債務工具，包括可轉讓存款證	171	-	-	550	-	-	-	-
資產總額	30,558	89	14,534	206,755	4,009	2,189	-	13,530
負債								
客戶存款	-	-	-	10,896	-	-	-	-
已發行存款證及債務證券	2,702	-	-	230	-	-	-	-
負債總額	2,702	-	-	11,126	-	-	-	-
衍生工具								
利率掉期	55,303	-	215	53,592	173	9,142	666	6,732
交叉貨幣掉期	2,936	-	-	1,483	-	3,028	1,569	2,552
其他衍生工具	311	-	1,503	1,843	-	11	-	-
衍生工具總額	58,550	-	1,718	56,918	173	12,181	2,235	9,284

本集團的公平價值對沖會計關係在銀行同業拆借利率的預期終止日後到期。於釐定何時能解決因銀行同業拆借利率改革所引起的不確定因素，並停止應用有關豁免，須運用重大判斷。於2021年6月30日，本集團認為有關衍生對沖工具何時以及如何進行替代仍存在不確定性，故此，有關豁免適用於本集團所有對沖會計關係，當中的參考基準可予改革或取代。

中期財務報表附註(續)

44. 銀行同業拆借利率風險(續)

於2021年6月30日，下表載列了與銀行同業拆借利率相關的按公平價值對沖會計關係指定的衍生工具，但不包括將在過渡日之前到期的衍生工具：

	30/6/2021	
	指定名義金額	加權平均 承擔年期
	港幣百萬元	
利率掉期		
美元倫敦銀行同業拆借利率	44,857	4.05
澳元銀行票據掉期利率	9,125	0.87
香港銀行同業拆借利率	2,302	0.17
紐西蘭元銀行票據參考利率	611	0.03
新加坡元掉期利率	173	0.01
其他銀行同業拆借利率	5,220	0.28
	<u>62,288</u>	<u>5.41</u>

補充財務資料

A. 資本充足

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
股本基礎		
— 普通股權一級資本	83,395	81,784
— 額外一級資本	13,968	13,968
	<hr/>	<hr/>
— 一級資本總額	97,363	95,752
— 二級資本	13,088	12,669
	<hr/>	<hr/>
— 資本總額	<u>110,451</u>	<u>108,421</u>
風險加權資產類別		
— 信貸風險	448,528	453,886
— 市場風險	14,672	11,516
— 營運風險	32,053	32,285
	<hr/>	<hr/>
減：扣除	495,253	497,687
	<u>(3,088)</u>	<u>(3,145)</u>
	<hr/>	<hr/>
	<u>492,165</u>	<u>494,542</u>
	<hr/>	<hr/>
	30/6/2021	31/12/2020
	百分率	百分率
普通股權一級資本比率	16.9	16.5
一級資本比率	19.8	19.4
總資本比率	22.4	21.9

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

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

補充財務資料(續)

A. 資本充足(續)

包括在用作監管用途的綜合基礎之主要附屬公司已於中期報告之附註40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。

有關本集團的監管資本工具及其他披露資料，可瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或按www.hkbea.com/regulatory_disclosures的直接連繫。

B. 槓桿比率

	<u>30/6/2021</u>	<u>31/12/2020</u>
	港幣百萬元	港幣百萬元
一級資本	97,363	95,752
風險承擔計量	900,572	879,956
	<u>30/6/2021</u>	<u>31/12/2020</u>
	百分率	百分率
槓桿比率	10.8	10.9

槓桿比率之披露是由2015年3月31日起生效，其計算按金管局《資本規則》第3C條頒布的通知內所指定的綜合基準。有關披露資料可瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或按www.hkbea.com/regulatory_disclosures的直接連繫。

C. 流動性狀況

流動性覆蓋比率

		<u>30/6/2021</u>	<u>31/12/2020</u>
		百分率	百分率
平均流動性覆蓋比率	— 第一季度	189.4	178.1
	— 第二季度	177.3	177.7
	— 第三季度	不適用	175.9
	— 第四季度	不適用	183.8

流動性覆蓋比率是根據由2015年1月1日起生效的《銀行業(流動性)規則》計算。相關的監管披露資料可瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或按www.hkbea.com/regulatory_disclosures的直接連繫。

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

補充財務資料(續)

C. 流動性狀況(續)

穩定資金淨額比率

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
可用穩定資金總額	542,465	540,767
所需穩定資金總額	474,589	455,969
	30/6/2021	31/12/2020
	百分率	百分率
穩定資金淨額比率	114.3	118.6

穩定資金淨額比率是根據由2018年1月1日起生效的《銀行業(流動性)規則》計算。相關的監管披露資料可瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或按www.hkbea.com/regulatory_disclosures的直接連繫。

D. 逾期、經重組及收回資產

(a) 逾期及經重組客戶墊款

	30/6/2021		31/12/2020	
	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	1,184	0.2	776	0.2
- 6個月以上至1年	661	0.1	870	0.2
- 1年以上	681	0.2	1,167	0.2
	2,526	0.5	2,813	0.6
經重組客戶墊款	132	0.0	166	0.0
逾期及經重組墊款總額	2,658	0.5	2,979	0.6
已逾期墊款涵蓋部份	951	0.2	1,878	0.4
已逾期墊款非涵蓋部份	1,575	0.3	935	0.2
已逾期墊款涵蓋部份之抵押品市值	4,130		5,007	
逾期3個月以上墊款的特殊準備	1,343		1,578	

補充財務資料(續)

D. 逾期、經重組及收回資產(續)

(a) 逾期及經重組客戶墊款(續)

有明確到期日之貸款及墊款，若其本金或利息已逾期，並於期結日仍未償還，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，而於期結日仍未償還，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。

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

補充財務資料(續)

D. 逾期、經重組及收回資產(續)

(b) 逾期及經重組銀行墊款

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
逾期銀行墊款		
—3個月以上至6個月	—	—
—6個月以上至1年	—	—
—1年以上	—	—
	—	—
經重組銀行墊款	—	—
逾期及經重組墊款總額	—	—

(c) 其他逾期及經重組資產

	30/6/2021		
	應計利息	債務證券	其他資產*
	港幣百萬元	港幣百萬元	港幣百萬元
其他逾期資產			
—3個月以上至6個月	10	—	—
—6個月以上至1年	6	—	—
—1年以上	61	—	—
	77	—	—
經重組資產	1	—	—
其他逾期及經重組資產總額	78	—	—
	31/12/2020		
	應計利息	債務證券	其他資產*
	港幣百萬元	港幣百萬元	港幣百萬元
其他逾期資產			
—3個月以上至6個月	8	—	—
—6個月以上至1年	20	—	—
—1年以上	73	—	—
	101	—	—
經重組資產	—	—	—
其他逾期及經重組資產總額	101	—	—

* 其他資產是指貿易票據及應收款項。

補充財務資料(續)

D. 逾期、經重組及收回資產(續)

(d) 收回資產

	30/6/2021	31/12/2020
	港幣百萬元	港幣百萬元
收回土地及建築物(註)	252	211
收回汽車及設備	17	28
收回機器	—	—
收回資產總額	<u>269</u>	<u>239</u>

此等金額指於2021年6月30日及2020年12月31日收回資產的估計市值。

註：結餘中包括港幣4,400萬元(2020年12月31日：港幣5,200萬元)已簽約出售但仍未成交的物業。

E. 銀行業披露報表

本期的額外資料披露是根據《銀行業(披露)規則》、《金融機構(處置機制)(吸收虧損能力規定—銀行界)規則》第6部之披露要求及按金管局所頒布的披露模版而編製，詳情可瀏覽本行網站 www.hkbea.com 主頁內「監管披露」的連繫或按 www.hkbea.com/regulatory_disclosures 的直接連繫。

獨立審閱報告



致東亞銀行有限公司董事會

引言

我們已審閱 貴集團列載於第107頁至第175頁的中期財務報告，此中期財務報告包括於2021年6月30日的綜合財務狀況表與截至該日止6個月期間有關的綜合收益表、綜合全面收益表、綜合權益變動表和簡略綜合現金流量表以及附註解釋。根據《上市規則》，上市公司必須符合《上市規則》中的相關規定和香港會計師公會頒布的《香港會計準則》第34號「中期財務報告」的規定編製中期財務報告。董事須負責根據《香港會計準則》第34號編製及列報中期財務報告。

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

審閱範圍

我們已根據香港會計師公會所頒布的《香港審閱工作準則》第2410號「由實體的獨立核數師對中期財務信息審閱」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2021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

2021年8月19日

中期股息

董事會宣布派發截至2021年6月30日止6個月的中期股息每股港幣0.35元（「2021中期股息」）（2020中期股息：每股港幣0.16元）。此2021中期股息將約於2021年10月4日（星期一）以現金派發予於2021年9月9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」）。在計算股東所應獲發給的新股份數目時，新股份的市值將按股份在聯交所於2021年9月3日（星期五）（股份除息後首個交易日）至2021年9月9日（星期四）（包括首尾兩天）的平均收市價計算。以股代息計劃的詳情將連同有關選擇表格約於2021年9月9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2021年10月4日（星期一）以平郵寄予股東。

暫停辦理股票過戶登記日期

本行將由2021年9月7日（星期二）至2021年9月9日（星期四）（包括首尾兩天）暫停辦理股票過戶登記。如欲享有2021中期股息，股東須於2021年9月6日（星期一）下午4時前，將過戶文件連同有關股票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54樓辦理登記手續。

財務回顧

財務表現

於2021年首6個月，東亞銀行及其附屬公司錄得可歸屬於本集團股東溢利達港幣26.71億元，較去年同期錄得的港幣15.32億元，增加港幣11.39億元，或74.3%。

