



(Stock Code 股份代號 : 23)

Annual Report **2017** 年報



Welcome to The Bank of East Asia, Limited's website
歡迎瀏覽東亞銀行有限公司網站

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CORPORATE PROFILE

本行簡介

Our Vision 願景

To be the trusted and preferred banking partner in Greater China and beyond.

致力成為大中華及其他地區客戶信任及首選的銀行夥伴。

Our Mission 使命

To ensure every customer experience is positive. We achieve this by providing best-in-class financial products and services.

提供出類拔萃的金融產品及服務，務求令每位客戶時刻享有稱心的服務體驗。

Incorporated in 1918, The Bank of East Asia, Limited is a leading Hong Kong financial services group with total consolidated assets of HK\$808.9 billion (US\$103.5 billion) as of 31st December, 2017. Listed on The Stock Exchange of Hong Kong, the Bank is a constituent stock of the Hang Seng Index.

BEA provides comprehensive corporate banking, personal banking, wealth management, and investment services to customers throughout Greater China and beyond.

The Bank maintains one of the largest retail networks of any bank in Hong Kong, with full-service branches, SupremeGold Centres for high net-worth customers, and innovative, extended hour i-Financial Centres conveniently located throughout the city.

In Mainland China, BEA's wholly-owned subsidiary, The Bank of East Asia (China) Limited operates more than 100 outlets in 44 cities – one of the most extensive networks of any foreign bank in China.

Overseas, the Bank maintains an active presence in Southeast Asia, the United Kingdom, and the United States. Worldwide, BEA serves customers through more than 200 outlets and offers rewarding and challenging career opportunities to approximately 10,000 employees.

The BEA Group's subsidiaries further broaden the Bank's product offering to meet the increasingly diverse and sophisticated needs of a burgeoning customer base. BEA's wholly-owned subsidiaries, BEA Life Limited and Blue Cross (Asia-Pacific) Insurance Limited, serve as the Bank's life insurance and general insurance arms, respectively, and provide a comprehensive range of insurance solutions for individual and corporate customers.

The BEA Group strives to be a positive, enabling force in the communities it serves and is committed to long-term sustainable development. The Group integrates social, environmental, ethical, employee, and customer concerns into its business and operations with the aim of aligning the interests of its stakeholders and the society at large.

For more information on BEA, please visit your nearest BEA branch or visit the Bank's homepage at www.hkbea.com.

東亞銀行有限公司成立於1918年，為一家具領導地位的香港金融服務集團。於2017年12月31日，本行的綜合資產總額達港幣8,089億元（1,035億美元）。本行於香港聯合交易所上市，為恒生指數成份股之一。

本行一直致力服務大中華及其他地區的客戶，提供全面的企業銀行、個人銀行、財富管理和投資服務，滿足他們的理財所需。

本行為香港擁有最龐大零售網絡的銀行之一，分行提供全面的服務，並設有專為高端客戶而設的顯卓理財中心。此外，本行亦於不同地區設立i-理財中心，為客戶提供較傳統分行更長的營業時間及便捷創新的服務。

本行的全資附屬公司——東亞銀行（中國）有限公司於內地44個城市設有逾100個網點，為內地網絡最龐大的外資銀行之一。

本行於世界各地共設有逾200個網點，遍布東南亞、英國和美國。集團現於全球聘用約10,000名員工。

此外，本行透過集團附屬公司進一步完善業務範圍，提供全面而適切的方案，以配合日益壯大的客戶群之需要。東亞人壽保險有限公司及藍十字（亞太）保險有限公司為集團拓展保險業務，分別承保人壽保險和一般保險產品，讓個人和企業客戶享有周全的保障。

東亞銀行集團一直致力在所服務的社區成為一股正面及積極的動力，以推動長遠的可持續發展，本集團將社會、環境、道德、員工及客戶的考慮融入本集團的業務及營運之中，以符合本集團的其他持份者，乃至廣大社群的利益。

如欲查詢更多有關東亞銀行的資料，請親臨就近的東亞銀行分行或瀏覽本行網頁：www.hkbea.com。

FINANCIAL HIGHLIGHTS

財務摘要

	2017 HK\$ Million 港幣百萬元	2016 HK\$ Million 港幣百萬元	Change 變動 % 百分率
Profitability 盈利能力			
Total operating income from continuing operations 來自持續經營業務之經營收入總額	15,953	14,714 ¹	+8.4
Profit attributable to owners of the parent from continuing operations 來自持續經營業務之可歸屬於本集團股東溢利	6,298	3,505	+79.7
Profit attributable to owners of the parent 可歸屬於本集團股東溢利	9,347	3,723	+151.1
Balance Sheet Strength 資產負債狀況			
Total loans and advances to customers and trade bills 客戶貸款及墊款及貿易票據總額	487,686	466,182	+4.6
Total assets 資產總額	808,942	765,706	+5.6
Total deposits 存款總額	608,150	564,646	+7.7
Total equity 股東權益總額	101,214	86,636	+16.8
Earnings Per Share and Dividends Per Share 每股盈利及每股股息			
Basic earnings from continuing operations 來自持續經營業務之基本盈利	HK\$2.09	HK\$1.12	+86.6
Basic earnings 基本盈利	HK\$3.21	HK\$1.21	+165.3
Dividends 股息	HK\$1.28	HK\$0.56	+128.6
Key Ratios 主要比率			
Return on average assets 平均資產回報率	1.1%	0.4%	
Return on average equity 平均股東權益回報率	10.3%	4.1%	
Cost-to-income ratio from continuing operations 來自持續經營業務之成本對收入比率	50.6%	55.8% ¹	
Loan to deposit ratio 貸款對存款比率	77.9%	80.4%	
Impaired loan ratio 減值貸款比率	1.1%	1.5%	
Average liquidity coverage ratio 平均流動性覆蓋比率	-first quarter 第一季度 -second quarter 第二季度 -third quarter 第三季度 -fourth quarter 第四季度	150.7% 129.5% 136.5% 151.7%	151.3% 141.2% 133.5% 137.2%
Common Equity Tier 1 capital ratio 普通股權一級資本比率	13.2%	12.1%	
Tier 1 capital ratio 一級資本比率	15.1%	13.5%	
Total capital ratio 總資本比率	17.8%	17.4%	

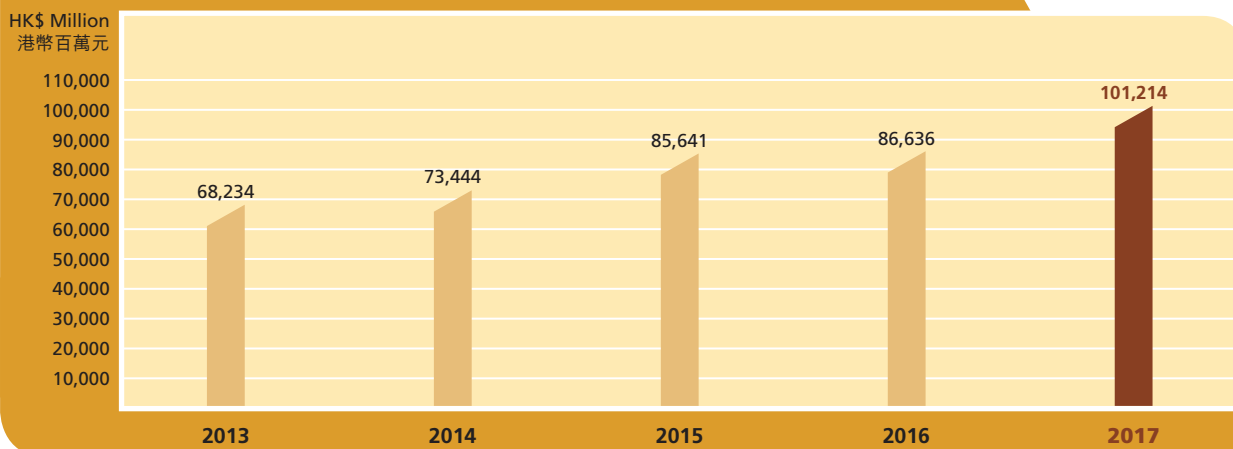
¹ Restated 重報

FIVE-YEAR FINANCIAL SUMMARY

5 年財務概要

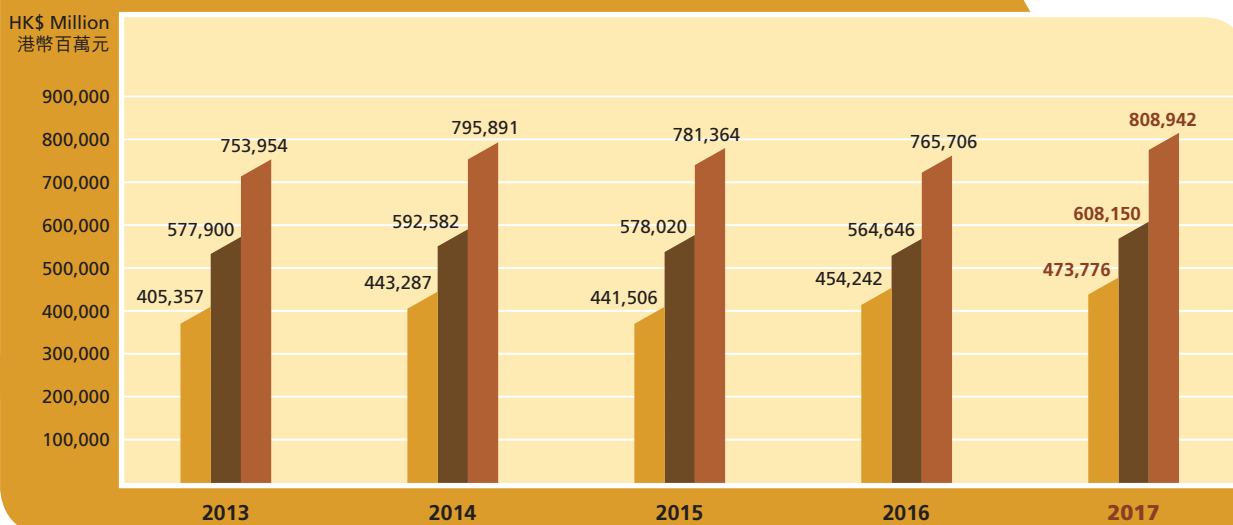
TOTAL EQUITY

股東權益總額



LOANS AND ADVANCES TO CUSTOMERS / TOTAL DEPOSITS / TOTAL ASSETS

客戶貸款及墊款 / 存款總額 / 資產總額



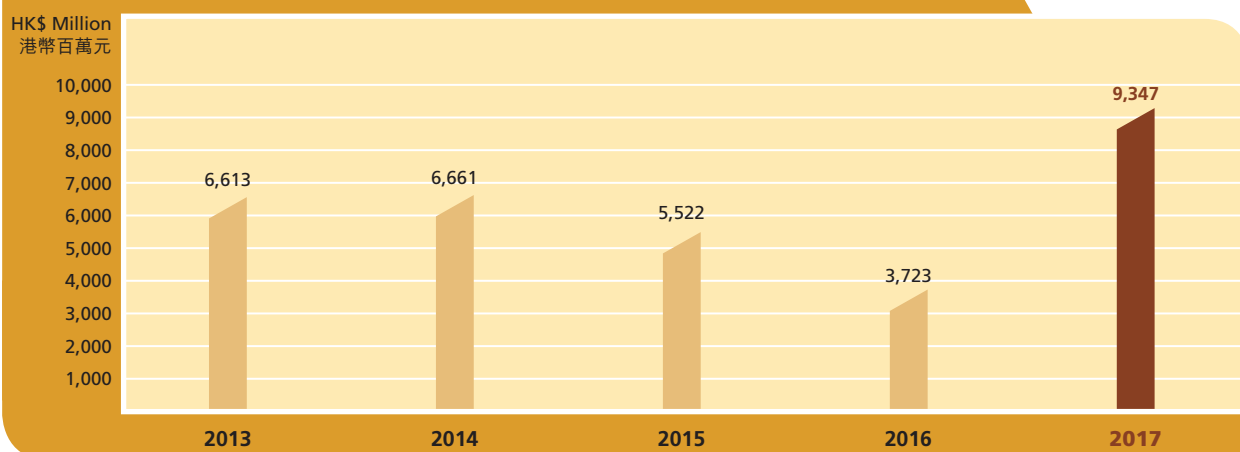
■ Loans and Advances to Customers 客戶貸款及墊款
 ■ Total Deposits 存款總額
 ■ Total Assets 資產總額

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

5年財務概要(續)

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

可歸屬於本集團股東溢利



FIVE-YEAR COMPARISON

5年比較

	2013 HK\$ Million 港幣百萬元	2014 HK\$ Million 港幣百萬元	2015 HK\$ Million 港幣百萬元	2016 HK\$ Million 港幣百萬元	2017 HK\$ Million 港幣百萬元
Total equity 股東權益總額	68,234	73,444	85,641	86,636	101,214
Total deposits 存款總額	577,900	592,582	578,020	564,646	608,150
Loans and advances to customers 客戶貸款及墊款	405,357	443,287	441,506	454,242	473,776
Total assets 資產總額	753,954	795,891	781,364	765,706	808,942
Loan to deposit ratio 貸款對存款比率	70%	75%	76%	80%	78%
Profit attributable to owners of the parent 可歸屬於本集團股東溢利	6,613	6,661	5,522	3,723	9,347
Earnings per share 每股盈利	HK\$2.78	HK\$2.72	HK\$1.95	HK\$1.21	HK\$3.21
Dividends per share 每股股息	HK\$1.11	HK\$1.11	HK\$0.88	HK\$0.56	HK\$1.28

CHAIRMAN'S STATEMENT

The marketplace is becoming ever-more dynamic and more complex, with new forms of competition and new opportunities for growth emerging all the time. Recognising that the operating environment is constantly in flux, management regularly examines and reviews the strategies of the Bank holistically in order to ensure that forward planning remains conducive to the sustainable, stable and healthy development of the Bank Group.

ASSET QUALITY

The global economy entered a Goldilocks phase in 2017, neither too hot nor too cold, bringing welcome relief from the credit pressures that the Bank faced in the previous two years.

The improving economy, coupled with the measures that BEA Hong Kong and BEA China introduced to mitigate credit risk, helped to sustain a recovery in asset quality in 2017. As announced previously, these measures included a more conservative approach to underwriting standards, a reduction in exposure to stressed sectors and tighter limits on loan growth. This strategy has been particularly effective on the Mainland, where the impaired loan ratio fell from 2.87% to 1.79% and credit costs declined by 117 basis points year on year. For the Group as a whole, the impaired loan ratio fell from 1.49% to 1.09% and credit costs declined by 38 basis points.

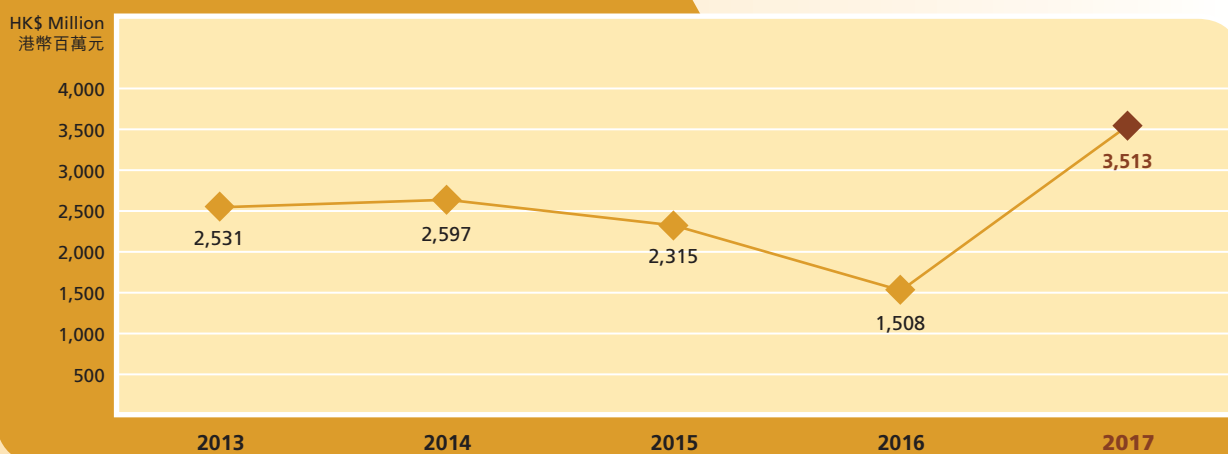
COST CONTROL

We maintained strict control over costs in 2017, in the second year of a three-year cost-saving plan. The programme targets three main areas: reposition the branch network for today's needs; enhance mid and back-office productivity; and streamline the operating structure on the Mainland.

In Hong Kong, BEA aims to achieve a 22.5% reduction in branch floor area by the end of 2018. As of the end of 2017, 19.6% had already been achieved. Mid and back-office efficiency is being driven through operations excellence programmes, aimed at simplifying procedures and automating processes.

BEA China has reduced its branch footprint by 18% over the past two years and in 2018 will further streamline both the physical network and operating procedures. In addition, BEA China is in the process of establishing a regional management structure, in order to enhance credit risk management and improve efficiency.

DIVIDENDS FOR THE LAST 5 YEARS 過往5年股息紀錄



主席報告書

市場環境瞬息萬變且日趨複雜，新競爭不時冒起，增長機遇亦時刻湧現。我們的管理層早已洞悉經營環境的不斷轉變，因此不時對銀行的策略作整體性的檢討，以確保本集團的業務得以持續、穩定和健康地發展。

資產質素

全球經濟於2017年呈現不溫不火的狀態，讓本行在過去兩年經歷信貸質素受壓後，得以稍作喘息。

隨著經濟改善，加上東亞香港和東亞中國在控制信貸風險方面採取的措施，令資產質素於2017年錄得改善。正如早前我們所宣布，這些措施包括採取更審慎的審批標準、減低對質素欠佳行業的貸款比重，以及抑制貸款增長等。這策略在內地尤見成效，減值貸款比率由2.87%下降至1.79%，信貸成本亦按年下降了117個基點。集團整體而言，減值貸款比率由1.49%下降至1.09%，信貸成本亦下跌了38個基點。

成本控制

於2017年，我們為期三年的成本控制計劃踏入第二年，年內我們繼續嚴格控制成本。此計劃主要針對三方面：因應需要優化分行網絡、提升中後台部門的生產力，以及簡化內地業務的經營架構。

在香港，東亞銀行計劃在2018年底前達致分行的樓面面積減少22.5%的目標。於2017年底，我們已把樓面面積縮減19.6%。透過推行卓越營運計劃，工作流程得以簡化和自動化，中後台部門的效率亦見提升。

東亞中國的分行網絡在過去兩年亦縮減了18%，並會在2018年進一步精簡實體網點及業務流程。同時，東亞中國正着手建立區域性的管理架構，以進一步提升信貸風險管理及改善效率。



Dr. the Hon. Sir David Li Kwok-po
Chairman & Chief Executive
主席兼行政總裁
李國寶爵士

CHAIRMAN'S STATEMENT (CONTINUED)

FEE INCOME

Following the sale of Tricor Services in early 2017, we have stepped up efforts to generate more fee income from our core banking business. To this end, in Hong Kong we are focusing on innovation in personal banking, launching convenient new mobile and online services. We will also enhance our bespoke financial solutions and wealth management services for high-net-worth individuals.

In corporate banking, we will deepen our relationships with strong local and Mainland corporations, marketing BEA as a one-stop provider of services to finance their business expansion and/or overseas acquisitions.

DIGITAL AND FINTECH SOLUTIONS

Development of new digital, mobile and Fintech solutions are a priority for this Bank, as these solutions have the potential to improve the customer experience while raising both productivity and profitability. Online and mobile services for individual and corporate customers are being enhanced to align our digital services with their every-day banking, lifestyle and business activities, thereby encouraging active use of our digital platform.

In Hong Kong, our i-Payment Hub will reaffirm BEA's position at the forefront of developments in the industry. This integrated platform allows customers and merchants to pay, collect and settle payments via all channels, including QR code. We offer ultimate flexibility, to cater to all user preferences.

Meanwhile, we are strengthening our ability to identify emerging trends – both risks and opportunities – by applying new analytical tools to the data captured by our expanding digital platform. As digital transactions increase, we gain instant feedback on our full range of services and solutions, and can adapt quickly to changing market conditions.

CHINA

With economic conditions improving on the Mainland, we are actively developing new business areas that will sustain our growth over the long term. In particular, BEA China is expanding its consumer lending capability in order to capture emerging demand as China transitions to a consumer society.

We see strong potential in this area. System-wide, non-mortgage retail lending grew by over 40% year-on-year in 2017. This trend is expected to continue, outpacing the increase in corporate lending.

We anticipate that this business will gradually gravitate to the traditional banking sector in the future, as Mainland authorities step up efforts to control unregulated lending. BEA China aims to more than double its consumer loan customer base by the end of 2020, increasing the share of retail lending in its portfolio from 19% today to 30% in 2020.

Meanwhile, we are positioning ourselves as a key service provider within the Guangdong-Hong Kong-Macao Bay Area. This dynamic area, combining China's most advanced financial and technology hubs, is attracting the best and the brightest talent from throughout the Mainland, and is primed to lead China's development in the decades to come.

In 2017, we received approval to establish a full-license securities company (BEA shareholding, 49%) in Qianhai, and we expect the company to be fully operational in 2018.

OVERSEAS

In addition to serving Hong Kong and Mainland clients, we will also step up efforts to serve Chinese communities abroad.

We will enhance collaboration between Hong Kong, BEA China and our strategic partners to further develop cross-border financing business, particularly for Chinese corporations expanding their business and investments overseas.

In addition, we will explore opportunities emerging from the "Belt and Road" initiative, seeking to capture those that offer strategic value to the Bank Group.

費用收入

於2017年初出售卓佳集團之後，我們加緊增加核心銀行業務的費用收入。在香港方面，我們專注在個人銀行業務方面的創新，推出方便及嶄新的流動及網上服務。我們亦將強化為高淨值客戶度身訂造的財務方案和財富管理服務。

在企業銀行方面，我們將深化與本地及內地企業的關係，推廣東亞銀行作為一站式的銀行夥伴，滿足他們在業務拓展和境外收購方面的財務需要。

數碼及金融科技方案

我們的首要工作之一，是發展嶄新的數碼、流動和金融科技方案，以提升客戶體驗，以及提高生產力和盈利能力。我們正提升為個人及企業而設的網上及流動服務，令我們的數碼服務與他們的日常銀行需要、生活習慣以及商業活動緊扣，以鼓勵他們時常使用我們的數碼平台。

在香港，我們的i-Payment Hub將令東亞銀行在科技發展方面進一步領先同業。這綜合平台讓客戶及商戶可透過二維碼等各種途徑支付、收取和結算款項交易。我們的方案極具彈性，能滿足不同用戶的偏好。

同時，我們正應用嶄新的工具，分析來自我們數碼平台的數據，提升我們辨識新風險和機遇趨勢的能力。隨著數碼化交易量上升，我們可以獲得用戶對各類服務和方案的即時回應，有利我們能迅速地應對瞬息萬變的市場環境。

中國

隨著內地經濟轉好，我們積極發展新業務範疇，確保業務得以長期持續發展。其中，東亞中國正加強消費貸款方面的業務能力，以捕捉中國向消費社會轉型帶來的機遇。

我們深信這方面的增長潛力巨大。整體而言，非按揭零售貸款於2017年錄得超過40%的按年增長。我們預期這趨勢將會持續，增幅超越企業貸款的增長。

隨著內地當局加大監控非法借貸的力度，我們預期這類業務將逐漸回流到傳統銀行業務之中。東亞中國的目標，是在2020年底把零售貸款的客戶群增加逾倍，並把零售貸款佔整體貸款組合的比重由現時的19%增至30%。

同時，我們會定位為粵港澳大灣區內的主要金融服務機構。這個地區充滿活力，並結合中國最頂尖的金融和科技樞紐，正吸引全國各地的優秀人才，勢將帶領中國今後數十年的發展。

於2017年，我們獲准於前海成立一家全牌照證券公司（東亞銀行擁有49%的股權）。我們預期該公司將於2018年全面開展業務。

海外

在服務香港和內地客戶的同時，我們亦加強服務海外的華人社區。

我們將加強香港總行、東亞中國和我們的策略夥伴之間的協作，進一步發展跨境融資業務，特別是滿足在海外開拓業務和投資的內地企業的需要。

另外，我們亦注視「一帶一路」倡議帶來的商機，積極把握能為本集團帶來策略性價值的機會。

CHAIRMAN'S STATEMENT (CONTINUED)

PARTNERSHIPS AND INVESTMENTS

Partnerships enable us to extend our reach, generating a two way flow of new business and new relationships. Our preferred partners are leaders in their respective markets who choose to work with us due to our presence in key growth markets, our online and offline networks, and our full-service capability through the various financial licences that we hold.

We are expanding our online presence on the Mainland through collaboration with leading platform companies, including WeBank and Ctrip. This provides a cost and time-efficient means to build our consumer-finance business on the Mainland.

At the heart of our partnership strategy are our cooperation agreements with our strategic partners CaixaBank and Sumitomo Mitsui Banking Corporation. We are continually deepening these relationships in areas such as customer referrals and cross-border business collaboration.

CAPITAL PLANNING

We ensure that the prevailing capital level is adequate to meet regulatory requirements and enable the Bank to operate effectively. In order to maintain a stable CAR for the Bank Group, optimise asset growth and drive capital efficiency, we focus on return on risk-weighted assets. We regularly rebalance our assets in line with market trends and risk profiles, in order to position the Bank optimally at all times.

OUTLOOK

With our focus on risk-weighted returns, we have set a priority to pursue business initiatives within the risk profiles that we have established for the Bank Group.

For 2018, BEA will further enhance asset quality, expand sources of fee income and carry out the third year of our cost-reduction programme.

Over the medium term, we will align our business initiatives in China with the economic policies set out in the Mainland's national development plans. We will also develop a new-economy consumer banking business together with our online partners.

In both Hong Kong and the Mainland, we will expand our wealth-management business, with separate strategies crafted for the high-net-worth and mass affluent markets.

In the long term, with a unique and enduring franchise in Hong Kong and the Mainland, BEA is well-positioned to serve the personal and business banking needs of local and international clients.

In closing, I take great pleasure in thanking our Bank's Board of Directors and the directors of our subsidiaries and associated companies for their invaluable advice and support during the past year. I also thank the management and staff of BEA for their dedication and commitment to providing the best possible service to all our clients in line with our strategic goals.

The support of our overseas banking partners, in particular CaixaBank and Sumitomo Mitsui Banking Corp, provides us with a competitive advantage in the marketplace, and I am very grateful to them for their close cooperation with us. I also extend my grateful thanks to our shareholders and clients for their long-standing loyalty and confidence in this Bank.

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 22nd February, 2018

夥伴及投資

通過合作夥伴，我們得以擴闊業務領域，並為雙方帶來新的業務和關係。我們的首選夥伴都是所屬地區的市場領導者。由於我們於高增長市場佔一席位，並擁有完善的線上和線下網絡，加上我們擁有一系列的金融牌照和全方位的服務能力，我們的夥伴因而選擇與我們合作。

我們正透過與微眾銀行和攜程等領先的互聯網平台企業合作，擴展在內地的網上業務。這讓我們在拓展內地的消費金融業務時，得以享有成本和時間上的效益。

我們夥伴策略的重心，是我們與CaixaBank和三井住友銀行兩家策略性夥伴簽署的合作協議。我們在客戶轉介和跨境業務合作等領域不斷深化彼此合作關係。

資本規劃

我們致力確保目前的資本水平足以滿足監管要求，並讓本行能有效地運作。為確保本集團的資本充足率維持穩定，優化資產增長和提升資本運用效率，我們致力提升風險加權資產的回報率。我們不時因應市場趨勢和風險狀況，調整資產組合，使之時刻保持在最理想的水平。

展望

由於我們聚焦於提升風險加權資產回報率，我們的首要工作之一，是因應我們為本集團訂立的風險承受水平發展業務。

於2018年，東亞銀行將進一步提高資產質素、擴展費用收入來源，以及推動踏入第三年的成本控制計劃。

中期而言，我們將調整內地的業務發展，以配合國家的發展規劃。我們亦將會與網上夥伴合作，發展新經濟消費銀行業務。

在香港和內地，我們積極發展財富管理業務，為高淨值和富裕客戶群制訂不同的發展策略。

長遠而言，憑藉我們獨特和堅實的香港和內地業務基礎，我們擁有極佳的定位，致力服務香港和全球個人和商業客戶，滿足他們的理財需要。

最後，我對本行董事會，以及附屬和聯營公司的各董事表達由衷的謝意，感謝他們在過去一年給予的寶貴意見和支持。同時，我亦感謝東亞銀行的管理團隊和各同事的投入和所付出的努力，為我們的客戶提供最佳的服務，以配合我們的策略目標。

我們的海外業務夥伴，特別是CaixaBank和三井住友銀行的支持，令我們在市場中擁有競爭優勢，我衷心感謝他們的緊密合作。我亦對股東和客戶對本行的長期支持和信心表示謝意。

主席兼行政總裁

李國寶

香港，2018年2月22日

REPORT OF THE SENIOR MANAGEMENT

FINANCIAL REVIEW

Financial Performance

For the year 2017, the Group earned a profit attributable to owners of the parent of HK\$9,347 million, representing an increase of HK\$5,624 million or 151.1%, compared with the HK\$3,723 million earned in 2016.

The result includes a net profit of some HK\$3 billion in respect of the disposal of Tricor Holdings Limited and its subsidiaries, which the Bank has recorded under profits attributable to owners of the parent from discontinued operations.

Excluding net profit from discontinued operations, profit attributable to owners of the parent from continuing operations amounted to HK\$6,298 million, representing an increase of HK\$2,793 million, or 79.7%, compared to 2016.

Basic earnings per share from continuing operations rose from HK\$1.12 in 2016 to HK\$2.09 in 2017. Incorporating discontinued operations, basic earnings per share rose from HK\$1.21 in 2016 to HK\$3.21 in 2017.

Return on average assets rose from 0.4% to 1.1%, while the return on average equity rose from 4.1% to 10.3%.

During 2017, the Group's net interest income from continuing operations increased by HK\$734 million, or 6.6%, to HK\$11,832 million. Net interest margin increased from 1.60% to 1.65%, and average interest bearing assets increased by 3.3%.

Net fee and commission income from continuing operations grew by HK\$36 million, or 1.5%, to HK\$2,493 million. Commission income from securities and brokerage, retail banking, and asset management businesses grew, whereas income from trade finance and loans and guarantees declined.

Net trading and hedging results from continuing operations increased by HK\$193 million to HK\$559 million. Net insurance revenue from continuing operations increased by HK\$272 million, or 65.5%, to HK\$687 million. Overall, non-interest income from continuing operations grew by 14.0% to HK\$4,121 million. Operating income from continuing operations increased by 8.4% to HK\$15,953 million.

Total operating expenses from continuing operations fell by 1.7% to HK\$8,067 million. The cost-to-income ratio improved from 55.8% in 2016 to 50.6% in 2017.

Operating profit before impairment losses from continuing operations stood at HK\$7,886 million, an increase of HK\$1,378 million, or 21.2%, when compared with 2016.

Impairment losses on loans and receivables from continuing operations fell by 49.7% to HK\$1,742 million. The Group's impaired loan ratio fell to 1.09% at the end of 2017, as compared to 1.49% at the end of 2016. The impaired loan ratio for Hong Kong operations fell from 1.03% to 0.91%, while that for Mainland China operations fell from 2.87% to 1.79%.

Impairment losses on intangible assets from continuing operations were HK\$650 million, largely due to a decrease in market value of the naming rights of a building partially owned and occupied by BEA China on the Mainland. The impairment charge reflects the diminution in value following a recent change in government policy regulating advertising billboards.

Operating profit after impairment losses from continuing operations amounted to HK\$5,429 million, an increase of HK\$2,384 million, or 78.3%.

Net profit on the sale of available-for-sale financial assets from continuing operations increased by 1,046.5% to HK\$1,057 million. Upon transition to HKFRS 9 on 1st January, 2018, any unrealised gains/losses of available-for-sale financial assets that are required to be reclassified as "fair value through profit or loss" as of 31st December, 2017 have to be transferred from revaluation reserve to the opening balance of retained earnings at 1st January, 2018, and cannot be recycled to the profit and loss account upon subsequent disposal. Hence, the Group has chosen to dispose of such available-for-sale financial assets before the end of 2017, as far as practicable.

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

Valuation gains on investment properties from continuing operations increased to HK\$522 million.

The Group shared after-tax profits from associates of HK\$388 million from continuing operations, a decrease of HK\$43 million, or 10.1%, compared to 2016.

After accounting for income taxes, profit after taxation from continuing operations rose to HK\$6,370 million, an increase of 80.7% compared to the HK\$3,525 million recorded in 2016.

高層管理人員報告書

財務回顧

財務表現

2017年，本集團錄得可歸屬於集團股東溢利達港幣93.47億元，較2016年的港幣37.23億元上升港幣56.24億元或151.1%。

以上業績包括本行因出售Tricor Holdings Limited及其附屬公司所錄得之淨溢利約港幣30億元，本行已將之計入來自已終止經營業務之可歸屬於本集團股東溢利項下。

不計及已終止經營業務之淨溢利，來自持續經營業務之可歸屬於本集團股東溢利為港幣62.98億元，較2016年增加港幣27.93億元或79.7%。

來自持續經營業務之每股基本盈利由2016年之港幣1.12元增至2017年之港幣2.09元。倘計及已終止經營業務，則每股基本盈利自2016年之港幣1.21元增至2017年之港幣3.21元。

平均資產回報率由0.4%升至1.1%，而平均股東權益回報率則由4.1%升至10.3%。

於2017年，本集團來自持續經營業務的淨利息收入增加港幣7.34億元，或6.6%，至港幣118.32億元。淨息差由1.60%擴闊至1.65%，而平均帶息資產增加3.3%。

來自持續經營業務的費用及佣金收入淨額增加港幣3,600萬元，或1.5%，至港幣24.93億元。來自證券及經紀、零售銀行和資產管理業務的佣金收入錄得增長，而來自貿易融資和貸款及擔保的收入則減少。

來自持續經營業務的交易及對沖的淨額增加港幣1.93億元，至港幣5.59億元。來自持續經營業務的保險業務淨收入增加港幣2.72億元，或65.5%，至港幣6.87億元。整體而言，來自持續經營業務的非利息收入增加14.0%，至港幣41.21億元。來自持續經營業務的經營收入則增加8.4%，至港幣159.53億元。

來自持續經營業務的總經營支出下降1.7%，至港幣80.67億元。成本對收入比率從2016年的55.8%改善至2017年的50.6%。

來自持續經營業務的未扣除減值損失之經營溢利為港幣78.86億元，較2016年增加港幣13.78億元，或21.2%。

來自持續經營業務的貸款及應收賬減值損失下降49.7%至港幣17.42億元。本集團於2017年底的減值貸款比率由2016年底之1.49%下降至1.09%。香港業務的減值貸款比率由1.03%下降至0.91%，同時內地業務的減值貸款比率則由2.87%下降至1.79%。

來自持續經營業務的無形資產減值損失為港幣6.50億元，主要由於一座位於中國內地，部份樓面由東亞中國擁有及使用的大廈，其命名權的價值因政府最近頒布規管廣告招牌之政策而下跌。

來自持續經營業務的扣除減值損失後之經營溢利為港幣54.29億元，增幅為港幣23.84億元，或78.3%。

來自持續經營業務的出售可供出售金融資產之淨溢利增加1,046.5%，至港幣10.57億元。於2018年1月1日過渡至財務報告第9號時，本集團部分可供出售金融資產需將重新分類為「通過損益以反映公平價值」，其任何未實現損益需由重估儲備撥入至2018年1月1日的留存溢利期初結餘，且於出售時不能重新分類至收益表內。因此，本集團決定於可行情況下於2017年底前出售相關可供出售金融資產。

來自持續經營業務的出售持有作出售資產的淨溢利中，包括出售一項香港物業的淨盈利港幣1.92億元。

來自持續經營業務的重估投資物業盈利增加至港幣5.22億元。

來自持續經營業務的集團應佔聯營公司之除稅後溢利為港幣3.88億元，較2016年減少港幣4,300萬元，或10.1%。

經計及所得稅後，來自持續經營業務的除稅後溢利升至港幣63.70億元，較2016年的港幣35.25億元上升80.7%。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Financial Position

Total consolidated assets of the Group stood at HK\$808,942 million at the end of December 2017, an increase of 5.6% compared to HK\$765,706 million at the end of 2016.

Gross advances to customers rose by 4.3% to HK\$473,776 million, while trade bills negotiated grew by 16.5% to HK\$13,910 million.

Total equity attributable to owners of the parent increased to HK\$89,482 million, up 14.1%, mainly due to the net profit of HK\$9,347 million earned during 2017. Additional equity instruments increased to HK\$8,894 million, up 77.3%, due to an issue of US\$500 million in Additional Tier One Capital Instruments in May 2017.

Subordinated debts issued decreased to HK\$12,413 million, down 39.8%, as a USD500 million issue of subordinated notes was called on 4th May, 2017 and a SGD800 million issue of subordinated notes was called on 13th September, 2017.

Debt securities issued decreased to HK\$1,007 million, down 85.9%.

Total deposits from customers grew by 6.7% to HK\$571,684 million. Of the total, demand deposits and current account balances increased by HK\$10,525 million, or 14.0%; savings deposits increased by HK\$7,507 million, or 5.9%; and time deposits increased by HK\$17,863 million, or 5.3%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, rose by 7.7% to HK\$608,150 million.

The loan-to-deposit ratio stood at 77.9% at the end of 2017, compared to 80.4% at the end of 2016.

As at 31st December, 2017, the total capital ratio, tier 1 ratio, and common equity tier 1 ratio were 17.8%, 15.1%, and 13.2%, respectively. The average liquidity coverage ratio for the quarter ended 31st December, 2017 was 151.7%, which was well above the statutory limit of 80% for the year 2017.

RATINGS

S&P Global Ratings

The Bank of East Asia, Limited

Long-term Counterparty Credit (local and foreign currency)	A-
Short-term Counterparty Credit (local and foreign currency)	A-2
Outlook	Stable

The Bank of East Asia (China) Limited

Long-term Counterparty Credit (local and foreign currency)	A-
Short-term Counterparty Credit (local and foreign currency)	A-2
Outlook	Stable

Moody's Investor Service

The Bank of East Asia, Limited

Long-term Bank Deposit (local and foreign currency)	A3
Short-term Bank Deposit (local and foreign currency)	Prime-2
Outlook	Negative

The outlook is deemed negative by Moody's for the following reasons: (1) operating conditions may weaken; and (2) the adoption of a "bail-in" resolution regime in Hong Kong in 2017 may provide greater leeway for the Government to allow a financial institution to fail, under certain conditions.

高層管理人員報告書(續)

財務狀況

於2017年12月底，本集團綜合資產總額較2016年底的港幣7,657.06億元增加5.6%，至港幣8,089.42億元。

客戶墊款總額上升4.3%，至港幣4,737.76億元，而貿易票據貼現則增加16.5%，至港幣139.10億元。

可歸屬於本集團股東權益總額增加14.1%至港幣894.82億元，主要因為於2017年錄得淨溢利港幣93.47億元。由於在2017年5月發行額外一級資本票據5億美元，額外股本工具增加77.3%，至港幣88.94億元。

已發行後償債務減至港幣124.13億元，降幅為39.8%，乃因本行於2017年5月4日贖回已發行的5億美元後償票據及於2017年9月13日贖回已發行的8億新加坡元後償票據。

已發行債務證券減至港幣10.07億元，降幅為85.9%。

客戶存款總額增加6.7%，至港幣5,716.84億元。其中，活期存款和往來存款賬戶結餘增加港幣105.25億元，增幅為14.0%；儲蓄存款增加港幣75.07億元，升幅為5.9%；而定期存款則增加港幣178.63億元，增幅為5.3%。包括客戶存款及所有已發行存款證的存款總額增加7.7%，至港幣6,081.50億元。

於2017年底，貸款對存款比率為77.9%，而2016年底則為80.4%。

於2017年12月31日，總資本比率、一級資本比率及普通股權一級資本比率分別為17.8%、15.1%及13.2%。截至2017年12月31日止季度的平均流動性覆蓋比率為151.7%，遠高於2017年80%的法定限額。

評級

標普全球評級

東亞銀行有限公司

長期交易對手信貸(港元及外幣)	A-
短期交易對手信貸(港元及外幣)	A-2
前景	穩定

東亞銀行(中國)有限公司

長期交易對手信貸(港元及外幣)	A-
短期交易對手信貸(港元及外幣)	A-2
前景	穩定

穆迪投資服務

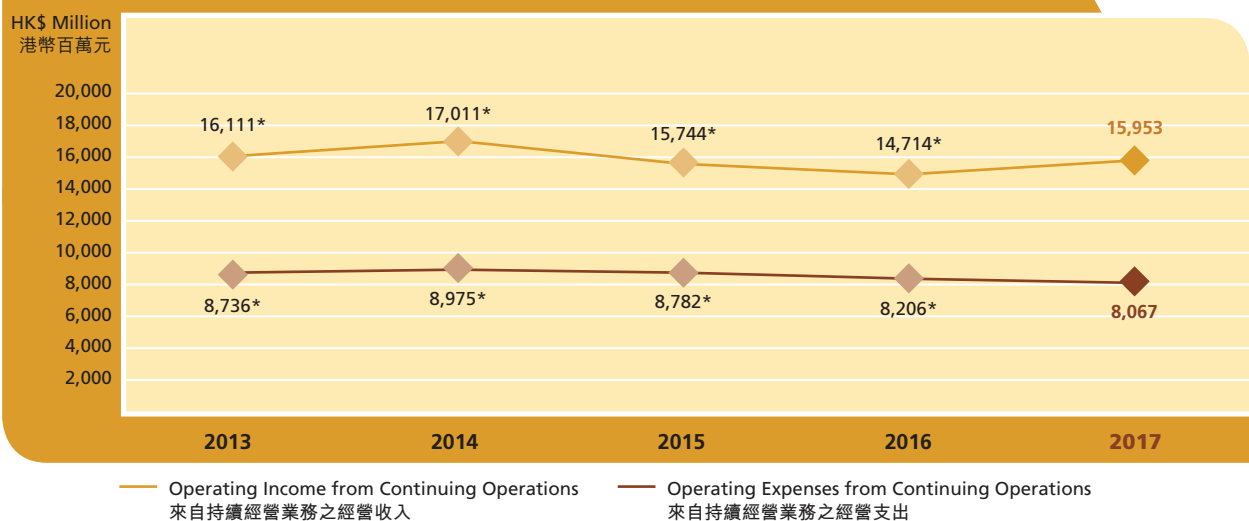
東亞銀行有限公司

長期銀行存款(港元及外幣)	A3
短期銀行存款(港元及外幣)	Prime-2
前景	負面

穆迪給予本行的前景展望為負面，原因如下：(1)經營情況可能轉弱；及(2)香港於2017年採用自救處置機制，可能在某些情況下令港府有更大餘地讓金融機構倒閉。

OPERATING INCOME VS OPERATING EXPENSES (FROM CONTINUING OPERATIONS)

經營收入及經營支出(來自持續經營業務)



* Restated
重報

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)



MAJOR RECOGNITION 主要榮譽與獎項

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

- | | | |
|----|---|--|
| 1 | "2017 Best Bank in Hong Kong"
- <i>Global Finance Magazine</i> | 「2017 香港最佳銀行」
- 《全球金融雜誌》 |
| 2 | "Quamnet Outstanding Enterprise Awards 2016 – Outstanding SME Service Provider (Bank)" (for the fourth consecutive year)
- <i>Quam (H.K.) Limited</i> | 「華富財經傑出企業大獎2016 — 傑出中小企業服務機構(銀行)」(連續第4年獲獎)
- 華富財經(香港)有限公司 |
| 3 | "2017 Best SME's Partner Award" (for the tenth consecutive year)
- <i>The Hong Kong General Chamber of Small and Medium Business</i> | 「中小企業最佳拍檔獎2017」(連續第10年獲獎)
- 香港中小型企業總商會 |
| 4 | "CAPITAL Merits of Achievement in Banking and Finance 2017 – Cross-border Business Award" (for the first year)
- <i>CAPITAL Magazine</i> | 「資本卓越銀行及金融大獎2017 — 資本卓越跨境業務大獎」(首年獲獎)
- 資本雜誌 |
| 5 | "Outstanding Import and Export Industry Partner Award" (for the fourth consecutive year)
- <i>The Hong Kong Chinese Importers' & Exporters' Association</i> | 「進出口企業合作夥伴大獎」(連續第4年獲獎)
- 香港中華出入口商會 |
| 6 | "Best Premium Commercial Card Program", "Highest Growth Outstanding Balance – 1st Runner Up" and "Highest Growth Cardholder Spending – 1st Runner Up"
- <i>Mastercard</i> | 最佳高端商務卡、最高賬戶結欠增長銀獎及最高卡戶消費增長銀獎
- 萬事達卡 |
| 7 | "Highest Card Volume Growth (Credit Card) – Bronze Award", "Gold Award for 2016 highest number of Online Payment merchants", and "Silver Award for 2016 highest Online Payment transaction volume for merchants"
- <i>UnionPay International</i> | 「最高交易量升幅(信用卡)銅獎」、 「2016年度最高銀聯在線支付商戶數量 — 金獎」及「2016年度最高銀聯在線支付商戶交易量 — 銀獎」
- 銀聯國際 |
| 8 | "2016 E-commerce Efficiency-International"
- <i>Visa Inc.</i> | 「2016年電子商務效率獎(信用卡 — 跨境交易)」
- <i>Visa 國際組織</i> |
| 9 | "2017 Best Bank Card Innovation"
- <i>MoneyHero.com.hk</i> | 「2017銀行卡創新大獎」
- <i>MoneyHero.com.hk</i> |
| 10 | "Best Mobile Banking Application, Hong Kong 2016"
- <i>International Finance Magazine</i> | 「2016香港最佳流動理財」
- 《國際金融雜誌》 |
| 11 | Excellent Award in "Digital Banking" and "Banking Security of the Year" in the Financial Institution Awards 2017
- <i>Bloomberg Businessweek Chinese Edition</i> | 「2017金融機構 — 大獎」之「電子銀行服務 — 卓越大獎」及「年度安全銀行 — 卓越大獎」
- 《彭博商業周刊/中文版》 |
| 12 | "Most Innovative Banking Brand, Hong Kong in the Global Brands Magazine Awards 2017"
- <i>Global Brands Magazine</i> | 「全球品牌雜誌大獎2017」之「最創新香港銀行品牌」
- 《全球品牌雜誌》 |
| 13 | "Outstanding Digital Branch Services in the Hong Kong Digital Brand Awards 2017"
- <i>Metro Broadcast / The Chamber of Hong Kong Computer Industry</i> | 「香港傑出數碼品牌大獎2017」之「傑出銀行智能分行服務」
- 新城電台/香港電腦商會 |

高層管理人員報告書 (續)



The Bank of East Asia (China) Limited 東亞銀行 (中國) 有限公司

- 14 "2017 Foreign Bank of Excellent Competitiveness in the 2017 Financial Institutions of Excellent Competitiveness"
- *China Business Journal* [2017 卓越競爭力金融機構評選 — 2017 卓越競爭力外資商業銀行]
- 《中國經營報》
- 15 "Annual Foreign Bank of Excellent Competitiveness" in the 2016 - 2017 Financial Excellence Award
- *The Economic Observer* [2016-2017 中國卓越金融獎 — 年度卓越競爭力外資銀行]
- 《經濟觀察報》
- 16 "2017 Annual Best Foreign Bank in the 8th Golden Tripod Award"
- *National Business Daily* 第八屆「金鼎獎」— 2017 年度最佳外資銀行
- 《每日經濟新聞》
- 17 "2017 Institutional Contribution Award in the Annual Shanghai Financial Institutions Awards Programme"
- *Shanghai Banking Association* [上海銀行同業·年度獎項 — 2017 年度機構貢獻獎]
- 上海市銀行同業公會
- 18 "Best 10 Innovation Institutions Award in 2017 YICAI China Best Financial Planners"
- *YICAI* [2017 中國理財精英評選 — 中國十佳年度創新機構獎]
- 《第一財經》
- 19 "Best Brand-building Foreign Bank in the 2017 Golden-shell Award of China"
- *21st Century Business Herald* [2017 中國資產管理金貝獎 — 最佳品牌建設外資銀行]
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- *International Financial News* [國際先鋒理財機構評選 — 2017 最佳理財移動客戶端]
- 《國際金融報》

Blue Cross (Asia-Pacific) Insurance Limited 藍十字 (亞太) 保險有限公司

- 21 "The Most Favourite Travel Insurance Company Award 2017" (for the thirteenth consecutive year)
- *Weekend Weekly Magazine* [2017 最受歡迎旅遊保險公司] (連續第 13 年獲獎)
- 《新假期》雜誌
- 22 "Hong Kong Digital Brand Awards 2017 – Outstanding Online Travel Insurance Services"
- *Metro Broadcast / The Chamber of Hong Kong Computer Industry* [香港傑出數碼品牌大獎 2017 — 傑出網上旅遊保險服務]
- 新城電台/香港電腦商會

BEA Union Investment Management Limited 東亞聯豐投資管理有限公司

- 23 "BENCHMARK Fund of the Year Awards 2017: Asia Fixed Income within Mutual Funds' House Awards – Best-In-Class"
- *BENCHMARK magazine* [《指標》2017 年度基金大獎：基金公司大獎亞洲固定收益 — 同級最佳]
- 《指標》雜誌

For the BEA Union Investment Asian Bond and Currency Fund 頒予東亞聯豐亞洲債券及貨幣基金

- 24 "Best Bond Fund, Asia Pacific, Local Currency" (for its 3-year performance)
- *Lipper Fund Awards Programme 2017 Hong Kong* [最佳亞太區債券基金 (本地貨幣)] (按其過往 3 年表現)
- 「理柏基金香港年獎 2017」
- 25 "Best Bond Fund, Asia Pacific, Local Currency" (for its 5-year performance)
- *Lipper Fund Awards Programme 2017 Hong Kong* [最佳亞太區債券基金 (本地貨幣)] (按其過往 5 年表現)
- 「理柏基金香港年獎 2017」

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

BUSINESS REVIEW

Global economic growth picked up steam in 2017. The United States economy enjoyed continued strength, while economic conditions in Europe, China, Japan and emerging markets generally improved.

With solid external demand, Hong Kong's exports jumped by 8.0% in 2017. Growth in private consumption also accelerated, as asset markets performed strongly and the unemployment rate reached a 19-year low of 3.1% in 2017. In addition, a recovery in tourist spending led to a 2.2% increase in retail sales in 2017.

Hong Kong residential property prices rose by 14.8% in 2017. Meanwhile, transaction volume jumped by 14.8% in 2017, following two consecutive years of decline. Overall, the Hong Kong economy expanded at a strong 3.9% pace in the first three quarters of 2017.

On the Mainland, the export sector grew by a solid 7.9% in 2017 on the back of stronger global demand. Consumer spending stabilised, supported by improving economic fundamentals. And the internet sector continued to shine, with China now widely recognised as a global leader in internet technologies.

The government took advantage of the improving economic conditions to slow investment growth through monetary tightening. Shadow banking also came under greater government scrutiny. Meanwhile, the property market entered a period of consolidation in late 2017, after the government introduced new measures to contain the rise in prices.

Looking ahead, the economic outlook for the near term is considered benign. Consumer demand should remain stable. The Chinese government will continue to focus on structural issues, with the aim of encouraging sustainable growth. The Chinese economy is likely to grow by 6.5% in 2018, with inflation around 2.2%.

Turning to Hong Kong, the positive external environment should sustain favourable economic conditions. However, a number of global issues, including geopolitical developments in North Asia, monetary tightening in the US and the Brexit transition, require close monitoring.

Hong Kong's gross domestic product is forecast to grow by 2.8% in 2018, while the inflation rate will soften to 2.2%.

Business – Hong Kong

The aggregate value of all customer loans and trade bills of BEA in Hong Kong was 2.7% higher at the end of December 2017 than at the end of 2016. Customer loans increased by 3.3% over the period, while debt investments increased by 4.4% and customer deposits rose by 5.4%.

Corporate and Commercial Banking

Corporate Banking faced sustained pressure in 2017. Both net interest income and net fee and commission income declined compared to the previous year. Competition remained tight in the loan market, and there were repayments as corporations turned to other sources of funding such as issuing notes and bonds.

Following a robust period of growth in cross-border lending during the early part of the decade, the Bank has taken a more conservative stance since the 2015 market high. In 2017, Corporate Banking was selective in its cross-border portfolio in light of tightened controls on overseas investments and capital outflow. As a result of this prudent approach, formation of non-performing loans was significantly reduced. While impairment losses saw an upturn, this was due to problem loans from the previous year.

The existing portfolio is healthy, and the Bank is therefore in a strong position to take advantage of new opportunities as onshore liquidity tightens and Chinese corporates return to Hong Kong to raise funds.

高層管理人員報告書(續)

業務回顧

2017年，全球經濟增長步伐加快。美國經濟保持強勢，而歐洲、中國、日本及新興市場的經濟狀況亦有所改善。

由於外部需求穩健，本港的出口於2017年按年增長8.0%。資產市場表現強勁，加上失業率於2017年跌至3.1%的19年新低，私人消費增長加快。此外，訪港旅客消費回升，帶動零售銷售於2017年增長2.2%。

香港住宅物業價格於2017年上升14.8%。經過連續兩年下跌後，成交量於2017年躍升14.8%。整體而言，香港經濟於2017年首三季度穩步增長3.9%。

內地方面，受惠於全球需求轉強，出口於2017增長7.9%。在經濟基本因素好轉的支持下，消費開支回穩。互聯網行業繼續成為亮點，內地已被視為引領互聯網技術的領導者。

中央政府把握經濟持續改善的機會，透過推行貨幣緊縮措施，減慢投資增長，並對影子銀行加強監控。同時，政府推出調控樓市的新措施後，市場於2017年底步入整固期。

展望未來，短期內經濟前景將保持良好，個人消費需求將維持穩定。中央政府將繼續專解決結構性問題，以鼓勵經濟可持續發展。2018年內地經濟估計增長6.5%，通脹率則約為2.2%。

香港方面，外圍環境向好將有利經濟表現。然而，須要密切注視國際形勢的變化，包括北亞的地緣政治形勢、美國的貨幣緊縮政策，以及英國脫歐的過渡安排。

預計香港2018年本地生產總值將增長2.8%，通脹率將降至2.2%。

香港業務

於2017年12月31日，東亞銀行香港的客戶貸款及貿易票據總額較2016年底上升2.7%，客戶貸款於年內上升3.3%，債券投資增長4.4%，客戶存款亦增加5.4%。

企業及商業銀行

企業銀行業務於2017年持續受壓。淨利息收入與服務費及佣金收入淨額按年均錄得跌幅。貸款市場競爭仍然激烈，與此同時，由於企業借助發行票據及債券等其他方式融資，因此出現較大額還款。

中港跨境融資於2010年代初期經歷強勁增長，於2015年達至市場新高，本行自此一直採取較保守的態度。2017年，鑑於內地收緊對海外投資及資本外流的管制，企業銀行慎選其跨境融資客戶，新增不良貸款因此顯著減少，而減值損失的增加是由於上年度的問題貸款所致。

現有的貸款組合資產質素健康，而內地流動性收緊，中國企業紛紛重返香港集資，本行處於有利的形勢，將充分把握當中帶來的商機。

In January 2017, approximately 650 corporate and personal customers of the Bank attended BEA's annual Economic and Market Outlook seminar.

2017年1月，約有650位企業及個人客戶參與本行舉辦的「經濟及市場展望」研討會。



REPORT OF THE SENIOR MANAGEMENT (CONTINUED)



In November 2017, BEA announced plans to launch the i-Payment Hub, a seamless integrated payment platform for merchants and personal customers in Hong Kong.

東亞銀行於2017年11月宣布，計劃推出一站式的聚合支付平台 i-Payment Hub，支援商戶及個人客戶。

In particular, Corporate Banking is working closely with BEA China to solicit clients in Qianhai and the Guangdong-Hong Kong-Macao Greater Bay Area, where there is huge potential for growth. After the opening of the Hong Kong-Zhuhai-Macao Bridge, economic activity in the area is expected to rise, and the Bank has already brought in a number of new clients in the real estate, leasing, light industry and technology sectors. Continued efforts will be made to develop new relationships in policy-favoured industries and expand business opportunities.

Meanwhile, the Bank is reaching out to local SME clients through its Hong Kong branch network, with the aim of increasing transaction-fee income and diversifying its customer base. The range of investment and insurance products offered to corporate clients has been expanded to meet growing demand for wealth-management and financial-planning solutions. Demand for treasury products is also expected to increase as interest rates rise.

Personal Banking

The Bank's retail operations continued to benefit from converting to digital technology and services. Operating income rose by 16.4% year-on-year in 2017, driven by double-digit growth in both net interest income and net fee and commission income. Retail sales of investment and insurance products for the year reached a record high. In addition, more "all-in-one" accounts were opened, and average current and savings account balances increased.

The branch transformation project was successfully completed in 2017, with all 72 branches digitalised. Penetration of the Bank's online and mobile service channels, which have significantly lower transaction costs, has risen in tandem with this process. At the retail level, the number of digital customers – those who use the Bank's Cyberbanking service or mobile application regularly – increased by 30.5% year-on-year in 2017.

More and more retail customers are using the Bank's digital channels to purchase investment products. Income from sales of linked deposits through Cyberbanking more than doubled in 2017. Following a system enhancement in August, online mutual fund subscriptions have risen strongly.

The Bank is continuing to improve its digital platform. The recently revamped BEA App combines an attractive and user-friendly interface with advanced big data capabilities. Banking functions have been enhanced to encourage frequent use, while sophisticated analysis of customer behaviour allows the app to offer a personalised user experience. With the upcoming "i-Planner" function, customers will be able to make detailed plans and receive tailored offers and recommendations. Initially focussed on travel, future updates will cater to key life events such as weddings, home purchases and retirement.

企業銀行正與東亞中國緊密合作，吸納前海及大灣區的客戶，因該地區均具龐大的發展潛力。港珠澳大橋開通後，所連接地區的經濟活動預期會增加，本行亦已成功吸納房地產、租賃、輕工業及科技等多個行業的新客戶。本行將繼續致力與受惠於政府政策的行業建立業務關係，以開拓新商機。

本行同時亦透過香港分行網絡支援本地中小企客戶，藉以增加交易收費收入及擴大客戶基礎。為迎合企業客戶對財富管理及理財方案日益殷切的需求，本行亦不斷擴闊投資及保險產品種類。隨著利率趨升，預期客戶對財資產品的需求亦會增加。

個人銀行

本行的香港個人銀行業務持續受惠於分行數碼化。淨利息收入與服務費及佣金收入淨額均錄得雙位數字升幅，帶動2017年經營收入按年上升16.4%。年內投資及保險產品的零售銷售創下新高。此外，更多客戶開立綜合戶口，零售往來賬戶及儲蓄賬戶平均結餘亦錄得增長。

分行網絡轉型計劃於2017年順利完成，全線72間分行已經數碼化。與此同時，本行網上及流動服務渠道的滲透率亦隨著數碼化轉型而上升，使用電子渠道大幅減少了交易成本。在零售層面，2017年數碼客戶人數（即經常使用本行電子網絡銀行服務或手機應用程式的客戶）按年上升30.5%。

零售客戶透過本行的電子渠道購買投資產品日漸增多。2017年，透過電子網絡銀行銷售掛鈎存款的收入按年增加超過一倍。本行於去年8月完成系統升級後，網上認購互惠基金的數目錄得強勁增長。

本行不斷優化數碼平台。剛更新的BEA App結合新穎易用的介面與先進大數據分析技術，不但提升銀行服務功能以增加客戶使用量，更利用數據分析客戶行為，提供個人化的用戶體驗。快將推出的i-Planner，讓客戶可以為將來作周詳計劃，並可獲得度身訂造的優惠及建議。該功能最先以旅遊為主，將來會應用至籌劃婚禮、置業及退休等不同人生大事。



During the year under review, BEA unveiled plans to introduce the next generation of BEA App in early 2018 featuring the i-Planner, which will provide customers with personalised services and offers.

回顧期內，東亞銀行宣布將於2018年初推出新一代BEA App。該新版本BEA App具備智能平台i-Planner，將為客戶提供個人化的服務及優惠。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Wealth Management

Private Banking produced another solid performance in 2017. Net interest income recorded a high single-digit increase, while investment product revenue grew significantly due to the buoyant global stock markets. However, net fee and commission income declined against an exceptionally strong result in 2016. Overall, operating income was flat compared to the previous year.

Loans to Private Banking clients increased as customers sought to leverage their investments in a rising market. Assets under management grew by 24.0% due to higher client activity in equity investments, as well as new clients and funds coming on board.

Continual upgrades are being made to back-office processes and frontline sales tools, enhancing efficiency and improving the client experience. Meanwhile, Private Banking has been working to optimise its client mix and allocate marketing resources to targeted segments so as to maximise returns.

Private Banking remains China focussed and, like Corporate Banking, continues to work closely with the Bank's network in the Greater Bay Area to source new clients and seize opportunities for growth. Mainland clients now account for 47.1% of Private Banking's total net income.

Insurance and MPF Services

BEA Life Limited, the Bank's wholly-owned life insurance arm, recorded growth of 30.0% in new premium income, notwithstanding the high base set in 2016. Long-term products with annuity and endowment features performed well. BEA Life will continue to pursue sustainable growth in both premium revenue and commission income for the Bank by maintaining a balanced product mix.

In the general insurance market, competition remained intense. Underwriting profits for the market as a whole fell, as players cut rates to pursue top-line growth. Blue Cross (Asia-Pacific) Insurance Limited, BEA's wholly-owned general insurance arm, maintained a disciplined balance between growth and profitability, achieving double-digit growth in underwriting profit despite a slight drop in gross premium income. Online renewals were extended to all relevant personal general insurance products, and related premiums generated via digital channels grew by 31.4%. Blue Cross will continue to enhance its online capability, and will launch an e-claims service for travel insurance in the first half of 2018.

Total membership in BEA's Mandatory Provident Fund schemes grew to 738,000 at the end of 2017, while AUM increased by 23.2% to HK\$25.5 billion. The MPF business has become an important fee generator for the Bank, and profits were boosted in 2017 by solid investment returns and an effective drive to control costs by streamlining operations.

Broking Operations

With the combination of improving market sentiment and stringent cost control, the Bank's securities brokerage business experienced a strong rebound in 2017. Brokerage income rose some 40%, while pre-tax profits more than doubled. In the year ahead, the Bank will endeavour to increase customer loyalty by offering incentives while it strives to expand its market share by launching promotional campaigns and enhancing its e-channel platform to attract young, affluent clients.

In December, BEA's 49%-owned securities joint venture in Qianhai, East Asia Qianhai Securities Company Limited, was granted a Securities and Futures Business License by the China Securities Regulatory Commission. Being a fully licensed securities company, EA Qianhai will capitalise on opportunities arising from the growth of the Mainland's capital markets, and leverage online channels and physical outlets to build its customer base.

高層管理人員報告書(續)

財富管理

私人銀行業務於2017年繼續表現穩健。淨利息收入錄得高單位數的增幅，而銷售投資產品的收入亦因全球股市暢旺而大幅上升。然而，由於服務費及佣金收入淨額在2016年錄得異常強勁的表現，相比之下，有關收入於2017年呈現下降。整體而言，經營收入與2016年相若。

由於客戶紛紛在市況上升時進行槓桿式投資，本行私人銀行的客戶貸款有所增加。客戶的股票投資活動非常活躍，加上新客戶及新資金流入，帶動管理資產上升24.0%。

本行不斷改善後勤工序及前線銷售工具，為求提升效率及客戶體驗。同時，私人銀行業務致力優化客戶組合，並有效配置資源向目標客戶群作市場推廣，以提高回報。

私人銀行業務仍專注於中國市場，亦與企業銀行一樣繼續與本行大灣區的分行網絡緊密合作，以物色新客戶，抓緊發展業務的機會。現時，內地客戶佔本行私人銀行的整體收入47.1%。

保險及強積金服務

本行旗下全資壽險附屬公司——東亞人壽保險有限公司繼2016年創下佳績後，於2017年的新造保單保費收入進一步錄得30.0%增長，其中附帶年金及儲蓄特點的長期壽險產品表現良好。東亞人壽將透過維持均衡的產品組合，繼續推動本行在保費及佣金收入的持續增長。

一般保險市場的競爭仍然激烈，不少保險公司爭相降低保費率以追求收入增長，導致市場整體的承保利潤下跌。東亞銀行旗下全資一般保險附屬公司——藍十字(亞太)保險有限公司在業務增長及盈利能力之間保持良好平衡，儘管保費收入總額輕微下跌，承保利潤仍錄得雙位數增幅。網上續保服務已擴展至所有適用的個人一般保險產品，而有關產品透過電子渠道產生的保費增長31.4%。藍十字將繼續提升網上功能，並擬於2018年上半年為旅遊保險推出電子索償服務。

於2017年底，東亞銀行旗下強積金計劃的成員總數增加至738,000名，而管理資產則上升23.2%至港幣255億元。強積金業務已成為本行重要的服務費收入來源，受惠於穩健的投資回報，加上本行精簡營運流程有效控制成本，相關溢利於2017年有所上升。

經紀業務

由於市場氣氛改善及嚴格的成本控制，本行的證券經紀業務於2017年強勁反彈。經紀佣金收入增加約40%，稅前盈利增長逾一倍。來年，本行將提供優惠以提升客戶的忠誠度，並進行推廣活動，強化電子渠道平台，以吸引年輕富裕的客戶，藉此擴大市場份額。

於12月，東亞前海證券有限責任公司(東亞銀行持股49%的合資證券公司)獲中國證券監督管理委員會頒發《經營證券期貨業務許可證》。東亞前海作為全牌照證券公司，將抓住內地資本市場增長的契機，充分利用互聯網行銷渠道，並設立實體網點，開拓客戶基礎。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Business – China

The Mainland economy grew by 6.9% in 2017, slightly faster than projected at the beginning of the year. Growth was primarily driven by consumption, investment and trade, as the Central Government maintained its focus on supply-side structural reform and deleveraging. In addition, the Government stepped up efforts to control systemic financial risk. In line with the economic recovery, the Renminbi rebounded against the US dollar, following two years of decline.

BEA's China banking operations returned to profit in 2017, reversing a net loss of HK\$462 million in 2016 to post a HK\$318 million gain. The turnaround was mainly attributable to a reduction in provisions for impairment losses and ongoing efforts to control operating, funding and credit costs.

Underlying operating expenses for China banking operations for 2017 were HK\$2,955 million, down 7.0% year-on-year, while the cost-to-income ratio fell to 63.0%, down 345 basis points year-on-year. Net interest margin improved to 1.69%, an increase of 3 basis points compared to the figure reported at the end of 2016. The impaired loan ratio improved significantly, ending the year at 1.79%, down 108 basis points year-on-year. Both the impaired loan gross formation rate and special mention loans declined.

Efficiency is being enhanced at BEA China through the ongoing network repositioning programme. During the year, a total of 12 sub-branches were merged with other outlets. At the end of 2017, BEA China operated 30 branches and 77 sub-branches in 44 cities on the Mainland.

BEA China also took proactive measures to optimise its asset and liability structure during the year, emphasising quality over quantity. Largely due to this conservative stance, total loans to companies and individuals for BEA's China banking operations rose by a restrained 6.9% year-on-year to HK\$151,828 million. Total customer deposits rose by 9.9% to HK\$199,322 million.

Following the strategy direction established in 2016, BEA China stepped up efforts to promote non-property and consumer loans, cross-border business, and sales of treasury and wealth management products in order to diversify its asset and income portfolios. In addition, BEA China launched innovative credit card and consumer finance products in partnership with leading internet platform companies, advancing the digital transformation of its retail business.

Economic restructuring will remain a priority of the Central Government for the foreseeable future. The 19th Party Congress, held in October 2017, set out a roadmap for the Mainland's development over the next 30 years, based on coordinated development of the real economy, technological innovation and modernisation of finance.

BEA's China banking operations are well positioned to serve the country's new economic priorities and capitalise on opportunities arising from national strategies, in particular the Belt and Road Initiative and the development of the Greater Bay Area.

Looking ahead, BEA China will further expand its corporate banking business, focusing on promoting its integrated transaction banking services, cross-border financial solutions and advisory services. Meanwhile, sales of treasury products will remain a key driver of fee income for BEA China.

As for retail banking, BEA China will further develop cooperation with internet platform companies, expand its consumer finance business and seek to raise fee income through tailor-made wealth management products, mobile payment services and digital banking.

BEA China will also enhance efforts to improve capital and operating efficiency by investing in technology, streamlining the branch network, centralising operations and resolving impaired assets. In addition, BEA China's regional operating structure will be realigned in order to better pool branch resources and coordinate client marketing.

BEA is committed to facilitating business and promoting opportunities for growth on the Mainland, serving the needs of clients both on the Mainland and overseas. As the country's financial markets continue to develop, becoming ever more efficient and better integrated with global markets, BEA will be ready to capture new opportunities as they emerge.

中國業務

2017年，內地經濟增長6.9%，稍高於年初預測的增速。隨著中央政府繼續專注推行供給側結構性改革及去槓桿化的措施，增長主要受消費、投資及貿易所帶動。此外，政府亦加大力度，控制金融系統風險。隨著經濟復甦，人民幣兌美元匯率在連續兩年下跌後反彈。

東亞銀行的中國業務於2017年轉虧為盈，由2016年的港幣4.62億元淨虧損轉為錄得港幣3.18億元盈利。中國業務得以扭轉虧損情況，主要由於減值損失撥備減少，以及本行實施一系列控制經營、資金及信貸成本的措施。

2017年，中國業務的相關經營支出為港幣29.55億元，按年下跌7.0%，成本對收入比率下跌至63.0%，按年下跌345個基點。淨息差改善至1.69%，較2016年底匯報的數字增加3個基點。減值貸款比率大幅改善，於年底為1.79%，按年下跌108個基點。總減值貸款形成比率及關注類貸款同告下跌。

東亞中國持續透過網絡優化計劃提升效率。年內，共有12間支行與其他網點合併。於2017年底，東亞中國經營30間分行及77間支行，分布於內地44個城市。

年內，東亞中國亦積極採取優化資產及負債結構的措施，重質不重量。受惠於這個謹慎的方針，東亞銀行中國業務的企業及個人客戶貸款總額按年僅上升6.9%至港幣1,518.28億元，客戶存款總額則上升9.9%至港幣1,993.22億元。

東亞中國堅守2016年制訂的策略方向，加強開拓非房地產類及消費貸款、跨境業務、財資產品銷售及財富管理產品，力求令資產及收入組合更多元化。此外，東亞中國與首屈一指的互聯網平台公司合作，推出創新的信用卡及消費金融產品，促進零售業務的數碼化轉型。

調整經濟結構仍為中央政府於可見將來的首要任務。於2017年10月舉行的十九大，根據實體經濟、科技創新及金融現代化的協同發展，為中國未來30年的發展制訂路向。

東亞銀行的中國業務可配合中國當前的首要經濟任務，把握國策的機遇，特別是「一帶一路」倡議及大灣區的發展。

展望未來，東亞中國將進一步發展其企業銀行業務，專注開拓綜合交易銀行服務、跨境理財方案及諮詢服務。同時，銷售財資產品仍然是東亞中國的主要服務費收入來源。

零售銀行方面，東亞中國將進一步與互聯網平台公司合作，發展消費金融業務，並以度身訂造的財富管理產品、移動支付服務及數碼銀行服務增加服務費收入。

東亞中國亦會投資科技、精簡分行網絡、將業務流程集中化及處理不良資產，以提高資本及營運效益。此外，東亞中國將重整地區營運架構，整合分行資源，並協調客戶市場推廣。

東亞銀行致力促進業務發展，把握內地增長機遇，滿足內地及海外客戶的需要。中國金融市場持續發展，變得更具效率，與全球市場更為融合，東亞銀行將做好準備把握新機遇。

East Asia Qianhai Securities Company Limited was granted a Securities and Futures Business License in December 2017. 2017年12月，東亞前海證券有限責任公司獲頒發經營證券期貨業務許可證。



REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Business – Macau and Taiwan

The recovery of Macau's gaming industry led to a sharp rebound in the local economy following several lacklustre years. BEA's Macau operations benefited from the more favourable market conditions, with total loans and deposits climbing by 15.7% and 13.3%, respectively, from a year earlier.

BEA's Macau Branch successfully enlarged its customer base, particularly among professionals and high-net-worth clients, opening up new opportunities for cross selling of insurance and investment products. Macau Branch therefore took special steps to enhance its insurance and investment product offerings during the year. Sales of investment fund products helped boost the Branch's fee income from unit trusts by 48.4% year-on-year. Looking ahead, Macau Branch will continue to widen its retail product range and enhance its online retail banking platform.

BEA's operations in Taiwan continued to face headwinds, with lending margins coming under pressure due to rising funding costs and intense competition. The property market remained stagnant, following cooling measures introduced by the Government. Facing a tough operating environment, Taiwan Branch will continue to prioritise margins over loan growth and look for opportunities to increase fee and commission income by actively participating in the syndicated loan market, and acting as arranger and facility agent.

Business – International

BEA's US operations posted a 6.4% year-on-year rise in operating profit and an 18.4% increase in net profit in 2017, in the face of ample liquidity and fierce competition in the US market. Asset quality remained sound, backed by prudent underwriting standards.

The US equity market captured the spotlight during the year, with major indices climbing to new heights, thanks to improving corporate earnings, favourable labour market conditions and strong consumer confidence. While interest rates are expected to rise in 2018, markets remain buoyant on the back of the passage of the tax reform package, ongoing deregulation and anticipated support for infrastructure investment.

Looking ahead, BEA's New York and Los Angeles branches will diversify and expand their loan books, targeting financially strong corporate borrowers in leading market positions, industries with positive prospects as well as high-quality real estate projects in gateway cities.

The Bank's operations in the United Kingdom also registered solid gains in 2017. Operating profit increased by 13.1% and net profit by 19.9%, as compared to 2016, despite the uncertainty arising from the UK's decision to leave the European Union. On the back of the depreciation of the pound sterling, BEA's branches in the UK continued to cater to the strong demand from overseas investors for quality assets in the UK, particularly prime London properties.

Other than commercial and residential property lending, the Bank's UK branches will continue to diversify their loan portfolio in non-property sectors and work with other Mainland, Asian, and international banks to explore lending opportunities to different industries.

Meanwhile, the operating environment in Singapore remained challenging in 2017. Singapore Branch recorded a 12.8% decrease in its loan portfolio compared to the end of 2016, mainly due to the continued decline in China-related trade finance facilities, the Bank's de-risking strategy and the decision to prioritise margins over loan growth.



BEA celebrated the 20th Anniversary of its Taipei Branch in June and its Birmingham Branch in October 2017.

東亞銀行分別於2017年6月慶祝台北分行及10月一同慶賀伯明翰分行成立20周年。



澳門及台灣業務

澳門博彩業復甦，令當地低迷多年的經濟迅速反彈。東亞銀行澳門分行業務受惠於市場環境好轉，貸款及存款總額分別較去年增加15.7%及13.3%。

東亞銀行澳門分行成功擴大客戶群，尤其是專業人士及高淨值客戶，並帶來交叉銷售保險及投資產品的新商機。因此，澳門分行於年內進一步加強其保險及投資產品服務。在投資基金產品銷售的帶動下，澳門分行的單位信託基金服務費收入按年上升48.4%。展望未來，澳門分行將繼續擴大其零售產品系列，並完善網上零售銀行服務平台。

東亞銀行的台灣業務繼續受到不利因素影響。由於資金成本上升及競爭激烈，貸款息差因而受壓。隨著當局宣布樓市「降溫」措施，房地產市場表現停滯不前。面對艱難的營商環境，台灣分行將繼續專注於擴闊息差而非增長貸款，並透過積極參與銀團貸款市場，擔任安排行和融資代理行，以增加費用及佣金收入。

國際業務

面對市場競爭激烈及流動資金充裕，東亞銀行美國分行的經營溢利及淨溢利於2017年仍錄得增長，按年分別上升6.4%及18.4%。資產質素保持良好，反映銀行採取審慎的借貸準則。

由於企業盈利改善，勞工市場向好，加上消費信心強勁，美國股市年內表現亮麗，各大指數均創新高。儘管預期美國聯儲局會於2018年上調美元利率，當地政府通過稅務改革法案，並推出放寬監管金融業措施，加上對美國推動投資基建的預期，令市場保持活躍。

展望未來，東亞銀行紐約及洛杉磯分行將致力優化及擴展其貸款組合，並針對鎖定財務實力雄厚及擁有市場領先地位的企業、發展前景樂觀的行業及位於主要城市的優質地產項目。

於2017年，儘管英國脫歐談判引起當地市場前景不明朗，本行英國業務於2017年繼續錄得增長，經營溢利及淨溢利較2016年分別上升13.1%及19.9%。英鎊貶值後，海外投資者持續湧入英國購買優質資產，特別是位處倫敦黃金地段的物業。東亞銀行英國分行將致力滿足這些客戶的投資需求。

除商業及住宅物業貸款外，英國分行將繼續分散其貸款組合，並努力尋求與內地、亞洲及國際上的其他銀行展開緊密合作，發展非物業貸款與不同行業的借貸商機。

新加坡的經營環境於2017年仍然充滿挑戰。新加坡分行的貸款組合較2016年底減少12.8%，主要由於中國相關貿易融資額持續減少，加上本行降低風險之策略，並集中擴闊息差而非增長貸款的決策所致。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

The Branch's business development efforts in the middle-to-large corporate segment will continue into 2018 and further extend to government-linked corporations. In addition, the Branch will focus on increasing fee revenue by strengthening the range of ancillary products cross-sold to mid-size and large corporations. Given the Bank's strong China presence and the role of Singapore as a key node in China's Belt and Road Initiative, the Branch will step up efforts to provide effective cross-border financial solutions arising from China's trade flows and investments in Southeast Asia.

Labuan Branch registered a solid 18.5% rise in its loan portfolio in 2017. Against the backdrop of keen competition on pricing and higher funding costs, the Branch's lending margins came under pressure. In 2018, the Branch will target to broaden its customer base by expanding regional syndicated and bilateral loans to larger new-to-bank local Malaysian clients. It will also pay special attention to Mainland clients, who are stepping up their investments in Malaysia in line with the Belt and Road Initiative. The Branch will also strive to expand its fee-generating business by focussing on bank guarantees and stand-by letters of credit.

Going forward, BEA's overseas branches will continue their focus on quality lending businesses with an emphasis on improving return on risk-weighted assets. In addition, the Bank's overseas network will continue to maintain close ties with BEA's Head Office, BEA China, as well as the Bank's strategic partners to capture opportunities from outbound investments by businesses based in Greater China.

Other Subsidiaries

BEA Union Investment Management Limited

BEA Union Investment recorded a 31.81% increase in AUM year-on-year in 2017. This growth was mainly due to the Company's continued success in penetrating both the retail and institutional client segments in Europe and Asia.

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

To strengthen its capability in China's capital market, BEA Union Investment actively participated in the Stock and Bond Connect programmes. In addition, BEA Union Investment set up an investment management wholly foreign-owned enterprise in Qianhai, Shenzhen to provide investment solutions to high-net worth clients on the Mainland.

Overseas, the Company extended its distribution to Switzerland via the Mutual Recognition of Funds Scheme between Hong Kong and Switzerland.

Credit Gain Finance Company Limited

On 29th November, 2017, the Bank and its wholly-owned subsidiary, Credit Gain Finance Company Limited, entered into two agreements with China Financial Services Holdings Limited (CFSH) and its wholly-owned subsidiary, KP Credit Gain Finance Company Limited (formerly QL Finance Company Limited), pursuant to which, CFSH agreed to purchase the equity interests of the Bank's subsidiaries in Mainland China carrying out consumer finance businesses and QL Finance agreed to purchase the consumer finance loan portfolio of Credit Gain in Hong Kong. The sale of the Hong Kong loan portfolio was completed on 19th December, 2017. Completion of the transfer of the subsidiaries' equity interests in China is subject to Mainland regulatory approvals.

2018年，新加坡分行將專注於拓展大中型企業業務，並進一步擴展至政府相關企業。此外，該分行亦將加強對大中型企業交叉銷售附屬產品，致力增加費用收入。憑藉本行雄厚的中國業務背景，加上新加坡亦是中國「一帶一路」倡議上的重要樞紐，新加坡分行將致力為中國企業在東南亞的貿易及投資提供高效的跨境金融方案。

納閩分行的貸款組合於2017年錄得18.5%的穩健增長。由於當地市場競爭激烈而且資金成本增加，納閩分行的貸款息差因而受壓。於2018年，該分行將致力為馬來西亞當地實力較雄厚的新客戶提供區域性銀團及雙邊企業貸款，從而擴大客戶群。隨著內地客戶追隨「一帶一路」倡議加大對馬來西亞的投資，納閩分行將特別留意這些內地客戶的需求。該分行亦將專注銀行擔保及備用信用證簽發服務，藉此擴展收費業務。

展望未來，東亞銀行各海外分行將繼續專注優質貸款業務及改善風險加權資產的回報。此外，各海外分行繼續與總行、東亞中國，以及本行的策略夥伴緊密合作，以把握大中華地區企業境外投資的機遇。

其他附屬公司

東亞聯豐投資管理有限公司

2017年，東亞聯豐投資的管理資產錄得31.81%的按年增長。東亞聯豐投資繼續成功擴大在歐洲及亞洲的零售及機構客戶群，成為增長的主要動力。

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

東亞聯豐投資為增強在中國資本市場的實力，積極參與滬深港通及債券通。此外，東亞聯豐投資已於深圳前海成立外商獨資投資管理企業，為內地高端客戶提供投資方案。

海外方面，東亞聯豐投資善用瑞士與香港基金互認安排，將分銷網絡延伸至瑞士。

領達財務有限公司

於2017年11月29日，本行及其全資附屬公司領達財務有限公司，與中國金融投資管理有限公司及其全資附屬公司港佳領達財務有限公司（前稱乾隆信貸有限公司）簽訂兩份協議，據此，中金投同意收購本行於中國內地從事消費金融業務的附屬公司的股權，乾隆信貸則同意收購領達財務於香港的消費金融貸款組合。香港貸款組合的出售已於2017年12月19日完成，而中國附屬公司的股權轉讓則須得到內地相關監管部門批准方可完成。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Our People

As of 31st December, 2017, the BEA Group's continuing operations employed 9,978 people:

Continuing Operations	As of 31st December, 2017	As of 31st December, 2016 Restated
Hong Kong	4,354	4,506
Mainland China	5,060	5,334
Overseas*	564	549
Total	9,978	10,389

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

During the year under review, the Bank stepped up efforts to provide employees with new opportunities and greater exposure to different areas of its business and operations. To this end, the Bank encouraged job rotation among staff members, and further enhanced coaching and training programmes. The Bank also reviewed its performance management system, with the aim of better aligning performance reviews to attainment of the Bank's business and governance objectives. To groom young talent into future leaders, the Bank offered career development programmes while a wide range of training was provided for staff, to aid them in their ongoing professional development and strengthen their people management and leadership competencies.

To help build staff relations and encourage a healthy work-life balance, the Bank's Staff Sports and Recreation Club organised numerous social and sports activities throughout the year.

RISK MANAGEMENT

Risk Management Framework

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

The Risk Committee stands at the highest level of the Group's risk governance structure under the Board. It consists of four independent non-executive directors (including the Chairman of the Committee) and two non-executive directors. The Risk Committee provides direct oversight over the formulation of the Group's institutional risk appetite, and sets the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

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

人力資源

東亞銀行集團於2017年12月31日來自持續經營業務的僱員人數為9,978人，分布如下：

來自持續經營業務	於2017年 12月31日	於2016年 12月31日 重報
香港	4,354	4,506
中國內地	5,060	5,334
海外*	564	549
總計	9,978	10,389

* 自2017年起，澳門及台灣業務歸類為海外業務，而2016年的比較數字經已重報。

回顧年內，本行為員工提供了更多接觸不同業務及營運範疇的機會。本行鼓勵員工參與職位輪調，並進一步加強指導工作及培訓課程。本行亦已檢討員工績效管理機制，令考績評核更符合本行的業務及管治目標。為培育年輕人才成為未來領袖，本行透過不同的職業發展計劃及多樣化的培訓課程，促進員工的持續專業發展，並提升他們的團隊管理及領導能力。

為促進員工之間的關係，並鼓勵他們在工作與生活之間取得平衡，本行的員工康體會於年內舉辦了多項康樂和體育活動。

風險管理

風險管理架構

按照金管局及其他監管者發出的規定，本集團已建立一個有效的風險管治及管理架構。該架構的構造令董事會及高層管理人員能夠以適當授權和制衡履行彼等的風險管理相關職責。該等職責包括根據本集團的業務策略及目標設定風險偏好、制定風險政策以管理上述策略的執行，並設立風險審批、控制、監控及補救的程序及限制。

風險委員會為本集團僅次於董事會的最高風險管治機構，成員包括四名獨立非執行董事（包括委員會主席）及兩名非執行董事。風險委員會直接監督本集團機構風險偏好的制定，並設定本集團就其財務能力、策略性指引、目前市況及監管要求而言可承擔的風險水平。

風險委員會亦確保本集團的風險偏好反映於政策及程序上，讓高層管理人員及相關的分處主管行使其業務職能時採納。透過本集團行政層面的各管理委員會（包括危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會），及在風險管理處的整體協調下，風險委員會定期檢討本集團的風險管理架構，確保根據現有政策運用適當資源完成所有與風險相關的重要任務。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Enterprise Risk Management

The Group has implemented an Enterprise Risk Management (“ERM”) framework. The ERM framework is promulgated with the objectives of identifying and managing potential risks in a holistic and effective manner, fulfilling the HKMA’s higher expectation for risk management of the Group as a Domestic Systemically Important Bank, and reinforcing the “Three Lines of Defence” risk management model.

The Group has adopted a “Three Lines of Defence” risk management structure to ensure that roles and responsibilities in regard to risk management within the Group are clearly defined.

The “Three Lines of Defence” model is summarised as follows:

- The first line of defence comprises the Risk Owners, who are division / department heads at Head Office and heads of significant subsidiaries, together with staff under their management. They are primarily responsible for the day-to-day risk management of their units, including establishing and executing specific risk control mechanisms and detailed procedures.
- The second line of defence consists of the Risk Controllers, who are designated division / department heads at Head Office. Supported by their respective divisions and departments, the Risk Controllers are responsible for setting out a risk management governance framework, monitoring risks independently and supporting the management committees in their oversight of risk management.
- The third line of defence is the Internal Audit Division, which is responsible for providing assurance on the effectiveness of the Group’s risk management framework including risk governance arrangements.

The Group Chief Risk Officer coordinates all risk management-related matters of the Group, works closely with the Risk Controllers on the formulation of risk management policies and exercises risk oversight at the Group level through a functional working relationship with all Risk Controllers and Risk Owners.

Principal Risks

The Group faces a variety of risks that could affect its franchise, operations, and financial conditions. Under the ERM framework, the principal risks include credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk, technology risk, business continuity risk, and new product and business risk.

The Group has formulated policies to identify, measure, monitor, control, and report on the various types of risk and, where appropriate, to allocate adequate capital to cover those risks. These policies are reviewed and enhanced on a regular basis to cater for market changes, statutory requirements, and best practices in risk management processes.

Measures have been adopted to manage and mitigate these risks. Moreover, these risk factors are taken into consideration when formulating the Group’s risk appetite statement.