應佔溢利增加，主要是內地及香港的減值損失大幅減少所致。信貸成本有所改善是由於貸款降級減少，以及本行更新了預期信貸損失模型中的經濟變量所產生的正面影響。

每股基本盈利由2020年上半年的港幣0.39元增加至2021年同期的港幣0.78元。

年度平均資產回報率由0.3%上升至0.5%，而年度平均股東權益回報率則由2.5%上升至4.6%。

儘管賺取利息之平均資產增加了4.3%，本集團的淨利息收入減少港幣5.91億元，或9.7%，至港幣55.23億元。在長期低利率環境下，淨息差由1.59%收窄至1.38%。

服務費及佣金收入淨額增加港幣1.05億元，或7.3%，至港幣15.40億元。來自投資產品銷售、保單銷售、證券經紀的佣金收入淨額均錄得增長。而信用卡和貿易融資佣金收入淨額則下跌，抵銷了部分升幅。

保險業務淨溢利增加港幣1.03億元，或38.8%。增長主要是由於保險承保和金融工具按市價計量變化帶來的業績改善。

交易及對沖淨額，以及其他金融工具的淨表現增加港幣3.86億元，或91.6%，至港幣8.06億元。整體而言，非利息收入增加22.5%，至港幣28.92億元，而經營收入總額微跌0.7%，至港幣84.15億元。

經營支出總額上升6.8%，至港幣46.47億元，主要是由於在資訊科技方面投放更多資源，以及因業績改善而增加的績效獎勵金所致，和受到人民幣匯率變動所帶來的負面影響。2021年上半年的成本對收入比率為55.2%，而2020年上半年則為51.3%。

金融工具之減值損失由2020年的港幣26.75億元大幅下降至2021年的港幣5.81億元。本集團的減值貸款比率由2020年12月底的1.26%，下降至2021年6月底的1.21%。香港業務的減值貸款比率由0.75%上升至0.79%，而內地業務的減值貸款比率則由3.10%下降至2.63%。

扣除減值損失後之經營溢利為港幣31.87億元，增加港幣19.65億元，或160.8%。

2020年上半年，本集團錄得出售附屬及聯營公司的溢利為港幣3.41億元。今年上半年並無確認類似收益。本集團於期內錄得投資物業估值淨虧損為港幣1.23億元。

經計及所得稅後，溢利增至港幣26.97億元，較2020年上半年錄得的港幣15.58億元上升73.1%。

財務狀況

於2021年6月底，本集團綜合資產總額達港幣9,005.09億元，較2020年底的港幣8,844.20億元增加1.8%。

客戶墊款總額增加4.1%，至港幣5,351.12億元。

受期內淨利潤強勁貢獻帶動，可歸屬於本集團股東權益總額上升1.4%，至港幣1,002.51億元。

客戶存款總額增加1.6%，至港幣5,985.88億元。其中，活期存款和往來存款賬戶結餘增長港幣29.45億元，或4.2%；儲蓄存款增加港幣35.49億元，或1.9%；而定期存款亦增加港幣28.92億元，或0.9%。包括客戶存款及所有已發行存款證的存款總額上升1.8%至港幣6,616.56億元。

於2021年6月30日，總資本比率、一級資本比率及普通股權一級資本比率分別為22.4%、19.8%及16.9%。截至2021年6月30日止季度的平均流動性覆蓋比率為177.3%，遠高於100%的法定下限。

業務回顧

2021年上半年，市場寄望疫苗的推出能有助推動全球經濟復甦，因此經濟初期呈現反彈勢頭。然而，病毒出現傳染性更強的變種，亦令全球經濟繼續受到2019冠狀病毒病疫情影響，為前景增添不確定性。

全球經濟反彈令香港經濟受惠，今年首6個月的出口按年增長30%。4月至6月期間的失業率平均為5.5%，較3至5月的6%有所下降。在此趨勢下，今年首6個月的經濟按年增長7.8%。住宅樓價在6月份較去年底上升3.8%，為2019年7月以來的最高位，較2019年5月的高峰水平僅低0.6%。

經濟復甦的勢頭並不平均，航空及酒店等行業依然滯後。然而，隨着香港疫情相對穩定，增長動力可望持續。由於比較基數有別，下半年的增長幅度將較上半年為低。東亞銀行預測，2021年香港經濟將按年增長5.8%，通脹率為1.5%，而年底失業率則為4.8%。

內地經濟復甦強勁，以橫跨兩年計算，6月份的工業增加值按年平均增長6.5%。在公共支出的帶動下，投資亦有所增加。整體經濟於今年首兩個季度增長12.7%。同時，商品價格飆升，使6月份工業生產者出廠價格按年上漲8.8%。隨着成本上升的影響逐漸浮現，成本通脹會影響製造業未來數月的盈利能力。政府實施了多項政策，包括收緊地產商的融資以及推出更多收緊信貸限額的措施等，樓價的按月升幅自去年11月以來首次放緩，於6月按月上升0.5%，升幅較5月的0.6%低，有關的限制措施將會持續，相信會進一步緩和樓價的升勢。

儘管整體經濟出現反彈，但國內消費依然較弱。以橫跨兩年計算，6月份零售額平均按年溫和增長4.9%。核心通脹率（不包括食品及能源）僅上升0.9%。預期中國人民銀行會採取寬鬆貨幣政策，以保持經濟動力。

預期2021年內地經濟將保持強勁，經濟增長將達8.9%，而通脹率則保持在1.4%的溫和水平。

香港業務

香港業務的除稅前溢利按年增長40.6%至港幣19.88億元。

受惠市場狀況及經濟前景改善，服務費收入增加，減值損失下降及金融工具按市價計量的估值上揚，均帶動了業績增長。

由於企業貸款降級情況減少，零售貸款組合撥備亦下降，再加上預期信貸損失模型中經濟變量更新所帶來的正面影響，令本行減值損失大幅回落。

於長期低息環境下，本行致力增加非利息收入，並積極提升前綫員工生產力，推動收取服務費的業務，令服務費及佣金收入淨額按年增長21.7%。承保業績及按市價計量的估值改善，亦令保險業務淨溢利錄得顯著升幅。

淨利息收入下跌，抵銷了部分非利息收入的增長，與銀行同業一般情況相約。自2020年第二季度以來，銀行同業拆借利率大幅下降，導致淨息差收窄。整體而言，經營收入按年增長3.5%。

年初，本行在貸款方面維持審慎態度。隨著經濟前景於第二季開始改善，本行取態亦轉趨積極。企業紛紛為疫後經濟復甦作好準備，帶動企業貸款需求呈良好勢頭。

截至2021年6月30日止6個月，東亞銀行香港的客戶貸款增加1.8%至港幣3,011.86億元，債券投資則上升2.3%至港幣1,330.08億元。存款總額增長1.1%至港幣3,952.55億元。本行繼續透過各業務單位吸納低成本存款，致力優化資金成本。往來及儲蓄賬戶比率上升至51.9%。

雖然本行視控制成本為首務，但持續在提升數碼及財富管理業務能力方面的投資，令香港的員工開支上升。本行加快推動由前線至後勤部門數碼化的措施已見初步成效，效益可望在不久將來逐步浮現。

東亞銀行於2021年3月24日宣布與友邦集團達成為期15年的獨家銀行保險夥伴協議，覆蓋香港及內地。根據合作協議，友邦集團可獨家向本行龐大的零售客戶群銷售人壽及長期儲蓄保險方案。同時，東亞銀行可借助友邦集團卓越的產品專長及豐富資源，建立區域性多渠道保險分銷平台，以推動服務費及佣金收入的持續增長。

零售銀行

本行零售銀行業務的經營收入受到淨利息收入下跌拖累，其中零售存款的收入特別受到上述銀行同業拆借利率下降所影響。

零售財富管理業務增長強勁，帶動非利息收入上升14.6%，抵銷了部分市場利率下降所帶來的影響。環球投資前景好轉，投資者情緒亦較去年上半年顯著改善。來自投資產品及證券經紀業務的服務費收入上升。保險銷售佣金在分銷人壽保險產品第一季度的強勁業績帶動下，亦錄得升幅。

本行繼續完善對不同客戶群的價值定位，各主要的目標客戶分層均錄得理想增長。其中，「顯卓理財」綜合戶口經全面革新後，富裕客戶數量按年增長13.9%。本行全新推出「顯卓私人理財」服務後，亦見有關客戶的投資活動增加。同時，新晉富裕客戶的數量亦上升9.5%。為進一步吸引更多此客戶群開納戶口，本行已革新「至尊理財」品牌，及為其推出一連串流動及網上銀行的尊享禮遇。

本行在轉移基本交易至自動化渠道方面，持續取得進展。透過流動及網上銀行渠道進行的財務交易宗數按年增長16.2%，當中透過數碼平台進行的投資交易宗數增加51.5%。本行於今年5月推出了全新的手機獎賞應用程式BEA Mall，並提供具吸引力的優惠及互動功能，提高客戶的參與度。東亞銀行將繼續發展數碼夥伴合作及生態系統，以擴大客戶覆蓋面。

企業及商業銀行

本行於2019冠狀病毒病疫情肆虐期間一直為客戶提供支援，協助企業跨過逆境。2021年上半年，由於營商環境逐漸好轉，減值損失下降，令企業銀行業績得以改善。

期內，企業貸款增長4.1%。受惠經濟逐步復甦，今年上半年尾段企業貸款需求增加，預期此勢頭將延續至下半年。

非利息收入增長18.9%，帶動經營收入按年增長2.5%。去年本行進一步優化債務資本市場融資方案，有關服務收入不斷增加。交叉銷售企業財富管理產品的成效顯著，亦推動服務費及佣金收入上升。

東亞銀行繼續為目標行業提供度身訂造的專屬解決方案，配合相關行業在價值鏈上的業務需要。本行亦同時加強了貿易融資服務，藉此吸納優質客戶，開拓經常性收入來源，並透過經營賬戶吸納存款。此外，東亞銀行亦會進一步發揮中國內地的網絡優勢，藉其覆蓋大灣區、環渤海經濟圈、長江三角洲及中西部地區的業務平台，將業務擴展至獲國家政策支持的行業。

與此同時，本行繼續致力支持香港綠色及可持續金融的發展。東亞銀行於2021年第一季度制定了綠色及可持續發展相關貸款政策，支援客戶過渡至低碳經濟。期內，企業資產組合內的綠色貸款及債券投資總額顯著上升。本行將繼續優化其貸款及投資政策，將氣候相關的風險評估納入貸款決策過程當中，並協助客戶評估及管理與可持續發展相關的風險及機遇。

財富管理

私人銀行的經營收入輕微下跌。由於客戶減低投資組合的風險，尤其在票據和債券方面，導致管理資產減少，但投資產品的銷售表現仍然理想。淨服務費及佣金收入按年上升11.2%，符合本行的業務策略。

內地金融市場雙向開放，將擴大私人銀行的潛在客戶基礎。大灣區內的超高淨值家庭佔內地整體的五分之一，預計該區客戶的財富在未來幾年將會大幅增長。此外，客戶的投資選擇喜好亦正在改變，對更高端及多元化產品包括財富傳承服務的需求日益殷切，預期財富管理及家族辦公室的市場將隨之而擴大。東亞銀行正積極加強綜合服務平台及提供豐富的產品選擇，務求全方位滿足這群高端客戶的需求。

財富管理業務的新領導團隊陸續履新，將帶領本行繼續革新有關業務。同時，本行現正積極招聘資深客戶經理，以擴充私人銀行的銷售團隊及加強對大灣區市場的覆蓋範圍。憑藉本行紮根及服務內地市場多年的優勢，定能把握區內無窮無盡的發展機遇。

「跨境理財通」的開展將帶動跨境理財服務的需求上升，無論客戶尋求更多元化資產配置及／或更高收益回報，東亞銀行已建立無縫的多渠道服務平台，以滿足客戶不同需要。南向通客戶可透過本行特設的跨境理財中心以及數碼渠道，享用全方位產品和服務。北向通客戶方面，本行會提供市場領先的產品，包括大灣區跨境按揭及全面的投資理財方案。

保險及強積金服務

若撇除若干金融資產的估值變動及保單準備金的撥回，東亞銀行核心保險業務的溢利按年增長12.8%，反映承保業績強勁。

由於短期及終身壽險產品組合均深受客戶歡迎，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於首3個月錄得大幅增長。東亞銀行與友邦集團的銀行保險夥伴合作於今年7月正式展開後，本行將專注銷售友邦的人壽保險及長期儲蓄計劃，為客戶提供更佳累積財富的機會。

至於本行旗下全資一般保險附屬公司－藍十字(亞太)保險有限公司(「藍十字」)，由於去年客戶於疫情期間避免接受治療，令醫療索償比率下跌，以致上年度業績異常理想，但今年承保利潤已回復至正常水平。2021年上半年的醫療保險市場競爭激烈，加上持續實施旅遊限制，保費收入因而受壓。面對上述種種情況，該公司將專注保留優質的團體醫療保險客戶，亦會針對高端客戶群拓展個人醫療保險業務，同時在商業保險方面保持正面銷售勢頭。

藍十字繼續為客戶推出新的醫療電子服務。今年1月，增設透過流動應用程式預約醫生服務，方便客戶預約超過1,000個網絡服務點的診症服務。5月時更與香港電訊有限公司合作，提供遙距視像醫生診症服務。客戶對藍十字便利的數碼平台反應良好，當中電子索償及二維碼門診登記等功能的使用率持續上升，從而降低了服務成本。

於2021年6月底，東亞銀行旗下強積金計劃的成員總數增至838,000名，而管理資產則達港幣330億元。本行繼續透過其強積金數碼服務渠道，為僱主及成員提供便利的服務。於回顧期內，僱主及成員的使用率分別上升至40.3%及91.7%。

中國內地業務

中國內地是去年爆發2019冠狀病毒病疫情以來首個恢復增長的主要經濟體。在2021年上半年，內地經濟增長按年達12.7%。在政策支持及強勁的外需推動下，進出口蓬勃發展，而本地消費及固定資產投資亦同樣錄得增長。

受惠於經濟復甦，以及有效的風險管理，東亞中國於2021年上半年錄得淨溢利港幣2.79億元，較去年同期錄得的淨虧損港幣4.68億元顯著改善。貸款業務增長加快，而信貸成本亦維持在可控水平。

回顧期內，東亞中國積極深化和客戶的關係，不斷優化產品和服務，並奠定穩固的機構客戶基礎，務求達致可持續的收入增長。由於企業貸款組合擴大，涵蓋更多元化及更優質的客戶群，帶動東亞中國的貸款總額於2021年首6個月錄得雙位數增長，達港幣1,403.13億元。

東亞中國的企業銀行業務重拾積極的增長趨勢，淨利息收入較去年下半年上升。東亞中國將繼續開拓綠色能源、汽車、醫療保健，以及科技、媒體與電訊等新興支柱產業的商機，此舉將有助擴大客戶基礎，進一步分散貸款組合及收入來源，以及推動費用收入增長。同時，東亞中國將更加注重財資產品的交叉銷售、交易銀行服務、跨境融資解決方案，以及在岸和離岸債務資本市場服務。

零售業務方面，東亞中國繼續著力發展財富管理業務。東亞中國與友邦人壽保險有限公司的獨家銀行保險夥伴合作已經落實，並於2021年下半年初正式啟動。憑藉東亞中國的高淨值客戶群，有關夥伴合作將有助加深與現有客戶的關係，並帶動今後的費用收入持續增長。

今年首6個月的消費融資組合較2020年同期下跌10%。東亞中國繼續與多家擁有完善生態系統的夥伴合作，並同時加強自身向大眾市場提供貸款產品的能力。另外，東亞中國亦會實行更精細的商業模式，持續提升貸款風險管理措施，以滿足新監管要求。

企業銀行及零售銀行的資產質素均有所改善。減值貸款比率自2019年下半年以來持續穩步下降，於2021年6月30日下降至2.63%。2021年首六個月的減值損失為港幣3.18億元，按年減少81.5%，預期此趨勢將延續至2021年下半年。

於2021年上半年，按人民幣計算，東亞中國的經營支出大致持平。由於政府今年不再因應疫情給予一次性的社保供款豁免，抵銷了網絡優化及提升效率所帶來的部分成本效益。

展望未來，東亞中國將透過多項轉型措施，致力提高經營效率。為配合集團策略，東亞中國制定了為期三年的數碼化轉型計劃，以進一步加強數據管治、大數據分析及工作流程自動化。同時，東亞中國亦已制定信息科技發展路線圖以提高系統的可靠性及能力，並建設更靈活及更具成本效益的資訊科技基礎設施，以配合未來的增長需要。同時，東亞中國亦於內地積極物色具協同效益的策略合作夥伴，以進一步提升其業務能力。整體而言，各項轉型措施將可為東亞中國奠定重要基礎，有助未來提升客戶體驗、加強風險管理及提高生產力。

國際、澳門及台灣業務

在2020年奠定的基礎下，本行海外業務表現於2021年上半年進一步改善。

面對2019冠狀病毒病疫情持續肆虐，營商風險不斷上升，東亞銀行的海外分行審慎地拓展業務，並在必要時收回信貸質素變差的貸款。透過專注拓展在疫情下仍表現良好的商業機遇，令上半年海外業務的貸款錄得2.8%的溫和增長。資產質素保持良好，於2021年6月底，減值貸款比率為0.42%。

海外分行的撥備前經營溢利按年下降0.8%，主要是由於在極低息環境下，來自中央銀行存款的其他利息收入銳減。但有賴於本行多元化的資金來源，借貸成本有所下降，抵銷了低利率的部分影響。

由於經濟前景有所改善，信貸預期損失錄得撥回淨額，帶動除稅後淨溢利顯著上升66.1%至港幣4.38億元。回顧期內，由於營運成本上升而去年同期基數較低，成本對收入比率由去年同期的37.2%微升至39.3%。

由於預期主要經濟體的防疫措施將逐步放寬，尤其是美國和英國，經濟活動有望出現強勁反彈。本行的海外業務正處於有利位置，窺準表現優秀的行業，把握當中的機遇。

在中國內地及香港以外的亞洲地區，東亞銀行正著手調整業務策略，以提高盈利能力。其中，新加坡及澳門分行將專注於企業銀行業務。

鑑於台灣經濟受到衝擊，本行對台灣業務保持審慎態度。展望未來，台灣分行將著力開拓大型企業的業務，並會注重資產質素而非貸款增長。

本行海外業務的整體策略維持不變，海外分行將善用本行在大中華及國際上的強大網絡，借助已建立業務關係的策略夥伴擴大交叉銷售機會，提升客戶對本集團的整體貢獻。

本行的海外分行將繼續優化實體網絡，從而節省成本，並進行數碼化投資，將工作流程自動化，提升本行對客戶的價值。東亞銀行的海外業務亦致力拓展綠色及可持續發展掛鈎融資，以支持本行的長遠發展。

東亞聯豐投資管理有限公司

東亞聯豐投資管理有限公司(「東亞聯豐投資」)繼續加強投資能力，務求為客戶及業務夥伴發揮具競爭力的投資表現及提供有效方案。東亞聯豐投資認為，全球對著重環境、社會及管治的投資方案需求越見殷切。東亞聯豐投資作為對社會負責任的投資機構，自2021年初開始將環境、社會及管治理念融入其股份投資過程當中。在作出投資決策時，除財務參數之外，東亞聯豐投資亦將環境、社會及管治因素納入考慮範圍，並相信此舉會為投資者帶來長遠價值。

為擴闊分銷網絡基礎及進一步擴展於中國內地的業務，東亞聯豐投資透過基金互認安排，註冊更多可出售的基金，並於上半年新增網上分銷平台。展望未來，大灣區的融合將為香港的投資產品透過跨境理財通創造更多分銷機會。

人力資源

東亞銀行集團於2021年6月30日的僱員人數為9,215人：

	於2021年 6月30日	於2020年 12月31日	於2020年 6月30日
香港	5,359	5,576	5,560
中國內地	3,277	3,373	3,511
澳門及台灣	140	151	154
海外	439	439	445
總計	9,215	9,539	9,670