企業風險管理

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

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

「三道防線」模式概述如下：

- 第一道防線為「風險負責人」，由總行各分處/部門主管及各重要附屬公司主管，連同其屬下職員組成，主要負責其單位的日常風險管理，包括特定風險管理機制及具體程序的設立及執行。
- 第二道防線為「風險監控人」，由總行指定分處/部門主管組成。在其單位的支援下，風險監控人負責制定風險管理管治架構、獨立監督風險及輔助各管理委員會監控風險管理。
- 第三道防線為稽核處。稽核處負責為本集團風險管理架構（包括風險管治安排）的有效性提供保證。

集團風險總監協調本集團所有風險管理相關事務，與各風險監控人就風險管理政策的制定緊密協作，並透過與所有風險監控人及風險負責人的職能工作關係，在集團層面監督風險。

主要風險

本集團面臨可能影響其品牌、營運及財務狀況的各類風險。在企業風險管理架構下，主要風險包括信貸風險、利率風險、市場風險、流動資金風險、營運風險、信譽風險、策略性風險、法律風險、合規風險、科技風險、持續業務運作風險及新產品及業務風險。

本集團已制定政策，以識別、衡量、監察、控制及匯報各類風險，並於適當的情況下調配資本以抵禦該等風險。相關政策均定期檢討及改善，以迎合市場轉變及法定要求，及達致風險管理程序的最佳做法。

本集團已採取措施，以管理及緩減上述風險。此外，本集團在編纂風險偏好報告書時已考慮該等風險因素。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Risk	Description	Management Measures
Credit	Risk of loss arising from a borrower or counterparty failing to meet its obligations	Establishment of comprehensive policies, guidelines, and manuals to set out credit control limits, delegated lending authorities, credit underwriting criteria, a credit monitoring process, an internal rating structure, credit recovery procedures, and a provisioning policy
Interest rate	Risk resulting from adverse movements in interest rates	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines, and manuals to set out control limits - In determining the level of interest rate risk, assessments are made for the re-pricing risk, basis risk, options risk, and yield curve risk components
Market	Risk arising from adverse movements in market factors such as interest rates, foreign exchange, equity prices, and commodities prices, which result in profits or losses for the Group	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines, and manuals to set out control limits - Measurement and monitoring of potential loss due to adverse price movements and market volatility
Liquidity	Risk that the Group may not be able to meet its obligations as they come due because of an inability to obtain adequate funding (funding liquidity risk); or that the Group cannot easily liquidate assets quickly without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk)	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines, and manuals to set out control limits and internal liquidity metrics - Conducting cash flow analysis to monitor funding needs - Contingency funding plan to clearly stipulate procedures and mitigating actions required to meet liquidity needs in crisis situations
Operational	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	Establishment of comprehensive policies, guidelines, and manuals to identify, assess, monitor, and report operational risk of the Bank Group systematically and effectively, such as setting out operational risk incident reporting, risk control self-assessment, key risk indicators, insurance policies, etc.
Reputation	Risk that the Group's reputation is damaged by one or more events that result in negative publicity about the business practices, conduct, or financial condition of the Group. Such negative publicity, whether true or not, may impair public confidence in the Group and may result in costly litigation or lead to a decline in its customer base, business, and / or revenue.	<ul style="list-style-type: none"> - Establishment of various policies, guidelines, manuals and codes to ensure compliance with applicable laws, rules and regulations, and to ensure that the Bank Group maintains a high standard of corporate governance, which in turn helps to safeguard and enhance the Group's reputation - Formulation of, and adherence to, the Reputation Risk Management Manual, which outlines a systematic approach to the management of reputation risk, including a framework for reputation risk identification, assessment, monitoring, mitigation and control, thereby protecting and enhancing the reputation of the Bank Group - Establishment of the Guidelines for Incident Response and Management for swift response to and management of unexpected incidents - Establishment of Media Guidelines to ensure effective and consistent delivery of the Group's key messages to the media
Strategic	Risk of current or potential impact on the Group's earnings, capital, reputation, or standing arising from changes in the environment the Group operates in, adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic, or technological changes	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines, and manuals, to set out control limits and measures - Active capital management through projection of the Capital Adequacy Ratio and Internal Capital Adequacy Assessment Process to assess the level and structure of capital resources needed to support the risks that the Group faces

高層管理人員報告書(續)

風險	說明	管理措施
信貸	因借款人或交易對手未能履行其責任而導致損失的風險	制定全面的政策、指引及手冊，載列信貸控制限額、信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收程序及撥備政策
利率	不利的利率變動帶來的風險	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊，載列控制限額 - 釐定利率風險水平時，對重訂息率風險、息率基準風險、期權風險及收益率曲線風險進行評估
市場	由市場因素，例如利率、外匯、股票價格及商品價格的不利變動而導致本集團溢利或虧損的風險	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊，載列控制限額 - 衡量及監控價格不利變動及市場波動可能造成的損失
流動資金	本集團因未能獲得充足資金投入而可能無法履行到期責任的風險（融資流動風險）；或因市場深度不足或市場失序，本集團在市場價格不大幅降低的情況下無法輕易迅速清算資產的風險（市場流動性風險）	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊，載列控制限額及內部流動資金標準 - 進行現金流量分析以監控資金需求 - 應急融資計劃，清晰制定在危機情況下所需的流動資金的程序及紓緩措施
營運	由於內部流程、人員和系統不足或缺陷，或因外部事件而導致損失的風險	制定全面的政策、指引及手冊，目的在於有系統及有效地識別、評估、監控及匯報本集團營運風險，例如載列營運風險事件匯報、風險控制自我評估、主要風險指標及保險政策等
信譽	因對本集團一項或多項有關營商規則、行為或財務狀況事件的負面報導而損及本集團信譽的風險。此等負面報導，不管真確與否，有可能影響公眾對本集團的信心，並且可能導致高昂的訴訟費用，或令本集團客戶、業務及/或收入減少	<ul style="list-style-type: none"> - 制定各項政策、指引、手冊及守則，確保遵守適用法例、規則及規例，同時確保本集團維持高水準的企業管治，藉此保障及提升本集團的信譽 - 制定並遵從信譽風險管理手冊，該手冊載錄對信譽風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制信譽風險的機制，藉此保護及提升本集團的信譽 - 建立事件應對及管理指引，快速應對並管理未能預期的事件 - 建立媒體指引，以確保有效及一致地將本集團的關鍵信息傳達予媒體
策略	因本集團營運環境變動、不良策略決策、決策實施不當或對工業、經濟或技術變動反應遲緩而對本集團盈利、資本、信譽或地位造成當前或潛在影響的風險	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊，載列控制限額及措施 - 透過預計資本充足比率及內部資本充足評估程序積極進行資本管理，評估支援本集團所面臨的風險所需的資本資源水平及結構

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Risk	Description	Management Measures
Legal	Risk of loss arising from unenforceable contracts, lawsuits, or adverse judgments that may disrupt or otherwise negatively affect the operations or financial condition of the Group	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines, and manuals - Provision of appropriate training courses conducted by qualified internal personnel and / or external lawyers / professionals and the issue of regular reminders to staff members - Engagement of qualified internal personnel and, when necessary and appropriate, external lawyers with appropriate expertise including counsel and senior counsel for advice
Compliance	Risk of potential losses arising from legal or regulatory sanctions, fines and penalties, financial losses or damage to reputation that the Bank Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its business activities	<ul style="list-style-type: none"> - Establishment of various policies, guidelines and manuals to ensure compliance with all applicable legislation, rules, codes of conduct, industry standards and guidelines issued by the relevant regulatory authorities that govern the Group's operations - Formulation of, and adherence to, the Group Compliance Risk Management Manual, which outlines a systematic approach to the management of compliance risk, including a framework for compliance risk identification, assessment, monitoring, mitigation and control, thereby enabling the Bank Group to manage its compliance risk effectively - Conduct of independent regulatory compliance reviews on major functions of the Bank using a risk-based approach
Technology	Risk of loss to the Group due to inadequate or failed technical processes, people and / or computing systems, or unauthorised access or disruption to technology resources, in particular relating to cyber security and e-banking	<ul style="list-style-type: none"> - Establishment of a technology risk management framework, supported by comprehensive control policies, standards, guidelines, and procedures - Adoption of control measures relating to the security of internet systems and applications, customer authentication, risk assessment for new products and services, and confidentiality and integrity of information
Business Continuity	Risk of loss arising from business disruptions in the event of an incident or crisis. Business disruption could be caused by the loss of staff members, information technology and telecommunication systems, premises, key service providers, vital records, etc.	<ul style="list-style-type: none"> - Establishment of comprehensive policies, guidelines and manuals - Conduct of business impact analysis and development of business continuity plans by all individual functional units of the Bank Group - Performance of annual drills to test preparedness and effectiveness of business continuity plans
New Product and Business	Risk of loss due to insufficient pre-assessment of significant potential risks introduced to the Group arising from the launch of new products, the structural change of existing products, and the establishment of new business operations (i.e. through the establishment of a new subsidiary and / or merger & acquisition). The significant potential risks include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Interest Rate Risk, Legal Risk, Technology Risk, Compliance Risk, Strategic Risk, Reputation Risk and Business Continuity Risk	<ul style="list-style-type: none"> - Establishment of a robust risk governance structure, supported by comprehensive policies, manuals, control guidelines and procedures - A structured process, which ensures that before initiating a new product or business, the potential significant risks are duly assessed, documented and vetted. The process also facilitates oversight of new products and businesses by Senior Management

高層管理人員報告書(續)

風險	說明	管理措施
法律	出現合約未能執行、訴訟或不利審判的情形，可能對本集團的日常運作或財務狀況造成擾亂或負面影響而導致損失的風險	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊 - 提供由合資格內部人員及/或外聘律師/專業人士講解的適當培訓課程，並定期提醒員工 - 諮詢合資格內部人士，並於必要及適當的情況下徵詢具備相應專業知識的外聘律師包括大律師及資深大律師的意見
合規	因法律及監管制裁、罰金或罰款、財務損失，或因未能遵守適用於本集團業務活動的法例、規例、規則、相關自律組織標準及行為守則，而可能導致本集團損失的風險	<ul style="list-style-type: none"> - 制定各項政策、指引及手冊，確保遵守所有適用法例、規則、行為守則、行業標準及有關監管機構發出的規管本集團營運的指引 - 制定並遵從集團合規風險管理手冊，該手冊載錄對合規風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制合規風險的機制，藉此令本集團有效地管理合規風險 - 採用風險為本的方式對本行主要職能進行獨立合規監察審查
科技	因技術程序、人員及/或計算系統不足或出現故障；或因未經授權使用或破壞技術資源（尤其在涉及網絡安全及電子銀行時）導致本集團損失的風險	<ul style="list-style-type: none"> - 建立科技風險管理機制，並以全面的控制政策、標準、指引及程序確保其實施 - 採納與網絡系統及應用程式安全、客戶身份驗證、新產品及服務風險評估、以及資料保密及完整性相關的控制措施
持續業務運作	事件或危機發生時業務中斷導致損失的風險。業務中斷可能由員工、資訊科技及電訊系統、行址、主要服務提供者、關鍵記錄等相關損失而引致	<ul style="list-style-type: none"> - 制定全面的政策、指引及手冊 - 本集團所有個別職能單位進行業務影響分析及制定業務持續規劃 - 每年演習測試業務持續規劃是否備妥及有效
新產品及業務	本集團在新產品推出、現有產品結構性變動及新業務運作（即透過設立新附屬公司及/或合併及收購）時，未充分預先評估其重大潛在風險，而導致本集團損失的風險。此等重大潛在風險包括信貸風險、市場風險、營運風險、流動資金風險、利率風險、法律風險、科技風險、合規風險、策略性風險、信譽風險及持續業務運作風險	<ul style="list-style-type: none"> - 建立穩健風險管治架構，並以全面的政策、手冊、控制指引及程序確保其實施 - 透過規範好的程序，確保在推出新產品或業務前對潛在重大風險作出適當評估、記錄及審批。此外，這亦有助高層管理人員監督新產品及業務

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Principal Uncertainties

The key uncertainties facing the Group in 2018 and the mitigating measures instituted are set out below:

Uncertainty	Description	Mitigating Measures
Economic conditions in the Group's major markets	<p>The Group's major markets are Hong Kong and Mainland China.</p> <p>Downturn in economic conditions in the major markets can adversely affect:</p> <ul style="list-style-type: none"> - the financial conditions and repayment ability of borrowers; - personal consumption and customer demand for banking products; and - collateral values. <p>The US Federal Reserve's decision to reduce its balance sheet and raise interest rates may impact customers' debt-servicing ability and property prices. In particular, the timing, frequency, and magnitude of US rate hikes may increase uncertainties concerning the slower pace of global economic growth, reversion of asset prices, foreign exchange markets and liquidity.</p>	<ul style="list-style-type: none"> - The business strategies take into consideration changing economic conditions. - Economic trends are closely monitored. - The suitability of risk management policies and controls are reviewed and updated on an ongoing basis.
Legal and regulatory changes	<p>In view of the increasingly complex operating environment, legal and regulatory requirements are becoming more stringent, which may impact the Group's business strategies, operations, funding and capital management.</p>	<ul style="list-style-type: none"> - The Group keeps abreast of legal and regulatory developments and will seek advice from external lawyers with appropriate expertise so as to comply with the legal and regulatory requirements. - The Group reviews consultation papers on new laws and regulations to assess their impact on the Group. Where appropriate, the Group will provide input to the regulators both directly and through industry groups.
External fraud	<p>External fraud has become more sophisticated and more difficult to prevent in a digital environment.</p>	<ul style="list-style-type: none"> - Control measures have been formulated to detect and prevent fraud. - The control measures are reviewed and enhanced on an ongoing basis, taking into consideration the causes of external fraud incidents and the changing technological environment.
Foreign exchange rate movement	<p>One of the major concerns for the Group in 2018 is a possible rebound in the value of the US dollar. Other concerns include the potential impact on exchange rates of Federal Reserve action to raise interest rates, the decision to reduce the Federal Reserve balance sheet, and political uncertainties such as tensions on the Korean Peninsula, the progress of Brexit negotiations, and the contentious political environment in the US.</p> <p>Another major challenge for the Group is the potential for adverse movement in the RMB. With a focus on deleveraging, it is expected that The People's Bank of China will manage interbank liquidity prudently. Any deterioration in credit / liquidity would unnerve market sentiment, leading to depreciation pressure on the RMB and higher volatility.</p> <p>Unexpected fluctuations in foreign exchange rates could affect:</p> <ul style="list-style-type: none"> - the value of the Group's foreign currency and capital positions; and - the wealth of the Group's customers and their repayment ability; it will also affect counterparty credit exposure of the derivative transactions. 	<ul style="list-style-type: none"> - The Group closely monitors exchange rate movements and has laid down policies to manage currency risk. - Regular stress tests are conducted to assess the impact of exchange rate movements on profit and loss and capital adequacy. - The Group closely observes market movements. The Group will monitor its businesses in China and regularly review the profile of customers with exposure to China and the RMB.

主要不明朗因素

本集團於2018年將面對的主要不明朗因素及其紓緩措施載列如下：

不明朗因素	說明	紓緩措施
本集團主要業務市場的經濟狀況	<p>本集團的主要業務市場為香港與中國內地。</p> <p>主要業務市場的經濟狀況下滑或會對以下造成負面影響：</p> <ul style="list-style-type: none"> - 借款人的財務狀況及還款能力； - 個人消費及客戶對銀行產品的需求；及 - 抵押品的價值。 <p>美國聯邦儲備局縮減其資產負債表及上調利率的決定可能對客戶供款能力及物業價格造成衝擊。其中，美國上調息率的時間、頻率及幅度可能會令全球經濟增長步伐放緩、資產價格逆轉、外匯市場及流動資金更添不明朗因素。</p>	<ul style="list-style-type: none"> - 業務策略中加入經濟狀況考量。 - 密切監察經濟趨勢。 - 持續檢討及更新風險管理政策及監控的適當性。
法律和監管上的變動	<p>鑑於營商環境越趨複雜，法律及監管規定變得更嚴格，因而可能對本集團的業務策略、業務經營、資金籌集及資本管理造成影響。</p>	<ul style="list-style-type: none"> - 本集團密切留意有關法律和監管的發展情況，並將徵詢具備相應專業知識的外聘律師的意見，以遵守法律和監管規定。 - 本集團檢視新訂法例及規例的諮詢文件以評估該等法例及規例對本集團的影響。在適當的情況下，本集團將直接或透過行業團體向監管機構提供意見。
外部詐騙	<p>外部詐騙手段變得更加複雜，在數碼化環境下可能更加難以預防。</p>	<ul style="list-style-type: none"> - 制定監控措施以偵察並預防詐騙。 - 持續檢討及改善監控措施，並會將外部詐騙事件原委及科技環境的改變納入考慮之內。
匯率變動	<p>本集團於2018年其中一個主要考慮為美元價格潛在的反彈。其他的考慮包括美國聯邦儲局上調息率對匯率的影響，美國進行縮減資產負債表，以及各政治不明朗因素，如朝鮮半島的緊張局勢、英國「脫歐」談判的進程及美國的抗爭政治環境。</p> <p>本集團面臨的另一項主要挑戰是人民幣可能出現不利變動。在過去槓桿的重點的情況下，中國人民銀行會審慎管理銀行拆借流動資金。信貸/流動資金轉差均會令市場情緒緊張，對人民幣造成貶值壓力及增加波動性。</p> <p>不能預期的匯率波動或影響：</p> <ul style="list-style-type: none"> - 本集團外幣持倉及資本的價值；及 - 本集團客戶的財富狀況及還款能力；匯率變動亦將影響衍生工具交易中的交易對手信貸承擔。 	<ul style="list-style-type: none"> - 本集團密切監察匯率變動，並已制定政策以管理貨幣風險。 - 定期進行壓力測試，以評估匯率變動對損益及對資本充裕程度的影響。 - 本集團緊貼市場變動。本集團將深入監察其中國業務，定期檢討具中國及人民幣風險承擔的客戶組合。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Certificates of Deposit, Debt Securities Issued, and Loan Capital

In 2017, BEA issued floating rate certificates of deposit and debt securities with a face value of US\$122 million; fixed rate certificates of deposit and debt securities with a face value of HK\$6,990 million, US\$857 million, CNY104 million, GBP266 million, EUR280 million, CHF40 million and JPY7,000 million; and zero coupon certificates of deposit and debt securities with a face value

of HK\$4,144 million, US\$4,445 million, CNY5,690 million, GBP546 million, EUR285 million, JPY4,000 million and CHF90 million. The Group redeemed a quantity of certificates of deposit and debt securities amounting to HK\$73,319 million equivalent upon maturity.

At the end of December 2017, the face value of the outstanding certificates of deposit and debt securities issued was equivalent to HK\$37,631 million, with a carrying amount equivalent to HK\$37,473 million.

Maturity Profile of Certificates of Deposit and Debt Securities Issued

As at 31st December, 2017

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity		
		2018	2019	2020
Floating Rate				
USD	122	102		20
Fixed Rate (Note)				
HKD	3,548	3,248	300	
USD	590	590		
CNY	104	104		
JPY	7,000	7,000		
CHF	40	40		
EUR	50	50		
Zero Coupon				
HKD	1,880	1,880		
USD	2,247	2,247		
CNY	2,190	2,190		
GBP	353	353		
JPY	4,000	4,000		
CHF	90	90		
EUR	35	35		
Total Certificates of Deposit and Debt Securities issued in HKD equivalent	37,631	37,175	300	156

Note:

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

In 2017, the Group redeemed a quantity of loan capital amounting to HK\$8,538 million equivalent.

At the end of December 2017, the face value of the outstanding loan capital issued was equivalent to HK\$12,501 million, with a carrying amount equivalent to HK\$12,413 million.

高層管理人員報告書(續)

已發行存款證、債務證券及借貸資本

2017年，本行發行了面值為1.22億美元的浮息存款證及債務證券；面值為港幣69.90億元、8.57億美元、人民幣1.04億元、2.66億英鎊、2.80億歐元、4,000萬瑞士法郎及70億日圓的定息存款證及債務證券；以及面值為港幣41.44億元、44.45億美元、人民幣56.90億元、5.46億英鎊、2.85億歐元、40.00億日圓

及9,000萬瑞士法郎的零息存款證及債務證券。本集團於到期時贖回各類存款證及債務證券達等值港幣733.19億元。

於2017年12月底，已發行在外的存款證及債務證券面值相等於港幣376.31億元，賬面值則相等於港幣374.73億元。

已發行存款證及債務證券的年期

於2017年12月31日
(以百萬元位列示)

	總面值	到期年份		
		2018	2019	2020
浮息				
美元	122	102		20
定息 (附註)				
港元	3,548	3,248	300	
美元	590	590		
人民幣	104	104		
日圓	7,000	7,000		
瑞士法郎	40	40		
歐元	50	50		
零息				
港元	1,880	1,880		
美元	2,247	2,247		
人民幣	2,190	2,190		
英鎊	353	353		
日圓	4,000	4,000		
瑞士法郎	90	90		
歐元	35	35		
所有已發行存款證及債務證券 (港元等值)	37,631	37,175	300	156

附註：

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

2017年，本集團贖回了達等值港幣85.38億元的借貸資本。

於2017年12月底，已發行的借貸資本面值相等於港幣125.01億元，賬面值則相等於港幣124.13億元。

REPORT OF THE SENIOR MANAGEMENT (CONTINUED)

Maturity Profile of Loan Capital

As at 31st December, 2017

(All expressed in millions of dollars)

	Total Face Value	Year of Maturity		
		2020	2024	2026
USD (Notes 1 & 2)	1,600	600	500	500
Total Loan Capital issued in HKD equivalent	12,501	4,689	3,906	3,906

Notes:

1. The US\$500 million loan capital that matures in 2024 will be callable on 20th November, 2019.

2. The US\$500 million loan capital that matures in 2026 will be callable on 3rd November, 2021.

COMPLIANCE

Compliance is an integral part of the Group's corporate governance. BEA is acutely aware of the potential risks of regulatory non-compliance, which could lead to legal or regulatory sanctions, supervisory actions or financial penalties imposed by regulators, financial losses, and/or the loss of reputation to the Group (i.e. compliance risk).

To address the growing compliance requirements, the Compliance Division is responsible for overseeing the regulatory compliance framework and monitoring the compliance risks for the Group; communicating new regulatory requirements to affected units; delivering compliance advice for the implementation of relevant regulations; conducting regulatory compliance reviews on a risk-based approach; and regularly reporting compliance matters to the Group's management committees. Any significant compliance issues, including those related to anti-money laundering and counter-terrorist financing, are also reported to the Risk Committee and the Board of Directors via the Operational Risk Management Committee. Through the support of the Risk and Compliance Function established in the Bank's business, functional, and operations units, which act as the first line of defence against regulatory non-compliance, a comprehensive and efficient compliance risk management framework is maintained within the Group.

In view of the increasing demand on banks to comply with new and tighter regulations – including those related to anti-money laundering and counter-terrorist financing; the Foreign Account Tax Compliance Act of the United States of America; new legislation in Hong Kong for implementing the international standard on the automatic exchange of financial account information in tax matters; and cross-border business, personal data protection, insurance and investment products sales practices, etc. – BEA expects compliance requirements to remain unavoidably high in the coming years.

By order of the Board
David LI Kwok-po
 Chairman & Chief Executive

Hong Kong, 22nd February, 2018

借貸資本的年期

於2017年12月31日
(以百萬元位列示)

	總面值	到期年份		
		2020	2024	2026
美元(附註1及2)	1,600	600	500	500
所有已發行借貸資本(港元等值)	12,501	4,689	3,906	3,906

附註：

1. 將於2024年到期的5億美元借貸資本於2019年11月20日可贖回。
2. 將於2026年到期的5億美元借貸資本於2021年11月3日可贖回。

合規

合規乃本集團企業管治的重要組成元素。本行確切理解因違反監管要求而引致的潛在合規風險，其中包括法律及監管制裁、監管機構作出的監管行動或經濟懲罰、財務損失，及/或對本集團之信譽損害(即合規風險)。

為應付不斷發展的合規要求，合規處負責監察合規架構及監察本集團面對的合規風險、傳達新監管規定要求至有關單位、為落實各合規要求提供建議、以風險為本的方針進行合規監察審查，及定期向本集團管理委員會匯報合規事宜。就任何重要合規事宜，包括有關打擊洗錢及反恐怖主義融資之事宜，亦會由營運風險管理委員會向風險委員會及董事會作出匯報。透過本行於各業務、職能及營運單位內設置的風險及合規功能作為確保合規的第一道防線，本集團得以維持一個全面及有效的合規風險管理架構。

鑑於銀行需要遵守的新訂立及加強規管要求日趨增加，其中包括與反洗錢及反恐怖主義融資相關的規定、美國《海外賬戶稅收合規法案》、香港關於實施就稅務事宜自動交換財務賬戶資料的國際標準的新規定、以及跨境業務、個人資料保護、銷售保險及投資產品等之相關規定，本行預期在未來就合規的有關要求將無可避免地維持於高水平。

承董事會命
主席兼行政總裁
李國寶

香港，2018年2月22日

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員的個人資料

DIRECTORS



Dr. the Hon. Sir David LI Kwok-po

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

Chairman & Chief Executive and Member of the Nomination Committee

Sir David, aged 79, joined the Bank in 1969. He was appointed a Director in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997. Sir David is the Chairman or a Director of various members of the Bank Group, and he is also the Chairman or a Member of various board committees of the Bank and its Group members.

Sir David is an Independent Non-executive Director of Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels, Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited and Vitasoy International Holdings Limited. He is also a Director of Hong Kong Interbank Clearing Limited. He was an Independent Non-executive Director of SCMP Group Limited (now known as Great Wall Pan Asia Holdings Limited).

Sir David is a Member of the Council of the Treasury Markets Association. He is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command and Chairman of the Executive Committee of St. James' Settlement. He was a Member of the Legislative Council of Hong Kong from 1985 to 2012.

Sir David is the brother of Professor Arthur LI Kwok-cheung, the cousin of Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the father of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun.

董事

李國寶爵士

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

主席兼行政總裁及提名委員會委員

李爵士，現年79歲，在1969年加入本行，1977年任董事，1981年任行政總裁，1995年任副主席，繼而於1997年獲委任為主席。李爵士亦出任本集團內其他公司的主席或董事，以及本行董事會及多個集團成員董事會轄下委員會之主席或委員。

李爵士是粵海投資有限公司、香港中華煤氣有限公司、香港上海大酒店有限公司、電訊盈科有限公司、香港生力啤酒廠有限公司及維他奶國際集團有限公司之獨立非執行董事。他亦為香港銀行同業結算有限公司之董事。他曾出任南華早報集團有限公司（現稱為長城環亞控股有限公司）之獨立非執行董事。

李爵士是財資市場公會的議會成員。他是劍橋之友香港有限公司之創立主席、救世軍港澳軍區顧問委員會主席及聖雅各福群會執行委員會主席。他在1985年至2012年期間曾出任香港立法會議員。

李爵士是李國章教授之胞兄、李國星先生及李國仕先生之堂兄、李民橋先生及李民斌先生之父親。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Professor Arthur LI Kwok-cheung

GBM, GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LL.D (Hon), Hon Doc (Soka), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP

Deputy Chairman, Non-executive Director and Member of the Remuneration Committee

Professor Li, aged 72, was a Director of the Bank (1995-2002) and was re-appointed a Director in 2008 and was appointed a Deputy Chairman in 2009.

Professor Li is a Member of the Executive Council of the Hong Kong Special Administrative Region ("HKSAR") (he was also a Member from 2002 to June 2007 and from July 2012 to June 2017). He is a Member of the National Committee of the Chinese People's Political Consultative Conference. Professor Li is also the Chairman of the Council for Sustainable Development of the Government of HKSAR and the Chairman of the Council of the University of Hong Kong.

Professor Li is an Independent Non-executive Director of Shangri-La Asia Limited and Nature Home Holding Company Limited, and a Non-executive Director (from May 2010 to December 2014, and was re-appointed on 20th January, 2016) of BioDiem Ltd. (delisted from Australian Securities Exchange in November 2013). He was a Director of CaixaBank, S.A. (listed in Spain).

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

Professor Li had held many important positions in various social service organisations, medical associations, and educational bodies, including the Education Commission, Committee on Science and Technology, the Hospital Authority, the Hong Kong Medical Council, the University Grants Committee, the College of Surgeons of Hong Kong, and the United Christian Medical Services Board. He was a Member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and the Hong Kong Applied Science and Technology Research Institute, and Vice President of the Association of University Presidents of China. He was a Hong Kong Affairs Adviser to China.

Professor Li is the brother of Dr. the Hon. Sir David LI Kwok-po, the cousin of Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the uncle of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun.

李國章教授

GBM, GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LL.D (Hon), Hon Doc (Soka), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP

副主席，非執行董事及薪酬委員會委員

李教授，現年 72 歲，曾任本行董事（1995 年至 2002 年）及在 2008 年再獲委任為本行董事，並於 2009 年獲委任為副主席。

李教授是香港特別行政區行政會議成員（他在 2002 年至 2007 年 6 月及 2012 年 7 月至 2017 年 6 月亦曾出任此職）。他是中國人民政治協商會議全國委員會委員。李教授亦是香港特別行政區可持續發展委員會主席及香港大學校務委員會主席。

李教授現為香格里拉（亞洲）有限公司及大自然家居控股有限公司之獨立非執行董事及 BioDiem Ltd.（已於 2013 年 11 月在澳洲證券交易所除牌）之非執行董事（2010 年 5 月至 2014 年 12 月，並於 2016 年 1 月 20 日再獲委任）。他曾出任 CaixaBank, S.A.（在西班牙上市）之董事。

李教授曾任香港特別行政區教育及統籌局局長（2002 年至 2007 年 6 月）。在此之前，他亦曾出任香港中文大學校長（1996 年至 2002 年），以及香港中文大學醫學院外科學系主任和醫學院院長。

李教授曾於多個社會服務機構、醫務及教育組織擔任重要職位，其中包括教育統籌委員會、科技委員會、香港醫院管理局、香港醫務委員會、大學教育資助委員會、香港外科醫學院，以及基督教聯合醫院醫務協會董事會。他亦曾任香港科技園及香港應用科技研究有限公司董事、中國大學校長聯誼會副會長，以及港事顧問。

李教授是李國寶爵士之胞弟、李國星先生及李國仕先生之堂兄、李民橋先生及李民斌先生之叔父。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. Allan WONG Chi-yun

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

Dr. Wong, aged 67, was appointed a Director in 1995 and a Deputy Chairman in 2009. He is the Chairman and Group Chief Executive Officer of VTech Holdings Limited. Dr. Wong is an Independent Non-executive Director of China-Hongkong Photo Products Holdings Ltd., Li & Fung Ltd and MTR Corporation Limited.

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

黃子欣博士

GBS, MBE, BSc, MSEE, Hon. DTech, JP
 副主席，獨立非執行董事，提名委員會主席，審核委員會、薪酬委員會及風險委員會委員

黃博士，現年67歲，在1995年獲委任為本行董事，並於2009年獲委任為副主席。他是偉易達集團主席兼集團行政總裁。黃博士為中港照相器材集團有限公司、利豐有限公司及香港鐵路有限公司之獨立非執行董事。

黃博士持有香港大學電機工程系理學士學位、美國麥迪遜威斯康辛大學電機及電腦工程科學碩士學位及香港理工大學頒授榮譽科技博士學位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Aubrey Li Kwok-sing

ScB, MBA

Non-executive Director and Member of the Risk Committee

Mr. Li, aged 68, was appointed a Director in 1995. He is Chairman of IAM Holdings (Hong Kong) Limited and Chairman of the Advisory Board of MCL Financial Group Limited, both Hong Kong based investment firms. Mr. Li possesses extensive experience in the fields of investment banking, merchant banking and capital markets. He is also an Independent Non-executive Director of Cafe de Coral Holdings Limited, Kunlun Energy Company Limited, Kowloon Development Co. Ltd, Pokfulam Development Company Limited and Tai Ping Carpets International Limited. He was an Independent Non-executive Director of China Everbright International Limited.

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

Mr. Li is the cousin of Dr. the Hon. Sir David Li Kwok-po, Professor Arthur Li Kwok-cheung and Mr. Stephen Charles Li Kwok-sze, and the uncle of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

李國星先生

ScB, MBA

非執行董事及風險委員會委員

李先生，現年68歲，在1995年獲委任為本行董事。他是星安控股有限公司主席及偉業金融集團有限公司顧問委員會之主席，兩者都是以香港為基地的投資公司。李先生於投資銀行、商人銀行及資本市場界具廣泛經驗。他又為大家樂集團有限公司、昆侖能源有限公司、九龍建業有限公司、博富臨置業有限公司及太平地氈國際有限公司之獨立非執行董事。他曾出任中國光大國際有限公司之獨立非執行董事。

李先生持有布朗大學土木工程學士學位，及哥倫比亞大學工商管理碩士學位。

李先生是李國寶爵士及李國章教授之堂弟、李國仕先生之堂兄、李民橋先生及李民斌先生之堂叔父。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED) 董事及高層管理人員的個人資料(續)



Mr. Winston LO Yau-lai

SBS, BSc, MSc
Non-executive Director

Mr. Lo, aged 76, was appointed a Director in 2000. He is the Executive Chairman of Vitasoy International Holdings Limited.

Mr. Lo graduated from the University of Illinois with a Bachelor of Science degree in Food Science and gained his Master of Science degree in Food Science from Cornell University.

Mr. Lo is the Chairman of Ping Ping Investment Company Ltd. He is an Honorary Court Member of the Hong Kong University of Science and Technology and a Life Member of Cornell University Council.

羅友禮先生

SBS, BSc, MSc
非執行董事

羅先生，現年 76 歲，在 2000 年獲委任為本行董事。他是維他奶國際集團有限公司執行主席。

羅先生畢業於伊利諾大學，獲食物科學理學學士學位，並獲康乃爾大學頒授食物科學理學碩士學位。

羅先生為平平置業有限公司主席。他是香港科技大學顧問委員會榮譽委員及康乃爾大學校董會終身校董。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Stephen Charles LI Kwok-sze

BSc (Hons.), ACA
Non-executive Director

Mr. Li, aged 58, was appointed a Director in 2006. He is a Member of the Institute of Chartered Accountants in England and Wales. Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King's College, University of London, U.K. He is a Director of a hedge fund based in Europe and Affin Hwang Investment Bank Berhad. He has extensive experience in investment banking, having held senior capital markets positions with international investment banks in London and Hong Kong.

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

Mr. Li is the cousin of Dr. the Hon. Sir David LI Kwok-po, Professor Arthur LI Kwok-cheung and Mr. Aubrey LI Kwok-sing, and the uncle of Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun.

李國仕先生

BSc (Hons.), ACA
非執行董事

李先生，現年58歲，在2006年獲委任為本行董事。他是英國及威爾斯特許會計師公會會員。李先生持有英國倫敦大學King's College數學(榮譽)理學士學位。他出任一家以歐洲為基地的對沖基金及 Affin Hwang Investment Bank Berhad的董事。他在投資銀行方面擁有豐富經驗，並曾出任倫敦及香港國際投資銀行資本市場要職。

李先生現為凱瑟克基金的執行委員會成員及義務司庫。

李先生是李國寶爵士、李國章教授及李國星先生之堂弟、李民橋先生及李民斌先生之堂叔父。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. Isidro FAINÉ CASAS

Non-executive Director and Member of the Nomination Committee

Dr. Fainé, aged 75, was appointed a Director in 2009.

Dr. Fainé is the Chairman of the Board of trustees of the Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation ^{Note 1} (hereinafter "la Caixa" Banking Foundation).

Dr. Fainé is the Chairman of Criteria Caixa, S.A. Sociedad Unipersonal ^{Note 1} (hereinafter Criteria Caixa). Criteria Caixa is a non-listed holding company fully controlled by the "la Caixa" Banking Foundation, which manages all of the group's shareholdings in strategic sectors, including financial, energy, infrastructure, services, and real estate. Within financial sector, it has a stake in CaixaBank, S.A. (listed in Spain), the leading financial group in the Spanish retail banking market.

Dr. Fainé currently holds chairmanships and directorships in other listed companies, where "Criteria Caixa Group" has an interest, as follows:

- (i) Deputy Chairman of Telefónica, S.A. (integrated operator in the telecommunication sector, listed in Spain)
- (ii) Board Member of Suez, S.A. (an expert group in water and waste management, listed in France and Brussels)

Dr. Fainé was Director and Chairman of the Board of Gas Natural SDG, S.A. (listed in Spain) until 6th February, 2018, when he was appointed Honorary Chairman. He was also Second Vice Chairman of Sociedad General de Aguas de Barcelona, S.A., and First Vice Chairman of Repsol, S.A. (listed in Spain) until September 2016, a Director of Grupo Financiero Inbursa, S.A.B. de C.V. (listed in Mexico) until 2011 and a Board Member of Banco BPI, S.A. (listed in Portugal) until October 2016. Dr. Fainé was Chairman of Abertis Infraestructuras, S.A. until 11th May 2009 when he was appointed First Vice Chairman, position that he held until 17th February, 2015. Dr. Fainé remained as Director of the company until 15th May, 2015, when he ceased on his position in Abertis Infraestructuras, S.A..

范禮賢博士

非執行董事及提名委員會委員

范博士，75歲，在2009年獲委任為本行董事。

范博士為 Caixa d'Estalvis i Pensions de Barcelona "la Caixa" Banking Foundation ^{註1} (以下稱為「"la Caixa" Banking Foundation」) 的信託委員會之主席。

范博士現時為 Criteria Caixa, S.A. Sociedad Unipersonal ^{註1} (以下稱為「"Criteria Caixa"」) 之主席。Criteria Caixa 為一家由 "la Caixa" Banking Foundation 全權控制的非上市控股公司，管理集團內所有策略性業務，包括金融、能源、基建、服務及房地產。在金融業務上，"la Caixa" Banking Foundation 持有 CaixaBank, S.A. (在西班牙上市) 的股權，CaixaBank, S.A. 為一家在西班牙零售銀行業中具領導地位的金融集團。

范博士目前還在其他上市公司 (Criteria Caixa 集團擁有該等公司的權益) 擔任主席及董事職務，詳情如下：

- (i) Telefónica, S.A. 副主席，該公司在西班牙上市，為電訊業之一家綜合經營公司
- (ii) Suez, S.A. 董事，該公司在法國及布魯塞爾上市，為主要從事水資源及廢物處理之專業集團

范博士曾擔任 Gas Natural SDG, S.A. 董事兼董事會主席 (在西班牙上市) 直至2018年2月6日，並於同日獲委任為名譽主席。他亦曾是 Sociedad General de Aguas de Barcelona, S.A. 第二副主席及 Repsol, S.A. (在西班牙上市) 第一副主席直至2016年9月；Grupo Financiero Inbursa, S.A.B. de C.V. (在墨西哥上市) 董事直至2011年及 Banco BPI, S.A. (在葡萄牙上市) 董事直至2016年10月。范博士曾是 Abertis Infraestructuras, S.A. 主席，並於2009年5月11日獲委任為第一副主席直至2015年2月17日止。范博士留任為該公司的董事直至2015年5月15日為止。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)

Dr. Fainé is a Member of the Royal Academy of Economics and Finance and of the Royal Academy of Doctorate Holders, Chairman of the Spanish Confederation of Savings Banks (CECA), Chairman of the European Savings Banks Group (ESBG) and Deputy Chairman of the World Savings Banks Institute (WSBI). He is also Chairman of the Spanish Confederation of Directors and Executives (CEDE), the Spanish Chapter of the Club of Rome and the Círculo Financiero. Dr. Fainé is also a Member of the Board of Trustees of the Prado Museum.

Dr. Fainé began his professional banking career as Investment Manager for Banco Atlántico in 1964, later becoming General Manager of Banco de Asunción in Paraguay in 1969. On his return to Barcelona, he held various managerial posts in financial entities: Head of Human Resources at Banca Riva y García (1973), CEO of Banca Jover (1974) and CEO of Banco Unión (1978).

Dr. Fainé joined “la Caixa” and was appointed Deputy Executive General Manager in 1982. He was appointed CEO in 1999 and was further appointed Chairman of Caixa d’Estalvis i Pensions de Barcelona “la Caixa” from June 2007 to June 2014. In June 2014, “la Caixa” becomes “la Caixa” Banking Foundation, in compliance with the Savings Banks and Banking Foundations Law of 27th December, 2013. He was a member of the Board of Directors of CaixaBank, S.A. (listed in Spain) since 2011, presiding from 2011 until his resignation in June 2016.

Among other academic and professional qualifications, Dr. Fainé holds a PhD in Economics, an International Senior Managers Program certificate in Business Administration from Harvard University, and a Diploma in Executive Management from the IESE Business School.

范博士是皇家經濟及金融學院 (Royal Academy of Economics and Finance) 及皇家博士學位持有人學院 (Royal Academy of Doctorate Holders) 的成員、西班牙儲蓄銀行聯盟 (CECA) 主席、歐洲儲蓄銀行集團 (ESBG) 主席、世界儲蓄銀行協會 (WSBI) 副主席。他亦是西班牙董事及行政人員聯合會 (CEDE)、羅馬俱樂部西班牙分會及 Círculo Financiero 的主席。范博士亦是普拉多博物館的信託委員會成員。

范博士早於 1964 年開始其專業銀行事業，在 Banco Atlántico 擔任投資經理，其後於 1969 年在巴拉圭 Banco de Asunción 擔任總經理。在返回巴塞羅那後，他曾在多家金融機構擔任管理職務：於 1973 年在 Banca Riva y García 擔任人力資源主管，於 1974 年在 Banca Jover 擔任行政總裁，以及於 1978 年在 Banco Unión 擔任行政總裁。

范博士於 1982 年加入西班牙巴塞羅那儲蓄銀行 (“la Caixa”)，並獲委任為副執行總經理。於 1999 年，他獲委任為該公司行政總裁，並且於 2007 年 6 月至 2014 年 6 月出任 Caixa d’Estalvis i Pensions de Barcelona “la Caixa” 主席一職。於 2014 年 6 月，為符合 2013 年 12 月 27 日儲蓄銀行和銀行基金會法例，“la Caixa” 成為 “la Caixa” Banking Foundation。范博士由 2011 年開始出任 CaixaBank, S.A. (在西班牙上市) 主席兼董事會成員直至 2016 年 6 月。

除其他學術及專業資格外，范博士持有經濟學博士學位、哈佛大學頒發的國際高級經理項目 (工商管理) 文憑資格以及 IESE 商學院頒發的行政管理文憑。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. Peter LEE Ka-kit

GBS, DBA (Hon), JP

Non-executive Director and Member of the Remuneration Committee

Dr. Lee, aged 54, was appointed a Director in 2013. Dr. Lee is a Member of the Standing Committee of the 12th National Committee of the Chinese People's Political Consultative Conference. He is the Vice Chairman of Henderson Land Development Company Limited and Henderson Investment Limited, both of which are listed public companies, as well as Henderson Development Limited. He is also a Non-executive Director of The Hong Kong and China Gas Company Limited.

Dr. Lee has been appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region and awarded an Honorary University Fellowship by The University of Hong Kong since 2009. He was awarded an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in July 2014. He was awarded the Gold Bauhinia Star (GBS) in 2015 by the Government of the Hong Kong Special Administrative Region. He is a member as well as the Chairman of the Board of Directors of One Country Two Systems Research Institute. He was educated in the United Kingdom.

李家傑博士

GBS, DBA (Hon), JP

非執行董事及薪酬委員會委員

李博士，54歲，於2013年獲委任為董事。李博士為中國人民政治協商會議第十二屆全國委員會常務委員。他為恒基兆業地產有限公司及恒基兆業發展有限公司之副主席，而該兩間公司均為上市公司，他亦為恒基兆業有限公司之副主席。他亦是香港中華煤氣有限公司之非執行董事。

李博士自2009年獲香港特別行政區政府委任為太平紳士及香港大學頒授名譽大學院士銜。他於2014年7月獲愛丁堡龍比亞大學頒授榮譽工商管理博士，及於2015年獲香港特別行政區政府頒授金紫荊星章(GBS)。他是一國兩制研究中心理事會成員兼主席。他曾在英國接受教育。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Adrian David LI Man-kiu

MA (Cantab), MBA, LPC, JP
Executive Director & Deputy Chief Executive

Mr. Li, aged 44, was appointed a Director in 2014. He first joined the Bank in 2000 as General Manager & Head of Corporate Banking Division. In April 2009, he was appointed Deputy Chief Executive for Hong Kong Business, assisting the Chief Executive in the overall management and control of the Bank Group. He serves as a Director of several members of the Bank Group, and sits on various board committees of the Bank and its Group members.

Mr. Li is currently an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited and Tsim Sha Tsui Properties Limited), China State Construction International Holdings Limited and COSCO SHIPPING Ports Limited, and is a Non-executive Director of The Berkeley Group Holdings plc (listed in London). He also serves as a Member of the International Advisory Board of Abertis Infraestructuras, S.A. (listed in Spain). He was previously an Alternate Independent Non-executive Director of San Miguel Brewery Hong Kong Limited, an Independent Non-executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd (which is dual listed in Hong Kong and Shanghai) and Sino Hotels (Holdings) Limited.

Mr. Li is a Member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is also a Board Member of The Community Chest of Hong Kong, a Member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority, a Trustee of The University of Hong Kong's occupational retirement schemes, an Advisory Committee Member of the Hong Kong Baptist University's School of Business and a Vice President of The Hong Kong Institute of Bankers' Council. Furthermore, he serves as a Member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 13th National People's Congress. He also sits on the Judging Panel of the BAI Global Innovation Awards. Mr. Li was previously a Member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a Member of the All-China Youth Federation and Deputy Chairman of the Beijing Youth Federation.

Mr. Li holds a Master of Management Degree from Kellogg School of Management, Northwestern University in the US, and a Master of Arts Degree and Bachelor of Arts Degree in Law from the University of Cambridge in Britain. He is a Member of The Law Society of England and Wales, and The Law Society of Hong Kong.

Mr. Li is the son of Dr. the Hon. Sir David LI Kwok-po, the nephew of Professor Arthur LI Kwok-cheung, Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the brother of Mr. Brian David LI Man-bun.

李民橋先生

MA (Cantab), MBA, LPC, JP
執行董事兼副行政總裁

李先生，現年44歲，於2014年獲委任為董事。他在2000年加入本行為總經理兼企業銀行主管，其後於2009年4月獲任命為副行政總裁，主要負責本行的香港業務，並協助行政總裁處理本集團之整體運作及管理。他同時亦出任本集團內多間公司的董事，並為本行董事會及多個集團成員董事會轄下委員會的委員。

李先生現任信和集團旗下兩間上市公司（信和置業有限公司及尖沙咀置業集團有限公司）、中國建築國際集團有限公司及中遠海運港口有限公司之獨立非執行董事，以及 The Berkeley Group Holdings plc（在倫敦上市）之非執行董事。他亦是西班牙上市公司 Abertis Infraestructuras, S.A. 之國際諮詢委員會成員。他曾出任香港生力啤酒廠有限公司之替代獨立非執行董事、上海復星醫藥（集團）股份有限公司（在香港及上海上市）及信和酒店（集團）有限公司之獨立非執行董事。

李先生現為中國人民政治協商會議安徽省委員會委員及香港青年聯會參事。他是香港公益金董事、香港強制性公積金計劃管理局強制性公積金行業計劃委員會委員，亦是香港大學職業退休計劃受託人、香港浸會大學工商管理學院諮詢委員會成員及香港銀行學會議會副會長。此外，他為負責推選香港特別行政區行政長官之選舉委員會委員，及香港特別行政區第十三屆全國人民代表大會代表選舉會議成員。他亦是 BAI Global Innovation Awards 之評審團成員。李先生曾出任中國人民政治協商會議廣東省委員會委員、中華全國青年聯合會港區特邀委員及北京市青年聯合會副主席。

李先生持有美國西北大學凱洛格管理學院工商管理碩士學位、英國劍橋大學法學院碩士及學士學位。他是英國律師會及香港律師會會員。

李先生是李國寶爵士之兒子、李國章教授之姪兒、李國星先生及李國仕先生之堂姪，以及李民斌先生之胞兄。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Brian David LI Man-bun

MA (Cantab), MBA, FCA, JP

Executive Director & Deputy Chief Executive

Mr. Li, aged 43, was appointed a Director in 2014. He joined the Bank Group in 2002. He was General Manager & Head of Wealth Management Division of the Bank from July 2004 to March 2009. In April 2009, he was appointed Deputy Chief Executive, primarily responsible for the Bank's China and international businesses, and assisting the Chief Executive in the overall management and control of the Bank Group. He serves as a Director of several members of the Bank Group, and sits on various board committees of the Bank and its Group members.

Mr. Li is currently an Independent Non-executive Director of Towngas China Company Limited, Hopewell Highway Infrastructure Limited and China Overseas Land & Investment Limited.

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference, a Council Member of the Hong Kong Trade Development Council, Chairman of the Traffic Accident Victims Assistance Advisory Committee of the Government of Hong Kong Special Administrative Region ("HKSARG"), a Member of the HKSARG Aviation Development and Three-runway System Advisory Committee and a Member of Market Development Committee, Financial Services Development Council of the HKSARG.

He is a Council Member of The Hong Kong Management Association, a Member of the Hong Kong-Europe Business Council, a Member of the Hong Kong-Taiwan Business Co-operation Committee, and a Committee Member of the Hong Kong Chapter, the Institute of Chartered Accountants in England and Wales (the "ICAEW"). He is also a Vice Chairman of the Asian Financial Cooperation Association and a Member of the Financial Consulting Committee for Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Full Member of the Treasury Markets Association. Mr. Li is also a Fellow of the ICAEW. He holds an MBA degree from Stanford University as well as MA and BA degrees from the University of Cambridge.

Mr. Li is the son of Dr. the Hon. Sir David LI Kwok-po, the nephew of Professor Arthur LI Kwok-cheung, Mr. Aubrey LI Kwok-sing and Mr. Stephen Charles LI Kwok-sze, and the brother of Mr. Adrian David LI Man-kiu.

李民斌先生

MA (Cantab), MBA, FCA, JP

執行董事兼副行政總裁

李先生，現年43歲，於2014年獲委任為董事。他在2002年加入本集團，2004年7月至2009年3月期間出任本行總經理兼財富管理處主管，於2009年4月獲任命為副行政總裁，主要負責本行的中國及國際業務，並協助行政總裁處理本集團之整體運作及管理。他亦是本集團內若干公司的董事，並為本行董事會及多個集團成員董事會轄下委員會的委員。

李先生現為港華燃氣有限公司、合和公路基建有限公司及中國海外發展有限公司的獨立非執行董事。

李先生現擔任多項公職及榮譽職務，包括：中國人民政治協商會議全國委員會委員、香港貿易發展局理事會成員、香港特別行政區政府（「香港特區政府」）交通意外傷亡援助諮詢委員會主席、香港特區政府航空發展與機場三跑道系統諮詢委員會成員，以及香港特區政府金融發展局市場推廣小組成員。

此外，李先生為香港管理專業協會理事會委員、香港歐洲商務委員會委員、香港-台灣商貿合作委員會委員，和英格蘭及威爾士特許會計師協會香港分會委員會委員。他亦為亞洲金融合作協會副理事長，以及深圳市前海深港現代服務業合作區管理局金融專業諮詢委員會委員。

李先生為香港會計師公會資深會計師和財資市場公會專業會員，以及英格蘭及威爾士特許會計師協會資深會員，並獲美國斯坦福大學工商管理碩士學位，和英國劍橋大學文學碩士及學士學位。

李先生是李國寶爵士之兒子、李國章教授之姪兒、李國星先生及李國仕先生之堂姪，以及李民橋先生之胞弟。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. Daryl NG Win-kong

BA, MSc, DHL, JP

Non-executive Director and Member of the Risk Committee

Dr. Ng, aged 39, was appointed a Director in 2015. He is currently an Executive Director and Deputy Chairman of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited.

Dr. Ng holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York and an Honorary Doctor of Humane Letters Degree from Savannah College of Art and Design. He was awarded an Honorary University Fellowship by The Open University of Hong Kong in 2016.

Dr. Ng is a member of the Global Leadership Council of Columbia University in the City of New York, a member of the 10th Sichuan Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the 12th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is the Vice Chairman of Hong Kong United Youth Association, a member of the Social Welfare Advisory Committee of the Government of Hong Kong Special Administrative Region ("HKSARG"), a member of the Executive Committee of Hong Kong Sheng Kung Hui Welfare Council Limited, a co-opted member of the Community Care Fund Task Force of Commission on Poverty of HKSARG, a member of the Council for Sustainable Development of HKSARG, a member of the Court of the Hong Kong University of Science and Technology, a member of the Council of the University of Hong Kong, a Council Member of The Hong Kong Management Association, a Council Member of the Hong Kong Committee for UNICEF, a member of NUS Medicine International Council (NIC) at the Yong Loo Lin School of Medicine of National University of Singapore, a member of the Board of M Plus Museum Limited, a Board Member of National Heritage Board, Singapore, a Director of The Real Estate Developers Association of Hong Kong and a Director of The Community Chest of Hong Kong.

黃永光博士

BA, MSc, DHL, JP

非執行董事及風險委員會委員

黃博士，39歲，於2015年獲委任為董事。他現時為信和置業有限公司、尖沙咀置業集團有限公司及信和酒店（集團）有限公司之執行董事兼副主席。

黃博士持有紐約哥倫比亞大學經濟學文學學士學位、房地產發展理學碩士學位及薩凡納藝術設計學院榮譽人文科學博士學位。他於2016年獲香港公開大學頒授榮譽院士學位。

黃博士是紐約哥倫比亞大學 Global Leadership Council 會員、第十屆中國人民政治協商會議四川省委員會委員、第十二屆中國人民政治協商會議北京市委員會委員、中華全國青年聯合會第十屆及第十一屆委員會委員及重慶市青年聯合會港區特邀副主席。他亦是香港青年聯會副主席、香港特別行政區政府（「香港特區政府」）社會福利諮詢委員會成員、香港聖公會福利協會有限公司執行委員會委員、香港特區政府扶貧委員會關愛基金專責小組增補委員、香港特區政府可持續發展委員會成員、香港科技大學顧問委員會成員、香港大學校務委員、香港管理專業協會理事會委員、聯合國兒童基金香港委員會委員、新加坡國立大學楊潞齡醫學院 NUS Medicine International Council 成員、M Plus Museum Limited 之董事局成員、新加坡國家文物局董事局成員、香港地產建設商會董事及香港公益金董事。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Masayuki OKU

*LL.B, LL.M, the Order of Industrial Service Merit Silver Tower
Non-executive Director and Member of the Nomination Committee*

Mr. Oku, aged 73, was appointed a Director in 2015. He is an Independent Non-executive Director of Panasonic Corporation, Kao Corporation, Komatsu Ltd. and Chugai Pharmaceutical Co., Ltd., all of which are companies listed in Japan. Mr. Oku is also the Honorary Advisor of Sumitomo Mitsui Financial Group, Inc. ("SMFG")^{Note 2} (listed in Japan and USA) and an Auditor of Nankai Electric Railway Co. Ltd. (listed in Japan).

Mr. Oku began his career in 1968 at The Sumitomo Bank, Limited. After engaging in the bank's key acquisitions and investments in the 1980's, he was transferred to New York and appointed General Manager of Chicago Branch in 1991. He returned to Tokyo in 1992, assumed the position of General Manager of the Corporate Planning Department, and was elected as a member of the Board of Directors of the bank in 1994. In 1999, Mr. Oku was appointed Secretary General of the Integration Strategy Committee of the bank, leading its merger process with The Sakura Bank, Limited, which culminated in the formation of Sumitomo Mitsui Banking Corporation ("SMBC")^{Note 2} in 2001. In 2003, he became Deputy President of SMBC, heading Corporate Banking and International Banking Units. In 2005, he was appointed President and CEO of SMBC and Chairman of the Board of SMFG, the holding company of SMBC. During his tenure as President and CEO of SMBC, he also served as Chairman of Japanese Bankers Association in 2007 and 2010. In April 2011, he resigned as President and CEO of SMBC to devote himself to his duties as Chairman of the Board of SMFG. Mr. Oku also served as Vice Chairman of Keidanren (Japan Business Federation) from 2011 to 2015. In April 2017, Mr. Oku stepped down as Chairman of the Board of SMFG and remained as a Director until 28th June, 2017.

Mr. Oku received his Bachelor of Law degree from Kyoto University in 1968 and his Master of Laws (LL.M) degree from Michigan Law School in 1975. He was awarded the Order of Industrial Service Merit Silver Tower by the Government of the Republic of Korea in 2009.

奧正之先生

*LL.B, LL.M, 產業勳章銀塔獎
非執行董事及提名委員會委員*

奧正之先生，現年73歲，於2015年獲委任為董事。他是松下電器產業株式會社 (Panasonic Corporation)、花王株式會社 (Kao Corporation)、小松製作所 (Komatsu Ltd.) 及中外製藥株式會社 (Chugai Pharmaceutical Co., Ltd.) 的獨立非執行董事，該等公司均在日本上市。奧正之先生亦為三井住友金融集團^{註2} (在日本及美國上市) 的名譽顧問及南海鐵道株式會社 (Nankai Electric Railway Co. Ltd.) (在日本上市) 的核數師。

奧正之先生於1968年加入住友銀行股份有限公司 (The Sumitomo Bank, Limited) 開展其事業，在1980年代負責該銀行的主要收購和投資，其後他被調任至紐約，並於1991年獲任命為芝加哥分行總經理。他於1992年返回東京擔任企業策劃部總經理，並於1994年獲委任為該銀行董事會成員。於1999年，奧正之先生獲委任為該銀行合併策劃委員會的秘書長，帶領該銀行與日本櫻花銀行 (The Sakura Bank, Limited) 進行合併，最終達成三井住友銀行^{註2} 於2001年成立。於2003年，他成為三井住友銀行的副行長，主管企業銀行及國際銀行業務。繼而於2005年，獲委任為三井住友銀行的行長兼最高執行官，以及其母公司 — 三井住友金融集團的董事長。在出任三井住友銀行行長兼最高執行官期間，他於2007年及2010年出任日本銀行家協會的主席。他於2011年4月辭任三井住友銀行行長兼最高執行官一職，以便全力處理其作為三井住友金融集團董事長的職務。奧正之先生曾於2011年至2015年期間出任日本經濟團體聯合會副會長。於2017年4月，奧正之先生退任三井住友金融集團董事長一職，並留任為董事直至2017年6月28日。

奧正之先生於1968年獲頒發京都大學 (Kyoto University) 法學學士學位，及於1975年獲頒發密歇根大學法學院 (Michigan Law School) 法學碩士學位。他亦於2009年獲大韓民國政府頒授產業勳章的銀塔獎 (Order of Industrial Service Merit Silver Tower)。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. the Hon. Rita FAN HSU Lai-tai

GBM, GBS, DSocSc, JP

Independent Non-executive Director, Chairman of the Remuneration Committee and Member of the Nomination Committee

Dr. Fan, aged 72, was appointed a Director in 2016. She is currently an Independent Non-executive Director of China Overseas Land & Investment Limited and COSCO SHIPPING Ports Limited. She was an Independent Non-executive Director of COSCO SHIPPING Holdings Co., Ltd. (formerly known as China COSCO Holdings Company Limited) and China Shenhua Energy Company Limited.

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

In the lead-up to Hong Kong's reunification with China, Dr. Fan played a valuable role as a Member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997. She was elected as a Hong Kong Deputy to the 9th, 10th, 11th and 12th sessions of the National People's Congress ("NPC") during 1998 to 2018, and was concurrently a Member of the Standing Committee of the 11th and 12th sessions of the NPC from 2008 to 2018.

Outside the political arena, Dr. Fan is serving as the Chairman of Board of Management of the Endeavour Education Centre Limited, the Honorary President of the Hong Kong Breast Cancer Foundation, and the Honorary Patron of the Hong Kong Transplant Sports Association.

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

范徐麗泰博士

GBM, GBS, DSocSc, JP

獨立非執行董事，薪酬委員會主席及提名委員會委員

范博士，現年72歲，於2016年獲委任為本行董事。她現時為中國海外發展有限公司及中遠海運港口有限公司的獨立非執行董事。她曾出任中遠海運控股股份有限公司（前稱中國遠洋控股股份有限公司）及中國神華能源股份有限公司的獨立非執行董事。

范博士為本港知名人士，致力服務香港社會。1983年至1992年出任立法局議員，並於1989年至1992年兼任行政局成員。范博士於1997年當選臨時立法會主席，其後三度當選為立法會主席，其任期於2008年9月30日屆滿。范博士擔任香港特別行政區的立法機關主席共11年。

在香港回歸祖國的事務上，范博士擔當著重要角色。范博士於1993年至1995年出任香港特別行政區籌備委員會預備工作委員會委員，並於1995年至1997年出任香港特別行政區籌備委員會委員。此外，范博士於1998年至2018年期間當選為中華人民共和國第九屆至第十二屆全國人民代表大會香港區代表，並於2008年至2018年期間出任第十一屆和第十二屆全國人民代表大會常務委員會委員。

除政治職務外，范博士是勵進教育中心有限公司理事會主席、香港乳癌基金會名譽會長及香港移植運動協會名譽贊助人。

從香港聖士提反女校畢業後，范博士在香港大學攻讀並取得理學士學位，其後取得社會科學碩士學位。范博士亦為香港大學、香港城市大學、香港理工大學及香港教育大學的榮譽社會科學博士，以及中國政法大學法學名譽博士。香港特別行政區政府更於1998年頒發金紫荊星章及於2007年頒發香港最高榮譽之大紫荊勳章，以表揚范博士對香港社會所作出之重大貢獻。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Meocre LI Kwok-wing

BCom, CPA

Independent Non-executive Director, Chairman of the Audit Committee and Member of the Risk Committee

Mr. Li, aged 62, was appointed a Director in 2016. He is the Chief Executive of Alpha Alliance Finance Holdings Limited.

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

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

Mr. Li is an Independent Non-executive Director of BEA China. He is also the chairman of its audit committee and a member of its connected transactions control committee and risk management committee.

李國榮先生

BCom, CPA

獨立非執行董事，審核委員會主席及風險委員會委員

李先生，現年 62 歲，於 2016 年獲委任為本行董事。現時為冠聯金融控股有限公司的行政總裁。

李先生曾是國際主要會計師行之一，安達信會計事務所，的主管合夥人（1993 年 9 月至 1995 年 2 月），主管其香港及中國業務。他曾出任西敏證券亞洲有限公司的董事總經理兼企業融資總裁（1995 年 3 月至 1998 年 3 月）。在工商東亞金融控股有限公司（「工商東亞」）成為本行的全資附屬公司之前，他曾經出任該公司的行政總裁（1998 年 3 月至 2002 年 3 月）。工商東亞曾是中國工商銀行股份有限公司與本行的聯營公司。本行於 2016 年 4 月 6 日將該公司（現稱東盛控股有限公司）出售予永豐金證券（開曼）控股有限公司。

李先生以優異成績獲加拿大阿爾伯塔大學（University of Alberta）商科學士學位，畢業時獲頒發財務管理高級銀獎。他持有哈佛商學院頒發的深造管理文憑，亦為香港會計師公會會員。

李先生為東亞中國之獨立非執行董事，同時出任其審核委員會主席及關聯交易控制委員會和風險管理委員會委員。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. the Hon. Henry TANG Ying-yen

GBM, GBS, JP

Independent Non-executive Director, Member of the Audit Committee, the Nomination Committee and the Remuneration Committee

Dr. Tang, aged 65, was appointed a Director in March 2017. He was the Chief Secretary for Administration of the Hong Kong Special Administrative Region ("HKSAR") Government from 2007 to 2011 and the Financial Secretary of HKSAR Government from 2003 to 2007. He served as a member of the Executive Council of Hong Kong from 1997 to 2011 and was a member of the Legislative Council of Hong Kong from 1991 to 1998.

Dr. Tang is a Standing Committee Member of the Chinese People's Political Consultative Conference, Chairman of the West Kowloon Cultural District Authority Board and Chairman of Federation of HK Jiangsu Community Organisations Limited.

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

Dr. Tang is an Independent Non-executive Director of BEA China. He is also chairman of its risk management committee and a member of its audit committee and remuneration & nomination committee.

唐英年博士

GBM, GBS, JP

獨立非執行董事，審核委員會、提名委員會及薪酬委員會委員

唐博士，現年65歲，於2017年3月獲委任為董事。他曾出任香港特別行政區政府（「香港特區政府」）政務司司長（2007年至2011年）及香港特區政府財政司司長（2003年至2007年）。他曾為香港行政會議成員（1997年至2011年）及香港立法會議員（1991年至1998年）。

唐博士是中國人民政治協商會議全國委員會常務委員、西九文化區管理局董事局主席及香港江蘇社團總會有限公司會長。

唐博士獲密西根大學（University of Michigan）文學學士學位。他於1993年獲選為世界經濟論壇之「全球明日領袖」。在1989年，他榮獲「香港青年工業家」獎項。

唐博士為東亞中國之獨立非執行董事。同時出任其風險管理委員會主席及審核委員會和薪酬與提名委員會委員。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



The Hon. CHAN Kin-por

GBS, BBS, JP

Independent Non-executive Director, Chairman of the Risk Committee and Member of the Audit Committee

Mr. Chan, aged 63, was appointed a Director in March 2017. He is currently a member of the Legislative Council (Insurance Functional Constituency) of Hong Kong Special Administrative Region ("LegCo"). Among other duties, he serves as Chairman of the LegCo Finance Committee.

Mr. Chan has extensive experience in the fields of banking and insurance. He is an Associate of The Chartered Insurance Institute (U.K.). He has become a member of the Munich Re China Advisory Board since 2009 after serving as the Chief Executive of the Munich Reinsurance Company – Hong Kong Branch for 4 years. Prior to these appointments, he had worked in various positions at one of the leading banks in Hong Kong for more than 3 decades and left as the Assistant General Manager and Head of its Insurance Group in 2005. He was also Chairman of the Chinese Insurance Association of Hong Kong from 1998 to 1999 and the Hong Kong Federation of Insurers from 2004 to 2005.

陳健波議員

GBS, BBS, JP

獨立非執行董事，風險委員會主席及審核委員會委員

陳先生，現年63歲，於2017年3月獲委任為董事。他現為香港特別行政區立法會（保險界）議員，除其他職務外，他亦出任立法會財務委員會主席。

陳先生在銀行及保險界具廣泛經驗。他是英國特許保險學會會士。他曾出任慕尼黑再保險公司（Munich Reinsurance Company）香港分公司的行政總裁達4年，隨後由2009年起擔任慕尼黑再保險公司（Munich Re）中國諮議委員會成員。在擔任該等職務之前，他任職於本港其中一間具領導地位的銀行超過30年，期間出任多個職位，直至2005年離職前出任該行的助理總經理及其保險業務主管。他亦曾擔任香港華商保險公會主席（1998年至1999年）及香港保險業聯會主席（2004年至2005年）。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Dr. Delman LEE

BEng, DPhil

Independent Non-executive Director, Member of the Audit Committee, the Nomination Committee and the Risk Committee

Dr. Lee, aged 50, was appointed a Director in March 2017. He is currently the President and Chief Technology Officer of TAL Apparel Limited. He is also a non-executive director of Tradelink Electronic Commerce Limited. He was a non-executive director of Luckytex (Thailand) Public Co. Ltd. (listed in Thailand).

Dr. Lee is a Council Member of The Hong Kong Productivity Council, a Council Member of The Hong Kong Management Association and the Vice Chairman of Sustainable Fashion Business Consortium. Dr. Lee possesses extensive experience in information technology and management in global operations. He also has a strong background in research.

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

Note 1 Criteria Caixa, S.A. Sociedad Unipersonal ("Criteria Caixa"), is a wholly-owned subsidiary of "la Caixa" Banking Foundation.

Each of "la Caixa" Banking Foundation and Criteria Caixa is a substantial shareholder of the Bank as defined under the Listing Rules and within the meaning of Part XV of the SFO, the details of which are disclosed in the "Interests of Substantial Shareholders and Other Persons" section of the Report of the Directors. Dr. Isidro FAINÉ CASAS is the Chairman of Criteria Caixa and the Chairman of the Board of trustees of "la Caixa" Banking Foundation.

Note 2 SMFG owns a 100% interest in SMBC. Both SMFG and SMBC are substantial shareholders of the Bank as defined under the Listing Rules and within the meaning of Part XV of the SFO, the details of which are disclosed in the "Interest of Substantial Shareholders and Other Persons" section of the Report of the Directors.

李國本博士

BEng, DPhil

獨立非執行董事，審核委員會、提名委員會及風險委員會委員

李博士，現年50歲，於2017年3月獲委任為董事。他現為聯業製衣有限公司的總裁及科技總監。他亦是貿易通電子貿易有限公司非執行董事。他曾出任 Luckytex (Thailand) Public Co. Ltd. (在泰國上市) 的非執行董事。

李博士為香港生產力促進局理事會成員、香港管理專業協會理事會成員及時裝企業持續發展聯盟副會長。李博士在資訊科技與及環球營運管理方面具廣泛經驗，他亦擁有豐富的研究經驗。

李博士擁有牛津大學博士學位及倫敦帝國學院電機工程學士學位。

註 1 Criteria Caixa, S.A. Sociedad Unipersonal (「Criteria Caixa」) 為 "la Caixa" Banking Foundation 的全資附屬公司。

根據《上市規則》及《證券及期貨條例》第XV部之定義，"la Caixa" Banking Foundation 及 Criteria Caixa 均為本行的主要股東，詳情在董事會報告書內「主要股東及其他人士的權益」項下披露。范禮賢博士是 Criteria Caixa 的主席及 "la Caixa" Banking Foundation 的信託委員會之主席。

註 2 三井住友金融集團全資擁有三井住友銀行。根據《上市規則》及《證券及期貨條例》第XV部之定義，三井住友金融集團及三井住友銀行均為本行的主要股東，詳情在董事會報告書內「主要股東及其他人士的權益」項下披露。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)

SENIOR MANAGEMENT

Dr. the Hon. Sir David LI Kwok-po

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

(Biographical details are set out on page 44)

高層管理人員

李國寶爵士

GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCI Arb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur
主席兼行政總裁

(個人資料載列於第44頁)

Mr. Adrian David LI Man-kiu

MA (Cantab), MBA, LPC, JP
Executive Director & Deputy Chief Executive

(Biographical details are set out on page 53)

李民橋先生

MA (Cantab), MBA, LPC, JP
執行董事及副行政總裁

(個人資料載列於第53頁)

Mr. Brian David LI Man-bun

MA (Cantab), MBA, FCA, JP
Executive Director & Deputy Chief Executive

(Biographical details are set out on page 54)

李民斌先生

MA (Cantab), MBA, FCA, JP
執行董事及副行政總裁

(個人資料載列於第54頁)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高層管理人員的個人資料(續)



Mr. Samson LI Kai-cheong

FCCA, CPA, FCIS, FCS, HKSI
Deputy Chief Executive & Chief Investment Officer

Mr. Li, aged 57, joined the Bank in 1987 as Chief Internal Auditor. He was promoted to Deputy Chief Executive & Chief Investment Officer in April 2009. Mr. Li is primarily responsible for the Bank's

investment activities and treasury & broking operations including treasury markets. He is also a Director of various members of the Bank Group and a Member of various committees appointed by the Board.

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

李繼昌先生

FCCA, CPA, FCIS, FCS, HKSI
副行政總裁兼投資總監

李先生，現年57歲，在1987年加入本行為總內部稽核，於2009年4月獲擢升為副行政總裁兼投資總監。李先生主要負責本行的投資活動、資金及經紀業務的運作，包括資金市場。他亦是本集團系內多間公司的董事及多個由董事會委任之委員會的委員。

李先生為香港特許秘書公會、英國特許秘書及行政人員公會和英國特許公認會計師公會資深會士、香港會計師公會會士和香港證券及投資學會會員，並獲香港理工大學會計學專業文憑。



Mr. TONG Hon-shing

BSc, ACIB, FHKIB, FCIS, FCS
Deputy Chief Executive & Chief Operating Officer

Mr. Tong, aged 58, joined the Bank in 1975. He was promoted to Assistant General Manager in 1995 and to General Manager in 2000. He was General Manager & Head of Personal Banking

Division from 2001 to March 2009. He was further promoted to Deputy Chief Executive and Chief Operating Officer in April 2009. Mr. Tong is primarily responsible for strategic planning and control, operations support, compliance, human resources, and corporate communications of the Bank. He is also a Director of various members of the Bank Group and a Member of various committees appointed by the Board. Mr. Tong is a Fellow of The Hong Kong Institute of Bankers, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries & Administrators as well as an Associate of The Chartered Institute of Bankers. He holds a BSc from the University of Manchester.

唐漢城先生

BSc, ACIB, FHKIB, FCIS, FCS
副行政總裁兼營運總監

唐先生，現年58歲，在1975年加入本行。於1995年獲擢升為助理總經理及2000年獲擢升為總經理，2001年至2009年3月期間出任總經理兼個人銀行處主管，並於2009年4月獲擢升為副行政總裁兼營運總監。唐先生主要負責本行的策劃及調控、營運支援、法規監管、人力資源，以及企業傳訊。他亦是本集團系內多間公司的董事及多個由董事會委任之委員會的委員。唐先生為香港銀行學會、香港特許秘書公會和英國特許秘書及行政人員公會資深會士，及英國特許銀行學會會士，並獲英國曼徹斯特大學理學士學位。

CORPORATE INFORMATION 公司資料

BOARD

Executive Directors

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

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

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

Non-executive Directors

Professor Arthur LI Kwok-cheung
(Deputy Chairman)

Mr. Aubrey LI Kwok-sing

Mr. Winston LO Yau-lai

Mr. Stephen Charles LI Kwok-sze

Dr. Isidro FAINÉ CASAS

Dr. Peter LEE Ka-kit

Dr. Daryl NG Win-kong

Mr. Masayuki OKU

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

The Hon. CHAN Kin-por

Dr. Delman LEE

董事會

執行董事

李國寶爵士
(主席兼行政總裁)

李民橋先生
(副行政總裁)

李民斌先生
(副行政總裁)

非執行董事

李國章教授
(副主席)

李國星先生

羅友禮先生

李國仕先生

范禮賢博士

李家傑博士

黃永光博士

奧正之先生

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

陳健波議員

李國本博士

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

BOARD COMMITTEES

Audit Committee

Mr. Meocre LI Kwok-wing*¹ (Chairman)
 Dr. Allan WONG Chi-yun*
 Dr. the Hon. Henry TANG Ying-yen*
 The Hon. CHAN Kin-por*
 Dr. Delman LEE*²

Nomination Committee

Dr. Allan WONG Chi-yun* (Chairman)
 Dr. the Hon. Sir David LI Kwok-po
 Dr. Isidro FAINÉ CASAS
 Mr. Masayuki OKU
 Dr. the Hon. Henry TANG Ying-yen*
 Dr. the Hon. Rita FAN HSU Lai-tai*³
 Dr. Delman LEE*²

Remuneration Committee

Dr. the Hon. Rita FAN HSU Lai-tai* (Chairman)
 Dr. Allan WONG Chi-yun*
 Dr. Peter LEE Ka-kit
 Dr. the Hon. Henry TANG Ying-yen*
 Professor Arthur LI Kwok-cheung⁴

Risk Committee

The Hon. CHAN Kin-por*⁵ (Chairman)
 Dr. Allan WONG Chi-yun*⁶
 Mr. Aubrey LI Kwok-sing
 Dr. Daryl NG Win-kong
 Mr. Meocre LI Kwok-wing*
 Dr. Delman LEE*

* Independent Non-executive Director

¹ Appointed as Chairman of AC on 1st January, 2018

² Appointed as Member of AC and NC on 1st December, 2017

³ Appointed as Member of NC on 1st December, 2017

⁴ Appointed as Member of RC on 1st January, 2018

⁵ Appointed as Chairman of RIC on 1st January, 2018

⁶ Ceased as Chairman and remains as Member of RIC on 1st January, 2018

董事會轄下委員會

審核委員會

李國榮先生*¹ (主席)
 黃子欣博士*
 唐英年博士*
 陳健波議員*
 李國本博士*²

提名委員會

黃子欣博士* (主席)
 李國寶爵士
 范禮賢博士
 奧正之先生
 唐英年博士*
 范徐麗泰博士*³
 李國本博士*²

薪酬委員會

范徐麗泰博士* (主席)
 黃子欣博士*
 李家傑博士
 唐英年博士*
 李國章教授⁴

風險委員會

陳健波議員*⁵ (主席)
 黃子欣博士*⁶
 李國星先生
 黃永光博士
 李國榮先生*
 李國本博士*

* 獨立非執行董事

¹ 於2018年1月1日獲委任為審核委員會主席

² 於2017年12月1日獲委任為審核委員會及提名委員會委員

³ 於2017年12月1日獲委任為提名委員會委員

⁴ 於2018年1月1日獲委任為薪酬委員會委員

⁵ 於2018年1月1日獲委任為風險委員會主席

⁶ 於2018年1月1日辭任風險委員會主席之職務並保留委員一職

CORPORATE INFORMATION (CONTINUED)

公司資料 (續)

SENIOR ADVISORS

Mr. Joseph PANG Yuk-wing

*BSSc, MBA, Hon. DSocSc, Hon. Fellow (CUHK),
ACIB, FHKIB, BBS, JP*

Mr. CHAN Tze-ching

BBS, JP

SENIOR MANAGEMENT

Chief Executive

Dr. the Hon. Sir David LI Kwok-po

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

Executive Director & Deputy Chief Executive

Mr. Adrian David LI Man-kiu

MA (Cantab), MBA, LPC, JP

Mr. Brian David LI Man-bun

MA (Cantab), MBA, FCA, JP

Deputy Chief Executive & Chief Investment Officer

Mr. Samson LI Kai-cheong

FCCA, CPA, FCIS, FCS, HKSI

Deputy Chief Executive & Chief Operating Officer

Mr. TONG Hon-shing

BSc, ACIB, FHKIB, FCIS, FCS

COMPANY SECRETARY

Mr. Alson LAW Chun-tak

FCCA, FCPA, FCIS, FCS

AUDITORS

KPMG

Certified Public Accountants

高級顧問

彭玉榮先生

*BSSc, MBA, Hon. DSocSc, Hon. Fellow (CUHK),
ACIB, FHKIB, BBS, JP*

陳子政先生

BBS, JP

高層管理人員

行政總裁

李國寶爵士

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

執行董事兼副行政總裁

李民橋先生

MA (Cantab), MBA, LPC, JP

李民斌先生

MA (Cantab), MBA, FCA, JP

副行政總裁兼投資總監

李繼昌先生

FCCA, CPA, FCIS, FCS, HKSI

副行政總裁兼營運總監

唐漢城先生

BSc, ACIB, FHKIB, FCIS, FCS

公司秘書

羅春德先生

FCCA, FCPA, FCIS, FCS

核數師

畢馬威會計師事務所

執業會計師



SENIOR MANAGEMENT

高層管理人員

Mr. Samson LI
Kai-cheong
李繼昌先生

Mr. Adrian David LI
Man-kiu
李民橋先生

Dr. the Hon. Sir David LI
Kwok-po
李國寶爵士

Mr. Brian David LI
Man-bun
李民斌先生

Mr. TONG Hon-shing
唐漢城先生

LIST OF OUTLETS

網絡一覽



1 Head Office – Hong Kong 香港 — 總行

Greater China (ex-Hong Kong) 大中華地區 (香港除外)

2 Shanghai	上海	18 Xi'an	西安	34 Qingyuan	清遠
3 Beijing	北京	19 Zhengzhou	鄭州	35 Guangzhou	廣州
4 Urumqi	烏魯木齊	20 Wuhan	武漢	36 Foshan	佛山
5 Harbin	哈爾濱	21 Hefei	合肥	37 Shaoguan	韶關
6 Shenyang	瀋陽	22 Nanjing	南京	38 Zhuhai	珠海
7 Dalian	大連	23 Nanchang	南昌	39 Jieyang	揭陽
8 Tianjin	天津	24 Chengdu	成都	40 Dongguan	東莞
9 Shijiazhuang	石家莊	25 Chongqing	重慶	41 Shenzhen	深圳
10 Jinan	濟南	26 Changsha	長沙	42 Zhongshan	中山
11 Qingdao	青島	27 Fuzhou	福州	43 Zhanjiang	湛江
12 Wuxi	無錫	28 Xiamen	廈門	44 Huizhou	惠州
13 Kunshan	昆山	29 Kunming	昆明	45 Shantou	汕頭
14 Changshu	常熟	30 Nanning	南寧	46 Macau	澳門
15 Suzhou	蘇州	31 Zhaoqing	肇慶	47 Taipei	台北
16 Hangzhou	杭州	32 Jiangmen	江門		
17 Ningbo	寧波	33 Maoming	茂名		

Overseas 海外

Singapore 新加坡

Singapore 新加坡

Malaysia 馬來西亞

Labuan 納閩
Kuala Lumpur 吉隆坡

United Kingdom 英國

London 倫敦
Birmingham 伯明翰
Manchester 曼徹斯特

United States 美國

New York 紐約
Los Angeles 洛杉磯

LIST OF OUTLETS (CONTINUED)

網絡一覽 (續)

With more than 220 outlets worldwide, BEA operates an extensive international network covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and the United States.

東亞銀行現於全球設有逾 220 個網點，龐大的國際網絡覆蓋香港、大中華其他地區、東南亞、英國和美國。

HONG KONG BRANCH NETWORK 香港分行網絡

S Main Branch 總行	Kowloon Branches 九龍分行	New Territories Branches 新界分行
Hong Kong Branches 香港分行		
S Aberdeen 香港仔	S Castle Peak Road 青山道	S East Point City 東港城
S Admiralty 金鐘	S Cheung Sha Wan Plaza 長沙灣廣場	S i Fanling 粉嶺
S BEA Harbour View Centre 東亞銀行港灣中心	S East Tsim Sha Tsui 尖東	S Ha Kwai Chung 下葵涌
S Bonham Road 般含道	S Festival Walk 又一城	S Ma On Shan Plaza 馬鞍山廣場
S Caine Road 堅道	S Hoi Yuen Road 開源道	S Maritime Square 青衣城
S Causeway Bay 銅鑼灣	S iSQUARE 國際廣場	S Metro City Plaza 新都城中心
S Causeway Bay The Sharp 銅鑼灣 霎東	S Jordan 佐敦	S Park Central 將軍澳中心
S Chai Wan 柴灣	S Kowloon City 九龍城	S Shatin Plaza 沙田廣場
S Happy Valley 跑馬地	S Kowloon Station Elements 九龍站圓方	S Sheung Shui 上水
S Hennessy Road 軒尼詩道	S Kwun Tong 觀塘	S Tai Po 大埔
S Kennedy Town 堅尼地城	S Laguna City 麗港城	S Tai Wai 大圍
S King's Road 英皇道	S Lok Fu 樂富	The Chinese University of Hong Kong 香港中文大學
S North Point 北角	S i Ma Tau Wei Road 馬頭圍道	Tin Shui Wai 天水圍
S Quarry Bay 鰂魚涌	S Mei Foo Sun Chuen 美孚新邨	The Education University of Hong Kong 香港教育大學
S Queen's Road East 皇后大道東	S Millennium City 5 創紀之城五期	The Hong Kong University of Science and Technology 香港科技大學
S Shaukiwan 筲箕灣	S Mongkok 旺角	S i Tsuen Wan Fou Wah Centre 荃灣富華中心
S Shek Tong Tsui 石塘咀	S Mongkok North 旺角北	Tsuen Wan Sha Tsui Road 荃灣沙咀道
S Sheung Wan 上環	S Olympian City 奧海城	S i Tuen Mun Town Plaza 屯門市廣場
S Shun Tak Centre 信德中心	S Plaza Hollywood 荷里活廣場	S Yuen Long 元朗
S Taikoo Shing 太古城	S San Po Kong 新蒲崗	Yuen Long YOHO MALL 元朗形點
S The University of Hong Kong 香港大學	S Tai Hang Tung 大坑東	
S Wanchai 灣仔	S Telford Plaza 德福廣場	
S Wanchai Convention Plaza 灣仔會展廣場	S The Hong Kong Polytechnic University 香港理工大學	
	S Tsim Sha Tsui 尖沙咀	
	S Waterloo Road 窩打老道	
	S Whampoa Garden 黃埔花園	
	S Yaumatei 油麻地	
S With SupremeGold Centre 設有顯卓理財中心		
i Branch with i-Financial Centre 分行設有 i-理財中心		
		Outlying Islands Branches 離島分行
		Tung Chung 東涌

FINANCIAL CENTRES 理財中心

Hong Kong Region 香港區	Kowloon Region 九龍區
Pacific Place i-Financial Centre 太古廣場 i-理財中心	Hong Kong Baptist University i-Financial Centre 香港浸會大學 i-理財中心
Quarry Bay SupremeGold Centre 鰂魚涌顯卓理財中心	Millennium City 5 SupremeGold Centre 創紀之城五期 顯卓理財中心
	Whampoa Garden i-Financial Centre 黃埔花園 i-理財中心
New Territories Region 新界區	New Territories Region 新界區
Lingnan University i-Financial Centre 嶺南大學 i-理財中心	Silvermine Bay i-Financial Centre 梅窩 i-理財中心
Tin Shui Wai One Sky Mall i-Financial Centre 天水圍天一商城 i-理財中心	Tai O i-Financial Centre 大澳 i-理財中心

CORPORATE GOVERNANCE REPORT

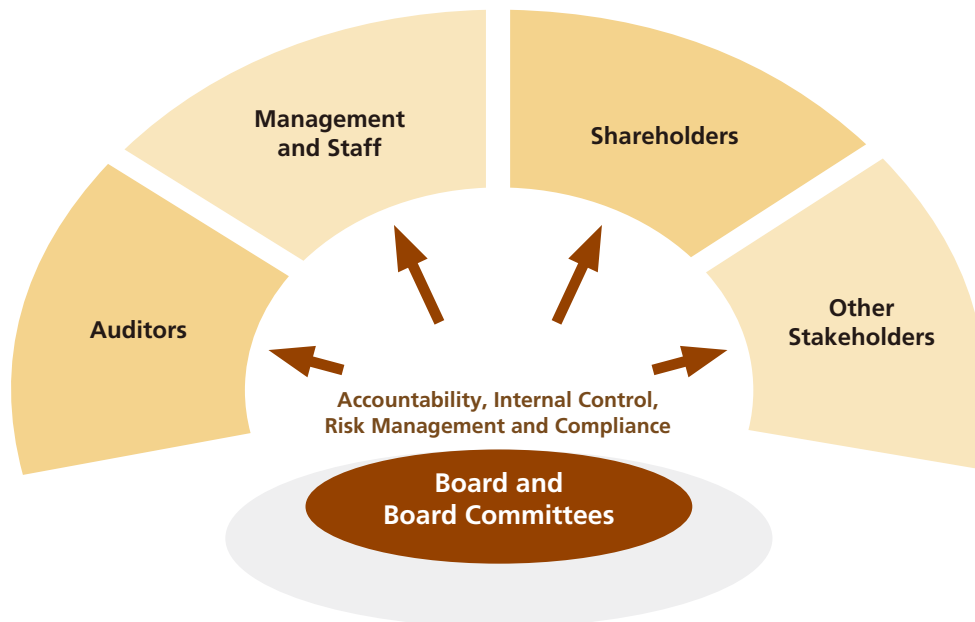
The BEA Group is committed to maintaining high standards of corporate governance and considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.

The Bank has in place a corporate governance framework which identifies all the key participants of the Group and the ways which they relate to each other and their roles in the application of effective governance policies and processes. The Bank has also established a *Corporate Governance Policy* which sets out a range of governance principles and practices to direct and guide the business conducts and affairs of the Group.

The Bank also constantly reviews and enhances the effectiveness of the Group's corporate governance practices by referencing to market trend as well as guidelines and requirements issued by regulatory authorities.

During the financial year ended 31st December, 2017, the Bank has complied with all the Code Provisions set out in the CG Code, except for Code Provision A.2.1 as explained in section A below. The Bank has also followed the modules on CG-1, CG-5, Guidance on Empowerment of INEDs, and circular on Bank Culture Reform issued by the HKMA. In supporting prudent risk management and upholding the high ethical standards in the banking industry, the Bank has published, among others, the *Anti-Bribery and Corruption Policy Statement*; the *Slavery and Human Trafficking Statement*; and the *Whistleblowing Statement* on the website of the Bank.

Corporate Governance Framework



A. BOARD OF DIRECTORS

The Board

The Bank is headed by an effective Board which assumes responsibility for leadership and control of the Bank and is collectively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs. The Board takes into account the legitimate interests of shareholders, customers, employees and other relevant stakeholders and ensures that the Bank operates in a reliable, safe manner and meets its obligations on an ongoing basis.

The Board is responsible for providing strategic direction and overseeing effective implementation of pre-determined objectives by the management. It delegates the day-to-day operation and administration of the Bank's business to the Senior Management and the General Managers.

The Bank has established a *Schedule of Matters Reserved to the Board for Decision* ("Schedule") to formalise the matters reserved for the Board's approval and delegation of power to the Board, the Senior Management, General Managers, and specialised committees. The Schedule will be reviewed periodically to ensure that it remains appropriate to the Bank's needs and regulatory requirements.

企業管治報告

本集團致力維持良好的企業管治標準，並認為此承諾對於平衡股東、客戶及員工的利益，以及保持問責及透明度，至為重要。

本行已制定企業管治架構以確認集團內所有企業管治的主要人士，他們相互之間的關係，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訂明一系列管治原則及實務，為本集團的商業行為及事務提供指引。

本行亦參考市場趨勢及根據監管機構所發布的指引及要求，不時對所採用的企業管治實務進行檢討及改進。

除以下A項所述偏離守則條文A.2.1的行為外，本行在截至2017年12月31日止的財政年度期間內，已遵守《企業管治守則》的全部守則條文。本行亦已遵循CG-1、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。為支持審慎的風險管理及恪守銀行業高度的道德標準，本行已在網站刊登（其中包括）*反賄賂及貪污政策聲明*、*奴役和人口販賣聲明*及*上告聲明*。

A. 董事會

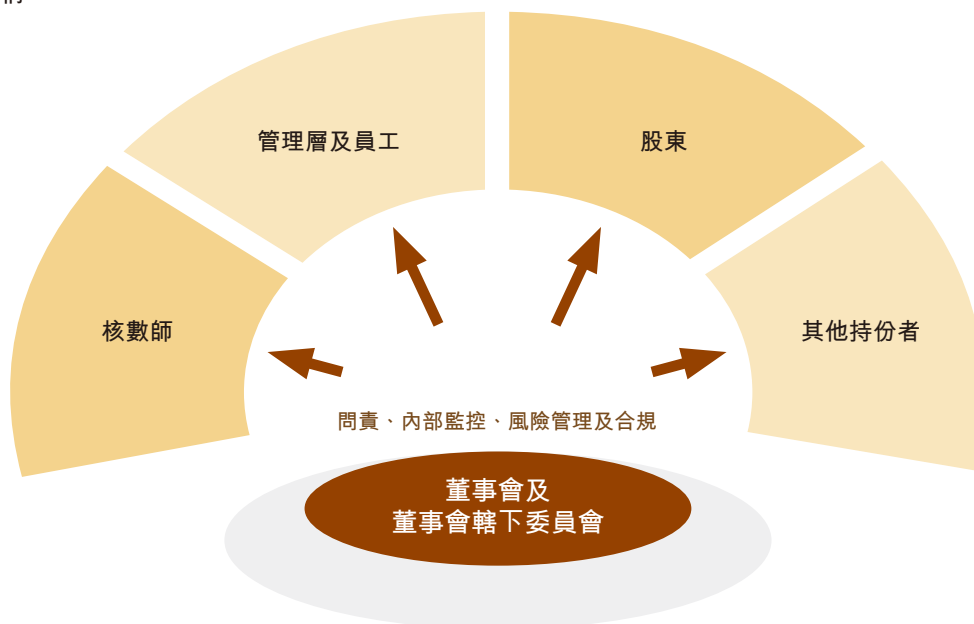
董事會

本行以一個行之有效的董事會為首；董事會負有領導及監控本行的責任，並集體負責統管並監督本行事務以促使本行成功。董事會將顧及股東、客戶、員工及其他相關持份者的合法權益，確保本行以可靠及安全的方式營運，以及持續履行其責任。

董事會負責提供策略性指引，並進行監督以確保管理層有效落實預先訂定的目標。董事會授權高層管理人員和各總經理負責本行業務的日常營運及管理。

本行已訂立一份保留予董事會決定的事項表（「事項表」），以界定保留予董事會決定及授權董事會和高層管理人員和專責委員會權力的事項，並定期檢討該事項表以確保符合本行的需要及法例要求。

企業管治架構



CORPORATE GOVERNANCE REPORT (CONTINUED)

Specific matters reserved for the Board's consideration and decision include:

- Capital plans and management
- Financial Reports
- Business Plans
- Strategic plan and objectives
- Matters in relation to corporate governance functions
- Setting corporate values and standards
- Risk Management and Internal Controls
- Appointments, Removal and Succession Planning of Directors, Chief Executive, Deputy Chief Executives, Division Heads, Group Chief Compliance Officer, Group Chief Financial Officer, Group Chief Risk Officer and Group Chief Auditor of the Bank
- Substantial investment or disposal of Group's assets according to the disclosure requirements of the Listing Rules
- Public Announcements according to the requirements of the Listing Rules

While the Board is responsible for formulating overall strategy to guide and monitor the performance of the

Group, the management of day-to-day operation of the Group's businesses and implementation of the strategy and direction set by the Board has been delegated to the Senior Management and General Managers.

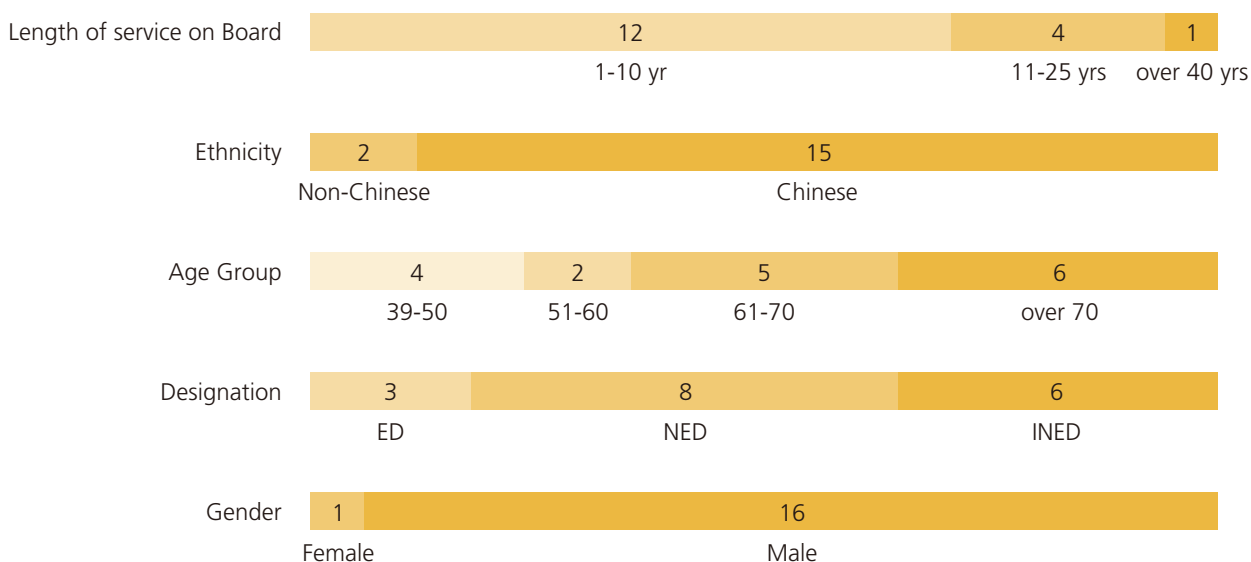
Board composition and diversity

The Board currently has 17 Directors, including 3 EDs, 8 NEDs and 6 INEDs. Over one-third of the Directors are INEDs. The majority of NEDs and INEDs ensures the independence and objectivity of the decisions of the Board, as well as the thoroughness and impartiality of the Board's oversight of the affairs of the Bank. They bring a wide range of business and financial experience to the Board. An updated list of Directors, identifying their roles and functions at the Bank, is available on the HKEx's and the Bank's websites.

The compositions of the Board and Board Committees are shown on pages 64 and 65 under the Corporate Information. All Directors of the Bank are expressly identified by categories of EDs, NEDs and INEDs in all corporate communications that disclose the names of the Directors.

The Biographies of Directors, including relationships with members of the Board, Senior Management and substantial shareholders (as defined in the Listing Rules) of the Bank, are shown from pages 44 to 63 under the Biographical Details of Directors and Senior Management.