為培育年青人才並為他們提供就業機會，本行一直參與金管局的「銀行業人才起動計劃」，並透過由金管局與香港應用科技研究院攜手推出的「金融科技人才培育計劃」吸納專才。2021年，東亞銀行亦參與香港特別行政區政府推出的「大灣區青年就業計劃」。

本行支持員工提升技能，並就長遠的人才發展投放資源。為達成轉型目標，東亞銀行根據發展潛力、創建未來、轉型進修和促進學習文化這四大範疇制定學習和發展策略。

今年，本行為具潛質的行政人員進一步推行「未來領袖培訓計劃」，並為他們提供「領導力發展中心」和「行政人員指導計劃」等不同計劃項目，讓他們得以啟發，發展潛能。東亞銀行亦推出全新的培訓框架，希望逐步提升領袖的工作技能，並讓員工面對新挑戰和機遇時能保持靈活變通。具體而言，我們已把新計劃納入恒常項目，以培養員工的成長思維，並提升他們的數碼技術方面的知識和技能。

基於社交距離的規定，本行亦更著重網上學習。期間，東亞銀行的網絡支援了視像網絡直播，以及透過內聯網分享教育影片，令大型學習活動得以順利推行。

本行相信進修是推動持續發展的重要動力，因此鼓勵和支持員工進行面授以外的學習模式，例如網上學習、微型學習，以及廣泛邀請員工和持份者分享專門知識和最佳實踐做法。本行將於今年加快推行有關學習計劃。

本行已根據金管局的指引採用「專業資歷架構」，並推廣符合專業資歷架構標準的培訓計劃和考試，支持員工考取資格。

在2019冠狀病毒病疫情期間，本行繼續與員工加強聯繫，致力改善多個跨部門的溝通渠道，包括舉行高級管理層論壇、分處員工大會、跨部門會議，以及於東亞銀行內聯網平台發布信息等。因此，東亞銀行的香港、中國內地和海外業務部門之間的溝通顯著提升。

為加深和鞏固良好的銀行企業文化，東亞銀行重組「銀行文化工作小組」，以共同促進健康的銀行風險文化。本行已根據2020年員工問卷調查所得的相關建議和意見，為全行各部門制定文化工作計劃。繼2020年的全面員工問卷調查後，本行今年稍後亦將進行簡短的員工中期間卷調查。

本行一直非常重視員工及公眾的健康和安全。因此，我們於疫情期間作出各項彈性工作安排，包括准許員工於不同地點上班，或在家工作。

為響應香港特區政府的疫苗接種計劃，本行為接種每劑冠狀病毒病疫苗的員工提供一天額外假期。

本行亦根據金管局的指引，要求與客戶有密切接觸的員工，以及從事關鍵職能的員工接種冠狀病毒病疫苗或接受定期檢測。所有員工可於辦公時間進行檢測，並就檢測費用實報實銷。

展望

自冠狀病毒病疫情爆發一年多以來，全球經濟已見反彈，對於經濟持續衰退的擔憂逐漸消散。全球（特別是發達經濟體）推出大規模的貨幣及財政刺激措施以支持經濟，有助遏制疫情帶來的影響，避免經濟陷入停頓。

今年上半年，全球加快疫苗接種，增加投資者的信心，並將全球股市推至新高。儘管小型企業受到經濟衰退的沉重打擊，但消費市場正在逐漸回暖。

隨著經濟復甦，信貸質素亦逐漸有所改善。消費者開支上升，加上在基建及人才方面的投資增加，均會帶來通脹壓力，但預計短期內利息不會上升。雖然當前的低息環境對經營環境構成挑戰，但我們主要市場的淨息差正趨於穩定。

至於通脹會否較預期更早出現，並影響貨幣政策，目前仍有待觀察。各地的政策取向及復甦情況不同，因此相應的資產價格及匯率亦會受到影響，從而影響投資及消費決定。目前，市場均普遍認為通脹壓力屬暫時性。

主要經濟體開始解除封鎖措施，市場需求亦隨之急升，在這情況下，預計內地會加強製造業的主導地位，並繼續推動新興行業的發展。儘管持續緊張的中美關係為市場增添不明朗因素，但「雙循環」策略的推行可望為內地市場的持續發展及穩定帶來積極作用。

大灣區亦為業界帶來更多機遇，特別是零售及跨境業務。「跨境理財通」可望於2021年下半年推出，將進一步促進區內主要城市融合，並有助東亞銀行發揮其優勢，迎接這機遇龐大的新市場。憑藉區內完善的業務和網絡，東亞銀行擁有先行優勢，將受惠於「跨境理財通」計劃帶來的商機。

金融業不單受冠狀病毒病疫情影響，亦同時面對急促的科技革新，以及不斷變化的監管環境等帶來的挑戰。為保持競爭力，各家銀行均需要靈活變通，以及提升產品和服務質素。東亞銀行繼續加強服務並投資數碼化，藉以提升客戶體驗及簡化工作流程。本行已根據金管局公布的「金融科技2025」策略制定工作計劃，致力發展資訊科技平台、數據基礎設施及其他金融科技方案。

總括而言，東亞銀行對其主要市場的前景保持審慎樂觀。預計今年下半年的經濟活動及就業情況將有所改善。本行相信，致力提升服務及資產質素，有助持續改善業務量、增加收費業務及降低信貸成本，亦讓我們作好準備，受惠於全球經濟復甦帶來的持續增長。

風險管理

本集團深明，維持業務強健之道，在於擁有穩健的風險管理文化。為此，本集團致力維持一套審慎且積極主動的風險管理架構，務求令本集團在承擔風險的同時，能提高風險意識，採取適當的行為及作出合理判斷。本集團全體員工均有管理風險的責任。

主要風險

本集團面臨可能影響其品牌、營運及財務健康狀況的各類風險。本集團已識別的主要風險包括信貸風險、利率風險、市場風險、流動性風險、營運風險、聲譽風險、策略風險、法律風險、合規風險及科技風險。有關主要風險的描述及管理方法載於2020年報「風險管理」一節。

主要發展

2019冠狀病毒病疫情為本集團帶來了廣泛挑戰，本集團已為此積極管理相關風險。具體而言，本集團於2021年上半年加強了以下方面的風險管理：

本集團已就特殊資產管理及信貸監控調撥額外資源，並積極識別貸款業務的風險和及時採取補救措施。

本集團亦已調撥額外資源來加強母行對東亞中國信貸風險的監督，並已制定涵蓋更廣範疇的營運風險計劃，以及強化溝通協定。此外，總部亦會定期篩選信貸組合，以進行授信後審查及專項審查。

本集團不斷優化營運風險架構，近期的優化工作包括統一風險類別及監控機制的標準、提升監察欺詐風險的能力，以及更新第三方風險管理政策。

本集團致力將可持續發展融入所有業務及營運之中。為識別及評估與該政策相關的風險，以及釐定本集團應對氣候變化的能力，本集團與監管機構及同業保持密切對話。此外，本集團亦制定了綠色及可持續發展表現掛鈎貸款政策、引入應對相關氣候風險的風險管理流程，並且進行氣候風險壓力測試。

主要不明朗因素

於2021年上半年，本集團識別出數項新興風險。本集團現時面對的主要不明朗因素及所實施的緩減措施載列如下。

主要不明朗因素

緩減措施

宏觀經濟不明朗風險

於2019年及2020年，2019冠狀病毒病疫情及中美緊張局勢對多個行業構成影響。雖然全球經濟於2021年開始回升，但復甦情況有欠平均，且要面對供應鏈瓶頸的威脅。

本集團將繼續密切監控市況及資產組合，以管理風險承擔情況。

於信貸風險方面，本行繼續識別潛在不利事件，並設法減輕其對資本充足度及資產質素的影響。有關措施包括：針對深受2019冠狀病毒病疫情及中美緊張局勢影響的貸款加強信貸控制，以及就資本充足度及貸款損失撥備進行壓力測試。

於市場風險方面，本行繼續評估市場趨勢、管理風險敞口，以及檢討風險承擔策略，並(視乎需要)就受影響的證券制定緩減措施。

於合規風險方面，本行繼續密切關注相關制裁制度的進展，並在適當情況下採取緩解措施。

網絡安全風險

網絡安全風險發展迅速，已成為監管機構及銀行業的重點關注範疇。攻擊者不斷尋找更複雜、更有效率的方式損害銀行的網絡安全及運作。

本集團多管齊下，應對網絡安全風險：

- 委聘外部核數師，並因應相關資訊保安標準及新興風險來評估本集團的網絡安全控制措施，從而識別及實施必要改進措施
- 分析各種情報來源，以監察全球面臨的最新威脅
- 維持適當的事故應變管理流程，包括制定網絡安全保險政策
- 加強資訊保安培訓計劃，包括定期進行網絡釣魚測試，以提高員工的安全意識，並且改善網絡安全的實踐

本集團會定期檢討資訊保安風險及有關監控措施，並每季於風險委員會會議上向董事報告。

主要不明朗因素

緩減措施

環境、社會及管治風險

氣候變化為銀行業帶來短期和長期風險。「實體風險」是指天氣和氣候相關事件帶來的影響，這或會導致銀行及其客戶的業務和營運中斷。「轉型風險」是指邁向低碳經濟過程中的相關風險，當中涉及應對緩和氣候變化及相關適應措施的政策、法律、技術和市場變化。

為管理環境、社會及管治風險帶來的負面影響，以及提升整個集團的環境、社會及管治意識，東亞銀行已：

- 制定綠色及可持續發展表現掛鈎貸款政策
- 將環境、社會及管治風險納入評估，同時計及氣候風險，以加強信貸申請的審批

於2021年，本集團將實施去年制定的綠色及可持續銀行業務路線圖。路線圖的首要目標是要將環境、社會及管治風險（包括氣候風險）納入集團的風險偏好框架。

銀行同業拆借利率改革的過渡安排

全球監管機構決定逐步停止使用銀行同業拆借利率（「IBOR」），並使用無風險利率作為替代參考利率（「ARR」）。本集團為此著手制定詳細的計劃、流程及程序以確保平穩過渡至ARR。

所有新訂立的IBOR合約均已加入相關的後備條款。至於在IBOR停用後到期的所有IBOR掛鈎存續合約，本集團亦已制定相關程序以便於年底前與客戶就後備條款修訂或以ARR取代IBOR為參考利率協議及修訂合約。

年內，本集團一直致力不斷開發提供ARR產品。截至目前為止，本集團已交易或發行以ARR為參考的利率掉期、雙邊貸款及存款證，並將於年內推出更多ARR產品。而為順利過渡作出的資訊科技變革及營運調整正在如期推進，讓本集團得以實現監管機構制定的過渡里程碑。

IBOR改革令本集團面對多項風險，本集團正密切關注並妥善管理有關風險，當中包括但不限於下列各項：

- 為執行IBOR改革而對存續合約作出必要修訂，因而與客戶及市場交易對手溝通所產生的行為風險；
- 因IBOR改革使市場受到干擾，導致本集團及其客戶蒙受財務損失的財務風險；
- 因IBOR流動性減少，導致可能缺乏市場資訊而產生的定價風險；
- 因系統及程序變動而產生的營運風險，以及因IBOR停用而導致付款被中斷的風險；及
- 因金融工具過渡到ARR時可能會導致對沖關係錯配而引起收益表出現未能預見的波動而產生的對沖關係錯配風險。

有關2021年6月30日尚未過渡至ARR的金融工具參考利率基準，請參閱附註44。

可持續發展

去年，董事會轄下設立了環境、社會及管治委員會，負責領導及監督本集團的可持續發展策略，體現了本集團對可持續發展的承諾。有關委員會於2021年4月舉行首次會議，以制定本集團在2021年及未來的可持續發展目標。

為支持低碳經濟轉型，本行因應上述目標，將可持續發展納入風險偏好框架，並積極推動綠色金融發展，而有關目標亦已納入本行的2021年度的績效評估。環境、社會及管治工作小組將帶領本集團實踐目標，並由環境、社會及管治督導委員會監督進度。

另外，東亞中國於2021年4月建立了環境、社會及管治方面的管治架構，以支持集團努力實踐目標，並且為可持續發展工作提供指引。該環境、社會及管治督導委員會將負責監督策略規劃及績效監控，而環境、社會及管治工作小組則負責實施相關計劃。

為達成本集團的可持續發展目標，管理層正致力在集團上下倡導可持續發展意識，鼓勵每一位員工身體力行，並為員工提供相關支援。於2021年5月，本行舉行了首個以可持續發展為題的「午餐聚會」，吸引不少員工踴躍參與。本行計劃舉辦更多聚會，主題包括職場健康、綠色金融及氣候變化等。於2021年6月，本集團為全體員工推出全新的可持續發展培訓計劃。同時，集團亦鼓勵員工在日常工作環境中，對環境議題保持敏銳觸覺，例如，員工餐廳現時會供應合乎環境友善原則的午餐菜式，提醒員工注意食物選擇對氣候變化的影響。

員工的健康與福祉一直是本行的優先要務。本行於2021年修訂員工醫療福利，增加住院、門診和牙科福利，並新增精神健康方面的保障。剛成為母親的同事現可獲額外兩星期產假，而所有於過去三年內入職的經理及以下級別員工可獲額外一天年假。為提倡工作與生活之間的健康平衡，本行還讓全體員工享有更多彈性小休福利。

本行的員工康體會於2021年上半年舉辦了超過20項健身、健康及康樂活動，包括瑜珈班及壓力紓緩工作坊等，共有超過1,000名員工及家屬參與。由於疫情期間需遵守社交距離規定，有關活動主要在網上舉行。

要確保東亞銀行的業務取得長遠發展，並且實現讓本集團成為大中華及其他地區客戶信任的首選銀行夥伴的願景，促進人才發展至關重要。4月，我們為見習管理人員舉辦了特別培訓，並且提供到本行大灣區辦公室在職實習的機會，藉此增進他們對內地金融服務業發展的了解。為支持本行轉型，我們亦將「成長思維」融入本行各階層的培訓計劃之中，協助員工培養勇於接受轉變的心態及技能。

慶祝東亞銀行慈善基金旗艦計劃「安老院舍完善人生關顧計劃」十周年，東亞銀行慈善基金、「la Caixa」基金會及救世軍港澳軍區於2021年5月在香港舉行國際網上研討會，吸引了近300位來自不同國家的人士參與，當中包括醫學界專業人士、社工、學者及學生。

2021年3月，東亞銀行連續六年成為「公益金東亞慈善高爾夫球賽」的冠名贊助機構，並籌得超過港幣250萬元的款項，以支持精神健康服務。

社交距離規定下，東亞銀行義工隊仍然竭力協助弱勢和缺乏資源的社群。於農曆新年期間，義工隊向有需要人士送上飯盒及福袋，福袋除了備有日用品外，亦隨附聯席行政總裁李民橋先生及李民斌先生聯同多位義工的超過200張手寫揮春。截至2021年6月底，超過100名義工（包括員工的親友）參與了約30項活動，為社區服務約580小時。

教育是東亞銀行社區投資計劃的支柱。於2021年3月，本行參與由投資者及理財教育委員會舉辦的「香港理財月」，為包括來自19所中學的逾330名學生的目標群體舉辦網上金融科技教育工作坊，讓參與者有機會認識金融科技，以及投身銀行業的事業規劃。東亞銀行義工隊亦為基層家庭兒童舉辦一系列的科學、科技、工程與數學(STEM)工作坊，讓參與者在學習科學知識的同時，亦可親手製作萬花筒及動力玩具車，發揮創意潛能。

內地方面，東亞中國捐出人民幣250萬元，共同成立上海市慈善基金會－東亞銀行公益基金(「公益基金」)，支持對抗2019冠狀病毒病的公共健康計劃。公益基金的首個項目是制定「醫路同行計劃」，並向華山醫院捐贈人民幣100萬元，讓華山醫院為一線抗疫人員提供津貼、為護理團隊提供培訓支持等。

東亞銀行早已訂下目標，在2030年底前將本集團的總碳排放量減少32%，而中期目標是要在2023年底前減少19%。為此，本行由車隊的直接排放著手，身體力行減少排放量。鑑於來往東亞銀行總行大廈與東亞銀行中心的穿梭巴士服務使用率不高，本行已於2021年上半年暫停有關服務，並鼓勵員工乘坐公共交通工具輕易往返兩地。繼2021年上半年完成東亞銀行總行大廈及東亞銀行中心的能源審核後，本行將考慮審核報告提出關於兩座大樓減少耗能的建議，相信此舉有助進一步減少碳排放。

於回顧期內，本行與環保促進會在本行位於中環及觀塘的辦公大樓順利完成了都市固體廢物收費試驗計劃。在計劃期間，清潔人員需接受培訓，學習如何統計廢棄物重量，而本行則自6月起向環保促進會提交廢棄物報告，以供檢查。於2021年首6個月內，東亞銀行的職員餐廳廚餘較去年同期有效地減少10%，當中有多項措施功不可沒，包括減少食材準備份量以免浪費，以及在職員餐廳張貼海報提醒員工注意選擇份量。

如欲了解更多有關本行的環境、社會及管治表現(包括社區投資計劃)的資料，請瀏覽本集團的2020年環境、社會及管治報告。該報告已上載於本行公司網站www.hkbea.com(關於東亞銀行／可持續發展)。

主要榮譽與獎項

本行於2021年上半年表現卓越，先後獲頒發多個獎項，包括：

- 香港中小型企業總商會之「2021中小企業最佳拍檔金獎」(連續第4年獲獎)；
- 《彭博商業週刊(中文版)》「金融機構大獎2021之『年度零售銀行－傑出大獎』、『優質分層客戶服務－傑出大獎』及『財富管理平台－傑出大獎』」；
- 新城財經台「香港企業領袖品牌2021之『卓越零售高端客戶銀行服務品牌』」；及
- 《全球品牌》雜誌之「2021香港最佳個人銀行」、「2021北亞太區最佳財富管理合作夥伴」及「2021大中華區最佳私人銀行」。

於2021年上半年，藍十字獲GOtrip頒發「GOtrip旅遊產品選舉2021－最喜愛旅遊保險公司」；而東亞銀行(信託)有限公司則獲得積金評級有限公司之「積金評級2021年度強積金計劃評級及獎項」頒發金級予「東亞(強積金)享惠計劃」。

東亞聯豐投資表現卓越，先後獲得「理柏基金香港年獎2021」頒發多個獎項：

- 最佳團體大獎－混合型；及
- 最佳團體大獎－整體。

董事資料的變動

根據《上市規則》第13.51B(1)條，自刊發本行2020年報起直至2021年8月19日（為通過本行2021中期報告當天）期間，董事按《上市規則》第13.51(2)條第(a)至(e)段及第(g)段規定披露資料的變動如下：

於本集團所擔當職位的變動

李國章教授獲委任為本行提名委員會委員，由2021年4月1日起生效。

蒙德揚博士獲委任為本行提名委員會委員，由2021年4月1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

<u>董事姓名</u>	<u>其他公司董事職務及任命</u>
李民橋先生	辭任BAI Global Innovation Awards之評審團成員
李民斌先生	獲委任為粵海投資有限公司(在香港上市)之獨立非執行董事
黃永光博士	獲香港特別行政區政府行政長官頒授銀紫荊星章 終止為香港科技大學之顧問委員會成員
奧正之先生	獲委任為TV TOKYO Holdings Corporation(在日本上市)之獨立非執行董事
范徐麗泰博士	獲委任為香港特別行政區候選人資格審查委員會非官守成員

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。

董事及聯席行政總裁權益

於2021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，本行各董事及聯席行政總裁於本行及其相聯法團的股份、相關股份及債權證中擁有的權益及淡倉如下：