An analysis of the Board composition during the year is set out below:



企業管治報告(續)

由董事會考慮及決策之特定事項包括：

- 資本計劃及管理
- 財務報告
- 業務計劃
- 策略計劃及目標
- 有關企業管治功能的事項
- 確立企業價值觀及標準
- 風險管理及內部監控
- 本行董事、行政總裁、副行政總裁、分處主管、集團合規總監、集團財務總監、集團風險總監及集團總稽核的委任，撤職及繼任安排
- 根據《上市規則》必須公告的重大投資或出售集團資產
- 根據《上市規則》所發出之公告

董事會的職責在於制訂整體策略來指導及監察集團的表現，至於集團業務日常營運管理，以及實施董事會

制定的策略和方向等職能則授權高層管理人員及各總經理進行。

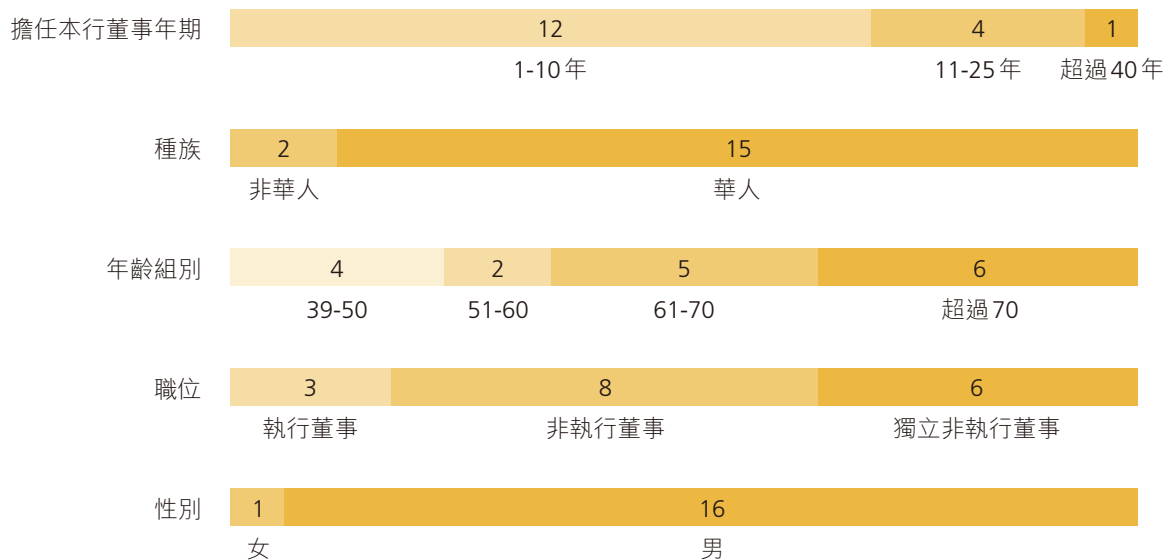
董事會組成及多元化狀況

董事會現有董事17人，包括3位執行董事、8位非執行董事及6位獨立非執行董事。超過三分之一的董事為獨立非執行董事。董事會以非執行董事及獨立非執行董事佔大多數，確保能作出獨立客觀之決策，並能全面及不偏不倚地監控本行業務。他們為董事會帶來廣泛的業務和財務經驗。本行最新的董事會成員名單(當中訂明其在本行的角色和職能)已載於香港交易所及本行網站。

董事會的成員名單刊載於第64及65頁公司資料內。所有載有董事姓名的公司通訊中，已按董事類別，包括執行董事、非執行董事及獨立非執行董事，明確說明本行各董事身份。

各董事的簡介，包括其與其他董事會成員、高層管理人員和主要股東(根據《上市規則》之定義)的關係，刊載於由第44至63頁董事及高層管理人員的個人資料項下。

年內董事會的組成分析如下：



CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board has adopted a *Board Succession and Diversity Policy* which defines succession planning and diversity of the Board. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

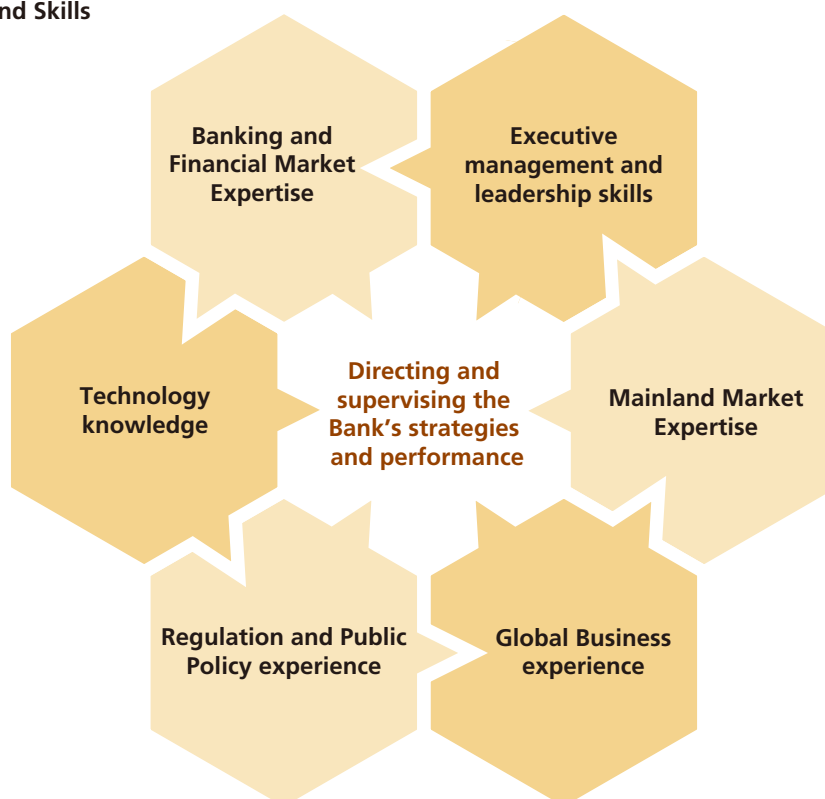
The NC reviews the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board annually and determines if the Board discharges its responsibilities effectively and to identify steps for improvement and; make recommendations on any proposed changes to the Board composition to complement the Bank's corporate strategy. Under the current Board membership, the Board has a balance of skills and experience appropriate for the requirements of the Bank's business. Directors, who come from a variety of different backgrounds, have a diverse range of business, banking and professional expertise and bring valuable insight in particular areas that support the development and growth of the Bank. Changes to its composition can be managed without undue disruption.

Chairman and Chief Executive Officer

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

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

Board Expertise and Skills



董事會已採納一套董事會接任及多元化政策，訂定董事會成員接任及多元化計劃。董事會委任成員採取用人唯才為原則，並以董事會組合的多元性為目標，按客觀因素考慮人選，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年資。

提名委員會每年檢討董事會的架構、人數、組成及多元化(包括其技能、知識及經驗方面)，及確定董事會能有效履行其職責，並且設法改進，並就任何為配合本行的策略而擬對董事會作出的變動提出建議。目前董事會成員中，董事會具備符合本行業務所需的技能和經驗。各董事來自不同背景，擁有廣泛的商業、銀行及專業等各領域之專長，為本行的發展提出精闢見解。董事會組成人員的變動不會帶來不適當的干擾。

主席及行政總裁

《企業管治守則》守則條文A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李國寶爵士為本行的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權力和職權的平衡。主席及行政總裁之間的職責已清楚區分並以書面列載。本行董事會由極具經驗和才幹的成員組成並定期開會，以商討影響本行運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會的組合具有強大的獨立元素。董事會相信現時的架構有助於建立穩健而一致的領導權，使本行能夠迅速及有效地作出及實施各項決定，委任李爵士出任主席兼行政總裁之職，會有利於本行的業務發展及管理。

董事會成員專業背景及技能



CORPORATE GOVERNANCE REPORT (CONTINUED)

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings. He promotes a culture of openness and debate and encourages all Directors to make a full and active contribution to the Board's affairs. He also takes the lead in ensuring that the Board acts in the best interests of the Bank.

The Chairman also ensures that Directors receive, in a timely manner, adequate information, which is accurate, clear, complete and reliable, of the Bank.

During the year, apart from the 5 Board meetings held, the Chairman, who is also an ED of the Bank, held a meeting with the NEDs (including INEDs) in the absence of the other EDs and the Senior Management.

Board Meetings

Board meetings are held at least 5 times a year. In addition, special Board meetings are held when necessary. Dates of regular Board and Board Committee meetings are scheduled in the prior year to provide sufficient notice to give all Directors an opportunity to attend. For special Board meetings, reasonable notice is given. Board agenda is approved by the Chairman following consultation with Directors and the Senior Management. All Board meetings involve the active participation, either in person or through other electronic means of communication, of Directors.

Minutes of the meetings of the Board and Board Committees record in sufficient detail the matters considered by the Board and the Board Committees, the decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes of the meetings of the Board, the AC, the RC, the NC and the RIC are sent to all Directors or respective Board Committee members for their comment and record within a reasonable period after the meetings are held.

Minutes of the meetings of the Board, the AC, the RC and the NC are kept by the Company Secretary whereas minutes of the meetings of RIC and other Management Committees (as listed under the Management Committees in section B on page 96) are kept by the appointed secretary of each Committee.

The Board also meets with senior executives of the Bank, including the Group Chief Auditor, Group Chief Risk Officer and Group Chief Compliance Officer, who are responsible for internal audit, risk management and compliance matters of the Bank respectively, at least once a year to review policies and controls in order to identify areas that need improvement and address significant risks and issues.

主席確保董事會會議上所有董事均適當知悉當前的事項。主席提倡公開、積極討論的文化，並鼓勵所有董事全力投入董事會事務。他亦以身作則，確保董事會行事符合本行的最佳利益。

主席亦確保董事適時收到充分的本行資訊，而有關資訊為準確、清晰及完備可靠。

年內，除已舉行的5次董事會會議外，本行主席（亦是本行的執行董事）與非執行董事（包括獨立非執行董事）舉行了一次沒有其他執行董事及高層管理人員出席的會議。

董事會會議

董事會會議每年召開最少5次。此外，在有需要時會召開董事會特別會議。董事會及委員會定期會議的日期在前一年已安排，以便所有董事有機會騰空出席。至於召開董事會特別會議，則會發出合理通知。會議議程內容均在事前諮詢董事及高層管理人員意見後，經主席確認而制定。董事會會議均有大部分董事親身出席，或透過其他電子通訊方法積極參與。

董事會及其轄下委員會的會議記錄，對會議上各董事所考慮事項及達致的決定（其中包括董事提出的任何疑慮或表達的反對意見）都作出足夠的記錄。董事會、審核委員會、薪酬委員會、提名委員會及風險委員會的會議記錄的初稿及最終定稿會在會議後的合理期間內發送全體董事或相關董事會轄下委員會成員。初稿供其表達意見，最後定稿則作其記錄之用。

董事會、審核委員會、薪酬委員會及提名委員會的會議記錄由公司秘書備存，而風險委員會及其他管理層轄下委員會（列於第97頁B段管理層轄下委員會項下）的會議記錄則由各個委員會委任的秘書備存。

董事會與負責內部審計、風險管理及合規的高級行政人員，包括集團總稽核、集團風險總監和集團合規總監，每年最少開會一次檢討政策及管控措施，以識別需要改進的地方及如何處理重大的風險問題。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' attendance records

In 2017, 5 Board meetings were held with an average attendance rate of 92%. Attendance records of Directors at BMs, ACMs, NCMs, RCMs, RICMs and AGM held in 2017 are as follows:

	Number of meetings attended/held in 2017					
	BM	ACM	NCM	RCM	RICM	AGM
<i>Executive Directors:</i>						
David LI Kwok-po (Chairman & Chief Executive)	5/5	-	3/3	-	-	1/1
Adrian David LI Man-kiu (Deputy Chief Executive)	5/5	-	-	-	-	1/1
Brian David LI Man-bun (Deputy Chief Executive)	5/5	-	-	-	-	1/1
<i>Non-executive Directors:</i>						
Arthur LI Kwok-cheung ¹ (Deputy Chairman)	4/5	-	-	-	3/4	1/1
Aubrey LI Kwok-sing ²	5/5	-	-	2/3	4/4	1/1
Winston LO Yau-lai ³	5/5	3/3	3/3	3/3	4/4	1/1
Stephen Charles LI Kwok-sze	5/5	-	-	-	-	1/1
Isidro FAINÉ CASAS ⁴	3/5	-	1/3	-	-	1/1
Peter LEE Ka-kit	5/5	-	-	1/3	-	1/1
Daryl NG Win-kong ⁵	4/5	2/3	2/3	-	3/4	1/1
Masayuki OKU	4/5	-	2/3	-	-	1/1
<i>Independent Non-executive Directors:</i>						
Allan WONG Chi-yun ⁶ (Deputy Chairman)	5/5	3/3	3/3	3/3	4/4	1/1
Rita FAN HSU Lai-tai ⁷	5/5	-	-	3/3	-	1/1
Meocre LI Kwok-wing ⁸	4/5	3/3	-	-	4/4	1/1
Henry TANG Ying-yen ⁹	3/3	2/2	2/2	3/3	-	1/1
CHAN Kin-por ¹⁰	3/3	2/2	-	-	3/3	1/1
Delman LEE ¹¹	3/3	-	-	-	3/3	1/1
William DOO Wai-hoi ¹²	2/2	0/1	-	-	-	-
Richard LI Tzar-kai ¹³	2/3	-	-	-	-	0/1
KUOK Khoon-ean ¹⁴	3/3	-	2/2	-	-	1/1
Average attendance rate	92%	88%	82%	83%	93%	95%

¹ Arthur LI Kwok-cheung was appointed a member of RIC and ceased as a member of RC on 1st January, 2018.

² Aubrey LI Kwok-sing ceased as a member of RC on 1st January, 2018.

³ Winston LO Yau-lai was re-designated as an NED and ceased as Chairman of AC and member of NC, RC and RIC on 1st January, 2018.

⁴ Due to family emergency, Isidro FAINÉ CASAS was not able to attend the BM and NCM in November 2017.

⁵ Daryl NG Win-kong was re-designated as an NED and ceased as member of AC and NC on 1st January, 2018.

⁶ Allan WONG Chi-yun ceased as the Chairman of RIC on 1st January, 2018, however, he remained as a member of RIC.

⁷ Rita FAN HSU Lai-tai was appointed a member of NC on 1st December, 2017.

⁸ Meocre LI Kwok-wing took over Winston LO Yau-lai's role as the Chairman of AC on 1st January, 2018.

⁹ Henry TANG Ying-yen was appointed as Director and a member of AC, NC and RC on 1st March, 2017.

¹⁰ CHAN Kin-por was appointed as Director and a member of AC and RIC on 15th March, 2017. He took over Allan WONG Chi-yun's role as the Chairman of RIC on 1st January, 2018.

¹¹ Delman LEE was appointed as Director and a member of RIC on 21st March, 2017, and a member of AC and NC on 1st December, 2017.

¹² William DOO Wai-hoi resigned as a Director and ceased as a member of AC on 18th February, 2017.

¹³ Richard LI Tzar-kai retired as a Director with effect from the conclusion of the 2017 AGM.

¹⁴ KUOK Khoon-ean retired as a Director and ceased as a member of NC with effect from the conclusion of the 2017 AGM.

董事會議出席記錄

於2017年舉行的5次董事會會議，董事之平均出席率為92%。各董事於2017年內舉行的董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議、風險委員會會議及股東周年常會的出席記錄如下：

	於2017年會議出席次數/舉行次數					
	董事會會議	審核委員會會議	提名委員會會議	薪酬委員會會議	風險委員會會議	股東周年常會
執行董事：						
李國寶 (主席兼行政總裁)	5/5	-	3/3	-	-	1/1
李氏橋 (副行政總裁)	5/5	-	-	-	-	1/1
李氏斌 (副行政總裁)	5/5	-	-	-	-	1/1
非執行董事：						
李國章 ¹ (副主席)	4/5	-	-	-	3/4	1/1
李國星 ²	5/5	-	-	2/3	4/4	1/1
羅友禮 ³	5/5	3/3	3/3	3/3	4/4	1/1
李國仕	5/5	-	-	-	-	1/1
范禮賢 ⁴	3/5	-	1/3	-	-	1/1
李家傑	5/5	-	-	1/3	-	1/1
黃永光 ⁵	4/5	2/3	2/3	-	3/4	1/1
奧正之	4/5	-	2/3	-	-	1/1
獨立非執行董事：						
黃子欣 ⁶ (副主席)	5/5	3/3	3/3	3/3	4/4	1/1
范徐麗泰 ⁷	5/5	-	-	3/3	-	1/1
李國榮 ⁸	4/5	3/3	-	-	4/4	1/1
唐英年 ⁹	3/3	2/2	2/2	3/3	-	1/1
陳健波 ¹⁰	3/3	2/2	-	-	3/3	1/1
李國本 ¹¹	3/3	-	-	-	3/3	1/1
杜惠愷 ¹²	2/2	0/1	-	-	-	-
李澤楷 ¹³	2/3	-	-	-	-	0/1
郭孔演 ¹⁴	3/3	-	2/2	-	-	1/1
平均出席率	92%	88%	82%	83%	93%	95%

¹ 李國章於2018年1月1日獲委任為薪酬委員會委員，並辭任風險委員會委員。

² 李國星於2018年1月1日辭任薪酬委員會委員。

³ 羅友禮於2018年1月1日調任為非執行董事，並辭任審核委員會主席及提名委員會、薪酬委員會和風險委員會委員。

⁴ 由於需要處理家庭急事，范禮賢未能出席2017年11月的董事會及提名委員會會議。

⁵ 黃永光於2018年1月1日調任為非執行董事，並辭任審核委員會及提名委員會委員。

⁶ 黃子欣於2018年1月1日辭任風險委員會主席，並留任風險委員會委員。

⁷ 范徐麗泰於2017年12月1日獲委任為提名委員會委員。

⁸ 李國榮於2018年1月1日接替羅友禮出任審核委員會主席。

⁹ 唐英年於2017年3月1日獲委任為董事、審核委員會、提名委員會及薪酬委員會委員。

¹⁰ 陳健波於2017年3月15日獲委任為董事、審核委員會及風險委員會委員，並於2018年1月1日接替黃子欣出任風險委員會主席。

¹¹ 李國本於2017年3月21日獲委任為董事及風險委員會委員，並於2017年12月1日獲委任為審核委員會及提名委員會委員。

¹² 杜惠愷於2017年2月18日辭任董事及審核委員會委員。

¹³ 李澤楷於2017股東周年常會結束後退任董事。

¹⁴ 郭孔演於2017股東周年常會結束後退任董事及辭任提名委員會委員。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Responsibilities of Directors

Directors, both collectively and individually, are required to fulfill fiduciary duties and duties of skill, care and diligence to a standard commensurate with the standard established by the Laws of Hong Kong. Every Director is required to know his/her responsibilities as a Director of the Bank and of the conduct, business activities and development of the Bank. The *Terms of Reference of the Board* mandate the responsibilities of the Directors of the Bank and also include the functions of the NEDs (including INEDs) as specifically required under Code Provision A.6.2 of the CG Code and other relevant regulations and guidelines.

INEDs and other NEDs shall make a positive contribution to the development of the Bank's strategies and policies through independent, constructive and informed comments.

The Board regularly reviews the contributions required from a Director to perform his/her responsibilities to the Bank, and whether he/she is spending sufficient time performing them. It also considers whether Directors, who have multiple board representations, are able to and have been devoting sufficient time to discharge their responsibilities as Directors of the Bank.

The Bank has received confirmation from each Director that he/she has spent sufficient time and attention to the affairs of the Bank during the year 2017. Directors have also disclosed to the Bank the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. Directors are reminded to notify the Company Secretary in a timely manner any change of such information.

The Bank has adopted the *Directors' Code of Conduct and Policy on Conflict of Interests* (the "Policy") which provides guidance to Directors to help them recognise and deal with ethical issues including the handling of conflict of interests and fair dealing, and help foster a culture of honesty and accountability in the best interests of the Group as well as the shareholders of the Bank. The Policy also contains a compliance process which requires declaration by a Director in respect of any (existing or proposed) contract, arrangement, transaction or other proposal in which the Director and/or his/her connected entity (as defined in section 486 of the Companies Ordinance), is/are directly/indirectly materially interested. A Director shall not vote on any resolution approving any contract, arrangement or transaction in which he/she and/or his/her connected entity has any material interest.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall not be dealt with by way of circulation or by a Committee (except for an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting) and a Board meeting shall be held to deal with the specific matter. INEDs who, and whose associates, have no material interest in the transaction shall be present at such Board meeting.

The Bank has established its own code of securities transactions to be observed by 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. Specific enquiries have been made on all Directors of 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 times during the year ended 31st December, 2017.

董事責任

董事須共同及個別地履行誠信責任及應有技能、謹慎和勤勉行事的責任，而履行上述責任時，至少須符合香港法例所確立的標準。每名董事須瞭解其作為本行董事的職責，以及本行的經營方式、業務活動及發展。董事會的職權範圍訂明本行董事的責任，其中包括《企業管治守則》守則條文第A.6.2條所要求的非執行董事（包括獨立非執行董事）及其他有關法規和指引所訂的職能。

獨立非執行董事及其他非執行董事透過提供獨立、富建設性及根據全面資訊的意見，對本行制訂策略及政策作出正面貢獻。

董事會定期檢討各董事須就履行本行董事職責所需的貢獻，並檢討其是否付出足夠的時間履行其職務。對於身兼多個董事會職務的董事，董事會亦會考慮其是否能夠並已經付出足夠時間，充分履行身為本行董事的職責。

本行已接獲每名董事確認於2017年內付出足夠的時間及充分關注本行事務的聲明。董事亦已向本行披露他們於香港或海外上市的公眾公司或組織擔任職位的數目和性質，以及其他重大承擔，並提供了公眾公司或組織的名稱和擔任有關職務所涉及的時間。董事會已提醒各董事，如相關資料有任何變動，須及時通知公司秘書。

本行已採納董事行為守則及利益衝突政策（「政策」），為董事提供指引，協助他們瞭解及處理有關道德操守等事宜（包括處理利益衝突及公平交易），並協助培養誠信及問責的文化，確保符合本集團及本行股東的最佳利益。該政策包括一套合規程序，訂定董事在獲悉其本人及/或其聯繫人（根據《公司條例》第486條的定義）在本公司訂定或擬定的合約、安排、交易或其他計劃項目中擁有任何直接或間接的重大權益，必須作出申報。董事不能就任何通過其本人及/或其聯繫人擁有重大權益的合約、安排或交易的董事決議案進行投票。

若有董事在董事會將予考慮的事項中存有董事會認為重大的利益衝突，有關事項不會以書面決議方式或交由董事會轄下委員會處理（根據董事會會議上通過的決議而特別就此事項成立的委員會除外），而董事會會就該事項舉行董事會會議。在交易中本身及其聯繫人均沒有重大權益的獨立非執行董事會出席有關的董事會會議。

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」）。本行已經向所有董事明確查詢，所有董事已確認於截至2017年12月31日止年度內之所有適用期，均已遵守標準守則及本行政策中所要求的標準。

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

In order to assist the Directors to discharge their duties to the Group, the Bank's *Policy on Obtaining Independent Professional Advice by Directors* sets out the procedures to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Bank's expense.

The Bank has arranged a Directors & Officers Liability and Company Reimbursement Insurance to indemnify the directors and officers of the Group against claims made against them jointly and severally for any wrongful act committed or alleged to have been committed in their capacity as directors or officers of the Group. The Bank reviews the scope of insurance annually to ensure that coverage matches the scale and type of the Bank's businesses and associated risks.

Induction and continuous development

The Bank strives to ensure that the Directors continue to develop and enhance their skills to better serve its stakeholders and has established a *Policy on Induction and Professional Development* specifying guidelines on Directors' induction training and continuous development.

The newly appointed Director receives an Information Package from the Company Secretary on the first occasion of his/her appointment. This Information Package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a Director. In addition, the Information Package includes materials on the operations and business of the Bank. The Senior Management and the Company Secretary will subsequently conduct such briefing as is necessary, to ensure that the Directors have a proper understanding of the operations and business of the Bank and that they are aware of their responsibilities under the laws and applicable regulations.

During the year, all Directors of the Bank participate in continuous professional development to develop and refresh their knowledge and skills. The Bank will keep Directors updated on areas, including directors' duties and responsibilities, corporate governance and changes in regulatory requirements, to enable them to properly discharge their duties. The Bank is responsible for arranging and funding suitable training for Directors.

During the year, all Directors received updated information in relation to the following topics:

- The Global Public Policy Committee's "Auditor's Response to the Risks of Material Misstatement Posed by Estimates of Expected Credit Losses under IFRS 9"
- Bank Culture Reform
- Competence and Ethical Behaviour
- Corporate Governance of Locally Incorporated Authorized Institutions
- Internal Audit Function
- Non-centrally Cleared OTC Derivatives Transactions – Margin and Other Risk Mitigation Standards
- On-boarding Programme for INEDs
- Risk Management Framework
- The Sharing and Use of Commercial Credit Data through a Commercial Credit Reference Agency
- Mandatory Electronic Filing of Disclosure of Interests Notifications under Part XV of the SFO
- Guidance note on directors' duties in the context of valuations in corporate transactions issued by the Securities & Futures Commission
- Anti-money Laundering and Counter-Financing of Terrorism

Directors also attended other relevant courses, conferences and seminars at the Bank's expense (where appropriate). All current Directors provided to the Bank a record of training they received in 2017.

企業管治報告(續)

本行亦已訂立一套內幕交易政策 — 集團人士以供本行僱員，或本行附屬公司的董事或僱員，遵照規定買賣本行證券。

為協助董事履行其對本集團的責任，本行的董事諮詢獨立專業意見政策設定有關程序，讓董事按合理要求，可在適當的情況下尋求獨立專業意見，費用由本行支付。

本行已購買董事和職員責任及公司償還保險，以保障本集團的董事及員工，因其以本集團董事或職員身份觸犯或被指控觸犯行為失當，以集體或個別形式被索償。本行每年檢討保險涵蓋範圍從而確保能配合本行的業務規模和類別及相關風險。

就職培訓及持續發展

本行致力確保董事持續提升其技能俾使其向本行持份者提供更佳服務，並制定就職培訓及持續發展政策，列明董事入職培訓及持續發展的安排。

每名新任的董事會在首次接受委任時獲得由公司秘書準備的一份資料套件。此資料套件為一份全面、正式兼特別為董事而設的董事責任及持續職責須知。此外，該套件亦包括本行的運作及業務資料。其後，高層管理人員及公司秘書會在有需要時向董事作出簡介，以確保各董事對本行的運作及業務均有適當的理解，以及知道本身在法律及適用的規定下的職責。

在年內，本行所有董事均參與持續專業發展，發展並更新其知識及技能。本行會向董事提供有關其職責事項(包括董事職責、企業管治及監管規定變動)的最新資訊，使董事能夠適當履行職責。本行負責為董事安排合適的培訓並承擔有關經費。

於本年度內，所有董事已獲得下列議題的資料：

- 全球公共政策委員會的審計師對國際財務報告準則第9號預期信用損失估計所帶來的重大錯報風險的回應
- 銀行企業文化改革
- 能力及道德行為
- 本地註冊認可機構的企業管治
- 內部審計職能
- 非中央結算場外衍生工具交易 - 保證金及其他風險緩解標準
- 獨立非執行董事入職啟導課程
- 風險管理架構
- 透過商業信貸資料服務機構共用商業信貸資料
- 《證券及期貨條例》第XV部下披露權益具報以電子方式送交存檔的安排
- 證監會發出有關企業交易及估值運用的指引
- 打擊洗錢及恐怖分子資金籌集

董事亦參與其他相關的課程、會議及研討會，相關費用由本行承擔(如適用)。所有現任董事均已向本行提供其於2017年內所接受培訓的記錄。

CORPORATE GOVERNANCE REPORT (CONTINUED)

The following summarises key areas of trainings^{Note} received by current Directors of the Bank during the year 2017:

Directors	Corporate Governance and Risk Management	Regulatory Update	Bank's business and management	HKFRS9	Onboarding Programme for INEDs	Business Ethics	Cyber Security
<i>Executive Directors:</i>							
David LI Kwok-po (Chairman & Chief Executive)	✓	✓	✓	✓	✓		✓
Adrian David LI Man-kiu (Deputy Chief Executive)	✓	✓	✓	✓	✓	✓	✓
Brian David LI Man-bun (Deputy Chief Executive)	✓	✓	✓		✓		✓
<i>Non-executive Directors:</i>							
Arthur LI Kwok-cheung (Deputy Chairman)	✓	✓	✓	✓	✓	✓	✓
Aubrey LI Kwok-sing	✓	✓	✓				✓
Winston LO Yau-lai	✓	✓	✓	✓	✓		✓
Stephen Charles LI Kwok-sze	✓	✓	✓				
Isidro FAINÉ CASAS	✓	✓	✓				✓
Peter LEE Ka-kit	✓	✓	✓				
Daryl NG Win-kong	✓	✓	✓		✓		
Masayuki OKU	✓	✓	✓				
<i>Independent Non-executive Directors:</i>							
Allan WONG Chi-yun (Deputy Chairman)	✓	✓	✓		✓		✓
Rita FAN HSU Lai-tai	✓	✓	✓	✓	✓		
Meocre LI Kwok-wing	✓	✓	✓	✓	✓		✓
Henry TANG Ying-yen	✓	✓	✓	✓	✓		
CHAN Kin-por	✓	✓	✓	✓	✓	✓	✓
Delman LEE	✓	✓	✓	✓	✓	✓	✓

Note: Attending seminars/conferences; giving speeches; reading articles; and/or reviewing information are considered as part of the Directors' training.

Supply of and access to information

Directors are provided in a timely manner with appropriate information that enables them to make an informed decision and to discharge their duties and responsibilities as Directors of the Bank. To ensure that the Board is well supported by accurate, complete and timely information, Directors have unrestricted access to Board papers, minutes and related materials.

The management is aware that it has an obligation to supply the Board and Board Committees with adequate information in a timely manner to enable them to make informed decisions. The information supplied must be complete and reliable. The Board and each Director have separate and independent access to the Senior Management.

In respect of regular BMs and Board Committee meetings, notice of meetings will be given to all Directors or respective Committee members about 1 month before the date of the scheduled meetings; and so far as practicable in all other cases, an agenda and accompanying meeting papers are sent in full to the Directors or respective Committee members one week in advance.

Appointments and re-election of Directors

The Bank uses a formal, considered and transparent procedure for the appointment of new Directors and adopts a nomination procedure in the selection of new Directors and for the succession of appointments to the Board. The proposed appointment will first be reviewed by the NC, taking into account the balance of skills, knowledge, experience and diversity on the Board. Candidates to be selected and recommended shall meet the relevant standards set out in the Listing Rules and CG-1.

企業管治報告(續)

下表概列現任董事於2017年參與持續專業發展^a的主要範疇的記錄：

董事	企業管治及 風險管理	最新 監管資料	本行業務 及管理	香港 財務報告 準則 第9號	獨立 非執行董事 入職啟導 課程	商業道德	網絡金融 管理技術
執行董事：							
李國寶 (主席兼行政總裁)	✓	✓	✓	✓	✓		✓
李民橋 (副行政總裁)	✓	✓	✓	✓	✓	✓	✓
李民斌 (副行政總裁)	✓	✓	✓		✓		✓
非執行董事：							
李國章 (副主席)	✓	✓	✓	✓	✓	✓	✓
李國星	✓	✓	✓				✓
羅友禮	✓	✓	✓	✓	✓		✓
李國仕	✓	✓	✓				
范禮賢	✓	✓	✓				✓
李家傑	✓	✓	✓				
黃永光	✓	✓	✓		✓		
奧正之	✓	✓	✓				
獨立非執行董事：							
黃子欣 (副主席)	✓	✓	✓		✓		✓
范徐麗泰	✓	✓	✓	✓	✓		
李國榮	✓	✓	✓	✓	✓		✓
唐英年	✓	✓	✓	✓	✓		
陳健波	✓	✓	✓	✓	✓	✓	✓
李國本	✓	✓	✓	✓	✓	✓	✓

註：出席研討會/會議、論壇致辭，閱覽文章及/或審閱資料亦視為董事培訓。

資料提供及使用

董事獲提供適時的適當資料，使其能夠在掌握有關資料的情況下作出決定，並能履行其作為本行董事的職務及責任。為確保董事會能夠獲得準確、完整和適時資料，董事可不受限制地查閱董事會的會議文件、會議記錄及相關資料。

管理層知悉其有責任向董事會及董事會轄下委員會適時提供足夠資料，以使董事能夠在掌握有關資料的情況下作出決定。管理層所提供的資料均屬完整可靠。董事會及每名董事有自行接觸高層管理人員的獨立途徑。

董事會及董事會轄下委員會常規會議的通知大概在有關會議日期1個月前發送予全體董事或個別委員會成員，議程及相關會議文件（在切實可行的情況下）會全部於1星期前送交董事或個別委員會成員。

委任及重選董事

本行按正式制訂、經審慎考慮並具透明度的程序委任新董事及就甄選新董事及董事繼任採納一套提名董事程序。提名委員會在審議有關委任事宜時將先行考慮董事會之技能、知識、經驗和多元化組合。獲甄選及獲推薦的候選人必須符合《上市規則》及CG-1所載相關的標準。

CORPORATE GOVERNANCE REPORT (CONTINUED)

A candidate who is to be appointed as an INED should also meet the independence criteria set out in Rule 3.13 of the Listing Rules and the requirements of the Guidance on Empowerment of INEDs. Upon recommendation of the NC, the proposed appointment will be reviewed and, if thought fit, approved by the Board. According to the requirement of the Banking Ordinance, prior approval from the HKMA will also be obtained for appointment of Directors.

A formal letter of appointment, setting out the terms and conditions of the appointment, and including the Director's scope of duties and obligations, is provided to every new Director of the Bank.

Pursuant to the Articles of Association, Directors (including NEDs and INEDs) are appointed for a term of not more than approximately 3 years and on expiration of his/her term he/she shall be deemed a retiring Director and eligible for re-election. All new Directors appointed by the Board are subject to re-election by shareholders of the Bank at the first general meeting after their appointments have become effective.

The NC conducts annual review of the independence of INEDs before confirming their independence status to the Board. The relevant INEDs will abstain from participating in the assessments of their own independence. Particular consideration will also be paid in assessing the independence of those INEDs who have been serving on the Board for more than 9 years and seeking re-election in the AGM. Reasons will be given in the AGM Circular to explain why the Board believes those INEDs are still independent and should be re-elected.

Evaluation of the Board and Directors

During the year, the Bank had conducted an evaluation of the effectiveness of the Board as a whole and the contributions made by each Director to the effectiveness of the Board in the form of a questionnaire to all Directors individually. The evaluation covered Board and Board Committee structure and composition; Board process and effectiveness; responsibilities of the Board; and duties and responsibilities of Directors. The evaluation report revealed that Board process is effective during the year 2017. All Directors continue to perform effectively and demonstrate commitment to their roles. The result of the evaluation had been reviewed by the NC and submitted to the Board.

The Bank will continue to undertake an evaluation of the performance of the Board and the Directors annually.

B. BOARD DELEGATION

The Board has delegated authority to various Committees to deal with specific matters under defined terms of reference. The composition and terms of reference of these Committees are reviewed and updated regularly to ensure that they remain appropriate and in line with the regulatory requirements, the Group's business and changes in governance practices. These Committees are categorised as Board Committee or Management Committee. Board Committees include the AC, the NC, the RC, the RIC and the Sealing Committee. Management Committees include the Executive Committee, the Investment Committee, the Crisis Management Committee, the Risk Management Committee, the Asset and Liability Management Committee, the Credit Committee and the Operational Risk Management Committee.

All Board Committees adopt the same governance processes as the Board as far as practicable and report to the Board on their decisions or recommendations after each meeting.

如候選人會獲委任為獨立非執行董事，亦須符合《上市規則》第3.13條所列的獨立性準則，以及提升獨立非執行董事的專業能力指引的規定。根據提名委員會之建議，董事會考慮有關委任，如認為合適者，將批准有關委任建議。依據《銀行業條例》規定，委任董事須取得金管局的預先批准。

本行所有新委任的董事均獲發一份正式委任函，載列任期及委任條款包括董事的職務及職責範圍。

根據組織章程細則規定，董事（包括非執行董事及獨立非執行董事）的任期為不超過約3年，在其任期屆滿時，將被視為一位卸任董事而有資格重選。而新任董事須於獲委任後首次股東大會退任，由本行股東重選。

提名委員會就獨立非執行董事的獨立性進行年度檢討，並向董事會確認其獨立性。有關獨立非執行董事不會參與評估本身的獨立性。對於已擔任董事超過9年並將會在股東周年常會上膺選連任的獨立非執行董事，將另作評估。並在股東周年常會通函內載列董事會為何認為該名獨立非執行董事仍屬獨立人士及應獲重選連任的原因。

評估董事會及董事

年內，本行向每位董事發出問卷就董事會整體工作成效及每位董事對達致董事會有效運作的貢獻進行評估。評估範圍涵蓋董事會及董事會轄下委員會的架構及組成、董事會程序及成效、董事會的責任，以及董事的職務及責任。評估報告顯示董事會程序於2017年內行之有效。所有董事繼續有效履行責任及對職務的承擔。提名委員會已檢閱該評估報告並已提交董事會參考。

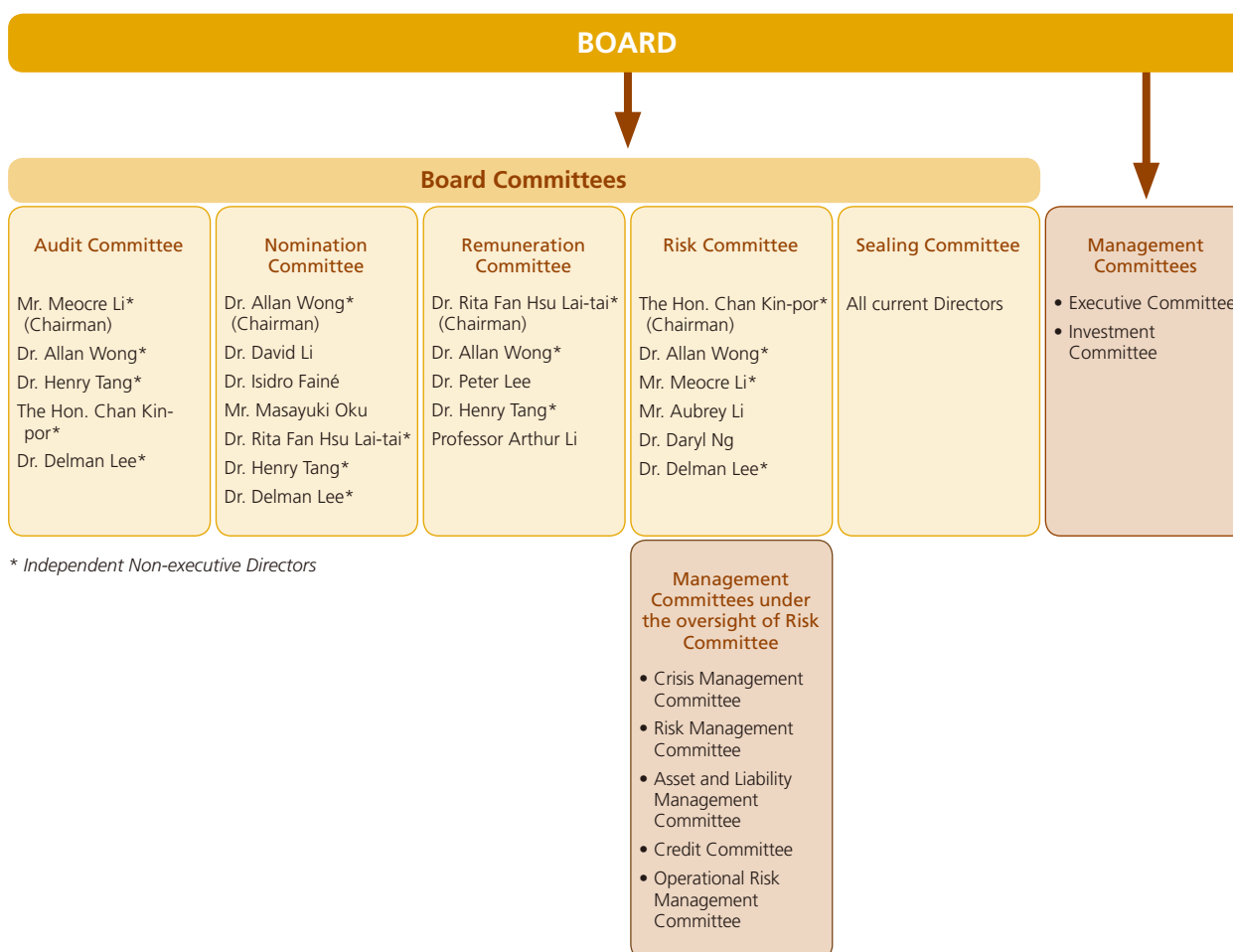
本行將繼續每年就董事會及董事的工作成效進行評估。

B. 董事會授權

董事會授權多個委員會按照明確的職權範圍處理特定事宜。董事會定期檢討及更新各委員會的組成及職權範圍，確保有關安排仍屬妥善恰當及符合監管規定，以及配合集團業務及管治常規的發展。此等委員會分類為董事會轄下委員會及管理層轄下委員會。董事會轄下委員會包括審核委員會、提名委員會、薪酬委員會、風險委員會及印章委員會。管理層轄下委員會包括執行委員會、投資委員會、危機管理委員會、風險管理委員會、資產負債管理委員會、信貸委員會、營運風險管理委員會。

各董事會轄下委員會在可行的情況下採納董事會相同的管治程序，並在每次會議後向董事會匯報其決策或向董事會提出建議。

CORPORATE GOVERNANCE REPORT (CONTINUED)



Board Committees

Audit Committee

It is the responsibility of the Board to establish formal and transparent arrangements for considering how it will apply the financial reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Bank's auditors. The Bank has established an AC with specific written Terms of Reference which deal clearly with its authorities and duties included in CG Code.

The Board has delegated its corporate governance functions as set out in Code Provision D.3.1 of the CG Code to the AC.

As laid down in the Terms of Reference, the AC is responsible for reviewing corporate governance functions, financial controls, risk management and internal control systems, annual report and accounts, and half-year interim report.

The AC comprises 5 members and all the members are INEDs. Their names and biographies are set out in

the Corporate Information and Biographical Details of Directors and Senior Management of the 2017 Annual Report. No former partners of the Bank's external auditors is acting as a member of the AC before expiry of a period of one year commencing the later of the date of his/her ceasing to be a partner of the firm or to have any financial interest in the firm.

AC meetings are held at least 3 times a year. The Chairman & Chief Executive, Deputy Chief Executives, other senior executives, and the external auditors are invited to attend these meetings. During the year, the external auditors held meetings with the AC members, without the presence of the Chairman & Chief Executive, Deputy Chief Executives and the other senior executives.

The AC is accountable to the Board and the minutes of the ACM are kept by the Company Secretary. Draft and final versions of minutes of the ACM will be sent to all Directors for their comment and record respectively, in both cases within a reasonable period after the meetings.

The number of meetings held by the AC and attendance of individual members at ACM in 2017 is recorded on page 78.



董事會轄下委員會

審核委員會

董事會負責就如何應用財務匯報、風險管理及內部監控原則，及如何維持與本行核數師適當的關係，作出正規及具透明度的安排。本行已設立一個審核委員會，並以書面訂明具體的職權範圍，清楚說明委員會在《企業管治守則》守則條文所載的職權及責任。

審核委員會獲董事會授權執行其企業管治職能，有關職能載於《企業管治守則》守則條文第D.3.1條。

根據其職權範圍，審核委員會負責檢討企業管治職能、財務監控、風險管理及內部監控系統，並負責審閱年度報告、賬目和半年中期報告。

審核委員會由5名委員組成，所有成員均為獨立非執行董事。成員名單及履歷載於《2017年年報》「公司資料」及「董事及高層管理人員的個人資料」內。本行

外聘核數師並無前任合夥人在其終止成為該核數師事務所合夥人當日或其享有該核數師事務所財務利益當日起計一年內(以日期較後者為準)的情況下，成為審核委員會成員。

審核委員會會議每年召開最少3次。主席兼行政總裁、副行政總裁、其他高級行政人員及外聘核數師均獲邀出席會議。年內，在主席兼行政總裁、副行政總裁及其他高級行政人員避席的情況下，外聘核數師與審核委員會成員舉行會議。

審核委員會須向董事會負責，而審核委員會的會議記錄由公司秘書保存。審核委員會會議記錄的初稿及最後定稿通常在會議後合理期間內先後發送予所有董事，初稿供成員表達意見，最後定稿作記錄之用。

審核委員會於2017年舉行的會議次數及個別成員的出席記錄載於第79頁。

CORPORATE GOVERNANCE REPORT (CONTINUED)

The following is a summary of the work performed by the AC during and for the year 2017:

- Reviewed and endorsed the policies and practices under the Bank's CG Framework, including the *Corporate Governance Policy* and made recommendations to the Board, where appropriate;
- Reviewed the training and continuous professional development of Directors and Senior Management;
- Reviewed the policies and practices on compliance with legal and regulatory requirements;
- Reviewed the code of conduct and compliance manual applicable to employees and Directors;
- Reviewed the status of compliance with the CG Code and disclosure in the Corporate Governance Report;
- Met with the external auditors to discuss their audit work on the Group;
- Reviewed external auditors' 2017 annual audit plan, management letter and management's response;
- Reviewed and approved the appointment of external auditors for providing non-audit services to the Group;
- Reviewed the Auditors' Independent Assurance Reports in respect of the Bank's financial disclosures under the Banking (Disclosure) Rules for 2016 and six months ended 30th June, 2017;
- Reviewed and recommended to the Board for approval of the audit fee proposal for the Group for 2017;
- Recommended to the Board to re-appoint KPMG as the Group's external auditors for 2017;
- Reviewed the internal audit reports covering the evaluation of risk management and internal control systems of various operations of the Group;
- Reviewed the adequacies of resources, qualifications and experience of the staff of the Bank's accounting, internal audit and financial reporting functions, and their training programmes and budget; effectiveness of the Group's internal audit function;
- Reviewed the Auditor's Report regarding the internal control systems for 2016 prepared under section 63(3A) of the Banking Ordinance;
- Reviewed the on-site examination reports of the HKMA issued in 2017;
- Reviewed the Interim Report and the interim results announcement for the six months ended 30th June, 2017;

- Reviewed the audited financial statements and final results announcement for 2017; and
- Reviewed and approved Group internal audit plan for 2018.

All matters raised by the AC have been addressed by the Senior Management and the other senior executives. The work and findings of the AC have been reported to the Board. During the year, no issues brought to the attention of the AC and the Board were of sufficient importance to require disclosure in the Annual Report.

The Board agreed with the AC's proposal for the re-appointment of KPMG as the Group's external auditors for 2018. The recommendation will be presented for the approval of shareholders at the 2018 AGM.

The AC has made available its Terms of Reference, on the websites of the HKEx and the Bank, explaining its role and the authorities delegated to it by the Board.

The AC is provided with sufficient resources, including the advice of external auditors and Internal Audit Division, to discharge its duties.

The Bank has established the *Policy on Appointment of External Auditor for Provision of Non-Audit Services*, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

Nomination Committee

The Bank has established an NC with specific written Terms of Reference which deal clearly with its authorities and duties. The Terms of Reference of the NC have included the specific duties set out in Code provision A.5.2 of the CG Code, with appropriate modifications where necessary.

The NC is responsible for recommending to the Board on relevant matters relating to appointments, re-appointment, removal and succession planning of Directors, Senior Management, Division Heads, Group Chief Compliance Officer, Group Chief Auditor, Group Chief Financial Officer and Group Chief Risk Officer; defining succession planning and diversity of the Board and performing evaluation of the Board performance and Directors' contribution to the effectiveness of the Board.

The NC comprises 7 members and 4 of them are INEDs. Their names and biographies are set out in the Corporate Information and Biographical Details of Directors and Senior Management of the 2017 Annual Report.

企業管治報告(續)

審核委員會在年內及為2017年度所做的工作，摘要如下：

- 檢討及批准本行企業管治架構下的政策及常規，包括企業管治政策，並於適當情況下向董事會提出建議；
- 檢討董事及高層管理人員的培訓及持續專業發展；
- 檢討在遵守法律及監管規定方面的政策及常規；
- 檢討僱員及董事的操守準則及合規手冊；
- 檢討遵守《企業管治守則》的情況及在企業管治報告內的披露；
- 會見外聘核數師以商討其在集團的核數工作；
- 審閱外聘核數師的2017年度稽核計劃，致管理層的審核情況說明函件及管理層的回應；
- 審閱及批准聘用外聘核數師向本集團提供非核數服務；
- 審閱外聘核數師就本行根據《銀行業(披露規則)》作出有關2016年度及2017年6月30日止6個月的財務披露的獨立確認報告；
- 審閱及向董事會推薦批准2017年集團的核數費用建議；
- 向董事會建議續聘畢馬威會計師事務所為本集團2017年度的外聘核數師；
- 審閱涵蓋本集團風險管理和各項運作內部監控評估的內部稽核報告；
- 審閱本行會計、稽核及財務匯報職能員工的資源、資歷和經驗，以及有關的培訓計劃和預算是否充裕；本集團稽核職能是否有效；
- 審閱《銀行業條例》63(3A)條下2016年度內部監控系統核數師報告；
- 審閱金管局2017年內發出的現場審查報告；
- 審閱截至2017年6月30日止6個月的中期報告及中期業績公告；

- 審閱2017年度經審核財務報表及全年業績公告；及

- 審閱及批准2018年度集團的內部稽核計劃。

審核委員會所提出的事項已交回高層管理人員及其他高級行政人員處理。審核委員會的工作情況及審閱結果已向董事會報告。年內，已提交審核委員會及董事會所需留意的事項，其重要性不足以需在年報內披露。

董事會同意審核委員會續聘畢馬威會計師事務所為本集團2018年度外聘核數師的建議。推薦建議將在2018股東周年常會上提呈予股東批准。

審核委員會的職權範圍登載於香港交易所及本行的網站上，解釋其角色，以及董事會所授予的權力。

審核委員會獲供給充足的資源，包括外聘核數師及稽核處的意見，以履行其職責。

本行已訂立委任外聘核數師提供非核數服務政策，訂明委任外聘核數師提供非核數服務的原則，以確保外聘核數師的獨立性。

提名委員會

本行已設立一個提名委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。提名委員會的職權範圍已包括載於《企業管治守則》守則條文第A.5.2條所指明的特定責任，惟因應需要而作出適當修改。

提名委員會負責就本行董事、高層管理人員、分處主管、集團合規總監、集團總稽核、集團財務總監及集團風險總監的委任、重選、撤職及繼任安排，向董事會提出建議；訂定董事會成員接任及董事會多元化計劃；評估董事會表現及董事對達致董事會有效運作的貢獻。

提名委員會由7名委員組成，其中4名為獨立非執行董事，成員名單及履歷載於《2017年年報》「公司資料」及「董事及高層管理人員的個人資料」內。

CORPORATE GOVERNANCE REPORT (CONTINUED)

The number of meetings held by the NC and the attendance of individual members at NCM in 2017 is recorded on page 78.

The following is a summary of the work performed by the NC for the year 2017 and up to 28th March, 2018:

- Reviewed the size, structure, composition and diversity of the Board;
- Reviewed the *Procedures for Nomination of Directors*;
- Reviewed the Terms of Reference of the NC;
- Reviewed the *Management Succession Policy*;
- Reviewed the Management Succession Plans;
- Reviewed the *Board Succession and Diversity Policy* (the "Policy") including measurable objectives for implementing the Policy;
- Reviewed and assessed the evaluation of the Board performance and Directors' contribution to the effectiveness of the Board;
- Assessed the independence status of current INEDs;
- Considered re-election of Isidro FAINÉ CASAS, Adrian David LI Man-kiu and Brian David LI Man-bun as Directors of the Bank to be proposed for shareholders' approval at the 2018 AGM;
- Reviewed the changes to the composition of the Board and Board Committees; and
- Considered the extension of the employment contract for the Chief Executive of the Bank.

The NC has made available its Terms of Reference, on the websites of HKEx and the Bank, explaining its role and the authorities delegated to it by the Board.

The NC is provided with sufficient resources including the advice of independent professional firms, if necessary, to discharge its duties.

Remuneration Committee

The Bank has established an RC with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the RC have included the specific duties set out in Code Provision B.1.2 of the CG Code, with appropriate modifications where necessary.

The RC is responsible for making recommendations to the Board regarding the Bank's remuneration policy, and for the formulation and review of the remuneration packages of the Directors, Senior Management and Key Personnel of the Group.

The emoluments payable by the Bank to its Directors and senior executives are determined taking into account their role and responsibilities so as to ensure a fair and competitive remuneration package. The Bank will also ensure that no Director, Chief Executive or any of their associates will be involved in deciding his/her own remuneration.

The RC comprises 5 members and 3 of them are INEDs. Their names and biographies are set out in the Corporate Information and Biographical Details of Directors and Senior Management of the 2017 Annual Report.

The number of meetings held by the RC and the attendance of individual members at RCM in 2017 is recorded on page 78.

The following is a summary of work performed by the RC during and for the year 2017:

- Reviewed the Variable Remuneration for the Senior Management and Key Personnel for 2016;
- Reviewed the vesting of Deferred Variable Remuneration for the Awards of the Year 2013 to 2015;
- Considered First Offer and Grant of share options under the 2016 Scheme to eligible employees including Senior Management and Division Heads;
- Reviewed the list of Senior Management and other Key Personnel for 2017;
- Reviewed the Remuneration Packages for the Senior Management and Key Personnel for 2017;
- Reviewed the Remuneration Packages for the Executive Director & Chief Executive of BEA China;
- Reviewed the Waiver of the Deferral Arrangement for gratuity payable to Senior Advisor to BEA China;
- Reviewed the Proposed Minimum Vesting Conditions for the Award of Deferred Variable Remuneration to the Members of Senior Management and Key Personnel;
- Reviewed Annual Salary Review for 2017;
- Reviewed Annual Salary Review for 2017 for the Local Staff of Overseas Branches and Subsidiaries;
- Reviewed the Usage of Salary Increment Budget for 2016;
- Reviewed the Senior Executive Bonus Scheme for 2017 and onwards;

提名委員會於2017年舉行的會議次數及個別成員的出席記錄載於第79頁。

提名委員會在2017年度及截至2017年3月28日止所做的工作，摘要如下：

- 檢討董事會的人數、架構、組合及多元化；
- 檢討提名董事的程序；
- 檢討提名委員會的職權範圍；
- 檢討管理層繼任政策；
- 檢討管理層繼任安排；
- 檢討董事會繼任及多元化政策包括推行多元化政策的可計量目標；
- 檢討及評估董事會的表現及董事對達致董事會有效運作的貢獻；
- 評核現任獨立非執行董事的獨立性；
- 審議在2018股東周年常會上向股東提呈批准重選范禮賢、李民橋及李民斌為本行董事的建議；
- 檢討董事及董事會轄下委員會組合的變動；及
- 審議延長本行行政總裁的服務合約。

提名委員會的職權範圍登載於香港交易所及本行的網站上，解釋其角色，以及董事會所授予的權力。

提名委員會獲提供充足資源，包括獨立專業公司的意見(如需要)，以履行其職責。

薪酬委員會

本行已設立一個薪酬委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。薪酬委員會的權責範圍已包括《企業管治守則》守則條文第B.1.2條所載的特定職責，惟因應需要而作出適當修改。

薪酬委員會負責就本行的薪酬政策，以及就訂立及審議集團董事、高層管理人員及主要管理人員的薪酬組合，向董事會提出建議。

本行於釐定董事及高級行政人員的酬金時，會考慮其職務及職責，以確保能提供既公平又具競爭力的薪酬予有關人士。本行亦確保任何董事、行政總裁或任何彼等聯繫人不能自行釐定薪酬。

薪酬委員會由5名委員組成，其中3名為獨立非執行董事，成員名單及履歷載於《2017年年報》「公司資料」及「董事及高層管理人員的個人資料」內。

薪酬委員會於2017年舉行的會議次數及個別委員的出席記錄載於第79頁。

薪酬委員會在年內及為2017年度所做的工作，摘要如下：

- 檢討2016年度高層管理人員及主要管理人員的浮動薪酬；
- 檢討2013至2015年度遞延浮動薪酬獎勵的歸屬；
- 考慮根據2016計劃，給予及授出第一批認股權予合資格僱員，包括高層管理人員和分處主管；
- 檢討2017年度高層管理人員及主要管理人員名單；
- 檢討2017年度高層管理人員及主要管理人員的薪酬組合；
- 檢討東亞中國執行董事兼行長的薪酬組合；
- 檢討豁免支付東亞中國高級顧問約滿酬金之遞延安排；
- 檢討高層管理人員及主要管理人員有關遞延浮動薪酬獎勵最低歸屬條件的建議；
- 檢討2017年度薪酬；
- 檢討2017年度海外分行及附屬公司當地員工的薪酬；
- 檢討2016年度薪酬加幅預算的使用狀況；
- 檢討2017年度及之後的高級行政人員賞金計劃；

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Reviewed the audit on the Bank's Remuneration System;
- Reviewed the Terms of Reference of the RC;
- Reviewed the *Remuneration Policy*; and
- Reviewed HKMA requirements in relation to Bank Culture Reform and its implementation.

In 2017, in view of HKMA requirements in relation to Bank Culture Reform, the RC has been designated to advise and assist the Board in discharging its responsibilities for the Bank's culture-related matters. A Steering Group and a cross-functional Workgroup have been established to drive the whole process of reform. By the end of 2017, the Bank has refined its vision, mission and core values, and developed a summary sheet on the desirable and undesirable behaviours pertaining to each core value. In addition, a dedicated Bank Culture portal has been developed at the Bank's Corporate Intranet Platform in January 2018.

The RC has made available its Terms of Reference, on the websites of the HKEx and the Bank, explaining its role and the authorities delegated to it by the Board.

The RC is provided with sufficient resources, including the advice of independent professional firms, if necessary, to discharge its duties.

Risk Committee

The Bank has established an RIC with specific written Terms of Reference which deal clearly with its authorities and duties. The RIC is responsible for dealing with the Bank's risk management-related issues, in particular strategic issues, of the Group.

The RIC is assisted by the Management Committees namely the Risk Management Committee, Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee, to deal with daily management of risk-related issues; and by the Crisis Management Committee to deal with crisis management.

The RIC comprises 6 members and 4 of them are INEDs. Their names and biographies are set out in the Corporate Information and Biographical Details of Directors and Senior Management of the 2017 Annual Report.

RICMs are held on a quarterly basis, or as required. During the meetings, RIC reviews the risk management-related issues of the Group including risk appetite, risk management strategies, risk governance, risk management framework, risk management policies and risk profiles. Significant risk management-related issues are reported to the Board via RIC.

The number of meetings held by the RIC and the attendance of individual members at RICM in 2017 is recorded on page 78.

The following is a summary of the work performed by the RIC during and for the year 2017:

- Reviewed the Group's Risk Appetite Statement and enhanced the methodology;
- Reviewed the Group's risk management strategies;
- Reviewed and monitored the Group's risk profiles and enhanced the methodology;
- Reviewed the Group's risk governance and management framework;
- Reviewed the Group's enterprise risk management framework and oversaw the status of implementation;
- Oversaw the establishment of the Enterprise-Level Fraud Risk Management Framework and the development of Fraud Risk Management Policy;
- Reviewed the *Group Risk Management Policy*;
- Reviewed the Internal Capital Adequacy Assessment Process;
- Reviewed the stress-testing results for major risks;
- Reviewed the Group Recovery Plan;
- Reviewed regulatory updates on risk management related issues and considered their probable material implications to the Group;
- Reviewed critical regulatory comments on the Group's risk management-related issues;
- Reviewed the Terms of Reference of the RIC, Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee;
- Reviewed the Risk Committee Report; and
- Oversaw the implementation of risk management policies and compliance with respective statutory rules and regulations.

The Terms of Reference of RIC require it to report back to the Board on its decisions or recommendations.

The RIC has made available its Terms of Reference, on the website of the Bank, explaining its role and the authorities delegated to it by the Board.

The RIC is provided with sufficient resources including the advice of independent professional firms, if necessary, to discharge its duties.

- 檢討本行的薪酬制度審核；
- 檢討薪酬委員會的職權範圍；
- 檢討薪酬政策；及
- 按照金管局有關銀行企業文化改革的要求，檢討相關政策及其推行的進程。

在2017年，鑑於金管局對銀行企業文化改革的要求，董事會委任薪酬委員會負責就本行在促進良好企業文化的相關事宜，向董事會提供意見及協助。為此，本行成立了一個督導小組和一個跨部門工作組以推動整個文化改革的進程。在2017年底，本行優化了其願景、使命及核心價值，並因應每個核心價值制訂了行為指引。此外，本行將於2018年1月在其內部資訊分享平台開設一個專頁，以傳遞企業文化的重要信息。

薪酬委員會職權範圍登載於香港交易所及本行的網站上，當中解釋其角色及董事會所授予的權力。

薪酬委員會獲供給充足資源，包括獨立專業公司的意見(如需要)，以履行其職責。

風險委員會

本行已設立一個風險委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權及責任。風險委員會負責處理本行的風險管理相關事宜，尤其是本集團的策略事宜。

風險委員會由管理層轄下委員會包括風險管理委員會、信貸委員會、資產負債管理委員會和營運風險管理委員會協助，負責處理風險相關事項的日常管理事宜，並且由危機管理委員會協助，處理危機管理事宜。

風險委員會由6名委員組成，其中4名為獨立非執行董事，成員名單及履歷載於《2017年年報》「公司資料」及「董事及高層管理人員的個人資料」內。

風險委員會每季召開一次會議，並於認為必要時召開額外會議。於會議上，風險委員會檢討本集團的風險管理相關事宜，涵蓋風險偏好、風險管理策略、風險管治、風險管理架構、風險管理政策及風險狀況。重大風險管理相關事宜經由風險委員會向董事會匯報。

風險委員會於2017年舉行的會議次數及個別成員的出席記錄載於第79頁。

風險委員會在年內及為2017年度所做的工作，摘要如下：

- 檢討本集團的風險偏好報告書及優化其評估方法；
- 檢討本集團的風險管理策略；
- 檢討及監察本集團的風險狀況及優化其評估方法；
- 檢討本集團的風險管治及管理架構；
- 檢討本集團的企業風險管理架構及監督其執行情況；
- 監督本集團建立企業層面詐騙風險管理架構及制定詐騙風險管理政策；
- 審閱集團風險管理政策；
- 審閱內部資本充足評估程序；
- 審閱主要風險的壓力測試結果；
- 審閱集團恢復計劃；
- 審閱與風險管理相關的新監管規定，並考慮其可能對本集團造成的重大影響；
- 審閱與本集團風險管理相關的重要監管意見；
- 審閱風險委員會、危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會和營運風險管理委員會的職權範圍；
- 審閱風險委員會報告；及
- 監督本集團執行風險管理政策及遵守相關法例及法規。

風險委員會的職權範圍規定該委員會要向董事會匯報其決定或建議。

風險委員會的職權範圍登載於本行的網站上，解釋其角色，以及董事會所授予的權力。

風險委員會獲提供充足資源，包括獨立專業公司的意見(如需要)，以履行其職責。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Sealing Committee

Sealing Committee comprises all Directors of the Bank as appointed from time to time. It is responsible for directing the usage and custody of the Bank's common seal.

Management Committees

Management Committees are established to deal with matters as sufficiently prescribed in respective terms of reference, each of which has specific roles and responsibilities delegated by the Board or Board Committees:

1. Executive Committee is responsible for reviewing all major functions and critical issues as well as formulating various strategies and policies relating to the businesses and operations of the Group.
2. Risk Management Committee is responsible for assisting the RIC in the daily management of issues related to all major risks (in particular strategic and new product and business risks) faced by the Group including risk appetites, risk profiles, regulatory updates and stress-testing.
3. Credit Committee is responsible for dealing with all credit risk-related issues of the Group.
4. Operational Risk Management Committee is responsible for dealing with issues related to operational, legal, reputation, compliance, technology and business continuity risks of the Group.
5. Asset and Liability Management Committee is responsible for dealing with all issues related to market, interest rate and liquidity risks of the Group.
6. Crisis Management Committee is responsible for dealing with the Group's management of crisis scenarios which jeopardise or have the potential to jeopardise the Group in its reputation, liquidity/ financial position and business continuity.
7. Investment Committee is responsible for reviewing and formulating investment strategies as well as making investment decisions in respect of fixed income instruments, equity and equity related investments for the Bank, and The Bank of East Asia, Limited Employees' Provident Fund.

Material matters will be reported to the Board/Board Committees by the Management Committees according to their respective Terms of Reference.

C. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The scales of Director's fees, and fees for membership of the AC, NC, RC and RIC are outlined below:

	Amount per annum
	Starting 1st July, 2017
<i>Board of Directors:</i>	
Chairman	HK\$550,000
Deputy Chairman	HK\$425,000
Other Directors	HK\$400,000
<i>Audit Committee:</i>	
Chairman	HK\$250,000
Other members	HK\$140,000
<i>Nomination Committee:</i>	
Chairman	HK\$90,000
Other members	HK\$60,000
<i>Remuneration Committee:</i>	
Chairman	HK\$90,000
Other members	HK\$60,000
<i>Risk Committee:</i>	
Chairman	HK\$250,000
Other members	HK\$140,000

Information relating to the remuneration of each Director for 2017 is set out in Note 21 on the accounts on page 203.

印章委員會

印章委員會由所有本行不時委任的董事組成，負責監督本行之法定印章的使用及保管。

管理層轄下委員會

管理層轄下每個委員會均獲董事會或董事會轄下委員會授予特定的角色及職責，並以書面訂明具體的職權範圍：

1. 執行委員會負責檢討集團各項有關業務及運作的主要功能和重大事宜及制定不同策略及政策。
2. 風險管理委員會負責協助風險委員會處理與本集團所有主要風險（尤其是策略性及新產品及業務風險）相關的日常管理事宜，包括風險偏好、風險狀況、新監管規定及壓力測試。

3. 信貸委員會負責處理集團所有與信貸風險有關的事宜。
4. 營運風險管理委員會負責處理集團與營運、法律、信譽、合規、科技及持續業務運作風險有關的事宜。
5. 資產負債管理委員會負責處理集團所有與市場、利率及流動資金風險有關的事宜。
6. 危機管理委員會在發生或有可能發生危害集團信譽、流動資金/財政狀況及持續業務運作的事件時負責處理集團的危機事故管理事宜。
7. 投資委員會負責檢討及制訂本行及東亞銀行有限公司僱員公積金就有關定息債券工具、股票及其他股票相關投資工具的投資策略。

管理層轄下委員會根據其職權範圍向董事會/管理層轄下委員會匯報重要事項。

C. 董事及高級行政人員的薪酬

董事袍金，以及審核委員會、提名委員會、薪酬委員會和風險委員會委員的酬金摘錄如下：

	年度金額
	2017年7月1日生效
董事會：	
主席	港幣 55 萬元
副主席	港幣 42 萬 5 千元
其他董事	港幣 40 萬元
審核委員會：	
主席	港幣 25 萬元
其他委員	港幣 14 萬元
提名委員會：	
主席	港幣 9 萬元
其他委員	港幣 6 萬元
薪酬委員會：	
主席	港幣 9 萬元
其他委員	港幣 6 萬元
風險委員會：	
主席	港幣 25 萬元
其他委員	港幣 14 萬元

有關各董事 2017 年度的薪酬資料載於第 203 頁的賬項附註 21。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Disclosure of Remuneration Policy

In accordance with the “Guideline on a Sound Remuneration System” (the “Guideline”) issued by the HKMA in March 2010 and its revision effective March 2015, the Bank has reviewed and revised its remuneration policy for employees of the Group, including its overseas branches and subsidiaries. The remuneration policy covers all categories of employees, including the 4 described in paragraph 2.1.1 of the Guideline. The RC, Group Chief Risk Officer and Group Chief Compliance Officer annually reviews the Bank’s remuneration policy, including a reassessment of the principles applied in determining remuneration packages, as well as the structure and amount of compensation ultimately awarded.

General Principles

The remuneration policy of the Group promotes effective risk management, and is designed to encourage employee behaviour that supports the Group’s business objectives, long-term financial soundness, risk tolerance, and risk management framework.

Remuneration Structure

Employee remuneration packages may consist of a combination of fixed and variable remuneration. The appropriate proportion of fixed and variable remuneration shall vary according to an employee’s seniority, role, responsibilities, and activities within the Group, among other things.

Fixed remuneration refers to an employee’s annual salary (including year-end pay), while variable remuneration – comprising cash bonus payments and/or share options – is awarded based on the employee’s performance with a view to better aligning incentives with risk and longer-term value creation. Variable remuneration, which is awarded in the form of cash bonus payments and/or share options, is determined taking into account an employee’s seniority, role and responsibilities, and the actual or potential risks that the employee’s activities may create for the Group and the extent to which they may affect its overall performance.

Separate bonus schemes apply to risk control personnel, whose awards are not linked to the performances of the business units that they oversee.

Employees’ Performance Measurements and the Award of Variable Remuneration

The RC determines the measures and the corresponding target levels of the Group’s performance with reference to corporate goals and objectives at the beginning of each financial year and when necessary.

Score-cards comprised of a set of pre-defined and assessable criteria are used to assess the performance of individual employees. The criteria are determined according to the individual’s areas of responsibility, as well as relevant financial and non-financial factors. To help ensure a balanced evaluation, a series of compliance and risk management ratings are also taken into account. The major types of risks covered are market, credit, interest rate, liquidity and operational risks. Other risks including legal, reputation, technology and strategic risks are closely monitored at Bank level by various Management Committees and adjustment will be made to an individual’s variable remuneration when appropriate. The award of variable remuneration to an employee is based on the overall performance of the Group, as well as the performance of the relevant business unit, and that individual employee. Poor performance (either financial or non-financial) will result in a reduction or elimination of variable remuneration. Moreover, performance in relation to non-financial factors, including risk and compliance, forms a significant part of the employee performance appraisal exercise, given that poor performance in these areas can be indicative of significant risks to the Group. Adverse performance in non-financial factors, where appropriate, should override outstanding financial achievements. The overall quality of an employee’s performance – as opposed to solely his/her financial performance – can therefore be accurately determined as an integral part of the assessment. This ultimately helps mitigate risk to the Group and ensures the deployment of suitable personnel based on competence.

Senior Executive Compensation

The RC annually reviews the remuneration packages of the Senior Management and Key Personnel (including 16 Division Heads, the Executive Director & Chief Executive of BEA China, and the Head of Capital Markets & Liquidity Management Department). In determining the remuneration packages of the Senior Management and Key Personnel, the RC takes into account individual performances, performances of respective divisions and departments, and the Group’s overall business goals and objectives. In 2017, the Bank engaged an external consultant, Willis Towers Watson, to review the Senior Executive Bonus Schemes of BEA and BEA China.

The aggregate payouts for these 23 senior executives for 2017 are shown in the table below in accordance with the disclosure requirement 3.3 of the Guideline.

薪酬政策的披露

按照金管局於2010年3月發出的《穩健的薪酬制度指引》(「《指引》」)及其2015年3月修訂本,本行已檢討並修訂對本集團(包括其海外分行及附屬公司)僱員的薪酬政策。薪酬政策適用於所有僱員,並包括依據《指引》第2.1.1段所述而劃分的四類員工。薪酬委員會、集團風險總監及集團合規總監於每個年度檢討本行的薪酬政策,當中包括重新評估應用於薪酬組合,以及報酬的架構及最終所發放金額的釐定原則。

一般原則

本集團的薪酬政策以促進有效的風險管理為原則,旨在鼓勵僱員支持本集團達致業務目標,維持長期財政穩健,以及本集團在風險承擔、風險管理架構等方面的工作。

薪酬架構

僱員的薪酬組合包含固定薪酬和浮動薪酬,兩者之間的合適比例因應僱員的職級、職務、職責,以及其在本集團內所進行的業務等而有所不同。

固定薪酬乃指僱員的年薪(包括雙糧),而浮動薪酬(包含現金花紅及/或認股權)則根據僱員的工作表現而發放,使其所獲得的報酬更能配合風險和較長期的價值創造。浮動薪酬(發放的形式包括現金花紅及/或認股權)的釐定準則,主要是考慮到僱員的職級、職務、職責和他們所進行的業務對本集團可能帶來的實質或潛在風險,以及該等風險對本集團整體表現的影響程度。

本集團亦設有獨立賞金計劃予風險控制人員,而發放的獎金並非與其所監管的業務部門表現掛鈎。

僱員表現的衡量和浮動薪酬的發放

薪酬委員會於各個財政年度開始時及必要時,參考公司的目的和目標以釐定本集團表現的有關措施及相應目標水平。

本集團使用計分卡來評核個別僱員的工作表現,當中包含一套預設和可供評核的準則。這些準則乃依照僱員的主要職責範圍、相關財務及非財務因素,以及一系列合規和風險管理評級而釐定,確保僱員的工作表現獲平衡考量。主要風險的種類涵蓋市場、信貸、利率、流動資金及營運風險。而其他風險包括法律、信譽、科技及策略性風險則由不同的管理層轄下委員會在銀行層面上作出緊密監察,並於適當時調整個別僱員的浮動薪酬。浮動薪酬乃根據本集團的整體表現,以及相關業務部門及個別僱員的表現發放。如僱員表現未如理想(根據財務或非財務因素衡量),其浮動薪酬會有所下調甚至撤銷。由於非財務因素(包括風險和合規)相關的表現未如理想時,可能顯示對本集團帶來重大風險,因此該表現將視作為評核僱員表現的重要考量因素。再者,非財務方面表現欠佳(在適當情況下)將凌駕於其財務方面的傑出表現。此舉使僱員的整體表現(而非僅僅考核其財務指標的表現)能準確地反映於一次完整的考核之中,從而有助減低本集團承受的風險,及確保根據僱員的能力調配人力資源。

高級行政人員的薪酬

薪酬委員會於每個年度檢討高層管理人員及主要管理人員(包括16名分處主管、東亞中國執行董事兼行長,以及資本市場及流動資金管理部門主管)的薪酬組合。薪酬委員會在釐定高層管理人員及主要管理人員的薪酬組合時所考慮的因素,包括個人工作表現、相關分處及部門的業績表現,以及本集團的整體業務目的和目標。本行於2017年委任外部顧問公司——韋萊韜悅——檢討東亞銀行及東亞中國的高級行政人員賞金計劃。

根據《指引》第3.3項的披露規定,此等合共23名高級行政人員於2017年度獲得的薪酬總額載於下表。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Total value of remuneration in 2017

Total value of remuneration awards for the current financial year	2017		2016	
	Non-deferred (HK\$)	Deferred (HK\$)	Non-deferred (HK\$)	Deferred (HK\$)
(i) Senior Management				
<i>Fixed remuneration</i>				
• Cash-based	26,719,930	0	26,215,930	0
<i>Variable remuneration</i>				
• Cash-based	26,892,189	16,224,428	10,278,848	0
• Share Options	0	16,738,827	0	25,321,337
(ii) Key Personnel				
<i>Fixed remuneration</i>				
• Cash-based	48,969,160	0	45,462,192	0
<i>Variable remuneration</i>				
• Cash-based	27,305,282	11,107,542	11,911,873	4,344,353
• Share Options	0	7,595,873	0	9,907,716

Remarks:

- (i) For indicative purpose only, the value of share options is calculated based on the fair value of the Bank's shares on 19th January, 2018 for 2017 and 17th January, 2017 for 2016 respectively.
- (ii) No guaranteed bonuses, sign-on, or severance payments were made to the Senior Management and Key Personnel of the Group in 2017 and 2016.

Total outstanding deferred remuneration in 2017

Outstanding deferred remuneration	Vested portion during the year 2017 (HK\$)	Unvested portion as at the end of 2017 (HK\$)	Performance adjustments to Vested portion during the year 2017 (HK\$)	Performance adjustments to Unvested portion as at the end of 2017 (HK\$)
(i) Senior Management				
• Cash-based	6,788,256	2,662,886	0	0
• Share Options	23,954,919	50,462,218	0	0
(ii) Key Personnel				
• Cash-based	6,267,785	9,572,379	340,000	133,334
• Share Options	8,037,024	18,718,584	0	0

Remarks:

- (i) The values of share options are calculated based on the fair value on the respective Grant Dates.
- (ii) The vested cash bonuses and share options relate to the 2013 variable remuneration award granted in 2014 and vested in 2017, the 2014 variable remuneration award granted in 2015 and vested in 2017 and the 2015 variable remuneration award granted in 2016 and vested in 2017. The total number of share options granted in 2014, 2015 and 2016 are 5,987,500 shares, 6,100,000 shares and 6,262,500 shares respectively.
- (iii) The unvested cash bonuses and share options relate to the 2014, 2015 and 2016 variable remunerations.
- (iv) The outstanding deferred remuneration of Key Personnel in 2017 includes the vested cash bonuses of one Key Personnel who left the Group on 1st October, 2013.

2017年度薪酬總值

本財政年度發放的薪酬總值	2017		2016	
	非遞延(港幣)	遞延(港幣)	非遞延(港幣)	遞延(港幣)
(i) 高層管理人員				
固定薪酬				
• 薪金	26,719,930	0	26,215,930	0
浮動薪酬				
• 現金花紅	26,892,189	16,224,428	10,278,848	0
• 認股權	0	16,738,827	0	25,321,337
(ii) 主要管理人員				
固定薪酬				
• 薪金	48,969,160	0	45,462,192	0
浮動薪酬				
• 現金花紅	27,305,282	11,107,542	11,911,873	4,344,353
• 認股權	0	7,595,873	0	9,907,716

註：

- (i) 2017認股權價值乃參照本行股份於2018年1月19日的公平價值計算，而2016認股權價值則參照2017年1月17日的公平價值計算，僅供參考用途。
- (ii) 集團於2017及2016年度並無向高層管理人員及主要管理人員支付保證花紅、簽約受聘酬金或遣散費。

2017年度未發放的遞延薪酬總額

未發放的遞延薪酬	於2017年度 已歸屬部分 (港幣)	於2017年底 未歸屬部分 (港幣)	於2017年度 因工作表現而取消 的已歸屬部分 (港幣)	於2017年度 因工作表現而取消 的未歸屬部分 (港幣)
(i) 高層管理人員				
• 現金花紅	6,788,256	2,662,886	0	0
• 認股權	23,954,919	50,462,218	0	0
(ii) 主要管理人員				
• 現金花紅	6,267,785	9,572,379	340,000	133,334
• 認股權	8,037,024	18,718,584	0	0

註：

- (i) 認股權價值乃根據各授予日的公平價值計算。
- (ii) 已歸屬現金花紅及認股權為2014年授予並於2017年歸屬的2013年浮動薪酬、2015年授予並於2017年歸屬的2014年浮動薪酬和2016年授予並於2017年歸屬的2015年浮動薪酬。於2014、2015及2016年授予的認股權總額分別為5,987,500股、6,100,000股及6,262,500股。
- (iii) 未歸屬現金花紅及認股權為2014、2015及2016年浮動薪酬。
- (iv) 2017年度之主要管理人員未發放的遞延薪酬含1名已於2013年10月1日離職之主要管理人員的已歸屬現金花紅。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Total outstanding deferred remuneration in 2016

Outstanding deferred remuneration	Vested portion during the year 2016 (HK\$)	Unvested portion as at the end of 2016 (HK\$)	Performance adjustments to Vested portion during the year 2016 (HK\$)	Performance adjustments to Unvested portion as at the end of 2016 (HK\$)
(i) Senior Management				
• Cash-based	11,793,441	9,451,142	0	0
• Share Options	16,761,871	53,134,613	0	0
(ii) Key Personnel				
• Cash-based	7,775,555	11,495,811	340,000	473,334
• Share Options	4,812,015	18,428,220	0	0

Remarks:

- (i) The values of share options are calculated based on the fair value on the respective Grant Dates.
- (ii) The vested cash bonuses and share options relate to the 2012 variable remuneration award granted in 2013 and vested in 2016, the 2013 variable remuneration award granted in 2014 and vested in 2016 and the 2014 variable remuneration award granted in 2015 and vested in 2016. The total number of share options granted in 2013, 2014 and 2015 are 5,650,000 shares, 5,987,500 shares and 6,100,000 shares respectively.
- (iii) The unvested cash bonuses and share options relate to the 2013, 2014 and 2015 variable remunerations.
- (iv) The outstanding deferred remuneration of Key Personnel in 2016 includes the vested and unvested cash bonuses and share options of 3 Key Personnel who left the Group on 1st January, 2013 and 1st October, 2013 respectively.

Details of the remuneration payable to members of the Senior Management by band are disclosed in Note 22 on the accounts on page 205.

Deferral Arrangements

The award of variable remuneration to the Senior Management and Key Personnel is subject to deferment in such a manner as determined by the RC. In general, the proportion of variable remuneration which is subject to deferment will increase in line with the seniority, scope of responsibilities, and other relevant factors pertinent to the Senior Management and Key Personnel.

The award of deferred remuneration is subject to a minimum vesting period and pre-defined vesting conditions as determined by the RC and communicated to all relevant employees. Deferred remuneration is awarded in such a manner so as to align employees' incentive awards with long-term value creation and the time horizons of risk. The future performance (both financial and non-financial) of the Group, relevant business units, and individual employees, as well as the creation of value for our shareholders, are taken into consideration when determining vesting conditions. Vesting and payment of deferred remuneration will be made gradually over a period of 3 years and no faster than on a pro-rata basis.

In circumstances where it is later established that any performance measurement for a particular year was based on data that is later proven to have been manifestly misstated, or it is later established that the relevant employee has committed fraud, malfeasance, or a violation of internal control policies, any unvested portions (i.e. both cash bonuses and/or share option tranches that have yet to be vested) of deferred variable remuneration (relating to that particular year in question) should be forgone, either in part or in whole, as determined by the RC. In certain circumstances, claw back of vested portion of the deferred variable remuneration of that particular year may apply.

Future Review

As a major financial institution in Hong Kong, the Group not only takes extensive measures to ensure that it complies with all the relevant guidelines, rules, and regulations, but also adopts positive steps to ensure that ethical, social, and environmental aspects are taken into account when determining remuneration policies and packages.

2016年度未發放的遞延薪酬總額

未發放的遞延薪酬	於2016年度 已歸屬部分 (港幣)	於2016年底 未歸屬部分 (港幣)	於2016年度 因工作表現而取消 的已歸屬部分 (港幣)	於2016年度 因工作表現而取消 的未歸屬部分 (港幣)
(i) 高層管理人員				
• 現金花紅	11,793,441	9,451,142	0	0
• 認股權	16,761,871	53,134,613	0	0
(ii) 主要管理人員				
• 現金花紅	7,775,555	11,495,811	340,000	473,334
• 認股權	4,812,015	18,428,220	0	0

註：

- (i) 認股權價值乃根據各授予日的公平價值計算。
- (ii) 已歸屬現金花紅及認股權為2013年授予並於2016年歸屬的2012年浮動薪酬、2014年授予並於2016年歸屬的2013年浮動薪酬和2015年授予並於2016年歸屬的2014年浮動薪酬。於2013、2014及2015年授予的認股權總額分別為5,650,000股、5,987,500股及6,100,000股。
- (iii) 未歸屬現金花紅及認股權為2013、2014及2015年浮動薪酬。
- (iv) 2016年度之主要管理人員未發放的遞延薪酬含3名已分別於2013年1月1日及2013年10月1日離職之主要管理人員的已歸屬及未歸屬現金花紅及認股權。

按等級披露的高層管理人員的薪酬詳情載於第205頁的賬項附註22內。

遞延安排

高層管理人員及主要管理人員的浮動薪酬依照薪酬委員會所定的遞延安排發放。一般而言，高層管理人員及主要管理人員可予遞延的浮動薪酬比例，會按其本身的職級、職責範圍和其他相關因素而增加。

遞延薪酬的發放受限於薪酬委員會所定並通知各有關僱員的最短歸屬期限和預設的歸屬條件。遞延薪酬的發放應能確保僱員所獲的報酬與長期的價值創造和風險的存在時間相配合。在釐定歸屬條件時，會考慮到集團、相關業務部門和僱員日後在財務及非財務方面的表現，以及為股東所創造的價值。遞延薪酬的歸屬和支付將會在3個年度內分階段及按比例進行。

若日後確定用以衡量某年度工作表現的數據被證實為明顯地錯誤陳述，或有關僱員曾作欺詐、違法或違反內部管控政策等行為，其於該年度內遞延浮動薪酬中的全部或部分未歸屬現金花紅及/或認股權將會按照薪酬委員會的決定予以取消。在若干情況下，該特定年度的已歸屬遞延浮動薪酬可予以收回。

未來檢討

本集團作為香港主要的金融機構，在釐定薪酬政策和組合時不但採取廣泛措施確保符合所有相關原則、規則和規例，並採取積極的措施以確保顧及道德、社會和環境各方面。

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Group will keep abreast of the latest development in the labour market, especially in the financial services sector, and will review and refine its compensation and remuneration policies whenever necessary to enable the provision of competitive remuneration packages to ensure the retention of talent.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Bank's performance, position and prospects.

Management comprising Chief Executive, Deputy Chief Executives and General Managers shall provide sufficient explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. It provides the Board with monthly updates giving a balanced and understandable assessment of the Bank's performance, position and prospects to assist the Board as a whole and each Director to discharge their duties.

The Directors are responsible for ensuring maintenance of proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31st December, 2017, the Directors have:

- consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- prepared the accounts on the going concern basis.

The Bank has announced its annual and interim results within 2 months after the end of the relevant periods, which is earlier than the limit of three months (for annual results) and within the limit of two months (for interim results) as required by Rule 13.49(1) and (6) of the Listing Rules respectively.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report from pages 150 to 158.

The Board will present a balanced, clear and understandable assessment to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Risk Management and Internal Controls

The Directors acknowledged that they are responsible for the Group's risk management and internal control systems and reviewing their effectiveness. All employees are responsible for identifying and managing risk within the scope of their roles as part of the three lines of defence model. The second line of defence sets the policy and guidelines for managing specific risk areas, provides advice and guidance in relation to the risk, and challenges the first line of defence, the Risk Owners, on effectiveness of risk management. The third line of defence provides an independent assurance on effectiveness of the Group's risk management and internal control systems. The Internal Audit Division and Risk Management Division assume the responsibilities of internal audit and risk management functions of the Bank, respectively. During the financial year ended 31st December, 2017, the Board reviewed the adequacy and effectiveness of the risk management and internal control systems.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Bank's strategic objectives and ensuring that the Bank establishes and maintains appropriate and effective risk management and internal control systems. The Board is also responsible for overseeing the Senior Management and the other senior executives in the design, implementation and monitoring of the risk management and internal control systems.

The risk management and internal control systems of the Bank are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Such systems comprise comprehensive policies and standards under a well-established organisational structure. Areas of responsibilities of each business and operational unit are clearly defined to ensure effective checks and balances. Please refer to the Sections "Principal Risk Management" from pages 247 to 273 and "Capital Adequacy" from pages 318 to 322 of Annual Report 2017 for further details on the processes that the Group uses to identify, evaluate and manage principal risks.

The key procedures that the Board established to provide effective internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities.
- A comprehensive management accounting system is in place to provide financial and operational performance indicators to the Senior Management and the relevant financial information for reporting and disclosure purpose.

本集團將會密切留意勞工市場，尤其是金融服務界別的最新發展，並在必要時檢討及改善薪酬及報酬政策，藉此提供具競爭力的薪酬組合以留住人才。

D. 問責及稽核

財務匯報

董事會有責任對本行的表現、狀況及前景作出一個平衡、清晰及全面的評核。

管理層包括行政總裁、副行政總裁及總經理須向董事會提供足夠解釋及資料，讓董事會可以就提交予他們批核的財務及其他資料，作出有根據的評審。管理層每月向董事會提供更新資料，就有關本行的表現、財務狀況及前景的公正且易於理解的評估，以協助董事會及各董事履行彼等的職責。

董事負責確保保存適當的會計記錄及編製每個財政期間的賬項，使這些賬項能真實和公平地反映本集團在該段期間的財政狀況、業績及現金流量表現。在編製截至2017年12月31日止年度的賬項時，董事已：

- 貫徹地應用適當的會計政策；
- 作出審慎及合理的判斷及估計；及
- 按持續經營基準編製賬項。

本行一向在有關財政期間結束後2個月內公布年度及中期業績，較《上市規則》第13.49(1)條所規定3個月（年度業績）的期限為早，亦符合《上市規則》第13.49(6)條所規定2個月（中期業績）的期限。

核數師的申報責任聲明載於由第151至159頁的獨立核數師報告內。

董事會在各方面將作出平衡、清晰及可理解的評審，包括：年度報告及中期報告、其他涉及股價敏感資料的公告及根據《上市規則》規定須予披露的其他財務資料，以及向監管者提交的報告書，以至根據法例規定須予披露的資料。

風險管理及內部監控

董事會承認其須對集團的風險管理及內部監控系統負責，並有責任檢討其效能。所有員工作為三道防線模式的一部分，都有其角色範圍內識別和管理風險的責任。第二道防線設定政策和指引管理特定的風險領域，就風險提供諮詢和指導，並對風險管理者作為風險管理第一道防線的有效性提出挑戰。第三道防線就本集團風險管理及內部監控系統的有效性提供獨立保證。本行的稽核處及風險管理處分別負責內部稽核及風險管理功能。在截至2017年12月31日止的財政年度期間內，董事會檢討風險管理及內部監控系統是否足夠及有效。

董事會負責評估及釐定本行達成策略目標時所願意接納的風險性質及程度，並確保本行設立及維持合適及有效的風險管理及內部監控系統。董事會並負責監督高層管理人員及其他高級行政人員對風險管理及內部監控系統的設計、實施及監察。

本行的風險管理及內部監控系統旨在管理而不是消除未能達成業務目標的風險，並只能對不會有重大的失實陳述或損失作出合理而非絕對的保證。這系統包含一個完善的公司架構，以及全面的政策及標準。各業務及營運單位的職責範圍清晰劃分，以確保有效制衡。關於本集團用於辨認、評估及管理主要風險的程序，詳情請參閱2017年年報的「主要風險管理」（第247至273頁）及「資本充足」（第318至322頁）的部分。

以下為董事會為提供有效的內部監控而建立的主要程序：

- 組織架構權責清晰，監控層次分明。
- 設立一個全面的管理會計系統，為高層管理人員提供財務及營運表現的指標，以及用作匯報和披露的財務資料。

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.
- An enterprise risk management framework is in place for the Group to identify, evaluate, manage, control and report principal risks including credit, market, operational, liquidity, interest rate, strategic, legal, reputation, compliance, technology, business continuity, and new product and business risks. To identify and manage all potential risks in a more holistic and effective manner, a “Three Lines of Defence” risk management model is adopted, with Risk Owners, Risk Controllers and Internal Audit Division acting as the 1st, 2nd and 3rd lines of defence respectively, along with the overall coordination of the Group Chief Risk Officer. Oversight of risk management is provided by the RIC, which is assisted by the Management Committees including the Risk Management Committee, Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee. Policies and procedures are in place to ensure compliance with applicable laws, rules and regulations.
- The AC reviews reports (including management letter) submitted by external auditors in connection with the annual audit and internal audit reports submitted by the Group Chief Auditor.
- *A Policy on Handling and Dissemination of Inside Information* is in place, setting out the guiding principles, procedures and internal controls for the handling and dissemination of inside information in a timely manner.
- *Whistle-blowing Statement and Whistle-blowing Policy and Procedure* are in place, which encourage stakeholders and employees to raise concerns, in confidence, about possible improprieties in any matter related to the Bank. The Bank treats all information received confidentially and protects the identity and the interests of all whistle-blowers.

Pursuant to a risk-based approach, the Group’s Internal Audit Division conducts independent reviews of control mechanisms over various operations and activities to assess the effectiveness of the Group’s risk management and internal control systems which cover all material controls, including financial, operational and compliance controls.

During the year, the Board reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group. As a result, the Board concurred with the Senior Management’s confirmation that the Group’s risk management and internal control systems are considered effective and adequate.

Auditor’s Remuneration

During 2017, the fees paid or payable to KPMG, the Bank’s external auditors, and its associates for providing non-audit services amounted to approximately HK\$15 million, which included the following items:

- Review and consultancy services: HK\$13 million;
- Services made at the request of regulators: HK\$1 million; and
- Other services: HK\$1 million.

The fee paid or payable to KPMG for providing audit service of the Group is HK\$17 million.

E. COMPANY SECRETARY

The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed, and that the Bank’s Articles of Association, relevant rules and regulations including, requirements of the Listing Rules and the HKMA, Companies Ordinance and Disclosures of Interests under the SFO, are complied with. The Company Secretary assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes of the Bank. All Directors have access to the advice and services of the Company Secretary.

The Company Secretary assists the Chairman in ensuring efficient information flow within the Board and Board Committees and between Directors and Senior Management. The Company Secretary is responsible for facilitating induction programme of new Directors and the continuous professional development of existing Directors. The Company Secretary assists the Chairman of the Board and Chairmen of the Board Committees in the development of the agendas for the Board and Board Committee meetings. He also attends and prepares minutes for Board and Board Committee meetings.

The Company Secretary is an employee of the Bank and reports directly to the Chairman & Chief Executive. The Board approves the selection, appointment or dismissal of the Company Secretary. During the year, the Company Secretary undertook over 15 hours of professional training.

- 政策及程序的設計為保障資產不致被非授權挪用或處置；保存恰當的會計記錄；以及確保用作業務及公告上的財務資料的可靠性。有關程序提供合理（而非絕對）的保證，以防出現嚴重的錯誤、損失或舞弊。
- 設有企業風險管理架構以識別、評估、管理、控制及匯報本集團的主要風險，包括信貸、市場、營運、流動資金、利率、策略性、法律、信譽、合規、科技、持續業務運作和新產品及業務風險。為全面有效地識別及管理潛在風險，本集團已採納「三道防線」風險管理模式，以「風險負責人」、「風險監控人」及稽核處分別作為第一、第二及第三道防線，及由集團風險總監作整體協調。風險委員會由各管理層轄下委員會包括風險管理委員會、信貸委員會、資產負債管理委員會和營運風險管理委員會協助，負責監督風險管理。設有政策及程序確保遵守適用法例、規則及規例。
- 審核委員會審閱由外聘核數師提交涉及年度核數的報告（包括致管理層的審核情況說明函件），及由集團總稽核呈交的內部稽核報告。
- 建立一套處理及發布內幕消息政策，列出指導性原則、程序及內部監控，使內幕消息得以適時處理及發布。
- 建立《上告聲明》及《上告政策與程序》，鼓勵持份者及僱員在保密情況下舉報有關本行任何可能發生不當行為的事宜。本行會對接獲的所有資料保密，並保護舉報人的身份及權益。

本集團稽核處採用風險為本的評估方法，針對與各項運作和活動的監控機制進行獨立審閱，以評核本集團風險管理及內部監控系統的效能，該系統涵蓋所有重要監控，包括財務、營運及遵守法規的監控。

在年內，董事會檢討本行內部監控及風險管理是否足夠和有效。董事會同意高層管理人員確認本集團的風險管理及內部監控系統有效運作及足夠。

核數師酬金

2017年內支付或需支付予本行的外聘核數師 — 畢馬威會計師事務所 — 及其聯營公司提供非核數服務的費用約為港幣1,500萬元，其中包括以下事項：

- 審查及顧問服務：港幣1,300萬元；
- 按監管機構要求所作的服務：港幣100萬元；及
- 其他服務：港幣100萬元。

為集團提供核數服務的已支付或須支付予畢馬威會計師事務所的費用為港幣1,700萬元。

E. 公司秘書

公司秘書的責任為（其中包括）確保本行遵守董事會程序、本行的組織章程細則及相關規則及規例（包括《上市規則》及金管局的規定、《公司條例》及《證券及期貨條例》下披露權益的規定）。公司秘書須協助主席及董事會執行及加強本行的企業管治實務及程序。所有董事均可取得公司秘書的意見和享用其服務。

公司秘書協助主席確保董事會及董事會轄下委員會之間，以及董事與高層管理人員之間的資訊有效率地交流。公司秘書負責安排新任董事就職培訓及現任董事的持續專業發展。公司秘書協助董事會主席及各董事會轄下委員會主席制訂會議的議程。公司秘書亦出席所有董事會及其轄下委員會會議，並負責編寫會議記錄。

公司秘書為本行僱員，直接向主席兼行政總裁匯報。公司秘書的遴選、委任或解僱由董事會批准。年內，公司秘書已接受超過15個小時的專業培訓。

CORPORATE GOVERNANCE REPORT (CONTINUED)

F. SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Communication with Shareholders

The Bank recognises the importance of maintaining continuous communication with shareholders and constantly looks for ways to ensure that the Bank maintains an open and ongoing dialogue with the investment community. The Bank has in place a *Shareholders Communication Policy* which sets out the practices in relation to communication with the shareholders and the investment community. Such Policy which is published on the website of the Bank, shall be reviewed by the AC and the Board on a regular basis to ensure its effectiveness.

In order to ensure shareholders and investors have fair, timely and simultaneous access to the Bank's information, the Bank through various channels, including its website (www.hkbea.com), provide shareholders and investors timely access and continuous disclosure of the Bank's announcements, financial results, and press release. The Bank also holds press and investor conferences to present half-year and full-year financial results to the media and analysts.

The Bank welcomes shareholders' views and concerns relating to the Group's management and governance. Shareholders may at any time send their enquiries to the Board by addressing to the Bank's Company Secretary at the Bank's registered address or email at info@hkbea.com.

General Meetings

The Board endeavours to maintain an ongoing dialogue with shareholders and, in particular, uses the AGMs or other general meetings as a useful forum for shareholders to exchange views with the Board. The Chairman of each of the AC, NC, RC and RIC, external auditors, Senior Management and legal advisors, are also present to answer shareholders' questions.

Shareholders are informed of details about the AGM through published notices or circulars sent to all shareholders and are requested to participate and openly communicate their views on matters relating to the Bank. Separate resolutions are proposed at general meetings for each substantial issue, including the election and re-election (as the case may be) of individual Directors. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the AGM, to ensure that shareholders are familiar with such procedures.

The Bank has provided detailed information on the Bank's 2017 AGM in a circular to shareholders which included Notice of the AGM, information on the retiring Directors who were eligible for re-election at the 2017 AGM, and explanatory statement on buy-back of shares. All the resolutions were proposed on each substantially separate issue and were voted on by poll and approved by the shareholders of the Bank. The Bank has engaged KPMG to act as the scrutineer for the poll voting. The results of the poll voting were posted on the websites of HKEx and the Bank on the same day of the 2017 AGM.

The Bank's 2018 AGM will be held on Friday, 11th May, 2018 at 11:30 a.m., the notice of which will be sent to shareholders at least 20 clear business days before the meeting. Please refer to the Circular for the 2018 AGM.

Convening of general meeting on requisition

Subject to the Companies Ordinance, Directors of the Bank shall on the request of shareholders of the Bank who represent at least 5% of the total voting rights of all the members having a right to vote at general meetings, forthwith proceed to convene a general meeting of the Bank. Each request must state the general nature of the business to be dealt with at the meeting, the name and contact details of the person making the request, must be authenticated by the person making it and may be sent to the Bank in hard copy form or in electronic form. Shareholders may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The Bank will take appropriate actions and make necessary arrangements in accordance with the requirements of the Companies Ordinance once a valid request is received.

For further details, shareholders may refer to the requirements as set out in the Companies Ordinance.

Putting Forward Proposals at General Meeting

Shareholders representing at least 2.5% of the total voting rights of all the members having a right to vote, or, at least 50 shareholders who have a relevant right to vote, may:

- put forward proposal at general meeting; and
- circulate to other shareholders written statement with respect to matter or other business to be dealt with at general meeting.

For further details on the shareholder qualifications, and the procedures and timeline, in connection with the above, shareholders are kindly requested to refer to Sections 580 and 615 of the Companies Ordinance.

F. 股東權利及投資者關係

與股東的溝通

本行深明與股東保持持續溝通的重要性及致力尋求新平台以保持與投資者進行公開和持續的溝通，並已制訂股東通訊政策（登載於本行網站），訂明有關與股東及投資人士溝通的政策，並由審核委員會及董事會定期檢討，以確保其成效。

為確保股東及投資者能夠公平、適時及同步地獲取本行最新資訊，本行利用不同渠道，包括本行網站（www.hkbea.com），適時及持續地向股東及投資者提供本行的公告、財務業績及新聞稿。本行亦舉行新聞發布會及投資者會議，向傳媒及分析員公布半年及全年業績表現。

本行歡迎股東提出有關本集團管理及企業管治的意見及關注事項。股東如有查詢，可隨時郵寄至本行註冊地址，或電郵至本行郵箱 info@hkbea.com，並註明公司秘書收。

股東常會

董事會致力與股東保持對話，尤其藉股東周年常會或其他股東大會作為一個有效平台與股東直接溝通。審核委員會、提名委員會、薪酬委員會及風險委員會的主席、外聘核數師、高層管理人員及法律顧問須出席並回答股東提問。

股東可透過寄發予全體股東的通告或通函了解股東周年常會的詳情，並參與股東大會表達其對有關本行事務的意見。每項重要之議題包括選舉及重選（視乎情況而定）個別董事，會以獨立決議案形式提呈股東批准。本行亦會於股東周年常會上，向各股東講解有關按點算股數形式進行投票表決之程序，以確保各股東明白有關安排。

有關本行2017股東周年常會詳情的通函已向股東發出，當中載有股東周年常會通告、於2017股東周年常會退任而有資格重選的董事的資料、採納僱員認股計劃的建議及回購股份授權建議的說明函件。各重要議題均以獨立決議案提呈各股東及以投票方式表決，並獲本行股東批准通過。本行已聘請畢馬威會計師事務所擔任監票員。投票結果已於2017股東周年常會同日在香港交易所及本行網站刊登。

本行2018股東周年常會將於2018年5月11日（星期五）上午11時30分舉行，其通告將於會議前最少足20個營業日寄出。詳情請參閱2018股東周年常會通函。

要求召開股東大會

按《公司條例》的規定，本行董事在接獲本行股東的要求時，須安排召開股東大會，而該等股東須佔全體有權在股東大會上投票表決的股東的總表決權最少5%。每項要求均必須述明將於會上處理事務的一般性質、該股東姓名及聯絡資料，並且必須由該股東認證及可透過印本形式或電子形式送交本行。要求可包含可在該大會上恰當地動議並擬在該大會上動議的決議的文本。一旦接獲有效的請求，本行將根據《公司條例》的規定採取適當措施及作出必要安排。

股東欲了解詳情，可參閱《公司條例》所載的規定。

於股東大會提出動議

持有本行總表決權不少於2.5%之股東，或最少50位有表決權利之股東，可：

- 於股東大會上提出動議；及
- 向其他股東傳閱有關於股東大會上動議之陳述書，或其他有待在該股東大會上處理之事務。

有關於股東大會提出動議之股東資格，程序及時限之詳細資料，請各股東參考《公司條例》第580條及第615條之規定。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Nomination of Directors by Shareholders

Shareholders are allowed to propose a person other than a retiring Director of the Bank to be elected as a Director at a general meeting. A notice in writing shall be given to the Company Secretary of the Bank by the shareholder (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also notice in writing signed by the person to be proposed of his/her willingness to be elected. Such notice must be sent to the Company Secretary of the Bank within 7 days after the day of despatch of the notice of the general meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting). The *Procedures for Nomination of Directors by Shareholders* are published on the website of the Bank.

Handling and Dissemination of Inside Information

The Bank has in place a *Policy on Handling and Dissemination of Inside Information* ("Policy") which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to price the listed securities of the Bank with the latest available information.

This Policy also provides guidelines to staff of the Bank to ensure proper safeguards exist to prevent the Bank from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Dissemination of inside information of the Bank shall be conducted by publishing the relevant information on the websites of HKEx and the Bank, according to the requirements of the Listing Rules.

Investors Relations

In accordance with the *Shareholders Communication Policy*, the Bank maintains an open and regular dialogue with institutional and individual shareholders, fund managers, analysts and the media through an effective corporate communication system which provides transparent, regular and timely public disclosures on the Group's latest developments and strategies through different means. Apart from the AGMs, other communication channels include:

- the Group's website at www.hkbea.com;
- annual and interim reports, and press releases;
- announcements, notices and circulars;
- press conferences after the announcement of interim and final results for media and analysts;
- meetings with analysts; and
- roadshows.

The Senior Management conducted briefings with analysts and the press to apprise them of the Bank's annual and interim results, business strategies and outlook.

G. RELATED PARTY TRANSACTIONS

Details of the significant related party transactions are provided under Note 51 on the accounts. These transactions were entered into by the Bank in the ordinary and usual course of business and on normal commercial terms and, if constituted connected transactions or continuing connected transactions, are exempt from the relevant disclosure requirements under Chapter 14A of the Listing Rules.

H. RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Bank acknowledged that they are responsible for the preparation of the consolidated financial statements of the Bank. During the year, in strict compliance with relevant provisions, the Bank published the 2016 Annual Report and the 2017 Interim Report as scheduled.

股東提名董事

股東可於股東大會上推薦 (本行即將退任董事除外) 某位人士參選董事。該股東應向本行公司秘書發出一份由該名有權出席並可於會上投票的股東 (不得為被推舉者) 書面通知書, 表明有意推舉某人為董事, 並提供該人士簽署同意被推舉的書面通知。該通知書必須於發送股東會議通告後 7 天內 (或其他期限, 該期限不少於 7 天, 由發送股東會議通告之後開始計算及不得遲於該股東會議訂定舉行日期之前 7 天結束) 寄發予本行公司秘書。股東提名董事的程序刊載於本行網站。

處理及發布內幕消息

本行已訂立處理及發布內幕消息政策 (「政策」) 列出處理及發布內幕消息的程序及內部監控, 使內幕消息得以適時處理及發布, 而不會導致任何人士在證券交易上處於佔優的地位, 亦讓市場有時間定出能反映現有實況的本行上市證券價格。

該政策亦為本行員工提供指引, 確保設有適當的措施, 以預防本行違反法定披露規定。該政策亦載有適當的內部監控及匯報制度, 識別及評估潛在的內幕消息。

根據《上市規則》規定, 本行發布內幕消息, 會透過香港交易所及本行網站刊登相關消息。

投資者關係

根據股東通訊政策, 本行透過一個有效的企業傳訊系統與機構及個人股東、基金經理、分析員及傳媒維持開放及定期對話; 利用不同渠道提供透明、定期及適時的本集團最新發展及策略的公開披露。除股東周年常會外, 其他傳訊渠道包括:

- 本集團網址 www.hkbea.com ;
- 年報及中期報告, 以及新聞稿;
- 公告、通告及通函;
- 在中期及年度業績公告後舉行傳媒及分析員新聞發布會;
- 與分析員會面; 及
- 巡迴推介。

高層管理人員定期向傳媒及分析員發布關於本行的中期及年度業績, 業務策略及前瞻。

G. 關聯人士交易

關聯人士的重大交易列於賬項附註 51。該等交易為本行於一般及日常業務過程中按正常商業條款訂立, 並在如構成關連交易或持續關連交易時, 獲豁免《上市規則》第 14A 章項下的相關披露規定。

H. 董事就綜合財務報表須承擔的責任

本行董事承認有編製本行的綜合財務報表的責任。本行嚴格遵守有關規定, 在年內本行已按時刊發 2016 年報及 2017 中期報告。

CORPORATE SOCIAL RESPONSIBILITY

The Bank of East Asia Group is a socially responsible organisation, and we strive to adopt best practice in all areas – including environmental, social and governance – to meet and exceed the expectations of our stakeholders and the communities that we serve. We actively engage with all sectors through a wide range of corporate social responsibility (“CSR”) initiatives, as well as through specific programmes managed by The Bank of East Asia Charitable Foundation (“BEA Foundation”) and the Shanghai Soong Ching Ling Foundation – BEA Charity Fund (“Charity Fund”).

This section highlights our Group’s achievements during the year under review. A more comprehensive description of our performance will be provided in our 2017 CSR Report, which will be issued in the first half of 2018. The Group’s CSR reports are available via BEA’s homepage at www.hkbea.com (About BEA / Corporate Social Responsibility).

In 2017, BEA strengthened its governance by enhancing its accountability and transparency. For example, BEA issued an external Whistleblowing Statement in December 2017 to enable the public to report any irregularities in the Bank’s business activities in Hong Kong. In addition, the Bank adopted an Anti-Bribery and Corruption Policy Statement to underline the Bank’s strong stance against bribery and corruption in any dealings with stakeholders and the public at large. Both statements may be viewed via the Banks’ homepage under Corporate Governance.

BEA also enhanced its supply chain governance by requiring compliance with the mandatory elements of its Supplier Code of Conduct from all suppliers in Hong Kong. The Code may be viewed under the CSR section of the Bank’s homepage.

THE BANK OF EAST ASIA, LIMITED

Employees

To assist staff members to realise their potential within the organisation, we offer a wide range of online and classroom training. In addition, the Bank provides subsidies for staff members taking topical external training courses in areas such as cyber security and anti-money laundering and counter-terrorist financing.

BEA takes the lead to promote family-friendly initiatives. We have been very pleased to note that more and more mothers are choosing to breast-feed their babies. With the existing lactation facilities at BEA’s Head Office and BEA Tower enjoying high utilisation rates, we opened a third lactation room in October 2017 at BEA Tower for the convenience of nursing mothers.

To promote a healthy work-life balance, we sponsored talks and activities such as a family vacation seminar and cooking classes for staff. The Bank’s Staff Sports and Recreation Club organised regular recreational activities for staff members and their families, and also facilitated their participation in charitable events, including The Community Chest of Hong Kong’s “2017 Walk for Millions – Hong Kong and Kowloon Walk” and “Dress Casual Day”.

Recruitment and Outreach Programmes

We continued to support community outreach programmes in Hong Kong organised by non-profit organisations (“NGOs”), such as ARCH Community Outreach, by running financial education workshops for students from under-resourced communities. In addition, the Bank provided a number of 3-week internship positions to keen secondary school students in Hong Kong and Shanghai, under the Shanghai-Hong Kong Financial Cross-border Study Tour Scheme organised by the Hong Kong Government’s Financial Services and the Treasury Bureau.

企業社會責任

東亞銀行集團肩負社會責任，致力在各範疇（包括環境、社會及管治）採用最佳做法，以符合甚至超越持份者及我們所處社區的期望。我們透過多元化的企業社會責任舉措，以及由東亞銀行慈善基金及上海宋慶齡基金會 — 東亞銀行公益基金（「公益基金」）管理的各項計劃，積極聯繫社區各界。

本部分概述本集團於回顧年內的企業社會責任成果。本集團將於2018年上半年刊發2017年企業社會責任報告，更全面地闡述我們的表現。本集團的企業社會責任報告可於東亞銀行網頁 www.hkbea.com（關於東亞銀行/企業社會責任）下載或瀏覽。

於2017年，東亞銀行提升了問責性及透明度，以加強企業管治。舉例而言，東亞銀行在2017年12月對外發布《上告聲明》，讓公眾可舉報本行香港業務經營上的任何不當行為。此外，本行亦採納《反賄賂及貪污政策聲明》，表明絕不容忍與持份者及公眾的任何交易中存在賄賂及貪污。兩份聲明均可於本行網頁的企業管治欄目中瀏覽。

本行亦要求所有香港供應商遵守《供應商行為守則》的強制性條款，以加強對供應鏈管治。該守則可於本行網頁的企業社會責任部分瀏覽。

東亞銀行有限公司

僱員

為協助員工發揮潛力，本行為他們提供多種網上及課堂培訓。此外，本行亦會對報讀關於網絡安全、打擊洗錢及反恐怖主義融資等專題的外部培訓課程的員工提供資助。

本行積極推行家庭友善的措施。本行樂見越來越多在職母親選擇餵哺母乳。鑒於東亞銀行總行大廈及東亞銀行中心現有的哺乳室使用率高，我們於2017年10月在東亞銀行中心開設第三個哺乳室，供需要哺乳的母親使用。

我們贊助多項員工活動，包括親子旅遊講座及烹飪課程等，提倡健康的工作與生活平衡。本行的員工康體會亦為員工及家屬定期舉辦康樂活動，鼓勵他們參加慈善活動，包括由香港公益金舉辦的2017年度「港島·九龍區百萬行」及「便服日」。

招聘及實習計劃

我們繼續支持由ARCH Community Outreach等非政府機構舉辦的本港社區學習計劃，為來自弱勢社群的學生舉辦財務教育工作坊。此外，本行配合香港財經事務及庫務局的滬港金融交流及考察計劃，為香港及上海的優秀中學生提供多個為期三星期的實習職位。

During their visit to BEA Tower in April, secondary students in the Community Business' ENGAGE programme learned about the importance of banking, the range of services available, and career opportunities in the banking industry.

參加「社商賢匯」舉辦的「ENGAGE」計劃的中學生於4月參觀了東亞銀行中心，了解銀行業的重要地位、銀行提供的服務及銀行就業機會。



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

In the United Kingdom (“UK”), BEA’s London Branch launched the Summer Work Experience Programme, offering work experience and internship opportunities to students from both the UK and Hong Kong. Additionally, BEA participated in the Internship Scheme for Hong Kong Students in Europe organised by the Hong Kong Economic and Trade Office in Europe to broaden the horizons of Hong Kong students from institutions of higher learning. In July and August 2017, students from Hong Kong visited the Bank’s London Branch for on-the-job training in business development, retail services, and financial control.

Customers

Our success rests upon our ability to ensure a positive experience for every customer. We strive to achieve this goal by providing our staff with comprehensive customer service training, and by delivering convenient access to a complete range of banking and financial services. We keep abreast of the latest developments in financial technology, and carefully evaluate emerging solutions for their ability to enhance our service offering and delivery capability. We also operate an extensive branch network throughout Hong Kong, ensuring that our customers can access our banking services through their preferred channels.

In October, we engaged nearly 500 people from various backgrounds and user profiles in an online customer experience survey to gauge brand perception and customer satisfaction. Through an analysis of the feedback, we will identify ways to further improve our products and services.

Community Investment

BEA’s community investment programme is built on the three pillars of education, social welfare, and environmental protection. During the year under review, we supported a wide range of initiatives in the communities we serve through donations, volunteering, and other forms of giving.

Education

In the first quarter of 2017, BEA took part in “Hong Kong Money Month”, the first city-wide financial education campaign under the Hong Kong Strategy for Financial Literacy. We designed and ran a game booth at the campaign’s education fair to promote sound financial management to children and teenagers. In June, BEA supported The Boys’ and Girls’ Clubs Association of Hong Kong’s 2017 Children Storytelling Competition for the 27th consecutive year by sponsoring cash prizes for the competition winners. In November, representatives of BEA gave presentations to underprivileged members of society at a financial education workshop organised by Baptist Oi Kwan Social Service.

企業社會責任(續)



In October, staff members of BEA's New York Branch visited Primary School #204 in Brooklyn for the fourth year to introduce basic banking concepts to fifth grade students and award prizes to the highest achievers in an interactive quiz.

10月，東亞銀行紐約分行員工連續第4年探訪位於布魯克林區的204小學學生，向他們講解基本的銀行業概念，並獎勵在互動問答比賽中獲得最高分的學生。

東亞銀行倫敦分行在英國推出暑期工作計劃，為英國及香港的學生提供實習工作的機會。此外，東亞銀行參與香港駐歐洲經濟貿易辦事處推出的歐洲香港學生實習計劃，讓香港的大學生開拓眼界。2017年7月及8月，本行安排香港學生參觀倫敦分行，接受業務發展、零售服務及財務管理的在職培訓。

客戶

我們的成功，建基於能否為每位客戶帶來卓越的體驗。為此，本行為員工提供全面的客戶服務培訓，並讓客戶享受全面而便捷的銀行及金融服務。本行緊貼最先進的金融科技，而且審慎地評估新方案，從而提升本行的服務及業務能力。我們的分行亦遍佈全港，讓客戶可選擇不同渠道，使用本行的銀行服務。

本行於10月邀請近500名不同背景及身份的人士參與網上客戶體驗調查，評估我們的品牌形象及客戶滿意度。本行將分析意見，研究措施進一步改善產品及服務。

社區投資

東亞銀行的社區投資計劃由教育、社會福利及環境保護三大支柱組成。於回顧年內，東亞銀行透過捐款、義工活動及其他多種捐助方式，支持一系列的社區活動。

教育

於2017年第一季，東亞銀行參與了香港金融理財知識和能力策略舉辦的「香港理財月」，該活動是香港首個連繫社會各界的金融理財教育活動。本行在當中的教育展上設計及設立攤位遊戲，向兒童及青少年推廣穩健理財。6月，本行連續第27年支持香港小童群益會舉辦的全港兒童故事演講比賽2017，贊助比賽優勝者的現金獎。11月，東亞銀行的代表在浸信會愛群社會服務處舉辦的金融教育工作坊中為弱勢社群講解理財知識。

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)



For the 11th consecutive year, in November, BEA supported the UNICEF Charity Run.

11月·東亞銀行連續第11年支持聯合國兒童基金會慈善跑。



In November, BEA staff members in the UK participated in the Christmas Shoebox Donation Programme organised by the Rotary Great Britain and Ireland by donating toys, stationery, and other items, which they packed into festive boxes for disadvantaged youngsters living in children's homes, schools, and shelters.

11月·東亞銀行英國分行的員工參加英國愛爾蘭國際扶輪社舉辦的聖誕鞋盒捐贈計劃，以禮盒包裝玩具、文具及其他物品，捐贈予兒童之家、學校及庇護所的弱勢兒童。

Social Welfare

A total of 44 corporate teams competed in The Community Chest BEA Charity Golf Day on 10th March, 2017, raising nearly HK\$2.3 million for mental health services provided by member agencies of The Community Chest of Hong Kong.

The Bank has also actively supported programmes to promote women's health. To mark International Women's Day on 8th March, 2017, we invited the YWCA to visit BEA's offices to distribute red date tea to staff members. In October, the Bank and staff members joined in the Hong Kong Cancer Fund's "Pink Revolution" to raise awareness of breast cancer.

In the UK, branch staff raised money for a range of charities providing critical care, including the Michael Sobell Hospice, a specialist palliative care centre for patients facing life-limiting illnesses; Genetic Disorders UK, by participating in its annual fundraising campaign "Jeans for Genes Day"; and the London Chinatown Lions Club, by donating the proceeds raised by BEA at the annual London Hong Kong Dragon Boat Festival.

In November, staff members of BEA's Los Angeles Branch assisted in the operation of a free health screening clinic for the elderly and members of low income families, jointly organised by the Buddha's Light International Association and Arcadia Methodist Hospital.

企業社會責任(續)

社會福利

於2017年3月10日舉辦的「公益金東亞慈善高爾夫球賽」吸引共44支企業隊伍參賽，籌得近230萬港元善款，以支持香港公益金會員機構提供的精神健康服務。

本行亦積極支持促進婦女健康的活動。為慶祝國際婦女節，本行於2017年3月8日邀請香港基督教女青年會前往東亞銀行的工作間向僱員派發紅棗茶。10月，本行員工參與香港癌症基金會舉辦的「粉紅革命」活動，增加公眾對乳癌的認識。

英國分行的員工為多個提供危疾護理的慈善機構籌款，其中包括為末期病人提供服務的專業紓緩護理中心 Michael Sobell Hospice。他們亦參加 Genetic Disorders UK 一年一度的籌款活動「牛仔褲籌款日」，並將本行於倫敦香港龍舟同樂日所籌得的善款捐給倫敦華埠獅子會。

11月，東亞銀行洛杉磯分行的員工在國際佛光會及 Arcadia Methodist Hospital 為長者及低收入家庭合辦免費的健康檢查活動提供協助和支持。

For the 12th consecutive year, BEA sponsored The Salvation Army Orienteering challenge, which was held in October to raise funds for employment services for young people with special needs.

東亞銀行已連續第12年贊助「救世軍定向」活動，該活動於10月舉辦，為有特殊需要青年就業服務籌募善款。



In December, staff members of BEA's Singapore Branch helped prepare meals at a soup kitchen run by the charity Willing Hearts for the bed-ridden, handicapped, elderly, and other vulnerable members of society.

12月，東亞銀行新加坡分行的員工在慈善組織愿之心的廚房為臥病在床人士、殘疾人士、長者及其他社會弱勢社群準備膳食。



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Environment

We believe that environmental protection is everyone's responsibility, and we do our part by constantly seeking ways to improve our environmental performance, particularly in regard to our operations. We have implemented a variety of initiatives, such as installing energy-saving equipment and lighting throughout our branches and offices to reduce energy consumption. In addition, we encourage our customers and stakeholders to use electronic services and e-statements wherever possible, so as to reduce the use of paper.

On 24th March, members of the BEA Group once again participated in the annual "Earth Hour" organised by WWF, by turning off all non-essential lighting in support of the fight against climate change. The Bank also renewed its pledge to turn off advertising and decorative lighting between 11:00 p.m. and 7:00 a.m. at designated branches as a signatory to the Charter on External Lighting launched by the Hong Kong Government's Environment Bureau.

To provide our stakeholders with a transparent view of our environmental performance, we disclosed data to the Carbon Footprint Repository for Listed Companies in Hong Kong for the third consecutive year and to the global disclosure system, CDP, for the second year.

Staff Volunteering

In 2017, BEA's Volunteer Team, comprising more than 550 staff members, devoted more than 8,570 hours of service to children, the elderly and other vulnerable members of society, and to environmental causes. Major activities included:

- "Easter Fun Day", jointly organised with SAHK ("formerly known as "The Spastics Association of Hong Kong") for students of the SAHK Pak Tin Pre-school Centre with physical or mental disabilities;
- "Footstep Journey", organised by the Children's Heart Foundation in July to teach children about the value of food;
- a Lunar New Year lunch, home visits, gatherings, and free health checks for senior citizens organised together with the Society of St. Vincent de Paul Central Council, Hong Kong throughout the year;
- a luncheon organised with Helping Hand Po Lam Jockey Club Housing for the Elderly to celebrate Senior Citizen's Day in November, and a sales booth manned by volunteers in the Bank's staff canteens to help raise funds for the Helping Hand Cookie Campaign;
- two outings with residents of The Salvation Army's Bradbury Home of Loving Kindness to the Tao Heung Museum of Food Culture in Fo Tan;
- an English language day camp for underprivileged children co-organised by Hope Worldwide;
- "Family Gathering Day", for more than 200 members of underprivileged families held at Christian Action's Mong Kok Service Centre; and
- mikania vine removal efforts organised by WWF at the Mai Po Nature Reserve.



In November, the Bank set up an organic farm on the roof of BEA Tower to promote sustainability and give staff the opportunity to share the joy of growing their own plants and vegetables from seed to harvest.

11月，本行在東亞銀行中心天台開設天台農場，讓員工耕種植物與蔬菜，享受從播種至收成的樂趣。



BEA's Volunteer Team teamed up with the People's Service Centre in March to collect unsold vegetables from the Shek Kip Mei market and redistribute it to the elderly living in a nearby estate.

3月，東亞銀行義工隊與民社服務中心合作，收集石硤尾街市的剩餘蔬菜，派發給附近屋邨的長者。



In June, members of the Volunteer Team together with their friends and family participated in the Kadoorie Farm and Botanic Garden Group Tree Planting Programme 2017 by planting saplings on the hillsides of Tai Mo Shan.

6月，義工隊的成員與他們的親友參加嘉道理農場暨植物園「2017植樹日」，在大帽山上栽種樹苗。

環境保護

我們認為，環境保護人人有責，故本行一直致力提升環保表現，在業務營運方面尤其如是。我們已實施多項措施，例如在各分行及辦事處安裝節能設備及電燈，以減少能源消耗。此外，我們鼓勵客戶及持份者盡量使用電子服務及電子結單，以節約用紙。

於3月24日，東亞銀行集團再次參加世界自然基金會每年一度的「地球一小時」，關掉非必要的照明，支持對抗氣候變化。本行亦簽署香港政府環保局推出的《戶外燈光約章》，繼續承諾於晚上11時至早上7時關掉部分分行的廣告及裝飾燈裝置。

為了讓持份者清楚了解本行的環保表現，本行已連續第3年向香港上市公司碳足跡資料庫，以及第2年向全球環境資訊披露系統CDP披露相關數據。

義工活動

於2017年，東亞銀行義工隊共有550多名員工，為兒童、長者及其他弱勢社群提供服務，並支持環保活動，服務時數逾8,570小時。主要活動包括：

- 與香港耀能協會（前稱「香港痲痺協會」）合辦「繽紛樂盈營」，供香港耀能協會白田幼兒中心的殘疾及智障學生參與；
- 參加兒童心臟基金會於7月舉辦的「惜食我至叻」活動，教導兒童珍惜食物；
- 於年內與聖雲先會香港中央分會為長者舉辦農曆新年聚餐、家訪、聚會及免費健康檢查；
- 11月，與伸手助人協會寶林賽馬會老人之家合辦午宴慶祝長者日，義工亦於本行員工食堂設置攤位，為伸手助人協會「曲奇義賣運動」籌款；
- 兩次與救世軍白普理慈愛長者之家的長者參觀火炭的稻鄉飲食文化博物館；
- 與寰宇希望合辦為弱勢兒童而設的「續FUN英語日營」；
- 於基督教勵行會旺角服務中心為超過200名弱勢人士舉辦「愛心共聚大角咀」活動；及
- 參與世界自然基金會在米埔自然保護區舉行的薇甘菊清除活動。

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)



The BEA Foundation celebrated the 20th Anniversary of the HKSAR by organising the BEA Carnival.

東亞銀行慈善基金舉辦「東亞續FUN慶回歸」嘉年華，慶祝香港特別行政區成立20周年。

The Bank of East Asia Charitable Foundation

BEA Carnival

The BEA Foundation celebrated the 20th Anniversary of the establishment of the Hong Kong Special Administrative Region ("HKSAR") by holding the BEA Carnival for under-resourced families on 26th August. Dr. David K.P. Li, Chairman & Chief Executive of BEA and Chairman of the BEA Foundation, was joined by Guest of Honour, Mr. Matthew Cheung Kin-chung, Chief Secretary for Administration of the Government of the HKSAR, at the Carnival's Opening Ceremony, together with Directors of both BEA and the BEA Foundation. Approximately 1,000 people attended the Carnival, including children and parents of under-resourced families, who were invited through a number of local non-governmental organisations. Attendees enjoyed a wide range of activities, including game booths designed by BEA volunteers, bouncy castles, face sketching and painting, a variety of performances, and complimentary refreshments.

Palliative Care in Residential Care Homes for the Elderly Programme

During the period under review, the BEA Foundation reaffirmed its commitment to the development of palliative care in Hong Kong by embarking on a third 3-year phase of the Palliative Care programme, funded together with "la Caixa" Foundation and The Salvation Army. As at the end of December 2017, the Programme had provided palliative and holistic care to more than 75 elderly patients, counselled more than 140 family members, and engaged over 7,500 members of the community through outreach programmes. Looking ahead, the Programme aims to extend compassionate care to terminally-ill elderly home residents suffering from dementia, which is a growing problem in Hong Kong and around the world.

BEA "High Five" Club

The BEA "High Five" Club fosters civic responsibility among children, and in 2017 the Club set itself the goal to promote kindness within our community. Taking part in after-school programmes and under the supervision of BEA staff mentors, children developed volunteer programmes to serve the less fortunate in society. Club members rehearsed a range of performances, including magic, music, and dance, which they presented during visits to elderly homes in June and July.

BEA Parent-Child Reading Programme

The BEA Foundation marked the successful completion of the 2016/17 BEA Parent-Child Reading Programme by holding a closing ceremony in July, during which prizes were awarded to the winners of the Programme's Reading and Sharing Competition. More than 24,300 students have participated in the Programme since its launch in 2013, with nearly half of these students receiving subsidies. In addition, over 360 schools have participated in the Programme while more than 240 librarians, teachers, and parents have received training on how to read books with children effectively.

Charitable Activities in Macau and Taiwan

BEA's Macau Branch actively supported a number of important social and environmental initiatives during the year. In commemoration of the 65th Anniversary of Caritas Macau, BEA's Macau Branch participated in a charity football match, in support of the launch of a new service to facilitate the mobility of elderly residents of older buildings without lifts. On 5th November, 10 members of Macau Branch joined the Exmoo Charity Run organised by Exmoo Macau, which raised over MOP600,000 for World Vision of Macau Association, Orbis Macau, and the University of Macau Development Foundation.

東亞銀行慈善基金

東亞續 FUN 慶回歸嘉年華

為慶祝香港特別行政區成立 20 周年，東亞銀行慈善基金於 8 月 26 日為基層家庭舉辦「東亞續 FUN 慶回歸」嘉年華。東亞銀行主席兼行政總裁及東亞銀行慈善基金主席李國寶博士、香港特別行政區政府政務司司長張建宗先生與東亞銀行及東亞銀行慈善基金的董事一同出席了嘉年華的開幕儀式。嘉年華招待了約 1,000 名參加者，包括由多個本港非政府機構邀請的基層家庭兒童及家長。本行為參加者準備了多項活動，包括由東亞銀行義工隊設計的攤位遊戲、充氣彈床、人像素描，以及各項表演和茶點。

安老院舍完善人生關顧計劃

於回顧期內，東亞銀行慈善基金繼續支持香港紓緩護理服務的發展，與「la Caixa」基金會及救世軍合作資助為期 3 年的第三期「安老院舍完善人生關顧計劃」。至 2017 年 12 月底，該計劃已為超過 75 名患病長者提供全面的紓緩護理，為逾 140 名家庭成員提供輔導服務，並有逾 7,500 位社區人士參與過外展活動。展望未來，由於腦退化症已成為香港以至全球各地所面對的問題，該計劃將會為安老院舍患有腦退化症的末期病患長者提供紓緩護理服務。

東亞培賢社

「東亞培賢社」培養兒童的公民責任，於 2017 年以在社區發揚善心為目標。兒童透過參加課外活動以及在東亞銀行員工導師的指導下開展義工活動，為弱勢社群服務。「東亞培賢社」的成員排練了多項表演，包括魔術、音樂及舞蹈，並於 6 月及 7 月前往安老院演出。

東亞銀行親子閱讀證書獎勵計劃

東亞銀行慈善基金於 7 月舉行「東亞銀行親子閱讀證書獎勵計劃」的閉幕禮，標誌著 2016/17 年度該計劃已圓滿結束，並向學生閱讀分享比賽的優勝者頒發獎項。該計劃自 2013 年推行以來吸引逾 24,300 名學生參加，其中近半數學生獲得資助。此外，參與計劃的學校超過 360 間，共有 240 多名圖書館管理員、教師及家長接受培訓，學習如何有效地與兒童閱讀圖書。

澳門及台灣的慈善活動

東亞銀行澳門分行於年內積極支持多項重要的社會及環保措施。為紀念澳門明愛成立 65 周年，東亞銀行澳門分行參與有關的慈善足球邀請賽，以支持澳門明愛推出新服務，方便居住在沒有升降機的舊樓的長者出入。於 11 月 5 日，澳門分行的 10 名員工參加《澳門力報》舉辦的「力報慈善跑」，此活動為世界宣明會澳門分會、澳門奧比斯及澳門大學發展基金會籌得逾 60 萬澳門幣。



In May, the BEA Foundation held a signing ceremony to launch the third 3-year phase of the Palliative Care programme.

5 月，東亞銀行慈善基金舉行了簽約儀式，開展為期 3 年的第三期「安老院舍完善人生關顧計劃」。



For the fourth consecutive year, in May, BEA's Macau Branch supported the Macau Famine organised by World Vision of Macau Association by skipping a meal and donating the cost of the meal to support World Vision's efforts to provide sustenance to children in under-developed regions of Africa.

5 月，東亞銀行澳門分行連續第 4 年支持世界宣明會澳門分會舉辦的「澳門饑饉」活動，饑饉一餐並將膳食費捐出，以支持世界宣明會為非洲落後地區的兒童提供食物。

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

In Taiwan, BEA's Taipei Branch jointly organised a Blood Donation Day with Fuji Xerox Taiwan Corporation and Cerebos International Health Limited Taiwan Branch on 4th August in support of the humanitarian services of the Taiwan Blood Services Foundation Taipei Blood Centre. With donors from every department and grade level, more than 100 bags of blood were collected through this potentially life-saving activity.

MAJOR SUBSIDIARIES

The Bank of East Asia (China) Limited

On the Mainland, the Group's charitable endeavours are managed by BEA's wholly-owned subsidiary, The Bank of East Asia (China) Limited ("BEA China"), and the Shanghai Soong Ching Ling Foundation ("SSCLF") – BEA Charity Fund jointly established by SSCLF and BEA China.

Education

In May, volunteers from BEA China provided more than 40 hours of teaching for the students of Falaigu Primary School in Yunnan Province in a wide range of subjects, including English, painting, and world geography.

For the fifth consecutive year, from September to December 2017, BEA China organised the Bank of East Asia Cup Financial Education School Tour together with the Shanghai Students Moral Education Development Centre and the Shanghai Educational Press Group. The programme was developed to enhance financial literacy among middle school students. Approximately 10,000 students from more than 120 schools took part in the Financial Knowledge Contest and the Debate Contest on Finance.

Social Welfare

In January 2017, BEA China launched the "Happy New Year of the Rooster" Charity Campaign to celebrate the Lunar New Year. Nearly 200 volunteers provided over 1,330 hours of volunteer service and distributed daily necessities and books to more than 2,690 children and senior citizens.

Environment

From March to May 2017, BEA China conducted the "Let's Protect Environment Together" charity campaign in 22 cities nationwide. More than 730 volunteers including staff members of BEA China and their family members and clients, contributed over 4,000 hours to promote the importance of environmental protection through various activities, including the planting of more than 400 saplings.

Shanghai Soong Ching Ling Foundation – BEA Charity Fund

On 7th December, 2017, BEA China and the SSCLF jointly held the 9th Annual Firefly Charity Night in Shanghai, raising more than CNY11.06 million for the Charity Fund. As at the end of 2017, the Charity Fund had raised CNY73.86 million since its establishment in 2009.

The Charity Fund is committed to improving educational opportunities for underprivileged children attending rural schools on the Mainland. As at 31st December, 2017, the Charity Fund had established a total of 76 Firefly Centres in rural schools nationwide and distributed more than 44,000 "Firefly 60" backpacks containing books and school supplies to students of rural schools.

台灣方面，東亞銀行台北分行於8月4日與台灣富士全錄股份有限公司及馬來西亞商白蘭氏三得利股份有限公司台灣分公司合辦捐血日，以支持台灣血液基金會台北捐血中心的人道服務。該分行各部門及職級的員工亦有參與，是次捐血救人的活動共取得100多袋血液。

主要附屬公司

東亞銀行(中國)有限公司

本集團在內地的慈善事業由本行的全資附屬公司東亞銀行(中國)有限公司(「東亞中國」)以及由上海宋慶齡基金會及東亞中國共同成立的上海宋慶齡基金會—東亞銀行公益基金管理。

教育事務

5月，東亞中國的義工向雲南發來古完小學的學生提供了超過40小時的課程，教授英語、繪畫及世界地理等科目。

2017年9月至12月，東亞中國連續第5年與上海市學生德育發展中心及上海教育報刊總社合辦「東亞銀行杯金融教育校園行」活動，旨在讓中學生增進金融知識。約10,000名來自120多間學校的學生參加了金融知識競賽及金融主題辯論賽。

社會福利

2017年1月，東亞中國舉辦「噯心過大年」公益活動，慶祝農曆新年。近200名義工贈送日用品及書籍等禮物予超過2,690名兒童及長者，服務時數逾1,330小時。

環境保護

東亞中國於2017年3月至5月，在全國22個城市開展「17來綠動」公益活動，超過730名義工(包括東亞中國員工、家屬及客戶)投入逾4,000小時，透過種植400多株樹苗及其他活動，宣揚保護環境的訊息。

上海宋慶齡基金會—東亞銀行公益基金

2017年12月7日，東亞中國和上海宋慶齡基金會於上海合辦了第9屆「螢火蟲慈善之夜」，共籌得超過人民幣1,106萬元。截至2017年底，公益基金自2009年成立以來已籌得人民幣7,386萬元的善款。

公益基金致力為內地偏遠地區學校的貧困兒童提供教育機會。截至2017年12月31日，公益基金在全國捐建共76所設於偏遠地區學校內的「螢火蟲樂園」，並已捐贈逾44,000個內含書籍和文具的「螢火蟲60背包」予偏遠地區學校的學童。

BEA China Volunteers promoted green commuting by riding bicycles in a bike-sharing programme under the "Let's Protect Environment Together" charity campaign organised by BEA China from March to May 2017.

東亞中國於2017年3月至5月舉辦「17來綠動」公益活動，義工透過騎共享單車推廣環保。



CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)



In October, volunteers from BEA and BEA China provided 50 hours of teaching for the students of the eighth Primary School, Kaili, Guizhou Province, on a wide range of subjects.

10月，東亞銀行及東亞中國的義工為貴州省凱里市第八小學的學生提供合共50小時的教學，講授多個科目。

To enhance the quality of education in rural China, the Charity Fund launched the 1-year Volunteer Teaching Programme to attract talented educators to teach at rural schools. In addition to covering volunteers' expenses for the year, the Programme provides specialist training, teaching assistance, research grants, and job placement assistance after the completion of the Programme. To recruit teachers, the Charity Fund and China Business Network organised the "NGO Show • One-Year Teaching Programme", which was held in Shanghai. At the completion of the NGO Show in July, eight contestants were selected for one-year assignments, while the other participants were presented with an award for charitable spirit.

In July and August 2017, the Charity Fund organised training for rural school teachers in Lanzhou, Urumqi, and other areas. Comprising 11,680 class hours, the training programme was attended by nearly 200 rural school teachers. Additional training was organised in September for more than 30 rural school headmasters from 20 provinces.

Blue Cross (Asia-Pacific) Insurance Limited

To foster local interest in fencing, Blue Cross sponsored the Youth Fencing Training Programme for the third consecutive year. Over 700 teenagers took part in a series of training classes organised in different districts across Hong Kong.

For the fourth consecutive year, Blue Cross supported the "Realife Summer Run", a charity event to raise funds for the Shun Hing Education and Charity Fund. In October, Blue Cross sponsored travel insurance for more than 60 students with special needs and volunteers from the Special Education & Rehabilitation Service of the Hong Kong Red Cross, as they embarked on a 3-day cultural tour of Nanhai, Guangdong.

為提高中國偏遠地區的教育質素，公益基金推行了為期一年的義教計劃，吸引優秀的教育工作者到偏遠地區學校任教。該計劃除了負擔義工全年的開支之外，還提供專業培訓、教學援助及研究資助，並於計劃完成後提供就業援助。公益基金與《第一財經》在上海舉辦「公益對對碰 • 支起一片天」，以招募教師。「公益對對碰」活動於7月結束時，有8名參賽者獲選參加為期一年的教學任務，而其他參賽者獲頒發愛心獎。

2017年7月及8月，公益基金為蘭州、烏魯木齊及其他偏遠地區的學校教師提供培訓。共計為近200名偏遠地區學校教師提供了11,680小時的培訓。9月，本行為來自20個省份偏遠地區學校的30多位校長提供額外培訓。

藍十字(亞太)保險有限公司

為提高大眾對劍擊的興趣，藍十字連續第3年贊助青少年劍擊訓練計劃，在全港各區開辦一系列訓練課程，吸引了超過700名青少年參與。

藍十字已連續第4年支持「恒傑保險夏日黃昏跑」，為信興教育及慈善基金籌款。10月，藍十字為60多名有特殊需要的學生以及香港紅十字會特殊教育及復康服務的義工提供旅遊保險贊助，為他們前往3天廣東南海文化之旅提供保障。



In May, Blue Cross joined hands with the Hong Kong Fencing Association by serving as title sponsor and insurance partner of Hong Kong's first world-class fencing competition, the Blue Cross Insurance 2017 Asian Fencing Championships.

5月，藍十字與香港劍擊總會攜手合作，成為為香港首次舉辦之世界級劍擊賽事「藍十字保險2017亞洲劍擊錦標賽」的冠名贊助商兼保險合作夥伴。

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

BEA GROUP'S CSR ACHIEVEMENTS 東亞銀行集團的企業社會責任成果

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

- | | | |
|----|---|--|
| 1 | "President's Award" (for the 18th consecutive year), "Diamond Award" in the Corporate & Employee Contribution Programme 2016 / 2017 (for the 23rd consecutive year), "7th Top Fund Raiser Award" in the Dress Casual Day 2016 programme, and "4th Runner-up in the Top Fund-raiser Award" in the Hong Kong & Kowloon Walk 2016 / 2017"
- <i>The Community Chest of Hong Kong</i> | 香港公益金頒發「公益榮譽獎」(連續第18年), 2016 / 2017年度商業及僱員募捐計劃「鑽石獎」(連續第23年), 2016公益金便服日「最高籌款機構第7名」, 及2016 / 2017港島、九龍區百萬行「最高籌款機構第5名」 |
| 2 | Named "Caring Company" (for the 14th consecutive year); Blue Cross was named "Caring Company" for the ninth consecutive year
- <i>The Hong Kong Council of Social Service ("HKCSS")</i> | 榮獲香港社會服務聯會(「社聯」)嘉許為「商界展關懷」機構(連續第14年)。藍十字為連續第9年榮獲該項嘉許 |
| 3 | Named "Business for Sustainability 2016 / 2017"
- <i>HKCSS</i> | 榮獲社聯嘉許為「可持續發展企業2016 / 2017」 |
| 4 | "Community Engagement Gold Award" (for the third consecutive year)
- <i>Senior Citizen Home Safety Association</i> | 長者安居協會頒發「社區參與金獎」(連續第3年) |
| 5 | "Best Partner Award"
- <i>Senior Citizen Home Safety Association</i> | 長者安居協會頒發「卓越夥伴獎」 |
| 6 | Top Fundraising Award (Private Rice Stall), Highest Volunteer Participation Award (Private Rice Stall), and Oxfam Corporate Donor Award
- <i>Oxfam Hong Kong</i> | 香港樂施會頒發2017年度香港樂施米「樂施米—最高籌款獎(企業米檔)」, 「樂施米—最踴躍義工參與獎(企業米檔)」及樂施扶貧企業夥伴獎 |
| 7 | "Gold Award for Volunteer Service" in 2016 (for the fourth consecutive year)
- <i>Social Welfare Department's Central Office for Volunteer Service</i> | 社會福利署義務工作統籌課頒發2016年度義工服務金嘉許狀(連續第4年) |
| 8 | Social Capital Builder Logo Award
- <i>The Community Investment and Inclusion Fund of the Labour and Welfare Bureau</i> | 勞工及福利局社區投資共享基金頒發社會資本動力獎 |
| 9 | "Manpower Developer" (2012-2018)
- <i>Employees Retraining Board</i> | 榮獲僱員再培訓局嘉許為「人才企業」(2012-2018) |
| 10 | "TWGHs Charity Raffle Sales Competition 2016 / 2017 (corporations/organisations) – Champion Award"
- <i>Tung Wah Group of Hospitals</i> | 東華三院頒發東華三院慈善獎券義賣比賽2016 / 2017「工商機構及團體組」冠軍 |
| 11 | Indoor Air Quality Certificate (Good Class for BEA's Head Office Building)
- <i>Environmental Protection Department and the Hong Kong Accreditation Service of the HKSAR Government</i> | 香港政府環境保護署及香港認可處頒發室內空氣質素證書(總行大廈獲頒發良好級) |
| 12 | Tree Conservation Scheme Certificate 2017 (for BEA and East Asia Facility Management Limited)
- <i>Hong Kong Environmental Protection Association</i> | 香港環境保護協會頒發樹木保育計劃證書(頒發予東亞銀行及東亞設施管理有限公司) |
| 13 | Wastewi\$e Certificate ("Class of Excellence" for BEA's Head Office Building and BEA Tower)
- <i>Environmental Campaign Committee ("ECC")</i> | 環境運動委員會頒發「香港環保卓越計劃」內之「卓越級別」減廢標誌(東亞銀行總行大廈及東亞銀行中心) |
| 14 | Energywi\$e Certificate ("Class of Excellence" for BEA Tower)
- <i>ECC</i> | 環境運動委員會頒發「香港環保卓越計劃」內之「卓越級別」節能標誌(東亞銀行中心) |
| 15 | "Silver Award" in the Servicing and Trading Industry category
- <i>Hong Kong Awards for Environmental Excellence Programme</i> | 獲頒發香港環保卓越計劃服務及貿易業組別「銀獎」 |
| 16 | Hong Kong Green Organisation Logo
- <i>ECC</i> | 環境運動委員會頒發「香港綠色機構認證」 |

企業社會責任 (續)

BEA China 東亞中國

- | | |
|---|--|
| 17 "2016 Best Practice of Social Responsibility Award"
- <i>China Banking Association</i> | 中國銀行業協會頒發「2016 年度中國銀行業最佳社會責任實踐案例獎」 |
| 18 "Outstanding Charitable Contribution of the Year" in the 14th (2017) China Charity Rankings
- <i>China Philanthropy Times</i> | 《公益時報》頒發第 14 屆 (2017) 中國慈善榜之「年度慈善榜樣」 |
| 19 "Award for Education Aid" as part of the Lujiazui Financial City Warm Heart Annual Charity Rankings 2017
- <i>Lujiazui Financial City</i> | 東亞中國榮獲由陸家嘴金融城頒發「溫暖金融城 2017 陸家嘴年度公益榜之資教賦能實踐獎」 |
| 20 Best CSR Award from China Business Journal
- <i>China Business Journal</i> | 中國經營報頒發中經公益鼎興獎 |
| 21 "Best Practice Award" in the 2017 YICAI CSR Rankings in China by YICAI
- <i>YICAI</i> | 第一財經頒發「2017 第一財經·中國企業社會責任榜」之「優秀實踐獎」 |
| 22 "Excellence in Corporate Social Responsibility of 2017" in the 2017 Employer Excellence of China
- <i>www.51job.com</i> | 前程無憂頒發「2017 中國典範僱主」之「2017 企業社會責任典範」 |

BEA Union Investment 東亞聯豐投資

- | | |
|--|------------------------------------|
| 23 "Good MPF Employer Award 2016 / 2017"
- <i>Mandatory Provident Fund Schemes Authority</i> | 強制性公積金計劃管理局之「2016 / 17 年度積金好僱主」 |
| 24 "e-Contribution Award 2016 / 2017"
- <i>Mandatory Provident Fund Schemes Authority</i> | 強制性公積金計劃管理局之「2016 / 17 年度積金供款電子化獎」 |
| 25 "Support for MPF Management Award 2016 / 2017"
- <i>Mandatory Provident Fund Schemes Authority</i> | 強制性公積金計劃管理局之「2016 / 17 年度推動積金管理獎」 |



In recognition of its efforts to reduce its impact on the environment, BEA received the Silver Award in the prestigious Hong Kong Awards for Environmental Excellence Programme.

東亞銀行獲頒發香港環境卓越大獎「銀獎」，以表揚其就減少影響環境所作的努力。

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report together with the audited financial statements for the year ended 31st December, 2017 ("Annual Report").

PRINCIPAL PLACE OF BUSINESS

The Bank of East Asia, Limited is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 10 Des Voeux Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Bank and its subsidiaries are engaged in the provision of banking and related financial services.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the performance for the year ended 31st December, 2017 and an indication of likely future development in the business of the Group are provided in the Chairman's Statement and the Report of the Senior Management of the Annual Report. Description of the principal risks and uncertainties facing the Group can be found throughout the Annual Report, in particular the Risk Management section. Particulars of important events affecting the Bank that have occurred (if any) can be found in the Annual Report and the Notes to the Financial Statements. An analysis using financial key performance indicators are provided in the Financial Highlights and the Report of the Senior Management. Compliance with relevant laws and regulations which have significant impact on the Group can be found throughout the Annual Report, in particular, the Corporate Governance Report.

In addition, discussions on the Group's environmental policies and relationships with the key stakeholders that have a significant impact on the Group are discussed in the Corporate Social Responsibility Report of the Annual Report as well as the standalone version of Corporate Social Responsibility Report available on the Bank's website at www.hkbea.com under "About BEA – Corporate Social Responsibility" section on the home page.

MAJOR CUSTOMERS

The Directors believe that the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group for the year.

ACCOUNTS

The profit attributable to equity holders of the Group for the year ended 31st December, 2017 and the state of the Bank's and the Group's affairs as at that date are set out in the accounts from pages 160 to 317.

FIXED ASSETS

Details of the movements in fixed assets are set out in Note 35 on the accounts.

TRANSFER TO RESERVES

Profit attributable to equity holders of the Group, before dividends, of HK\$9,347 million (2016: HK\$3,723 million) has been transferred to reserves. Other movements in reserves are set out in Note 43 on the accounts.

DIVIDENDS

An interim dividend of HK\$0.68 per share (2016: HK\$0.28 per share) was paid on 10th October, 2017. The Directors have declared the payment of a second interim dividend of HK\$0.60 per share (2016: a second interim dividend of HK\$0.28 per share) in respect of the financial year ended 31st December, 2017.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last 5 years is set out in the Annual Report.

ISSUE OF SHARES

During the year, the Bank issued shares as follows:

- (a) 20,222,407 ordinary shares were issued at HK\$30.476 each and 39,452,555 ordinary shares were issued at HK\$33.2215 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2016 second interim dividend and the 2017 interim dividend respectively.
- (b) 3,079,000 ordinary shares were issued for cash of HK\$92,787,630 on the exercise of options granted under the approved Staff Share Option Schemes.

Details about the issue of shares are also set out in Note 41 on the accounts.

董事會報告書

董事會全寅現謹向各股東發表截至2017年12月31日止年度的報告書及已審核財務報表（「年報」）。

主要營業地點

東亞銀行有限公司乃一間在香港成立及註冊的持牌銀行，其註冊辦事處和主要營業地點為香港德輔道中10號。

主要業務

本行及其附屬公司的主要業務為提供銀行及有關的金融服務。

業務審視

有關對本集團截至2017年12月31日止年度業務的中肯審視及該年度表現的討論及分析，以及業務上相當有可能的未來發展的揭示，載於年報的主席報告書及高層管理人員報告書內。對本集團面對的主要風險及不明朗因素的描述，於本年報各部分（尤其在風險管理項下）已作披露。對本集團有影響的重大事件（如有）的詳情，在本年報各部分及財務報表各附註作出披露。運用財務關鍵表現指標進行的分析，見於本年報的財務摘要及高層管理人員報告書。而本集團遵守對本集團有重大影響的有關法律及規例的情況，則已在本年報各部分（尤其在企業管治報告內）作出披露。

此外，本集團的環境政策及其與對本集團有重大影響的主要持分者的關係的討論，披露於本年報的企業責任報告及登載於本行網站主頁內的「關於東亞銀行 — 企業社會責任」項下之企業責任報告（獨立版）內。

主要客戶

董事會認為，本集團5位最大客戶所佔是年度本集團總利息收入及其他經營收入少於30%。

賬項

本集團截至2017年12月31日止年度的股東應佔溢利，以及本行和本集團於當日的財政狀況，載列由第160頁至第317頁的賬項內。

固定資產

固定資產的變動詳情載於賬項附註35。

撥入儲備

本集團除股息前的股東應佔溢利中的港幣93.47億元（2016年：港幣37.23億元）已予撥入儲備。至於儲備的其他變動，則載於賬項附註43。

股息

中期股息每股港幣0.68元（2016年：每股港幣0.28元）已於2017年10月10日派發。董事會現宣布派發截至2017年12月31日止年度第二次中期股息每股港幣0.60元（2016年：第二次中期股息每股港幣0.28元）。

5年財務概要

本集團過去5年的業績、資產及負債的摘要載列於本年報。

發行股份

年內，本行發行的股份如下：

- (a) 分別以每股港幣30.476元發行20,222,407股普通股及以每股港幣33.2215元發行39,452,555股普通股，派發予選擇以新股代替現金收取2016年度第二次中期股息及2017年度中期股息的股東。
- (b) 在行使認可僱員認股計劃所授予的認股權方面，發行3,079,000股普通股，所得現金為港幣92,787,630元。

有關發行股份的詳情，亦載於賬項附註41。

REPORT OF THE DIRECTORS (CONTINUED)

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

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

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

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

On 10th July, 2017, the Bank completed the redemption of a face value of SGD50 million of 2.00% Senior Notes due 2017 (the "2017 SGD Senior Notes") upon their maturity. The 2017 SGD Senior Notes were issued in 2014 under the MTN Programme of the Bank's Singapore Branch and listed on the Singapore Exchange.

On 13th September, 2017, the Bank completed an early redemption of a face value of SGD800 million of 4.25% Subordinated Notes due 2022 (the "2022 SGD Subordinated Notes") upon their first call date. The 2022 SGD Subordinated Notes were issued in 2012 under the Bank's MTN Programme and listed on the Singapore Exchange.

Save for the redemption of the April 2017 USD Senior Notes, the 2022 USD Subordinated Notes, the June 2017 USD Senior Notes, the 2017 SGD Senior Notes and the 2022 SGD Subordinated Notes as disclosed herein, there was no purchase, sale or redemption by the Bank or any of its subsidiaries, of listed securities of the Bank during the year ended 31st December, 2017.

ISSUE OF DEBENTURES

During the year ended 31st December, 2017, the following notes were issued by the Bank under its US\$6,000,000,000 Medium Term Note Programme ("MTN Programme") to raise funds for general corporate purposes:

Class	Issued under	Amount Issued (HK\$ equivalent)	Consideration received (HK\$ equivalent)
Senior Notes	MTN Programme	590,483,000	587,247,188
Subordinated Notes	MTN Programme	3,892,150,000	3,892,150,000
Total		4,482,633,000	4,479,397,188

購入、出售或贖回本行的上市證券

本行於2017年4月24日(票據到期日)完成贖回面值7億美元,孳息率為2.375%於2017年到期的後償票據(「2017年4月美元高級票據」)。2017年4月美元高級票據在2014年根據本行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年5月4日(票據第一次贖回日期)完成提早贖回面值5億美元,孳息率為6.375%於2022年到期的後償票據(「2022美元後償票據」)。2022美元後償票據在2011年根據本行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年6月26日(票據到期日)完成贖回面值1億美元,孳息率為2.08%於2017年到期的後償票據(「2017年6月美元高級票據」)。2017年6月美元高級票據在2014年根據本行新加坡分行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年7月10日(票據到期日)完成贖回面值5,000萬新加坡元,孳息率為2.00%於2017年到期的後償票據(「2017新加坡元高級票據」)。2017新加坡元高級票據在2014年根據本行新加坡分行的中期票據計劃發行並於新加坡交易所上市。

本行於2017年9月13日(票據第一次贖回日期)完成提早贖回面值8億新加坡元,孳息率為4.25%於2022年到期的後償票據(「2022新加坡元後償票據」)。2022新加坡元後償票據在2012年根據本行的中期票據計劃發行並於新加坡交易所上市。

除上述所披露贖回2017年4月美元高級票據、2022美元後償票據、2017年6月美元高級票據、2017新加坡元高級票據及2022新加坡元後償票據外,在截至2017年12月31日止年度內,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。

發行債權證

在截至2017年12月31日止年度內,本行根據其6,000,000,000美元中期票據計劃(「中期票據計劃」)發行以下票據,藉以籌集資金用作一般企業用途:

類別	根據以下計劃發行	發行款額(港元等值)	收取的代價(港元等值)
高級票據	中期票據計劃	590,483,000	587,247,188
後償票據	中期票據計劃	3,892,150,000	3,892,150,000
合共		4,482,633,000	4,479,397,188

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The present Directors of the Bank are shown on page 64.

In accordance with the Articles of Association, the terms of office of Dr. Isidro FAINÉ CASAS, Mr. Adrian David LI Man-kiu and Mr. Brian David LI Man-bun, will expire at the 2018 AGM. They, being eligible, offer themselves for re-election at the 2018 AGM.

The following changes in the Board occurred during the year 2017 up to 22nd February, 2018 (being the date of this Report):

- Mr. William DOO Wai-hoi resigned as an INED with effect from 18th February, 2017.
- Dr. the Hon. Henry TANG Ying-yen (an INED) was appointed a Director of the Bank on 1st March, 2017. He retired at the conclusion of the 2017 AGM in accordance with the Articles of Association and was re-elected as a Director at the 2017 AGM.
- The Hon. CHAN Kin-por (an INED) was appointed a Director of the Bank on 15th March, 2017. He retired at the conclusion of the 2017 AGM in accordance with the Articles of Association and was re-elected as a Director at the 2017 AGM.
- Dr. Delman LEE (an INED) was appointed a Director of the Bank on 21st March, 2017. He retired at the conclusion of the 2017 AGM in accordance with the Articles of Association and was re-elected as a Director at the 2017 AGM.
- Mr. Richard LI Tzar-kai did not seek re-election at the 2017 AGM and retired as an INED with effect from the conclusion of the 2017 AGM.
- Mr. KUOK Khoon-ean did not seek re-election at the 2017 AGM and retired as an INED with effect from the conclusion of the 2017 AGM.
- Mr. Winston LO Yau-lai (formerly an INED) was re-designated as an NED with effect from 1st January, 2018.
- Dr. Daryl NG Win-kong (formerly an INED) was re-designated as an NED with effect from 1st January, 2018.

Details of the Directors to be re-elected at the 2018 AGM are set out in the Circular sent to the shareholders.

No Director proposed for re-election at the 2018 AGM has a service contract that is not determinable

by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

The Bank has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and Guidance on Empowerment of INEDs from each of the INEDs, namely: Dr. Allan WONG Chi-yun, Mr. Winston LO Yau-lai, Mr. Richard LI Tzar-kai¹, Mr. William DOO Wai-hoi², Mr. KUOK Khoon-ean³, Dr. Daryl NG Win-kong, Dr. the Hon. Rita FAN HSU Lai-tai, Mr. Meocre LI Kwok-wing, Dr. the Hon. Henry TANG Ying-yen⁴, The Hon. CHAN Kin-por⁵ and Dr. Delman LEE⁶ and considers them to be independent at all the applicable time.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Bank (included in the annual consolidated financial statements for the year ended 31st December, 2017) during the year up to 22nd February, 2018 (being the date of approval of the Bank's 2017 Annual Report) is available on the Bank's website at www.hkbea.com under "About BEA – Corporate Governance" section on the home page.

DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Bank on a named basis are disclosed in Note 21 to the Financial Statements for the year ended 31st December, 2017.

The fees to the Directors who resigned or retired or were appointed during 2017 were paid in accordance with their length of service.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There was no transaction, arrangement or contracts of significance in relation to the Group's business to which the Bank or any of its subsidiaries was a party and in which a Director of the Bank and/or any of his connected entities (as defined under section 486 of the Ordinance) had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Bank is interested in any business apart from the Bank's business that competes or is likely to compete, either directly or indirectly, with the Bank's business.

¹ For the period from 1st January, 2017 up to the conclusion of 2017 AGM.

² For the period from 1st January, 2017 to 17th February, 2017.

³ For the period from 1st January, 2017 up to the conclusion of 2017 AGM.

⁴ For the period from 1st March, 2017 to 31st December, 2017.

⁵ For the period from 15th March, 2017 to 31st December, 2017.

⁶ For the period from 21st March, 2017 to 31st December, 2017.

董事會報告書(續)

董事會

本行現任董事的名單載於第64頁。

根據組織章程細則規定，范禮賢博士、李民橋先生及李民斌先生將於2018股東周年常會上卸任，並願膺選連任。

於2017年內及直至2018年2月22日（為本報告日期）期間，董事會成員的變動如下：

- 杜惠愷先生辭任本行獨立非執行董事，由2017年2月18日起生效。
- 唐英年博士（獨立非執行董事）於2017年3月1日獲委任為本行董事。根據組織章程細則規定，他在2017股東周年常會結束時卸任，並已在2017股東周年常會上獲重選連任為董事。
- 陳建波議員（獨立非執行董事）於2017年3月15日獲委任為本行董事。根據組織章程細則規定，他在2017股東周年常會結束時卸任，並已在2017股東周年常會上獲重選連任為董事。
- 李國本博士（獨立非執行董事）於2017年3月21日獲委任為本行董事。根據組織章程細則規定，他在2017股東周年常會結束時卸任，並已在2017股東周年常會上獲重選連任為董事。
- 李澤楷先生並無在2017股東周年常會上膺選連任，故已於2017股東周年常會結束時卸任獨立非執行董事。
- 郭孔演先生並無在2017股東周年常會上膺選連任，故已於2017股東周年常會結束時卸任獨立非執行董事。
- 羅友禮先生（前獨立非執行董事）調任為非執行董事，由2018年1月1日起生效。
- 黃永光博士（前獨立非執行董事）調任為非執行董事，由2018年1月1日起生效。

所有在2018股東周年常會重選的董事的資料，載於寄發予股東的通函內。

所有擬在2018股東周年常會上膺選連任的董事，並沒有本行或其附屬公司在1年內不可在不予賠償（法定賠償除外）的情況下終止的服務合約。

本行已收到每位獨立非執行董事：黃子欣博士、羅友禮先生、李澤楷先生¹、杜惠愷先生²、郭孔演先生³、黃永光博士、范徐麗泰博士、李國榮先生、唐英年博士⁴、陳建波議員⁵及李國本博士⁶，根據《上市規則》第3.13條及提升獨立非執行董事的專業能力指引而作出的年度獨立性確認函。本行對他們（在所有適用期間）的獨立性表示認同。

附屬公司董事

於年度內及直至2018年2月22日（為通過本行2017年報當天）止之期間，出任本行（包括在截至2017年12月31日止年度的綜合財務報表內）附屬公司董事會的董事姓名名單，已登載於本行網站www.hkbea.com主頁內的「關於東亞銀行—企業管治」項下以供閱覽。

董事薪酬

具名列載董事薪酬在截至2017年12月31日止年度的財務報表附註21披露。

在年內辭任或退任或獲委任的董事酬金按其服務期支付。

董事在交易、安排或合約中之權益

於年度結束時或年內任何時間，凡與本集團業務有關而本行或其任何附屬公司有份參與之重要交易、安排或合約，本行各董事及/或與其有關連的實體（根據《條例》第486條之定義）均無直接或間接擁有重大權益。

董事在競爭業務之權益

除本行業務外，本行各董事並無在其他直接或間接與本行的業務構成競爭或可能構成競爭的業務中佔有權益。

¹ 由2017年1月1日至2017股東周年常會結束期內。

² 由2017年1月1日至2017年2月17日期內。

³ 由2017年1月1日至2017股東周年常會結束期內。

⁴ 由2017年3月1日至2017年12月31日期內。

⁵ 由2017年3月15日至2017年12月31日期內。

⁶ 由2017年3月21日至2017年12月31日期內。

REPORT OF THE DIRECTORS (CONTINUED)

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Bank were entered into or subsisted during the year.

Dr. the Hon. Sir David LI Kwok-po is employed as the Chief Executive of the Bank. His existing three-year term service contract commenced in April 2015 and will expire in March 2018. The service contract has been extended for a further term of 3 years commencing from 1st April, 2018 and expiring on 31st March, 2021. The extension of the term of the service contract has been endorsed by the NC and approved by the Board.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director, Secretary and officer of the Bank shall be indemnified out of the funds of the Bank against all liabilities (to the extent permitted by the Ordinance) incurred by such Director, Secretary or officer in the execution of his duties or otherwise in relation thereto. Directors & Officers Liability and Company Reimbursement Insurance has been arranged to indemnify the Directors and officers of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31st December, 2017, the interests and short positions of the Directors and Chief Executive of the Bank in the shares, underlying shares and debentures of the Bank and its associated corporations as recorded in the register required to be kept under section 352 of the SFO (the "Register") were as follows:

I. Long positions in ordinary shares of the Bank:

Name	Capacity and nature	No. of shares	Total	% of issued voting Shares
David LI Kwok-po	Beneficial owner	78,318,501	91,092,622 ¹	3.29
	Interest of spouse	2,067,130		
	Interest of corporation	240,170		
	Executor of estate	10,466,821		
Arthur LI Kwok-cheung	Beneficial owner	12,189,477	39,460,750 ²	1.43
	Interest of corporation	16,804,452		
	Executor of estate	10,466,821		
Allan WONG Chi-yun	Beneficial owner	433,245	16,680,451 ³	0.60
	Interest of spouse	136		
	Founder and beneficiary of discretionary trust	16,247,070		
Aubrey LI Kwok-sing	Beneficial owner	1,169,663	17,827,028 ⁴	0.64
	Interest of spouse	22,802		
	Interest of corporation	16,634,563		
Winston LO Yau-lai	-	-	Nil	Nil
Stephen Charles LI Kwok-sze	Beneficial owner	10,964,254	13,086,725 ⁵	0.47
	Interest of children	637,367		
	Beneficiary of discretionary trusts	231,390		
	Administrator of estate	1,253,714		
Isidro FAINÉ CASAS	-	-	Nil	Nil
Peter LEE Ka-kit	Interest of corporation	679,000	679,000 ⁶	0.02
Adrian David LI Man-kiu	Beneficial owner	1,059,142	3,100,511 ⁷	0.11
	Interest of child	7,240		
	Settlor/Founder of discretionary trust	2,034,129		
Brian David LI Man-bun	Beneficial owner	2,357,009	3,136,642 ⁸	0.11
	Interest of corporation	779,633		
Daryl NG Win-kong	-	-	Nil	Nil

管理合約

年內，除僱傭合約外，並無訂立或存在與本行業務全部或任何重大部分有關的管理及/或行政合約。

李國寶爵士受聘為本行的行政總裁。他現行為期3年的僱傭合約已於2015年4月起生效，並將於2018年3月屆滿。其服務合約的任期現予延長3年，由2018年4月1日起生效，並將於2021年3月31日屆滿。延長行政總裁的服務合約的任期已由提名委員會審議，並已獲董事會通過。

董事及行政總裁權益

於2017年12月31日，根據《證券及期貨條例》第352條須予備存的登記冊（「該登記冊」）所記錄，本行各董事及行政總裁於本行及其相聯法團的股份、相關股份及債權證中擁有的權益及淡倉如下：

I. 本行普通股股份權益的好倉：

姓名	身分及性質	股份數目	總數	佔已發行 有投票權股份 的百分率
李國寶	實益擁有人	78,318,501		
	配偶的權益	2,067,130		
	法團的權益	240,170		
	遺產執行人	10,466,821	91,092,622 ¹	3.29
李國章	實益擁有人	12,189,477		
	法團的權益	16,804,452		
	遺產執行人	10,466,821	39,460,750 ²	1.43
黃子欣	實益擁有人	433,245		
	配偶的權益	136		
	酌情信託的成立人及受益人	16,247,070	16,680,451 ³	0.60
李國星	實益擁有人	1,169,663		
	配偶的權益	22,802		
	法團的權益	16,634,563	17,827,028 ⁴	0.64
羅友禮	-	-	無	無
李國仕	實益擁有人	10,964,254		
	子女的權益	637,367		
	酌情信託的受益人	231,390		
	遺產管理人	1,253,714	13,086,725 ⁵	0.47
范禮賢	-	-	無	無
李家傑	法團的權益	679,000	679,000 ⁶	0.02
李民橋	實益擁有人	1,059,142		
	子女的權益	7,240		
	酌情信託的財產授予人/成立人	2,034,129	3,100,511 ⁷	0.11
李民斌	實益擁有人	2,357,009		
	法團的權益	779,633	3,136,642 ⁸	0.11
黃永光	-	-	無	無

獲准許的彌償條文

根據章程細則，每名本行董事、秘書或職員在其執行職責或其他方面與此有關之情況下所蒙受或產生之所有債務（受限於《條例》的規定），有權獲得從本行基金中撥付彌償。此外，本行已購買董事和職員責任及公司償還保險，以保障本集團的董事及員工。

REPORT OF THE DIRECTORS (CONTINUED)

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

Notes:

- David LI Kwok-po was the beneficial owner of 78,318,501 shares and he was deemed to be interested in 2,067,130 shares through the interests of his spouse, Penny POON Kam-chui. He was also deemed to be interested in 240,170 shares held by David LI Kwok-po Charitable Foundation Limited, a charitable institution of which David LI Kwok-po is a director and the sole member. He was also deemed to be interested in 10,466,821 shares held by an estate of which he is one of the executors. Arthur LI Kwok-cheung was also deemed to be interested in the same block of 10,466,821 shares as one of the executors of the estate (please refer to Note 2 below).
- Arthur LI Kwok-cheung was the beneficial owner of 12,189,477 shares and he was deemed to be interested in 16,804,452 shares held by Dapa Company Limited, which is wholly-owned by him. He was also deemed to be interested in 10,466,821 shares held by an estate of which he is one of the executors. David LI Kwok-po was also deemed to be interested in the same block of 10,466,821 shares as one of the executors of the estate (please refer to Note 1 above).
- Allan WONG Chi-yun was the beneficial owner of 433,245 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 16,247,070 shares held by a discretionary trust, Allan Wong 2011 Trust, of which Allan WONG Chi-yun is a founder and an eligible beneficiary.
- Aubrey LI Kwok-sing was the beneficial owner of 1,169,663 shares and he was deemed to be interested in 22,802 shares through the interests of his spouse, Elizabeth WOO. He was also deemed to be interested in 16,634,563 shares held by Hope Lake Ltd., which is wholly-owned by him.
- Stephen Charles LI Kwok-sze was the beneficial owner of 10,964,254 shares, and he was deemed to be interested in 637,367 shares through the interests of his children. He was also deemed to be interested in 1,253,714 shares held by an estate of which he is one of the Administrators. He was also deemed to be interested in 231,390 shares held by a discretionary trust, Longevity Trust, of which his children were beneficiaries.
- Peter LEE Ka-kit was deemed to be interested in 679,000 shares owned by Golf Limited, which is wholly-owned by him.
- Adrian David LI Man-kiu was the beneficial owner of 1,059,142 shares, and he was deemed to be interested in 7,240 shares through the interests of his child under the age of 18. Adrian David LI Man-kiu has made a voluntary disclosure of 2,034,129 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.
- Brian David LI Man-bun was the beneficial owner of 2,357,009 shares. He was also deemed to be interested in 779,633 shares held by Triple Kingdom Limited, which is wholly-owned by him.

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

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po, Adrian David LI Man-kiu and Brian David LI Man-bun pursuant to the approved Staff Share Option Schemes. Information in relation to these share options during the year ended 31st December, 2017 was shown in the section under "Information on Share Options" of this Report.

III. Interests in Hybrid Tier I Capital Instruments:

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

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

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

董事會報告書(續)

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
奧正之	-	-	無	無
范徐麗泰	-	-	無	無
李國榮	-	-	無	無
唐英年	-	-	無	無
陳健波	-	-	無	無
李國本	-	-	無	無

附註：

- 1 李國寶為78,318,501股的實益擁有人。由於其配偶潘金翠擁有2,067,130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240,170股，李國寶為該慈善機構的董事兼唯一成員。李國寶作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的10,466,821股。李國章作為該遺產的其中一位執行人，亦被視為擁有同一批10,466,821股（請參閱下列附註2）。
- 2 李國章為12,189,477股的實益擁有人。他亦被視為擁有由Dapa Company Limited持有的16,804,452股，該公司為李國章全資擁有。李國章作為一個遺產的其中一位執行人，因而被視為擁有該遺產所持有的10,466,821股。李國寶作為該遺產的其中一位執行人，亦被視為擁有同一批10,466,821股（請參閱上列附註1）。
- 3 黃子欣為433,245股的實益擁有人。由於其配偶郭志蕙（已歿）擁有136股之權益，黃子欣被視為擁有該等股份。而由於黃子欣為一個酌情信託Allan Wong 2011 Trust的成立人及一位合資格受益人，他亦被視為擁有該酌情信託所持有的16,247,070股。
- 4 李國星為1,169,663股的實益擁有人。由於其配偶吳伊莉擁有22,802股之權益，他亦被視為擁有該等股份。李國星因全資擁有Hope Lake Ltd. 而被視為擁有該公司所持有的16,634,563股。
- 5 李國仕為10,964,254股的實益擁有人。他亦被視為擁有由其子女持有的637,367股。李國仕作為一個遺產的其中一位管理人，因而被視為擁有該遺產持有的1,253,714股。而由於李國仕的子女為一個酌情信託Longevity Trust的受益人，李國仕亦被視為擁有該酌情信託所持有的231,390股。
- 6 李家傑被視為擁有由Golf Limited持有的679,000股，該公司為李家傑全資擁有。
- 7 李民橋為1,059,142股的實益擁有人。他亦被視為擁有由其18歲以下子女持有的7,240股。李民橋自願披露其作為財產授予人/成立人的一個酌情信託間接所持有的2,034,129股，由於他不可以影響受託人如何行使其酌情權，有關披露純屬自願性質。
- 8 李民斌為2,357,009股的實益擁有人。他亦被視為擁有由Triple Kingdom Limited持有的779,633股，該公司為李民斌全資擁有。

II. 本行相關股份（就股本衍生工具而言）的好倉：

根據本行的認可僱員認股計劃，李國寶、李民橋及李民斌獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交收的期權。有關此等認股權在截至2017年12月31日止年度內的資料，見於本報告「認股權資料」項下。

III. 混合一級資本工具的權益：

黃子欣為下列資本工具的實益擁有人^{附註：}

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

附註：本行於2009年11月發行面值為5億美元的混合一級資本工具。該資本工具包括由本行發行並於2059年到期的步升後償票據（票據息率為年利率8.5%）（「2059票據」），以及由本行全資附屬公司Innovate Holdings Limited發行之永久非累積步升優先股（「Innovate優先股」）。2059票據連同Innovate優先股以不可分拆單位形式於新加坡交易所上市。替代優先股（永久非累積步升優先股）由本行設立及將於發生替代事件（定義見日期為2009年11月11日本行發出之致股東通函）時發行以作為發行2059票據及Innovate優先股的條款之一。

REPORT OF THE DIRECTORS (CONTINUED)

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.

At no time during the year was the Bank or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate with the exception of the Staff Share Option Schemes, details of which are set out in the following section under "Information on Share Options", and Notes 2(q)(iv) and 40 on the accounts.

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 year ended 31st December, 2017:

Name	Date of Grant	Number of Share Options				Outstanding at 31/12/2017
		Outstanding at 1/1/2017	Granted	Exercised	Lapsed	
David LI Kwok-po	05/5/2011 ^a	666,000 ^{T1}	-	-	666,000	0
	05/5/2011 ^a	666,000 ^{T2}	-	-	-	666,000
	05/5/2011 ^a	668,000 ^{T3}	-	-	-	668,000
	03/5/2013 ^a	301,000 ^{T2}	-	301,000 ^c	-	0
	03/5/2013 ^a	668,000 ^{T3}	-	-	-	668,000
	02/5/2014 ^a	666,000 ^{T1}	-	-	-	666,000
	02/5/2014 ^a	666,000 ^{T2}	-	-	-	666,000
	02/5/2014 ^a	668,000 ^{T3}	-	-	-	668,000
	04/5/2015 ^a	666,000 ^{T1}	-	-	-	666,000
	04/5/2015 ^a	666,000 ^{T2}	-	-	-	666,000
	04/5/2015 ^a	668,000 ^{T3}	-	-	-	668,000
	08/4/2016 ^a	666,000 ^{T1}	-	666,000 ^c	-	0
	08/4/2016 ^a	666,000 ^{T2}	-	-	-	666,000
	08/4/2016 ^a	668,000 ^{T3}	-	-	-	668,000
	07/4/2017 ^b	-	666,000 ^{T1}	-	-	666,000
	07/4/2017 ^b	-	666,000 ^{T2}	-	-	666,000
07/4/2017 ^b	-	668,000 ^{T3}	-	-	668,000	
Adrian David LI Man-kiu	05/5/2011 ^a	216,000 ^{T1}	-	-	216,000	0
	05/5/2011 ^a	216,000 ^{T2}	-	-	-	216,000
	05/5/2011 ^a	218,000 ^{T3}	-	-	-	218,000
	10/5/2012 ^a	216,000 ^{T1}	-	216,000 ^c	-	0
	10/5/2012 ^a	216,000 ^{T2}	-	-	-	216,000
	10/5/2012 ^a	218,000 ^{T3}	-	-	-	218,000
	03/5/2013 ^a	216,000 ^{T1}	-	-	-	216,000
	03/5/2013 ^a	216,000 ^{T2}	-	-	-	216,000
	03/5/2013 ^a	218,000 ^{T3}	-	-	-	218,000
	02/5/2014 ^a	216,000 ^{T1}	-	-	-	216,000
	02/5/2014 ^a	216,000 ^{T2}	-	-	-	216,000
	02/5/2014 ^a	218,000 ^{T3}	-	-	-	218,000
	04/5/2015 ^a	216,000 ^{T1}	-	-	-	216,000
	04/5/2015 ^a	216,000 ^{T2}	-	-	-	216,000
	04/5/2015 ^a	218,000 ^{T3}	-	-	-	218,000
	08/4/2016 ^a	216,000 ^{T1}	-	-	-	216,000
	08/4/2016 ^a	216,000 ^{T2}	-	-	-	216,000
	08/4/2016 ^a	218,000 ^{T3}	-	-	-	218,000
07/4/2017 ^b	-	216,000 ^{T1}	-	-	216,000	
07/4/2017 ^b	-	216,000 ^{T2}	-	-	216,000	
07/4/2017 ^b	-	218,000 ^{T3}	-	-	218,000	

董事會報告書(續)

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。

除於下列「認股權資料」項下及賬項附註2(q)(iv)及40所詳載的僱員認股計劃外，本年內本行或其任何附屬公司並無作任何安排，以致本行各董事或行政總裁或他們的配偶或18歲以下子女從中取得本行或其他法人團體的股份或債券而獲益。

認股權資料

根據《上市規則》所披露有關認股權的資料如下：

(1) 截至2017年12月31日止年度內認股權的變動：

姓名	授予日期	認股權數目				
		於 1/1/2017 尚未行使	授出	行使	失效	於 31/12/2017 尚未行使
李國寶	05/5/2011 ^a	666,000 ^{T1}	-	-	666,000	0
	05/5/2011 ^a	666,000 ^{T2}	-	-	-	666,000
	05/5/2011 ^a	668,000 ^{T3}	-	-	-	668,000
	03/5/2013 ^a	301,000 ^{T2}	-	301,000 ^c	-	0
	03/5/2013 ^a	668,000 ^{T3}	-	-	-	668,000
	02/5/2014 ^a	666,000 ^{T1}	-	-	-	666,000
	02/5/2014 ^a	666,000 ^{T2}	-	-	-	666,000
	02/5/2014 ^a	668,000 ^{T3}	-	-	-	668,000
	04/5/2015 ^a	666,000 ^{T1}	-	-	-	666,000
	04/5/2015 ^a	666,000 ^{T2}	-	-	-	666,000
	04/5/2015 ^a	668,000 ^{T3}	-	-	-	668,000
	08/4/2016 ^a	666,000 ^{T1}	-	666,000 ^c	-	0
	08/4/2016 ^a	666,000 ^{T2}	-	-	-	666,000
	08/4/2016 ^a	668,000 ^{T3}	-	-	-	668,000
	07/4/2017 ^b	-	666,000 ^{T1}	-	-	666,000
07/4/2017 ^b	-	666,000 ^{T2}	-	-	666,000	
07/4/2017 ^b	-	668,000 ^{T3}	-	-	668,000	
李民橋	05/5/2011 ^a	216,000 ^{T1}	-	-	216,000	0
	05/5/2011 ^a	216,000 ^{T2}	-	-	-	216,000
	05/5/2011 ^a	218,000 ^{T3}	-	-	-	218,000
	10/5/2012 ^a	216,000 ^{T1}	-	216,000 ^c	-	0
	10/5/2012 ^a	216,000 ^{T2}	-	-	-	216,000
	10/5/2012 ^a	218,000 ^{T3}	-	-	-	218,000
	03/5/2013 ^a	216,000 ^{T1}	-	-	-	216,000
	03/5/2013 ^a	216,000 ^{T2}	-	-	-	216,000
	03/5/2013 ^a	218,000 ^{T3}	-	-	-	218,000
	02/5/2014 ^a	216,000 ^{T1}	-	-	-	216,000
	02/5/2014 ^a	216,000 ^{T2}	-	-	-	216,000
	02/5/2014 ^a	218,000 ^{T3}	-	-	-	218,000
	04/5/2015 ^a	216,000 ^{T1}	-	-	-	216,000
	04/5/2015 ^a	216,000 ^{T2}	-	-	-	216,000
	04/5/2015 ^a	218,000 ^{T3}	-	-	-	218,000
08/4/2016 ^a	216,000 ^{T1}	-	-	-	216,000	
08/4/2016 ^a	216,000 ^{T2}	-	-	-	216,000	
08/4/2016 ^a	218,000 ^{T3}	-	-	-	218,000	
07/4/2017 ^b	-	216,000 ^{T1}	-	-	216,000	
07/4/2017 ^b	-	216,000 ^{T2}	-	-	216,000	
07/4/2017 ^b	-	218,000 ^{T3}	-	-	218,000	

REPORT OF THE DIRECTORS (CONTINUED)

Name	Date of Grant	Number of Share Options				Outstanding at 31/12/2017
		Outstanding at 1/1/2017	Granted	Exercised	Lapsed	
Brian David LI Man-bun	05/5/2011 ^a	216,000 ^{T1}	-	-	216,000	0
	05/5/2011 ^a	216,000 ^{T2}	-	-	-	216,000
	05/5/2011 ^a	218,000 ^{T3}	-	-	-	218,000
	10/5/2012 ^a	216,000 ^{T1}	-	216,000 ^c	-	0
	10/5/2012 ^a	216,000 ^{T2}	-	-	-	216,000
	10/5/2012 ^a	218,000 ^{T3}	-	-	-	218,000
	03/5/2013 ^a	216,000 ^{T1}	-	-	-	216,000
	03/5/2013 ^a	216,000 ^{T2}	-	-	-	216,000
	03/5/2013 ^a	218,000 ^{T3}	-	-	-	218,000
	02/5/2014 ^a	216,000 ^{T1}	-	-	-	216,000
	02/5/2014 ^a	216,000 ^{T2}	-	-	-	216,000
	02/5/2014 ^a	218,000 ^{T3}	-	-	-	218,000
	04/5/2015 ^a	216,000 ^{T1}	-	-	-	216,000
	04/5/2015 ^a	216,000 ^{T2}	-	-	-	216,000
	04/5/2015 ^a	218,000 ^{T3}	-	-	-	218,000
	08/4/2016 ^a	216,000 ^{T1}	-	-	-	216,000
	08/4/2016 ^a	216,000 ^{T2}	-	-	-	216,000
	08/4/2016 ^a	218,000 ^{T3}	-	-	-	218,000
	07/4/2017 ^b	-	216,000 ^{T1}	-	-	216,000
	07/4/2017 ^b	-	216,000 ^{T2}	-	-	216,000
	07/4/2017 ^b	-	218,000 ^{T3}	-	-	218,000
Aggregate of other Employees*	05/5/2011 ^a	732,000 ^{T1}	-	336,000 ^c	396,000	0
	05/5/2011 ^a	732,000 ^{T2}	-	441,000 ^c	-	291,000
	05/5/2011 ^a	736,000 ^{T3}	-	50,000 ^c	-	686,000
	10/5/2012 ^a	632,000 ^{T1}	-	100,000 ^c	-	532,000
	10/5/2012 ^a	632,000 ^{T2}	-	50,000 ^c	-	582,000
	10/5/2012 ^a	636,000 ^{T3}	-	-	-	636,000
	03/5/2013 ^a	732,000 ^{T1}	-	100,000 ^c	-	632,000
	03/5/2013 ^a	732,000 ^{T2}	-	50,000 ^c	-	682,000
	03/5/2013 ^a	736,000 ^{T3}	-	-	-	736,000
	02/5/2014 ^a	844,000 ^{T1}	-	-	-	844,000
	02/5/2014 ^a	894,000 ^{T2}	-	50,000 ^c	-	844,000
	02/5/2014 ^a	899,500 ^{T3}	-	50,000 ^c	-	849,500
	04/5/2015 ^a	932,000 ^{T1}	-	-	-	932,000
	04/5/2015 ^a	932,000 ^{T2}	-	-	-	932,000
	04/5/2015 ^a	936,000 ^{T3}	-	-	-	936,000
	08/4/2016 ^a	985,000 ^{T1}	-	353,000 ^c	-	632,000
	08/4/2016 ^a	985,000 ^{T2}	-	-	-	985,000
	08/4/2016 ^a	992,500 ^{T3}	-	-	-	992,500
	07/4/2017 ^b	-	1,032,000 ^{T1}	-	-	1,032,000
	07/4/2017 ^b	-	1,032,000 ^{T2}	-	-	1,032,000
	07/4/2017 ^b	-	1,036,000 ^{T3}	-	-	1,036,000
Other Participants**	05/5/2011 ^a	50,000 ^{T1}	-	50,000 ^c	-	0
	05/5/2011 ^a	100,000 ^{T2}	-	-	-	100,000
	05/5/2011 ^a	100,000 ^{T3}	-	-	-	100,000
	10/5/2012 ^a	100,000 ^{T1}	-	50,000 ^c	-	50,000
	10/5/2012 ^a	100,000 ^{T2}	-	-	-	100,000
	10/5/2012 ^a	100,000 ^{T3}	-	-	-	100,000
	03/5/2013 ^a	50,000 ^{T1}	-	-	-	50,000
	03/5/2013 ^a	50,000 ^{T2}	-	-	-	50,000
03/5/2013 ^a	50,000 ^{T3}	-	-	-	50,000	

董事會報告書(續)

姓名	授予日期	認股權數目				
		於 1/1/2017 尚未行使	授出	行使	失效	於 31/12/2017 尚未行使
李民斌	05/5/2011 ^a	216,000 ^{T1}	-	-	216,000	0
	05/5/2011 ^a	216,000 ^{T2}	-	-	-	216,000
	05/5/2011 ^a	218,000 ^{T3}	-	-	-	218,000
	10/5/2012 ^a	216,000 ^{T1}	-	216,000 ^c	-	0
	10/5/2012 ^a	216,000 ^{T2}	-	-	-	216,000
	10/5/2012 ^a	218,000 ^{T3}	-	-	-	218,000
	03/5/2013 ^a	216,000 ^{T1}	-	-	-	216,000
	03/5/2013 ^a	216,000 ^{T2}	-	-	-	216,000
	03/5/2013 ^a	218,000 ^{T3}	-	-	-	218,000
	02/5/2014 ^a	216,000 ^{T1}	-	-	-	216,000
	02/5/2014 ^a	216,000 ^{T2}	-	-	-	216,000
	02/5/2014 ^a	218,000 ^{T3}	-	-	-	218,000
	04/5/2015 ^a	216,000 ^{T1}	-	-	-	216,000
	04/5/2015 ^a	216,000 ^{T2}	-	-	-	216,000
	04/5/2015 ^a	218,000 ^{T3}	-	-	-	218,000
	08/4/2016 ^a	216,000 ^{T1}	-	-	-	216,000
	08/4/2016 ^a	216,000 ^{T2}	-	-	-	216,000
08/4/2016 ^a	218,000 ^{T3}	-	-	-	218,000	
07/4/2017 ^b	-	216,000 ^{T1}	-	-	-	216,000
07/4/2017 ^b	-	216,000 ^{T2}	-	-	-	216,000
07/4/2017 ^b	-	218,000 ^{T3}	-	-	-	218,000
其他僱員的總數 *	05/5/2011 ^a	732,000 ^{T1}	-	336,000 ^c	396,000	0
	05/5/2011 ^a	732,000 ^{T2}	-	441,000 ^c	-	291,000
	05/5/2011 ^a	736,000 ^{T3}	-	50,000 ^c	-	686,000
	10/5/2012 ^a	632,000 ^{T1}	-	100,000 ^c	-	532,000
	10/5/2012 ^a	632,000 ^{T2}	-	50,000 ^c	-	582,000
	10/5/2012 ^a	636,000 ^{T3}	-	-	-	636,000
	03/5/2013 ^a	732,000 ^{T1}	-	100,000 ^c	-	632,000
	03/5/2013 ^a	732,000 ^{T2}	-	50,000 ^c	-	682,000
	03/5/2013 ^a	736,000 ^{T3}	-	-	-	736,000
	02/5/2014 ^a	844,000 ^{T1}	-	-	-	844,000
	02/5/2014 ^a	894,000 ^{T2}	-	50,000 ^c	-	844,000
	02/5/2014 ^a	899,500 ^{T3}	-	50,000 ^c	-	849,500
	04/5/2015 ^a	932,000 ^{T1}	-	-	-	932,000
	04/5/2015 ^a	932,000 ^{T2}	-	-	-	932,000
	04/5/2015 ^a	936,000 ^{T3}	-	-	-	936,000
	08/4/2016 ^a	985,000 ^{T1}	-	353,000 ^c	-	632,000
	08/4/2016 ^a	985,000 ^{T2}	-	-	-	985,000
08/4/2016 ^a	992,500 ^{T3}	-	-	-	992,500	
07/4/2017 ^b	-	1,032,000 ^{T1}	-	-	-	1,032,000
07/4/2017 ^b	-	1,032,000 ^{T2}	-	-	-	1,032,000
07/4/2017 ^b	-	1,036,000 ^{T3}	-	-	-	1,036,000
其他參與人 **	05/5/2011 ^a	50,000 ^{T1}	-	50,000 ^c	-	0
	05/5/2011 ^a	100,000 ^{T2}	-	-	-	100,000
	05/5/2011 ^a	100,000 ^{T3}	-	-	-	100,000
	10/5/2012 ^a	100,000 ^{T1}	-	50,000 ^c	-	50,000
	10/5/2012 ^a	100,000 ^{T2}	-	-	-	100,000
	10/5/2012 ^a	100,000 ^{T3}	-	-	-	100,000
	03/5/2013 ^a	50,000 ^{T1}	-	-	-	50,000
	03/5/2013 ^a	50,000 ^{T2}	-	-	-	50,000
	03/5/2013 ^a	50,000 ^{T3}	-	-	-	50,000

REPORT OF THE DIRECTORS (CONTINUED)

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

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

Notes:

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

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
05/5/2011	T1	05/5/2011 – 04/5/2012	05/5/2012 – 05/5/2017	32.00
05/5/2011	T2	05/5/2011 – 04/5/2013	05/5/2013 – 05/5/2018	32.00
05/5/2011	T3	05/5/2011 – 04/5/2014	05/5/2014 – 05/5/2019	32.00
10/5/2012	T1	10/5/2012 – 09/5/2013	10/5/2013 – 10/5/2018	28.99
10/5/2012	T2	10/5/2012 – 09/5/2014	10/5/2014 – 10/5/2019	28.99
10/5/2012	T3	10/5/2012 – 09/5/2015	10/5/2015 – 10/5/2020	28.99
03/5/2013	T1	03/5/2013 – 02/5/2014	03/5/2014 – 03/5/2019	31.40
03/5/2013	T2	03/5/2013 – 02/5/2015	03/5/2015 – 03/5/2020	31.40
03/5/2013	T3	03/5/2013 – 02/5/2016	03/5/2016 – 03/5/2021	31.40
02/5/2014	T1	02/5/2014 – 01/5/2015	02/5/2015 – 02/5/2020	32.50
02/5/2014	T2	02/5/2014 – 01/5/2016	02/5/2016 – 02/5/2021	32.50
02/5/2014	T3	02/5/2014 – 01/5/2017	02/5/2017 – 02/5/2022	32.50
04/5/2015	T1	04/5/2015 – 03/5/2016	04/5/2016 – 04/5/2021	34.15
04/5/2015	T2	04/5/2015 – 03/5/2017	04/5/2017 – 04/5/2022	34.15
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T1	08/4/2016 – 07/4/2017	08/4/2017 – 08/4/2022	28.45
08/4/2016	T2	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45

b Share options granted in year 2017:

(i) Particulars:

Date of Grant	Tranche	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
07/4/2017	T1	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25

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

(iii) Fair value of share options granted during the year ended 31st December, 2017 and the assumptions are set out in Note 40 on the accounts.

c The annual weighted average (“AWA”) closing price of the shares of the Bank immediately before the date on which the options were exercised during the year ended 31st December, 2017:

Date of Grant	Tranche	No. of Options Exercised	Exercise Price Per Share HK\$	AWA Closing Price HK\$
05/5/2011	T1	386,000	32.00	32.84
05/5/2011	T2	441,000	32.00	35.51
05/5/2011	T3	50,000	32.00	35.25
10/5/2012	T1	582,000	28.99	34.44
10/5/2012	T2	50,000	28.99	33.92
03/5/2013	T1	100,000	31.40	34.88
03/5/2013	T2	351,000	31.40	33.34
02/5/2014	T2	50,000	32.50	35.85
02/5/2014	T3	50,000	32.50	35.85
08/4/2016	T1	1,019,000	28.45	34.08

(2) No share options were cancelled during the year ended 31st December, 2017.