I. 本行普通股股份權益的好倉：

姓名	身分及性質	股份數目	總數	佔已發行 有投票權 股份的百分率
李國寶	實益擁有人	88,160,000	102,517,810 ¹	3.51
	配偶的權益	2,215,755		
	法團的權益	458,594		
	遺產執行人	11,683,461		
李國章	實益擁有人	13,085,663	42,206,417 ²	1.45
	法團的權益	17,437,293		
	遺產執行人	11,683,461		
黃子欣	實益擁有人	464,393	17,879,763 ³	0.61
	配偶的權益	136		
	酌情信託的成立人及受益人	17,415,234		
李國星	實益擁有人	845,097	18,771,846 ⁴	0.64
	配偶的權益	25,508		
	信託的成立人／授予人	17,901,241		
李國仕	實益擁有人	11,752,581	13,575,104 ⁵	0.47
	遺產管理人	1,822,523		
李民橋	實益擁有人	1,095,959	3,250,799 ⁶	0.11
	酌情信託的財產授予人／ 成立人	2,154,840		
李民斌	實益擁有人	2,679,902	3,500,184 ⁷	0.12
	法團的權益	820,282		
蒙德揚	法團的權益	6,041,926	6,041,926 ⁸	0.21

附註：

- 1 李國寶為88,160,000股的實益擁有人。由於其配偶潘金翠擁有2,215,755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458,594股，李國寶為該慈善機構的董事兼唯一成員。李國寶作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的11,683,461股。李國章作為該遺產的其中一位執行人，亦被視為擁有同一批11,683,461股（請參閱下列附註2）。
- 2 李國章為13,085,663股的實益擁有人。他亦被視為擁有由Dapa Company Limited持有的17,437,293股，該公司為李國章全資擁有。李國章作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的11,683,461股。李國寶作為該遺產的其中一位執行人，亦被視為擁有同一批11,683,461股（請參閱上列附註1）。
- 3 黃子欣為464,393股的實益擁有人。由於其配偶郭志蕙（已歿）擁有136股之權益，他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17,415,234股。
- 4 李國星為845,097股的實益擁有人。由於其配偶吳伊莉擁有25,508股之權益，他亦被視為擁有該等股份。由於李國星為一個信託LEVA Trust的成立人／授予人而被視為擁有該公司所持有的17,901,241股。
- 5 李國仕為11,752,581股的實益擁有人。李國仕作為兩個遺產的其中一位管理人，因而被視為擁有該兩個遺產持有的1,822,523股。
- 6 李民橋為1,095,959股的實益擁有人。他自願披露其作為財產授予人／成立人的一個酌情信託間接所持有的2,154,840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。
- 7 李民斌為2,679,902股的實益擁有人。他亦被視為擁有由Triple Kingdom Limited持有的820,282股，該公司為李民斌全資擁有。
- 8 蒙德揚被視為擁有由若干法團所持有的6,041,926股，其中(i)5,306,771股由信興電器貿易有限公司持有；而(ii)735,155股則由信興科技有限公司持有。他直接／間接控制該兩間公司股東大會三分之一或以上的投票權。

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、李民橋及李民斌獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交收的期權。有關此等認股權在截至2021年6月30日止6個月內的資料，見於本報告「認股權資料」項下。

III. 本行債務證券的權益：

Francisco Javier SERRADO TREPAT為下述本行發行的債務證券的實益擁有人：

債務證券種類	債權證數額
無到期日額外一級資本證券 ^註	20,500,000美元

註： 本行根據其6,000,000,000美元中期票據計劃發行面值為650,000,000美元的無到期日額外一級資本證券（息率為年利率5.875%），該資本證券於2019年發行並在聯交所上市。

其他董事，包括羅友禮、黃永光、奧正之、范徐麗泰、李國榮、唐英年、李國本和杜家駒，於2021年6月30日均無持有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。

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2021年6月30日止6個月內認股權的變動：

姓名	授予日期	認股權數目				於30/6/2021 尚未行使
		於01/1/2021 尚未行使	授出	行使	失效	
李國寶	03/5/2013 ^a	668,000 ^{T3}	—	—	668,000	0
	02/5/2014 ^a	666,000 ^{T2}	—	—	666,000	0
	02/5/2014 ^a	668,000 ^{T3}	—	—	—	668,000
	04/5/2015 ^a	666,000 ^{T1}	—	—	666,000	0
	04/5/2015 ^a	666,000 ^{T2}	—	—	—	666,000
	04/5/2015 ^a	668,000 ^{T3}	—	—	—	668,000
	08/4/2016 ^a	666,000 ^{T2}	—	—	—	666,000
	08/4/2016 ^a	668,000 ^{T3}	—	—	—	668,000
	07/4/2017 ^a	666,000 ^{T1}	—	—	—	666,000
	07/4/2017 ^a	666,000 ^{T2}	—	—	—	666,000
	07/4/2017 ^a	501,000 ^{T3}	—	—	—	501,000
	10/4/2018 ^a	666,000 ^{T1}	—	—	—	666,000
	10/4/2018 ^a	499,500 ^{T2}	—	—	—	499,500
	10/4/2018 ^a	501,000 ^{T3}	—	—	—	501,000
	19/7/2019 ^a	499,500 ^{T1}	—	—	—	499,500
	19/7/2019 ^a	499,500 ^{T2}	—	—	—	499,500
	19/7/2019 ^a	501,000 ^{T3}	—	—	—	501,000
	07/4/2020 ^a	346,115 ^{T1}	—	—	—	346,115
	07/4/2020 ^a	347,802 ^{T2}	—	—	—	347,802
	07/4/2020 ^a	354,090 ^{T3}	—	—	—	354,090
13/4/2021 ^b	—	—	123,586 ^{T1}	—	—	123,586
13/4/2021 ^b	—	—	123,602 ^{T2}	—	—	123,602
13/4/2021 ^b	—	—	123,893 ^{T3}	—	—	123,893
李民橋	03/5/2013 ^a	218,000 ^{T3}	—	—	218,000	0
	02/5/2014 ^a	216,000 ^{T2}	—	—	216,000	0
	02/5/2014 ^a	218,000 ^{T3}	—	—	—	218,000
	04/5/2015 ^a	216,000 ^{T1}	—	—	216,000	0
	04/5/2015 ^a	216,000 ^{T2}	—	—	—	216,000
	04/5/2015 ^a	218,000 ^{T3}	—	—	—	218,000
	08/4/2016 ^a	216,000 ^{T1}	—	—	—	216,000
	08/4/2016 ^a	216,000 ^{T2}	—	—	—	216,000
	08/4/2016 ^a	218,000 ^{T3}	—	—	—	218,000
	07/4/2017 ^a	216,000 ^{T1}	—	—	—	216,000
	07/4/2017 ^a	216,000 ^{T2}	—	—	—	216,000
	07/4/2017 ^a	163,500 ^{T3}	—	—	—	163,500
	10/4/2018 ^a	216,000 ^{T1}	—	—	—	216,000
	10/4/2018 ^a	162,000 ^{T2}	—	—	—	162,000
	10/4/2018 ^a	163,500 ^{T3}	—	—	—	163,500
	19/7/2019 ^a	162,000 ^{T1}	—	—	—	162,000
	19/7/2019 ^a	162,000 ^{T2}	—	—	—	162,000
	19/7/2019 ^a	163,500 ^{T3}	—	—	—	163,500
	07/4/2020 ^a	268,360 ^{T1}	—	—	—	268,360
	07/4/2020 ^a	271,648 ^{T2}	—	—	—	271,648
07/4/2020 ^a	282,769 ^{T3}	—	—	—	282,769	
13/4/2021 ^b	—	—	240,154 ^{T1}	—	—	240,154
13/4/2021 ^b	—	—	240,186 ^{T2}	—	—	240,186
13/4/2021 ^b	—	—	240,759 ^{T3}	—	—	240,759

認股權數目

姓名	授予日期	於01/1/2021				於30/6/2021	
		尚未行使	授出	行使	失效	尚未行使	
李民斌	03/5/2013 ^a	218,000 ^{T3}	–	–	218,000	0	
	02/5/2014 ^a	216,000 ^{T2}	–	–	216,000	0	
	02/5/2014 ^a	218,000 ^{T3}	–	–	–	218,000	
	04/5/2015 ^a	216,000 ^{T1}	–	–	216,000	0	
	04/5/2015 ^a	216,000 ^{T2}	–	–	–	216,000	
	04/5/2015 ^a	218,000 ^{T3}	–	–	–	218,000	
	08/4/2016 ^a	216,000 ^{T1}	–	–	–	216,000	
	08/4/2016 ^a	216,000 ^{T2}	–	–	–	216,000	
	08/4/2016 ^a	218,000 ^{T3}	–	–	–	218,000	
	07/4/2017 ^a	216,000 ^{T1}	–	–	–	216,000	
	07/4/2017 ^a	216,000 ^{T2}	–	–	–	216,000	
	07/4/2017 ^a	109,000 ^{T3}	–	–	–	109,000	
	10/4/2018 ^a	216,000 ^{T1}	–	–	–	216,000	
	10/4/2018 ^a	108,000 ^{T2}	–	–	–	108,000	
	10/4/2018 ^a	109,000 ^{T3}	–	–	–	109,000	
	07/4/2020 ^a	286,690 ^{T1}	–	–	–	286,690	
	07/4/2020 ^a	288,878 ^{T2}	–	–	–	288,878	
	07/4/2020 ^a	297,977 ^{T3}	–	–	–	297,977	
	13/4/2021 ^b	–	240,154 ^{T1}	–	–	240,154	
	13/4/2021 ^b	–	240,186 ^{T2}	–	–	240,186	
13/4/2021 ^b	–	240,759 ^{T3}	–	–	240,759		
其他僱員的 總數*	03/5/2013 ^a	586,000 ^{T3}	–	–	586,000	0	
	02/5/2014 ^a	682,000 ^{T2}	–	–	682,000	0	
	02/5/2014 ^a	686,000 ^{T3}	–	–	–	686,000	
	04/5/2015 ^a	682,000 ^{T1}	–	–	682,000	0	
	04/5/2015 ^a	682,000 ^{T2}	–	–	–	682,000	
	04/5/2015 ^a	686,000 ^{T3}	–	–	–	686,000	
	08/4/2016 ^a	532,000 ^{T1}	–	–	–	532,000	
	08/4/2016 ^a	698,000 ^{T2}	–	–	–	698,000	
	08/4/2016 ^a	742,500 ^{T3}	–	–	–	742,500	
	07/4/2017 ^a	782,000 ^{T1}	–	–	–	782,000	
	07/4/2017 ^a	782,000 ^{T2}	–	–	–	782,000	
	07/4/2017 ^a	639,500 ^{T3}	–	–	–	639,500	
	10/4/2018 ^a	827,000 ^{T1}	–	–	–	827,000	
	10/4/2018 ^a	681,500 ^{T2}	–	–	–	681,500	
	10/4/2018 ^a	687,000 ^{T3}	–	–	–	687,000	
	19/7/2019 ^a	719,500 ^{T1}	–	–	–	719,500	
	19/7/2019 ^a	719,500 ^{T2}	–	–	–	719,500	
	19/7/2019 ^a	723,500 ^{T3}	–	–	–	723,500	
	07/4/2020 ^a	765,000 ^{T1}	–	–	–	765,000	
	07/4/2020 ^a	765,000 ^{T2}	–	–	–	765,000	
07/4/2020 ^a	770,000 ^{T3}	–	–	–	770,000		
13/4/2021 ^b	–	839,903 ^{T1}	–	–	839,903		
13/4/2021 ^b	–	839,932 ^{T2}	–	–	839,932		
13/4/2021 ^b	–	843,439 ^{T3}	–	–	843,439		