(3) The accounting policy adopted for share options is set out in Note 2(q)(iv) on the accounts.

Save as disclosed above, as at 31st December, 2017, none of the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Bank or any of its associated corporations.

董事會報告書(續)

- * 按香港《僱傭條例》所指的「連續合約」工作的僱員。
 ** 其他參與人指本行兩位於2013年終止為本行僱員的前僱員。在其終止為本行僱員前已獲授予該等認股權。

附註：

a 於2011年至2016年授予的認股權詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
05/5/2011	T1	05/5/2011 – 04/5/2012	05/5/2012 – 05/5/2017	32.00
05/5/2011	T2	05/5/2011 – 04/5/2013	05/5/2013 – 05/5/2018	32.00
05/5/2011	T3	05/5/2011 – 04/5/2014	05/5/2014 – 05/5/2019	32.00
10/5/2012	T1	10/5/2012 – 09/5/2013	10/5/2013 – 10/5/2018	28.99
10/5/2012	T2	10/5/2012 – 09/5/2014	10/5/2014 – 10/5/2019	28.99
10/5/2012	T3	10/5/2012 – 09/5/2015	10/5/2015 – 10/5/2020	28.99
03/5/2013	T1	03/5/2013 – 02/5/2014	03/5/2014 – 03/5/2019	31.40
03/5/2013	T2	03/5/2013 – 02/5/2015	03/5/2015 – 03/5/2020	31.40
03/5/2013	T3	03/5/2013 – 02/5/2016	03/5/2016 – 03/5/2021	31.40
02/5/2014	T1	02/5/2014 – 01/5/2015	02/5/2015 – 02/5/2020	32.50
02/5/2014	T2	02/5/2014 – 01/5/2016	02/5/2016 – 02/5/2021	32.50
02/5/2014	T3	02/5/2014 – 01/5/2017	02/5/2017 – 02/5/2022	32.50
04/5/2015	T1	04/5/2015 – 03/5/2016	04/5/2016 – 04/5/2021	34.15
04/5/2015	T2	04/5/2015 – 03/5/2017	04/5/2017 – 04/5/2022	34.15
04/5/2015	T3	04/5/2015 – 03/5/2018	04/5/2018 – 04/5/2023	34.15
08/4/2016	T1	08/4/2016 – 07/4/2017	08/4/2017 – 08/4/2022	28.45
08/4/2016	T2	08/4/2016 – 07/4/2018	08/4/2018 – 08/4/2023	28.45
08/4/2016	T3	08/4/2016 – 07/4/2019	08/4/2019 – 08/4/2024	28.45

b 於2017年授予的認股權：

(i) 詳情：

授予日期	部分	有效期	行使期	每股行使價 港幣(元)
07/4/2017	T1	07/4/2017 – 06/4/2018	07/4/2018 – 07/4/2023	32.25
07/4/2017	T2	07/4/2017 – 06/4/2019	07/4/2019 – 07/4/2024	32.25
07/4/2017	T3	07/4/2017 – 06/4/2020	07/4/2020 – 07/4/2025	32.25

(ii) 本行股份在2017年4月6日(即2017年4月7日授出認股權當日之前一個營業日)的收市價為港幣32.00元。

(iii) 在截至2017年12月31日止年度內授出認股權的公平價值及假設載於賬項附註40。

c 在截至2017年12月31日止年度內本行股份在緊接有關認股權行使日期之前的全年加權平均收市價：

授予日期	部分	行使認股權數目	每股行使價 港幣(元)	全年加權平均收市價 港幣(元)
05/5/2011	T1	386,000	32.00	32.84
05/5/2011	T2	441,000	32.00	35.51
05/5/2011	T3	50,000	32.00	35.25
10/5/2012	T1	582,000	28.99	34.44
10/5/2012	T2	50,000	28.99	33.92
03/5/2013	T1	100,000	31.40	34.88
03/5/2013	T2	351,000	31.40	33.34
02/5/2014	T2	50,000	32.50	35.85
02/5/2014	T3	50,000	32.50	35.85
08/4/2016	T1	1,019,000	28.45	34.08

(2) 截至2017年12月31日止年度內並無認股權被註銷。

(3) 有關認股權的會計政策載於賬項附註2(q)(iv)。

除上述所披露外，於2017年12月31日，本行的董事或行政總裁或他們的配偶或18歲以下子女概無獲授或行使任何權利以認購本行或其任何相聯法團的股本或債務證券。

REPORT OF THE DIRECTORS (CONTINUED)

INFORMATION ON SHARE OPTION SCHEME

The following is a summary of the 2016 Scheme disclosed in accordance with the Listing Rules:

1. Purpose of the 2016 Scheme:

- (a) The 2016 Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that eligible persons had made or may make to the Group.
- (b) The 2016 Scheme will provide the eligible persons with an opportunity to have a personal stake in the Bank with the view to motivating the eligible persons to optimise their performance and efficiency for the benefit of the Group.

2. Participants of the 2016 Scheme:

The Board may at its discretion grant options to any employees including Executive Directors and Chief Executive of the Group.

3. Total number of shares available for issue under the 2016 Scheme and % of issued shares at 31st December, 2017:

The total number of shares available for issue under the 2016 Scheme is 6,400,000 ordinary shares representing 0.23% of the issued shares of the Bank at 31st December, 2017.

4. Maximum entitlement of each participant under the 2016 Scheme:

No options may be granted to any eligible persons, which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible person under the 2016 Scheme or any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) of the Bank (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the 2016 Scheme.

5. The period within which the shares must be taken up under an option:

Beginning on the vesting date of such options, the date on which such option is vested and becomes exercisable, and ending on the fifth anniversary of the vesting date thereof, except as provided otherwise in the rules of the 2016 Scheme.

6. The minimum period for which an option must be held before it can be exercised:

From the Date of Grant of such options up to the day immediately before the vesting date thereof.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid:

N/A

8. The basis of determining the exercise price:

The exercise price is determined by the Directors and being not less than the highest of:

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

9. Vesting of Options:

Save as provided otherwise in the rules of the 2016 Scheme, an option granted under the 2016 Scheme shall be vested and become exercisable as follows:

- (a) not more than one third of the option shall be vested and become exercisable on the first anniversary of the Date of Grant;

認股權計劃資料

根據《上市規則》披露的有關2016計劃的摘要如下：

1. 2016計劃的目的：

- (a) 2016計劃屬於一項股份獎勵計劃，設立的目的是在於肯定合資格人士對本集團作出或可能作出的貢獻。
- (b) 2016計劃為合資格人士提供機會持有本行的股權，藉此鼓勵僱員努力工作，提高效率，為本集團賺取更多利益。

2. 2016計劃的參與人：

董事會可按其酌情權，向本集團任何僱員，包括執行董事和行政總裁，授予認股權。

3. 2016計劃中可予發行的股份數目及其於2017年12月31日佔已發行股份的百分率：

2016計劃中可予發行的股份數目為6,400,000股普通股，佔本行於2017年12月31日已發行股份的0.23%。

4. 2016計劃中每名參與人可獲授權益上限：

凡合資格人士在行使全部認股權後，會導致該位合資格人士在截至獲授新認股權之日（包括當日）止12個月內，因行使已經根據或將會根據2016計劃及本行任何其他計劃（該計劃受《上市規則》第17章的規定所規限）獲授的認股權（包括已行使、已註銷及尚未行使的認股權）時，所獲發行及將予發行的股份總數超出新認股權授出當日的已發行股份的1%，則不得向該位合資格人士再授出新認股權。再度授出超出該上限的認股權，須受載於2016計劃的規則內的若干規定所約束。

5. 可根據認股權認購股份的期限：

除2016計劃的規則另有規定外，由該認股權歸屬日（該認股權被歸屬並成為可行使之日期）開始截至歸屬日的第5周年止。

6. 認股權行使之前必須持有的最短期限：

由認股權授出之日起直至歸屬日之前一日。

7. 申請或接受認股權須付金額以及付款或通知付款的期限或償還申請期權貸款的期限：

不適用

8. 行使價的釐定基準：

行使價由董事會釐定，但不少於下列的較高價：

- (a) 於授出有關認股權當日，本行普通股股份於聯交所日報表的收市價；及
- (b) 相等於緊接授出有關認股權當日之前5個營業日，本行普通股股份於聯交所日報表的平均收市價。

9. 認股權的歸屬：

除2016計劃的規則另有規定外，按2016計劃授出的認股權將被歸屬及成為可行使如下：

- (a) 不多於三分之一的認股權將於授予日的第1周年被歸屬及成為可行使；

REPORT OF THE DIRECTORS (CONTINUED)

- (b) not more than one third of the option shall be vested and become exercisable on the second anniversary of the Date of Grant; and
- (c) the remaining balance of the option shall be vested and become exercisable on the third anniversary of the Date of Grant.

10. The remaining life of the 2016 Scheme:

The Scheme Period will end on 18th April, 2021.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31st December, 2017, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the SFO (the "Register") were as follows:

Long positions in ordinary shares of the Bank:

Name	Capacity and nature	No. of shares	% of issued voting Shares
Sumitomo Mitsui Banking Corporation	Beneficial owner	510,003,673 ¹	19.01
Sumitomo Mitsui Financial Group, Inc.	Interest of corporation	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	Beneficial owner	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	Interest of corporation	464,287,319 ²	17.30
Guoco Management Company Limited	Beneficial owner	369,755,978 ^{3,4}	14.15 ⁵
Guoco Group Limited	Interest of corporation	369,755,978 ³	14.15
GuoLine Overseas Limited	Interest of corporation	369,755,978 ³	14.15 ⁵
GuoLine Capital Assets Limited	Interest of corporation	369,755,978 ³	14.15 ⁵
Hong Leong Company (Malaysia) Berhad	Interest of corporation	369,755,978 ^{3,4}	14.15
HL Holdings Sdn Bhd	Interest of corporation	369,755,978 ³	14.15
QUEK Leng Chan	Interest of corporation	369,755,978 ³	14.15
Hong Leong Investment Holdings Pte. Ltd.	Interest of corporation	369,755,978 ⁴	14.15
Davos Investment Holdings Private Limited	Interest of corporation	369,755,978 ⁴	14.15
KWEK Leng Kee	Interest of corporation	369,755,978 ⁴	14.15
Elliott Capital Advisors, L.P.	Interest of corporation	218,080,742 ⁶	8.00

Notes:

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

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 31st December, 2017, they stood at 539,181,277 shares (equivalent to approximately 19.50% of the issued shares of the Bank as at 31st December, 2017). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

- 2 As at 31st December, 2017, Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" ("la Caixa") owned a 100% interest in Criteria Caixa, S.A., Sociedad Unipersonal ("Criteria Caixa"). la Caixa was deemed to be interested in the 464,287,319 shares of the Bank held by Criteria Caixa.

The Bank had been notified that the shareholdings of the above 2 corporations had been increased such that, as at 31st December, 2017, they stood at 482,416,732 shares (equivalent to approximately 17.44% of the issued shares of the Bank as at 31st December, 2017). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

- 3 The references to 369,755,978 shares of the Bank in Notes 3 and 4 relate to the same block of shares. Guoco Management Company Limited was the beneficial owner of 369,755,978 shares (equivalent to approximately 14.15% of the issued shares of the Bank as at 27th March, 2015, i.e. at the time of disclosure pursuant to Part XV of the SFO, and approximately 13.37% of the issued shares of the Bank as at 31st December, 2017). Hong Leong Company (Malaysia) Berhad was deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited by virtue of its 100% interest in GuoLine Capital Assets Limited which owned a 100% interest in GuoLine Overseas Limited. GuoLine Overseas Limited held a 71.88% interest in Guoco Group Limited which in turn owned a 100% interest in Guoco Management Company Limited. GuoLine Capital Assets Limited, GuoLine Overseas Limited and Guoco Group Limited were all deemed to be interested in the 369,755,978 shares held by Guoco Management Company Limited.

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

- (b) 不多於三分之一的認股權將於授予日的第2周年被歸屬及成為可行使；及
- (c) 餘下的認股權將於授予日的第3周年被歸屬及成為可行使。

10. 2016計劃尚餘的有效期：

計劃期間於2021年4月18日終止。

主要股東及其他人士的權益

於2017年12月31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」）所記錄，主要股東及其他人士擁有本行的股份及相關股份的權益如下：

本行普通股股份權益的好倉：

姓名	身分及性質	股份數目	佔已發行有投票權股份的百分率
三井住友銀行	實益擁有人	510,003,673 ¹	19.01
三井住友金融集團	法團的權益	510,003,673 ¹	19.01
Criteria Caixa, S.A., Sociedad Unipersonal	實益擁有人	464,287,319 ²	17.30
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa"	法團的權益	464,287,319 ²	17.30
國浩管理有限公司	實益擁有人	369,755,978 ^{3,4}	14.15 ⁵
國浩集團有限公司	法團的權益	369,755,978 ³	14.15
GuoLine Overseas Limited	法團的權益	369,755,978 ³	14.15 ⁵
GuoLine Capital Assets Limited	法團的權益	369,755,978 ³	14.15 ⁵
Hong Leong Company (Malaysia) Berhad	法團的權益	369,755,978 ^{3,4}	14.15
HL Holdings Sdn Bhd	法團的權益	369,755,978 ³	14.15
郭令燦	法團的權益	369,755,978 ³	14.15
Hong Leong Investment Holdings Pte. Ltd.	法團的權益	369,755,978 ⁴	14.15
Davos Investment Holdings Private Limited	法團的權益	369,755,978 ⁴	14.15
KWEK Leng Kee	法團的權益	369,755,978 ⁴	14.15
Elliott Capital Advisors, L.P.	法團的權益	218,080,742 ⁶	8.00

附註：

- 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2017年12月31日的持股量已增加至539,181,277股（相等於本行於2017年12月31日已發行股份約19.50%）。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。
- 於2017年12月31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2017年12月31日的持股量已增加至482,416,732股（相等於本行於2017年12月31日已發行股份約17.44%）。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。
- 附註3及4所指之369,755,978股本行股份為同一批股份。國浩管理有限公司為369,755,978股（相等於本行於2015年3月27日（即根據《證券及期貨條例》第XV部作出披露時）已發行股份約14.15%，及本行於2017年12月31日已發行股份約13.37%）之實益擁有人。由於Hong Leong Company (Malaysia) Berhad全資擁有GuoLine Capital Assets Limited、GuoLine Capital Assets Limited全資擁有GuoLine Overseas Limited、GuoLine Overseas Limited持有國浩集團有限公司的71.88%權益及國浩集團有限公司全資擁有國浩管理有限公司，Hong Leong Company (Malaysia) Berhad因此而被視為擁有國浩管理有限公司所持有的369,755,978股的權益。GuoLine Capital Assets Limited、GuoLine Overseas Limited和國浩集團有限公司均被視為擁有國浩管理有限公司所持有的369,755,978股的權益。
郭令燦擁有HL Holdings Sdn Bhd（「HLH」）的全部權益，而郭令燦分別以其個人名義及透過其全資擁有的HLH持有Hong Leong Company (Malaysia) Berhad的2.424%及46.534%權益，以及透過Newton (L) Limited持有0.311%（合共49.27%權益），因此郭令燦被視為擁有國浩管理有限公司持有的369,755,978股股份的權益。

REPORT OF THE DIRECTORS (CONTINUED)

- 4 The references to 369,755,978 shares of the Bank in Notes 3 and 4 relate to the same block of shares. Hong Leong Company (Malaysia) Berhad was 34.69% held by Hong Leong Investment Holdings Pte. Ltd. which was in turn 33.59% held by Davos Investment Holdings Private Limited. Hong Leong Investment Holdings Pte. Ltd. and Davos Investment Holdings Private Limited were deemed to be interested in the 369,755,978 shares (equivalent to approximately 14.15% of the issued shares of the Bank as at 27th March, 2015, i.e. at the time of disclosure pursuant to Part XV of the SFO, and approximately 13.37% of the issued shares of the Bank as at 31st December, 2017) held by Guoco Management Company Limited by virtue of their interests in Hong Leong Company (Malaysia) Berhad.

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

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

- 6 Elliott Capital Advisors, L.P. ("ECALP") was deemed to be interested in these shares (equivalent to approximately 8.00% of the issued shares of the Bank as at 4th July, 2017, i.e. at the time of disclosure pursuant to Part XV of the SFO, and approximately 7.89% of the issued shares of the Bank as at 31st December, 2017) comprising 198,044,142 shares held by Elliott International L.P. ("EILP"), 20,035,600 shares held by The Liverpool Limited Partnership ("Liverpool LP"), 200 shares held by Artan Investments Ltd, 200 shares held by Frasco Investments Ltd, 200 shares held by Milton Investments Ltd, 200 shares held by Parlan Investments Ltd and 200 shares held by Trevet Investments Ltd.

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

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

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

EQUITY-LINKED AGREEMENTS

During the year, other than the Staff Share Option Schemes as set out in the above section under "Information on Share Options" and Notes 2(q)(iv) and 40 on the accounts, the Bank has not entered into any equity-linked agreement.

PUBLIC FLOAT

As at the date of this Report, the Bank has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Bank and within the knowledge of the Directors.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately HK\$4 million (2016: HK\$5 million).

CORPORATE GOVERNANCE

The Bank is committed to maintaining high standards of corporate governance. Information on the corporate governance practices adopted by the Bank is set out in the Corporate Governance Report of this Annual Report.

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

The Annual Report for the financial year ended 31st December, 2017 complies with the applicable disclosure requirements of the Banking (Disclosure) Rules.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
David Li Kwok-po
 Chairman & Chief Executive

Hong Kong, 22nd February, 2018

董事會報告書(續)

- 4 附註3及4所指之369,755,978股本行股份為同一批股份。Davos Investment Holdings Private Limited 持有 Hong Leong Investment Holdings Pte. Ltd. 的33.59% 權益，Hong Leong Investment Holdings Pte. Ltd. 則持有 Hong Leong Company (Malaysia) Berhad 的34.69% 權益。Davos Investment Holdings Private Limited 和 Hong Leong Investment Holdings Pte. Ltd. 因持有 Hong Leong Company (Malaysia) Berhad 的權益而被視為擁有國浩管理有限公司所持有的369,755,978股(相等於2015年3月27日(即根據《證券及期貨條例》第XV部作出披露時)已發行股份約14.15%，及本行於2017年12月31日已發行股份約13.37%)的權益。

KWEK Leng Kee 因持有 Davos Investment Holdings Private Limited 的41.92% 權益而被視為擁有國浩管理有限公司所持有之369,755,978股的權益。

- 5 GuoLine Overseas Limited 及 GuoLine Capital Assets Limited 為 Hong Leong Company (Malaysia) Berhad 的全資附屬公司；而國浩管理有限公司則為國浩集團有限公司的全資附屬公司。由於 Hong Leong Company (Malaysia) Berhad 及國浩集團有限公司已將大股東權益的通知存檔，GuoLine Overseas Limited、GuoLine Capital Assets Limited 及國浩管理有限公司根據《證券及期貨條例》中「全資集團豁免條文」毋須將其大股東權益通知存檔。

- 6 Elliott Capital Advisors, L.P. (「ECALP」) 被視為擁有該批股份(相等於2017年7月4日(即根據《證券及期貨條例》第XV部作出披露時)已發行股份約8.00%，及本行於2017年12月31日已發行股份約7.89%)，其中包括 Elliott International L.P. (「EILP」) 持有的198,044,142股、The Liverpool Limited Partnership (「Liverpool LP」) 持有的20,035,600股、Artan Investments Ltd 持有的200股、Frasco Investments Ltd 持有的200股、Milton Investments Ltd 持有的200股、Parlan Investments Ltd 持有的200股及 Trevet Investments Ltd 持有的200股。

Liverpool Associates, Ltd 全資擁有 Liverpool LP；Elliott Associates, L.P. 全資擁有 Liverpool Associates, Ltd、Artan Investments Ltd 及 Frasco Investments Ltd；而 EILP 則全資擁有 Milton Investments Ltd、Parlan Investments Ltd 及 Trevet Investments Ltd。Hambleton, Inc. 則全資擁有 EILP。

ECALP 全資擁有 Elliott Associates, L.P. 及 Hambleton, Inc.。而 ECALP 則慣於按照 Paul Singer 的指令行事。

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。

股票掛鈎協議

於年內，除於上列「認股權資料」項下及賬項附註2(q)(iv)及40所載的僱員認股計劃外，本行並無訂立任何股票掛鈎協議。

公眾持股量

基於公開予本行查閱之資料及據董事所知悉，截至本報告日期為止，本行一直維持《上市規則》所訂明之公眾持股量。

捐款

本集團本年內所作出的慈善及公益捐款約為港幣400萬元(2016：港幣500萬元)。

企業管治

本行致力維持良好的企業管治標準。有關本行所採納的企業管治常規的資料，載列於本年報的企業管治報告內。

符合指引

截至2017年12月31日止年度賬項已完全符合《銀行業(披露)規則》中所適用的披露規定。

核數師

在即將召開的股東周年常會中，將提請通過續聘畢馬威會計師事務所為本行核數師的議案。

承董事會命
主席兼行政總裁
李國寶

香港，2018年2月22日

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF THE BANK OF EAST ASIA, LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 160 to 317, which comprise the consolidated statement of financial position as at 31st December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of advances to customers	
Refer to notes 2(k)(i), 29(b), 45(a) to the consolidated financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The Group's advances to customers amounted as at 31st December 2017 to HK\$473,776 million, 43% of which related to exposures in Mainland China.</p> <p>Impairment of loans and advances across the banking industry continues to be an area of concern and elevated focus, as counterparties (particularly in Mainland China) continue to tackle liquidity and over-capacity concerns.</p> <p>The amount of impaired loans of the Group decreased from HK\$6,767 million as at 31st December 2016 to HK\$5,177 million as at 31st December 2017, with total impairment allowances amounting to HK\$3,437 million as at 31st December 2017. Impairment of advances to customers is a subjective area due to the level of judgement exercised by management in determining allowances.</p>	<p>Our audit procedures to assess the impairment of advances to customers included the following:</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over determination of loss events and quantum of losses including the approval, recording, monitoring and restructuring of advances to customers, the credit grading process and the measurement of impairment allowances for individually assessed advances to customers, which included using our information technology specialists to assess the information systems controls critical to the credit grading process, such as the compilation of the overdue reports for advances to customers. We also assessed the design, implementation and operating effectiveness of a selection of relevant automated application controls within these systems, as well as the key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management;

獨立核數師報告



致東亞銀行有限公司成員

(於香港註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第160至317頁的東亞銀行有限公司(以下簡稱「貴銀行」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了 貴集團於二零一七年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於 貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

客戶墊款的減值額

請參閱綜合財務報表附註2(k)(i)、29(b)和45(a)

關鍵審計事項

於二零一七年十二月三十一日，貴集團的客戶墊款達到港幣4,737.76億元，當中43%與中國內地的信貸風險相關。

由於部分企業(特別在中國內地)繼續應對流動性及產能過剩顧慮，銀行界的貸款及客戶墊款減值繼續成為主要關注事項。

貴集團的減值貸款金額由二零一六年十二月三十一日的港幣67.67億元增至二零一七年十二月三十一日的港幣51.77億元。截至二零一七年十二月三十一日，減值準備總額達到港幣34.37億元。

審計對策

與評估客戶墊款減值準備相關的審計程序包括以下各項：

- 評估 貴集團對客戶墊款減值事件及減值金額的決定，包括其審批、記錄、監管和重組的關鍵內部控制的設計、實施和操作成效，當中包括信貸評級流程和客戶墊款減值準備單項評估的計量，亦包括通過我們的信息技術專家來評估對信貸評級流程有重要影響的信息系統的控制，例如客戶墊款逾繳報告的自動編製。我們還評估在這些系統內，部分自動化的應用程式控制，以及對這些相關系統的主要內部控制(包括對系統登入的控制以及對數據和變更管理的控制)在設計、實施和操作上的成效；

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Impairment of advances to customers

Refer to notes 2(k)(i), 29(b), 45(a) to the consolidated financial statements

Key audit matter

From the Group's perspective, the impairment allowances of certain portfolios are relatively more sensitive to management judgement. These include advances to customers where impairment allowances were derived from collective assessment models, where the advances are unsecured or where the advances are subject to potential collateral shortfalls.

The determination of the collective impairment allowance is heavily dependent on the external macro environment and the Group's internal collective assessment models. The Group's collective impairment allowance is derived from estimates including the Group's historical losses for loans, the loss emergence period (i.e., the time lapse between the occurrence of the event causing eventual default to the actual charge-off) and other adjustment factors.

Individual impairment allowances are estimated by management once objective evidence of impairment becomes apparent. Management exercises judgement in determining the occurrence of loss event and the quantum of loss based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, prevailing economic conditions, collateral valuation, the seniority of claim and the existence and cooperativeness of other creditors. Whilst the Group appoints external valuers for the valuation of certain property and other illiquid collateral, enforceability, timing and means of realisation also affect the ultimate collectability and thereby the amount of impairment allowance as at the reporting date.

We identified impairment of advances to customers as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- evaluating the validity of the models used and assumptions adopted in the Group's calculation of the collective impairment allowance by critically assessing input parameters involving subjective judgement, seeking collaborative evidence from external sources and assessing the accuracy of the historical losses input to the models. As part of these procedures, we challenged the Group's revisions to estimates and input parameters, the consistency of judgement applied in the use of economic factors, the loss emergence period and the observation period for historical losses. We compared the economic factors used in the model to market information to assess whether they were aligned with relevant market and economic data. We also assessed the emergence period by comparing the lifecycle of overdue accounts from the specific credit event with the downgrading of the account to a non-performing loan. Having considered the above, we checked the calculation of the amount of collective impairment allowance;
- assessing the impairment allowances for individually impaired loans and advances by selecting a risk-based sample for credit review. We analysed the loan portfolio by industry sector to select samples for credit review in industries more vulnerable to economic environment, such as those suffering from lower commodity prices and over-capacity. We also selected samples based on other risk criteria and from the Group's watch list and overdue report as well as stress-testing results. We selected further samples for credit review from loans classified as "Special Mention" or "Non-performing" in accordance with the Guideline on Loan Classification System as set by the Hong Kong Monetary Authority;
- for the samples selected, we assessed the forecast cash flows for impaired loans, challenging the viability of the Group's recovery plans, evaluated the timing and means of realisation of collateral and considered other sources of repayment asserted by management. We also evaluated the consistency of management's application of key assumptions, assessed any change in basis and compared the data to our own data sources; and
- evaluating the competence and integrity of the external valuers engaged by the Group to value certain collateral.

客戶墊款的減值額

請參閱綜合財務報表附註2(k)(i)、29(b)和45(a)

關鍵審計事項

由於在估算客戶墊款減值準備中需要運用到較多的管理層判斷，因此，這是一個相對主觀的領域。

從貴集團的角度來看，某些貸款組合的減值準備較易受到管理層的判斷所影響。這包括運用組合減值損失模型來計算減值損失的客戶墊款，或無抵押墊款，或面臨抵押品價值不足的墊款。

組合減值損失的計算很大程度上取決於外在宏觀經濟環境及貴集團內部的組合減值損失模型。貴集團的組合減值損失乃建基於貴集團的歷史貸款損失、歷史衍化期(即出現最終導致違約的事件和記錄實際損失的間區間)及其他調整因素。

當有客觀證據表明墊款發生減值時，管理層採用單項評估的方式評估其減值準備。管理層會根據多項因素去判斷減值事件的發生及損失金額。這些因素包括就收回墊款的方式、借款人的財務狀況、當前經濟狀況、抵押品的估值、索賠受償順序及其他債權人是否存在和其合作意向等。雖然貴集團委聘外部評估師以評估物業及其他流動性低的抵押品的價值，但抵押品的法律效力、變現時間和方法都會影響最終可以收回的金額，以至於報告日的減值準備。

由於客戶墊款的減值準備內含不確定性和涉及管理層判斷以及其對貴集團財務和資本的重大影響，我們將其認定為一項關鍵審計事項。

審計對策

- 通過對需要主觀判斷的輸入參數進行審慎評估、從外部渠道獲得相應證明和與貴集團其他內部及我們的歷史資料所記載的減值損失進行對比，評價貴集團用於計算組合客戶墊款損失的模型及假設的恰當性。在這一過程中，我們對貴集團所使用的假設及輸入參數的修訂、運用經濟因素時發揮判斷的貫徹性、歷史衍化期及歷史損失追溯期的長短作出質詢。我們也將模型中所運用的經濟因素與市場信息進行對比，以評估這些數據是否與市場及經濟的發展相符。我們還通過追蹤逾期賬戶從發生影響信貸事件到將該賬戶降級至不良貸款的周期來評價歷史衍化期的適用性。在對以上因素進行綜合考慮以後，我們查驗了對組合減值損失的計算以確定該項目的金額。
- 運用以風險為基礎的方法選擇樣本進行信貸審閱以評價個別減值準備是否恰當。我們按照行業別分析貸款組合，抽選較易受經濟放緩影響的行業來進行信貸審核，例如受商品價格下降及產能過剩所影響的行業。我們還根據其他風險因素及貴集團的監察清單，逾期款項報告和壓力測試結果，抽樣進行信貸審核。我們亦進一步抽查根據香港金融管理局頒布的貸款分類系統準則撥歸為「關注類」或「不良類」的貸款；
- 就已抽選的樣本，我們對減值貸款的現金流預測進行了審慎評估，對貴集團回收方案的可行性提出了質詢，對抵押品變現的時間及方式進行了評價，並考慮了管理層主張的其他還款來源。我們還評估了管理層在運用關鍵性假設時的貫徹性、基本原則改變的合理性以及將從貴集團獲取的數據與我們的獨立來源的數據進行了對比；及
- 我們評估了貴集團在對特定抵押物進行估值時所聘用外部評估師的勝任能力和專業素質。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Assessment of the fair value of financial instruments

Refer to notes 1(f)(iii), 27, 28, 30, 45(b), 46(a) to the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
<p>Financial instruments carried at fair value account for a significant portion of the Group's assets. As at 31st December 2017 the fair value of these financial instruments was HK\$142,785 million of which HK\$89,447 million, HK\$52,776 million and HK\$562 million was classified as level 1, 2 and 3 financial instruments respectively.</p> <p>The valuation of the Group's financial instruments, which are stated at their fair values, is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement.</p> <p>In addition, the Group has developed its own models to value certain level 2 and 3 financial instruments, which involves significant management judgement.</p> <p>We identified the assessment of the fair value of financial instruments as a key audit matter because of the complexity and significant management judgement required in the valuation of some financial instruments and because of the lower transparency of inputs used in the valuation techniques for certain financial instruments which increases the risk of potential error.</p>	<p>Our audit procedures to assess the fair value of financial instruments included the following:</p> <ul style="list-style-type: none"> • assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and model validation for financial instruments. For the key underlying systems used for the processing of transactions in relation to financial instruments we utilised our information technology specialists to assess the design, implementation and operating effectiveness of a selection of relevant automated controls within these systems. We also assessed the design, implementation and operating effectiveness of the key internal controls over these underlying systems, including controls over access to these systems and controls over data and change management; • evaluating the fair values of level 1 financial instruments by comparing the fair values applied by the Group with publicly available market data, on a sample basis; • engaging our internal valuation specialists to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. Our independent valuations included developing models, obtaining inputs independently and verifying the inputs, evaluating the methodology adopted by management for the valuation of these financial instruments and assessing the inputs and assumptions used in the valuations; • assessing the appropriate application of Credit Value and Debit Value Adjustments ("CVA/DVA") that form an integral part of fair values; inquiring of management about any changes in the CVA/DVA methodology and assessing the inputs applied; and • assessing whether the disclosures in the consolidated financial statements appropriately reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

評估金融工具的公平價值

請參閱綜合財務報表附註1(f)(iii)、27、28、30、45(b)和46(a)

關鍵審計事項

以公平價值列賬的金融工具是 貴集團持有的重要資產之一。 貴集團於二零一七年十二月三十一日持有此類金融工具的公平價值金額為港幣1,427.85億元，其中在公平價值分級內第一級、第二級和第三級的金融工具公平價值分別為港幣894.47億元、港幣527.76億元及港幣5.62億元。

貴集團以公平價值列賬的金融工具的估值以市場數據和估值模型為基礎，其中估值模型通常需要大量的參數輸入。大部分參數源自於高流動性市場中可獲取的數據。當可觀察的數據無法從高流動性市場獲取時，即公平價值屬於第三級的情形下，管理層便需提供估算，這當中會涉及管理層的重大判斷。

此外， 貴集團已對特定的第二級及第三級金融工具開發了自有估值模型，這也會涉及管理層的重大判斷。

由於金融工具公平價值的評估涉及一定複雜性，而部分金融工具亦涉及管理層的重大判斷，以及部分金融工具使用的參數的透明度較低而增加潛在錯誤風險，我們因此對金融工具公平價值的評估識別為關鍵審計事項。

審計對策

與評估金融工具公平價值相關的審計程序包括以下各項：

- 評估 貴集團對金融工具估值、獨立價格驗證及估值模型審批相關的內部控制的設計、實施和操作上的成效；利用本所內部信息技術專家，評估處理金融工具相關交易的主要系統內部分自動化控制於設計、實施和操作上的成效。我們還評估了這些相關系統的關鍵內部控制(包括對系統登入的控制以及對數據和變更管理的控制)在設計、實施和操作上的成效；
- 採用抽樣的方式，通過比較 貴集團採用的公平價值與公開可獲取的市場數據，評估公平價值屬於第一級的金融工具的估值。
- 採用抽樣的方式，由本所內部估值專家對公平價值屬於第二級和第三級的金融工具進行獨立估值，並將我們的估值結果與 貴集團的估值結果進行比較。我們的程序包括制定估值模型、獨立獲取及驗證參數、評估管理層所採用的金融工具估值法，以及評估估值時所使用的參數和假設；
- 在評估對構成公平價值組成部分的信用估值調整和債務價值調整的運用是否適當時，詢查管理層計算信用估值調整和債務價值調整的方法曾否發生變化，並評估參數運用的恰當性。
- 評估綜合財務報表中與金融工具相關的披露是否符合有關會計準則的要求，恰當反映了 貴集團的金融工具估值風險。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助董事履行監督 貴集團的財務報告過程的責任。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Donowho, Simon Christopher.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

22nd February 2018

獨立核數師報告(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審計委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是鄧諾豪(Donowho, Simon Christopher)。

畢馬威會計師事務所

執業會計師

香港中環

遮打道十號

太子大廈八樓

二零一八年二月二十二日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31st December, 2017 截至2017年12月31日止年度

			2017	2016
		Notes 附註	HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務			
Interest income	利息收入	5	21,629	20,363
Interest expense	利息支出	6	(9,797)	(9,265)
Net interest income	淨利息收入		11,832	11,098
Fee and commission income	服務費及佣金收入	7	3,557	3,485
Fee and commission expense	服務費及佣金支出		(1,064)	(1,028)
Net fee and commission income	服務費及佣金收入淨額		2,493	2,457
Net trading profits	交易溢利淨額	8	526	480
Net result from financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具的淨表現	9	35	(92)
Net hedging loss	對沖虧損淨額	10	(2)	(22)
Net insurance revenue	保險業務淨收入	11(a)	687	415
Other operating income	其他經營收入	12	382	378
Non-interest income	非利息收入		4,121	3,616
Operating income	經營收入		15,953	14,714
Operating expenses	經營支出	13	(8,067)	(8,206)
Operating profit before impairment losses	未扣除減值損失之經營溢利		7,886	6,508
Impairment losses on loans and receivables	貸款及應收賬項減值損失	14	(1,742)	(3,462)
Impairment losses on available-for-sale financial assets	可供出售金融資產減值損失		(2)	(1)
Impairment losses on assets held for sale	持有作出售資產減值損失		(63)	-
Impairment losses on intangible assets	無形資產減值損失	34(b)	(650)	-
Impairment losses	減值損失		(2,457)	(3,463)
Operating profit after impairment losses	已扣除減值損失後之經營溢利		5,429	3,045
Net profit on sale of held-to-maturity investments	出售持至到期投資之淨溢利		6	10
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產之淨溢利	15	1,057	92
Net loss on repurchase of debt issued	回購已發行債券淨虧損		-	(6)
Net profit on sale of disposal groups and assets held for sale	出售出售組別及持有作出售資產之淨溢利		183	99
Net profit on disposal of subsidiaries/associates	出售附屬/聯營公司之淨溢利		2	-
Net (loss)/gain on disposal of fixed assets	出售固定資產之淨(虧損)/盈利	16	(22)	859
Valuation gains on investment properties	重估投資物業盈利		522	62
Share of profits less losses of associates	應佔聯營公司溢利減虧損	33	388	431
Profit for the year before taxation	年度內除稅前溢利		7,565	4,592
Income tax	所得稅	17	(1,195)	(1,067)
Profit for the year from continuing operations	年度內持續經營業務溢利		6,370	3,525
DISCONTINUED OPERATIONS	已終止經營業務			
Profit from discontinued operations	已終止經營業務溢利	56	4,145	304
Profit for the year	年度內溢利		10,515	3,829

CONSOLIDATED INCOME STATEMENT (CONTINUED)

綜合收益表(續)

For the year ended 31st December, 2017 截至2017年12月31日止年度

		2017		2016	
		Notes 附註	HK\$ Mn 港幣百萬元	Restated 重報	HK\$ Mn 港幣百萬元
Attributable to:	可歸屬於:				
Owners of the parent	本集團股東				
– from continuing operations	– 來自持續經營業務		6,298	3,505	
– from discontinued operations	– 來自已終止經營業務		3,049	218	
		43(i)	9,347	3,723	
Non-controlling interests	非控股權益	44	1,168	106	
Profit for the year	年度內溢利		10,515	3,829	
Earnings per share	每股盈利		HK\$ 港幣元	HK\$ 港幣元	
Basic	基本	20			
– profit for the year	– 年度內溢利		3.21	1.21	
– profit from continuing operations	– 來自持續經營業務溢利		2.09	1.12	
Diluted	攤薄	20			
– profit for the year	– 年度內溢利		3.20	1.21	
– profit from continuing operations	– 來自持續經營業務溢利		2.09	1.12	

The notes on pages 168 to 317 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 19.

第168至317頁之附註屬本財務報表之一部分。有關屬年度內溢利並應付予本行股東之股息詳情已詳載於附註19。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31st December, 2017 截至2017年12月31日止年度

		2017		2016		
		Notes 附註	HKS Mn 港幣百萬元	HK\$ Mn 港幣百萬元		
Net profit	淨溢利		10,515			3,829
Other comprehensive income for the year:	年度內其他全面收益：					
Items that will not be reclassified to income statement:	不可轉回收益表的項目：					
Premises:	行址：					
– unrealised surplus on revaluation of premises	– 重估行址所產生的未實現盈餘	43(b)	44			141
Items that may be reclassified subsequently to income statement:	以後可能轉回收益表的項目：					
Premises:	行址：					
– deferred taxes	– 遞延稅項	43(b)	1			10
Available-for-sale investment revaluation reserve:	可供出售投資的重估儲備：					
– fair value changes recognised to equity	– 計入股東權益的公平價值變動	43(g)	1,491			12
– fair value changes reclassified (to)/from income statement:	– (轉入)/轉自收益表的公平價值變動：					
– on impairment and amortisation	– 減值及攤銷	43(g)	–			27
– on disposal	– 出售	43(g)	(1,320)			(136)
– deferred taxes	– 遞延稅項	43(g)	(65)			73
Share of changes in equity of associates	應佔聯營公司權益的變動	43(h)	(54)			147
Exchange differences arising from translation of accounts/disposal of overseas branches, subsidiaries and associates	從海外分行、附屬公司及聯營公司的賬項折算/出售所產生的匯兌差額		2,818			(2,144)
Other comprehensive income	其他全面收益		2,915			(1,870)
Total comprehensive income	全面收益總額		13,430			1,959
Total comprehensive income attributable to:	全面收益總額可歸屬於：					
Owners of the parent	本集團股東		12,206			1,884
Non-controlling interests	非控股權益		1,224			75
			13,430			1,959

The notes on pages 168 to 317 form part of these financial statements.

第168至317頁之附註屬本財務報表之一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31st December, 2017 2017年12月31日

			2017	2016
	Notes 附註	HK\$ Mn 港幣百萬元	Restated 重報	HK\$ Mn 港幣百萬元
ASSETS	資產			
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	24	60,670	65,720
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	25	53,609	44,052
Trade bills	貿易票據	26	13,909	11,939
Trading assets	交易用途資產	27	6,956	4,404
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	28	4,169	3,554
Positive fair value of derivatives	衍生工具的正公平價值	47(b)(ii)	11,335	8,938
Loans and advances to customers	客戶貸款及墊款	29	470,339	450,445
Available-for-sale financial assets	可供出售金融資產	30	120,325	110,491
Held-to-maturity investments	持至到期投資	31	9,798	5,663
Investments in associates	聯營公司投資	33	9,429	6,011
Fixed assets	固定資產	35	12,750	11,990
– Investment properties	– 投資物業		5,107	4,467
– Other properties and equipment	– 其他物業及設備		7,643	7,523
Goodwill and intangible assets	商譽及無形資產	34	1,959	2,639
Deferred tax assets	遞延稅項資產	37(b)	602	785
Other assets	其他資產	36	33,092	39,075
Total Assets	資產總額		808,942	765,706
EQUITY AND LIABILITIES	股東權益及負債			
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘		26,981	26,475
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		3,110	–
– At amortised cost	– 攤銷成本		23,871	26,475
Deposits from customers	客戶存款		571,684	535,789
Trading liabilities	交易用途負債	38(a)	11	50
Negative fair value of derivatives	衍生工具的負公平價值	47(b)(ii)	12,077	7,982
Certificates of deposit issued	已發行存款證		36,466	28,857
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		11,655	18,106
– At amortised cost	– 攤銷成本		24,811	10,751
Current taxation	本期稅項	37(a)	1,160	1,605
Debt securities issued	已發行債務證券		1,007	7,154
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值		851	418
– At amortised cost	– 攤銷成本		156	6,736
Deferred tax liabilities	遞延稅項負債	37(b)	551	462
Other liabilities	其他負債	38(b)	45,378	50,088
Loan capital – at amortised cost	借貸資本 – 攤銷成本	39	12,413	20,608
Total Liabilities	負債總額		707,728	679,070
Share capital	股本	41	37,527	35,490
Reserves	儲備	43	51,955	42,941
Total equity attributable to owners of the parent	歸屬於本集團股東權益總額		89,482	78,431
Additional equity instruments	額外股本工具	42	8,894	5,016
Non-controlling interests	非控股權益	44	2,838	3,189
Total Equity	股東權益總額		101,214	86,636
Total Equity and Liabilities	股東權益及負債總額		808,942	765,706

Approved and authorised for issue by the Board on 22nd February, 2018.

董事會於2018年2月22日核准及授權發布。

Chairman and Chief Executive
DirectorDavid LI Kwok-po
Meocre LI Kwok-wing主席兼行政總裁
董事
李國寶
李國榮

The notes on pages 168 to 317 form part of these financial statements.

第168至317頁之附註屬本財務報表之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st December, 2017 截至2017年12月31日止年度

		Share capital	Capital reserve - staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves ¹	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity
		股本	資本儲備 - 已發行僱員認股權	匯兌重估儲備	投資重估儲備	行址重估儲備	資本儲備	一般儲備	其他儲備 ²	留存溢利	總額	額外股本工具	非控股權益	權益總額
		HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn
		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
At 1st January, 2017	於2017年1月1日	35,490	124	(2,275)	1,359	1,728	230	14,035	5,293	22,447	78,431	5,016	3,189	86,636
Changes in equity	權益變動													
Profit for the year	年度內溢利	-	-	-	-	-	-	-	-	9,347	9,347	-	1,168	10,515
Other comprehensive income	其他全面收益	-	-	2,762	106	45	-	-	(54)	-	2,859	-	56	2,915
Total comprehensive income	全面收益總額	-	-	2,762	106	45	-	-	(54)	9,347	12,206	-	1,224	13,430
Issue of additional equity instruments ¹	發行額外股本工具 ¹	-	-	-	-	-	-	-	-	-	-	3,878	-	3,878
Shares issued in lieu of dividend (Note 41)	以股代息發行的股份(附註41)	1,927	-	-	-	-	-	-	-	-	1,927	-	-	1,927
Shares issued under Staff Share Option Schemes (Note 41)	根據僱員認股計劃發行的股份(附註41)	93	-	-	-	-	-	-	-	-	93	-	-	93
Equity settled share-based transaction (Note 43(f))	以股份為基礎作支付之交易(附註43(f))	-	36	-	-	-	-	-	-	-	36	-	-	36
Transfer	轉賬	17	(25)	-	-	(16)	-	25	(308)	307	-	-	-	-
Dividends declared or approved during the year	年度內已宣布或核准派發股息	-	-	-	-	-	-	-	-	(3,211)	(3,211)	-	(1,422)	(4,633)
Change of ownership in subsidiaries	附屬公司之擁有權變動	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)
Decrease in non-controlling interests arising from capital reduction of a subsidiary	一附屬公司減本而導致非控股權益減少	-	-	-	-	-	-	-	-	-	-	-	(135)	(135)
At 31st December, 2017	於2017年12月31日	37,527	135	487	1,465	1,757	230	14,060	4,931	28,890	89,482	8,894	2,838	101,214

1. During the year, the Bank issued HK\$3,892 million (USD500 million) undated non-cumulative subordinated Additional Tier 1 capital securities ("AT1"). Direct issuance costs of HK\$14 million are accounted for as a deduction from the equity instruments.

2. Other reserves include statutory reserve and other reserves.

The notes on pages 168 to 317 form part of these financial statements.

1. 年度內，本行發行港幣38.92億元(5億美元)無到期日非累積後償額外股本工具(「額外股本工具」)。直接發行成本港幣1,400萬元經已入賬，並已從股本工具中扣除。

2. 其他儲備包括法定儲備及其他儲備。

第168至317頁之附註屬本財務報表之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表(續)

For the year ended 31st December, 2016 截至2016年12月31日止年度

		Share capital	Capital reserve – staff share options issued	Exchange revaluation reserve	Investment revaluation reserve	Revaluation reserve of bank premises	Capital reserve	General reserve	Other reserves ²	Retained profits	Total	Additional equity instruments	Non-controlling interests	Total equity
		股本	資本儲備 – 已發行權員認股權	匯兌重估儲備	投資重估儲備	行址重估儲備	資本儲備	一般儲備	其他儲備 ²	留存溢利	總額	額外股本工具	非控股權益	權益總額
		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
		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
At 1st January, 2016	於2016年1月1日	33,815	90	(162)	1,383	1,639	230	13,953	4,666	21,799	77,413	5,016	3,212	85,641
Changes in equity	權益變動													
Profit for the year	年度內溢利	-	-	-	-	-	-	-	-	3,723	3,723	-	106	3,829
Other comprehensive income	其他全面收益	-	-	(2,113)	(24)	151	-	-	147	-	(1,839)	-	(31)	(1,870)
Total comprehensive income	全面收益總額	-	-	(2,113)	(24)	151	-	-	147	3,723	1,884	-	75	1,959
Shares issued in lieu of dividend (Note 41)	以股代息發行的股份(附註41)	1,663	-	-	-	-	-	-	-	-	1,663	-	-	1,663
Shares issued under Staff Share Option Schemes (Note 41)	根據權員認股計劃發行的股份(附註41)	11	-	-	-	-	-	-	-	-	11	-	-	11
Equity settled share-based transaction (Note 43(f))	以股份為基礎作支付之交易(附註43(f))	-	35	-	-	-	-	-	-	-	35	-	-	35
Transfer	轉賬	1	(1)	-	-	(62)	-	82	489	(509)	-	-	-	-
Dividends declared or approved during the year	年度內已宣布或核准派發股息	-	-	-	-	-	-	-	-	(2,560)	(2,560)	-	(60)	(2,620)
Purchase of interests in businesses from non-controlling interests investors	向非控股權益投資者購入商業權益	-	-	-	-	-	-	-	(9)	-	(9)	-	7	(2)
Buy back of Hybrid Tier 1 capital instruments ¹	回購混合一級資本工具 ¹	-	-	-	-	-	-	-	-	(6)	(6)	-	(45)	(51)
At 31st December, 2016	於2016年12月31日	35,490	124	(2,275)	1,359	1,728	230	14,035	5,293	22,447	78,431	5,016	3,189	86,636

1. In 2016, the Bank bought back HK\$45 million Hybrid Tier 1 capital instruments which are classified as non-controlling interests in the consolidated financial statements. The purchase premium of HK\$6 million paid in excess of the carrying amount of the non-controlling interests acquired was charged to retained profits.

2. Other reserves include statutory reserve and other reserves.

The notes on pages 168 to 317 form part of these financial statements.

1. 在2016年，本行回購港幣4,500萬元於綜合財務報表中分類為非控股權益之混合一級資本工具。支付超過購入非控股權益賬面值之溢價港幣600萬元經已於留存溢利中支銷。

2. 其他儲備包括法定儲備及其他儲備。

第168至317頁之附註屬本財務報表之一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st December, 2017 截至2017年12月31日止年度

	Notes 附註	2017 HK\$ Mn 港幣百萬元	2016 HK\$ Mn 港幣百萬元
OPERATING ACTIVITIES	經營業務活動		
Profit for the year before taxation	年度內除稅前溢利	11,724	4,957
Adjustments for:	調整:		
Charge for impairment losses on loans and receivables	貸款及應收賬項減值損失支銷	1,742	3,465
Charge for impairment losses on intangible assets	無形資產減值損失支銷	650	–
Charge for impairment losses on available-for-sale financial assets	可供出售金融資產減值損失支銷	2	1
Charge for impairment losses on assets held for sale	持有作出售資產減值損失支銷	63	–
Share of profits less losses of associates	應佔聯營公司溢利減虧損	(388)	(431)
Net profit on sale of held-to-maturity investments	出售持至到期投資之淨溢利	(6)	(10)
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產之淨溢利	(1,057)	(96)
Net profit on disposal of subsidiaries and associates	出售附屬公司及聯營公司之淨溢利	(2)	–
Net profit on sale of disposal groups and assets held for sale	出售出售組別及持有作出售資產之淨溢利	(183)	(99)
Net profit on sale of discontinued operations	出售已終止經營業務之淨溢利 出售固定資產之淨虧損/ (盈利)	(4,084)	–
Net loss/(gain) on disposal of fixed assets		22	(859)
Interest expense on certificates of deposit, debt securities and loan capital issued	已發行存款證、債務證券及借貸資本利息支出	1,531	1,582
Depreciation on fixed assets	固定資產折舊	466	500
Dividend income from available-for-sale financial assets	可供出售金融資產股息收入	(34)	(36)
Amortisation of intangible assets	無形資產攤銷	32	32
Amortisation of premium/discount on certificates of deposit, debt securities and loan capital issued	已發行存款證、債務證券及借貸資本的溢價/折扣攤銷	309	170
Revaluation gains on certificates of deposit, debt securities and loan capital issued	重估已發行存款證、債務證券及借貸資本盈利	(169)	(152)
Valuation gains on investment properties	重估投資物業盈利	(522)	(63)
Equity settled share-based payment expenses	以股份為基礎作支付費用	36	35
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	營運資金變動前的經營溢利	10,132	8,996
(Increase)/decrease in operating assets:	經營資產(增)/減額:		
Cash and balances with banks with original maturity beyond three months	原本期限為3個月以上的現金及其他銀行存款的結存	(953)	(1,207)
Placements with and advances to banks and other financial institutions with original maturity beyond three months	原本期限為3個月以上的銀行及其他金融機構存款及墊款	7,000	9,585
Trade bills	貿易票據	(1,970)	7,593
Trading assets	交易用途資產	(3,002)	491
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	(615)	782
Positive fair value of derivatives	衍生工具的正公平價值	(2,397)	(2,733)
Loans and advances to customers	客戶貸款及墊款	(21,892)	(14,460)
Advances to banks and other financial institutions	銀行及其他金融機構墊款	–	31
Held-to-maturity debt securities	持至到期債務證券	(3,475)	469
Available-for-sale debt securities	可供出售債務證券	(5,447)	(19,600)
Other assets	其他資產	2,737	(4,275)
Increase/(decrease) in operating liabilities:	經營負債增/(減)額:		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	506	(5,651)
Deposits from customers	客戶存款	35,895	(4,954)
Trading liabilities	交易用途負債	(39)	(839)
Negative fair value of derivatives	衍生工具的負公平價值	4,095	1,073
Other liabilities	其他負債	(4,067)	4,897
Exchange adjustments	匯兌調整	(2,382)	2,456
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	經營活動現金流入/(流出)淨額	14,126	(17,346)
Income tax paid	已付所得稅		
Hong Kong profits tax paid	已付香港利得稅	(812)	(565)
Outside Hong Kong profits tax paid	已付海外利得稅	(649)	(832)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	源自/(用於)經營活動之現金淨額	12,665	(18,743)

The notes on pages 168 to 317 form part of these financial statements.

第168至317頁之附註屬本財務報表之一部分。

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

綜合現金流量表(續)

For the year ended 31st December, 2017 截至2017年12月31日止年度

	Notes 附註	2017 HK\$ Mn 港幣百萬元	2016 HK\$ Mn 港幣百萬元
INVESTING ACTIVITIES	投資活動		
Dividends received from associates	收取聯營公司股息	83	76
Dividends received from available-for-sale equity securities	收取可供出售股份證券股息	34	36
Purchase of equity securities	購入股份證券	(4,723)	(3,984)
Proceeds from sale of equity securities	出售股份證券所得款項	5,328	3,608
Purchase of fixed assets	購入固定資產	(409)	(448)
Proceeds from disposal of other properties and equipment	出售其他物業及設備所得款項	27	1,142
Proceeds from disposal of investment properties	出售投資物業所得款項	-	624
Proceeds from sale of disposal groups and assets held for sale	出售出售組別及持有作出售資產所得款項	653	746
Proceeds from sale of discontinued operations	出售已終止經營業務所得款項	5,947	-
Increase of shareholding in associates	增加聯營公司權益	(2,612)	-
Change of ownership in subsidiaries	附屬公司之擁有權變動	(18)	-
Decrease in non-controlling interests arising from capital reduction of a subsidiary	一附屬公司減本而導致非控股權益減少	(135)	-
Purchase of interests in businesses from non-controlling interests investors	向非控股權益投資者購入商業權益	-	7
NET CASH GENERATED FROM INVESTING ACTIVITIES	源自投資活動之現金淨額	4,175	1,807
FINANCING ACTIVITIES	融資活動		
Ordinary dividends paid	支付普通股股息	(2,106)	(468)
Distribution to Hybrid/Additional Tier 1 issue holders	派發予混合/額外一級資本工具持有人	(600)	(489)
Issue of ordinary share capital	發行普通股股本	93	11
Issue of additional equity instruments	發行額外股本工具	3,892	-
Issue of certificates of deposit	發行存款證	74,007	40,284
Issue of debt securities	發行債務證券	1,367	695
Issue of loan capital	發行借貸資本	-	3,871
Redemption of Hybrid Tier 1 issued	贖回已發行混合一級資本工具	-	(51)
Redemption of certificates of deposit issued	贖回已發行存款證	(67,055)	(48,325)
Redemption of debt securities issued	贖回已發行債務證券	(7,617)	(7,119)
Redemption of loan capital	贖回已發行借貸資本	(8,580)	-
Interest paid on certificates of deposit issued	支付已發行存款證利息	(663)	(499)
Interest paid on debt securities issued	支付已發行債務證券利息	(106)	(205)
Interest paid on loan capital	支付借貸資本利息	(920)	(921)
NET CASH USED IN FINANCING ACTIVITIES	用於融資活動之現金淨額	(8,288)	(13,216)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及等同現金項目淨增/(減)額	8,552	(30,152)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	於1月1日之現金及等同現金項目	75,841	110,966
Effect of foreign exchange rate changes	匯率變動的影響	5,587	(4,973)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	於12月31日之現金及等同現金項目	89,980	75,841
Cash flows from operating activities included:	源自經營業務活動的現金流量包括：		
Interest received	利息收入	21,300	20,756
Interest paid	利息支出	10,423	9,725
Dividend received	股息收入	79	75

The notes on pages 168 to 317 form part of these financial statements.

第168至317頁之附註屬本財務報表之一部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

1. PRINCIPAL ACTIVITIES 主要業務

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services, and business, corporate and investor services.

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務、以及商務、企業及投資者服務。

2. SIGNIFICANT ACCOUNTING POLICIES 主要會計政策

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable HKFRS, which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of Preparation of the Financial Statements

The financial statements for the year ended 31st December, 2017 comprise the Group and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (Note 2(f)(ii));
- derivative financial instruments (Notes 2(f)(ii), (vi) and 2(g)); and
- investment properties (Note 2(h)(ii)).

The preparation of financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a) 符合指引聲明

本財務報表乃按照香港會計師公會頒布所有適用的《香港財務報告準則》，其整體已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋，以及香港一般採用的會計原則及《公司條例》的要求。本財務報表亦符合聯交所《上市規則》有關的披露規定。本集團採納的主要會計政策簡列如下。

香港會計師公會已頒布數項新增及經修訂的《香港財務報告準則》，並於本年度本集團的會計期首次生效或可被提早採納。附註3提供因首次應用該等準則而引致會計政策變動的資料，而該等資料只包括與本集團有關而須反映在本期及去年會計期的財務報表。

(b) 財務報表編製基準

截至2017年12月31日止年度的財務報表包括本集團及其應佔聯營公司之權益。

除以下資產及負債是以公平價值列賬外，本財務報表是以原值成本作為計量基準。有關詳情載列於下列會計政策：

- 分類作交易用途、指定通過損益以反映公平價值及可供出售的金融工具(附註2(f)(ii))；
- 衍生金融工具(附註2(f)(ii)、(vi)及2(g))；及
- 投資物業(附註2(h)(ii))。

按《香港財務報告準則》之要求，在編製財務報表時，管理層須作判斷、估計及假設從而影響政策實施及資產和負債、及收入與支出之呈報金額。有關估計及假設乃按在既定情況下可合理地相信，根據過往之經驗及其他因素，作出判斷那些未能從其他來源確定的資產及負債的賬面值。實際結果可能與此等估計存在差異。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of judgements made by management in the application of HKFRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 54.

(c) Basis of Consolidation

These consolidated financial statements cover the consolidated position of the Bank and all subsidiaries unless otherwise stated and the Group's interest in associates. For information required to be reported in accordance with the Banking (Disclosures) Rules, the basis of consolidation is set out in the Note 1 in the Unaudited Supplementary Financial Information.

(i) Subsidiaries and Non-controlling interests

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to 31st December each year. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the net profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Bank.

有關估計及假設須持續作檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期內確認。

在附註54內，管理層已解釋實施對財務報表有重大影響的《香港財務報告準則》所作的詳細判斷及不明朗估計的主要來源。

(c) 綜合基準

除另外陳述外，本綜合財務報表包括本行及其所有附屬公司及本集團所佔聯營公司之權益的綜合狀況。根據《銀行業(披露)規則》所要求匯報的資料，所採納的綜合基準已在未經審核補充財務資料附註1列載。

(i) 附屬公司及非控股權益

本綜合財務報表包括本行及其所有附屬公司截至各相關年度之12月31日止的財務報表。附屬公司為本集團所控制之實體。本集團基於對有關實體之權利、參與度及權力並可運用此等條件以影響其所得回報，則視為本集團對該實體擁有控制權。在評估是否有控制權時，本集團只考慮實質的權力(由本集團及其他人士所擁有)。

附屬公司之投資由控制權生效日起至控制權失效日止在綜合財務報表內計算。在編製綜合財務報表時，集團之間的結餘，交易及現金流及任何因集團之間交易所產生的未實現溢利均被抵銷。跟未實現盈利相同，因集團之間交易所產生的未實現虧損亦同樣被抵銷，但只局限於未有減值證據。

非控股權益指無論是直接或間接並不歸屬於本行之附屬公司的權益部分，及本集團並未與該等權益持有者達成附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。就每一業務合併而言，本集團可選擇按公平價值或非控股權益按比例應佔該附屬公司的可辨識淨資產以計量非控股權益。

非控股權益在綜合財務狀況表內的股東權益中列示，但與可歸屬於本集團股東權益分開。非控股權益佔本集團之業績，在綜合收益表內以分配年度溢利之形式列示，而在綜合全面收益表則以分配年度全面收益總額予非控股權益與及可歸屬於本集團股東權益之形式列示。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (Note 2(c)(ii)).

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less any impairment losses, if any (Note 2(k)).

(ii) Associates

The consolidated financial statements include the attributable share of the results and reserves of associates based on financial statements prepared at dates not earlier than three months prior to 31st December, 2017. An associate is a company in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method unless it is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (Note 2(j) and 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For these purposes, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

本集團將不導致喪失控股權之附屬公司權益的變動按權益交易方式入賬，即只調整在綜合權益內之控股及非控股權益的金額以反映其相關權益的變動，但不調整商譽及確認盈虧。

當本集團喪失對一附屬公司之控股權，將按出售該附屬公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度附屬公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值，或(如適用)按成本初始確認一聯營公司投資(附註2(c)(ii))。

在本行的財務狀況表中，附屬公司投資是以成本減除任何減值損失(附註2(k))列賬。

(ii) 聯營公司

本綜合財務報表包括根據截至2017年12月31日止之前不超過三個月的財務報表所編製應佔聯營公司的業績及儲備。聯營公司是指本集團或本行可對其管理發揮重大影響力，包括參予其財務及經營政策的決策，但並不控制或共同控制其管理層。

除非分類為持有作出售用途，聯營公司投資是以權益會計法在綜合財務報表內入賬。根據權益會計法，投資的入賬方法是先以成本另調整本集團於購入後應佔該聯營公司的可辨識淨資產所超出成本之任何金額。往後，需調整在收購後本集團應佔聯營公司淨資產之變動及在(附註2(j)和2(k))所載有關投資的減值損失。任何超出於收購日之成本、本集團應佔聯營公司收購後和已除稅的業績及年度內的任何減值損失均在綜合收益表內確認，而本集團應佔聯營公司收購後和已除稅之其他全面收益項目則在綜合全面收益表內確認。

除本集團對該聯營公司所作具法律或推定義務或替該公司償付的承擔外，當本集團應佔該聯營公司的虧損超出本集團應佔該聯營公司之權益時，超出的虧損將不被確認，而本集團應佔該聯營公司之權益將被減值至零。因此，本集團應佔該聯營公司權益即按權益會計法計算投資賬面值，及實質上構成本集團應佔該聯營公司淨資產的長期權益。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except when unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)).

The Bank accounts for the results of associates to the extent of dividends received. Investments in associates are stated in the Bank's statement of financial position at cost less any impairment losses (Note 2(k)).

An associate is considered material if it is material to either income statement or statement of financial position of the Group in two consecutive years.

本集團與聯營公司交易而產生之未實現溢利及虧損，按本集團應佔該聯營公司之權益為限作沖銷。若有證據顯示未實現虧損屬資產轉讓的減值損失，則須立即於損益賬內確認。

當本集團喪失對一聯營公司之重大影響力，將按出售該聯營公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度聯營公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值。

本行按照已收取股息計算應佔聯營公司業績。在本行的財務狀況表中，聯營公司投資是以成本減除任何減值損失(附註2(k))列賬。

若連續兩年對於本集團的收益表或財務狀況表有重大影響，該聯營公司會被視為重大。

(d) Translation of Foreign Currencies

Foreign currencies transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the end of the reporting period. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising on translation of available-for-sale equity instruments are recognised in other comprehensive income and accumulated separately in equity.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1st January, 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1st January, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

(d) 外幣換算

年度內的外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按報告期結束日的匯率折算為港幣。匯兌盈虧則計入收益表內。

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算為港幣。以外幣為單位及按公平價值列賬的非貨幣性資產及負債按釐定其公平價值日的匯率折算。

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券淨盈虧或指定通過損益以反映公平價值投資淨盈虧。其他有關貨幣性資產及負債的匯兌差額則於收益表之外幣買賣溢利項下列示。因折算可供出售股份證券而產生的差額則於其他全面收益內確認，並在股東權益內分開累計。

海外業務之業績按交易日相約的匯率折算為港幣。資產負債表項目，財務狀況表的項目中，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按報告期結束日的匯率折算為港幣。產生的匯兌差額直接在其他全面收益內確認，並在股東權益之匯兌儲備內分開累計。因於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the income statement when the profit or loss on disposal is recognised.

當確認出售海外業務的損益時，因該海外業務產生的累計匯兌差額由股東權益計入收益表。

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(e) 收入確認

收入按已收或應收價款的公平價值釐定。假設經濟利益有可能流向本集團及收入 and 支出(如適用)屬可靠計量的，在收益表內確認收入的方法如下：

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in the income statement on an accrual basis using the effective interest method.

(i) 利息收入

所有帶息金融工具的利息收入按有效利率方法於收益表內以應計基準列作利息收入。

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

有效利率方法是一種計算攤銷成本及分配利息收入於相關期間的方法。有效利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為現值，或在較短期內折算為該金融工具賬面值的利率(如適用)。當計算有效利率時，本集團在估計現金流須考慮金融工具的所有合約條款，但不包括未來信貸損失。有效利率組成部分的計算包括所有合約對手之間的費用及基點支出或收入、交易成本及其他所有溢價或折扣。

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase in the present value of impaired loans due to the passage of time is reported as interest income.

就減值貸款而言，根據貸款原本條款計算的應計利息收入終止，但因隨時間過去令致減值貸款之現值增加則列作利息收入。

(ii) Net income from financial instruments designated at fair value through profit or loss and net trading income

Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with foreign exchange differences and dividend income attributable to those financial instruments.

(ii) 指定通過損益以反映公平價值金融工具的淨收入及淨交易收入

指定通過損益以反映公平價值金融工具的淨收入及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的盈虧(減除應計利息)，以及應歸屬於該等金融工具的匯兌差額及股息收入。

(iii) Fee and commission income

Fee and commission income is recognised in the income statement when the corresponding service is provided, except where the fee is interest in nature. In such cases, the fee is accounted for as interest income.

(iii) 服務費及佣金收入

除非其性質是屬於利息，服務費及佣金收入在有關服務提供時確認在收益表內。在此情況下，服務費按利息收入入賬。

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on a straight-line basis over the commitment period.

因本集團開展或購入金融資產而產生之開立或承擔服務費收入/支出須遞延及確認為有效利率之調整。如承擔期滿而本集團毋須貸款，該服務費按承擔期限以直線法列作收入。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(iv) Finance income from finance leases

Finance income implicit in finance leases is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

(v) Rental income from operating leases

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

(vi) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established unconditionally. Dividend income from listed investments is recognised when the share price of the investment is quoted ex-dividend.

(f) Financial Instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets at fair value through profit or loss, available for sales or held to maturity and financial liabilities at fair value through profit or loss or debts issued are recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities measured at fair value are recorded.

(iv) 融資租賃收入

融資租賃隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。

(v) 經營租賃租金收入

除非有更具有代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨收款總額的組成部分。或有租金以賺取該收入的會計期間列作收入。

(vi) 股息收入

非上市投資股息收入在股東收取權被無條件確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

(f) 金融工具

(i) 初始確認

本集團根據於初始期購入資產或產生負債時之原定用途，以分類其金融工具。種類包括通過損益以反映公平價值、貸款和應收賬款、持至到期投資、可供出售金融資產及其他金融負債。

金融工具於初始期按公平價值計量，而公平價值大致與交易價相同。如金融資產或金融負債不屬於通過損益以反映公平價值，則包括直接歸屬於購入之金融資產或發行金融負債的交易成本。通過損益以反映公平價值的金融資產或金融負債的交易成本立即作費用支銷。

當本集團成為金融工具合約其中一方時確認金融資產和金融負債。以有規律方式購買或出售通過損益以反映公平價值、可供出售或持至到期金融資產及通過損益以反映公平價值的金融負債俱按交易日會計法計算。其他金融資產和金融負債則按結算日會計法計算。該等金融資產及金融負債因公平價值變動而產生的盈利及虧損由該日起計算。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are recognised initially, and are subsequently remeasured, at fair value, and classified as assets when their fair value is positive, or as liabilities when their fair value is negative. Derivatives that do not qualify for hedge accounting (Note 2(g)) are accounted for as trading instruments.

Financial instruments are designated at fair value through profit or loss upon initial recognition when:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract and the separation of the embedded derivatives from the financial instrument is not prohibited.

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in the income statement in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (c) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise placements with banks and other financial institutions, trade bills and loans and advances to customers.

(ii) 分類

通過損益以反映公平價值

此類別包括持有作交易用途和初始被指定為通過損益以反映公平價值的金融資產及金融負債，但不包括沒有市場報價的股份證券投資，及其公平價值是不能夠可靠計量的。

作交易用途的金融工具包括購入金融資產或產生金融負債，主要是作短期出售或屬可辨識金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有短期出售以賺取利潤的模式。衍生工具於初始確認，及後按公平價值重新計量，以及當公平價值為正值時分類為資產，或當公平價值為負值時分類為負債。不符合會計對沖法(附註2(g))的衍生工具列作交易工具。

在以下情況於初始確認為指定為通過損益以反映公平價值的金融工具：

- 該資產或負債是按公平價值作內部管理、評估及呈報；
- 該指定可抵銷或重大地減低可能產生的會計錯配；或
- 該資產或負債包含嵌入衍生工具，而該嵌入衍生工具可重大地改變按合約產生的現金流及將嵌入衍生工具從金融工具內分開是不被禁止的。

屬於此類別的金融資產及金融負債按公平價值入賬。因公平價值變動產生之未實現盈利和虧損計入在期內發生的收益表。於出售或重購時，出售所得或支付淨額與賬面值的差額計入收益表。

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃於短期內出售而被區分為持有作交易用途；(b)本集團於初始期已指定為通過損益以反映公平價值或可供出售；或(c)本集團可能不能收回大部分初始投資(但不包括因信貸轉壞的原因)，則須分類為可供出售。貸款和應收賬款主要包括在銀行及其他金融機構的存款、貿易票據及客戶貸款及墊款。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Securities classified as loans and receivables typically comprise securities issued by the same customers with whom the Group has a lending relationship that are not quoted in an active market. Investment decisions for credit substitute securities are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. Additionally the yield and maturity terms are generally directly negotiated by the Group with the issuer. These securities include commercial paper, short term debentures and preference shares issued by the borrower.

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (Note 2(k)).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates as at fair value through profit or loss or available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses, if any (Note 2(k)).

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three categories above. They include financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated separately in equity, except for impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in the income statement.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, and derivatives that are linked to and must be settled by delivery of such unquoted equity securities are carried at cost less impairment losses, if any (Note 2(k)).

分類為貸款和應收賬款的證券中，較具代表性的包括由客戶發行而在活躍市場沒有報價的證券，而該客戶是本集團在其批發銀行業務中有借貸關係的相同客戶。作出代替信貸之證券的投資決定與貸款的信貸審批程序相同，尤如本集團須承擔等同借款予同一客戶的風險。另外，回報及到期日條款普遍是透過本集團與客戶直接磋商。此類證券包括商業票據、短期債券及由借款人發行的優先股份。

貸款和應收賬款及分類為貸款和應收賬款的證券按有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

持至到期投資

持至到期投資包括有固定或可確定付款金額及有固定期限的非衍生金融資產而本集團有明確意向和能力持至到期日，但不包括(a)本集團於初始期已指定為通過損益以反映公平價值或可供出售，及(b)符合貸款和應收賬款之定義。

持至到期投資採用有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

若因意向或能力改變而引致不再適合分類為持至到期投資，則將重新分類為可供出售並按公平價值計量。

可供出售金融資產

可供出售金融資產是被指定為可供出售的非衍生金融資產，或並非分類為以上三種類別的金融資產。它包括計劃作不定期限持有的金融資產，但可能因應流動資金之需要或市場環境轉變而出售。

可供出售金融資產按公平價值列賬。除減值損失和貨幣性資產之外匯盈虧(如債務證券)在收益表內確認外，因公平價值的變動所產生的未實現盈虧於其他全面收益內確認，並在股東權益內分開累計。

在活躍市場中沒有市場報價而其公平價值是不能夠可靠計量的股份證券投資，及與之掛勾及在結算時須交出該無報價股份證券的衍生工具，按成本減除任何減值損失(附註2(k))列賬。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from equity to the income statement.

Other financial liabilities

Financial liabilities, other than trading liabilities and those designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

(iv) Derecognition

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset, together with substantially all the risks and rewards of ownership, has been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Group uses the weighted average or first-in first-out method, where appropriate, to determine realised gains and losses to be recognised in the income statement on derecognition.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

當出售可供出售金融資產時，出售盈虧包括出售所得款項淨額與賬面值的差額，以及曾經確認為其他全面收益之累計公平價值調整須由股東權益重新分類而轉入收益表。

其他金融負債

除作交易用途及通過損益以反映公平價值的金融負債外，金融負債按有效利率方法計算攤銷成本入賬。

(iii) 計量公平價值之原則

金融工具的公平價值是於報告期結束日根據其市場報價但未減除將來的估計出售成本。

如沒有公眾知悉的最後交易價格或在認可交易所的市場報價，或從經紀／交易員獲得屬於非交易所買賣的金融工具報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據實際市場交易提供可靠的估計價格。

當採用現金流折讓價格模式，估計將來現金流按管理層的最佳估計及採用的貼現率是在報告期結束日適用於相同條款工具的市場利率。當採用其他價格模式時，參數是在報告期結束日的市場價格資料。

(iv) 終止確認

當從金融資產獲得現金流的法定權利屆滿或已將重大風險及回報擁有權同時轉移後，本集團終止確認金融資產。

當合約的義務已被履行、取消或期滿，本集團終止確認金融負債。

本集團採用加權平均法或先進先出法(如適用)以釐定在終止確認時須在收益表確認的已實現盈利和虧損。

(v) 抵銷

只有具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，並在財務狀況表內以淨額列示。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

(g) Hedging

Hedge accounting recognises the offsetting effects on income statement of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in the income statement.

If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (such as when interest income or expense is recognised).

(vi) 嵌入衍生工具

嵌入衍生工具屬於一種混合(結合)式工具的組成部分，該工具包括衍生工具及一主合約，並可改變該結合式工具的現金流，其作用類似一張獨立的衍生工具。當(a)該嵌入衍生工具的經濟特性及風險與主合約並非緊密關連的；及(b)混合(結合)式工具並非按公平價值計量及將公平價值變動於收益表內確認，嵌入衍生工具將與主合約分開並按衍生工具入賬。

當嵌入衍生工具被分開處理，主合約根據上述附註(ii)入賬。

(g) 對沖

對沖會計法是確認因用作對沖工具與被對沖項目因公平價值變動而在收益表內產生之相互抵銷損益的影響。於衍生工具開始列作對沖工具及在對沖期間，本集團會評估及記錄用作對沖交易的金融工具是否有效地對沖相關項目的公平價值變動或現金流之風險。當(a)該用作對沖工具到期或已出售、終止或行使；(b)該對沖交易不再符合對沖會計法的要求；或(c)本集團取消對沖指定，本集團會停止繼續採用對沖會計法。

(i) 現金流量對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量，或是甚有可能發生的預計交易，或已承諾未來交易之外匯風險，其有效對沖部分的盈利或虧損或重新計量衍生金融工具至公平價值會在其他全面收益內確認，並在股東權益中的對沖儲備內分開累計。而無效對沖部份的盈利或虧損則立即在收益表內確認。

如因對沖預計交易而其後須確認為非金融資產或非金融負債，其相關之盈虧由股東權益重新分類並包括在該非金融資產或負債的初始成本或其他賬面值內。

如因對沖一項預計交易而其後須確認為金融資產或金融負債，其相關之盈虧由股東權益重新分類並計入相同期間或當購入資產或引起負債而影響該期間之收益表(如當確認為利息收入或支出)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to the income statement immediately.

(ii) Fair value hedges

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in the income statement.

The hedging instrument is measured at fair value, with fair value changes recognised in the income statement. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the income statement to offset the effect of the gain or loss on the hedging instrument.

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting, or the Group revokes designation of the hedge relationship, any adjustment up to that point, to a hedged item for which the effective interest method is used, is amortised to the income statement as part of the recalculated effective interest rate of the item over its remaining life.

(iii) Hedge effectiveness testing

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationships, the Group utilises the change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

就現金流量對沖而言，除以上兩段政策已涵蓋外，其相關之盈虧由股東權益重新分類並包括在相同期間或受對沖預計交易所影響期間的收益表。當用作對沖工具已到期或出售，終止或行使，或當本集團取消指定對沖關係但對沖預計交易預期仍會發生，截至此期間所累計的盈利或虧損仍保留在股東權益內，直至交易發生時按以上的政策確認。如預計對沖交易不會發生，在股東權益內的累計盈利或虧損會立即由股東權益轉入收益表。

(ii) 公平價值對沖

公平價值對沖用作抵銷已確認資產或負債因公平價值變動產生須在收益表內入賬的盈利和虧損的風險。

對沖工具按公平價值列賬，而公平價值的變動在收益表內入賬。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整在收益表內入賬以抵銷對沖工具產生的盈利和虧損。

當用作對沖工具到期或已出售，終止或行使，或當對沖不再符合對沖會計法的要求，或本集團取消對沖指定關係，所有截至此期間內按有效利率方式調整的被對沖項目，會按該項目餘下年期當作重新計算有效利率在收益表內攤銷。

(iii) 對沖效用測試

為符合對沖會計法，本集團必須進行兩種測試：在開始對沖時進行「預計效用」測試，顯示預期成效極高；在對沖期內持續進行「追溯效用」測試，證明實際有效。

有關各對沖關係之文件載有如何評估對沖效用。本集團採納之對沖效用評估方法，是按照既定風險管理策略而實施。

對於公平價值對沖關係，本集團採用累計價值抵銷法作為效用測試之方法。對於現金流量對沖關係，本集團會測試現金流量的變動或對沖組合的規模是否充足，或以模擬衍生工具方式，運用累計價值抵銷法測試。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80 per cent to 125 per cent for the hedge to be deemed effective.

就預計效用而言，對沖工具必須被預期為在劃定對沖期間內，能高度有效地抵銷對沖風險之公平價值或現金流量之變動。就實際效用而言，公平價值或現金流量之變動抵銷額在80%至125%範圍才被視為有效。

(h) Properties

- (i) Bank premises are stated in the statement of financial position at cost or at Directors' valuation as of 1989, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(k)).

When a deficit arises on revaluation, it will be charged to the income statement, to the extent that it exceeds the amount held in the bank premises revaluation reserve in respect of that same asset immediately prior to the revaluation; and when a surplus arises on revaluation, it will be credited to the income statement, to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.

In preparing these financial statements, advantage has been taken of the transitional provisions set out in paragraph 80AA of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA, with the effect that bank premises have not been revalued to fair value at the end of the reporting period.

(h) 物業

- (i) 行址是按成本或於1989年董事參照獨立專業評估作出的估值，減除累計折舊及減值損失(附註2(k))後於財務狀況表中列賬。

當重估出現虧損時，於收益表支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘；當重估出現盈餘時，存入收益表內的金額不可超過以往因重估相同行址曾於收益表支銷的重估虧損。

在編製此等財務報表時，由於可採用香港會計師公會頒布的《香港會計準則》第16號「物業、廠房及設備」第80AA段所載的過渡條款，故行址並未在報告期結束日重估至公平價值。

- (ii) Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Investment properties are valued semi-annually by external independent valuation companies, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. No allowance has been made in the valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in Note 2(e).

When a bank property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the bank property immediately prior to transfer and its fair value is recognised as a revaluation of bank premises as described in Note 2(h)(i).

If an investment property becomes owner-occupied, it is reclassified as bank premises and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

A property interest under an operating lease is classified and accounted for as an investment property when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in Note 2(l).

- (ii) 投資物業是持有用作賺取租金收益或資本增值或二者皆是的物業。投資物業按公平價值列賬。投資物業由外來獨立估價公司每半年作估值，該公司擁有適當認可專業資格及對估物業的所在地和類別有近期經驗。估值並未計算任何抵押、按揭、欠款、及在出售時可能產生的任何費用或稅項。

因公平價值變動而產生的損益在收益表內入賬。投資物業租金收入按附註2(e)所載計算。

如附註2(h)(i)所載，當一項物業因其用途改變而須轉作投資物業時，該物業於轉賬日前的賬面值與公平價值之差額視作行址重估。

如一投資物業轉為自用，該物業須重新分類為行址。於重新分類日的公平價值視作日後作會計用途的成本值。

本集團以經營租賃方式持有用作租金收入或資本增值或二者皆是的物業權益分類為投資物業。此等以經營租賃方式持有的物業權益按公平價值列賬。租金支出按附註2(l)所載入賬。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement upon disposal. Any surplus that is included in the bank premises revaluation reserve related to the bank premises disposed is transferred to the general reserve.

(i) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for part of the building and is held under a finance lease. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(j) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (Note 2(k)).

On disposal of a cash generating unit, or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

(iii) 出售行址及投資物業的損益是以出售所得款項淨額與資產賬面值的差價計算，並在出售時於收益表內入賬。任何有關之重估行址盈餘於出售時從行址重估儲備撥入一般儲備內。

(i) 攤銷及折舊

(i) 行址

永久業權之土地不予攤銷。用作經營租賃的租賃土地，而其公平價值是不能夠與租賃於初始時已存在之建築物的公平價值分開計量，則當作持有融資租賃入賬。租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊及減值損失於財務狀況表中列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(j) 商譽

商譽指

(i) 對價轉讓的公平價值、任何被購入者的非控股權益金額及以往本集團曾經持有該被購入者的股東權益公平價值的總和；超出

(ii) 本集團在收購日計量應佔該被購入者之可辨識資產及負債的公平價值淨額。

當(ii)是大於(i)時，此超出金額立即在損益賬確認為一項議價收購的盈利。

商譽按成本減除累計減值損失列賬。因商業合併而產生的商譽被分配予每一現金生產單位，或一組合之現金生產單位，而預計該現金生產單位是可從商業合併中獲得協同效應，以及須每年接受減值測試(附註2(k))。

在年度內出售單一現金生產單位或聯營公司，計算出售溢利時計入任何可歸屬購入商譽的金額。

由內部產生之商譽及品牌的開支按在發生期間內確認為支出。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(k) Impairment of Assets

At each end of the reporting period, the carrying amount of the Group's assets are reviewed to determine whether there is objective evidence of impairment. If internal and external sources of information indicate such evidence exists, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised in the income statement.

(i) Loans and receivables

The impairment losses of loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for impairment losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The individual impairment allowance is based upon management's best estimate of the present value of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its own merits.

In assessing the need for collective impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgment, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

(k) 資產減值損失

本集團須於報告期結束日檢討資產的賬面值以判斷是否有客觀減值證據。如對內及對外資料來源均顯示減值證據存在，須減低賬面值至可收回金額，而減值損失於收益表內入賬。

(i) 貸款和應收賬款

貸款和應收賬款的減值損失，是根據資產賬面值及估計未來現金流按資產原本之有效利率（即於初始時確認該等資產之有效利率）折算為現值，以二者之差額計算。如果折算現值後的影響不大，不會折算短期應收賬款。

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

本集團首先評估客觀減值證據是否個別存在於個別重大金融資產，及整體存在於非個別重大金融資產。若本集團判斷客觀減值證據並不存在於個別評估金融資產，無論重大與否，本集團將有相同風險特性的金融資產歸類，及作整體減值評估。已作個別減值評估的資產而減值損失已持續確認，該資產不會包括於整體減值評估內。

個別減值準備是根據管理層的最佳估計將可能收回之現金流按原本的有效利率折算為現值。在估計現金流時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值。並須評估每宗減值資產的自身價值。

當評估所需的整體減值準備時，管理層須考慮的因素包括信貸質素、組合規模、信貸集中、及經濟因素。為求估計所需的準備，本集團根據過往之經驗和現時之經濟情況作假設以模擬潛在損失及判斷所需之參數。

撥備的準確性，須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在判斷整體減值準備時所採用的假設模式及參數。雖然視乎判斷而定，本集團相信貸款損失準備是合理和足夠的。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

All loans and receivables are reviewed and analysed periodically. Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and will be charged or credited to the income statement. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

Where there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due. The original loan that is renegotiated is derecognised and a new financial asset is recognised at fair value if the existing agreement is cancelled and a new agreement made on substantially different terms.

(ii) Held-to-maturity investments

Impairment on held-to-maturity investments is considered at both an individual and collective level. The individual impairment allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at asset's original effective interest rate, where the effect of discounting is material.

All significant assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(iii) Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in the fair value reserve is reclassified to the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

所有貸款和應收賬款須定期作檢討及分析。在較後期間，任何因估計未來現金流的金額及時間與先前估計的有所轉變，而該轉變是可客觀地與撇銷後發生的事件有關連，從而導致貸款和應收賬款之減值損失準備亦需改變，該轉變會支銷或存入收益表。減值損失之轉回只限於假設該貸款和應收賬款於過往從來未有確認減值損失的賬面值。

倘再無合理預期可收回時，則貸款及相關的應收利息會被撇銷。

經重訂條款的貸款和應收賬款是因借款人的財政狀況惡化而須重組的貸款，而本集團已顧及借款人的財政狀況而有所讓步，否則會不作此考慮。經重訂的貸款和應收賬款須持續受監控以判斷它們是否仍然已減值或逾期。如現有協議取消並同時訂立重大不同條款的新協議，經重訂條款的原有貸款會被撇銷確認並按公平價值確認為一新的金融資產。

(ii) 持至到期投資

持至到期投資之減值按個別及整體層面考慮。當折算的效果是重大的，個別減值準備按資產賬面值，及估計未來現金流按資產原本之有效利率折算為現值，以二者之差額計算減值損失。

如所有重大資產毋須作個別減值，則須為已發生而未被發現的減值作整體評估。非個別重大資產按相同風險特性歸類及作整體減值評估。

若在較後期間，減值損失的金額減少而該減少是可客觀地與確認減值損失後發生的事件有關連，減值損失轉回收益表內。減值損失轉回收益表的金額不能超過假設該資產於往年從來未有確認減值損失的賬面值。

(iii) 可供出售金融資產

當有客觀證據顯示可供出售金融資產已減值，已直接確認在公平價值儲備內的累計虧損會被轉入收益表內。須於損益賬內入賬的累計虧損金額，是購入成本（減除任何本金償還及攤銷）與現時公平價值二者之差額，再減除往年已於收益表內入賬的減值損失。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

For unquoted available-for-sale equity securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the equity securities and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset, where the effect of discounting is material.

Impairment losses recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the income statement.

(iv) Other assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associates;
- goodwill; and
- intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, if measurable, or value in use, if determinable.

按成本列賬之無報價可供出售股份證券，當折算的效果是重大的，股份證券的賬面值及估計未來現金流按相同金融資產的現時市場回報率折算為現值，以二者之差額計算減值損失。

已確認於收益表之可供出售股份證券的減值損失是不能轉回收益表。其後該資產之公平價值增加則直接確認在其他全面收益。

而可供出售債務證券之公平價值增加，而該增加是可客觀地與已確認減值損失後發生的事件有關連，減值損失可轉回。在此情況下，轉回減值損失於收益表內入賬。

(iv) 其他資產

在報告期結束日，須檢討對內及對外資料來源以辨識以下資產是否有減值徵兆或，除商譽外，以往已確認之減值損失是否仍然存在或可能已經減少：

- 物業及設備(以重估金額列賬的物業除外)；
- 附屬及聯營公司投資；
- 商譽；及
- 無形資產

如任何該等徵兆存在，須估計該資產的可收回金額。此外，商譽須每年估計可收回金額以確定是否有減值徵兆。

可收回金額之計算

可收回金額是公平價值減出售成本及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合(即單一現金生產單位)。

減值損失之確認

當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於收益表內確認減值損失。有關確認現金生產單位減值損失時，首先減低分配予現金生產單位(或其單位群組)之賬面值，其後再按比例減低在該單位(或其單位群組)其他資產的賬面值，但該資產的賬面值不可低過其個別公平價值減出售成本(如可計量的話)或使用值(如可確定的話)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(v) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (Note 2(k)(i) to (iv)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not the income statement.

(l) Leased Assets

Leases of assets under which the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and rewards of ownership are classified as operating leases.

(i) Assets held under finance leases

The amounts due from lessees in respect of finance leases are recorded in the statement of financial position as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

減值損失之轉回

除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只局限至該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入收益表內。

(v) 中期財務報告及減值

根據聯交所《上市規則》，本集團須按《香港會計準則》第34號「中期財務報告」編制有關年度首6個月的中期財務報告。於中期期末，本集團採用等同年末的減值測試、確認、及轉回標準(附註2(k)(i)至(iv))。

商譽、可供出售股份證券及無報價的股份證券所確認於中期期間的減值損失，均不能在較後期間轉回。就算假如該減值只在與該中期期間有關之年底作評估而該減值損失是不會發生、或損失之金額會較小，在此情況下亦不可轉回。因此，如可供出售股份證券的公平價值在每年餘下期間、或後期的其他任何期間增加，增加的金額只能在其他全面收益而非收益表內確認。

(l) 租賃資產

由承租人承擔絕大部分擁有權的相關風險及報酬的資產租賃列為融資租賃。出租人並未轉讓擁有權的所有風險及報酬的資產租賃列為經營租賃。

(i) 以融資租賃購入的資產

當本行為融資出租人時，按融資租賃而租出資產的投資淨額，即應收租金總額減未賺取收入，在財務狀況表列作客戶貸款。來自融資租賃的收入會根據本行的收入確認政策附註2(e)所載計算。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the leased assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2(i) except where the asset is classified as an investment property. Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(m) Repossession of Assets

In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2(k), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are reported under other assets if it is highly probable that their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition. Related loans and advances are then written off.

Repossessed assets are recorded at the lower of the amount of the related loans and advances and fair value less costs to sell at the date of exchange. They are not depreciated or amortised.

Impairment losses on initial classification and on subsequent remeasurement are recognised in the income statement.

(n) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

(ii) 用作經營租賃的資產

除該資產已分類為投資物業，當本集團以經營租賃方式租出資產，該資產根據其性質包括在財務狀況表內，及按附註2(i)所載(如適用者)本集團的折舊會計政策計算折舊。減值損失是根據會計政策附註2(k)所載計算。來自經營租賃的收入是根據本行的收入確認政策附註2(e)所載計算。

(iii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，其租賃付款按該租賃期所涵蓋的會計年期以等額分期記入收益表。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨付款的組成部分。或有租金在其產生的會計期內在收益表支銷。

(m) 收回資產

在收回減值貸款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2(k)所載的會計政策，計算減值貸款之減值準備已顧及抵押品資產之可變現淨值，通常引致須在減值準備內撇銷部分貸款。如大有可能須透過變賣而不是持續使用該資產，及該資產可在現況下出售，收回資產視作其他資產列賬。有關貸款及墊款隨後撇銷。

收回資產按有關貸款的金額或於轉換日已減除出售成本後之公平價值，按兩者之較低者入賬。收回資產毋須計算折舊或攤銷。

在初始期分類及後期再計量所引致的減值損失於收益表確認。

(n) 所得稅

(i) 本年度所得稅包括本期及遞延稅項資產和負債的變動。除該稅款與其他全面收益或股東權益有關而須在其他全面收益或股東權益確認的金額外，本期稅項及遞延稅項資產和負債的變動計入收益表內。

(ii) 本期稅項為年度應課稅收入按報告期結束日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。

(iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅項及稅項抵免。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing deductible temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h)(ii), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

除了若干有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在若干期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支持由未使用的稅損或稅免產生的遞延稅項資產確認，即如果是屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債（須不是商業合併的一部分）、及有關投資附屬公司的暫時性差異，就應課稅差異而言，當本集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就不可扣稅差異而言，除非該差異在可見將來可以轉回。

當投資物業根據附註2(h)(ii)所載按公平價值列賬，除該物業是需折舊的及以一商業模式持有，而其目的是要透過時間使用而並非出售該物業以獲取隱含於該物業之重大經濟利益，確認遞延稅項的金額按該物業於結算日假設以賬面值出售的稅率計算。在其他情況下，確認遞延稅項的金額是根據預期變現或償還該資產及負債的賬面值的方式，按在報告日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

於報告期結束日，本行須重新檢視有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。可轉回之金額不可超過預期將來出現足夠可供扣減的應課稅溢利。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Insurance Reserves and Provisions for Outstanding Claims

Insurance reserves, except those attributable to long term business, represent the proportion of retained premiums written in the year relating to the period of risk from 1st January in the following year to the subsequent date of expiry of policies which is carried forward as a provision for unearned premiums and calculated on a daily basis.

The insurance reserve for long term business is ascertained by actuarial valuation.

Full provision is made for the estimated cost of claims notified but not settled at the end of the reporting period and for the estimated cost of claims incurred but not reported by that date, after deducting the amounts due from reinsurers. Provision has also been made for the estimated cost of servicing claims notified but not settled at the end of the reporting period and to meet expenses on claims incurred but not reported at the end of the reporting period.

These reserves and provisions are classified as other accounts and provisions.

(p) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(iv) 本期稅項與遞延稅項結餘及其變動之金額會分別列示而不會相互抵銷。本行或本集團只有在有合法權利對本期稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本期及遞延稅項資產及負債作出抵銷：

- 就本期稅項資產及負債而言，本行或本集團計劃支付淨額或同時間收回資產及償還負債；或
- 有關的遞延稅項資產及負債屬同一稅務機關對以下機構徵收所得稅而產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體，並預計在未來期間會償還或收回重大遞延稅項負債或資產，該實體計劃以淨額形式變現本期稅項資產及償還本期稅項負債，或同時間變現及償還。

(o) 保險基金及未付索償準備

不包括長期業務部分，保險基金指年度內收取但已作保留的保金部分，而有關的風險是屬於下年度1月1日至保單到期日為止，該保留保金視作未賺取保費準備並按每日計算。

長期業務的保險基金是按精算估值。

本集團已就在報告期結束日只已通知但未償付以及已發生但未匯報的索償，經扣除了分保人欠款，作出了充足的準備。此外，已就在報告期結束日已通知但未償付的索償及已發生但未匯報索償而引致的估計費用作出了充足的準備。

此等基金及準備分類為其他賬項及準備。

(p) 準備及或然負債

當負債的限期或金額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當金額的時間值屬重大的，準備金額須按估計清償負債支出的現值列賬。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作或然負債披露。如潛在義務的存在須視乎會否發生一項或多項未來事件才獲確定，除非付出經濟利益的機會是極微，此潛在義務亦視作或然負債披露。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(q) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the end of the reporting period, are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contributions to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC and overseas employees are defined contribution schemes at various funding rates, and are in accordance with local practices and regulations.

The cost of all these schemes is charged to the income statement for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iv) Share based payments

The option exercise price is equal to the higher of:

- (a) the closing price of the Bank's shares 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.

(q) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。至報告期結束日已撥備因僱員提供服務所享有之年假的估計負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務而本集團有現存法律或推定義務於報告期結束日後12個月內須全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有國內及海外員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本在相關期間的收益表內支銷，而所有此類計劃的資產均與本集團的資產分開處理。在強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主的供款前離開計劃被沒收的供款而減少。

(iv) 以股份為基礎作支付

認股權的行使價為以下之較高者：

- (a) 於授出認股權當日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五個營業日，本行股份在聯交所日報表的平均收市價。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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).

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股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整（並在資本儲備作相應調整）。

屬股東權益金額確認為資本儲備內，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）。

(r) Related Parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint venture of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(r) 關聯人士

在編製本財務報表時，與本集團關聯人士是指：

- (a) 個人或該個人之近親家庭成員，如該個人在以下情況下視為與本集團有關聯：
 - (i) 可控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 是本集團或本集團之母公司的主要管理人員之成員。
- (b) 在以下任何情況下一實體會視為與本集團有關聯：
 - (i) 該實體及本集團皆是同一集團成員（即每一間母公司、附屬公司及同系附屬公司與其他有關聯）。
 - (ii) 一實體是另一實體的聯營公司或合營公司（或該聯營公司或合營公司與該另一實體均屬同一集團）。
 - (iii) 兩個實體是同一第三者的合營公司。
 - (iv) 一實體是一第三者的合營公司而另一實體則是該第三者的聯營公司。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment Reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(t) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) 該實體是提供福利予本集團或與本集團有關聯之實體的僱員離職後之福利計劃。

(vi) 該實體受在(a)項中所辨識的個人所控制或共同控制。

(vii) 在(a)(i)項中所辨識的個人而該個人對該實體有重大影響力，或該個人是該實體(或是該實體的母公司)的主要管理人員之成員。

(viii) 該實體或是其集團中一部分之任何成員，而提供主要管理人員服務予本集團或本集團之母公司。

個人的近親家庭成員指可影響，或受該個人影響，他們與該實體交易的家庭成員。

(s) 分部報告

營運分部，及在財務報表列報的每一分部項目金額，是從財務資料中辨識出來的，並定期地提供予本集團的最高行政管理層作為資源分配，以及評核本集團各項業務和區域所在地的表現。

除非分部有相同經濟特性及在產品和服務之性質、生產程序之性質、客戶類別和等級、用作銷售產品和提供服務之方法、及監管環境之性質是相同的，個別重大的營運分部不會在財務報表內合計。如它們擁有以上大部份的標準，並非個別重大的營運分部可能會被合計。

(t) 現金及等同現金項目

就編製現金流量表而言，現金及等同現金項目包括由購入日起少於3個月到期日的結餘，包括現金、銀行及其他金融機構結餘、國庫債券、及其他受較低風險影響價值及隨時可轉換成預知金額的合格票據及存款證。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(u) Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of debt funding.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments and the definitions of a financial liability and an equity instrument.

Subsequent to initial recognition deposits, debt securities issued and subordinated liabilities are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

(v) Assets Held for Sale

Non-current assets and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available for sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the asset (or assets and liabilities in the disposal group) are measured in accordance with applicable HKFRS. On subsequent remeasurement of a disposal group, the carrying amounts of the assets and liabilities that are not within the scope of the measurement requirements of HKFRS5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with applicable HKFRS before the fair value less costs to sell of the disposal group is determined.

Income earned and expenses incurred on assets and liabilities of disposal groups held for sale continue to be recognised in the appropriate line items in the income statement until the transaction is complete.

(u) 存款、已發行債務證券及後償負債

存款、已發行債務證券及後償負債是本集團籌募資金的來源。

本集團按其合約條款的實質和金融負債及股本工具之定義分類資本工具為金融負債或股本工具。

在初始確認後，除本集團指定為通過損益的負債外，存款、已發行債務證券及後償負債按有效利率方式計算攤銷成本。

(v) 持有作出售資產

當(i)其賬面值將主要需通過出售才可收回；(ii)它們可以在現況下可供出售；(iii)出售之機會率是非常高的，非流動資產及出售組別(包括出售組別的資產和負債)按其賬面值及公平價值減出售成本，兩者之較低者，分類為持有作出售資產。

在被初始分類為持有作出售之前，資產的賬面值(或出售組別的資產和負債)按適用的《香港財務報告準則》計算。而往後在重新計算出售組別時，在未決定出售組別的公平價值減成本前，非在《香港財務報告準則》第五號「持有作出售資產的非流動資產及結束營運」所覆蓋的計算要求的資產和負債之賬面值，按適用的《香港財務報告準則》計算。

出售組別的資產和負債之已賺取收入和已發生支出仍繼續在收益表內之有關項目中確認，直至交易完成。

3. CHANGES IN ACCOUNTING POLICIES 會計政策之變動

The HKICPA has issued a number of amendments to HKFRS that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

香港會計師公會已頒布數項對本集團本期會計期可首次生效之經修訂《香港財務報告準則》。以上修訂對已編制或已呈報本集團本年度或往期之業績及財務狀況並無重大影響。

本集團並未採納任何於本會計期尚未生效的新準則或詮釋。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

4. BANK-LEVEL STATEMENT OF FINANCIAL POSITION 銀行層面之財務狀況表

		2017	2016
		HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
ASSETS	資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	23,056	29,940
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	32,665	10,663
Trade bills	貿易票據	6,824	8,186
Trading assets	交易用途資產	3,018	1,566
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	3,879	3,330
Positive fair value of derivatives	衍生工具的正公平價值	1,839	3,473
Loans and advances to customers	客戶貸款及墊款	321,007	311,725
Amounts due from subsidiaries	附屬公司欠款	10,967	10,072
Available-for-sale financial assets	可供出售金融資產	88,438	84,874
Held-to-maturity investments	持至到期投資	3,445	4,499
Investments in subsidiaries	附屬公司投資	18,218	19,084
Investments in associates	聯營公司投資	4,756	3,265
Fixed assets	固定資產	8,904	8,289
– Investment properties	– 投資物業	4,996	4,388
– Other properties and equipment	– 其他物業及設備	3,908	3,901
Goodwill and intangible assets	商譽及無形資產	1,460	1,460
Deferred tax assets	遞延稅項資產	84	86
Other assets	其他資產	6,673	7,841
Total Assets	資產總額	535,233	508,353
EQUITY AND LIABILITIES	股東權益及負債		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	19,203	17,174
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	3,110	–
– At amortised cost	– 攤銷成本	16,093	17,174
Deposits from customers	客戶存款	372,362	354,463
Trading liabilities	交易用途負債	11	50
Negative fair value of derivatives	衍生工具的負公平價值	2,452	2,927
Certificates of deposit issued	已發行存款證	33,856	25,754
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	11,655	18,106
– At amortised cost	– 攤銷成本	22,201	7,648
Amounts due to subsidiaries	欠附屬公司款項	2,866	2,031
Current taxation	本期稅項	1,071	1,200
Debt securities issued	已發行債務證券	1,007	7,154
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	851	418
– At amortised cost	– 攤銷成本	156	6,736
Deferred tax liabilities	遞延稅項負債	396	310
Other liabilities	其他負債	6,626	6,036
Loan capital	借貸資本	15,141	23,407
– Designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	2,728	2,799
– At amortised cost	– 攤銷成本	12,413	20,608
Total Liabilities	負債總額	454,991	440,506
Share capital	股本	37,527	35,490
Reserves	儲備	33,821	27,341
Total equity attributable to owners of the Bank	歸屬於本行股東權益總額	71,348	62,831
Additional equity instruments	額外股本工具	8,894	5,016
		80,242	67,847
Total Equity and Liabilities	股東權益及負債總額	535,233	508,353

Approved and authorised for issue by the Board on 22nd February, 2018.

董事會於2018年2月22日核准及授權發布。

Chairman and Chief Executive
DirectorDavid LI Kwok-po
Meocre LI Kwok-wing主席兼行政總裁
董事李國寶
李國榮

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

5. INTEREST INCOME 利息收入

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Securities classified as held-to-maturity or available-for-sale	分類為持至到期或可供出售的證券	3,022	2,603
Trading assets	交易用途資產	164	134
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值金融資產	174	129
Loans, deposits with banks and financial institutions, and trade bills	貸款、在銀行和其他金融機構的存款、及貿易票據	18,269	17,497
		21,629	20,363

The above included HK\$351 million (2016: HK\$404 million) interest income accrued on impaired financial assets which includes unwinding of discount on loan impairment losses of HK\$191 million (2016: HK\$144 million) (Note 29(b)) for the year ended 31st December, 2017.

The above included HK\$21,509 million (2016: HK\$20,396 million) interest income, before hedging effect, for financial assets that are not recognised at fair value through profit or loss.

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

以上包括截至2017年12月31日止年度減值金融資產的應計利息港幣3.51億元(2016年：港幣4.04億元)，其中包括釋放貸款減值損失之折扣的利息收入港幣1.91億元(2016年：港幣1.44億元)(附註29(b))。

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215.09億元(2016年：港幣203.96億元)。

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

6. INTEREST EXPENSE 利息支出

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Customer deposits, deposits of banks and other financial institutions	客戶存款、銀行及其他金融機構的存款		
– at amortised cost	– 攤銷成本	8,341	7,887
– designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	3	–
Certificates of deposit and debt securities issued	已發行存款證及債務證券		
– at amortised cost	– 攤銷成本	519	364
– designated at fair value through profit or loss	– 指定為通過損益以反映公平價值	185	236
Subordinated notes carried at amortised cost	按攤銷成本列賬的後償票據	745	776
Other borrowings	其他借款	4	2
		9,797	9,265

The above included HK\$9,700 million (2016: HK\$9,205 million) interest expense, before hedging effect, for financial liabilities that are not recognised at fair value through profit or loss.

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

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97.00億元(2016年：港幣92.05億元)。

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

7. FEE AND COMMISSION INCOME 服務費及佣金收入

Fee and commission income arises from the following services:

源自下列服務的服務費及佣金收入：

		2017	2016
		HK\$ Mn 港幣百萬元	Restated 重報 HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Credit cards	信用卡	1,012	1,003
Loans, overdrafts and guarantees	貸款、透支及擔保	706	733
Other retail banking services	其他零售銀行服務	400	324
Trade finance	貿易融資	316	338
Securities and brokerage	證券及經紀	281	215
Trust and other fiduciary activities	信託及其他代理業務	263	241
Others	其他	579	631
Total fee and commission income	服務費及佣金收入總額	3,557	3,485
of which:	其中：		
Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss	由非持作交易用途或指定為通過損益以反映公平價值列賬之金融資產或負債所產生之淨服務費收入(不包括用作計算有效利率之金額)	2,523	2,476
Fee income	服務費收入	3,557	3,485
Fee expenses	服務費支出	(1,034)	(1,009)

8. NET TRADING PROFITS 交易溢利淨額

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Loss on dealing in foreign currencies and funding swaps	外幣買賣及外匯掉期虧損	(1,180)	(230)
Profit/(Loss) on trading securities	交易用途證券溢利/(虧損)	755	(135)
Net gain on derivatives	衍生工具淨盈利	906	806
Dividend income from listed trading securities	交易用途上市證券的股息收入	45	39
		526	480

9. NET RESULT FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS 指定為通過損益以反映公平價值金融工具的淨表現

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Revaluation gain/(loss) on financial assets	重估金融資產盈利/(虧損)	11	(84)
Revaluation gain/(loss) on financial liabilities	重估金融負債盈利/(虧損)	22	(11)
Profit on sale of financial assets	出售金融資產溢利	2	3
		35	(92)

10. NET HEDGING LOSS 對沖虧損淨額

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Fair value hedges	公平價值對沖		
- Net gain/(loss) on hedged items attributable to the hedged risk	- 可歸屬於被對沖項目之對沖風險產生的淨盈利/(虧損)	57	(435)
- Net (loss)/gain on hedging instruments	- 用作對沖工具的淨(虧損)/盈利	(59)	413
		(2)	(22)

There was insignificant ineffectiveness recognised in the Group's income statement arising from cash flow hedge for the years 2017 and 2016.

於2017年及2016年，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。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

11. NET INSURANCE REVENUE 保險業務淨收入

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
(a) Net insurance revenue	(a) 保險業務淨收入		
Net interest income	淨利息收入	453	397
Net trading profits/(loss)	交易溢利/(虧損)淨額	59	(14)
Net profits/(loss) from financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具的淨溢利/(虧損)	52	(4)
Net hedging loss	對沖虧損淨額	(14)	(3)
Net insurance premium and other income (b)	淨保費及其他收入 (b)	4,332	3,347
Other operating income	其他經營收入	6	1
		4,888	3,724
Net insurance claims and expenses (c)	保險索償及支出淨額 (c)	(4,733)	(3,441)
		155	283
Operating expenses	經營支出	(4)	(3)
Impairment loss on available-for-sale financial assets	可供出售金融資產減值損失	(2)	(30)
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產淨溢利	538	165
		687	415
(b) Net insurance premium and other income	(b) 淨保費及其他收入		
Gross insurance premium income (Note)	保費收入總額(註)	4,395	3,417
Reinsurers' share of gross insurance premium income	保費收入總額之分保份額	(63)	(70)
		4,332	3,347
(c) Net insurance claims and expenses	(c) 保險索償及支出淨額		
Claims, benefits and surrenders paid	已付索償、利益及退保	3,137	2,840
Movement in provisions	準備金變動	1,564	466
		4,701	3,306
Reinsurers' share of claim, benefits and surrenders paid	已付索償、利益及退保之分保份額	(938)	(751)
Reinsurers' share of movement in provisions	準備金變動之分保份額	809	735
		(129)	(16)
		4,572	3,290
Net insurance commission expenses	保險佣金支出淨額	161	151
		4,733	3,441

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.

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。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

12. OTHER OPERATING INCOME 其他經營收入

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Dividend income from available-for-sale financial assets	可供出售金融資產股息收入		
– listed	– 上市	14	18
– unlisted	– 非上市	20	18
Rental from safe deposit boxes	保險箱租金收入	88	86
Rental income on properties	物業租金收入	165	205
Others	其他	95	51
		382	378

13. OPERATING EXPENSES 經營支出

		2017	2016
		HK\$ Mn 港幣百萬元	Restated ^{Note} 重報 ^註 HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Contributions to defined contribution plan*	定額供款公積金供款*		
– Hong Kong	– 香港	140	150
– Outside Hong Kong	– 香港以外	221	240
Equity settled share-based payment expenses (Note 43(f))	以股份為基礎作支付的費用 (附註43(f))	36	35
Salaries and other staff costs	薪金及其他員工成本	4,371	4,288
Total staff costs	員工成本總額	4,768	4,713
Premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出		
– Rental of premises	– 物業租金	561	619
– Maintenance, repairs and others	– 保養、維修及其他	568	558
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備 支出總額	1,129	1,177
Depreciation on fixed assets	固定資產折舊	466	468
Amortisation of intangible assets (Note 34(b))	無形資產攤銷(附註34(b))	32	32

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		2017	2016
		HK\$ Mn 港幣百萬元	Restated ^{Note} 重報 ^註 HK\$ Mn 港幣百萬元
Other operating expenses	其他經營支出		
– Legal and professional fees	– 法律及專業服務費	394	461
– Communications, stationery and printing	– 通訊、文具及印刷	263	285
– Advertising expenses	– 廣告費	254	250
– Stamp duty, overseas and PRC business taxes, and value added taxes	– 印花稅、海外及中華人民共和國營業稅，及增值稅	182	268
– Business promotions and business travel	– 業務推廣及商務旅遊	138	142
– Insurance expenses	– 保險費	78	64
– Card related expenses	– 有關信用卡支出	41	35
– Audit fee**	– 核數師酬金**	17	16
– Membership fees	– 會員費	17	18
– Bank charges	– 銀行收費	10	8
– Bank licence	– 銀行牌照費	4	4
– Donations	– 捐款	4	4
– Others	– 其他	270	261
Total other operating expenses	其他經營支出總額	1,672	1,816
Total operating expenses***	經營支出總額***	8,067	8,206

* Forfeited contributions totalling HK\$25 million (2016: HK\$14 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2016: Nil).

** If the audit fee on discontinued operations are included, the audit fee would be HK\$17 million (2016: HK\$20 million).

*** Included in operating expenses are direct operating expenses of HK\$9 million (2016: HK\$10 million) in respect of investment properties which generated rental income during the year.

Note: To better reflect the expenses nature, HK\$96 million expenses under social insurance plans of Mainland China was reclassified to salaries and other staff costs from contributions to defined contribution plan outside Hong Kong.

* 年度內沒收之供款共港幣2,500萬元(2016年：港幣1,400萬元)已被用作減少本集團的供款。於年末並無任何被沒收而可用作減低將來之供款(2016年：無)。

** 如包括已終止經營業務的核數師酬金，核數師酬金將會是港幣1,700萬元(2016年：港幣2,000萬元)。

*** 年度內經營支出中包括由有租金收益的投資物業產生的直接經營支出，金額為港幣900萬元(2016年：港幣1,000萬元)。

註：由於須更準確地反映支出的性質，屬中國內地之社會保障支出港幣9,600萬元由香港以外之定額供款公積金供款項下重新分類為薪金及其他員工成本項下。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

14. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES 貸款及應收賬項減值損失

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Loans and advances to customers	客戶貸款及墊款		
Individual impairment loss	個別減值損失		
– new provisions	– 新撥備	1,821	2,834
– releases	– 回撥	(303)	(409)
– recoveries	– 收回	(141)	(66)
		1,377	2,359
Collective impairment loss	整體減值損失		
– new provisions	– 新撥備	361	1,026
Net charge of loans and advances to customers impairment loss	客戶貸款及墊款減值損失支銷淨額	1,738	3,385
Receivables	應收賬項		
Individual impairment loss	個別減值損失		
– new provisions	– 新撥備	4	83
– releases	– 回撥	(1)	(5)
– recoveries	– 收回	–	(1)
		3	77
Collective impairment loss	整體減值損失		
– new provisions	– 新撥備	1	–
Net charge of receivables impairment loss	應收賬項減值損失支銷淨額	4	77
Net charge to income statement	於收益表支銷淨額	1,742	3,462

15. NET PROFIT ON SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

出售可供出售金融資產之淨溢利

		2017 ^{Note 註}	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Net revaluation gain transferred from reserves (Note 43(g))	由儲備轉撥的重估盈利淨額 (附註43(g))	1,320	136
Loss arising in current year	年度內產生的虧損	(263)	(44)
		1,057	92

Note: Upon transition to HKFRS 9 on 1st January 2018, any unrealized gains/losses of available-for-sale financial assets that are required to be reclassified as "fair value through profit or loss" as of 31st December 2017 have to be transferred from revaluation reserve to the opening balance of retained earnings at 1st January 2018, and cannot be recycled to the profit and loss account upon subsequent disposal. Hence, the Group has chosen to dispose of such available-for-sale financial assets before the end of 2017, as far as practicable.

註：於2018年1月1日過渡至《香港財務報告準則》第9號時，本集團部份可供出售金融資產需將重新分類為「通過損益以反映公平價值」，其任何未實現損益需由重估儲備撥入2018年1月1日的留存溢利期初結餘，且於出售時不能重新分類至收益表內。因此，本集團決定於可行情況下於2017年底前出售相關可供出售金融資產。

16. NET (LOSS)/GAIN ON DISPOSAL OF FIXED ASSETS 出售固定資產之淨(虧損)/盈利

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務		
Net gain on disposal of investment properties	出售投資物業之淨盈利	–	144
Net (loss)/gain on disposal of bank premises, furniture, fixtures and equipment	出售行址、傢俬、裝修及設備之淨(虧損)/盈利	(22)	715
		(22)	859

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

17. INCOME TAX 所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表內的稅項指：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS 持續經營業務			
Current tax – Hong Kong 本期稅項 – 香港			
Tax for the year 本年度稅項		695	687
Under-provision in respect of prior years 往年度撥備不足		36	36
		731	723
Current tax – outside Hong Kong 本期稅項 – 香港以外			
Tax for the year* 本年度稅項*		605	1,026
Write back of over-provision in respect of prior years 往年度撥備過剩的回撥		(364)	(58)
		241	968
Deferred tax 遞延稅項			
Origination and reversal of temporary differences 暫時性差異的產生及轉回		223	(624)
		1,195	1,067

* In 2016, certain properties in Mainland China were disposed of, which resulted in an impact of land value added tax and corporate income tax totalling HK\$427 million.

* 在2016年，出售若干中國內地物業而產生的土地增值稅及企業所得稅之總額為港幣4.27億元。

The provision for Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the year.

香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%(2016年：16.5%)計算。

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

海外分行及附屬公司的稅款亦按其經營所在國家現行稅率計算。

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項支出與會計溢利按適用稅率計算稅項的對賬：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Profit before tax 除稅前溢利		7,565	4,592
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned 根據相關國家適用之利得稅稅率按除稅前溢利計算的名義稅款		1,362	969
Tax effect of non-deductible expenses 不可扣減支出的稅項影響		571	449
Tax effect of non-taxable revenue 毋須課稅收入的稅項影響		(633)	(308)
Tax effect of tax losses not recognised 未確認的稅損的稅項影響		-	1
Recognition of deferred tax assets on prior year tax losses 往年度稅損確認為遞延稅項資產		(50)	(16)
Write back of over-provision in respect of prior years 往年度撥備過剩的回撥		(328)	(22)
Others 其他		273	(6)
Actual tax expense charged to income statement 於收益表支銷的實際稅項		1,195	1,067

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

18. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT 可歸屬於本集團股東溢利

The consolidated profit attributable to owners of the parent includes a profit of HK\$8,562 million (2016: HK\$3,920 million) which has been dealt with in the financial statements of the Bank.

可歸屬於本集團股東綜合溢利包括已計入本行財務報表內的溢利港幣85.62億元(2016年：港幣39.20億元)。

Reconciliation of the above amount to the Bank's profit for the year

本行年度內溢利與上述金額之對賬

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Amount of consolidated profit attributable to equity holders dealt with in the Bank's financial statements	已計入本行財務報表之可歸屬於本集團股東綜合溢利		8,562		3,920
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year and general reserves, approved and paid during the year	來自往年度附屬公司及聯營公司溢利及一般儲備之末期股息，並在年度內核准及派發		819		933
Bank's profit for the year	本行年度內溢利		9,381		4,853

19. DIVIDENDS 股息

(a) Dividends attributable to the year

(a) 應屬本年度股息

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Interim dividend declared and paid of HK\$0.68 per share on 2,726 million shares (2016: HK\$0.28 per share on 2,684 million shares) (Note 43(i))	已宣布派發及支付中期股息予27.26億股每股港幣0.68元(2016年：26.84億股每股港幣0.28元)(附註43(i))		1,854		751
Second interim dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the end of the reporting period and before the close of the Register of Members of the Bank, of HK\$0.28 per share (2016: HK\$0.50 per share)	已支付在報告期結束後及本行股票過戶登記截止日前根據認股計劃發行股份屬上年度每股港幣0.28元的第二次中期股息(2016年：每股港幣0.50元)		-		-
Second interim dividend of HK\$0.60 per share on 2,765 million shares (2016: HK\$0.28 per share on 2,703 million shares)	第二次中期股息予27.65億股每股港幣0.60元(2016年：27.03億股每股港幣0.28元)		1,659		757
			3,513		1,508

The total dividends attributable to the year is HK\$1.28 per share (2016: HK\$0.56 per share). The second interim dividend has not been recognised as a liability at the end of the reporting period.

應屬本年度股息為每股港幣1.28元(2016年：每股港幣0.56元)。於報告期結束日該第二次中期股息並未確認為負債。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) Dividends attributable to the previous financial year, approved and paid during the year

(b) 於年度核准及支付屬上年度股息

	2017	2016
	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Second interim dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.28 per share on 2,703 million shares (2016: HK\$0.50 per share on 2,641 million shares) (Note 43(i))	757	1,320

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

(c) 派發予混合／額外一級資本工具持有人

	2017	2016
	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Interest paid or payable on the Hybrid Tier 1 capital instruments (Note 43(i))	211	211
Amount paid on the Additional Tier 1 capital instruments (Note 43(i))	389	278
	600	489

20. EARNINGS PER SHARE 每股盈利

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the year and profit from continuing operations attributable to owners of the parent of HK\$8,747 million and HK\$5,698 million (2016: HK\$3,228 million and HK\$3,010 million) respectively after the distribution of HK\$600 million (2016: HK\$489 million) to Hybrid/Additional Tier 1 issue holders and deduction of nil (2016: HK\$6 million) premium paid for partial bought back of Hybrid Tier 1 capital instruments, and on the weighted average of 2,728 million (2016: 2,678 million) ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares

	2017	2016
	Number of shares 股份數目 Mn 百萬	Number of shares 股份數目 Mn 百萬
Issued ordinary shares at 1st January	2,703	2,641
Effect of share options exercised and shares issued in lieu of dividends	25	37
Weighted average number of ordinary shares at 31st December	2,728	2,678

(a) 每股基本盈利

每股基本盈利乃按照已扣減派發予混合／額外一級資本工具持有人港幣6.00億元(2016年：港幣4.89億元)及已扣除所支付用作回購部份混合一級資本工具的溢價：無(2016年：港幣600萬元)後之年度內綜合溢利及來自持續經營業務之可歸屬於本集團股東溢利，分別為港幣87.47億元及港幣56.98億元(2016年：港幣32.28億元及港幣30.10億元)及年度內已發行普通股份的加權平均數27.28億股(2016年：26.78億股)計算。

普通股份的加權平均數

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

20. EARNINGS PER SHARE (CONTINUED) 每股盈利

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit for the year and profit from continuing operations attributable to owners of the parent of HK\$8,747 million and HK\$5,698 million (2016: HK\$3,228 million and HK\$3,010 million) respectively after the distribution of HK\$600 million (2016: HK\$489 million) to Hybrid/Additional Tier 1 issue holders and deduction of nil (2016: HK\$6 million) premium paid for partial bought back of Hybrid Tier 1 capital instruments, and on 2,730 million (2016: 2,678 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

Weighted average number of ordinary shares (diluted)

(b) 每股攤薄盈利

每股攤薄盈利乃按照已扣減派發予混合／額外一級資本工具持有人港幣6.00億元(2016年：港幣4.89億元)及已扣除所支付用作回購部份混合一級資本工具的溢價：無(2016年：港幣600萬元)後之年度內綜合溢利及來自持續經營業務之可歸屬於本集團股東溢利，分別為港幣87.47億元及港幣56.98億元(2016年：港幣32.28億元及港幣30.10億元)及就年度內所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數27.30億股(2016年：26.78億股)計算。

普通股份的加權平均數(攤薄)

		2017	2016
		Number of shares	Number of shares
		股份數目	股份數目
		Mn 百萬	Mn 百萬
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	2,728	2,678
Effect of deemed issue of ordinary shares under the Bank's share option schemes for nil consideration	假設按認股權計劃發行但不計價款的普通股份之影響	2	-
Weighted average number of ordinary shares (diluted) at 31st December	於12月31日普通股份的加權平均數(攤薄)	2,730	2,678

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

21. DIRECTORS' REMUNERATION 董事酬金

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

根據《公司條例》第383(1)條及《公司(披露董事利益資料)規則》第2部之規定披露董事酬金如下：

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share options	Retirement scheme contributions	2017 Total
		HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn	HKS Mn
		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
Chairman and Chief Executive	主席兼行政總裁						
Dr. the Hon. Sir David Li Kwok-po	李國寶爵士	0.6	10.9	23.1	11.3	1.0	46.9
Executive Directors and Deputy Chief Executives	執行董事兼副行政總裁						
Mr. Adrian David Li Man-kiu	李民橋先生	0.3	3.9	5.0	3.7	0.4	13.3
Mr. Brian David Li Man-bun	李民斌先生	0.3	3.9	5.0	3.7	0.4	13.3
Non-executive Directors	非執行董事						
Prof. Arthur Li Kwok-cheung	李國章教授	0.5	-	-	-	-	0.5
Mr. Aubrey Li Kwok-sing	李國星先生	0.5	-	-	-	-	0.5
Mr. Stephen Charles Li Kwok-sze	李國仕先生	0.3	-	-	-	-	0.3
Dr. Isidro FAINÉ CASAS	范禮賢博士	0.4	-	-	-	-	0.4
Dr. Peter LEE Ka-kit	李家傑博士	0.4	-	-	-	-	0.4
Mr. Masayuki OKU	奧正之先生	0.4	-	-	-	-	0.4
Independent Non-executive Directors	獨立非執行董事						
Dr. Allan WONG Chi-yun	黃子欣博士	0.9	-	-	-	-	0.9
Mr. Winston LO Yau-lai	羅友禮先生	0.8	-	-	-	-	0.8
Dr. Daryl NG Win-kong	黃永光博士	0.7	-	-	-	-	0.7
Dr. the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.4	-	-	-	-	0.4
Mr. Meocre Li Kwok-wing	李國榮先生	0.9	-	-	-	-	0.9
Dr. the Hon. Henry TANG Ying-yen	唐英年博士	0.8	-	-	-	-	0.8
The Hon. CHAN Kin-por	陳健波議員	0.5	-	-	-	-	0.5
Dr. Delman LEE	李國本博士	0.4	-	-	-	-	0.4
		9.1	18.7	33.1	18.7	1.8	81.4

Notes:

- Due to improvement in the Group's financial performance, there is an increase in the pay-out of discretionary bonuses for 2017.
- The share options were granted to Executive Directors under the Bank's Staff Share Option Schemes. The values of share options represented the fair value of the share options on the Grant Date without actual cash payment. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 40.

附註：

- 2017年之酌情花紅增加是由於本集團年度之財務表現理想。
- 執行董事是根據本行的僱員認股計劃獲授予認股權。認股權金額是指該等認股權於授予日的公平價值，而並非是屬於現金支付。有關此等實物收益的詳情列載於董事會報告書的「認股權資料」及附註40內。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

21. DIRECTORS' REMUNERATION (CONTINUED) 董事酬金(續)

		Salaries, allowances and benefits in kind 薪金、津貼 及實物收益	Discretionary bonuses (Note 1) (附註1)	Share options (Note 2) (附註2)	Retirement scheme contributions 退休 計劃供款	2016 Total 總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Chairman and Chief Executive	主席兼行政總裁					
Dr. the Hon. Sir David Li Kwok-po	李國寶爵士	0.6	10.7	5.5	11.3	29.1
Executive Directors and Deputy Chief Executives	執行董事兼 副行政總裁					
Mr. Adrian David Li Man-kiu	李民橋先生	0.3	3.9	1.2	3.7	9.4
Mr. Brian David Li Man-bun	李民斌先生	0.3	3.9	1.2	3.7	9.4
Non-executive Directors	非執行董事					
Prof. Arthur Li Kwok-cheung	李國章教授	0.4	-	-	-	0.4
Mr. Aubrey Li Kwok-sing	李國星先生	0.5	-	-	-	0.5
Mr. Eric Li Fook-chuen	李福全先生	0.1	-	-	-	0.1
Mr. Stephen Charles Li Kwok-sze	李國仕先生	0.3	-	-	-	0.3
Dr. Isidro FAINÉ CASAS	范禮賢博士	0.4	-	-	-	0.4
Dr. Peter LEE Ka-kit	李家傑博士	0.3	-	-	-	0.3
Mr. Masayuki OKU	奧正之先生	0.3	-	-	-	0.3
Independent Non-executive Directors	獨立非執行董事					
Dr. Allan WONG Chi-yun	黃子欣博士	0.7	-	-	-	0.7
Mr. WONG Chung-hin	黃頌顯先生	0.1	-	-	-	0.1
Mr. Winston LO Yau-lai	羅友禮先生	0.7	-	-	-	0.7
Tan Sri Dr. KHOO Kay-peng	丹斯里邱繼炳博士	0.1	-	-	-	0.1
Mr. Richard Li Tzar-kai	李澤楷先生	0.3	-	-	-	0.3
Mr. Kenneth LO Chin-ming	駱錦明先生	0.5	-	-	-	0.5
Mr. William DOO Wai-hoi	杜惠愷先生	0.4	-	-	-	0.4
Mr. KUOK Khoon-ean	郭孔演先生	0.4	-	-	-	0.4
Mr. Valiant CHEUNG Kin-piu	張建標先生	0.6	-	-	-	0.6
Dr. Daryl NG Win-kong	黃永光博士	0.5	-	-	-	0.5
Dr. the Hon. Rita FAN HSU Lai-tai	范徐麗泰博士	0.3	-	-	-	0.3
Mr. Meocre Li Kwok-wing	李國榮先生	0.2	-	-	-	0.2
		8.3	18.5	7.9	18.7	55.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

22. FIVE TOP-PAID EMPLOYEES 5名薪酬最高的僱員

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Salaries and other emoluments	薪金及其他酬金	29	28
Performance-related bonuses	表現獎勵花紅	43	10
Share options	認股權	26	26
Pension contributions	退休金供款	2	3
		100	67

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

	2017	2016
	Number of Employees 僱員人數	Number of Employees 僱員人數
HK\$港幣元		
9,000,001 – 9,500,000	–	4
13,000,001 – 13,500,000	4	–
29,000,001 – 29,500,000	–	1
46,500,001 – 47,000,000	1	–

Included in the emoluments of the five top-paid employees were the emoluments of 3 (2016: 3) Directors and 2 (2016: 2) senior management members. Their director's emoluments have been included in Note 21 above.

5名薪酬最高的僱員中包括3位(2016年：3位)董事及2位(2016年：2位)高層管理人員。他們的董事酬金已包括於上述附註21內。

23. SEGMENT REPORTING 分部報告

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's Senior Management for the purposes of resource allocation and performance assessment, the Group has presented the following nine reportable segments. No operating segments have been aggregated to form the following reportable segments.

本集團按分處管理其業務，而分處則由業務及地區混合組成。分部資料的列報與內部匯報予本集團的高層管理人員作為資源分配及表現評核的方式是一致的。本集團列報以下九個可匯報分部。營運分部並未包括在以下的可匯報分部內。

(a) Business segments

The Group has identified the following nine reportable segments.

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

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

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

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

(a) 營業分部

本集團已辨識以下九個可匯報分部。

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、按揭貸款及信用卡業務。

企業銀行包括在香港之企業借貸及銀團貸款、資產融資、商業貸款及證券業務貸款。

財資市場包括在香港之財資運作及證券買賣。

財富管理包括提供予在香港之私人銀行業務及相關資產。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

23. SEGMENT REPORTING (CONTINUED) 分部報告(續)

(a) Business segments (continued)

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

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

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

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

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

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

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

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

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

(a) 營業分部(續)

金融機構包括在香港之全球同業間的銀行代理行及金融貿易業務。

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

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

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

企業服務包括公司秘書服務、股票登記及商業服務、以及離岸企業及信託服務。

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

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

分部資產包括所有有形資產、無形資產及金融資產(聯營公司之權益除外)、遞延稅項資產及其他企業資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及服務費用和佣金收入、及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。分部收入與支出並不包括集團之聯營公司的活動所產生集團應佔之收入與支出。除匯報分部間的收入外, 由一分部提供協助予另一分部, 包括分享資產, 並未計算在內。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		2017											
		Hong Kong banking operations 香港銀行業務						Mainland China operations 中國內地	Overseas operations 國際業務	Total reportable segments 可匯報 分部總額	Others 其他	Inter- segment elimination 分部間之 交易抵銷	Total 總額
		Personal banking 個人銀行	Corporate banking 企業銀行	Treasury markets 財資市場	Wealth management 財富管理	Financial institutions 金融機構	Others 其他	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務												
Net interest income/(expense)	淨利息收入/(支出)	3,352	1,934	19	380	21	237	3,834	1,515	11,292	540	-	11,832
Non-interest income/(expense)	非利息收入/(支出)	816	376	20	452	19	914	742	246	3,585	884	(348)	4,121
Operating income	經營收入	4,168	2,310	39	832	40	1,151	4,576	1,761	14,877	1,424	(348)	15,953
Operating expenses	經營支出	(1,603)	(190)	(219)	(201)	(11)	(447)	(3,034)	(605)	(6,310)	(2,105)	348	(8,067)
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利/(虧損)	2,565	2,120	(180)	631	29	704	1,542	1,156	8,567	(681)	-	7,886
(Charge for)/Write back of impairment losses on loans and receivables	貸款及應收賬項的減值損失(支銷)/回撥	(158)	(405)	-	(1)	-	(9)	(1,151)	(14)	(1,738)	(4)	-	(1,742)
Impairment losses on available-for-sale financial assets	可供出售金融資產減值損失	-	-	(2)	-	-	-	-	-	(2)	-	-	(2)
Impairment losses on assets held for sale	持有作出售資產減值損失	-	-	-	-	-	-	(63)	-	(63)	-	-	(63)
Impairment losses on intangible assets	無形資產減值損失	-	-	-	-	-	-	(650)	-	(650)	-	-	(650)
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利/(虧損)	2,407	1,715	(182)	630	29	695	(322)	1,142	6,114	(685)	-	5,429
Profit/(Loss) on sale of fixed assets, held-to-maturity investments and available-for-sale financial assets	出售固定資產、持至到期投資及可供出售金融資產之溢利/(虧損)	(14)	14	1,027	-	-	16	(5)	-	1,038	3	-	1,041
Profit/(Loss) on sale of disposal groups and assets held for sale	出售出售組別及持有作出售資產之溢利/(虧損)	-	-	-	-	-	4	(13)	-	(9)	192	-	183
Profit on disposal of subsidiaries/associates	出售附屬/聯營公司之溢利	-	-	-	-	-	-	-	-	-	2	-	2
Valuation gains on investment properties	重估投資物業溢利	-	-	-	-	-	-	-	1	1	521	-	522
Share of profits less losses of associates	應佔聯營公司溢利減虧損	-	-	-	-	-	4	92	292	388	-	-	388
Profit/(Loss) before taxation	除稅前溢利/(虧損)	2,393	1,729	845	630	29	719	(248)	1,435	7,532	33	-	7,565
Depreciation for the year	年度內折舊	(62)	(1)	(5)	(3)	-	(13)	(202)	(34)	(320)	(146)	-	(466)
Segment assets	分部資產	81,889	148,083	164,908	26,284	5,237	21,123	299,726	107,804	855,054	13,555	(69,562)	799,047
Investments in associates	聯營公司投資	-	-	-	-	-	54	3,414	5,961	9,429	-	-	9,429
Other assets – Assets held for sale	其他資產 – 持有作出售資產	-	-	-	-	-	351	76	39	466	-	-	466
Total assets	資產總額	81,889	148,083	164,908	26,284	5,237	21,528	303,216	113,804	864,949	13,555	(69,562)	808,942
Segment liabilities	分部負債	309,279	902	53,725	21,606	5	16,762	251,933	98,057	752,269	2,509	(47,059)	707,719
Other liabilities – Liabilities held for sale	其他負債 – 持有作出售負債	-	-	-	-	-	9	-	-	9	-	-	9
Total liabilities	負債總額	309,279	902	53,725	21,606	5	16,771	251,933	98,057	752,278	2,509	(47,059)	707,728
Capital expenditure incurred during the year	年度內資本開支	146	-	-	-	-	13	95	24	278	131	-	409

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

23. SEGMENT REPORTING (CONTINUED) 分部報告(續)

(a) Business segments (continued)

(a) 營業分部(續)

		2016 Restated 重報													
		Hong Kong banking operations 香港銀行業務									Total reportable segments 可匯報分部總額		Inter-segment elimination 分部間之交易抵銷		Total 總額
		Personal banking 個人銀行	Corporate banking 企業銀行	Treasury markets 財資市場	Wealth management 財富管理	Financial institutions 金融機構	Others 其他	Mainland China operations 中國內地業務	Overseas operations 國際業務	Corporate services 企業服務	Others 其他				
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
CONTINUING OPERATIONS	持續經營業務														
Net interest income/(expense)	淨利息收入/(支出)	2,864	2,120	(229)	348	19	268	3,889	1,512	-	10,791	308	(1)	11,098	
Non-interest income/(expense)	非利息收入/(支出)	716	328	76	443	15	625	768	218	-	3,189	781	(354)	3,616	
Operating income	經營收入	3,580	2,448	(153)	791	34	893	4,657	1,730	-	13,980	1,089	(355)	14,714	
Operating expenses	經營支出	(1,740)	(197)	(134)	(196)	(12)	(521)	(3,257)	(611)	-	(6,668)	(1,893)	355	(8,206)	
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利/(虧損)	1,840	2,251	(287)	595	22	372	1,400	1,119	-	7,312	(804)	-	6,508	
(Charge for)/Write back of impairment losses on loans and receivables	貸款及應收賬項的減值損失(支銷)/回撥	(230)	(306)	1	(2)	-	(27)	(2,819)	(79)	-	(3,462)	-	-	(3,462)	
Impairment losses on available-for-sale financial assets	可供出售金融資產之減值損失	-	-	-	-	-	(1)	-	-	-	(1)	-	-	(1)	
Operating profit/(loss) after impairment losses	已扣除減值損失後之經營溢利/(虧損)	1,610	1,945	(286)	593	22	344	(1,419)	1,040	-	3,849	(804)	-	3,045	
Profit/(Loss) on sale of fixed assets, held-to-maturity investments, available-for-sale financial assets and repurchase of debt issued	出售固定資產、持至到期投資、可供出售金融資產及回購已發行債券之溢利/(虧損)	(13)	16	68	-	-	1	891	(8)	-	955	-	-	955	
Profit/(Loss) on sale of disposal groups and assets held for sale	出售出售組別及持有待出售資產之溢利/(虧損)	-	-	-	-	-	-	-	(7)	-	(7)	106	-	99	
Valuation gains on investment properties	重估投資物業盈利	-	-	-	-	-	-	-	1	-	1	61	-	62	
Share of profits less losses of associates	應佔聯營公司溢利減虧損	-	-	-	-	-	(1)	141	291	-	431	-	-	431	
Profit/(Loss) before taxation	除稅前溢利/(虧損)	1,597	1,961	(218)	593	22	344	(387)	1,317	-	5,229	(637)	-	4,592	
Depreciation for the year	年度內折舊	(59)	(1)	(6)	(2)	-	(17)	(201)	(32)	-	(318)	(150)	-	(468)	
Segment assets	分部資產	73,887	150,132	149,947	23,627	8,207	18,523	283,987	104,266	-	812,576	17,255	(72,642)	757,189	
Investments in associates	聯營公司投資	-	-	-	-	-	49	1,166	4,796	-	6,011	-	-	6,011	
Other assets - Assets held for sale	其他資產 - 持有待出售資產	-	-	-	-	-	-	251	39	2,205	2,495	11	-	2,506	
Total assets	資產總額	73,887	150,132	149,947	23,627	8,207	18,572	285,404	109,101	2,205	821,082	17,266	(72,642)	765,706	
Segment liabilities	分部負債	291,835	922	62,725	21,308	6	14,756	238,308	92,512	-	722,372	2,066	(45,794)	678,644	
Other liabilities - Liabilities held for sale	其他負債 - 持有待出售負債	-	-	-	-	-	-	41	-	385	426	-	-	426	
Total liabilities	負債總額	291,835	922	62,725	21,308	6	14,756	238,349	92,512	385	722,798	2,066	(45,794)	679,070	
Capital expenditure incurred during the year	年度內資本開支	100	1	30	4	-	22	74	46	30	307	141	-	448	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) Geographical segments

The information concerning geographical analysis has been classified by the location of the principal operations of the entities and branches of the Bank responsible for reporting the results or booking the assets, or by the location where the subsidiaries or business units with special risks associated with operations.

(b) 地區分部

按地區分部之資料是根據負責報告業績或將資產入賬之實體或本行之分行的主要業務所在地點，或按與附屬公司或業務單位之營運有特殊風險關連的所在地點予以劃分。

		2017					
		Hong Kong	Mainland China	Other Asian Countries and Regions	Others	Inter- segment elimination	Total
		香港	中國內地	其他亞洲 國家及地區	其他	分部間之 交易抵銷	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Operating income	經營收入						
(from continuing operations)	(來自持續經營業務)	9,672	4,798	747	1,084	(348)	15,953
Profit/(loss) before taxation	除稅前溢利/(虧損)						
(from continuing operations)	(來自持續經營業務)	6,095	(64)	643	891	-	7,565
Total assets	資產總額	478,507	286,990	53,802	59,205	(69,562)	808,942
Total liabilities	負債總額	404,785	251,946	45,898	52,158	(47,059)	707,728
Contingent liabilities and commitments	或然負債及承擔	77,693	124,792	7,851	8,732	-	219,068
Capital expenditure during the year	年度內資本開支	305	87	12	5	-	409

		2016 Restated 重報					
		Hong Kong	Mainland China	Other Asian Countries and Regions	Others	Inter- segment elimination	Total
		香港	中國內地	其他亞洲 國家及地區	其他	分部間之 交易抵銷	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Operating income	經營收入						
(from continuing operations)	(來自持續經營業務)	8,410	4,876	765	1,018	(355)	14,714
Profit/(loss) before taxation	除稅前溢利/(虧損)						
(from continuing operations)	(來自持續經營業務)	3,438	(231)	637	748	-	4,592
Total assets	資產總額	462,398	270,699	50,805	55,357	(73,553)	765,706
Total liabilities	負債總額	393,799	238,368	43,815	49,117	(46,029)	679,070
Contingent liabilities and commitments	或然負債及承擔	82,323	118,988	7,896	9,046	-	218,253
Capital expenditure during the year	年度內資本開支	300	93	13	42	-	448

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

24. CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (Note 48(a))
現金及在銀行和其他金融機構的結存(附註48(a))

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Cash in hand	現金		1,288		1,306
Balances with central banks	在中央銀行的結存		47,083		56,543
Balances with banks and other financial institutions	在銀行和其他金融機構的結存		12,299		7,871
			60,670		65,720

25. PLACEMENTS WITH AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS
(Note 48(a))
在銀行及其他金融機構的存款及墊款(附註48(a))

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款				
Maturing	到期期限				
– within one month	– 1個月內		46,496		36,511
– after one month but within one year	– 1個月至1年內		7,113		7,541
– after one year	– 1年後		–		–
			53,609		44,052
Of which:	其中：				
Placements with and advances to central banks	在中央銀行的存款及墊款		–		–

Movement of individual impairment allowance

個別減值準備的變動

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
At 1st January	於1月1日		–		1
Net provisions released back to income statement	撥回收益表的準備淨額		–		(1)
At 31st December	於12月31日		–		–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

26. TRADE BILLS 貿易票據

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross trade bills	貿易票據總額	13,910	11,940
Less: Individual impairment allowance	減：個別減值準備	(1)	(1)
		13,909	11,939

Movement of individual impairment allowance

個別減值準備的變動

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	1	1
Amounts written off	撇銷額	-	-
At 31st December	於12月31日	1	1

27. TRADING ASSETS 交易用途資產

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Treasury bills (including Exchange Fund Bills) (Note 48(a))	國庫債券(包括外匯基金票據) (附註48(a))	2,218	1,034
Certificates of deposits held (Note 48(a))	持有的存款證(附註48(a))	-	431
Debt securities (Note 48(a))	債務證券(附註48(a))	1,781	1,663
Equity securities	股份證券	2,953	1,276
Investment funds	投資基金	4	-
		6,956	4,404

28. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS 指定為通過損益以反映公平價值的金融資產

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Debt securities (Note 48(a))	債務證券(附註48(a))	3,879	3,330
Equity securities	股份證券	166	155
Investment funds	投資基金	124	69
		4,169	3,554

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

29. LOANS AND ADVANCES TO CUSTOMERS 客戶貸款及墊款

(a) Loans and advances to customers

(a) 客戶貸款及墊款

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Gross loans and advances to customers	客戶貸款及墊款總額	473,776		454,242	
Less: Impairment allowances	減：減值準備				
– Individual	– 個別	(1,059)		(1,715)	
– Collective	– 整體	(2,378)		(2,082)	
		470,339		450,445	

(b) Impairment allowances against loans and advances to customers

(b) 客戶貸款及墊款之減值準備

		2017				2016			
		Individual		Collective		Individual		Collective	
		個別	整體	個別	整體	個別	整體	個別	整體
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
At 1st January	於1月1日	1,715	2,082	1,021	1,360				
New provisions charged to income statement	收益表內支銷的新準備	1,821	361	2,834	1,026				
Net provisions released back to income statement	撥回收益表的準備淨額	(253)	–	(331)	–				
Amounts written off	撇銷額	(2,310)	(189)	(1,588)	(202)				
Recoveries	收回額	141	–	66	–				
Effect of discounting (Note 5)	計算折扣的影響(附註5)	(191)	–	(144)	–				
Transfer to asset classified as assets held for sale (Note 56)	轉至分類為持有作出售資產(附註56)	–	(10)	–	(1)				
Exchange adjustments	匯兌調整	136	134	(143)	(101)				
At 31st December	於12月31日	1,059	2,378	1,715	2,082				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(c) 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.

(c) 客戶貸款及墊款 – 按行業分類

按行業分類的客戶墊款總額及有抵押墊款的百分比是按照金管局所採用的類別和定義。

		2017		2016	
		Gross advances 墊款總額 HK\$ Mn 港幣百萬元	% of secured advances 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK\$ Mn 港幣百萬元	% of secured advances 有抵押墊款的百分比 % 百分率
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	20,280	70.18	21,934	78.46
– Property investment	– 物業投資	37,359	92.71	38,224	92.41
– Financial concerns	– 金融企業	12,489	66.06	10,296	64.91
– Stockbrokers	– 股票經紀	6,899	90.20	2,988	93.10
– Wholesale and retail trade	– 批發與零售業	8,831	63.00	14,821	72.21
– Manufacturing	– 製造業	2,123	40.31	2,925	58.21
– Transport and transport equipment	– 運輸與運輸設備	4,976	65.45	5,633	69.60
– Recreational activities	– 娛樂活動	176	71.30	171	73.50
– Information technology	– 資訊科技	2,747	1.26	2,596	0.51
– Others	– 其他	25,876	67.63	18,720	79.83
– Sub-total	– 小計	121,756	74.48	118,308	78.95
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款	1,064	100.00	988	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	42,803	100.00	40,750	100.00
– Credit card advances	– 信用卡墊款	4,644	0.00	4,540	0.00
– Others	– 其他	34,034	87.14	27,301	86.84
– Sub-total	– 小計	82,545	89.07	73,579	88.95
Total loans for use in Hong Kong	在香港使用的貸款總額	204,301	80.37	191,887	82.78
Trade finance	貿易融資	3,934	70.33	5,390	74.86
Loans for use outside Hong Kong*	在香港以外使用的貸款*	265,541	54.34	256,965	59.76
Total advances to customers	客戶墊款總額	473,776	65.70	454,242	69.67

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

* 在香港以外使用的貸款包括以下在中國內地使用的貸款。

		2017		2016	
		Gross advances 墊款總額 HK\$ Mn 港幣百萬元	% of secured advances 有抵押墊款的百分比 % 百分率	Gross advances 墊款總額 HK\$ Mn 港幣百萬元	% of secured advances 有抵押墊款的百分比 % 百分率
Property development	物業發展	44,416	54.04	42,140	54.91
Property investment	物業投資	29,176	92.32	28,940	94.63
Financial concerns	金融企業	33,431	6.24	25,512	15.22
Wholesale and retail trade	批發與零售業	13,058	58.37	14,639	67.90
Manufacturing	製造業	7,176	30.41	7,504	44.43
Loans for the purchase of other residential properties	購買其他住宅物業的貸款	15,181	99.94	15,982	99.98
Others	其他	38,716	33.62	37,710	39.48
		181,154	50.24	172,427	57.15

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

29. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED) 客戶貸款及墊款(續)

(c) Loans and advances to customers – by industry sectors (continued)

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

(c) 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：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(i) Property development	(i) 物業發展		
a. Individually impaired loans	a. 已個別減值的貸款	316	67
b. Individual impairment allowance	b. 個別減值準備	-	8
c. Collective impairment allowance	c. 整體減值準備	420	382
d. Provision charged to income statement	d. 於收益表支銷的準備		
- individual impairment loss	- 個別減值損失	15	49
- collective impairment loss	- 整體減值損失	77	249
e. Written off	e. 撇銷	26	8
(ii) Property investment	(ii) 物業投資		
a. Individually impaired loans	a. 已個別減值的貸款	792	932
b. Individual impairment allowance	b. 個別減值準備	113	77
c. Collective impairment allowance	c. 整體減值準備	425	401
d. Provision charged to income statement	d. 於收益表支銷的準備		
- individual impairment loss	- 個別減值損失	142	214
- collective impairment loss	- 整體減值損失	55	213
e. Written off	e. 撇銷	118	146
(iii) Loans for purchase of residential properties	(iii) 購買其他住宅物業的貸款		
a. Individually impaired loans	a. 已個別減值的貸款	296	355
b. Individual impairment allowance	b. 個別減值準備	3	6
c. Collective impairment allowance	c. 整體減值準備	214	209
d. Provision charged to income statement	d. 於收益表支銷的準備		
- individual impairment loss	- 個別減值損失	5	111
- collective impairment loss	- 整體減值損失	7	91
e. Written off	e. 撇銷	4	44
(iv) Wholesale and retail trade	(iv) 批發與零售業		
a. Individually impaired loans	a. 已個別減值的貸款	1,084	2,317
b. Individual impairment allowance	b. 個別減值準備	368	808
c. Collective impairment allowance	c. 整體減值準備	180	184
d. Provision charged to income statement	d. 於收益表支銷的準備		
- individual impairment loss	- 個別減值損失	637	1,680
- collective impairment loss	- 整體減值損失	29	108
e. Written off	e. 撇銷	438	928
(v) Hotels	(v) 酒店		
a. Individually impaired loans	a. 已個別減值的貸款	1,189	981
b. Individual impairment allowance	b. 個別減值準備	258	330
c. Collective impairment allowance	c. 整體減值準備	69	72
d. Provision charged to income statement	d. 於收益表支銷的準備		
- individual impairment loss	- 個別減值損失	50	433
- collective impairment loss	- 整體減值損失	12	40
e. Written off	e. 撇銷	99	379

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

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

(d) 客戶貸款及墊款 – 按區域分類

客戶墊款總額按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。一般而言，有關墊款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。

		2017				
		Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶墊款總額	逾期3個月以上 的客戶墊款	減值客戶墊款	個別減值準備	整體減值準備
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Hong Kong	香港	207,523	1,746	1,997	336	498
Mainland China	中國內地	203,128	2,039	2,758	682	1,721
Other Asian Countries and Regions	其他亞洲國家及地區	27,456	191	390	41	68
Others	其他	35,669	1	32	-	91
Total	總額	473,776	3,977	5,177	1,059	2,378
% of total advances to customers	佔客戶墊款總額的百分比			1.09%		
Market value of collateral held against impaired advances to customers	減值客戶墊款抵押品市值			4,329		

		2016 Restated ^{Note} 重報 ^註				
		Total advances to customers	Advances overdue for over three months	Impaired advances to customers	Individual impairment allowance	Collective impairment allowance
		客戶墊款總額	逾期3個月以上 的客戶墊款	減值客戶墊款	個別減值準備	整體減值準備
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Hong Kong	香港	194,181	721	2,164	260	416
Mainland China	中國內地	192,550	3,389	4,309	1,428	1,474
Other Asian Countries and Regions	其他亞洲國家及地區	30,146	76	241	26	80
Others	其他	37,365	3	53	1	112
Total	總額	454,242	4,189	6,767	1,715	2,082
% of total advances to customers	佔客戶墊款總額的百分比			1.49%		
Market value of collateral held against impaired advances to customers	減值客戶墊款抵押品市值			4,948		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

29. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED) 客戶貸款及墊款(續)

(d) Loans and advances to customers – by geographical areas (continued)

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

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.

(e) Loans and advances to customers – net investment in finance leases

Loans and advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

(d) 客戶貸款及墊款 – 按區域分類(續)

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

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。以上按國家或區域分類的資料，是根據交易对手的所在地並已顧及轉移風險因素。

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

(e) 客戶貸款及墊款 – 融資租賃的淨投資額

客戶貸款及墊款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

		2017			2016		
		Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest income relating to future periods	Total minimum lease payments
		最低租賃付款現值	相關未來利息收入	最低租賃付款總額	最低租賃付款現值	相關未來利息收入	最低租賃付款總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Amounts receivable:	應收賬款：						
Within one year	1年以內	366	78	444	666	100	766
After one year but within five years	1年以後至5年內	871	234	1,105	1,080	255	1,335
After five years	5年以後	2,252	385	2,637	2,460	420	2,880
		3,489	697	4,186	4,206	775	4,981
Less: Individual impairment allowance	減：個別減值準備	(11)			(17)		
Net investment in finance leases	融資租賃的淨投資額	3,478			4,189		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The net investment in finance leases is carried on the statement of financial position as loans and advances to customers. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作客戶貸款及墊款在財務狀況表中列賬，未來期間的利息收入並無計算。

30. AVAILABLE-FOR-SALE FINANCIAL ASSETS 可供出售金融資產

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Treasury bills (including Exchange Fund Bills) (Note 48(a))	國庫債券(包括外匯基金票據) (附註48(a))	27,024	18,795
Certificates of deposit held (Note 48(a))	持有的存款證(附註48(a))	1,150	1,205
Debt securities (Note 48(a))	債務證券(附註48(a))	88,560	86,964
Equity securities	股份證券	3,042	3,064
Investment funds	投資基金	549	463
		120,325	110,491

31. HELD-TO-MATURITY INVESTMENTS (Note 48(a)) 持至到期投資(附註48(a))

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Treasury bills (including Exchange Fund Bills)	國庫債券(包括外匯基金票據)	1,699	2,252
Certificates of deposit held	持有的存款證	1,269	818
Debt securities	債務證券	6,830	2,593
		9,798	5,663

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

32. INVESTMENTS IN SUBSIDIARIES 附屬公司投資

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary.

Details of these companies are as follows:

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。此等股份屬普通股股份。

此等公司的詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 銀行 所佔權益	The Group 集團 所佔權益	
Ample Delight Limited 承悅有限公司	Hong Kong 香港	HK\$港幣450,000,000元		100%	Investment holding 投資控股
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK\$港幣150,000,000元	100%		Trustee 信託服務
*BEA Blue Sky Real Estate Fund L.P.	Cayman Islands 開曼群島	NIL		50.5%	Acting as a limited partner for the purpose of making investment in a China real estate fund 出任有限責任合夥人用作投資內地房地產基金
BEA Consortium GS Investors L.P.	BVI 英屬處女群島	NIL		100%	Acting as a limited partner for the purpose of making investment in private equity fund 出任有限責任合夥人用作投資私募基金
BEA Life Limited 東亞人壽保險有限公司	Hong Kong 香港	HK\$港幣500,000,000元	100%		Life insurance 人壽保險
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Hong Kong 香港	HK\$港幣374,580,000元	51%		Asset management 資產管理
Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司	Hong Kong 香港	HK\$港幣625,000,000元	100%		Insurance 保險
Central Town Limited 滙中興業有限公司	Hong Kong 香港	HK\$港幣2元	100%		Property investment 物業投資

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 銀行 所佔權益	The Group 集團 所佔權益	
Century Able Limited 階潤有限公司	Hong Kong 香港	HK\$港幣929,752,849元		100%	Investment holding 投資控股
Chongqing Liangjiang New Area Credit Gain Finance Company Limited 重慶兩江新區領達小額貸款有限公司	PRC 中華人民共和國	US\$50,000,000美元	100%		Micro-finance loan 小額貸款
Corona Light Limited	BVI 英屬處女群島	HK\$港幣929,752,849元		100%	Investment holding 投資控股
Credit Gain Finance Company Limited 領達財務有限公司	Hong Kong 香港	HK\$港幣390,000,000元	100%		Money lenders 放債人
Crystal Gleaming Limited	BVI 英屬處女群島	HK\$港幣929,752,849元	100%		Investment holding 投資控股
Dragon Jade Holdings Company Limited	Hong Kong 香港	HK\$港幣1,127,510,000元	100%		Investment holding 投資控股
East Asia Digital Information Services (Guangdong) Limited (Note 1) 東亞數據信息服務(廣東)有限公司 (附註1)	PRC 中華人民共和國	US\$3,000,000美元		100%	Servicing 服務
*East Asia Holding Company, Inc.	U.S.A. 美國	US\$5美元	100%		Bank holding company 銀行控股公司
East Asia Indonesian Holdings Limited	Seychelles 塞舌爾	US\$100,000美元		100%	Investment holding 投資控股
East Asia Qianhai Holdings Company Limited	PRC 中華人民共和國	CNY人民幣180,000,000元 (Registered but unpaid 已註冊但仍未繳足)		100%	Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK\$港幣25,000,000元	100%		Securities broking 證券買賣
Innovate Holdings Limited	BVI 英屬處女群島	US\$1美元(Ordinary 普通股) US\$318,345,000美元(with a liquidation preference of US\$1,000 per share 附有每股1,000美元之清盤優先權)	100%		Special purpose vehicle company specially set up for BEA's Hybrid Tier 1 issue 為東亞銀行混合一級資本而成立之特定目的投資工具公司

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

32. INVESTMENTS IN SUBSIDIARIES (CONTINUED) 附屬公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 銀行 所佔權益	The Group 集團 所佔權益	
Shanghai Lingxie Business Consulting Co., Ltd.	PRC 中華人民共和國	CNY人民幣180,000,000元		100%	Business information consulting, corporate management consulting 業務資訊諮詢, 企業管理諮詢
Shenzhen Credit Gain Finance Company Limited (Note 1) 深圳市領達小額貸款有限公司 (附註1)	PRC 中華人民共和國	CNY人民幣300,000,000元	100%		Micro-finance loan 小額貸款
Skyray Holdings Limited	BVI 英屬處女群島	HK\$港幣450,000,000元	100%		Investment holding 投資控股
Speedfull Limited	BVI 英屬處女群島	HK\$港幣450,000,000元		100%	Investment holding 投資控股
The Bank of East Asia (China) Limited (Note 1) 東亞銀行(中國)有限公司(附註1)	PRC 中華人民共和國	CNY人民幣12,160,000,000元	100%		Banking and related financial services 銀行及有關的金融服務

* Companies audited by auditors other than KPMG are with net assets and total income constituting approximately 0.7% and 0.3% respectively of the related consolidated totals.

Notes:

1. Represents a wholly foreign owned enterprise registered under the PRC laws.
2. The above subsidiaries have no non-controlling interests material to the Group except for Innovate Holdings Limited.

* 非由畢馬威會計師事務所審核的已審核附屬公司財務報表之資產淨額及收入總額分別佔相關綜合總額的0.7%及0.3%。

附註：

1. 指一根據中華人民共和國法例註冊之全資擁有外資企業。
2. 除 Innovate Holdings Limited 外，以上附屬公司之非控制性權益對本集團並不重大。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The following table lists out the information relating to Innovate Holdings Limited, the only subsidiary of the group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

下表列載本集團內唯一有重大非控制性權益之附屬公司，Innovate Holdings Limited。以下之財務摘要是指並未沖銷任何集團之間交易的金額。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Non-current assets	非流動資產	2,487	2,469
Net assets	淨資產	2,487	2,469
Carrying amount of NCI	非控制性權益之賬面值	2,487	2,469
Revenue	收入	-	-
Profit for the year	年度溢利	-	-
Total comprehensive income	全面收益總額	-	-
Profit allocated to NCI	分配予非控制性權益之溢利	-	-
Dividend paid or payable to NCI	已付或應付予非控制性權益之股息	211	211

Details on the accounting treatment of the above NCI are set out in Notes 19(c) and 44.

以上非控制性權益的會計處理方法之詳情已在附註19(c)及44內列載。

33. INVESTMENTS IN ASSOCIATES 聯營公司投資

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Share of net assets	應佔淨資產	8,539	5,636
Goodwill	商譽	890	375
		9,429	6,011
Less: Impairment allowances	減：減值準備	-	-
		9,429	6,011

There was no loans to associates included under placements with and advances to banks and other financial institutions (2016: HK\$233 million).

已包括在在銀行及其他金融機構的存款及墊款的聯營公司貸款為無(2016年：港幣2.33億元)。

The following list contains only the particulars of principal associates. None are considered individually material to the Group:

以下列載只包括本集團的主要聯營公司，而它們個別地對本集團沒有重大影響：

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares 普通股 held by		Nature of business 業務性質
		The Bank 銀行 所佔權益	The Group 集團 所佔權益	
Listed 上市				
AFFIN Holdings Berhad (Note 1) (附註1)	Malaysia 馬來西亞	23.52%		Investment holding 投資控股

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

33. INVESTMENTS IN ASSOCIATES (CONTINUED) 聯營公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares 普通股 held by		Nature of business 業務性質
		The Bank 銀行 所佔權益	The Group 集團 所佔權益	
Unlisted 非上市				
Brilliance – BEA Auto Finance Co., Ltd. 華晨東亞汽車金融有限公司	PRC 中華人民共和國		22.5%	Auto finance and other related financial businesses 汽車貸款及其他有關金融業務
Dolford Property Holdings Limited	BVI 英屬處女群島		30%	Investment holding 投資控股
East Asia Qianhai Securities Company Limited 東亞前海控股有限公司	PRC 中華人民共和國	49%		Investment holding 投資控股
Guotong Trust Co., Ltd (Note 2) 國通信託有限責任公司(附註2)	PRC 中華人民共和國	19.99%		Trust and other financial businesses 信託及其他金融資產
Industrial and Commercial Bank of China (Canada) 中國工商銀行(加拿大)有限公司	Canada 加拿大	20%		Banking services 銀行服務
Industrial and Commercial Bank of China (USA) N.A. 中國工商銀行(美國)	U.S.A. 美國		20%	Banking services 銀行服務
Million Fortune Development (Shenzhen) Co., Ltd. 寰裕置業(深圳)有限公司	PRC 中華人民共和國		25%	Property development 物業發展
PRASAC Microfinance Institution Limited	Cambodia 柬埔寨	21%		Financial services 金融服務
PT. Bank Resona Perdania	Indonesia 印尼		30%	Banking and related financial services 銀行及有關金融服務
Shanghai Ctrip Financial Information Services Co. Ltd. 上海攜程金融信息服務有限公司	PRC 中華人民共和國		12%	Financial services 金融服務

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Notes:

- Following the reorganization of AFFIN Group in 2017, AFFIN Holdings Berhad ("AFFIN Holdings") completed the distribution of all its shares in AFFIN Bank Berhad ("AFFIN Bank") to its shareholders on the basis of 1 ordinary share in AFFIN Bank for each ordinary share in AFFIN Holdings on 30th January, 2018. AFFIN Bank was listed on Bursa Malaysia on 2nd February, 2018, in place of AFFIN Holdings.
- Previously known as "Founder BEA Trust Company Limited".

附註：

- 隨著AFFIN集團的重組，AFFIN Holdings Berhad已在2018年1月30日完成以一對一的比例，向其股東派發同等數量的AFFIN Bank Berhad股票。AFFIN Bank Berhad於2018年2月2日在馬來西亞股票交易所掛牌，並取代AFFIN Holdings Berhad的上市地位。
- 前稱「方正東亞信託有限公司」。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Aggregate information of associates that are not individually material	個別不重大聯營公司之總和資料		
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	個別不重大聯營公司在綜合財務報表之總和賬面值	9,429	6,011
Aggregate amounts of the Group's share of those associates'	本集團佔該等聯營公司之總和金額		
Profit from continuing operations	源自持續營運溢利	388	431
Post-tax profit or loss from discontinued operations	源自已停止營運之除稅後溢利或虧損	-	-
Other comprehensive income	其他全面收益	485	(79)
Total comprehensive income	全面收益總額	873	352
Reconciliation of carrying amounts to the Group's total interest in the associates	賬面值與本集團於聯營公司的權益對賬		
Carrying amount of material associates	重大聯營公司之賬面值	-	-
Carrying amount of individually immaterial associates	個別不重大聯營公司之賬面值	9,429	6,011
Interest in associates in the consolidated financial statements	在綜合財務報表中聯營公司權益	9,429	6,011

34. GOODWILL AND INTANGIBLE ASSETS 商譽及無形資產

Goodwill and intangible assets include goodwill arising on business combinations and acquired intangible assets. Acquired intangible assets are amortised over their estimated economic useful life.

商譽及無形資產包括因業務合併產生的商譽及購入無形資產。購入無形資產按其估計經濟使用期攤銷。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Goodwill	商譽	1,474	1,474
Acquired intangible assets	購入無形資產	485	1,165
		1,959	2,639

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

34. GOODWILL AND INTANGIBLE ASSETS (continued) 商譽及無形資產(續)

(a) Goodwill

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
At 1st January	於1月1日		1,474		2,685
Audit adjustment	審計調整		-		(6)
Exercise option	行使期權		-		(7)
Reversal due to disposal	因出售轉回		-		(33)
Transfer to asset classified as assets held for sale (Note 56)	轉至分類為持有作出售資產 (附註56)		-		(1,149)
Exchange adjustments	匯兌調整		-		(16)
At 31st December	於12月31日		1,474		1,474

Note: HK\$1,149 million was transferred to assets held for sale in 2016 (see Note 56).

附註：在2016年，轉至持有作出售資產的金額為港幣11.49億元(見附註56)。

Impairment tests for cash-generating units containing goodwill

包含商譽的現金生產單位之減值測試

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segments as follows:

本集團按業務分部分配商譽予可辨識的現金生產單位如下：

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Personal banking	個人銀行		849		849
Corporate banking	企業銀行		453		453
Treasury markets	財資市場		158		158
Others	其他		14		14
			1,474		1,474

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流作估計。超過5年期間的現金流按下述的估計利率作推斷。增長率不可超過該現金生產單位所經營業務的長期平均增長率。

The discount rate used for value-in-use calculations is 8.6% (2016: 7.6%) and the long-term growth rate is 1.9% (2016: 1.9%–5.8%).

用於計算使用價值的折扣率為8.6%(2016年：7.6%)及長期增長率為1.9%(2016年：1.9%–5.8%)。

Management determined the budgeted net profit based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the internal forecasts.

管理層根據過往表現及預計市場發展以釐定預算淨溢利。所採用的加權平均增長率與內部預測是一致的。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) Intangible assets (other than goodwill)

Intangible assets consist of building naming rights only. Intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(k)(iv)).

Amortisation of intangible assets with finite useful lives is charged to the income statement over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:

Naming rights: Over the shorter of the lease period of building or land

Both the period and method of amortisation are reviewed annually.

(b) 無形資產(商譽除外)

無形資產只包括建築物命名權。無形資產按成本減除累計攤銷及減值損失列賬(附註2(k)(iv))。

有限定可用期的無形資產按其估計可用期於收益表內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

命名權按建築物或土地兩者較短的租賃期

每年須檢討其期限及攤銷方法。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cost	成本		
At 1st January	於1月1日	1,402	1,403
Exchange adjustments	匯兌調整	2	(1)
At 31st December	於12月31日	1,404	1,402
Accumulated amortisation	累計攤銷		
At 1st January	於1月1日	(237)	(205)
Amortisation charge for the year (Note 13)	年度內攤銷(附註13)	(32)	(32)
At 31st December	於12月31日	(269)	(237)
Impairment allowance	減值準備		
At 1st January	於1月1日	-	-
Charge for the year *	年度內支銷*	(650)	-
At 31st December	於12月31日	(650)	-
Carrying amount at 31st December	於12月31日賬面值	485	1,165

* Being impairment loss made on the naming rights of a building partially owned and occupied by BEA China in the Mainland which reflected the diminution in value following a recent change in government policy regulating advertising billboards.

* 該減值損失主要由於一座位於中國內地而部份樓面由東亞中國擁有及使用的大廈，其命名權的價值因政府最近頒布規管廣告招牌之政策而下落。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

35. FIXED ASSETS 固定資產

		Investment properties	Bank premises	2017 Furniture, fixtures and equipment	Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	傢俬、裝修 及設備 HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2017	於2017年1月1日	4,467	7,961	4,871	12,832	17,299
Additions	增置	-	4	405	409	409
Revaluation surplus	重估盈餘	522	-	-	-	522
Transfer from bank premises to investment properties	由行址轉入投資物業	117	(117)	-	(117)	-
Revaluation surplus on bank premises transferred to investment properties (Note 43(b))	行址重估盈餘轉入投資物業(附註43(b))	-	44	-	44	44
Less: Elimination of accumulated depreciation on revalued bank premises	減: 抵銷行址重估的累計折舊	-	(8)	-	(8)	(8)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	-	-	(34)	(34)	(34)
Reclassification	重新分類	-	(6)	6	-	-
Disposals	出售	-	(29)	(242)	(271)	(271)
Exchange adjustments	匯兌調整	1	344	143	487	488
At 31st December, 2017	於2017年12月31日	5,107	8,193	5,149	13,342	18,449
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2017	於2017年1月1日	-	1,660	3,649	5,309	5,309
Charge for the year	年度內支銷	-	157	309	466	466
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	-	(8)	-	(8)	(8)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	-	-	(25)	(25)	(25)
Reclassification	重新分類	-	(1)	1	-	-
Written off on disposal	出售時撇銷	-	(9)	(213)	(222)	(222)
Exchange adjustments	匯兌調整	-	75	104	179	179
At 31st December, 2017	於2017年12月31日	-	1,874	3,825	5,699	5,699
Net book value at 31st December, 2017	賬面淨值 於2017年12月31日	5,107	6,319	1,324	7,643	12,750
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	7,414	5,149	12,563	12,563
At Directors' valuation	按董事估值					
- 1989	- 1989年	-	779	-	779	779
At professional valuation	按專業估值					
- 2017	- 2017年	5,107	-	-	-	5,107
		5,107	8,193	5,149	13,342	18,449

Note: HK\$9 million was transferred to assets held for sale (see Note 56).

附註: 轉至持有作出售資產的金額為港幣900萬元(見附註56)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		Investment properties	Bank premises	2016 Furniture, fixtures and equipment	Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	傢俬、裝修及設備 HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2016	於2016年1月1日	4,891	8,703	5,093	13,796	18,687
Additions	增置	-	7	441	448	448
Revaluation surplus	重估盈餘	63	-	-	-	63
Transfer from investment properties to bank premises	由投資物業轉入行址	(148)	148	-	148	-
Transfer from bank premises to investment properties	由行址轉入投資物業	210	(210)	-	(210)	-
Revaluation surplus on bank premises transferred to investment properties (Note 43(b))	行址重估盈餘轉入投資物業(附註43(b))	-	141	-	141	141
Less: Elimination of accumulated depreciation on revalued bank premises	減: 抵銷行址重估的累計折舊	-	(14)	-	(14)	(14)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	(22)	(77)	(278)	(355)	(377)
Reclassification	重新分類	-	17	(17)	-	-
Disposals	出售	(480)	(440)	(236)	(676)	(1,156)
Exchange adjustments	匯兌調整	(47)	(314)	(132)	(446)	(493)
At 31st December, 2016	於2016年12月31日	4,467	7,961	4,871	12,832	17,299
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2016	於2016年1月1日	-	1,613	3,777	5,390	5,390
Charge for the year	年度內支銷	-	164	336	500	500
Elimination of accumulated depreciation on revalued bank premises	抵銷行址重估的累計折舊	-	(14)	-	(14)	(14)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	-	(7)	(151)	(158)	(158)
Reclassification	重新分類	-	15	(15)	-	-
Written off on disposal	出售時撇銷	-	(48)	(201)	(249)	(249)
Exchange adjustments	匯兌調整	-	(63)	(97)	(160)	(160)
At 31st December, 2016	於2016年12月31日	-	1,660	3,649	5,309	5,309
Net book value at 31st December, 2016	賬面淨值 於2016年12月31日	4,467	6,301	1,222	7,523	11,990
The gross amounts of the above assets are stated:	上述資產的總額列示如下:					
At cost	按成本	-	7,182	4,871	12,053	12,053
At Directors' valuation	按董事估值					
- 1989	- 1989年	-	779	-	779	779
At professional valuation	按專業估值					
- 2016	- 2016年	4,467	-	-	-	4,467
		4,467	7,961	4,871	12,832	17,299

Note: HK\$219 million was transferred to assets held for sale (see Note 56).

附註: 轉至持有作出售資產的金額為港幣2.19億元(見附註56)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

35. FIXED ASSETS (CONTINUED) 固定資產(續)

Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

物業公平價值之釐定

(i) 公平價值分級

根據《香港財務報告準則》第十三號「釐定公平價值」三級公平價值分級之分類定義，下表列示本集團於報告期末按重覆發生基準以釐定物業之公平價值。分類予每一分級之公平價值釐定取決於以下所採用的估值模式的參數之可觀察性及重要性：

第一級估值：釐定公平價值只採用第一級參數，即於釐定日在活躍市場相同資產或負債的未經調整報價。

第二級估值：釐定公平價值採用第二級參數，即不符合第一級的可觀察參數，及未採用重要的非可觀察參數。非可觀察參數是指沒有市場資料之參數。

第三級估值：釐定公平價值採用重要的非可觀察參數。

		Fair value measurements as at 31st December, 2017 categorised into			
		於2017年12月31日釐定公平價值之分類			
	Fair value at 31st December, 2017 於2017年12月31日之公平價值 HK\$ Mn 港幣百萬元	Level 1 第一級 HK\$ Mn 港幣百萬元	Level 2 第二級 HK\$ Mn 港幣百萬元	Level 3 第三級 HK\$ Mn 港幣百萬元	
Recurring fair value measurement	重覆發生的公平價值釐定				
Investment properties	投資物業				
Commercial – Hong Kong	商業 – 香港	5,092	–	–	5,092
Commercial – Others	商業 – 其他	15	–	–	15
		5,107	–	–	5,107

		Fair value measurements as at 31st December, 2016 categorised into			
		於2016年12月31日釐定公平價值之分類			
	Fair value at 31st December, 2016 於2016年12月31日之公平價值 HK\$ Mn 港幣百萬元	Level 1 第一級 HK\$ Mn 港幣百萬元	Level 2 第二級 HK\$ Mn 港幣百萬元	Level 3 第三級 HK\$ Mn 港幣百萬元	
Recurring fair value measurement	重覆發生的公平價值釐定				
Investment properties	投資物業				
Commercial – Hong Kong	商業 – 香港	4,454	–	–	4,454
Commercial – Others	商業 – 其他	13	–	–	13
		4,467	–	–	4,467

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

During the years ended 31st December, 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至2017年及2016年12月31日止年度，沒有第一級和第二級兩者之間的轉移，亦未有第三級的轉入或轉出。本集團的政策是只確認於匯報期期末公平價值分級之間發生的轉移。

All of the Group's investment properties were revalued by independent valuers as at 31st December, 2017 and 2016.

於2017年及2016年12月31日，所有本集團的投資物業均由獨立估值師估價。

Investment properties in Hong Kong were valued at HK\$5,092 million (2016: HK\$4,454 million) as at 31st December, 2017 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the financial statements as at 31st December, 2017 and it was performed on an open market value basis. Details of valuation techniques are described below:

於2017年12月31日，香港投資物業的估值為港幣50.92億元(2016年：港幣44.54億元)。該等物業由獨立估值師——特許測量師第一太平戴維斯，其僱員具香港測量師學會會士資歷並對估值物業的所在地及類別有近期經驗。估值是以公開市場價值為基礎，並已計入2017年12月31日之賬項內。估值模式詳述如下：

(ii) Information about Level 3 fair value measurements

(ii) 有關第三級釐定公平價值資料

	Valuation techniques 估值模式	Unobservable input 非可觀察輸入參數
Investment properties 投資物業	Income capitalisation approach 收入還原法	Market rental 市場租金
		Capitalisation rate 還原率
	Direct comparison approach 直接比較法	Premium (discount) on quality of the buildings 樓宇質素溢價(折扣)

Investment properties not under construction

The fair value of investment properties is determined by adoption of the Income Capitalisation Approach whereby the existing rental income of all lettable units of the property are capitalised for their respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the valuation date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the valuation date, which in turn capitalised at the market yield as expected by investors for each type of property. Due consideration has been given to expectations of the renewals of Government lease upon its expiry. The summation of the capitalised value of the term income for the leased portion, the capitalised value of the reversion income as appropriately deferred for the leased portion and the capitalised value for the vacant portion provides the market value of the property.

非正在建築中的投資物業

投資物業的公平價值是按採納收入還原法計算，其方法是將現時物業已出租單位之租金收入按其分別未到期租約條款還原，而空置單位則假設於估價日每一單位可按市值租金租出，再根據投資者預期每一類別物業之市場回報來還原。其中已顧及並預期政府之租約於期限屆滿後可續約。出租部分期間收入之還原值、已適當遞延出租部分之歸還收入的還原值及空置部分之還原值之總和計算出物業的市場價值。

The market rentals of all lettable units are made (a) by reference to the rentals fetched in the property and/or (b) by reference to the lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the market expectation from property investors. This expected return reflects implicitly the quality of the investment, the expectation of the potential for future rental growth and capital appreciation, operating costs, risk factor and the like.

所有已租出單位市場租金之計算是(a)參考由物業賺取的租金及/或(b)參考鄰近所租出之類同物業。採納之還原率是參考分析市場出售交易得出之回報及物業投資者對市場的預期。此預期回報已潛在地反映投資的質素、預期未來租金增長和資本增值的潛力、營運成本、風險因素及其他。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

35. FIXED ASSETS (CONTINUED) 固定資產(續)

Fair value measurement of properties (continued)

(ii) Information about Level 3 fair value measurements (continued)

As a supporting approach to the Income Capitalisation Approach, the Direct Comparison Approach is also adopted as a check for the valuation. Comparable sales transactions of similar properties in the locality are collected and analysed each in terms of a price per square footage. The collected comparables are then adjusted to take account of the discrepancies between the property and comparables in terms of time, location, age, building quality and the like.

The fair value measurement is positively correlated to the market rental and negatively correlated to the capitalisation rate.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

物業公平價值之釐定(續)

(ii) 有關第三級釐定公平價值資料(續)

除收入還原法外，亦採納直接比較法以核實估值。在鄰近可比較類同物業之出售交易會被收集及分析，以計算每一平方呎的價值。已收集之比較資料根據物業及可比較資料的差異，並按時間、位置、樓齡、樓宇質素及其他作調整。

釐定公平價值與市場租金有正面相互關聯及與還原率有負面相互關聯。

期間該等第三級公平價值釐定之餘額變動如下：

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Investment properties – Commercial – Hong Kong		投資物業 – 商業 – 香港			
At 1st January	於1月1日	4,454		4,330	
Transfer from bank premises to investment properties	由行址轉入投資物業	117		210	
Transfer from investment properties to bank premises	由投資物業轉入行址	–		(148)	
Revaluation surplus	重估盈餘	521		62	
At 31st December	於12月31日	5,092		4,454	
Investment properties – Commercial – People's Republic of China		投資物業 – 商業 – 中華人民共和國			
At 1st January	於1月1日	–		428	
Disposal	出售	–		(400)	
Exchange adjustments	匯兌調整	–		(28)	
At 31st December	於12月31日	–		–	
Investment properties – Commercial – Others		投資物業 – 商業 – 其他			
At 1st January	於1月1日	13		133	
Revaluation surplus	重估盈餘	1		1	
Transfer to asset classified as assets held for sale (Note 56)	轉至分類為持有作出售資產 (附註56)	–		(22)	
Disposal	出售	–		(80)	
Exchange adjustments	匯兌調整	1		(19)	
At 31st December	於12月31日	15		13	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Fair value adjustment of investment properties is recognised in the line item "valuation gains on investment properties" on the face of the consolidated income statement.

投資物業的公平價值調整在綜合收益表上之「重估投資物業盈利」項下確認。

All the gains recognised in the income statement for the year arise from the properties held at the end of the reporting period.

所有確認於年度收益表之盈利均源自於報告期結束日持有之物業。

The net book value of bank premises and investment properties comprises:

行址及投資物業的賬面淨值包括：

		2017		2016	
		Investment properties	Bank premises	Investment properties	Bank premises
		投資物業	行址	投資物業	行址
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	15	634	13	593
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	4,497	1,363	4,020	1,372
On medium-term lease (10-50 years)	中期租約(10至50年)	595	1,204	434	1,315
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	-	15	-	14
On medium-term lease (10-50 years)	中期租約(10至50年)	-	3,064	-	2,964
On short-term lease (below 10 years)	短期租約(10年以下)	-	39	-	43
		5,107	6,319	4,467	6,301

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 10 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

集團以經營租賃形式租出投資物業。租賃年期通常由1年至10年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

Rental income receivable from investment properties held for use under operating leases amounted to HK\$165 million in 2017 (2016: HK\$205 million). There was no contingent rental recognised during the year 2017 (2016: Nil).