認股權數目

姓名	授予日期	於01/1/2021				於30/6/2021	
		尚未行使	授出	行使	失效	尚未行使	
其他參與人**	03/5/2013 ^a	150,000 ^{T3}	—	—	150,000	0	
	02/5/2014 ^a	162,000 ^{T2}	—	—	162,000	0	
	02/5/2014 ^a	163,500 ^{T3}	—	—	50,000	113,500	
	04/5/2015 ^a	250,000 ^{T1}	—	—	250,000	0	
	04/5/2015 ^a	250,000 ^{T2}	—	—	50,000	200,000	
	04/5/2015 ^a	215,746 ^{T3}	—	—	50,000	165,746	
	08/4/2016 ^a	100,000 ^{T1}	—	—	—	100,000	
	08/4/2016 ^a	200,000 ^{T2}	—	—	50,000	150,000	
	08/4/2016 ^a	250,000 ^{T3}	—	—	50,000	200,000	
	07/4/2017 ^a	250,000 ^{T1}	—	—	50,000	200,000	
	07/4/2017 ^a	250,000 ^{T2}	—	—	50,000	200,000	
	07/4/2017 ^a	187,500 ^{T3}	—	—	37,500	150,000	
	10/4/2018 ^a	300,000 ^{T1}	—	—	100,000	200,000	
	10/4/2018 ^a	212,500 ^{T2}	—	—	50,000	162,500	
	10/4/2018 ^a	212,500 ^{T3}	—	—	—	212,500	
	19/7/2019 ^a	162,500 ^{T1}	—	—	—	162,500	
	19/7/2019 ^a	162,500 ^{T2}	—	—	—	162,500	
	19/7/2019 ^a	162,500 ^{T3}	—	—	—	162,500	
	07/4/2020 ^a	112,000 ^{T1}	—	—	—	112,000	
	07/4/2020 ^a	112,000 ^{T2}	—	—	—	112,000	
07/4/2020 ^a	113,500 ^{T3}	—	—	—	113,500		

* 按香港《僱傭條例》所指的「連續合約」工作的僱員。

** 其他參與人指若干本行前僱員。在其終止為本行僱員前已接納／獲授予該等認股權。

附註：

a 於2013年至2020年授予的認股權詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
03/5/2013	T3	03/5/2013 – 02/5/2016	03/5/2016 – 03/5/2021	31.40
02/5/2014	T2	02/5/2014 – 01/5/2016	02/5/2016 – 02/5/2021	32.50
02/5/2014	T3	02/5/2014 – 01/5/2017	02/5/2017 – 02/5/2022	32.50
04/5/2015	T1	04/5/2015 – 03/5/2016	04/5/2016 – 04/5/2021	34.15
04/5/2015	T2	04/5/2015 – 03/5/2017	04/5/2017 – 04/5/2022	34.15
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T1	08/4/2016 – 07/4/2017	08/4/2017 – 08/4/2022	28.45
08/4/2016	T2	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45
07/4/2017	T1	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25
10/4/2018	T1	10/4/2018 – 09/4/2019	10/4/2019 – 10/4/2024	32.25
10/4/2018	T2	10/4/2018 – 09/4/2020	10/4/2020 – 10/4/2025	32.25
10/4/2018	T3	10/4/2018 – 09/4/2021	10/4/2021 – 10/4/2026	32.25
19/7/2019	T1	19/7/2019 – 18/7/2020	19/7/2020 – 19/7/2025	22.45
19/7/2019	T2	19/7/2019 – 18/7/2021	19/7/2021 – 19/7/2026	22.45
19/7/2019	T3	19/7/2019 – 18/7/2022	19/7/2022 – 19/7/2027	22.45
07/4/2020	T1	07/4/2020 – 06/4/2021	07/4/2021 – 07/4/2026	16.58
07/4/2020	T2	07/4/2020 – 06/4/2022	07/4/2022 – 07/4/2027	16.58
07/4/2020	T3	07/4/2020 – 06/4/2023	07/4/2023 – 07/4/2028	16.58

b 於2021年授予的認股權：

(i) 詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
13/4/2021	T1	13/4/2021 – 12/4/2022	13/4/2022 – 13/4/2027	17.08
13/4/2021	T2	13/4/2021 – 12/4/2023	13/4/2023 – 13/4/2028	17.08
13/4/2021	T3	13/4/2021 – 12/4/2024	13/4/2024 – 13/4/2029	17.08

(ii) 本行股份在2021年4月12日(即2021年4月13日授出認股權當日之前一個營業日)的收市價為港幣16.60元。

(iii) 截至2021年6月30日止6個月內授出認股權的公平價值及假設如下：

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式計量。認股權的合約年期為該定價模式的參數。

	截至30/6/2021 止6個月
於計量日的公平價值	
— 部分1	港幣5.05元
— 部分2	港幣5.34元
— 部分3	港幣5.57元
於計量日的股價	港幣17.08元
行使價	港幣17.08元
預計波幅	36.72%
認股權年期	
— 部分1	6年
— 部分2	7年
— 部分3	8年
預計股息	3.24%–3.69%
無風險利率(根據香港政府債券)	0.97%–1.29%

預計波幅是根據過往之波幅及按在發行日前過往股息的預計股息。主觀輸入假設的變動可能重大影響公平價值的估計。

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。

(2) 截至2021年6月30日止6個月內並無認股權被行使或被取消。

(3) 以股份為基礎作支付的會計政策：

認股權的行使價為以下之最高者：

(a) 於授出認股權當日本行股份在聯交所日報表的收市價；及

(b) 相等於緊接授出有關認股權當日之前5個營業日，本行股份在聯交所日報表的平均收市價。

當認股權被行使時，所得款項計入股東權益。授予僱員之認股權的公平價值於收益表內確認為支出，而在股東權益賬內的資本儲備作相應的增加。公平價值乃採用三項式期權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，估計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之所需調整須在檢討期內的收益表支銷或回撥，並在資本儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本行普通股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整（並在資本儲備作相應調整）。

屬股東權益金額確認在資本儲備內，直至當認股權被行使及分配新股時（轉入股本），或當認股權之有效期屆滿時（轉入留存溢利）。對於未能符合適用的歸屬條件的承授人，其未歸屬的認股權會全部或部分被撤銷。被撤銷的認股權會被註銷。

除上述所披露外，於2021年6月30日，本行的董事或聯席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2021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（「該登記冊」）所紀錄，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	身分及性質	股份數目	佔已發行 有投票權股份 的百分率
三井住友銀行	實益擁有人	510,003,673 ¹	19.01
三井住友金融集團	法團的權益	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	實益擁有人	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	法團的權益	464,287,319 ²	17.30
國浩管理有限公司	實益擁有人	435,691,137 ^{3,4}	14.92 ⁵
國浩集團有限公司	法團的權益	435,691,137 ³	14.92
GuoLine Overseas Limited	法團的權益	435,691,137 ³	14.92 ⁵
GuoLine Capital Assets Limited	法團的權益	435,691,137 ³	14.92
郭令燦	法團的權益	435,691,137 ³	14.92
Hong Leong Investment Holdings Pte. Ltd.	法團的權益	435,691,137 ⁴	14.92
Davos Investment Holdings Private Limited	法團的權益	435,691,137 ⁴	14.92
KWEK Leng Kee	法團的權益	435,691,137 ⁴	14.92
Elliott International Special GP, LLC	法團的權益	229,178,373 ⁶	7.86
Elliott Investment Management GP, LLC	投資經理	249,214,373 ⁷	8.54

附註：

- 1 三井住友金融集團全資擁有三井住友銀行。三井住友金融集團因此而被視為擁有三井住友銀行所持有的510,003,673股的權益。

本行已收到通知上述兩個法團於2021年6月30日的持股量已增加至574,516,317股（相等於本行於2021年6月30日已發行股份約19.68%）。彼等增持有關股份無須根據《證券及期貨條例》第XV部作出披露。

- 2 於2021年6月30日，Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"（「la Caixa」）全資擁有Criteria Caixa, S.A., Sociedad Unipersonal（「Criteria Caixa」）。la Caixa 因此而被視為擁有Criteria Caixa 所持有的464,287,319股的權益。

本行已收到通知上述兩個法團於2021年6月30日的持股量已增加至508,519,684股（相等於本行於2021年6月30日已發行股份約17.42%）。彼等增持有關股份毋須根據《證券及期貨條例》第XV部作出披露。