於年內，以經營租賃形式租出的投資物業之應收租金為港幣1.65億元(2016年：港幣2.05億元)。2017年年度內未有確認或有租金(2016年：無)。

The total future minimum lease payments of bank premises and investment properties held for use under non-cancellable operating leases are receivable as follows:

以不可撤銷經營租賃作出租的行址及投資物業的未來最低應收租賃付款總額如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Within one year	1年以內	152	128
After one year but within five years	1年以後至5年內	164	118
After five years	5年以後	-	-
		316	246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

36. OTHER ASSETS 其他資產

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Notes and bonds	債券	133		–	
Accrued interest	應計利息	2,578		2,247	
Customer liabilities under acceptances	承兌客戶負債	18,309		25,084	
		21,020		27,331	
Other accounts	其他賬項	11,622		9,324	
Less: Impairment allowances	減：減值準備				
– Individual	– 個別	(14)		(85)	
– Collective	– 整體	(2)		(1)	
		11,606		9,238	
Assets held for sale (Note 56)	持有作出售資產(附註56)	466		2,506	
		33,092		39,075	

Movement of impairment allowances

減值準備的變動

		2017		2016	
		Individual	Collective	Individual	Collective
		個別	整體	個別	整體
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
At 1st January	於1月1日	85	1	19	19
New provisions charged to income statement	收益表內支銷的新準備	4	1	103	–
Net provisions released back to income statement	撥回收益表的準備淨額	(1)	–	(9)	(13)
Amounts written off	撇銷額	(70)	–	(3)	–
Recoveries	收回額	–	–	1	–
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	–	–	(25)	(6)
Exchange and other adjustments	匯兌及其他調整	(4)	–	(1)	1
At 31st December	於12月31日	14	2	85	1

Note: Individual impairment allowance and collective impairment allowance for HK\$25 million and HK\$6 million were transferred to assets held for sale in 2016 respectively (see Note 56).

附註：在2016年，轉入持有作出售資產的個別減值準備及整體減值準備的金額分別為港幣2,500萬元和港幣600萬元(見附註56)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION 財務狀況表內的所得稅

(a) Current taxation in the statement of financial position represents: (a) 資產負債表內的本期稅項為：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Provision for Hong Kong profits tax for the year	本年度香港利得稅準備	695	720
Provisional profits tax paid	已付暫繳利得稅	(664)	(550)
		31	170
Balance of profits tax provision relating to prior years	以往年度利得稅準備餘額	809	751
Taxation outside Hong Kong	在香港以外稅項	320	684
		1,160	1,605

(b) Deferred tax assets and liabilities recognised

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

(b) 遞延稅項資產及負債確認

確認於綜合財務狀況表中遞延稅項(資產)/負債的組成部分及年內之變動如下：

		2017						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
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	可供出售證券重估	稅損	其他	總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January, 2017	於2017年1月1日	218	101	(784)	72	(16)	86	(323)
Charged/(credited) to income statement	收益表內支銷/(存入)	-	-	250	-	1	(28)	223
(Credited)/charged to reserves (Notes 43(b) and (g))	儲備內(存入)/支銷(附註43(b)及(g))	-	(1)	-	65	-	-	64
Transfer to asset classified as assets held for sale (Note 56)	轉至分類為持有作出售資產(附註56)	-	-	6	-	17	2	25
Exchange and other adjustments	匯兌及其他調整	-	-	(41)	(1)	(2)	4	(40)
At 31st December, 2017	於2017年12月31日	218	100	(569)	136	-	64	(51)

Note: HK\$25 million deferred tax assets were transferred to assets held for sale (see Note 56).

附註：轉至持有作出售資產的遞延稅項資產為港幣2,500萬元(見附註56)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

財務狀況表內的所得稅(續)

(b) Deferred tax assets and liabilities recognised (continued)

(b) 遞延稅項資產及負債確認(續)

		2016						
		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
Deferred tax arising from:		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	可供出售證券重估	稅損	其他	總額
遞延稅項源自:		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January, 2016	於2016年1月1日	285	193	(270)	149	(18)	14	353
(Credited)/charged to income statement	收益表內(存入)/支銷	(64)	(80)	(549)	-	8	61	(624)
Credited to reserves (Notes 43(b) and (g))	存入儲備內(附註43(b)及(g))	-	(10)	-	(73)	-	-	(83)
Additions through acquisition	收購的增置	-	-	-	-	(6)	-	(6)
Transfer to asset classified as assets held for sale (Note 56)	轉至分類為持有作出售資產(附註56)	(3)	-	1	-	(1)	10	7
Exchange and other adjustments	匯兌及其他調整	-	(2)	34	(4)	1	1	30
At 31st December, 2016	於2016年12月31日	218	101	(784)	72	(16)	86	(323)

Note: HK\$10 million deferred tax assets and HK\$3 million deferred tax liabilities were transferred to assets held for sale and liabilities held for sale respectively (see Note 56).

附註：轉至持有作出售資產及持有作出售負債的遞延稅項資產及遞延稅項負債分別為港幣1,000萬元及港幣300萬元(見附註56)。

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Net deferred tax assets recognised on the statement of financial position	確認於財務狀況表的遞延稅項資產淨額	(602)		(785)	
Net deferred tax liabilities recognised on the statement of financial position	確認於財務狀況表的遞延稅項負債淨額	551		462	
		(51)		(323)	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$338 million (2016: HK\$691 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Expiring within 5 years	於五年內到期	-	4
Expiring more than 5 years	五年後到期	-	-
No expiry date	無到期日	338	687
		338	691

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣3.38億元(2016年：港幣6.91億元)為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下：

38. OTHER LIABILITIES 其他負債

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) Trading liabilities	(a) 交易用途負債		
Exchange fund bills sold	外匯基金票據空倉	-	50
Shares sold	股份空倉	11	-
		11	50
(b) Other liabilities	(b) 其他負債		
Accrued interest payable	應計應付利息	3,187	3,812
Acceptance draft payable	應付承兌票據	18,309	25,084
Other accounts	其他賬項	23,873	20,766
Liabilities held for sale (Note 56)	持有作出售負債(附註56)	9	426
		45,378	50,088

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

39. LOAN CAPITAL 借貸資本

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Subordinated notes, at amortised cost with fair value hedge adjustments	按攤銷成本及經公平價值對沖調整後列賬的後償票據				
USD600 million fixed rate subordinated notes due 16th July, 2020	在2020年7月16日到期的定息 (1) 6億美元後償票據 (1)		4,769		4,820
USD500 million fixed rate subordinated notes due 4th May, 2022	在2022年5月4日到期的定息 (2) 5億美元後償票據 (2)		-		3,881
SGD800 million fixed rate subordinated notes due 13th September, 2022	在2022年9月13日到期的定息 (3) 8億新加坡元後償票據 (3)		-		4,284
USD500 million fixed rate subordinated notes due 20th November, 2024	在2024年11月20日到期的定息 (4) 5億美元後償票據 (4)		3,876		3,874
USD500 million fixed rate subordinated notes due 3rd November, 2026	在2026年11月3日到期的定息 (5) 5億美元後償票據 (5)		3,768		3,749
			12,413		20,608

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

(1) Two tranches of loan capital of face value totalling HK\$4,688 million (USD600 million) and carrying amount totalling HK\$4,769 million (2016: HK\$4,820 million) were issued on 16th July, 2010 (USD450 million) and on 23rd July, 2010 (USD150 million) by the Bank. These subordinated notes carrying a coupon rate of 6.125% qualifying as Tier 2 capital are listed on the Singapore Stock Exchange and will mature on 16th July, 2020. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$6 million loss was recorded in 2017 (2016: HK\$5 million loss).

(2) On 4th May, 2017, the Bank redeemed the HK\$3,891 million (USD500 million) 6.375% subordinated notes (under the Euro Medium Term Note Programme) which were issued on 4th November, 2011 and which qualified as Tier 2 capital.

截至2017及2016年12月31日止年度內本集團對其所發行之債務證券的本金和利息並無違約或不履行。

(1) 兩宗票面值總額港幣46.88億元(6億美元)及賬面值總額港幣47.69億元(2016年:港幣48.20億元)的借貸資本,是指由本行於2010年7月16日(4.5億美元)及於2010年7月23日(1.5億美元)發行年息6.125%,並評定為二級資本的後償票據。該票據於新加坡交易所上市,並將於2020年7月16日到期。在2017年,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600萬元(2016年:港幣500萬元虧損)。

(2) 於2017年5月4日,本行贖回於2011年11月4日發行港幣38.91億元(5億美元)年息6.375%,並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

- (3) On 13th September, 2017, the Bank redeemed the HK\$4,647 million (SGD800 million) 4.25% subordinated notes (under the Euro Medium Term Note Programme) which were issued on 13th March, 2012 (SGD600 million) and 27th April, 2012 (SGD200 million) and qualified as Tier 2 capital.
- (4) Loan capital of face value of HK\$3,906 million (USD500 million) and carrying amount of HK\$3,876 million (2016: HK\$3,874 million) represents 4.25% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 20th November, 2014 by the Bank. The notes are listed on the Hong Kong Stock Exchange and will mature on 20th November, 2024. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$2 million profit was recorded in 2017 (2016: HK\$4 million loss).
- (5) Loan capital of face value of HK\$3,906 million (USD500 million) and carrying amount of HK\$3,768 million (2016: HK\$3,749 million) represents 4% subordinated notes (under the Euro Medium Term Note Programme) qualifying as Tier 2 capital issued on 3rd November, 2016 by the Bank. The notes are listed on the Hong Kong Stock Exchange and will mature on 3rd November, 2026. The notes are under fair value hedge accounting and hedge ineffectiveness of HK\$1 million profit was recorded in 2017 (2016: HK\$1 million profit).
- (3) 於2017年9月13日，本行贖回於2012年3月13日(6億新加坡元)及於2012年4月27日(2億新加坡元)港幣46.47億元(8億新加坡元)年息4.25%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。
- (4) 票面值港幣39.06億元(5億美元)及賬面值港幣38.76億元(2016年：港幣38.74億元)的借貸資本，是指由本行於2014年11月20日發行年息4.25%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於香港交易所上市，並將於2024年11月20日到期。在2017年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利港幣200萬元(2016年：港幣400萬元虧損)。
- (5) 票面值港幣39.06億元(5億美元)及賬面值港幣37.68億元(2016年：港幣37.49億元)的借貸資本，是指由本行於2016年11月3日發行年息4%，並評定為二級資本的後償票據(按歐洲形式中期票據計劃發行)。該等票據於香港交易所上市，並將於2026年11月3日到期。在2017年，因採用公平價值對沖會計法而錄得的無效對沖部分溢利港幣100萬元(2016年：港幣100萬元溢利)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

40. EQUITY SETTLED SHARE-BASED TRANSACTIONS 以股份為基礎作支付的交易

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Director(s) and Chief Executive, of the Group options to subscribe for ordinary shares of the Bank. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under the 2011 Scheme may be exercised beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date. All options were granted for nil consideration.

本行所採納的僱員認股計劃是董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。除有關計劃的規則另有規定外，根據2011年僱員認股計劃所授予的認股權的行使期限為歸屬日開始至歸屬日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of share options:

(i) Share options granted under 2011 Scheme in years 2011 to 2016:

Date of grant 授予日期	Tranche 部分	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$港幣元
05/5/2011	T1	05/5/2011–04/5/2012	05/5/2012–05/5/2017	32.00
05/5/2011	T2	05/5/2011–04/5/2013	05/5/2013–05/5/2018	32.00
05/5/2011	T3	05/5/2011–04/5/2014	05/5/2014–05/5/2019	32.00
10/5/2012	T1	10/5/2012–09/5/2013	10/5/2013–10/5/2018	28.99
10/5/2012	T2	10/5/2012–09/5/2014	10/5/2014–10/5/2019	28.99
10/5/2012	T3	10/5/2012–09/5/2015	10/5/2015–10/5/2020	28.99
03/5/2013	T1	03/5/2013–02/5/2014	03/5/2014–03/5/2019	31.40
03/5/2013	T2	03/5/2013–02/5/2015	03/5/2015–03/5/2020	31.40
03/5/2013	T3	03/5/2013–02/5/2016	03/5/2016–03/5/2021	31.40
02/5/2014	T1	02/5/2014–01/5/2015	02/5/2015–02/5/2020	32.50
02/5/2014	T2	02/5/2014–01/5/2016	02/5/2016–02/5/2021	32.50
02/5/2014	T3	02/5/2014–01/5/2017	02/5/2017–02/5/2022	32.50
04/5/2015	T1	04/5/2015–03/5/2016	04/5/2016–04/5/2021	34.15
04/5/2015	T2	04/5/2015–03/5/2017	04/5/2017–04/5/2022	34.15
04/5/2015	T3	04/5/2015–03/5/2018	04/5/2018–04/5/2023	34.15
08/4/2016	T1	08/4/2016–07/4/2017	08/4/2017–08/4/2022	28.45
08/4/2016	T2	08/4/2016–07/4/2018	08/4/2018–08/4/2023	28.45
08/4/2016	T3	08/4/2016–07/4/2019	08/4/2019–08/4/2024	28.45

(ii) Share options granted under 2011 Scheme in year 2017:

Date of grant 授予日期	Tranche 部分	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$港幣元
07/4/2017	T1	07/4/2017–06/4/2018	07/4/2018–07/4/2023	32.25
07/4/2017	T2	07/4/2017–06/4/2019	07/4/2019–07/4/2024	32.25
07/4/2017	T3	07/4/2017–06/4/2020	07/4/2020–07/4/2025	32.25

(a) 認股權詳情：

(i) 在2011年至2016年根據2011計劃所授予的認股權：

(ii) 在2017年根據2011計劃所授予的認股權：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) The number and weighted average exercise prices of share options are as follows: (b) 已行使認股權的數目及加權平均行使價如下：

		2017		2016	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均行使價	認股權數目	加權平均行使價	認股權數目
		HK\$ 港幣元	Mn 百萬	HK\$ 港幣元	Mn 百萬
Outstanding at the beginning of the year	年初結餘	31.40	32	32.10	26
Exercised during the year	年度內行使	30.14	(3)	31.40	–
Granted during the year	年度內授予	32.25	6	28.45	6
Lapsed during the year	年度內失效	32.00	(1)	–	–
Outstanding at the end of the year	年末結餘	31.64	34	31.40	32
Exercisable at the end of the year	年末可供行使	31.85	21	31.65	20

The weighted average share price at the date of exercise for share options exercised during the year was HK\$34.72 (2016: HK\$32.90).

年度內於行使認股權當日的加權平均股價為港幣34.72元(2016年：港幣32.90元)。

The options outstanding at 31st December, 2017 had an exercise price from HK\$28.45 to HK\$34.15 (2016: from HK\$28.45 to HK\$34.15) and a weighted average remaining contractual life of 3.91 years (2016: 4.03 years).

於2017年12月31日，尚未行使認股權的行使價由港幣28.45元至港幣34.15元(2016年：由港幣28.45元至港幣34.15元)，及剩餘合約年期之加權平均數為3.91年(2016年：4.03年)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

40. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

以股份為基礎作支付的交易(續)

(c) Fair value of share options and assumptions

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

(c) 認股權的公平價值及假設

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式。認股權的合約年期為該定價模式的參數。

		2017	2016
Fair value at measurement date	於計量日的公平價值		
– Tranche 1	– 部分1	HK\$港幣4.46元	HK\$港幣7.74元
– Tranche 2	– 部分2	HK\$港幣4.65元	HK\$港幣8.04元
– Tranche 3	– 部分3	HK\$港幣4.77元	HK\$港幣8.23元
Share price	股價	HK\$港幣31.95元	HK\$港幣28.00元
Exercise price	行使價	HK\$港幣32.25元	HK\$港幣28.45元
Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model)	預計波幅(以三項式期權定價模式內採用的加權平均波幅)	18.76%	38.48%
Option life	認股權年期		
– Tranche 1	– 部分1	6 years年	6 years年
– Tranche 2	– 部分2	7 years年	7 years年
– Tranche 3	– 部分3	8 years年	8 years年
Expected dividends	預計股息	3.13%–3.29%	4.54%–4.80%
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率(根據外匯基金票據)	1.22%	0.85%

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

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

預計波幅是根據過往之波幅(以認股權的加權剩餘年期計算)，再調整因公眾知悉的資訊影響未來波幅的預計變動。預計股息按過往的股息。主觀輸入假設的變動可能重大影響公平價值的估計。

認股權的授予須符合服務條件。該服務條件並未納入計算於授予日獲得服務的公平價值。授予認股權與市場情況並無關係。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

41. SHARE CAPITAL 股本

		2017		2016	
		No. of shares		No. of shares	
		股份數目		股份數目	
		Mn 百萬	HK\$ Mn 港幣百萬元	Mn 百萬	HK\$ Mn 港幣百萬元
Ordinary shares, issued and fully paid:	已發行及繳足普通股：				
At 1st January	於1月1日	2,703	35,490	2,641	33,815
Shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份	3	93	-	11
Transfer of the fair value of options from capital reserve – share options issued (Note 43(f))	認股權的公平價值轉自資本儲備 – 已發行認股權(附註43(f))	-	17	-	1
Shares issued in lieu of dividend	以股代息發行的股份	59	1,927	62	1,663
At 31st December	於12月31日	2,765	37,527	2,703	35,490

Pursuant to the approved Staff Share Option Schemes (the “Schemes”), options to purchase ordinary shares in the Bank were granted to eligible employees. Except as provided otherwise in the rules of the relevant Scheme(s), share options granted under 2011 Scheme will be exercisable on the Vesting Date and ending on the fifth anniversary of the Vesting Date.

Shares issued under Staff Share Option Schemes

During the year, options were exercised to subscribe for 3 million ordinary shares in the Bank at a consideration of HK\$93 million which was credited to share capital account. HK\$17 million has been transferred from the capital reserve to the share capital account in accordance with policy set out in Note 2(q)(iv).

根據已核准的僱員認股權計劃(「計劃」)，認股權授予合格僱員以認購本行的普通股股份。除在有關計劃的規則另有規定外，根據2011僱員認股計劃所授予的認股權的行使期限則由歸屬日開始至歸屬日的第5周年止。

根據僱員認股權計劃發行的股份

年度內，已行使認股權以認購本行普通股300萬股之代價為港幣9,300萬元，並已存入股本。根據會計政策附註2(q)(iv)所載，已由資本儲備轉撥港幣1,700萬元往股本內。

42. ADDITIONAL EQUITY INSTRUMENTS 額外股本工具

		2017		2016	
		HK\$ Mn 港幣百萬元		HK\$ Mn 港幣百萬元	
Additional Tier 1 Capital Securities	額外一級資本工具				
USD650 million undated non-cumulative subordinated capital securities (1)	6.50億美元無到期日非累積後償資本證券 (1)		5,016		5,016
USD500 million undated non-cumulative subordinated capital securities (2)	5億美元無到期日非累積後償資本證券 (2)		3,878		-
			8,894		5,016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

42. ADDITIONAL EQUITY INSTRUMENTS (CONTINUED) 額外股本工具(續)

- (1) On 2nd December, 2015, the Bank issued undated non-cumulative subordinated capital securities with a face value of US\$650 million (equivalent to HK\$5,016 million net of related issuance costs). The Additional Tier 1 Capital Securities are undated and bear a 5.50% coupon until the first call date on 2nd December, 2020. The coupon will be reset every five years if the Additional Tier 1 Capital Securities are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 3.834% per annum. The coupon payments may be cancelled at the sole discretion of the Bank. The Additional Tier 1 Capital Securities will be written down if a non-viability event occurs and is continuing. They rank higher than ordinary shares in the event of a winding-up.

The first scheduled coupon payment date was 2nd June, 2016 and the coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

The Bank has a call option to redeem all the outstanding capital securities from 2nd December, 2020 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

- (2) On 18th May, 2017, the Bank issued undated non-cumulative subordinated 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% 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.

The first scheduled coupon payment date was 18th November, 2017 and the coupon shall be payable semi-annually. The Bank has the right to cancel coupon payment (subject to the requirement as set out in the terms and conditions of the Additional Tier 1 Capital Securities) and the coupon cancelled shall not be cumulative. However, the Bank is stopped from declaring dividend to its ordinary shareholders unless the next scheduled coupon payment is paid.

- (1) 於2015年12月2日，本行發行面值6.5億美元(扣除有關發行成本後等值港幣50.16億元)無到期日非累積後償資本工具「額外一級資本工具」。該額外一級資本工具是無到期日及附帶5.50%息率，直至2020年12月2日的第一次收回日。如該額外一級資本工具並非按相等於當時五年期美國庫券息率加年息3.834%之固定利率贖回，息率將會按每五年重新釐定。本行可自行決定是否取消支付利息。如出現一項無法經營事件並將繼續，該額外一級資本工具將會被撤銷。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。

第一次預定利息支付日為2016年6月2日，而利息將按每半年支付。本行有權取消支付利息(但須受該額外一級資本工具已列載之條款及細則所規限)及已取消之利息是不可累積的。除非下次預定利息經已支付，本行是禁止宣布派發股息予普通股股東。

如金管局通知本行並認為本行如不撤銷本金將無法繼續經營，該額外一級資本工具之本金將會按與經金管局協商後或接受其指令下撤銷。

由2020年12月2日起或以後任何利息支付日，本行可行使購入權以贖回所有現存的資本工具，但須受已列載之條款及細則所規限。

- (2) 於2017年5月18日，本行發行面值5億美元(扣除有關發行成本後等值港幣38.78億元)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%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繼續，該額外一級資本工具將會被撤銷。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。

第一次預定利息支付日為2017年11月18日，而利息將按每半年支付。本行有權取消支付利息(但須受該額外一級資本工具已列載之條款及細則所規限)及已取消之利息是不可累積的。除非下次預定利息經已支付，本行是禁止宣布派發股息予普通股股東。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The principal of the Additional Tier 1 Capital Securities will be written off up to the amount as directed or agreed with the HKMA if the HKMA notifies the Bank that in the opinion of the HKMA, the Bank would become non-viable if there is no written off of the principal.

The Bank has a call option to redeem all the outstanding capital securities from 18th May, 2022 or any subsequent coupon payment date, but subject to restriction as set out in the terms and conditions.

如金管局通知本行並認為本行如不撇銷本金將無法繼續經營，該額外一級資本工具之本金將會按與經金管局協商後或接受其指令下撇銷。

由2022年5月18日起或以後任何利息支付日，本行可行使購入權以贖回所有現存的資本工具，但須受已列載之條款及細則所規限。

43. RESERVES 儲備

		The Group 集團		The Bank 銀行	
		2017		2017	
		2016	2016	2016	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) General reserve	(a) 一般儲備				
At 1st January	於1月1日	14,035	13,953	13,444	13,441
Transferred from property revaluation reserve on disposals	出售後轉自物業重估儲備	16	62	16	3
Transfer from retained profits	撥自留存溢利	9	20	-	-
At 31st December	於12月31日	14,060	14,035	13,460	13,444
(b) Revaluation reserve on bank premises	(b) 行址重估儲備				
At 1st January	於1月1日	1,728	1,639	1,739	1,591
Recognition of deferred tax assets (Note 37(b))	確認遞延稅項資產 (附註37(b))	1	10	1	10
Transferred to general reserve on disposals	出售後轉入一般儲備	(16)	(62)	(16)	(3)
Revaluation surplus on bank premises transferred to investment properties	行址重估盈餘轉入投資物業	44	141	22	141
At 31st December	於12月31日	1,757	1,728	1,746	1,739
(c) Statutory reserves	(c) 法定儲備				
At 1st January	於1月1日	5,199	4,710	-	-
Transfer (to)/from retained profits	(撥入)/撥自留存溢利	(308)	489	-	-
At 31st December	於12月31日	4,891	5,199	-	-
(d) Capital reserve	(d) 資本儲備				
At 1st January	於1月1日	230	230	-	-
Transfer from retained profits	撥自留存溢利	-	-	-	-
At 31st December	於12月31日	230	230	-	-
(e) Exchange revaluation reserve	(e) 匯兌重估儲備				
At 1st January	於1月1日	(2,275)	(162)	(64)	6
Exchange adjustments	匯兌調整	2,762	(2,113)	191	(70)
At 31st December	於12月31日	487	(2,275)	127	(64)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

43. RESERVES (CONTINUED) 儲備(續)

		The Group 集團		The Bank 銀行	
		2017		2017	
		2016		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
(f) Capital reserve – staff share options issued	(f) 資本儲備—已發行僱員認股權				
At 1st January	於1月1日	124	90	124	90
Transfer of the fair value of options to share capital (Note 41)	認股權公平價值撥入股本(附註41)	(17)	(1)	(17)	(1)
Forfeited options transferred to retained profits	已註銷認股權轉入留存溢利	(8)	–	(8)	–
Additions	增加	36	35	36	35
At 31st December	於12月31日	135	124	135	124
(g) Investment revaluation reserve	(g) 投資重估儲備				
At 1st January	於1月1日	1,359	1,383	1,260	921
Changes in fair value of securities	證券的公平價值變動	1,491	12	842	370
Reversal upon disposal (Note 15)	於出售時轉回(附註15)	(1,320)	(136)	(870)	(28)
Recognition of deferred tax assets/(liabilities) (Note 37(b))	確認遞延稅項資產/(負債)(附註37(b))	(65)	73	(103)	1
Impairment loss and amortisation	減值損失及攤銷	–	27	(3)	(4)
At 31st December	於12月31日	1,465	1,359	1,126	1,260
(h) Other reserves	(h) 其他儲備				
At 1st January	於1月1日	94	(44)	–	–
Purchase of interests in businesses from non-controlling interests investors	向非控股權益投資者購入商業權益	–	(9)	–	–
Share of changes in equity of associates	應佔聯營公司權益的變動	(54)	147	–	–
At 31st December	於12月31日	40	94	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		The Group 集團		The Bank 銀行	
		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
(i)	Retained profits				
	At 1st January	22,447	21,799	10,838	8,334
	Net profit for the year	9,347	3,723	9,381	4,853
	Transfer to general reserve	(9)	(20)	-	-
	Transfer from/(to) statutory reserve	308	(489)	-	-
	Premium paid for partial bought back/ redemption of Hybrid Tier 1 capital instruments	-	(6)	-	-
	Forfeited options transferred to retained profits	8	-	8	-
	Dividends (Note 19)				
	- Interim dividend	(1,854)	(751)	(1,854)	(751)
	- Second interim dividend in respect of prior year	(757)	(1,320)	(757)	(1,320)
	- Hybrid Tier 1 capital instruments	(211)	(211)	-	-
	- Additional Tier 1 capital instruments	(389)	(278)	(389)	(278)
	At 31st December	28,890	22,447	17,227	10,838
(j)	Total reserves	51,955	42,941	33,821	27,341

General reserve was set up from the transfer of retained earnings and the realised revaluation surplus on disposal of properties.

一般儲備的建立，包括來自留存溢利及出售物業時的已實現重估盈餘。

Revaluation reserve on bank premises and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises and foreign currency translation.

行址及匯兌重估儲備的建立及處理是根據重估行址和外幣折算所採用的會計政策。

Statutory reserves are set up to satisfy the statutory requirements of certain overseas subsidiaries and associates mainly for the purpose of covering unidentified potential losses on risk assets in addition to those recognised under the prevailing accounting requirements in their jurisdictions.

法定儲備是用作滿足若干海外附屬公司及聯營公司之法定要求，主要用途為除按當地現行會計要求下已確認而需額外涵蓋風險資產的不可辨別之可能損失。

Capital reserve represents the capitalisation of subsidiaries' and associates' reserves.

資本儲備指附屬公司及聯營公司儲備的資本化發行。

Capital reserve – staff share options issued comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Bank recognised in accordance with the accounting policy adopted for share based payment in Note 2(q)(iv).

資本儲備(已發行僱員認股權)包括根據已採納有關附註2(q)(iv)所載以股份為基礎作支付的會計政策確認授予本行僱員之實際或估計未行使認股權數目的公平價值。

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities held until the securities are derecognised and is dealt with in accordance with the accounting policies in Notes 2(f) and (k).

投資重估儲備包括持有可供出售證券直至證券被終止確認的累計公平價值變動淨額，有關處理的會計政策已詳載於附註2(f)和(k)。

Other reserves represent share of changes in equity of associates in respect of investment revaluation reserve and revaluation reserve of bank premises.

其他儲備包括應佔聯營公司權益之投資重估儲備及重估行址儲備的變動。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

43. RESERVES (CONTINUED) 儲備(續)

A regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the HKMA. As at 31st December, 2017, HK\$4,062 million (2016: HK\$4,372 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the HKMA.

At 31st December, 2017 the aggregate amount of reserves available for distribution to equity holders of the Bank was HK\$24,928 million (2016: HK\$18,608 million). After the end of the reporting period the directors declared a second interim dividend of HK\$0.60 per ordinary share (2016: HK\$0.28 per share), amounting to HK\$1,659 million (2016: HK\$757 million). The dividend has not been recognised as a liability at the end of the reporting period.

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減值損失金額。經諮詢金管局後，儲備的變動已直接在留存溢利內劃定。於2017年12月31日，留存溢利中包括與此有關屬可派發予本集團股東港幣40.62億元(2016年：港幣43.72億元)，但派發前須諮詢金管局。

於2017年12月31日，可派發予本行股東的儲備總額為港幣249.28億元(2016年：港幣186.08億元)。在報告期結束後董事宣布派發第二次中期股息每股普通股港幣0.60元(2016年：每股港幣0.28元)，總額達港幣16.59億元(2016年：港幣7.57億元)。於報告期結束日並未確認該股息為負債。

44. NON-CONTROLLING INTERESTS 非控股權益

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
At 1st January	於1月1日		3,189		3,212
– final dividend in respect of previous year	– 上年度末期股息		(31)		(60)
– interim dividend in respect of current year	– 本年度中期股息		(1,391)		–
– partial redemption of Hybrid Tier 1 capital instruments	– 贖回部分混合一級資本工具		–		(45)
Purchase of interests in businesses from non-controlling interests investors	向非控股權益投資者購入商業權益		–		7
Decrease in non-controlling interests arising from capital reduction of a subsidiary	– 附屬公司減本而導致非控股權益減少		(135)		–
Change of ownership in subsidiaries	附屬公司之擁有權變動		(18)		–
Other comprehensive income	其他全面收益		56		(31)
Profit for the year	年度內溢利		1,168		106
At 31st December	於12月31日		2,838		3,189

The non-controlling interests include HK\$2,487 million (2016: HK\$2,469 million) of Hybrid Tier 1 capital instruments.

非控股權益包括港幣24.87億元(2016年：港幣24.69億元)的混合一級資本工具。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The Hybrid Tier 1 capital instruments comprising step-up subordinated notes (“Notes”) of face value HK\$2,487 million (USD318 million) and carrying amount of HK\$2,728 million at bank level (2016: face value HK\$2,469 million (USD318 million)) and carrying amount of HK\$2,799 million at bank level) and non-cumulative preference shares (“Innovate Preference Shares”) of HK\$2,487 million (USD318 million) (2016: HK\$2,469 million (USD318 million)) were issued respectively by the Bank and by Innovate Holdings Limited, a wholly owned subsidiary of the Bank, on 5th November, 2009. The Notes bear a fixed interest rate of 8.5% per annum and will mature on 5th November, 2059. The Innovate Preference Shares are perpetual securities on which no dividend is payable. The Notes and the Innovate Preference Shares are listed, and traded together as units, on the Singapore Stock Exchange. The Hybrid Tier 1 capital instruments are qualified as Additional Tier 1 capital of the Bank and the Group. In the consolidated financial statements, the Notes are eliminated and the Innovate Preference Shares are classified as non-controlling interests.

In 2016, the Bank bought back HK\$45 million Hybrid Tier 1 capital instruments which are classified as non-controlling interests in the consolidated financial statements. The purchase premium of HK\$6 million paid in excess of the carrying amount of the non-controlling interests acquired was charged to retained profits.

混合一級資本工具包括分別由本行發行面值港幣24.87億元(3.18億美元)及在銀行層面之賬面值港幣27.28億元(2016年：面值港幣24.69億元(3.18億美元)及銀行層面之賬面值港幣27.99億元)步陞後償票據(「票據」)及由本行一全資附屬公司Innovate Holdings Limited所發行賬面值港幣24.87億元(3.18億美元)(2016年：賬值港幣24.69億元(3.18億美元))非累積優先股份(「Innovate」優先股)，發行日期為2009年11月5日。該票據之固定利率為年息8.5%，並將於2059年11月5日到期。Innovate優先股份是毋須支付股息之無到期日證券。該票據及Innovate優先股份是於新加坡交易所上市及以單位組合形式交易。混合一級資本工具已被評定為本行及本集團的額外一級資本。在綜合財務報表中，票據已被抵銷及Innovate優先股份則被分類為非控股權益。

在2016年，本行回購港幣4,500萬元於綜合財務報表中分類為非控股權益之混合一級資本工具。支付超過購入非控股權益賬面值之溢價港幣600萬元經已於留存溢利中支銷。

45. PRINCIPAL RISK MANAGEMENT 主要風險管理

This section presents information on the Group’s management of principal risks.

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

The RIC stands at the highest level of the Group’s risk governance structure under the Board. It consists of four INEDs (including the Chairman of the Committee) and two NEDs. The RIC provides direct oversight over the formulation of the Group’s institutional risk appetite, and sets the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

本部分載述有關本集團主要風險管理的資料。

按照金管局及其他監管者發出的規定，本集團已建立一個有效的風險管治及管理架構。該架構的構造令董事會及高層管理人員能夠以適當授權和制衡履行彼等的風險管理相關職責。該等職責包括根據本集團的業務策略及目標設定風險偏好、制定風險政策以管理上述策略的執行，並設立風險審批、控制、監控及補救的程序及限制。

風險委員會為本集團僅次於董事會的最高風險管治機構，成員包括四名獨立非執行董事(其中一名為委員會主席)及兩名非執行董事。風險委員會直接監督本集團機構風險偏好的制定，並設定本集團就其財務能力、策略性指引、目前市況及監管要求而言可承擔的風險水平。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

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

The Crisis Management Committee and Risk Management Committee comprise the Senior Management and the Group Chief Risk Officer.

The Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee comprise the Senior Management, the Group Chief Risk Officer and where appropriate senior executives from the relevant areas.

The Group has implemented an ERM framework. The ERM framework is promulgated with the objectives of identifying and managing potential risks in a holistic and effective manner, fulfilling the HKMA's higher expectation for risk management of the Group as a Domestic Systemically Important Bank, and reinforcing the "Three Lines of Defence" risk management model.

The Group has adopted a "Three Lines of Defence" risk management structure to ensure that roles and responsibilities in regard to risk management within the Group are clearly defined. The "Three Lines of Defence" model is summarised as follows:–

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

風險委員會亦確保本集團的風險偏好反映於政策及程序上，讓高層管理人員及處級主管行使其業務職能時採納。透過本集團各管理委員會(包括危機管理委員會、風險管理委員會、信貸委員會、資產負債管理委員會及營運風險管理委員會)，及在風險管理處的整體協調下，風險委員會定期檢討本集團的風險管理架構，確保根據現有政策及運用適當資源完成所有與風險相關的重要任務。

危機管理委員會及風險管理委員會由高層管理人員和集團風險總監組成。

信貸委員會、資產負債管理委員會及營運風險管理委員會由高層管理人員、集團風險總監及(在適當情況下)其他有關方面的高級行政人員組成。

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

為確保風險管理角色與責任於本集團內分工明確，本集團已採納「三道防線」風險管理架構。以下為「三道防線」模式之概要：–

- 第一道防線為「風險負責人」，由總行各處級主管及各重要附屬公司主管，連同其屬下職員組成，主要負責其單位的日常風險管理，包括特定風險管理機制及具體程序的設立及執行。
- 第二道防線為「風險監控人」，由總行指定處級／部級主管組成。在其單位的支援下，風險監控人負責制定風險管理管治架構、獨立監督風險及輔助各管理委員會監控風險管理。
- 第三道防線為稽核處。稽核處負責為本集團風險管理架構(包括風險管治安排)的有效性提供保證。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The Group Chief Risk Officer coordinates all risk management-related matters of the Group, works closely with the Risk Controllers on the formulation of risk management policies and exercises risk oversight at the Group level through a functional working relationship with all Risk Controllers and Risk Owners.

The Group faces a variety of risks that could affect its franchise, operations, and financial conditions. Under the ERM framework, the principal risks include credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk, technology risk, business continuity risk, and new product and business risk.

The Group has formulated policies to identify, measure, monitor, control, and report on the various types of risk and, where appropriate, to allocate adequate capital to cover those risks. The Group's major risk management policies and control limits are approved by the Board and are monitored and regularly reviewed and enhanced on a regular basis to cater for market changes, statutory requirements, and best practices in risk management processes. The Board has delegated the responsibility for on-going risk management to the RIC and the management committees. Significant risk management-related issues must be reported to the Board, which oversees risk management. Moreover, on a daily basis, the Group Chief Risk Officer is responsible for overseeing the Bank Group's risk management issues which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources.

Stress testing is an integral part of the Group's risk management. The Group regularly performs stress-tests on the principal risks, where appropriate, to assess the potential impact of stressed business conditions (including hypothetical situations such as a significant economic downturn in Mainland China and Hong Kong) on the Group's financial positions, in particular, capital adequacy, profitability, and liquidity. Whenever necessary, a prompt management response will be developed and executed to mitigate potential impacts.

(a) Credit risk management

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

The Credit Committee is responsible for managing all credit risk-related issues of the Group, while the Credit Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to credit risk. The Group identifies and manages credit risk by defining the target market segment, formulating appropriate credit policies, carrying out credit assessment and monitoring of asset quality. Credit risk control limits are set for different levels. Risk, return, and market situation are considered when setting all limits. Active limit monitoring is undertaken.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

集團風險總監協調本集團所有風險管理相關事務，與各風險監控人就風險管理政策的制定緊密協作，並透過與所有風險監控人及風險負責人的職能工作關係，在集團層面監督風險。

本集團面臨可能影響其品牌、營運及財務狀況的各類風險。在企業風險管理架構下，主要風險包括信貸風險、利率風險、市場風險、流動資金風險、營運風險、信譽風險、策略性風險、法律風險、合規風險、科技風險、持續業務運作風險及新產品及業務風險。

本集團已制定政策，以識別、衡量、監察、控制及匯報各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團的主要風險管理政策及控制限額由董事會批准，並且受到監控及定期檢討優化，以符合市場轉變及法定要求，及達致風險管理程序的最佳做法。董事會已將持續管理風險的責任授予風險委員會及管理委員會。與重要風險管理相關的事項須上報至監督風險管理的董事會。此外，集團風險總監的日常職責為監督集團風險管理相關事項，包括但不限於風險管理基礎架構及策略、風險偏好、風險管治文化及有關資源。

壓力測試為本集團風險管理的重要部分。本集團定期對相關的主要風險進行壓力測試，評估受壓營商環境(包括中國內地及香港出現嚴重經濟下滑等假設情景)對本集團的財務狀況，尤其是資本充足、盈利能力及流動資金，可能產生的影響。有需要時，管理層亦會果斷制定並執行應對措施以減低潛在影響。

(a) 信貸風險管理

信貸風險是指因借款人或交易對手未能履行其責任而導致損失的風險。

信貸委員會負責管理所有與本集團信貸風險有關的事項，而本集團風險管理處轄下的信貸風險管理部則負責監察與信貸風險有關的活動。本集團透過設定目標市場、制定適當的信貸政策、進行信貸評核，以及監控資產素質，來識別和管理信貸風險。信貸風險控制限額設有不同層次。釐定所有限額時會考慮風險、回報及市場情況，並且採用積極限額監控程序。

在評估與個別客戶或交易對手相關的信貸風險時，其財政實力以及還款能力是主要的考慮因素。此外，客戶或交易對手所提供的抵押品亦有助減低信貸風險。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(a) Credit risk management (continued)

The Group has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit underwriting criteria, credit monitoring processes, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practices in risk management processes.

The Group's credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and bank credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are used. To monitor credit concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of internal rating system and formulation of credit policies are primarily based on the demographic factors and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit risk of treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate and bank credit risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

(a) 信貸風險管理(續)

本集團已制定多項政策、程序及評級系統，以識別、衡量、監察、控制及匯報信貸風險。在此方面，本集團已將信貸風險管理指引詳列於集團的信貸風險管理手冊內，對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收程序及撥備政策訂下規定。本集團持續檢討和改善該等指引，以配合市場轉變及有關法定要求，及達致風險管理程序的最佳做法。

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定適用於所有交易對手的內部評級系統。監管分類準則尤其適用於歸類為專門性借貸的風險承擔。為監控信貸集中的風險，本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

本集團持續進行多個層次的信貸分析和監控。有關政策旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括人口結構因素和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

(iii) 財資交易的信貸風險

本集團採用企業及銀行信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(iv) Credit-related commitment

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

(v) Master netting arrangements

To mitigate credit risks, the Group enters into master netting arrangements with same counterparties. Netting agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position.

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

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請、組合保存和抵押要求。

(v) 淨額結算總安排

本集團與其相同對手簽訂淨額結算總安排以減低信貸風險。若發生違約事件，根據淨額結算協議，所有與該對手之交易會終止及所有結餘金額以淨額結算。除發生違約事件外，所有與對手之交易會以總額結算及在財務狀況表中的資產和負債通常不會互相抵銷。

下表列示受抵銷、具法律效力之淨額結算總安排及相近協議約束的金融工具詳情。

		2017				
		Gross amounts of recognised financial assets	liabilities set off in the statement of financial position 於財務 狀況表中 抵銷之 已確認金融 負債總額 HK\$ Mn 港幣百萬元	Net amounts of financial assets presented in the statement of financial position 於財務 狀況表中 列示的金融 資產淨額 HK\$ Mn 港幣百萬元	Related financial instruments that are not set off 未有於 相關金融 工具中抵銷 之金額 HK\$ Mn 港幣百萬元	Net amount 淨額 HK\$ Mn 港幣百萬元
Assets	資產					
Positive fair value of derivatives	衍生工具的正公平價值	38	-	38	(34)	4
Other accounts	其他賬項	1,164	(763)	401	-	401
Total	總額	1,202	(763)	439	(34)	405

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(a) Credit risk management (continued)

(v) Master netting arrangements (continued)

(a) 信貸風險管理(續)

(v) 淨額結算總安排(續)

		2017				
		Gross amounts of recognised financial liabilities	Gross assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related financial instruments that are not set off	Net amount
		已確認金融負債總額	已確認金融資產總額	於財務狀況表中抵銷之金融負債淨額	未有於相關金融工具中抵銷之金額	淨額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Liabilities	負債					
Negative fair value of derivatives	衍生工具的負公平價值	69	-	69	(34)	35
Other accounts	其他賬項	763	(763)	-	-	-
Total	總額	832	(763)	69	(34)	35

		2016				
		Gross amounts of recognised financial assets	Gross liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related financial instruments that are not set off	Net amount
		已確認金融資產總額	已確認金融負債總額	於財務狀況表中抵銷之金融資產淨額	未有於相關金融工具中抵銷之金額	淨額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Assets	資產					
Positive fair value of derivatives	衍生工具的正公平價值	44	-	44	(21)	23
Other accounts	其他賬項	431	(369)	62	-	62
Total	總額	475	(369)	106	(21)	85

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		2016					
		Gross amounts of recognised financial liabilities		Net amounts of financial liabilities presented in the statement of financial position		Related financial instruments that are not set off	Net amount
		Gross amounts of recognised financial liabilities		Gross assets set off in the statement of financial position			
		已確認金融負債總額		已確認金融資產總額			
		HK\$ Mn 港幣百萬元		HK\$ Mn 港幣百萬元			
Liabilities		負債					
Negative fair value of derivatives	衍生工具的負公平價值	130	-	130	(21)	109	
Other accounts	其他賬項	369	(369)	-	-	-	
Total	總額	499	(369)	130	(21)	109	

(vi) Concentrations of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's credit portfolio is diversified along geographic, industry and product sectors. For analysis of loans and advances to customers by industry sectors and geographical areas, please refer to Notes 29(c) and 29(d) respectively.

The Group monitors its credit concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(vi) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地區、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的信貸組合分散覆蓋不同地區、行業和產品。有關按行業分類及區域分類的客戶貸款及墊款，請分別參閱附註29(c)及29(d)。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(a) Credit risk management (continued)

(vii) Maximum exposure

The maximum exposure to credit risk at the end of the reporting period without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

(a) 信貸風險管理(續)

(vii) 最高風險

於報告期結束日並未計算任何抵押品或其他信貸提升的最高信貸風險，即指每一項已減除任何減值準備的金融資產在財務狀況表的賬面值。最高風險摘要如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	59,382	64,414
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	53,609	44,052
Trade bills	貿易票據	13,909	11,939
Trading assets	交易用途資產	3,999	3,128
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	3,879	3,330
Positive fair value of derivatives	衍生工具的正公平價值	11,335	8,938
Loans and advances to customers	客戶貸款及墊款	470,339	450,445
Available-for-sale financial assets	可供出售金融資產	116,734	106,964
Held-to-maturity investments	持至到期投資	9,798	5,663
Other assets	其他資產	32,843	38,830
Financial guarantees and other credit related contingent liabilities	財務擔保及其他與信貸有關的或然負債	14,626	19,464
Loan commitments and other credit related commitments	貸款承擔及其他與信貸有關的承擔	204,442	198,789
		994,895	955,956

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(viii) Credit quality of loans and advances

Loans and advances to banks are only made to banks with good credit standing. The credit quality of loans and advances to customers can be analysed as follows:

(viii) 貸款及墊款的信貸質素

銀行貸款及墊款只提供予信貸信譽優良之銀行。客戶貸款及墊款的信貸質素分析如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers	客戶貸款及墊款總額		
– neither past due nor impaired	– 無逾期及減值	468,183	446,965
– past due but not impaired	– 有逾期但未有減值	416	510
– impaired	– 已減值	5,177	6,767
		473,776	454,242

Of which:

其中：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are neither past due nor impaired	無逾期及減值的客戶貸款及墊款總額		
– pass	– 合格	463,081	438,607
– special mention	– 需要關注	5,102	8,358
		468,183	446,965

The Group classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the HKMA.

本集團根據用作匯報予金管局的貸款分類系統以分類貸款。

The ageing analysis of loans and advances to customers that are past due but not impaired is as follows:

已逾期但未有減值之客戶貸款及墊款的年期分析如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are past due but not impaired	有逾期但未有減值的客戶貸款及墊款總額		
– overdue 3 months or less	– 逾期3個月或以下	416	510

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$108 million as at 31st December, 2017 (2016: HK\$108 million).

於2017年12月31日，假如並未重訂條款而可能變作逾期或減值貸款及墊款的金額為港幣1.08億元(2016年：港幣1.08億元)。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(a) Credit risk management (continued)

- (ix) Credit quality of financial assets other than loans and advances
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:

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Aaa	Aaa	7,120		6,613	
Aa1 to Aa3	Aa1 至 Aa3	26,393		20,760	
A1 to A3	A1 至 A3	46,820		39,405	
Baa1 to Baa3	Baa1 至 Baa3	34,482		29,951	
Below Baa3	Baa3 以下	2,361		2,489	
Sub-total for Rated	有評級小計	117,176		99,218	
Unrated	無評級	17,367		19,867	
Total	總額	134,543		119,085	

At the end of the reporting period, the credit quality of the counterparties to which there were exposures arising from positive fair value of derivatives is as follows:

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Aa1 to Aa3	Aa1 至 Aa3	664		1,314	
A1 to A3	A1 至 A3	2,214		3,527	
Baa1 to Baa3	Baa1 至 Baa3	4,620		1,572	
Below Baa3	Baa3 以下	56		533	
Unrated	無評級	3,781		1,992	
Total	總額	11,335		8,938	

(a) 信貸風險管理(續)

- (ix) 非貸款及墊款金融資產的信貸質素
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：

於報告期結束日，以下由衍生工具的正公平價值所產生之風險的對手信貸質素分析如下：

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(x) Collateral and other credit enhancements

The Group has established guidelines on the acceptability of various classes of collateral and determined the corresponding valuation parameters. The guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management.

The extent of collateral coverage over the Group's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees. Collateral generally is not held over balances and placements with banks and other financial institutions, and loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. The Group takes possession of collateral through court proceedings or voluntary delivery of possession by the borrowers during the course of the recovery of impaired loans and advances. These repossessed assets are reported in the statement of financial position within "other assets" (Note 2(m)). If the recovery from the repossessed assets exceeds the corresponding exposure, the surplus fund is made available either to repay the borrower's other secured loans with lower priority or is returned to the borrower.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-based securities and similar instruments, which are secured by pools of financial assets. However the credit risk may be implicit in the terms or reflected in the fair value of the corresponding instruments.

The Group's preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults or following other pre-agreed termination events. It is also common for the Group to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty under which collateral is passed between the parties to mitigate the market contingent counterparty risk inherent in the outstanding position.

For contingent liabilities and commitments that are unconditionally cancellable (Note 47), the Group will assess the necessity to withdraw the credit line when there is a concern over the credit quality of the customers. Accordingly, the exposure to significant credit risk is considered as minimal. For commitments that are not unconditionally cancellable, the Group assesses the necessity of collateral depending on the type of customer and the product offered.

(x) 抵押品及其他信用提升

本集團已制訂可接受不同類別抵押品的指引，並釐定相關估值參數。本集團會定期檢討指引及抵押品估值參數，以確保信貸風險管理的成效。

本集團客戶貸款及墊款的抵押品範圍視乎客戶類別及所提供產品而定。抵押品類別包括住宅物業(以物業按揭形式)、其他物業、其他登記抵押資產、現金存款、備用信用證及擔保。除持有用作反向回購及證券借貸活動的抵押品外，在銀行及其他金融機構的結存及存款，以及銀行貸款及墊款一般不需要抵押品。在收回減值貸款及墊款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品。該等收回資產於財務狀況表中以「其他資產」列賬(附註2(m))。倘從收回資產所得之追收額超出相關風險承擔時，則會使用盈餘資金償還借款人優先次序較低的已抵押貸款或退回予借款人。

持有用作非貸款及墊款金融資產的抵押品，是按照工具之性質決定。除以一籃子金融資產作抵押的資產融資證券及相同工具外，債務證券、庫券及其他認可票據一般俱屬無抵押的。然而，信貸風險可能隱含於相關工具的條款內或於相關工具的公平價值中反映。

ISDA的主合約為本集團處理衍生交易文件的優先合約，當中涵蓋合約框架，而在合約框架之下，本集團可進行一系列的場外產品交易活動，如其中一方違約或發生其他預先協定的終止事件，則按合約約束參與者以淨額結算合約涵蓋的所有未履行交易。本集團亦會在簽訂ISDA的主合約的同時，與交易對手簽訂信貸附約，據此，抵押品可於訂約方之間轉交，以降低出現在未履約情況下的內在市場或然交易對手風險。

對於或然負債及可無條件取消的承擔(附註47)，如本集團對客戶的信貸質素有疑慮，則會評估是否需要撤回信貸額。因此，本集團面臨重大信貸風險機會視為微乎其微。對於不可無條件取消的承擔，本集團會視乎客戶類別及所提供產品評估是否需要進行抵押。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(a) Credit risk management (continued)

(x) Collateral and other credit enhancements (continued)

The lower of gross loan amount and the estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Fair value of collateral and other credit enhancements held against financial assets that are:	持有作抵押金融資產之抵押品及其他信用提升的公平價值如下：				
- neither past due nor impaired	- 無逾期及減值		306,668		310,498
- past due but not impaired	- 有逾期但未有減值		408		466
			307,076		310,964

(b) Market risk management

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

The Asset and Liability Management Committee deals with all market risk-related issues of the Group. It is also responsible for conducting a regular review of interest rate trends and deciding the corresponding future business strategy. The Asset and Liability Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to market risk.

The use of derivatives for proprietary trading and the sale of derivatives to customers as risk management products are integral parts of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivatives instruments used by the Group are interest rate, foreign exchange, and equity-related contracts, in the form of both over-the-counter derivatives and exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

In this connection, the key types of market risk that must be managed are:

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing (including derivatives), commercial banking operations, and structural foreign currency exposures. The Group's non-structural foreign currency exposures are mainly denominated in USD and RMB. All foreign currency positions are managed within limits approved by the Board or the Asset and Liability Management Committee.

(a) 信貸風險管理(續)

(x) 抵押品及其他信用提升(續)

貸款總額及持有作抵押金融資產之抵押品及其他信用提升的估計公平價值兩者之較低者如下：

(b) 市場風險管理

市場風險是指由市場因素，例如利率、外匯、股票價格及商品價格的不利變動而導致本集團溢利或虧損的風險。

資產負債管理委員會負責處理所有與本集團市場風險有關的事項，亦負責定期檢討利率走勢及釐定相應的未來業務策略。本集團風險管理處轄下的資產負債管理部，負責監察與市場風險有關的活動。

進行衍生工具交易及向客戶出售衍生工具以用作風險管理產品為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的一部分程序。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場內交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此等和其他交易項目而進行對沖。

在此方面，本集團主要管理的市場風險包括：

(i) 貨幣風險

本集團的外幣持倉源自外匯買賣(包括衍生工具)、商業銀行業務和結構性外匯風險。本集團的非結構性外幣風險主要以美元及人民幣為單位。所有外幣持倉均維持在董事會或資產負債管理委員會所訂定的限額內。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries, and associated companies, are excluded from value-at-risk measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations. The Group seeks to match its foreign currency denominated assets closely with corresponding liabilities in the same currencies.

The Group had the following net structural positions which were not less than 10% of the total net structural foreign currency position at the end of the reporting period:

結構性外匯持倉主要源自於本集團分行、附屬公司和聯營公司的外匯投資，其有關的溢利及虧損因為已撥入儲備，所以未計算在風險值內。管理此等外幣投資的主要目的，是保障本集團的儲備免受匯率波動的影響。本集團盡力將以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

於報告期結束日，本集團的以下結構性持倉淨額不低於結構性外幣淨持倉總額10%：

		2017			2016		
		RMB	MYR	USD	RMB	MYR	USD
		人民幣	馬幣	美元	人民幣	馬幣	美元
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Net structural position	結構性持倉淨額	14,584	2,271	(6,965)	12,834	2,033	2,173

(ii) Interest rate risk

The Group's trading interest rate positions arise from treasury and dynamic hedging of commercial banking activities. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The instruments used to manage interest rate risk include interest rate swaps and other derivatives.

(ii) 利率風險

本集團的交易組合中的利率持倉來自財資及商業銀行業務的動態對沖。利率風險由本集團資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of customer-driven business. Equity risk is managed daily by the Investment Department within the limits approved by the Board, Investment Committee, or the Asset and Liability Management Committee.

(iii) 股份風險

本集團的股份持倉來自股份投資及客戶業務的動態對沖。股份風險由投資部按董事會、投資委員會或資產負債管理委員會批准的限額範圍進行日常管理。

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board approves the core control limits and has delegated the authority to set detailed control limits to the Asset and Liability Management Committee. Risk, return, and market conditions are considered when setting limits. Active limit monitoring is carried out.

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from the risk-taking activities of the Group, to ensure that overall and individual market risks are within the Group's risk tolerance level. Risk exposures are monitored frequently to ensure that they are within established control limits.

在此方面，資產負債管理委員會負責監察本集團承擔市場風險的活動，確保整體及個別市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(b) Market risk management (continued)

The Group quantifies the market risk of the underlying trading portfolio by means of VaR. VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period.

The Group estimates VaR for the Group's trading portfolio by the historical simulation approach, where the VaR is calculated by revaluing the portfolio for each of the market movement scenarios obtained from the historical observation period. This methodology uses movements in market rates and prices over a one-day holding period with a 99% confidence level under a two-year observation period. This approach has been applied since 1st January, 2017. Prior to that, parametric approach was adopted.

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

The market value of listed shares, the fair value of private equity funds and unlisted equities (collectively the "Unlisted Securities"), are subject to limits and these are managed by the Investment Department of the Group. The Unlisted Securities and listed non-trading equities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Asset and Liability Management Committee.

Value-at-risk statistics

		2017			
		At 31st December	Maximum	Minimum	Mean
		於12月31日	最高	最低	平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	38	49	35	40
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	8	17	5	11
VaR for interest rate trading positions	利率交易持倉的風險值	6	7	2	4
VaR for equity trading positions	股份交易持倉的風險值	30	37	25	30

		2016			
		At 31st December	Maximum	Minimum	Mean
		於12月31日	最高	最低	平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險值總額	29	45	27	34
VaR for foreign exchange trading positions*	外匯交易持倉的風險值*	11	14	8	11
VaR for interest rate trading positions	利率交易持倉的風險值	2	7	1	3
VaR for equity trading positions	股份交易持倉的風險值	19	34	17	24

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

(b) 市場風險管理(續)

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

本集團通過歷史模擬法評估本集團交易組合的風險值，其按從歷史觀察期中截獲的每個市場波動情景對有關組合進行重新估值以計算風險值。該方法是依據1日持倉期、99%置信水平以及過往兩年觀察期來推算市場利率與價格的波動。這種方法是自2017年1月1日起開始採用，而過往是採用參數法。

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

上市股份的市值，私人股份基金及非上市股份(統稱「非上市證券」)的公平價值均由本集團投資部按限額管理。非上市證券及非交易上市股份是根據特定限額管理及並不包括在交易股份持倉的風險值計算內。資產負債管理委員會須定期檢討該限額。

風險值統計

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		2017			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	138	148	97	122

		2016			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Stressed VaR for total trading activities	交易活動的受壓風險值總額	65	80	61	70

A stressed VaR measure is intended to replicate a VaR calculation that would be generated on current trading portfolio if the relevant market factors were experiencing a period of stress.

受壓風險值是假設相關市場因素在受壓期間下，模擬計算由現行交易組合產生的風險值。

(c) Operational risk management

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

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

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

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

(c) 營運風險管理

營運風險是指由於內部流程、人員和系統不足或缺陷，或因外部事件而導致損失的風險。

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

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

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

(d) Liquidity risk management

Liquidity risk is the risk that the Group may not be able to meet its obligations as they come due because of an inability to obtain adequate funding (funding liquidity risk); or that the Group cannot easily liquidate assets quickly without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk).

The purpose of liquidity risk management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory Liquidity Coverage Ratio ("LCR"), and to make new loans and investments as opportunities arise.

(d) 流動資金風險管理

流動資金風險是指本集團因未能獲得充足資金投入而可能無法履行到期責任的風險(融資流動風險)；或因市場深度不足或市場失序，本集團在市場價格大幅降低的情況下無法輕易迅速清算資產的風險(市場流動性風險)。

流動資金風險管理是為了確保本集團維持充足的現金流量以履行所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足提款要求，在借款期滿時能夠還款，符合法定的流動性覆蓋比率，以及掌握貸款和投資的機會。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(d) Liquidity risk management (continued)

The Asset and Liability Management Committee is delegated by the Board to oversee the Group's liquidity risk management. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Asset & Liability Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

The LCR, which came into effect on 1st January, 2015, imposes a more stringent regulatory regime for liquidity risk management on the Group. Banking (Liquidity) Rules require the Group to meet the minimum LCR by 2019. During the transitional period, the percentage will increase from 60% in 2015 to 100% in 2019, with 10% added to the regulatory requirement each year from 2016. To ensure compliance with the enhanced regulatory requirement, material changes in the LCR will be reviewed regularly by the Asset and Liability Management Committee together with proposed mitigation actions to cope with adverse changes arising from, but not limited to, composition of the deposit base and remaining tenor to maturity, short-term lending activities, and the Group's asset and liability mix strategy. An internal LCR target has been established to maintain the ratio within a suitable range. In planning the asset and liability mix strategy, the Group assesses the impact of asset growth and funding structure on the LCR with support from relevant business units for the Asset and Liability Management Committee's review and decision.

As part of Group efforts to manage the LCR effectively, emphasis is placed on strengthening the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement, and borrowing for the purposes of providing additional funding, maintaining a presence in local money markets, and optimising asset and liability maturities.

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

(d) 流動資金風險管理(續)

資產負債管理委員會獲董事會授權，負責監察本集團的流動資金風險管理。資產負債管理委員會制訂管理流動資金風險的策略、政策及限額，以及確保執行有關策略與政策的措施。委員會定期舉行會議，檢討各既有監控架構的合規情況，以及是否需要改變策略及政策。流動資金狀況由本集團資本市場處轄下的資本市場及流動資金管理部每日按所訂限額範圍進行管理。本集團風險管理處轄下的資產負債管理部負責監察與流動資金風險相關的活動。稽核處會定期作出檢討，確保流動資金風險管理功能得以有效執行。

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

為有效地管理流動性覆蓋比率，本集團著力留住忠實客戶及維持客戶關係，藉以增強存款基礎。本集團在零售、小企業和大額融資之間保持資金平衡，避免資金集中於任何一種資源。本集團透過發行存款證、中期票據、後償債項、貨幣市場拆借及借貸進入專業市場，獲取額外資金，並維持於當地金融市場的地位、以及優化資產及負債的期限。

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

In addition to observing the statutory LCR, the Group has established different liquidity metrics – including but not limited to the loan-to-deposit ratio, cumulative maturity mismatch ratio, funding concentration ratio, intra-group exposure threshold, and cross currency funding ratio – to measure and analyse the Group’s liquidity risks. As a majority of the Group’s liquidity risk arises from the maturity mismatch gap between the Group’s asset and liability portfolios, the Group manages liquidity risk by conducting cash flow analysis and projections through the regular use of the Bank’s management information system. These are carried out on a regular basis to identify funding needs arising from on and off-balance sheet items in a specific time frame over a set of time horizons. The Group maintains sufficient high quality liquid assets (“HQLAs”) as a liquidity cushion that can be accessed in times of stress. The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets. The majority of HQLAs are denominated in Hong Kong dollars. Contingent funding sources are maintained to provide strategic liquidity to meet unexpected and material cash outflows.

The Group also conducts stress testing regularly to analyse liquidity risk. Both on and off-balance sheet items and their impact on cash flow are considered, together with applicable hypothetical and historical assumptions. The assessment and review of market liquidity risk are included in the various control processes, including investment/trading strategy, market risk monitoring, valuation, and portfolio review. Three stress scenarios – namely an institution-specific crisis, a general market crisis, and a crisis involving a combination of the two – are adopted with minimum survival period defined according to HKMA’s Supervisory Policy Manual LM-2, “Sound Systems and Controls for Liquidity Risk Management”.

With reference to the stress-testing results, the Group identifies potential vulnerabilities within the Group and formulates a Contingency Funding Policy and a Contingency Funding Plan that set out the Group’s strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

除緊守法定的流動性覆蓋比率外，本集團已設立不同的流動性指標，以衡量及分析流動資金風險，包括(但不限於)貸存比率、累積到期錯配比例、資金集中比率、集團內公司間風險限額及跨貨幣資金比率。由於本集團大部分流動資金風險來自資產與負債組合之間的期限錯配差距，本集團會透過使用本行的管理資訊系統定期對一系列時間內的資產負債表內外項目進行現金流量分析及預測，確定特定時間組別的資金需要，從而管理流動資金風險。本集團維持充足的流動資產，作為能夠在資金受壓時取用的流動資金緩衝。滿足流動性覆蓋比率所需的優質流動資產包括現金、外匯基金票據和債券、優質的政府債務票據及其他同等的流動資產。其中大部分優質流動資產以港幣計值。本集團維持應急融資來源，能提供策略性的流動資金，以應付未能預計的大量資金需求。

本集團亦會定期進行壓力測試，以分析流動資金風險。透過運用適當的虛擬及歷史假設，本集團的壓力測試均已考慮資產負債表內外項目及其對現金流量造成的影響。市場流動資金風險的評估及檢討納入各個控制環節，包括投資／交易策略、市場風險監控、估值及組合檢討。三個壓力情景(即個別銀行危機、整體市場危機，以及結合上述兩種情況的綜合危機)均採用金管局監管政策手冊LM-2「穩健的流動資金風險管理系統及管控措施」界定的最短存活期。

本集團會參照壓力測試結果，確認集團內的潛在弱點，並制訂應急融資政策及計劃，當中載列了本集團處理流動資金問題的策略及於緊急情況下彌補現金流不足的程序。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**財務報表附註(續)****45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)****(d) Liquidity risk management (continued)**

The Contingency Funding Policy and Contingency Funding Plan are designed to be pro-active and pre-emptive, and stipulate the following three stages:

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

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

(d) 流動資金風險管理(續)

應急融資政策及計劃旨在提供防患未然的積極措施，並訂明以下三個階段：

1. 本集團運用預早警報指標，當中包括質性及數量性的措施，及監察內部及外在因素。假如有任何早期跡象顯示本集團流動資金狀況將受重大影響，應通知資產負債管理委員會。資產負債管理委員會將考慮適當的補救措施，並在合適情況下考慮採用危機管理措施。
2. 本集團已設立危機管理委員會，並由主席兼行政總裁擔任該委員會的主席，專責處理危機，並明確規定取得應急資金的策略及程序，以及有關各方的職務及職責。
3. 於最後階段，本集團會在危機結束後對問題進行檢討，並作出必要改進，避免日後出現同類事件。

為應付商業環境中的任何轉變，本集團每年進行演習測試，並定期檢討應急融資政策及計劃。應急融資政策及計劃如有任何重大變動，均須分別取得董事會及資產負債管理委員會的批准。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Analysis of assets and liabilities by remaining maturity:

資產及負債的剩餘期限分析：

		2017							
		Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
		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	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	26,093	2,249	4,410	1,535	-	-	26,383	60,670
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	-	46,496	5,887	1,226	-	-	-	53,609
Trade bills	貿易票據	32	3,336	3,853	6,688	-	-	-	13,909
Trading assets	交易用途資產	-	557	220	1,681	1,394	147	2,957	6,956
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	-	-	123	119	2,769	868	290	4,169
Positive fair value of derivatives	衍生工具的正公平價值	-	-	-	-	-	-	11,335	11,335
Loans and advances to customers	客戶貸款及墊款	3,674	54,317	30,919	93,731	187,627	96,783	3,288	470,339
Available-for-sale financial assets	可供出售金融資產	-	2,178	15,878	24,592	51,567	22,519	3,591	120,325
Held-to-maturity investments	持至到期投資	-	1,496	714	1,349	5,994	245	-	9,798
Investments in associates	聯營公司投資	-	-	-	-	-	-	9,429	9,429
Fixed assets	固定資產	-	-	-	-	-	-	12,750	12,750
Goodwill and intangible assets	商譽及無形資產	-	-	-	-	-	-	1,959	1,959
Deferred tax assets	遞延稅項資產	-	-	-	-	-	-	602	602
Other assets	其他資產	154	4,280	7,443	10,186	1,170	175	9,684	33,092
Total assets	資產總額	29,953	114,909	69,447	141,107	250,521	120,737	82,268	808,942
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	4,352	9,485	7,026	6,116	2	-	-	26,981
Deposits from customers	客戶存款	220,257	114,771	127,662	88,810	18,552	1,621	11	571,684
- Demand deposits and current accounts	- 活期存款及往來賬戶	85,518	-	-	-	-	-	-	85,518
- Savings deposits	- 儲蓄存款	133,969	-	-	-	-	-	-	133,969
- Time, call and notice deposits	- 定期及通知存款	770	114,771	127,662	88,810	18,552	1,621	11	352,197
Trading liabilities	交易用途負債	-	-	-	-	-	-	11	11
Negative fair value of derivatives	衍生工具的負公平價值	-	-	-	-	-	-	12,077	12,077
Certificates of deposit issued	已發行存款證	-	4,096	12,500	19,870	-	-	-	36,466
Current taxation	本期稅項	-	-	-	1,160	-	-	-	1,160
Debt securities issued	已發行債務證券	-	-	117	431	459	-	-	1,007
Deferred tax liabilities	遞延稅項負債	-	-	-	-	-	-	551	551
Other liabilities	其他負債	924	4,250	8,358	12,898	8,940	3,454	6,554	45,378
Loan capital	借貸資本	-	-	-	-	12,413	-	-	12,413
Total liabilities	負債總額	225,533	132,602	155,663	129,285	40,366	5,075	19,204	707,728
Net gap	淨差距	(195,580)	(17,693)	(86,216)	11,822	210,155	115,662		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

		Repayable on demand	Within 1 month	3 months or less but over 1 month	2016 (Restated ^{Note} 重報 ^註)			Undated or overdue 無註明日期 或逾期	Total
					1 year but over 3 months	5 years or less but over 1 year	Over 5 years		
		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	總額	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		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	
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	34,554	2,334	1,297	1,717	-	-	25,818	65,720
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	-	36,511	5,550	1,991	-	-	-	44,052
Trade bills	貿易票據	25	1,053	4,739	6,122	-	-	-	11,939
Trading assets	交易用途資產	-	1,015	462	1,040	611	-	1,276	4,404
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	-	74	-	118	2,655	483	224	3,554
Positive fair value of derivatives	衍生工具的正公平價值	-	-	-	-	-	-	8,938	8,938
Loans and advances to customers	客戶貸款及墊款	5,146	48,919	26,316	92,573	178,060	95,454	3,977	450,445
Available-for-sale financial assets	可供出售金融資產	-	4,860	12,123	18,159	50,299	21,523	3,527	110,491
Held-to-maturity investments	持至到期投資	-	355	1,840	1,220	1,665	583	-	5,663
Investments in associates	聯營公司投資	-	-	-	-	-	-	6,011	6,011
Fixed assets	固定資產	-	-	-	-	-	-	11,990	11,990
Goodwill and intangible assets	商譽及無形資產	-	-	-	-	-	-	2,639	2,639
Deferred tax assets	遞延稅項資產	-	-	-	-	-	-	785	785
Other assets	其他資產	130	6,383	6,068	18,103	620	11	7,760	39,075
Total assets	資產總額	39,855	101,504	58,395	141,043	233,910	118,054	72,945	765,706
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	5,874	11,867	3,097	5,395	242	-	-	26,475
Deposits from customers	客戶存款	202,900	90,949	122,576	96,981	22,383	-	-	535,789
- Demand deposits and current accounts	- 活期存款及往來賬戶	74,993	-	-	-	-	-	-	74,993
- Savings deposits	- 儲蓄存款	126,462	-	-	-	-	-	-	126,462
- Time, call and notice deposits	- 定期及通知存款	1,445	90,949	122,576	96,981	22,383	-	-	334,334
Trading liabilities	交易用途負債	-	-	50	-	-	-	-	50
Negative fair value of derivatives	衍生工具的負公平價值	-	-	-	-	-	-	7,982	7,982
Certificates of deposit issued	已發行存款證	-	4,501	7,124	16,389	843	-	-	28,857
Current taxation	本期稅項	-	-	-	1,605	-	-	-	1,605
Debt securities issued	已發行債務證券	-	1	1	5,423	1,729	-	-	7,154
Deferred tax liabilities	遞延稅項負債	-	-	-	-	-	-	462	462
Other liabilities	其他負債	1,064	5,295	7,504	19,915	7,523	2,878	5,909	50,088
Loan capital	借貸資本	-	-	-	8,165	12,443	-	-	20,608
Total liabilities	負債總額	209,838	112,613	140,352	153,873	45,163	2,878	14,353	679,070
Net gap	淨差距	(169,983)	(11,109)	(81,957)	(12,830)	188,747	115,176		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

註：2016年的比較數字經已重報以符合本期綜合財務狀況表的呈報方式。

As the trading and available-for-sale portfolios may be sold before maturity or deposits from customers may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

由於作交易及可供出售用途的組合可能於到期前出售或客戶存款可能在到期前未被提取，合約到期日並非代表未來現金流的預計日期。

The following tables provide an analysis of the undiscounted cashflow projection of the financial liabilities of the Group at the end of the reporting period based on the dates of their contractual payment obligations:

下表展示於報告期結束日集團的未經折扣之金融負債的預計現金流按其合約支付債務之日期分析：

		2017							
		Carrying amount	Gross cash outflow	Repayable on demand	Between			More than five years	Undated
					Less than three months	three months and one year	Between one and five years		
		賬面值	總額	即時還款	3個月或以下	至1年	至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	26,981	27,100	4,353	16,597	6,147	3	-	-
Deposits from customers	客戶存款	571,684	576,718	220,341	243,719	90,481	20,504	1,662	11
- Demand deposits and current accounts	- 活期存款及往來賬戶	85,518	85,608	85,593	15	-	-	-	-
- Savings deposits	- 儲蓄存款	133,969	133,969	133,969	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	352,197	357,141	779	243,704	90,481	20,504	1,662	11
Trading liabilities	交易用途負債	11	11	-	-	-	-	-	11
Negative fair value of derivatives	衍生工具的負公平價值	12,077	12,077	-	-	-	-	-	12,077
Certificates of deposit issued	已發行存款證	36,466	36,609	-	16,646	19,963	-	-	-
Current taxation	本期稅項	1,160	1,160	-	-	1,160	-	-	-
Debt securities issued	已發行債務證券	1,007	1,036	-	120	443	473	-	-
Loan capital	借貸資本	12,413	15,843	-	144	466	14,276	957	-
Interest rate swaps	利率掉期合約	6,205	6,205	1	540	1,369	3,682	613	-
Other liabilities	其他負債	45,929	42,742	884	11,405	11,933	7,975	3,454	7,091
Total	總額	713,933	719,501	225,579	289,171	131,962	46,913	6,686	19,190

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

		2016							Undated
		Carrying amount	Gross cash outflow	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years	
		賬面值	現金流出	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	26,475	26,605	5,874	15,008	5,479	244	-	-
Deposits from customers	客戶存款	535,789	542,739	203,021	215,280	99,162	25,275	1	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	75,312	75,393	75,383	10	-	-	-	-
- Savings deposits	- 儲蓄存款	126,462	126,487	126,462	12	13	-	-	-
- Time, call and notice deposits	- 定期及通知存款	334,015	340,859	1,176	215,258	99,149	25,275	1	-
Trading liabilities	交易用途負債	50	50	-	-	50	-	-	-
Negative fair value of derivatives	衍生工具的負公平價值	7,982	7,982	-	-	-	-	-	7,982
Certificates of deposit issued	已發行存款證	28,857	29,194	-	11,772	16,567	855	-	-
Current taxation	本期稅項	1,605	1,605	-	-	1,605	-	-	-
Debt securities issued	已發行債務證券	7,154	7,267	-	7	5,510	1,750	-	-
Loan capital	借貸資本	20,608	23,265	-	204	8,813	14,248	-	-
Interest rate swaps	利率掉期合約	6,890	6,890	-	767	1,673	4,129	321	-
Other liabilities	其他負債	50,550	46,738	1,005	11,205	18,640	6,650	2,878	6,360
Total	總額	685,960	692,335	209,900	254,243	157,499	53,151	3,200	14,342

(e) Interest rate risk management

Interest rate risk is the risk resulting from adverse movement in interest rates. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's interest rate risk management, establish the strategy and policy for managing interest rate risk, and determine the means for ensuring that such strategies and policies are implemented. Interest rate risk is managed daily by the Treasury Markets Division of the Group within the limits approved by the Board or the Asset and Liability Management Committee. The Asset & Liability Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to interest rate risk. The Internal Audit Division performs periodic reviews to ensure that the interest rate risk management functions are implemented effectively.

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

(e) 利率風險管理

利率風險是指不利的利率變動帶來的風險。資產負債管理委員會獲董事會授權，負責監察本集團的利率風險管理，訂立管理利率風險的策略與政策，並制定相應措施，以確保執行有關策略與政策。利率風險由本集團資金市場處按董事會或資產負債管理委員會批准的限額範圍進行日常管理。本集團風險管理處轄下的資產負債管理部，負責監察利率風險相關的活動。稽核處會定期作出檢討，確保利率風險管理功能得以有效執行。

利率風險主要是由銀行賬冊內帶息資產、負債及資產負債表外項目在再定息時的時差所致。釐定利率風險水平時，對重訂息率風險、息率基準風險、期權風險及收益率曲線風險進行評估。本集團管理銀行賬冊利率風險的主要集中於重訂息率的錯配。差距分析可讓本集團從靜態角度瞭解資產、負債和資產負債表外持倉的到期情況及重訂息率特點。本行設有重訂息率差距限額以控制本集團的利率風險。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Sensitivity analysis in relation to the impact of changes in interest rates on earnings and economic value is assessed through a hypothetical interest rate shock of 200 basis points across the yield curve on the Group's assets, liabilities, and off-balance sheet positions and is performed on a monthly basis. Sensitivity limits are set to control the Group's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee on a regular basis.

Sensitivity analysis on interest rate risk

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on our net interest income and economic value change.

本集團每月進行敏感度分析，以估算利率變動對盈利和經濟價值的影響，當中假設本集團資產、負債和資產負債表外持有的收益率曲線出現200個基點的利率衝擊。本集團設有敏感度限額，以控制本集團的盈利及經濟價值兩方面的利率風險承擔。有關結果定期向資產負債管理委員會匯報。

利率風險敏感度分析

本集團採用敏感度分析來度量利率變動對淨利息收入及經濟價值變動可能產生的影響。

		2017				2016			
		HKD港元	USD美元	RMB人民幣	GBP英鎊	HKD港元	USD美元	RMB人民幣	GBP英鎊
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Impact on earnings over the next 12 months if interest rates rise by 200 basis points	倘利率上調200個基點對未來12個月的盈利影響	1,064	158	376	57	946	50	691	39
Impact on economic value if interest rates rise by 200 basis points	倘利率上調200個基點對經濟價值的影響	(334)	145	68	30	(206)	96	501	29

This sensitivity analysis, which is based on a static interest rate risk profile of assets and liabilities, is used for risk management purposes only. The analysis is based on the following assumptions:

- (i) there is a parallel shift in the yield curve and in interest rates;
- (ii) there are no other changes to the portfolio;
- (iii) no loan prepayment is assumed as the majority of loans is on a floating rate basis; and
- (iv) deposits without fixed maturity dates are assumed to be repriced on the next day.

Actual changes in the Group's net interest income and the economic value resulting from the increases in interest rates may differ from the results of this sensitivity analysis.

(f) Strategic risk management

Strategic risk is the risk of current or potential impact on the Group's earnings, capital, reputation, or standing arising from changes in the environment the Group operates in, adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic, or technology changes.

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

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

敏感度分析乃依據資產及負債的靜態利率風險狀況作出，僅作風險管理用途。有關分析乃根據以下假設進行：

- (i) 收益率曲線及利率平行移動；
- (ii) 組合並無其他變動；
- (iii) 假設沒有提早償還貸款，因大部分貸款屬於浮息貸款；及
- (iv) 假設沒有固定到期日的存款於翌日再定息。

利率上調而導致本集團淨利息收入及經濟價值的實際變動與敏感度分析的結果可能有所不同。

(f) 策略性風險管理

策略性風險是指因本集團營運環境變動、不良策略決策、決策實施不當或對工業、經濟或技術變動反應遲緩而對本集團盈利、資本、信譽或地位造成當前或潛在影響的風險。

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(g) Legal risk management

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

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

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

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

(h) Reputation risk management

Reputation risk is the risk that the Group's reputation is damaged by one or more events, which result in negative publicity about the business practices, conduct, or financial condition of the Group. Such negative publicity, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in its customer base, business, and/or revenue.

The objective of managing reputation risk is to identify, assess, monitor, report, and mitigate reputation risk, and to ensure compliance with the relevant regulatory requirements.

The Group establishes various policies, guidelines, manuals, and codes to ensure compliance with applicable laws, rules, and regulations, and to ensure that the Bank Group maintains a high standard of corporate governance, which in turn helps to safeguard and enhance the Group's reputation.

The Group formulates, and adheres to, the Reputation Risk Management Manual, which outlines a systematic approach to the management of reputation risk, including a framework for reputation risk identification, assessment, monitoring, mitigation, and control, thereby protecting and enhancing the reputation of the Bank Group. The Guidelines for Incident Response and Management are established for swift response to and management of unexpected incidents. The Media Guidelines are established to ensure effective and consistent delivery of the Group's key messages to the media.

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

(g) 法律風險管理

法律風險是指出現合約未能執行、訴訟或不利審判的情況，可能對本集團的日常運作或財務狀況造成擾亂或負面影響而導致損失的風險。

法律風險管理的目的，在於識別、評估、監控及匯報法律風險，以及遵守相關法律及監管規定的要求。

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

營運風險管理委員會負責監督本集團的法律風險管理。

(h) 信譽風險管理

信譽風險是指因對本集團一項或多項有關營商規則、行為或財務狀況事件的負面報導而損及本集團信譽的風險。此等負面報導，不管真確與否，有可能影響公眾對本集團的信心，可能導致高昂的訴訟費用，或令本集團客戶、業務及／或收入減少。

信譽風險管理的目的在於識別、評估、監控、匯報及降低信譽風險，以及確保符合相關監管規定的要求。

本集團制定各項政策、指引、手冊及守則，確保遵守適用法例、規則及規例，同時確保本集團維持高水準的企業管治，藉此保障及提升本集團的信譽。

本集團制定並遵從信譽風險管理手冊，該手冊載錄對信譽風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制信譽風險的機制，藉此保護及提升本集團的信譽。本集團已建立事件應對及管理指引，以快速應對並管理未能預期的事件。並已建立媒體指引，以確保有效及一致地將本集團的關鍵信息傳達予媒體。

營運風險管理委員會負責監督本集團的信譽風險管理。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(i) Compliance risk management

Compliance risk is the risk of potential losses arising from legal or regulatory sanctions, fines and penalties, financial losses or damage to reputation that the Bank Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking activities.

The Group establishes various policies, guidelines, and manuals to ensure compliance with all applicable legislation, rules, codes of conduct, industry standards, and guidelines issued by the relevant regulatory authorities, which govern the Group's operations. The Group formulates, and adheres to, the Group Compliance Risk Management Manual, which outlines a systematic approach to the management of compliance risk, including a framework for compliance risk identification, assessment, monitoring, mitigation, and control, thereby enabling the Bank Group to manage its compliance risk effectively. Independent regulatory compliance reviews are conducted on major functions of the Bank using a risk-based approach.

(j) Technology risk management

Technology risk is the risk of loss to the Group due to inadequate or failed technical processes, people, and/or computing systems, or unauthorised access or disruption to technology resources, in particular relating to cyber security and e-banking.

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

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

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

(k) New product and business risk management

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

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

(i) 合規風險管理

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

本集團已制定各項政策、指引及手冊，確保遵守所有適用法例、規則、行為守則、行業標準及有關監管機構發出的規管本集團營運的指引。本集團已制定並遵從集團合規風險管理手冊，該手冊載錄對合規風險實施系統化管理的方法，包括識別、評估、監控、緩減及控制合規風險的機制，藉此令本集團有效地管理合規風險。並採用風險為本的方式對本行主要職能進行獨立合規監察審查。

(j) 科技風險管理

科技風險是指因技術程序、人員及／或計算系統不足或出現故障；或因未經授權使用或破壞技術資源(尤其在涉及網絡安全及電子銀行時)導致本集團損失的風險。

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

與網絡系統及應用程式安全、客戶身份驗證、新產品及服務風險評估、以及資料保密及完整性相關的控制措施已被採納。

營運風險管理委員會負責監督本集團的科技風險相關事項。

(k) 新產品及業務風險管理

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

45. PRINCIPAL RISK MANAGEMENT (CONTINUED) 主要風險管理(續)

(k) New product and business risk management (continued)

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

(l) Business continuity risk management

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

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

(m) Capital management

The HKMA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The Group calculates requirements for market risk in its trading portfolios based upon the Group's VaR models and uses its internal gradings as the basis for risk weightings for credit risk. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

In addition to meeting the regulatory requirements, the Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

Capital managed by the Group to achieve these objectives includes ordinary share capital, retained profits, other reserves, and non-controlling interests after deductions for goodwill and intangible assets. It also includes subordinated liabilities and collectively assessed impairment allowances.

The HKMA supervises the Group on both a consolidated basis and a solo-consolidated basis, which sets capital requirements and receives information of capital adequacy on a regular basis for the Group as a whole. Individual overseas branches and banking subsidiaries are directly regulated by respective domestic banking supervisors, who set and monitor their capital adequacy requirements. In certain jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital requirements of domestic regulatory authorities.

(k) 新產品及業務風險管理(續)

每一個新產品的推出，須通過審批過程，包括業務和財務分析和風險評估。這些新產品首先由新產品評審工作組審核及評估，並由督導組認可及由風險管理委員會批准。新產品評審工作組由支援職能的部門主管及風險監控代表組成；而督導組的主席為集團風險總監，並由支援職能的處級主管組成。

(l) 持續業務運作風險管理

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

為管理持續業務運作風險，本集團已制定全面的政策、指引及手冊。本集團所有個別職能單位均進行業務影響分析及制定業務持續規劃。並每年進行演習以測試業務持續規劃是否備妥及有效。

(m) 資本管理

金管局制定及監察本集團整體的資本規定。在實施現行的資本規定時，金管局規定本集團維持既定的總資本對總風險加權資產比率。本集團根據風險值模式計算交易組合的市場風險，及根據內部評級作為信貸風險之風險比重的基準。銀行業務分為交易賬冊或銀行賬冊。風險加權資產依照特別規定而定，特別規定旨在反映與資產的不同風險水平及資產負債表外的風險。

除符合監管規定外，本集團管理資本的主要目的是保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

以求達至該目的，本集團管理資本包括股本、留存溢利、其他儲備，及非控股權益及經已扣除商譽和無形資產。

金管局按綜合基準及單獨綜合基準以監管本集團，並制訂資本要求及定期收集本集團整體性的資本充足資料。個別海外分行及銀行附屬公司分別由當地的銀行監管機關直接監管，並制訂及監控其資本充足要求。在某些地區，非銀行財務附屬公司是受當地監管機關規管及資本要求。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The process of allocating capital to specific operations and activities is undertaken by the Asset and Liability Management Committee and is reviewed regularly by the Risk Management Committee, RIC and the Board.

Consistent with industry practice, the Group monitors its capital structure on the basis of the capital adequacy ratios and there have been no material changes in the Group's policy on the management of capital during the year.

The capital adequacy ratios as at 31st December, 2017 and 31st December, 2016 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Capital Rules of the Banking Ordinance.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the years ended 31st December, 2017 and 31st December, 2016 and the Group's capital ratios are well above the minimum required by the HKMA.

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

調配資本至特定業務及活動的程序由資產及負債管理委員會進行，並由風險管理委員會、風險委員會及董事會定期檢討。

本集團依據行業慣例，以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變。

2017年12月31日及2016年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合《銀行業條例》的《資本規則》。

截至2017年12月31日及2016年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

46. FAIR VALUES OF FINANCIAL INSTRUMENTS 金融工具的公平價值

(a) Financial instruments carried at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair values using the following hierarchy of methods:

Level 1 – Quoted market price in an active market for an identical instrument.

Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(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。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or counterparty quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market widely recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, historical or implied volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

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

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

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

(a) 以公平價值列賬的金融工具(續)

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式、以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是計量公平價值，藉以在申報日能反映金融工具的價格，而該價格可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、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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:

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：

		2017				2016			
		Level One 第一級 HK\$ Mn 港幣百萬元	Level Two 第二級 HK\$ Mn 港幣百萬元	Level Three 第三級 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元	Level One 第一級 HK\$ Mn 港幣百萬元	Level Two 第二級 HK\$ Mn 港幣百萬元	Level Three 第三級 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Recurring fair value measurement	重覆發生的公平價值釐定								
Assets	資產								
Trading assets	交易用途資產	3,018	3,938	-	6,956	1,566	2,838	-	4,404
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	2,594	1,575	-	4,169	2,097	1,457	-	3,554
Positive fair value of derivatives	衍生工具的正公平價值	-	11,335	-	11,335	-	8,938	-	8,938
Available-for-sale financial assets	可供出售金融資產	83,835	35,928	562	120,325	73,567	36,431	493	110,491
		89,447	52,776	562	142,785	77,230	49,664	493	127,387
Liabilities	負債								
Trading liabilities	交易用途負債	11	-	-	11	50	-	-	50
Negative fair value of derivatives	衍生工具的負公平價值	-	12,077	-	12,077	-	7,982	-	7,982
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融負債	-	15,616	-	15,616	-	18,524	-	18,524
		11	27,693	-	27,704	50	26,506	-	26,556

During the years ended 31st December 2017 and 2016, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至2017年及2016年12月31日止之年內，根據第一級及第二級分級方法釐定公平價值之金融工具，兩者之間並無重大的轉移。本集團的政策是只確認於報告期期末公平價值分級之間發生的轉移。

Information about significant unobservable inputs in Level 3 valuations

有關第三級估值的重要非可觀察參數資料

	Valuation technique 估值模式	Significant unobservable input(s) 重要非可觀察參數	Range 幅度
Unlisted available-for-sale equity instruments 非上市可供出售股份工具	Net asset value 資產淨值	N/A 不適用	N/A 不適用
	Discounted cash flow model 現金流折扣模式	Discount rate 折扣率	15.4% (31-12-2016: 11.92%)
		Marketability discount 市場性折扣	20% (31-12-2016: 20%)
	Market-comparable approach 市場可類比法	Earnings multiple 盈利倍數	25.13%–26.33% (31-12-2016: N/A不適用)
		P/B ratios 市賬率	4.11%–4.39% (31-12-2016: N/A不適用)
		Marketability discount 市場性折扣	50% (31-12-2016: N/A不適用)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

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

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

(1) Valuation of financial instruments with significant unobservable inputs

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

(a) 以公平價值列賬的金融工具(續)

非上市可供出售股份工具的公平價值是採用現金流折扣模式作估算，根據受投資公司的財務狀況及業績之分析，或參考可比較上市公司之倍數(如價格/盈利率的比較)，但須計入市場性折扣以反映該股份並非有活躍交易之調整。任何因比率/受投資公司的財務狀況及業績之個別增加對公平價值有正面影響，而因折扣率/市場性折扣之個別增加則對公平價值有負面影響。

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

(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：

		2017				
		Positive fair value of derivatives		Available-for-sale financial assets		Total 總額
		衍生工具的正公平價值	可供出售金融資產	可供出售金融資產		
HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	
Assets	資產					
At 1st January, 2017	於2017年1月1日	-		493	493	
Purchases	購入	-		42	42	
Settlements	結算	-		(86)	(86)	
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	-		(2)	(2)	
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面 收益	-		114	114	
Exchange adjustments	匯兌調整	-		1	1	
At 31st December, 2017	於2017年12月31日	-		562	562	
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the end of the reporting period	於報告期結束日持有之資產而 已計入年度內其他全面收益之 可供出售公平價值儲備之收益 或虧損總額	-		114	114	
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period recorded in net trading income	於報告期結束日持有之資產而已 計入年度內收益表之交易收入 淨額	-		-	-	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

在2016年，本集團按市場可觀察參數制定了一套內部估價模式為各種外匯、股份及利率結構衍生合約作定價。因此，於報告期結束日，該等金融工具的公平價值分級由第三級轉入第二級內。

		2016		Total 總額
		Positive fair value of derivatives 衍生工具的正公平價值 HK\$ Mn 港幣百萬元	Available-for-sale financial assets 可供出售金融資產 HK\$ Mn 港幣百萬元	
Assets	資產			
At 1st January, 2016	於2016年1月1日	3,141	750	3,891
Purchases	購入	-	11	11
Settlements	結算	(1,140)	(52)	(1,192)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	(1,503)	-	(1,503)
Changes in fair value recognised in the other comprehensive income	公平價值變動確認於其他全面 收益	-	(15)	(15)
Exchange adjustments	匯兌調整	-	1	1
Transfer to level 2	轉入第二級	(498)	(173)	(671)
Transfer to asset classified as assets held for sale	轉至分類為持有作出售資產	-	(29)	(29)
At 31st December, 2016	於2016年12月31日	-	493	493
Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the end of the reporting period	於報告期結束日持有之資產而 已計入年度內其他全面收益之 可供出售公平價值儲備之收益 或虧損總額	-	(15)	(15)
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period recorded in net trading income	於報告期結束日持有之資產而已 計入年度內收益表之交易收入 淨額	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

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

		2017	2016
		Negative fair value of derivatives	Negative fair value of derivatives
		衍生工具的負公平價值	衍生工具的負公平價值
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Liabilities	負債		
At 1st January	於1月1日	-	3,017
Settlements	結算	-	(1,139)
Changes in fair value recognised in the income statement	公平價值變動確認於收益表	-	(1,417)
Transfer to level 2	轉入第二級	-	(461)
At 31st December	於12月31日	-	-
Total gains or losses for the year included in the income statement for liabilities held at the end of the reporting period recorded in net trading income	於報告期結束日持有之負債而已計入年度內收益表之交易收入淨額	-	-

(a) 以公平價值列賬的金融工具(續)

(1) 使用重要而非可觀察之參數的金融工具估值(續)

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

(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

		2017			
		Effect recorded in profit or loss		Effect recorded directly in equity	
		直接記錄於損益上之影響		直接記錄於股東權益上之影響	
		Favourable	(Unfavourable)	Favourable	(Unfavourable)
		有利	(不利)	有利	(不利)
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Positive fair value of derivatives	衍生工具的正公平價值	-	-	-	-
Available-for-sale financial assets	可供出售金融資產	-	-	47	(47)
		-	-	47	(47)

		2016			
		Effect recorded in profit or loss		Effect recorded directly in equity	
		直接記錄於損益上之影響		直接記錄於股東權益上之影響	
		Favourable	(Unfavourable)	Favourable	(Unfavourable)
		有利	(不利)	有利	(不利)
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Positive fair value of derivatives	衍生工具的正公平價值	-	-	-	-
Available-for-sale financial assets	可供出售金融資產	-	-	41	(41)
		-	-	41	(41)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

在若干情況下，計算金融工具的公平價值所使用的估值模式，其含有的假設並非依據在相同工具的當前可觀察市場交易價格，亦非依賴其他可觀察的市場數據。上表顯示公平價值之敏感度，即因轉用至合理可行之另類假定所產生的正、負10%的價值的並行變動。

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

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

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

(b) 以公平價值以外列賬的金融工具公平價值

本集團採用下列方法和重要假定，以釐定如下的金融工具的公平價值：

- (i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於報告期結束日可按要求而支付的金額。
- (ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。
- (iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。
- (iv) 非上市股票投資的公平價值是在可能情況下採用適用的股息折扣模式，或應佔投資的淨資產，或為設有禁售期之投資按其市值以折扣計算。
- (v) 非上市開放式投資基金的公平價值估計，是基於投資經理所匯報的每股資產淨值作出。
- (vi) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，亦可以就貸款機構對發出擔保所實際徵收的息率，與在沒有取得擔保之情況下而貸款機構將可能徵收的估計息率作出比較，並在當中取用較可靠的相關資料以釐定公平價值。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

46. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2017 and 2016 except as follows:

(b) 以公平價值以外列賬的金融工具公平價值(續)

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

		2017				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
		賬面值	公平價值	第一級	第二級	第三級
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Financial assets	金融資產					
Held-to-maturity investments	持至到期投資	9,798	9,756	3,469	6,287	-

		2016				
		Carrying amount	Fair value	Level 1	Level 2	Level 3
		賬面值	公平價值	第一級	第二級	第三級
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Financial assets	金融資產					
Held-to-maturity investments	持至到期投資	5,663	5,724	3,967	1,757	-

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 level 2 fair values using the following method and there is no change to the valuation technique:

Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

釐定公平價值通常是較具主觀性的，及根據在其一特定時間點按金融工具之特性及相關市場資料而作出。本集團釐定第二級公平價值是採納以下方法及估值模式並無改變：

第二級 — 估值模式是以可觀察參數為基準。此類別工具估值包括採用：在活躍市場內相近工具具有報價的市場價格；在較不活躍之市場內相近工具具有報價的價格；或其他估值模式而所有重要參數是直接或間接地由市場資料可觀察到。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

47. OFF-BALANCE SHEET EXPOSURES 資產負債表以外的風險

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

(a) 或然負債及承擔

每項或然負債及承擔主要類別的合約金額摘要如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Contingent liabilities	或然負債		
Direct credit substitutes	直接信貸代替品	12,319	17,568
Transaction-related contingencies	與交易有關的或然項目	817	763
Trade-related contingencies	與貿易有關的或然項目	1,490	1,133
		14,626	19,464
Commitments	承擔		
Commitments that are unconditionally cancellable without prior notice	可無條件取消而毋須事先通知的承擔	170,099	160,737
Other commitments with an original maturity	其他承擔的原到期日		
– up to 1 year	– 1年或以下	7,766	10,419
– over 1 year	– 1年以上	26,577	27,633
		204,442	198,789
Total	總額	219,068	218,253
Credit risk weighted amounts	信貸風險加權金額	31,289	34,130

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts does not represent expected future cash flows.