- 3 附註3及4所指之435,691,137股本行股份為同一批股份。國浩管理有限公司為435,691,137股之實益擁有人。GuoLine Overseas Limited 持有國浩集團有限公司的71.88%權益及國浩集團有限公司全資擁有國浩管理有限公司。由於GuoLine Capital Assets Limited 全資擁有GuoLine Overseas Limited、GuoLine Capital Assets Limited因此被視為擁有國浩管理有限公司所持有的435,691,137股的權益。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435,691,137股的權益。

郭令燦因持有GuoLine Capital Assets Limited的49.11%權益而被視為擁有國浩管理有限公司持有之435,691,137股的權益。

- 4 附註3及4所指之435,691,137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GuoLine Capital Assets Limited的34.49%權益。Hong Leong Investment Holdings Pte. Ltd.和Davos Investment Holdings Private Limited因持有GuoLine Capital Assets Limited的權益而被視為擁有國浩管理有限公司所持有的435,691,137股的權益。

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持有之435,691,137股的權益。

- 5 GuoLine Overseas Limited 為GuoLine Capital Assets Limited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GuoLine Capital Assets Limited及國浩集團有限公司已將大股東權益的通知存檔，GuoLine Overseas Limited及國浩管理有限公司根據《證券及期貨條例》中「全資集團豁免條文」毋須將其大股東權益通知存檔。

- 6 Elliott International Special GP, LLC（「EISGP」）被視為擁有該批股份（其中包括Elliott International L.P.（「EILP」）持有的229,177,773股、Milton Investments Ltd持有的200股、Parlan Investments Ltd持有的200股及Trevet Investments Ltd持有的200股。請同時參閱下列附註7。

EILP 全資擁有Milton Investments Ltd、Parlan Investments Ltd 及 Trevet Investments Ltd。Hambledon, Inc.則全資擁有EILP。

EISGP全資擁有Hambledon, Inc.。而EISGP慣於按照Paul Singer的指令行事。

- 7 Elliott Investment Management GP LLC（「EIMG」）以投資經理身份被視為擁有該批股份，其中包括上列附註6所披露的股份、The Liverpool Limited Partnership持有的20,035,600股、Artan Investments Ltd持有的200股及Frasco Investments Ltd持有的200股。EIMG 100% 控制 Elliott Investment Management L.P.。Elliott Investment Management L.P.對所有該等股份有投資決定權。

EIMG慣於按照Paul Singer的指令行事。

除上述所披露外，概無其他本行股份或相關股份的權益或淡倉載於該登記冊內。

購入、出售或贖回本行的上市證券

截至2021年6月30日止6個月內，本行或其任何附屬公司並無購入、出售或贖回本行的上市證券。

遵守企業管治守則

本集團致力維持良好的企業管治標準，並認為此承諾對於平衡股東、客戶、員工及其他有關持分者的利益，以及保持問責及透明度，至為重要。

本行已制定企業管治架構以確認集團內所有企業管治的主要人士，以及他們在應用有效企業管治政策和程序方面的角色。本行並制定一套企業管治政策為本集團的商業行為及事務提供指引。

本行在截至2021年6月30日止6個月期間內，已遵守《企業管治守則》的全部守則條文。

截至2021年6月30日止6個月內，本行亦已遵循金管局發出的CG-1、CG-5、提升獨立非執行董事的專業能力指引及銀行企業文化改革內各項要求。

本行已接獲所有董事確認他們已付出足夠時間履行其身為本行董事責任，並付出足夠時間及精神以處理本行事務；亦確認不時參與持續專業發展，以發展並更新其知識及技能以履行彼等作為本行董事的職務及責任。

本行審核委員會已審閱本行截至2021年6月30日止之半年業績及2021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。

經本行作出特定查詢後，所有董事已確認於截至2021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

2021 年中期報告備有中文及英文印刷本，以及載於本行網站 (www.hkbea.com) 及香港交易所之網站 (www.hkexnews.hk) 的網上電子版本。為減少企業通訊印刷本的數量從而減低對環境的影響，本行鼓勵各股東閱覽網上電子版本。無論股東之前曾否就收取企業通訊之方式 (即收取印刷本或透過本行網站閱覽電子版本) 作出任何選擇並將有關選擇通知本行，股東可隨時向本行股份登記處卓佳標準有限公司，地址為香港皇后大道東183號合和中心54樓，或以傳真(852) 2810 8185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

聯席行政總裁

李民橋

謹啟

聯席行政總裁

李民斌

香港，2021年8月19日

於本報告日期，本行董事會成員為李國寶爵士[#] (執行主席)、李國章教授* (副主席)、黃子欣博士** (副主席)、李國星先生*、羅友禮先生*、李國仕先生*、李民橋先生[#] (聯席行政總裁)、李民斌先生[#] (聯席行政總裁)、黃永光博士*、奧正之先生*、范徐麗泰博士**、李國榮先生**、唐英年博士**、李國本博士**、杜家駒先生**、蒙德揚博士**及 Francisco Javier SERRADO TREPAT 博士*。

[#] 執行董事

* 非執行董事

** 獨立非執行董事

GLOSSARY 詞彙

AIA 「友邦」	AIA Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AIA Group 友邦保險有限公司，於香港註冊成立之有限責任公司，為友邦集團之全資附屬公司
AIA Group 「友邦集團」	AIA Group Limited 友邦保險控股有限公司
Bank Group or BEA Group or Group 「集團」或「本集團」	The Bank and its subsidiaries 東亞銀行及其附屬公司
Bank or BEA 「本行」或「東亞銀行」	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong 東亞銀行有限公司，於香港註冊成立的有限公司
Bank Culture Reform 「銀行企業文化改革」	The circular in respect of Bank Culture Reform, issued by the HKMA on 2nd March, 2017 金管局於2017年3月2日發出之銀行企業文化改革通告
Banking Ordinance 「《銀行業條例》」	The Banking Ordinance (Chapter 155 of the Laws of Hong Kong) 《銀行業條例》(香港法例第155章)
BEA China 「東亞中國」	The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank 東亞銀行(中國)有限公司，本行的全資附屬公司
BEA Life 「東亞人壽」	BEA Life Limited, a wholly-owned subsidiary of the Bank 東亞人壽保險有限公司，本行的全資附屬公司
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
CG Code 「《企業管治守則》」	Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules 《上市規則》附錄14內所載的《企業管治守則》及《企業管治報告》
CG-1 「CG-1」	Supervisory Policy Manual CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions, issued by the HKMA 金管局頒布之監管政策手冊CG-1內有關《本地註冊認可機構的企業管治》
CG-5 「CG-5」	Supervisory Policy Manual CG-5 on Guideline on a Sound Remuneration System, issued by the HKMA 金管局頒布之監管政策手冊CG-5內有關《穩健的薪酬制度指引》
China, Mainland, Mainland China or PRC 「中國」或「內地」	People's Republic of China 中華人民共和國
CNY or RMB 「人民幣」	Chinese yuan or Renminbi, the lawful currency of the PRC 中國法定貨幣
Companies Ordinance 「《公司條例》」	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 《公司條例》(香港法例第622章)

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
ECL 「預期信貸損失」	Expected credit loss 預期信貸損失
ESG 「環境、社會及管治」	Environmental, social, and governance 環境、社會及管治
FVOCI 「通過其他全面收益以反映公平價值」	Fair value through other comprehensive income 通過其他全面收益以反映公平價值
FVTPL 「通過損益以反映公平價值」	Fair value through profit or loss 通過損益以反映公平價值
GBA 「大灣區」	Guangdong-Hong Kong-Macao Greater Bay Area 粵港澳大灣區
GBP 「英鎊」	Pound sterling, the lawful currency of the UK 英國法定貨幣
Guidance on Empowerment of INEDs 「提升獨立非執行董事的專業能力指引」	The guidance on Empowerment of Independent Non-Executive Directors (INEDs) in the Banking Industry in Hong Kong, issued by the HKMA 金管局頒布之提升香港銀行業獨立非執行董事的專業能力指引
HK\$ or HKD 「港幣」	Hong Kong dollar, the lawful currency of Hong Kong 香港法定貨幣
HK\$ Mn 「港幣百萬元」	HK\$ Million 港幣百萬元
HKAS 「香港會計準則」	Hong Kong Accounting Standards 香港會計準則
HKEX 「香港交易所」	Hong Kong Exchanges and Clearing Limited 香港交易及結算所有限公司
HKFRS 「香港財務報告準則」	Hong Kong Financial Reporting Standards 香港財務報告準則
HKICPA 「香港會計師公會」	Hong Kong Institute of Certified Public Accountants 香港會計師公會
HKMA 「金管局」	Hong Kong Monetary Authority 香港金融管理局
Hong Kong or HKSAR 「香港」	Hong Kong Special Administrative Region of the PRC 中華人民共和國香港特別行政區
IBOR 「銀行同業拆借利率」	Interbank offered rate 銀行同業拆借利率
IT 「資訊科技」	Information technology 資訊科技

LCR 「流動性覆蓋比率」	Liquidity Coverage Ratio 流動性覆蓋比率
LIBOR 「倫敦銀行同業拆借利率」	London Interbank Offered Rate 倫敦銀行同業拆借利率
Listing Rules 「《上市規則》」	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, modified or otherwise supplemented from time to time) 《香港聯合交易所有限公司證券上市規則》，經不時修訂、修改或以其他方式補充
MPF 「強積金」	Mandatory Provident Fund 強制性公積金
Senior Management 「高層管理人員」	The Co-Chief Executives and Deputy Chief Executives of the Bank 本行的聯席行政總裁及副行政總裁
Share(s) 「股份」	Ordinary share(s) of the Bank 本行普通股
Stock Exchange 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
UK 「英國」	United Kingdom 英國
US 「美國」	United States of America 美利堅合眾國
US\$ or USD 「美元」	United States dollar, the lawful currency of the US 美國法定貨幣