或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。合約金額是指當合約被完全提取及客戶違約時所承擔風險的金額。由於預期擔保書及承付款項的大部分金額會在未經提取前逾期，合約金額並不代表預計未來現金流量。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

47. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives

(i) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivative for the Group:

(b) 衍生工具

(i) 衍生工具的名義金額

衍生工具是指由一項或多項潛在資產或指數價值釐定價值的財務合約。

集團的每項衍生工具主要類別的名義金額摘要如下：

		2017							
		Qualifying for hedge accounting		Managed in conjunction with financial instruments designated at fair value through profit or loss		Others, including held for trading		Total	
		符合對沖會計法		以反映公平價值 金融工具模式管理		其他，包括持有 作交易用途		總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Exchange rate contracts	匯率合約								
Forwards and futures	遠期交易及期貨	1,552		-		46,193		47,745	
Swaps	掉期交易	-		13,641		601,277		614,918	
Options purchased	購入期權	-		-		18,187		18,187	
Options written	沽出期權	-		-		18,694		18,694	
Interest rate contracts	利率合約								
Forwards and futures	遠期交易及期貨	-		-		758		758	
Swaps	掉期交易	60,080		16,382		433,999		510,461	
Equity contracts	股份合約								
Swaps	掉期交易	-		-		8,355		8,355	
Options purchased	購入期權	-		-		5,247		5,247	
Options written	沽出期權	-		-		6,155		6,155	
Others	其他	-		-		1,342		1,342	
		61,632		30,023		1,140,207		1,231,862	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

		2016				
		Qualifying for hedge accounting	Managed in conjunction with financial instruments designated at fair value through profit or loss	Others, including held for trading	Total	
		符合對沖會計法	以反映公平價值 金融工具模式管理	其他，包括持有 作交易用途	總額	
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約					
Forwards and futures	遠期交易及期貨	2,013	-	132,039	134,052	
Swaps	掉期交易	-	10,305	351,136	361,441	
Options purchased	購入期權	-	-	16,895	16,895	
Options written	沽出期權	-	-	17,529	17,529	
Interest rate contracts	利率合約					
Forwards and futures	遠期交易及期貨	-	-	469	469	
Swaps	掉期交易	69,855	24,399	291,968	386,222	
Equity contracts	股份合約					
Swaps	掉期交易	-	-	5,534	5,534	
Options purchased	購入期權	-	-	2,389	2,389	
Options written	沽出期權	-	-	2,988	2,988	
Others	其他	-	-	1,297	1,297	
		71,868	34,704	822,244	928,816	

Derivatives arise from futures, forward, swap and option transactions undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the end of the reporting period; they do not represent amounts at risk.

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

衍生工具是由本集團及本行在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在報告期結束日仍未完成的交易量，但並不代表所承受風險的金額。

前述資產負債表以外風險的公平價值及信貸風險加權金額如下。這些金額並未計入雙邊淨額安排的影響。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

47. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(ii) Fair value and credit risk weighted amounts of derivatives

(b) 衍生工具(續)

(ii) 衍生工具之公平價值及信貸風險加權金額

		2017			2016		
		Fair value 公平價值		Credit risk weighted amounts*	Fair value 公平價值		Credit risk weighted amounts*
		Assets 資產	Liabilities 負債	信貸風險 加權金額*	Assets 資產	Liabilities 負債	信貸風險 加權金額*
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	559	958	537	1,591	942	1,522
Swaps	掉期交易	7,667	8,560	2,914	3,913	3,945	2,971
Options purchased	購入期權	580	9	779	633	392	610
Options written	沽出期權	-	72	-	11	430	28
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	3	-	-	-	-	-
Swaps	掉期交易	2,255	1,924	455	2,582	2,019	775
Equity contracts	股份合約						
Swaps	掉期交易	110	116	-	139	134	-
Options purchased	購入期權	135	59	92	63	31	41
Options written	沽出期權	11	359	-	-	69	-
Others	其他	15	20	349	6	20	286
		11,335	12,077	5,126	8,938	7,982	6,233

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

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

The tables above give the contractual or notional amounts, fair value and credit risk weighted amounts of off-balance sheet transactions. The fair value is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Capital Rules. Fair value represents the cost of replacing all contracts which have a positive value when marked to market.

Fair value is a close approximation of the credit risk for these contracts as at the end of the reporting period. The credit risk weighted amount refers to the amount as computed in accordance with the Capital Rules.

上表列出資產負債表以外交易的合約或名義金額、公平價值及信貸風險加權金額。公平價值是用來計算信貸風險加權金額。該等金額是按照《資本規則》作評估。公平價值是指重置所有按市場價值計算差額時附有正值的合約成本。

公平價值是在報告期結束日該等合約的略計信貸風險。信貸風險加權金額是指按照《資本規則》計算。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(iii) Fair values of derivatives designated as hedging instruments
The following is a summary of the fair values of derivatives held for hedging purposes by product type:

(iii) 指定為對沖工具之衍生工具的公平價值
用作對沖用途之衍生工具的公平價值按產品種類摘要如下：

		2017		2016	
		Assets	Liabilities	Assets	Liabilities
		資產	負債	資產	負債
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Cash flow hedged derivatives	現金流對沖衍生工具				
Exchange rate contracts	匯率合約	-	10	-	30
Fair value hedged derivatives	公平價值對沖衍生工具				
Interest rate contracts	利率合約	750	418	908	338

(a) *Cash flow hedges*

The Group's cash flow hedge principally consists of foreign exchange contracts that are used to hedge against the variability in cash flows of certain debt securities subject to foreign exchange rate movement.

The time periods in which the hedged cash flows are expected to occur and affect the consolidated statement of comprehensive income are as follows:

(a) *現金流對沖*

本集團之現金流對沖主要包括外匯合約，其作用是對沖若干受外幣匯率波動影響現金流改變的債務證券。

影響綜合全面收益表及所對沖之現金流預期會發生的期間如下：

		Within one year	Over one year but	Over five years
		1年以內	1年以上至5年	5年以上
		HK\$ Mn	港幣百萬元	港幣百萬元
At 31st December, 2017	於2017年12月31日			
Cash inflows from assets	來自資產的現金流入	-	1,552	-
Cash outflows from liabilities	來自負債的現金流出	-	-	-
Net cash inflows	淨現金流入	-	1,552	-
At 31st December, 2016	於2016年12月31日			
Cash inflows from assets	來自資產的現金流入	12	1,655	346
Cash outflows from liabilities	來自負債的現金流出	-	-	-
Net cash inflows	淨現金流入	12	1,655	346

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

47. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(iii) Fair values of derivatives designated as hedging instruments (continued)

(b) Fair value hedges

The Group's fair value hedge principally consists of interest rate swaps that are used to protect against changes in the fair value of fixed rate long-term financial instruments due to movements in market interest rates.

(iv) Remaining life of derivatives

The following table provides an analysis of the notional amounts of derivatives of the Group by relevant maturity grouping based on the remaining periods to settlement at the end of the reporting period.

(b) 衍生工具(續)

(iii) 指定為對沖工具之衍生工具的公平價值(續)

(b) 公平價值對沖

本集團的公平價值對沖主要包括利率掉期，其作用是保障受市場利率波動而影響長期定息金融工具的公平價值變動。

(iv) 衍生工具之剩餘期限

下表分析在報告期結束日本集團根據到期期限歸類之剩餘結算期限有關衍生工具的名義金額。

		Notional amounts with remaining life of 剩餘期限的名義金額							
		2017				2016			
		1 year or less	Over 1 year to 5 years	Over 5 years	Total	1 year or less	Over 1 year to 5 years	Over 5 years	Total
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Interest rate derivatives	利率衍生工具	281,490	217,826	11,903	511,219	203,731	171,314	11,646	386,691
Currency derivatives	貨幣衍生工具	678,735	19,947	862	699,544	521,645	7,772	500	529,917
Other derivatives	其他衍生工具	15,634	3,904	1,561	21,099	7,320	4,888	-	12,208
		975,859	241,677	14,326	1,231,862	732,696	183,974	12,146	928,816

(c) Capital commitments

Capital commitments outstanding at 31st December and not provided for in the financial statements were as follows:

(c) 資本承擔

於12月31日未償付但並未在財務報表中提撥準備的資本承擔如下：

		2017	2016
		HK\$ Mn	港幣百萬元
Expenditure authorised and contracted for	已核准支出並已簽約	242	212
Expenditure authorised but not contracted for	已核准支出但未簽約	215	107
		457	319

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(d) Operating lease commitments

At 31st December, 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Properties	物業		
Within one year	1年以內	425	532
After one year but within five years	1年至5年內	538	738
After five years	5年以後	112	248
		1,075	1,518

(d) 經營租賃承擔

於2017年12月31日，在不可撤銷的經營租賃內，未來最低應付租賃款項總額如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Equipment	設備		
Within one year	1年以內	4	8
After one year but within five years	1年至5年內	3	16
		7	24

The Group lease certain properties and equipment under operating leases. The leases run for an initial period of one to twenty five years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted annually to reflect market rentals. None of the leases includes contingent rentals.

本集團以經營租賃形式租入若干物業和設備。租賃年期由1年至25年，到期日後可再續約但其他條款須另議。租賃付款金額通常每年調整以反映市值租金。所有租約並不包括或有租金。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

48. NOTES ON CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表附註

(a) Cash and cash equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(a) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash and balances with banks and other financial institutions with original maturity within three months	原本期限為3個月以內之現金及在銀行和其他金融機構的結存	32,371	38,374
Placements with and advances to banks and other financial institutions with original maturity within three months	原本期限為3個月以內在銀行及其他金融機構的存款及墊款	51,189	34,632
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券	4,583	996
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證	1,269	741
Debt securities with original maturity within three months	原本期限為3個月以內的債務證券	564	658
Add: Cash and balances with banks and other financial institutions included in "Assets held for sale" (Note 56)	加：包括在「持有作出售資產」(附註56)的現金及在銀行和其他金融機構的結存	4	426
Placements with and advances to banks and other financial institutions with original maturity within three months included in "Assets held for sale"	「持有作出售資產」中包括原本期限為3個月以內在銀行及其他金融機構的存款及墊款	-	14
		89,980	75,841

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(ii) Reconciliation with the consolidated statement of financial position

(ii) 與綜合財務狀況表的對賬

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash and balances with banks and other financial institutions (Note 24)	現金及在銀行及其他金融機構的結存(附註24)	60,670	65,720
Placements with and advances to banks and other financial institutions (Note 25)	在銀行及其他金融機構的存款及墊款(附註25)	53,609	44,052
Treasury bills, certificates of deposit held and debt securities	國庫債券、持有存款證及債務證券		
– trading assets (Note 27)	– 交易用途資產(附註27)	3,999	3,128
– designated at fair value through profit or loss (Note 28)	– 指定為通過損益以反映公平價值(附註28)	3,879	3,330
– other assets (Note 36)	– 其他資產(附註36)	133	–
– available-for-sale (Note 30)	– 可供出售(附註30)	116,734	106,964
– held-to-maturity (Note 31)	– 持至到期(附註31)	9,798	5,663
		134,543	119,085
Add: Cash and balances with banks and other financial institutions included in “Assets held for sale” (Note 56)	加：包括在「持有作出售資產」(附註56)的現金及在銀行和其他金融機構的結存	4	426
Placements with and advances to banks and other financial institutions included in “Assets held for sale” (Note 56)	「持有作出售資產」中包括在銀行及其他金融機構的存款及墊款(附註56)	–	66
Amounts shown in the consolidated statement of financial position	在綜合財務狀況表出現的金額	248,826	229,349
Less: Amounts with an original maturity of beyond three months	減：原本期限為3個月以上的金額	(130,547)	(126,162)
Cash balance with central bank subject to regulatory restriction	受規管限制的在中央銀行的現金結存	(28,299)	(27,346)
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目	89,980	75,841

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

48. NOTES ON CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) 綜合現金流量表附註(續)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

(b) 源自融資活動產生的負債之對賬

下表列載本集團由融資活動產生的負債之變動，包括現金及非現金之變動。源自融資活動產生的負債指在本集團的綜合現金流量表內分類為由融資活動產生的現金流或未來現金流產生的負債。

		Certificates of deposit issued	Debt securities issued	Loan capital	Certificates of deposit accrued interest payable	Debt securities accrued interest payable	Loan capital accrued interest payable	Interest rate swaps held to hedge borrowings (assets)	Interest rate swaps held to hedge borrowings liabilities	Total
		已發行 存款證 HK\$ Mn 港幣百萬元	已發行 債務證券 HK\$ Mn 港幣百萬元	借貸資本 HK\$ Mn 港幣百萬元	已發行 存款證之 應計利息 HK\$ Mn 港幣百萬元	已發行 債務證券之 應計利息 HK\$ Mn 港幣百萬元	借貸資本之 應計利息 HK\$ Mn 港幣百萬元	持有作 對沖借款的 利率掉期 合約(資產) HK\$ Mn 港幣百萬元	持有作 對沖借款的 利率掉期 合約負債 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
At 1st January 2017	於2017年1月1日	28,857	7,154	20,608	97	42	261	(434)	760	57,345
Changes from financing cash flows	源自融資現金流的變動									
Issue of certificates of deposit	發行存款證	74,007	-	-	-	-	-	-	-	74,007
Issue of debt securities	發行債務證券	-	1,367	-	-	-	-	-	-	1,367
Redemption of certificates of deposit issued	贖回已發行存款證	(67,055)	-	-	-	-	-	-	-	(67,055)
Redemption of debt securities issued	贖回已發行債務證券	-	(7,617)	-	-	-	-	-	-	(7,617)
Redemption of loan capital	贖回已發行借貸資本	-	-	(8,580)	-	-	-	-	-	(8,580)
Interest paid on loan capital	支付借貸資本利息	-	-	-	-	-	(920)	-	-	(920)
Interest paid on certificates of deposit issued	支付已發行存款證利息	-	-	-	(663)	-	-	-	-	(663)
Interest paid on debt securities issued	支付已發行債務證券利息	-	-	-	-	(106)	-	-	-	(106)
Total changes from financing cash flows	源自融資現金流的變動總額	6,952	(6,250)	(8,580)	(663)	(106)	(920)	-	-	(9,567)
Exchange adjustments	滙兌調整	396	97	512	-	-	-	-	-	1,005
Changes in fair value	公平價值變動	(27)	2	-	-	-	-	56	(635)	(604)
Revaluation under hedge accounting	對沖會計法之重估	-	-	(144)	-	-	-	158	37	51
Interest expenses	利息支出	288	4	17	625	71	835	-	-	1,840
Total other changes	其他變動總額	657	103	385	625	71	835	214	(598)	2,292
At 31st December 2017	於2017年12月31日	36,466	1,007	12,413	59	7	176	(220)	162	50,070

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

49. ASSETS PLEDGED AS SECURITY 用作抵押品的資產

The following assets have been pledged as collateral for own liabilities at the end of the reporting period.

於報告期結束日，以下資產經已用作本身負債之抵押品。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Secured liabilities	有抵押負債	6,588	6,284
Assets pledged:	抵押資產:		
Loans and advances to customers	客戶貸款及墊款	1,056	890
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	1,189	249
Available-for-sale financial assets	可供出售金融資產	4,448	5,125
Held-to-maturity investments	持至到期投資	194	194
		6,887	6,458

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives.

以下的銀行結餘已用作證券借貸及衍生工具孖展按金之抵押品。

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash collateral for borrowed securities	用作證券借貸的現金抵押品	83	-
Margin accounts for open futures and forward contracts	用作開立期貨及遠期合約的孖展賬戶	1,211	1,521
		1,294	1,521

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

50. LOANS TO DIRECTORS AND ENTITIES CONNECTED WITH DIRECTORS

董事及與董事有關連實體的貸款

The aggregate of loans to directors of the Bank and entities connected with directors disclosed pursuant to Section 383(1)(d) of the Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

根據《公司條例》第383(1)(d)條及《公司(披露董事利益資料)規則》第3部規定，本行董事及與董事有關連實體之貸款總額披露如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Aggregate amount of relevant loans outstanding at 31st December	相關貸款於12月31日的結欠總額		
By the Bank	由銀行借出	1,776	2,316
By subsidiaries	由附屬公司借出	4	101
		1,780	2,417
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額		
By the Bank	由銀行借出	5,385	3,046
By subsidiaries	由附屬公司借出	7	172
		5,392	3,218

There was no interest due but unpaid nor any impairment allowance made against these loans at 31st December, 2017 and 2016.

於2017年12月31日及2016年12月31日，沒有逾期未償付利息，亦未有對該等貸款作減值準備。

51. MATERIAL RELATED PARTY TRANSACTIONS 關聯人士的重大交易

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors as disclosed in Note 21 and certain of the highest paid employees as disclosed in Note 22, is as follows:

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，已包括在附註21中所披露支付予本行董事及在附註22中所披露支付予本行若干最高薪酬僱員的金額如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Short-term employee benefits	短期僱員福利	165	105
Post-employment benefits	僱員退休福利	7	7
Equity compensation benefits	股份補償福利	35	35
		207	147

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) The Group maintains certain retirement benefit schemes for its staff as per Note 2(q)(iii). In 2017, the total amount of contributions the Group made to the schemes was HK\$159 million (2016: HK\$165 million).

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

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

(b) 本集團為其職員提供若干退休保障計劃，並已於附註2(q)(iii)披露。於2017年內，本集團對該等計劃的供款總數為港幣1.59億元(2016年：港幣1.65億元)。

本集團與其關聯人士進行多項交易，該等人士包括聯營公司、及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

年度內，本集團從關聯人士所收取與支付予他們的利息，及在年末關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

		Key management personnel				Associates			
		主要管理人員				聯營公司			
		2017		2016		2017		2016	
	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元	
Interest income	利息收入	103		131		19		19	
Interest expense	利息支出	24		22		1		-	
Amounts due from	關聯人士的欠款	4,547		7,229		454		648	
Amounts due to	欠關聯人士的款項	2,672		3,471		78		87	
Maximum amounts due from	關聯人士的最高欠款	6,452		9,052		808		718	
Maximum amounts due to	欠關聯人士的最高款項	7,077		7,779		516		491	
Committed facilities to	給予信貸承諾	1,751		2,710		401		311	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

52. EQUITY COMPENSATION PLANS 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board may at its discretion grant to any employees of the Group, including Executive Director and Chief Executive, options to subscribe for ordinary shares of the Bank. All options were granted for nil consideration.

本行所採納的僱員認股計劃是董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。所有認股權均以無計價款形式發出。

(a) Particulars of share options

(a) 認股權詳情

Date of grant 授予日期	Vesting period 有效期	Exercise period 行使期	Exercise price per share 每股行使價 HK\$ 港幣元
05/5/2011(T1)	05/5/2011–04/5/2012	05/5/2012–05/5/2017	32.00
05/5/2011(T2)	05/5/2011–04/5/2013	05/5/2013–05/5/2018	32.00
05/5/2011(T3)	05/5/2011–04/5/2014	05/5/2014–05/5/2019	32.00
10/5/2012(T1)	10/5/2012–09/5/2013	10/5/2013–10/5/2018	28.99
10/5/2012(T2)	10/5/2012–09/5/2014	10/5/2014–10/5/2019	28.99
10/5/2012(T3)	10/5/2012–09/5/2015	10/5/2015–10/5/2020	28.99
03/5/2013(T1)	03/5/2013–02/5/2014	03/5/2014–03/5/2019	31.40
03/5/2013(T2)	03/5/2013–02/5/2015	03/5/2015–03/5/2020	31.40
03/5/2013(T3)	03/5/2013–02/5/2016	03/5/2016–03/5/2021	31.40
02/5/2014(T1)	02/5/2014–01/5/2015	02/5/2015–02/5/2020	32.50
02/5/2014(T2)	02/5/2014–01/5/2016	02/5/2016–02/5/2021	32.50
02/5/2014(T3)	02/5/2014–01/5/2017	02/5/2017–02/5/2022	32.50
04/5/2015(T1)	04/5/2015–03/5/2016	04/5/2016–04/5/2021	34.15
04/5/2015(T2)	04/5/2015–03/5/2017	04/5/2017–04/5/2022	34.15
04/5/2015(T3)	04/5/2015–03/5/2018	04/5/2018–04/5/2023	34.15
08/4/2016(T1)	08/4/2016–07/4/2017	08/4/2017–08/4/2022	28.45
08/4/2016(T2)	08/4/2016–07/4/2018	08/4/2018–08/4/2023	28.45
08/4/2016(T3)	08/4/2016–07/4/2019	08/4/2019–08/4/2024	28.45
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(b) Movement of share options during the period

(b) 期內認股權之變動

2017			Number of share options 認股權數目				Outstanding
Date of grant	Tranche	Exercise price per share	Outstanding at 1/1/2017	Granted	Exercised	Lapsed	at 31/12/2017
授予日期	部分	每股行使價 HK\$ 港幣元	於2017年1月1日 尚未行使	已授予	已行使	已失效	於2017年12月31日 尚未行使
05/5/2011	T1	32.00	1,880,000	-	386,000	1,494,000	-
05/5/2011	T2	32.00	1,930,000	-	441,000	-	1,489,000
05/5/2011	T3	32.00	1,940,000	-	50,000	-	1,890,000
10/5/2012	T1	28.99	1,164,000	-	582,000	-	582,000
10/5/2012	T2	28.99	1,164,000	-	50,000	-	1,114,000
10/5/2012	T3	28.99	1,172,000	-	-	-	1,172,000
03/5/2013	T1	31.40	1,214,000	-	100,000	-	1,114,000
03/5/2013	T2	31.40	1,515,000	-	351,000	-	1,164,000
03/5/2013	T3	31.40	1,890,000	-	-	-	1,890,000
02/5/2014	T1	32.50	1,942,000	-	-	-	1,942,000
02/5/2014	T2	32.50	1,992,000	-	50,000	-	1,942,000
02/5/2014	T3	32.50	2,003,500	-	50,000	-	1,953,500
04/5/2015	T1	34.15	2,030,000	-	-	-	2,030,000
04/5/2015	T2	34.15	2,030,000	-	-	-	2,030,000
04/5/2015	T3	34.15	2,040,000	-	-	-	2,040,000
08/4/2016	T1	28.45	2,083,000	-	1,019,000	-	1,064,000
08/4/2016	T2	28.45	2,083,000	-	-	-	2,083,000
08/4/2016	T3	28.45	2,096,500	-	-	-	2,096,500
07/4/2017	T1	32.25	-	2,130,000	-	-	2,130,000
07/4/2017	T2	32.25	-	2,130,000	-	-	2,130,000
07/4/2017	T3	32.25	-	2,140,000	-	-	2,140,000
Total 總額			32,169,000	6,400,000	3,079,000	1,494,000	33,996,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

52. EQUITY COMPENSATION PLANS (CONTINUED) 股份補償計劃(續)

(b) Movement of share options during the period (continued)

(b) 期內認股權之變動(續)

2016		Exercise price per share 每股行使價 HK\$ 港幣元	Outstanding at 1/1/2016 於2016年1月1日 尚未行使	Number of share options 認股權數目			Outstanding at 31/12/2016 於2016年12月31日 尚未行使
Date of grant 授予日期	Tranche 部分			Granted 已授予	Exercised 已行使	Lapsed 已失效	
05/5/2011	T1	32.00	1,880,000	-	-	-	1,880,000
05/5/2011	T2	32.00	1,930,000	-	-	-	1,930,000
05/5/2011	T3	32.00	1,940,000	-	-	-	1,940,000
10/5/2012	T1	28.99	1,164,000	-	-	-	1,164,000
10/5/2012	T2	28.99	1,164,000	-	-	-	1,164,000
10/5/2012	T3	28.99	1,172,000	-	-	-	1,172,000
03/5/2013	T1	31.40	1,214,000	-	-	-	1,214,000
03/5/2013	T2	31.40	1,880,000	-	365,000	-	1,515,000
03/5/2013	T3	31.40	1,890,000	-	-	-	1,890,000
02/5/2014	T1	32.50	1,942,000	-	-	-	1,942,000
02/5/2014	T2	32.50	1,992,000	-	-	-	1,992,000
02/5/2014	T3	32.50	2,003,500	-	-	-	2,003,500
04/5/2015	T1	34.15	2,030,000	-	-	-	2,030,000
04/5/2015	T2	34.15	2,030,000	-	-	-	2,030,000
04/5/2015	T3	34.15	2,040,000	-	-	-	2,040,000
08/4/2016	T1	28.45	-	2,083,000	-	-	2,083,000
08/4/2016	T2	28.45	-	2,083,000	-	-	2,083,000
08/4/2016	T3	28.45	-	2,096,500	-	-	2,096,500
Total 總額			26,271,500	6,262,500	365,000	-	32,169,000

(c) No share options were cancelled during the years ended 31st December, 2017 and 2016.

(c) 截至2017年12月31日及2016年12月31日止年度內並未有認股權被註銷。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(d) Details of share options exercised

(d) 已行使認股權詳情

Exercise period 行使期間	Date of grant 授予日期	Number of share options 認股權數目	
		2017	2016
February 2月	05/5/2011 (T1)	150,000	–
	03/5/2013 (T2)	301,000	–
March 3月	05/5/2011 (T1)	20,000	–
	05/5/2011 (T1)	216,000	–
May 5月	10/5/2012 (T1)	10,000	–
	08/4/2016 (T1)	50,000	–
	10/5/2012 (T1)	50,000	–
June 6月	08/4/2016 (T1)	87,000	–
	05/5/2011 (T2)	105,000	–
August 8月	05/5/2011 (T2)	336,000	–
	05/5/2011 (T3)	50,000	–
	10/5/2012 (T1)	522,000	–
September 9月	10/5/2012 (T2)	40,000	–
	03/5/2013 (T2)	–	365,000
	02/5/2014 (T2)	50,000	–
October 10月	02/5/2014 (T3)	50,000	–
	08/4/2016 (T1)	882,000	–
	03/5/2013 (T1)	100,000	–
November 11月	03/5/2013 (T2)	50,000	–
	10/5/2012 (T2)	10,000	–
		3,079,000	365,000

53. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD 毋須調整的報告期結束日後的事件

After the end of the reporting period the directors declared a second interim dividend. Further details are disclosed in Note 19(a).

董事於報告期結束後擬派發第二次中期股息。詳情已在附註19(a)作披露。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

54. ACCOUNTING ESTIMATES AND JUDGEMENTS 會計估計及判斷

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

(a) Key sources of estimation uncertainty

Notes 34, 40 and 46 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment losses

Loans and advances

Loan portfolios are reviewed periodically to assess whether impairment losses exist. The Group makes judgement as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payment status of borrowers in a group has adversely changed. It may also include observable data that correlate with defaults on the assets in the Group. If management has determined, based on their judgement, that objective evidence for impairment exists, expected future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

Available-for-sale financial assets and held-to-maturity investments

The Group determines that available-for-sale financial assets and held-to-maturity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of when a decline in fair value below its cost is not recoverable within a reasonable time period is judgmental by nature, so profit and loss could be affected by differences in this judgement.

在編製本集團的財務報表時，管理層必須作出若干於該等財務報表的日期，對所匯報資產及負債之金額和或然資產及負債披露有影響的估計和假定，同時亦須作出若干對報告年度內收入及支出之金額有影響的估計和假定。如本集團更改該等假定，便可能對作出有關改變期間的財務報表產生重大影響。採用此等不同的假定和估計意味本集團之報告會有所不同。在各個重要環節方面，本集團認為已作出適當之假定，而本集團的財務報表均能公平地反映其財政狀況和業績。

管理層已與審核委員會商討關於本集團重要會計政策及估計的制定、選擇和披露，以及該等政策和估計的應用。

(a) 估計不穩定因素的主要來源

附註34、40和46載述有關商譽減值、已授予股權的公平價值和金融工具的公平價值的假定及其風險因素。估計不穩定因素的其他主要來源如下：

(i) 減值損失

貸款及墊款

本集團會定期檢討貸款組合，以評估減值損失是否存在。本集團需要判斷是否有任何客觀證據可以證明貸款組合已經減值，即估計將來現金流有所減少。減值客觀證據包括與借入人有關的可觀察資料整體上的付款狀況已出現逆轉，而該等資料與本集團的不履行資產是互相關連的。當管理層根據其判斷決定減值的客觀證據存在，便會依據若干與該等資產的信貸風險特性相若之資產的以往損失經驗，以估計預期將來現金流。以往損失經驗是以目前可觀察資料為基礎作出調整。管理層亦會定期檢討用以估計將來現金流的方法和假定，從而減少估計損失與實際損失的差異。

可供出售金融資產及持至到期投資

若可供出售金融資產及持至到期投資的公平價值明顯或持續地低於其成本，本集團即判斷該等資產及投資已減值。本集團判斷公平價值低於成本的金額會在一段合理時間內不可收回純屬假設性質，因此判斷之差異會對損益有所影響。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. The fair value of collateralised debt obligations is based on bid prices quoted by reputable brokers and has been carefully assessed for reasonableness by management. The fair value of a Special Investment Vehicle ("SIV") is based on its net asset values as provided by the SIV's manager.

(b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Held-to-maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity and where the Group has a positive intention and ability to hold to maturity as held-to-maturity investments. In making this judgement, the Group evaluates its intention and ability to hold such investments till maturity.

If the Group fails to hold these investments to maturity other than for certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale, as such class is deemed to have been tainted.

This would result in held-to-maturity investments being measured at fair value instead of at amortised cost.

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀／交易員的報價。債務抵押債券的公平價值由聲譽良好的經紀按買入價提供報價，及經已被管理層小心評估其適當性。特別投資工具的公平價值是根據特別投資工具之管理人所提供該工具的資產淨值。

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 持至到期投資

本集團將設有固定或可確定付款金額和固定到期日，以及本集團有確信的意向及能力持有至到期日的非衍生金融資產，分類為持至到期投資。在作出有關判斷時，本集團會評估本身是否有意向及能力持有該等投資至到期日。

除若干特殊情況外，若本集團未能持有該等投資至到期日，本集團會將整個可持至到期日的投資組合，重新分類為可供出售。這是由於此類投資已被蒙污。

以上之情況會導致原以攤銷成本計量的可持至到期投資改以公平價值計量。

(ii) 遞延稅項資產之確認

須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

55. COMPARATIVE FIGURES 比較數字

Certain 2016 comparative figures have been restated to conform to current year's presentation. Please refer to Consolidated Income Statement, Consolidated Statement of Financial Position, Notes 4, 7, 13, 23, 29(d) and 45(d) for the effect of restatement.

若干2016年的比較數字經已重報以符合本年度的呈報方式。請參閱綜合收益表、綜合財務狀況表、附註4、7、13、23、29(d)及45(d)中所述的重報影響。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

56. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

已終止經營業務及持有作出售資產

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

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

On 29th November, 2017, the Bank and its wholly-owned subsidiary, Credit Gain Finance Company Limited entered into an equity transfer agreement with China Financial Services Holdings Limited for the sale and purchase of all equity interests in Shenzhen Credit Gain Finance Company Limited (“Shenzhen Credit Gain”), Chongqing Liangjiang New Area Credit Gain Finance Company (“Chongqing Credit Gain”) and Chongqing Dongrong Business Consultancy Company Limited (“Chongqing Dongrong”) (“collectively, the “China Disposal”). The total consideration of the China Disposal is RMB563 million, subject to mutually agreed adjustments upon completion. The completion of the China Disposal is subject to the requisite Chinese regulatory approvals. Shenzhen Credit Gain, Chongqing Credit Gain and Chongqing Dongrong’s assets and liabilities as at 31st December, 2017 are presented separately as assets held for sale and liabilities held for sale respectively in the consolidated financial statements.

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

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

2017年11月29日，本行及其全資附屬公司領達財務有限公司與中國金融投資管理有限公司簽訂一份股權轉讓協議，就買賣深圳市領達小額貸款有限公司(「深圳領達小額貸款」)、重慶兩江新區領達小額貸款有限公司(「重慶領達小額貸款」)及重慶市東榮商務諮詢有限公司(「東榮商務諮詢」)的全部股權(統稱「內地業務出售交易」)。內地業務出售交易的總對價為人民幣5.63億元，惟雙方可在完成交易時協定對此金額作出調整。該項交易之完成須得到中國內地相關監管部門批准。深圳領達小額貸款、重慶領達小額貸款及東榮商務諮詢於2017年12月31日的資產及負債在綜合財務報表中分別以持有作出售資產及持有作出售負債列示。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

期內已終止經營業務的業績如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Interest income	利息收入	1	6
Interest expense	利息支出	(1)	(3)
Net interest income	淨利息收入	-	3
Fee and commission income	服務費及佣金收入	312	1,258
Fee and commission expense	服務費及佣金支出	-	-
Net fee and commission income	服務費及佣金收入淨額	312	1,258
Net trading losses	交易虧損淨額	(4)	(8)
Other operating income	其他經營收入	-	2
Non-interest income	非利息收入	308	1,252
Operating income	經營收入	308	1,255
Operating expenses	經營支出	(232)	(892)
Operating profit before impairment losses	未扣除減值損失之經營溢利	76	363
Impairment losses on loans and receivables	貸款及應收賬項減值損失	(2)	(3)
Operating profit after impairment losses	已扣除減值損失後之經營溢利	74	360
Net profit on sale of available-for-sale financial assets	出售可供出售金融資產之淨溢利	-	4
Net profit on sale of discontinued operations	出售已終止經營業務之淨溢利	4,084	-
Valuation gains on investment properties	重估投資物業盈利	-	1
Share of profits less losses of associates	應佔聯營公司溢利減虧損	1	-
Profit for the year before taxation	年度內除稅前溢利	4,159	365
Income tax	所得稅		
Current tax	本期稅項		
– Hong Kong	– 香港	(8)	(33)
– Outside Hong Kong	– 香港以外	(6)	(28)
Profit for the year from discontinued operations	年度內已終止經營業務溢利	4,145	304

		2017	2016
		HK\$ 港幣元	HK\$ 港幣元
Earnings per share for profit attributable to the equity holders of the Bank	歸屬於本行股東權益的每股盈利		
Basic and diluted	基本及攤薄		
– profit from discontinued operations	– 來自已終止經營業務溢利	1.12	0.09

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

56. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTINUED)

已終止經營業務及持有作出售資產(續)

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

持有作出售之出售組別的資產和負債摘要如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
ASSETS	資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	4	426
Placements with and advances to banks and other financial institutions	在銀行及其他金融機構的存款及墊款	-	66
Loans and advances to customers	客戶貸款及墊款	307	95
– Gross loans and advances to customers	– 客戶貸款及墊款總額	317	96
– Less: Collective impairment allowance	– 減：整體減值準備	(10)	(1)
Available-for-sale financial assets	可供出售金融資產	-	27
Investments in associates	聯營公司投資	-	21
Fixed assets	固定資產	9	205
– Investment properties	– 投資物業	-	22
– Other properties and equipment	– 其他物業及設備	9	183
Goodwill and intangible assets (Note 34)	商譽及無形資產(附註34)	-	1,149
Deferred tax assets (Note 37(b))	遞延稅項資產(附註37(b))	25	10
Other assets	其他資產	6	315
– Accrued interest and other accounts	– 應計利息及其他賬項	6	346
– Less: Individual impairment allowance	– 減：個別減值準備	-	(25)
Collective impairment allowance	整體減值準備	-	(6)
Assets held for sale	持有作出售資產	351	2,314
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	-	66
Deposits from customers	客戶存款	-	40
Current taxation	本期稅項	-	18
Deferred tax liabilities (Note 37(b))	遞延稅項負債(附註37(b))	-	3
Other liabilities	其他負債	9	299
Liabilities held for sale (Note 38(b))	持有作出售負債(附註38(b))	9	426

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

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

持有作出售之資產及負債摘要如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Assets held for sale (Note 36)	持有作出售資產(附註36)		
Disposal groups held for sale	持有作出售的組別	351	2,314
Other properties	其他物業	115	192
		466	2,506
Liabilities held for sale (Note 38(b))	持有作出售負債(附註38(b))		
Disposal groups held for sale	持有作出售的組別	9	426

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

有關持有作出售的組別在其他全面收益內確認之累計收入如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cumulative income recognised in other comprehensive income	確認在其他全面收益內之累計收入	(34)	(61)

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

已包括在綜合現金流量表而由已終止經營業務產生的淨現金流如下：

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Operating activities	經營活動	-	278
Investing activities	投資活動	-	(19)
Financing activities	融資活動	-	(91)
Net cash inflow	淨現金流入	-	168

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st December, 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

直至此等財務報表之發布日期，香港會計師公會已頒布了多項修訂及新準則；但該等修訂和新準則於截至2017年12月31日止會計年度尚未生效，因此尚未應用於此等財務報表。可能與本集團有關之修訂和新準則如下。

	Effective for accounting periods beginning on or after 由會計期開始或以後起生效
HKFRS 9, <i>Financial instruments</i> 《香港財務報告準則》第9號「金融工具」	1st January, 2018 2018年1月1日
HKFRS 15, <i>Revenue from contracts with customers</i> 《香港財務報告準則》第15號「與客戶之間的合同產生的收入」	1st January, 2018 2018年1月1日
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> 經修訂《香港財務報告準則》第2號「以股份為基礎作支付：以股份為基礎作支付交易的分類及計量」	1st January, 2018 2018年1月1日
Amendments to HKAS 40, <i>Investment property: Transfers of investment property</i> 經修訂《香港會計準則》第40號「投資物業：投資物業的轉讓」	1st January, 2018 2018年1月1日
HK(IFRIC) 22, <i>Foreign currency transactions and advance consideration</i> 香港《國際財務報告準則詮釋委員會詮釋》第22號「外幣交易及預付代價」	1st January, 2018 2018年1月1日
HKFRS 16, <i>Leases</i> 《香港財務報告準則》第16號「租賃」	1st January, 2019 2019年1月1日
HK(IFRIC) 23, <i>Uncertainty over income tax treatments</i> 香港《國際財務報告準則詮釋委員會詮釋》第23號「所得稅不確定性的處理」	1st January, 2019 2019年1月1日

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

本集團正在評估該等修訂對首個應用期可能產生的影響。除以下所述外，至今所得結論是若採納該等修訂對本集團的綜合財務報表不可能構成重大影響：

HKFRS 9, Financial Instruments

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2018, with early adoption permitted. It replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

《香港財務報告準則》第9號「金融工具」

《香港財務報告準則》第9號於2018年1月1日或以後的會計年度生效並容許提前採納。《香港財務報告準則》第9號取代《香港會計準則》第39號「金融工具：確認與計量」。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

The Group applied HKFRS 9 initially on 1st January, 2018. Based on assessments undertaken to date, the total estimated adjustment (before tax) of the adoption of HKFRS 9 on the opening balance of the Group's equity at 1st January, 2018 is approximately HK\$0.5 billion, representing:

- a reduction of approximately HK\$0.4 billion related to impairment requirements (see (ii)); and
- a reduction of approximately HK\$0.1 billion related to classification and measurement requirements, other than impairment (see (i) and (iii)), primarily due to the reversal of unrealised gains from the reclassification of available-for-sale financial assets to amortised cost as the Group intends to collect the contractual cash flows of these portfolios.

The relevant impact from deferred tax and associates to the Group's equity is estimated to be immaterial.

The overall impact on Common Tier 1 Capital Ratio is estimated to be reduced by 18 bps.

The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting HKFRS 9 on 1st January, 2018 may change because:

- the relevant tax impact arising from the implementation of the new accounting standard is still subject to clarification on the tax treatment by local tax authority;
- the Group is refining and finalising its models for Expected Credit Losses (ECLs) calculations; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

(i) Classification – Financial assets

HKFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

HKFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. It eliminates the existing HKAS 39 categories of held to maturity, loans and receivables and available for sale.

本集團於2018年1月1日起採用《香港財務報告準則》第9號。根據現時評估，採納《香港財務報告準則》第9號預期令本集團於2018年1月1日的期初股東權益減少約港幣5億元，包括：

- 因額外減值令股東權益減少約港幣4億元（見(ii)）；及
- 除減值以外，因分類和計量變動令股東權益減少約港幣1億元，主要是部分持有以收取合約現金流為目的可供出售金融資產重分類至以攤銷成本計量時所轉回的未實現收益之影響（見(i)及(iii)）。

遞延稅項及聯營公司對本集團股東權益的相關影響估計並不重大。

另外，對普通一級資本比率的整體性影響估計減少約18個基點。

以上對採納《香港財務報告準則》第9號的初步評估及其預期對集團的影響因以下因素可能需作進一步調整及確實：

- 因實施此新會計準則的相關稅務影響仍有待地方稅務機關明確的稅務處理或安排；
- 本集團正完善及將預期信用損失計算模型定稿；及
- 本集團在完成其第一份包含初始應用日的財務報表前，對採納新會計政策、假設、判斷及估計技術的相關調整。

(i) 分類—金融資產

《香港財務報告準則》第9號對金融資產引入了新的分類及計量方法，以反映管理金融資產的商業模式及該資產的合約現金流特徵。

《香港財務報告準則》第9號規定金融資產有三大分類，計量類別分類為：攤銷成本、通過其他全面收益以反映公平價值及通過損益以反映公平價值，並撤銷了現時《香港會計準則》第39號持至到期、貸款及應收賬款及可供出售的分類。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)
 在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響
 (續)

HKFRS 9, Financial Instruments (continued)

(i) Classification – Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified into one of these categories on initial recognition. See (viii) for the transition requirements relating to classification of financial assets.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of HKFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

《香港財務報告準則》第9號「金融工具」(續)

(i) 分類—金融資產(續)

一項金融資產以攤銷成本作後續計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- 其商業模型是持有該資產以收取合約現金流為目的；及
- 該資產的合約現金流符合本金及按本金結餘的利息支付特徵。

一項金融資產以通過其他全面收益以反映公平價值作後續計量，其必須符合以下條件及未有指定為通過損益以反映公平價值：

- 其商業模型是同時收取合約現金流及出售該資產；及
- 該資產的合約現金流符合本金及按本金結餘的利息支付特徵。

非交易用途之股份工具初始確認時，本集團可作出不可撤回的選擇，將其後續公平值變化確認於其他全面收益。該選擇權是以每個股份工具逐一選擇的。

除以上以攤銷成本或以通過其他全面收益以反映公平價值作後續計量的金融資產外，所有金融資產應以通過損益以反映公平價值作後續計量。此外，於初始確認時，本集團可以作出不可撤回的選擇，指定符合以攤銷成本或通過其他全面收益以反映公平價值條件的金融資產為通過損益以反映公平價值分類，若該選擇可消除或明顯減少會計錯配的情況。

金融資產於初始確認時應以以上作計量分類，見(viii)關於金融資產的分類之過渡規定。

根據《香港財務報告準則》第9號，嵌入衍生工具的合約而其主合約屬《香港財務報告準則》第9號範圍下的金融資產，該嵌入衍生工具不可與其主合約分開處理。相反，應以整個混合金融工具作分類評估。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Impact assessment

The standard will affect the classification and measurement of financial assets held as at 1st January, 2018 as follows:

- Trading assets and derivative assets held for risk management, which are classified as held-for-trading and measured at FVTPL under HKAS 39, will also be measured at FVTPL under HKFRS 9.
- Trade bills, loans and advances to banks and to customers that are classified as loans and receivables and measured at amortised cost under HKAS 39 will in general also be measured at amortised cost under HKFRS 9, save that the portfolios of forfaiting and draft discount business which are managed within a business model whose objective is achieved by both collecting contractual cash flows and selling will be measured at FVOCI.
- Held-to-maturity investment securities measured at amortised cost under HKAS 39 will in general also be measured at amortised cost under HKFRS 9, save that a small portfolio of investment securities which the contractual cash flows do not meet the SPPI criterion will be measured at FVTPL.
- Debt investment securities that are classified as available-for-sale under HKAS 39 may, under HKFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the particular circumstances.
- Investment securities that are designated as at FVTPL under HKAS 39 will in general continue to be measured at FVTPL under HKFRS 9.
- The majority of the equity investment securities that are classified as available-for-sale under HKAS 39 will be measured at FVTPL under HKFRS 9. However, some of these equity investment securities are held for long-term strategic purposes and will be designated as at FVOCI on 1st January, 2018.

The Group has estimated that, on the adoption of HKFRS 9 at 1st January, 2018, the impact of these changes (before tax) is a reduction in the Group's equity of approximately HK\$0.1 billion.

影響評估

新會計準則對於2018年1月1日持有之金融資產的分類及計量影響如下：

- 根據《香港會計準則》第39號分類為持有作交易用途並以通過損益以反映公平價值作計量的持有作風險管理的交易用途資產及衍生工具資產，於《香港財務報告準則》第9號下將以通過損益以反映公平價值作分類。
- 根據《香港會計準則》第39號分類為貸款及應收賬款，並以攤銷成本作後續計量的貿易票據、銀行及客戶貸款及墊款。該等資產於《香港財務報告準則》第9號下大部份將以攤銷成本作後續計量，除福費廷及票據貼現業務組合因其商業模型是同時收取合約現金流及出售該等資產將以通過其他全面收益以反映公平價值作分類。
- 根據《香港會計準則》第39號分類為持至到期並以攤銷成本作後續計量的投資證券，於《香港財務報告準則》第9號下大部份將仍然以攤銷成本作後續計量，除少部份投資證券因未能符合本金及按本金結餘的利息支付的合約現金流特徵需以通過損益以反映公平價值作分類。
- 根據《香港會計準則》第39號分類為可供出售的債券投資證券將視乎其特定情況，於《香港財務報告準則》第9號下分類為攤銷成本、通過其他全面收益以反映公平價值或通過損益以反映公平價值。
- 根據《香港會計準則》第39號指定為通過損益以反映公平價值的投資證券於《香港財務報告準則》第9號下將大部份繼續以通過損益以反映公平價值作計量。
- 根據《香港會計準則》第39號大部份分類為可供出售的股份證券於《香港財務報告準則》第9號下將以通過損益以反映公平價值作計量。而部份持有作長遠策略性目的之股份證券將於2018年1月1日指定為以通過其他全面收益以反映公平價值分類。

本集團評估於2018年1月1日實施《香港財務報告準則》第9號時，以上轉變對本集團之影響(除稅前)為減少集團權益約港幣1億元。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)

在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響(續)

HKFRS 9, Financial Instruments (continued)

(ii) Impairment – Financial assets, loan commitments and financial guarantee contracts

HKFRS 9 replaces the 'incurred loss' model in HKAS 39 with a forward-looking 'expected credit loss' model.

The new impairment model applies to the following financial assets that are not measured at FVTPL:

- Debt instruments;
- Lease receivables; and
- Loan commitments and financial guarantee contracts issued (previously, impairment was measured under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under HKFRS 9, no impairment loss is recognized on equity investments.

HKFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from the default events that are possible within the 12 months after the reporting date.

The Group will recognize loss allowances at an amount equal to 12-month ECLs, except in the following cases, for which the amount recognized will be lifetime ECLs:

- A financial asset that is determined as "credit-impaired" at the reporting date; or
- A financial asset that is classified as "special-mention" at the reporting date; or

《香港財務報告準則》第9號「金融工具」(續)

(ii) 減值 – 金融資產、貸款承擔及財務擔保合約

《香港財務報告準則》第9號中具前瞻性的「預期信貸損失」模型將替代《香港會計準則》第39號中的「已發生損失」模型。

新的減值模型將應用於下列非通過損益以反映公平價值的金融資產：

- 債務工具；
- 租賃應收賬款；及
- 貸款承擔及已發出的財務擔保合約（之前以《香港會計準則》第37號「準備，或然負債及或然資產」計算減值）。

在《香港財務報告準則》第9號下，無需為股份投資計算減值。

《香港財務報告準則》第9號需要確認和計量12個月內之預期信貸損失或合約期內之預期信貸損失。合約期內之預期信貸損失指該金融工具在合約期內，所有潛在違約事件所導致的信貸損失，而12個月內之預期信貸損失則指金融工具在報告日後之12個月內，所有潛在違約事件所導致的信貸損失。

除以下情況以合約期內之預期信貸損失計算損失準備外，本集團會以12個月內之預期信貸損失作準備：

- 於報告日被認定為「不良信貸」的金融資產；或
- 於報告日被歸類為「需要關注」的金融資產；或

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

- A financial asset for which credit risk is considered to have a significant increase since initial recognition and is not deemed with low credit risk at the reporting date. The Group will deem that a non-retail financial asset is with low credit risk if its internal credit risk grade is equivalent to the globally understood definition of "investment-grade". The Group will deem that a retail financial asset is with low credit risk if its internal credit risk grade is benchmarking with a rating in credit bureau that will be accepted by the Group for setting normal pricing.

- 信貸風險較初始承擔時有明顯增加並於報告日不被視為低風險的金融資產。對於非個人零售金融資產，如它的內部信貸風險評級等同於國際通用的投資評級，集團將視為低風險。對於個人零售金融資產，如它的內部信貸風險評級等同集團設定正常定價所採納之信貸資料機構評級，集團將視為低風險。

The impairment requirements of HKFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

《香港財務報告準則》第9號的減值規定具複雜性並需要管理層作出判斷，估算及假設，特別是在以下將會詳述之處：

- Assessing whether the credit risk of an asset has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

- 評估金融資產的信貸風險會否較初始承擔時明顯增加，及
- 整合前瞻性資料以作估算預期信貸損失。

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

計量預期信貸損失

預期信貸損失是一個信貸損失的或然率在加權後的估算值，以如下方法估算：

- Financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows the Group expects to receive;
- Financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of the estimated future cash flows.
- Undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amount that the Group expects to recover.

- 於報告日為非不良信貸的金融資產：現金缺口的現值(即集團根據合約所標明的現金流與集團預期收回的現金流的差額)；
- 於報告日為不良信貸的金融資產：墊款總額與估算的將來的現金流現值之差額；
- 未提取的貸款承擔：假設貸款承擔已被提取並為此需要支付予本集團的合約現金流與本集團預期收回的現金流的差額；及
- 財務擔保合約：預期支付予合約持有者的金額減除本集團預期可收回金額的現值。

Financial assets that are credit-impaired are defined by HKFRS 9 in a similar way to financial assets that are impaired under HKAS 39.

《香港財務報告準則》第9號中為不良信貸所作的定義與《香港會計準則》第39號下信貸不良的金融資產相若。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)

在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響(續)

HKFRS 9, Financial Instruments (continued)

- (ii) Impairment – Financial assets, loan commitments and financial guarantee contracts (continued)

Definition of default

The Group will consider a financial asset to be in default or credit-impaired under HKFRS 9, in a similar way under HKAS 39, when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered past due once the borrower has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

The definition is largely consistent with the loan classification system required to be adopted for reporting to the HKMA for loans and advances.

Significant increase in credit risk

The Group has established a framework to determine whether the credit risk on a particular financial asset has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The Group will allocate each exposure to a credit risk grade that is determined to be predictive of the risk of default. Each exposure will be allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade when the risk of asset changes. The Group will primarily identify whether a significant increase in credit risk under HKFRS 9 has occurred for an exposure by comparing:

- the credit risk grade at the reporting date; with
- the credit risk grade at the initial recognition of the exposure.

The Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition if the current credit risk grade deteriorates by a pre-determined number of notches. The criteria for determining the number of notches may vary by portfolio and include a backstop based on delinquency.

《香港財務報告準則》第9號「金融工具」(續)

- (ii) 減值—金融資產、貸款承擔及財務擔保合約(續)

違約的定義

與《香港會計準則》第39號相若，在《香港財務報告準則》第9號下，集團會視金融資產違約或信貸不良，當：

- 如集團不採取行動如變賣抵押品(如有)，借款人不可能履行其信貸責任全額支付集團，或
- 借款人於本集團之借貸已逾期超過90日。如借款人的戶口透支超越所批准之額度或因額度被調整後低於透支金額，該筆透支會被視作逾期。

以上之定義與匯報予香港金融管理局的貸款分類系統大致相同。

明顯增加的信貸風險

本集團已建立機制以確定某一金融資產的信貸風險是否較初始承擔時明顯增加。此機制與本集團的內部信貸風險管理程序吻合。

本集團會為每一個信貸風險承擔確定一個信貸風險評級作違約風險的預測。在初始承擔時，會根據每一個借貸人的相關資料確定一個信貸風險評級。信貸風險承擔會持續受監控並在其風險程度有所改變時被調配至不同的信貸風險評級。在《香港財務報告準則》第9號下，集團會識別一個資產的信貸風險是否明顯增加主要透過比較該資產：

- 於報告日的信貸風險評級；和
- 於初始承擔時的信貸風險評級。

如某一資產的現行信貸風險評級已較本集團初始承擔時的評級下跌了超過一個指定數量的級別，本集團會視該資產的信貸風險已有明顯增加。不同的資產組合會以不同的級別數量作為衡量標準，並以逾期情況作為預設的基本標準。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

As a backstop, and as required by HKFRS 9, the Group will presumptively consider that a significantly increase in credit risk occurs no later than when an asset is more than 30 days past due.

在《香港財務報告準則》第9號下，作為一個基本標準，本集團會預設某一已逾期超過30日的資產為信貸風險已經明顯增加。

The Group will monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular review to confirm that:

本集團會監控識別信貸風險增加的衡量標準的有效性，透過定期檢討以確保：

- the criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

- 衡量標準能在風險承擔違約前識別信貸風險增加；
- 風險承擔一般不會從12個月內之預期信貸損失直接轉為不良信貸；及
- 不會導致減值準備因為風險承擔在計算12個月內之預期信貸損失和合約期內之預期信貸損失中的轉變時出現不必要的波動。

Inputs into measurements of ECLs

The key inputs into the measurement of ECLs are likely to be the following variables:

預期信貸損失的計算因素

以下是計算預期信貸損失時的主要因素：

- Probability of Default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

- 違約概率；
- 違約損失率；及
- 違約風險承擔。

These parameters will be derived from internally developed statistical models using internal and external data. They will be adjusted to reflect forward-looking information.

這些參數會透過內部建立的統計模型，運算內部及外部數據而產生。這些參數會被調整成具前瞻性的資料。

For portfolios in respect of which the Group has limited historical data, external benchmark information will be used.

對於在本集團內歷史數據不足的資產組合，會以外部資料為基準。

PD estimates will be based on internal rating models tailored to the various categories of counterparties and exposures. These PD estimates will be based on internally compiled data comprising both quantities and qualitative factors. PD estimates of certain portfolios of exposure with external ratings will be derived based on the historical default rates of external ratings.

用於估算違約概率的內部評級模型是按著不同的交易對手和風險承擔類別建立。違約概率估值參考了包含質性性和數量性的內部綜合數據。某類含外部評級的承擔組合的違約概率估值會參考該外部評級以往的違約概率。

LGD is the magnitude of the likely loss if there is a default. The Group will estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. LGD estimates will be calibrated for different economic scenarios, to reflect possible changes in collateral values. They will be calculated on a discounted cash flow basis using the effective interest rate as the discounting factors. When internal data is not available, LGD will be estimated based on the externally published statistics of historical recoveries and calibrated for economic scenarios.

違約損失率是如果發生違約時的預期損失幅度。本集團會根據以往從違約交易對手的回收率去估算違約損失率。違約損失率估值會依不同經濟情景所反映的抵押品價值變化再作校正。以有效利率作為現值折算基準，利用現金流現值折算方法去計算。如內部數據不足，違約損失率會參考外部公開的歷史回收率數據再作經濟情景校正。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)

在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響(續)

HKFRS 9, Financial Instruments (continued)

- (ii) Impairment – Financial assets, loan commitments and financial guarantee contracts (continued)

EAD represents the expected exposure in the event of a default. The EAD of a financial asset will be the gross carrying amount at default. For lending commitments and financial guarantees, the EAD will consider both the amount drawn and the estimated potential future amounts that may be drawn.

For retail portfolios, modeling of parameters are carried out on collective basis and the financial assets are grouped on the basis of shared risk characteristics that include:

- Instrument type;
- Collateral type;
- Geographical location

The groupings will be subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Forward-looking information

Under HKFRS 9, the Group will incorporate forward-looking information into its measurement of ECLs. The Group will formulate a ‘baseline’ view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the economic experts and consideration of a variety of external actual and forecast information. This process will involve developing multiple economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecast published by governmental bodies and monetary authorities in the countries where the Group operates.

The “baseline” view will represent a most-likely outcome. The other scenarios will represent more optimistic and more pessimistic outcomes.

The Group has identified key drivers of credit risk and credit losses for each portfolio of financial assets and, using an analysis of historical data, has estimated relationship between macro-economic variables and credit risk and credit losses.

《香港財務報告準則》第9號「金融工具」(續)

- (ii) 減值—金融資產，貸款承擔及財務擔保合約(續)

違約風險承擔反映違約發生時的預期額度。金融資產的違約風險承擔是違約時的賬面總額。對於借貸承擔及財務擔保，違約風險承擔會考慮已提取的額度及預期將會提取的額度。

對於個人零售組合，模型內之參數是以整體基礎處理，而金融資產的分類是根據共同風險特質包括：

- 工具類別；
- 抵押品類別；
- 區域所在地

以上分類會透過定期檢討以確保同一特定類別的風險承擔的風險特質仍然相當一致。

前瞻性資料

在《香港財務報告準則》第9號下，集團會整合前瞻性資料以計算預期信貸損失。集團會對相關經濟因素的未來方向制訂基準線，及依據經濟專家們的意見和參考不同的外界實質和預測資料以制訂一系列的可能預測情景。這過程包括建立多個預測經濟情景及考慮各結果的可能性。所參考的外界資料包括由本集團有業務據點的國家之政府及其監管機構所發佈的經濟數據及預測。

基準線反映最可能結果。而其餘情景反映較正面及較負面的結果。

本集團已釐定了各金融資產組合的信貸風險及信貸損失的重點因素，及以歷史數據分析去估算宏觀經濟因素，信貸風險及信貸損失的關聯性。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

Impact assessment

The most significant impact on the Group's financial statements from the implementation of HKFRS 9 is expected to result from the new impairment requirement.

The Group has estimated that, on the adoption of HKFRS 9 at 1st January 2018, the impact of the increase in loss allowance (before tax) will be approximately HK\$0.4 billion.

(iii) Classification – Financial liabilities

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification of financial liabilities.

However, under HKAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in profit or loss, whereas under HKFRS 9 these fair value changes will generally be presented as follows:

- the amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in OCI; and
- the remaining amount of the change in the fair value will be presented in profit or loss.

The Group has designated debt securities issued as at FVTPL when it holds related derivatives at FVTPL and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise. At 31st December 2017, the accumulated loss in fair value attributable to changes in credit risk of these liabilities was HK\$7 million and was recognised in profit or loss under HKAS 39. On the adoption of HKFRS 9, such changes in fair value will be recognised in OCI. Although the amount recognised in OCI each year will vary, the cumulative amount recognised in OCI will be nil if the designated liabilities are repaid at maturity.

影響評估

《香港財務報告準則》第9號的減值規定的實施，會對本集團財務報表有最重大影響。

當《香港財務報告準則》第9號於2018年1月1日實施，本集團估計稅前減值準備將會增加約4億港元。

(iii) 分類—金融負債

《香港財務報告準則》第9號基本上保留了《香港會計準則》第39號中對金融負債分類的要求。

然而，根據《香港會計準則》第39號，所有指定為通過損益以反映公平價值作計量的金融負債的公平值變更均於損益表內確認，而於《香港財務報告準則》第9號下，該等公平值變更將呈列如下：

- 因其信貸風險的改變而導致的公平值變動，需列示於其他全面收益；及
- 公平值變更總額的剩餘部分則包括於損益表內。

當本集團發行債務證券同時持有相關衍生工具，會指定該債務證券為通過損益以反映公平價值以消除或明顯減少會計錯配的情況。根據《香港會計準則》第39號，於2017年12月31日，該等負債因其信貸風險改變而導致的公平值變動累計約港幣7百萬元。於實施《香港財務報告準則》第9號時，該因其信貸風險改變而導致的相關公平值變動會於其他全面收益確認。儘管因此每年於其他全面收益確認之數字會浮動，如指定的負債於到期時還款，確認於其他全面收益的累計數字將為零。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)
 在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響
 (續)

HKFRS 9, Financial Instruments (continued)

(iv) Derecognition and contract modification

HKFRS 9 incorporates the requirements of HKAS 39 for the derecognition of financial assets and financial liabilities without substantive amendments

However, it contains specific guidance for the accounting when the modification of a financial instrument not measured at FVTPL does not result in derecognition. Under HKFRS 9, the Group will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss. Under HKAS 39, the Group does not recognise any gain or loss in profit or loss on modifications of financial liabilities and non-distressed financial assets that do not lead to their derecognition.

The Group expects an immaterial impact from adopting these new requirements.

(v) Hedge accounting

When initially applying HKFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of HKAS 39 instead of the requirements in Chapter 6 of HKFRS 9. The Group has elected to continue to apply HKAS 39. However, the Group will provide the expanded disclosures on hedge accounting introduced by HKFRS 9's amendments to HKFRS 7 Financial Instruments: Disclosures because the accounting policy election does not provide an exemption from these new disclosure requirements.

(vi) Disclosures

HKFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

《香港財務報告準則》第9號「金融工具」(續)

(iv) 終止確認及合約修訂

《香港財務報告準則》第9號保留了《香港會計準則》第39號中對金融資產及金融負債終止確認的要求，沒有太多修訂。

可是，《香港財務報告準則》第9號提出對非通過損益以反映公平價值作計量的金融工具在合約修訂但不會導致終止確認情況下的特定指引。根據《香港財務報告準則》第9號，本集團會按原本的有效利率折算已修訂的合約現金流，重新計算該金融資產的總賬面值(或金融負債的攤銷成本)，並於損益表內確認相關調整為修訂收益或虧損。根據《香港會計準則》第39號，本集團未有於損益表內確認在合約修訂但沒有終止確認的金融負債及非不良金融資產的相關修訂收益或虧損。

本集團預計採納相關規定未有重大影響。

(v) 對沖會計

於初始應用《香港財務報告準則》第9號，本集團可選擇繼續應用《香港會計準則》第39號的對沖會計規定作為其會計政策而非《香港財務報告準則》第9號第6章的要求。本集團選擇繼續應用《香港會計準則》第39號的對沖會計規定。然而，相關的會計政策選擇未有豁免新的披露要求，本集團將提供因應《香港財務報告準則》第9號而修訂的《香港財務報告準則》第7號「金融工具：披露」中對沖會計廣泛披露要求。

(vi) 披露

《香港財務報告準則》第9號提出了廣泛的新披露要求，尤其關於對沖會計，信用風險及預期信用損失。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

(vii) Impact on capital planning

According to the regulatory requirements stipulated by the HKMA, the impact of implementation of the HKFRS 9 on regulatory capital will be fully recognized on 1st January, 2018. The principal impact on the Group's regulatory capital arises from the difference in specific provisions for loans and advances to customers estimated under HKAS 39 and HKFRS 9, and the increased coverage under HKFRS 9.

Under current regulatory requirements, banks are required to maintain a regulatory reserve for general banking risks and impairment provisions are dealt with differently depending on the credit risk-weighting approach applied.

- IRB approach – Majority of the Group's assets which are subject to provisioning under HKFRS 9 are risk-weighted using IRB approach. For IRB portfolios, any shortfall between eligible provisions (being the sum of accounting provisions and regulatory reserve) and regulatory expected losses is deducted from CET1 capital and any excess is added back to Tier 2 capital (up to a certain limit).
- Standardised approach – Assets risk-weighted using the standardised approach constitute only a minor portion of the Group's total assets. While all accounting provisions and regulatory reserve for portfolios under standardised approach are deducted from CET1 capital, general provisions and regulatory reserve are added back to Tier 2 capital (up to a certain limit).

The Group's assessment indicates that the aggregate impact on regulatory capital of the implementation of HKFRS 9 for both the IRB and standardised portfolios will be a reduction in CET1 capital of approximately HK\$0.9 billion and a reduction in total capital of approximately HK\$0.4 billion as at 1st January, 2018.

(vii) 對資本規劃的影響

根據香港金融管理局載列的監管要求，《香港財務報告準則》第9號對監管資本的影響將於2018年1月1日全面反映。《香港財務報告準則》第9號對集團的監管資本的影響主要源於其與《香港會計準則》第39號中客戶貸款及墊款的特定準備金計算上的差別，及其新覆蓋的減值準備範圍。

在現行的監管要求下，銀行須為一般銀行業務風險維持監管儲備；減值準備金則會因應不同的信貸風險加權計算法而有不同的處理。

- 內部評級基準計算法—在《香港財務報告準則》第9號下，集團內大部分需要進行減值準備的資產乃以內部評級基準計算法計算風險加權金額。對以內部評級基準計算法計算風險加權金額的組合而言，合資格準備金（即會計準備金及監管儲備之和）與監管預期損失的任何差額將從普通股權一級資本扣減，而任何溢額則可包括在二級資本內（上至特定限額）。
- 標準計算法—以標準計算法計算風險加權金額的資產只佔集團總資產的少部分。對此組合而言，所有會計準備金及監管儲備須從普通股權一級資本扣減，而一般準備金及監管儲備則可包括在二級資本內（上至特定限額）。

集團的評估顯示，《香港財務報告準則》第9號於2018年1月1日執行後，其對集團的監管資本的總體影響（包括以內部評級基準計算法及標準計算法計算風險加權金額的組合）為：普通股權一級資本將減少約9億港元，而總資本則將減少約4億港元。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

57. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2017 (CONTINUED)
 在截至2017年12月31日止年度前已公布但尚未生效的修訂、新標準和詮釋所產生的可能影響
 (續)

HKFRS 9, Financial Instruments (continued)

(viii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will generally be recognised in retained earnings and reserves as at 1st January, 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.
 - For a financial liability designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.
- If a debt investment security has low credit risk at 1st January, 2018, then the Group will determine that the credit risk on the asset has not increased significantly since initial recognition.

《香港財務報告準則》第9號「金融工具」(續)

(viii) 過渡

因採納《香港財務報告準則》第9號修訂的會計政策除以下所列外應作出追溯性修訂。

- 本集團會採用豁免，允許其不再重列關於分類及計量(包括減值)轉變的以往會計年度比較數字。採納《香港財務報告準則》第9號引致的金融資產及金融負債之賬面值差異將於2018年1月1日的留存溢利及儲備中確認。
- 需根據初始應用日的事實及情況作評估如下。
 - 決定持有的金融資產的商業模型。
 - 指定及撤回之前指定部份金融資產及金融負債為通過損益以反映公平價值分類。
 - 指定部份非交易用途的股份工具為通過其他全面收益以反映公平價值。
 - 於指定為通過損益以反映公平價值的金融負債中，決定因應信貸風險的改變確認於其他全面收益會否於損益表製造或擴大會計錯配。
- 如債務投資證券於2018年1月1日的信用風險低，集團將決定其信用風險自從初始確認以來未有顯著增加。

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

HKFRS 16, Leases

As disclosed in Note 2(l), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases(i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the income statement over the period of the lease. As disclosed in Note 47(d), at 31st December, 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$1,075 million and HK\$7 million for properties and equipments respectively, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

《香港財務報告準則》第16號「租賃」

如在附註2(l)中所披露，本集團現分類租賃為融資租賃和經營租賃，本集團會按租賃的分類而採納不同的會計方法來處理租賃安排。本集團會以出租人及受租人身份簽訂租賃合約。

預計《香港財務報告準則》第16號對出租人根據他們在租賃的權利和義務的會計處理方法未有重大影響。但是，當採納《香港財務報告準則》第16號，受租人將毋須分辨融資租賃及經營租賃。另外，視乎實際情況，受租人將以現行相同的融資租賃會計法處理所有租賃，即在租賃之生效日受租人將按未來最低租賃付款之現值確認及計算租賃負債，亦會同時確認另一「可使用權利」資產。在初始確認該資產及負債後，受租人將按租賃負債的結餘確認應計利息支出，以及可使用權利資產的折舊，而並不是現行會計政策按租賃期限分期確認為經營租賃的租金支出。視乎實際情況，受租人可選擇不採納此會計模式計算短期租賃(即租賃期是12個月或以下)以及低價值資產之租賃，即仍繼續按租賃期限分期確認為經營租賃的租金支出。

《香港財務報告準則》第16號將主要影響現行本集團對物業、廠房及設備的租賃作為受租人(分類為經營租賃)的會計處理方法。預計採納新會計模式會令資產及負債增加，以及影響按租賃期限在收益表中確認費用支出的時間。如在附註47(d)中所披露，在2017年12月31日，本集團不可撤銷經營租賃的物業及設備之未來最低租賃付款分別為港幣10.75億元及港幣700萬元，而大部份是在報告日後1至5年及超過5年後支付。因此，當採納《香港財務報告準則》第16號，部份上述金額可能需要確認為租賃負債和相同金額的可使用權利資產。本集團須進行深入分析以計算當採納《香港財務報告準則》第16號由經營租賃承擔所產生的新資產和負債之金額，但會考慮實際情況及經調整由現在至採納《香港財務報告準則》第16號期間任何新承諾或已被終止之租賃及折現的影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

The following information is disclosed as part of the accompanying information to the financial statements and does not form part of the audited financial statements.

以下所披露的資料只屬於財務報表的附帶資料而並不構成已審核財務報表之一部分。

The preparation of supplementary financial information is in accordance with the Banking (Disclosure) Rules and consolidated supervision arrangement approved by the HKMA.

編制補充財務資料是根據《銀行業(披露)規則》及金管局核准的綜合監管要求。

(1) CAPITAL ADEQUACY 資本充足

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Capital base	股本基礎		
– Common Equity Tier 1 capital	– 普通股權一級資本	72,786	62,780
– Additional Tier 1 capital	– 額外一級資本	10,666	7,142
– Total Tier 1 capital	– 一級資本總額	83,452	69,922
– Tier 2 capital	– 二級資本	14,672	20,360
– Total capital	– 資本總額	98,124	90,282
Risk weighted assets by risk type	風險加權資產類別		
– Credit risk	– 信貸風險	496,034	477,065
– Market risk	– 市場風險	28,161	14,981
– Operational risk	– 營運風險	31,005	29,267
		555,200	521,313
Less: Deductions	減：扣除	(3,332)	(3,014)
		551,868	518,299

		2017	2016
		% 百分率	% 百分率
Common Equity Tier 1 capital ratio	普通股權一級資本比率	13.2	12.1
Tier 1 capital ratio	一級資本比率	15.1	13.5
Total capital ratio	總資本比率	17.8	17.4

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

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。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

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

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

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，對該等公司有關係維持足夠資本以支持商業活動的監管安排，與按照適用於《資本規則》及《銀行業條例》的金融機構之標準相符。本行於該等公司的權益已按《資本規則》第3部分所述之門檻規定以及附表4H所述之過渡性安排經計算後從一級及二級資本中扣除。

以下附屬公司並未包括在用作監管用途之綜合計算內：

Name of company 公司名稱	Nature of business 業務性質	Total assets 資產總額		Total equity 股東權益總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Ample Delight Limited 承悅有限公司	Investment holding 投資控股		364		364
BC (BVI) Holdings Limited	Investment holding 投資控股		16		16
BEA Blue Sky Company Limited	Acting as the sole general partner to BEA Blue Sky Real Estate Fund L.P. 出任 BEA Blue Sky Real Estate Fund L.P.單一普通合夥人		1		–
BEA Blue Sky Real Estate Fund L.P.	Acting as a limited partner for the purpose of making investment in a China real estate fund 出任單一有限責任合夥人用作投資予國 內一房地產基金		96		92
BEA Blue Sky SLP Limited	Acting as a special limited partner to BEA/AGRE China Real Estate Fund L.P. 出任 BEA/AGRE China Real Estate Fund L.P.特殊有限責任合夥人		–		–
BEA Consortium GS Investors L.P.	Acting as a limited partner for the purpose of making investment in private equity fund 出任有限責任合夥人用作投資予私募 基金		71		71
BEA Insurance Agency Limited 東亞保險代理有限公司	Insurance 保險		–		–
BEA Life Limited 東亞人壽保險有限公司	Life insurance 人壽保險		15,422		1,604
BEA Pacific Asia Limited	Dormant 不活動		–		–
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Asset management 資產管理		576		518

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(1) CAPITAL ADEQUACY (CONTINUED) 資本充足(續)

Name of company 公司名稱	Nature of business 業務性質	Total assets 資產總額		Total equity 股東權益總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Blue Care (BVI) Holdings Limited	Investment holding 投資控股	16		16	
Blue Care JV (BVI) Holdings Limited	Investment holding 投資控股	20		17	
Blue Care Medical Services Limited 寶康醫療服務有限公司	Medical services 醫療服務	49		38	
Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司	Insurance 保險	3,297		890	
Central Town Limited 匯中興業有限公司	Property investment 物業投資	761		571	
Century Able Limited 階潤有限公司	Investment holding 投資控股	106		106	
Chongqing Dongrong Business Consultancy Company Limited 重慶市東榮商務諮詢有限公司	Business consultancy services 商業諮詢服務	4		–	
Citiview Capital Limited	Acting as the general partner and limited partner of a limited partnership 出任普通合夥人及有限責任合夥人	4		–	
Corona Light Limited	Investment holding 投資控股	930		930	
Crystal Gleaming Limited	Investment holding 投資控股	930		930	
Dean Street Property Limited	Property development 物業發展	29		28	
Dragon Jade Holdings Company Limited 卓領控股有限公司	Investment holding 投資控股	1,127		1,127	
EA Securities Limited	Investment holding 投資控股	–		(63)	
East Asia Financial Services (BVI) Ltd.	Investment holding 投資控股	–		–	
East Asia Futures Limited 東亞期貨有限公司	Futures and options trading 期貨及期權交易	61		60	
East Asia Indonesian Holdings Limited	Investment holding 投資控股	131		131	
East Asia International Trustees Holdings (BVI) Limited	Investment holding 投資控股	10		10	
East Asia International Trustees Limited	Trustee services 信託服務	20		16	
East Asia Properties Holding Company Limited 東亞物業控股有限公司	Investment holding 投資控股	–		(62)	
East Asia Property Agency Company Limited 東亞物業代理有限公司	Property agency 物業代理	17		17	

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

Name of company 公司名稱	Nature of business 業務性質	Total assets 資產總額	Total equity 股東權益總額
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
East Asia Property Holdings (Jersey) Limited	Property holding 物業持有	29	29
East Asia Qianhai Holdings Company Limited	Investment holding 投資控股	216	216
East Asia Secretaries (BVI) Limited	Investment holding 投資控股	–	–
East Asia Secretaries Limited 東亞秘書有限公司	Secretarial services 秘書服務	–	–
East Asia Securities Company Limited 東亞證券有限公司	Securities broking 證券買賣	1,428	929
East Asia Strategic Holdings Limited	Investment holding 投資控股	1	1
Golden Empire International Inc.	Property investment 物業投資	1	1
High Town Limited	Investment holding 投資控股	4	4
Leader One Limited	Investment holding 投資控股	1	1
Manchester Property Holdings Ltd.	Property holding 物業控股	35	16
Quantum Hong Kong Holdings Company Limited 君騰香港控股有限公司	Investment holding 投資控股	203	203
Red Phoenix Limited	Leasing of motor vehicles 汽車租賃	1	1
Shaftesbury Property Holdings Limited	Investment holding 投資控股	105	105
Shaftesbury Property Investments Limited	Investment holding 投資控股	67	67
Shanghai Lingxie Business Consulting Co. Ltd. 上海領偕商務諮詢有限公司	Business information consulting, corporate management consulting 商業資訊諮詢·企業管理諮詢	216	216
Silver River International Limited	Acting as the general partner and limited partner of a limited partnership 出任普通合夥人及有限責任合夥人	75	–
Silver Sunlight Limited	Acting as the general partner of a limited partnership 出任普通合夥人	–	–
Skyray Holdings Limited	Investment holding 投資控股	450	450
Speedfull Limited	Investment holding 投資控股	450	450
The Bank of East Asia (Nominees) Limited 東亞銀行受託代管有限公司	Nominee services 受託代管服務	–	–

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(1) CAPITAL ADEQUACY (CONTINUED) 資本充足(續)

Name of company 公司名稱	Nature of business 業務性質	Total assets 資產總額		Total equity 股東權益總額	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
The Bank of East Asia (Nominees) Private Limited	Trustee, fiduciary and custody services 信託、代理及託管服務	–	–	–	–
Travelsafe Limited	Dormant 不活動	–	–	–	–
Tung Shing Holdings (BVI) Limited	Investment holding 投資控股	–	–	–	–
U Care Hong Kong Medical Limited 明康醫療香港有限公司	Medical services 醫療服務	22	–	(13)	–
United Chinese (Nominee) Limited	Dormant 不活動	–	–	–	–

There are no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation but where the method of consolidation differs at 31st December, 2017.

There are no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation at 31st December, 2017.

There are no relevant capital shortfalls in any of the Group's subsidiaries as at 31st December, 2017 (31st December, 2016: Nil) which are not included in the Group's consolidation for regulatory purposes.

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 banking group.

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

並未有已包括在用作會計範疇及監管範疇之綜合賬的附屬公司，而於2017年12月31日其綜合計算方法是不相同的。

於2017年12月31日，並未有附屬公司已包括在用作監管範疇之綜合賬但並未包括在用作會計範疇之綜合賬內。

於2017年12月31日（2016年12月31日：無），本集團之附屬公司並無有關資本不足而未有包括在本集團用作監管用途之綜合賬內。

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

為符合《銀行業(披露)規則》，本集團已在本行網站內增設一節。有關本集團的監管資本工具及其他披露資料，可於本行網站該節內找到，只要瀏覽本行網站www.hkbea.com主頁內「監管披露」的連繫或www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html的直接連繫。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(2) LIQUIDITY POSITION 流動資金狀況

		2017	2016
		% 百分率	% 百分率
Average liquidity coverage ratio	平均流動性覆蓋比率		
- First quarter	- 第一季	150.7	151.3
- Second quarter	- 第二季	129.5	141.2
- Third quarter	- 第三季	136.5	133.5
- Fourth quarter	- 第四季	151.7	137.2

The LCR 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 Disclosure" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

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.

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

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

(3) INTERNATIONAL CLAIMS 國際債權

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

國際債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及認可風險轉移因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。當某一國家的風險額佔已計算認可風險轉移的風險總額的百分之十或以上，該國家的國際債權便須予以披露。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(3) INTERNATIONAL CLAIMS (CONTINUED) 國際債權(續)

		2017					Total claims 總額
		Non-bank private sector 非銀行私營機構					
		Non-bank					
		Banks	Official	financial	Non-financial	Others	
		銀行	官方部門	非銀行金融機構	非金融私營機構	其他	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		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	
Counterparty country/ jurisdiction	交易對手的國家/ 司法管轄區						
Developed countries	發達國家	35,973	1,001	6,562	14,937	-	58,473
Offshore centres	離岸中心	8,137	1,419	5,336	75,095	-	89,987
- of which: Hong Kong	- 其中：香港	4,177	1,415	4,902	64,666	-	75,160
Developing Asia and Pacific	發展中的亞洲和 太平洋地區	34,511	4,355	8,886	82,256	-	130,008
- of which: China	- 其中：中華 人民共和國	25,081	4,132	7,636	75,380	-	112,229

		2016					Total claims 總額
		Non-bank private sector 非銀行私營機構					
		Non-bank					
		Banks	Official	financial	Non-financial	Others	
		銀行	官方部門	非銀行金融機構	非金融私營機構	其他	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		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	
Counterparty country/ jurisdiction	交易對手的國家/ 司法管轄區						
Developed countries	發達國家	18,381	4,476	6,906	10,251	-	40,014
Offshore centres	離岸中心	6,921	544	3,737	76,943	-	88,145
- of which: Hong Kong	- 其中：香港	4,260	540	3,606	65,877	-	74,283
Developing Asia and Pacific	發展中的亞洲和 太平洋地區	23,712	3,706	8,978	96,198	-	132,594
- of which: China	- 其中：中華 人民共和國	10,494	3,517	8,831	89,147	-	111,989

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(4) MAINLAND ACTIVITIES 內地活動

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

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

Type of counterparties	交易對手的類別	2017		Total 總額
		On-balance sheet exposure 資產負債表 以內的風險 HK\$ Mn 港幣百萬元	Off-balance sheet exposure 資產負債表 以外的風險 HK\$ Mn 港幣百萬元	
1. Central government, central government-owned entities and their subsidiaries and joint ventures	1. 中央政府、屬中央政府擁有之機構與其附屬公司及合營企業	34,580	4,616	39,196
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	2. 地方政府、屬地方政府擁有之機構與其附屬公司及合營企業	21,731	662	22,393
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3. 居住中國內地的中國公民或其他於境內註冊成立之其他機構與其附屬公司及合營企業	156,875	4,068	160,943
4. Other entities of central government not reported in item 1 above	4. 並無於上述(1)項內報告的中央政府之其他機構	4,783	431	5,214
5. Other entities of local governments not reported in item 2 above	5. 並無於上述(2)項內報告的地方政府之其他機構	3,361	23	3,384
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6. 居住中國境外的中國公民或於境外註冊之其他機構，其於中國內地使用之信貸	5,130	315	5,445
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7. 其他被視為內地非銀行客戶之風險	39,565	3,493	43,058
Total	總額	266,025	13,608	279,633
Total assets after provision	扣除撥備後總資產	746,108		
On-balance sheet exposures as percentage of total assets	資產負債表內之風險承擔佔總資產的比例	35.7%		

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(4) MAINLAND ACTIVITIES (CONTINUED) 內地活動(續)

Type of counterparties	交易對手的類別	2016		Total
		On-balance sheet exposure 資產負債表以內的風險 HK\$ Mn 港幣百萬元	Restated 重報 Off-balance sheet exposure 資產負債表以外的風險 HK\$ Mn 港幣百萬元	
1. Central government, central government-owned entities and their subsidiaries and joint ventures	1. 中央政府、屬中央政府擁有之機構與其附屬公司及合營企業	32,612	5,928	38,540
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	2. 地方政府、屬地方政府擁有之機構與其附屬公司及合營企業	21,379	564	21,943
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3. 居住中國內地的中國公民或其他於境內註冊成立之其他機構與其附屬公司及合營企業	162,746	10,955	173,701
4. Other entities of central government not reported in item 1 above	4. 並無於上述(1)項內報告的中央政府之其他機構	5,004	831	5,835
5. Other entities of local governments not reported in item 2 above	5. 並無於上述(2)項內報告的地方政府之其他機構	3,588	5	3,593
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6. 居住中國境外的中國公民或於境外註冊之其他機構，其於中國內地使用之信貸	4,092	709	4,801
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7. 其他被視作為內地非銀行客戶之風險	37,368	2,243	39,611
Total	總額	266,789	21,235	288,024
Total assets after provision	扣除撥備後總資產	710,187		
On-balance sheet exposures as percentage of total assets	資產負債表內之風險承擔佔總資產的比例	37.6%		

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

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(5) LEVERAGE RATIO 槓桿比率

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Total Tier 1 capital	一級資本	83,452	69,922
Exposure measure	風險承擔計量	833,035	793,122
		% 百分率	% 百分率
Leverage ratio	槓桿比率	10.0	8.8

The disclosure on leverage ratio is computed on the same consolidated basis as specified in a notice from the HKMA in accordance with section 3C of the Capital Rules. The relevant disclosures pursuant to section 24A of the Banking (Disclosure) Rules can be found on the Bank's website accessible through the "Regulatory Disclosure" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

槓桿比率之披露，其計算乃按金管局根據《資本規則》第3C條頒布的通知內所指定的綜合基準。根據《銀行業(披露)規則》第24A條的有關披露資料，可瀏覽本行網站 www.hkbea.com 主頁內「監管披露」的連繫或按 www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html 的直接連繫。

(6) COUNTERCYCLICAL CAPITAL BUFFER RATIO 逆周期緩衝資本比率

		2017	2016
		% 百分率	% 百分率
Countercyclical capital buffer ratio	逆周期緩衝資本比率	0.464	0.243

The relevant disclosures pursuant to section 24B of the Banking (Disclosure) Rules for 2017 can be found on the Bank's website accessible through the "Regulatory Disclosure" link on the home page of the Bank's website at www.hkbea.com or at the following direct link: www.hkbea.com/regulatory_disclosures.

根據《銀行業(披露)規則》第24B條的有關披露2017年的資料，可瀏覽本行網站 www.hkbea.com 主頁內「監管披露」的連繫或按 www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html 的直接連繫。

(7) CAPITAL CONSERVATION BUFFER RATIO 防護緩衝資本比率

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

根據《資本規則》第3M條，用以計算2017年及2016年之緩衝水平的防護緩衝資本比率分別是1.25%及0.625%。

(8) HIGHER LOSS ABSORBENCY RATIO 較高吸收虧損能力比率

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

金管局已將本行指定為具本地系統重要性認可機構。根據《資本規則》第3V條，適用於本行之2017年及2016年的較高吸收虧損能力比率分別是0.5%及0.25%。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS 逾期、經重組及收回資產

(a) Overdue and rescheduled advances

(a) 逾期及經重組墊款

		2017		2016	
		HK\$ Mn	% of total advances to customers	HK\$ Mn	% of total advances to customers
		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
Advances to customers overdue for	逾期客戶墊款				
– 6 months or less but over 3 months	– 3個月以上至6個月	576	0.1	455	0.1
– 1 year or less but over 6 months	– 6個月以上至1年	765	0.2	1,009	0.2
– Over 1 year	– 1年以上	2,636	0.5	2,725	0.6
		3,977	0.8	4,189	0.9
Rescheduled advances to customers	經重組客戶墊款	108	0.0	107	0.0
Total overdue and rescheduled advances	逾期及經重組墊款總額	4,085	0.8	4,296	0.9
Covered portion of overdue advances	已逾期墊款涵蓋部份	3,242	0.7	2,907	0.6
Uncovered portion of overdue advances	已逾期墊款非涵蓋部份	736	0.2	1,282	0.3
Current market value of collateral held against the covered portion of overdue advances	已逾期墊款涵蓋部份之抵押品市值	4,508		5,678	
Individual impairment allowance made on advances overdue for more than 3 months	逾期3個月以上墊款的個別減值準備	931		1,510	

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

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

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

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

可視作合格抵押品的資產須符合下列條件：

- 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；
- 該資產是有市價的及有二手市場可即時將該資產出售；
- 本行收回資產的權利是有法律依據及沒有障礙的；及
- 本行在有需要時可對該資產行使控制權。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

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

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

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

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

(b) Advances to banks

合格抵押品主要分為下列兩種：

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

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

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

(b) 銀行墊款

		2017		2016	
		HK\$ Mn	港幣百萬元	HK\$ Mn	港幣百萬元
Advances to banks overdue for	逾期銀行墊款				
– 6 months or less but over 3 months	– 3個月以上至6個月	–		–	
– 1 year or less but over 6 months	– 6個月以上至1年	–		–	
– Over 1 year	– 1年以上	–		–	
		–		–	
Rescheduled advances to banks	經重組銀行墊款	–		–	
Total overdue and rescheduled advances	逾期及經重組銀行墊款總額	–		–	

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS (CONTINUED)

逾期、經重組及收回資產(續)

(c) Other overdue and rescheduled assets

(c) 其他逾期及經重組資產

		2017			
		Accrued interest	Debt securities	Other assets*	
		應計利息	債務證券	其他資產*	
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	港幣百萬元
Other assets overdue for	其他逾期資產				
– 6 months or less but over 3 months	– 3個月以上至6個月	1	–	–	–
– 1 year or less but over 6 months	– 6個月以上至1年	–	–	–	–
– Over 1 year	– 1年以上	–	–	–	1
		1	–	–	1
Rescheduled assets	經重組資產	–	–	–	–
Total other overdue and rescheduled assets	其他逾期及經重組資產總額	1	–	–	1

		2016			
		Accrued interest	Debt securities	Other assets*	
		應計利息	債務證券	其他資產*	
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	港幣百萬元
Other assets overdue for	其他逾期資產				
– 6 months or less but over 3 months	– 3個月以上至6個月	–	–	–	–
– 1 year or less but over 6 months	– 6個月以上至1年	–	–	–	–
– Over 1 year	– 1年以上	–	–	–	1
		–	–	–	1
Rescheduled assets	經重組資產	–	–	–	–
Total other overdue and rescheduled assets	其他逾期及經重組資產總額	–	–	–	1

* Other assets refer to trade bills and receivables.

* 其他資產是指貿易票據及應收款項。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(d) Repossessed assets**(d) 收回資產**

		2017	2016
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Reposessed land and buildings *	收回土地及建築物 *	1,485	333
Reposessed vehicles and equipment	收回汽車及設備	-	-
Reposessed machines	收回機器	-	-
Total reposessed assets	收回資產總額	1,485	333

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

此等金額指於12月31日收回資產的估計市值。

* The balance included HK\$5 million (2016: HK\$19 million) relating to properties that were contracted for sale but not yet completed.

* 結餘中並包括港幣500萬元已簽約出售但仍未成交的物業(2016年: 1,900萬元)。

(10) CURRENCY RISK 貨幣風險

Currency risk is one of the key types of market risk that must be managed.

貨幣風險為其中一種需要管理的市場風險。

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

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

		2017						
		USD	JPY	EUR	RMB	SGD	Other foreign currencies	Total
		美元	日圓	歐元	人民幣	新加坡元	其他外幣	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Spot assets	現貨資產	200,302	1,595	5,951	273,874	22,101	51,301	555,124
Spot liabilities	現貨負債	(171,552)	(1,500)	(4,683)	(272,774)	(21,188)	(47,427)	(519,124)
Forward purchases	遠期買入	255,806	1,387	7,330	231,475	86	11,155	507,239
Forward sales	遠期賣出	(274,361)	(1,387)	(8,450)	(242,554)	(991)	(14,953)	(542,696)
Net options position	期權倉淨額	(8,868)	(2)	(69)	8,954	-	2	17
Net long/(short) non-structural position	非結構性長/(短)盤淨額	1,327	93	79	(1,025)	8	78	560

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(10) CURRENCY RISK (CONTINUED) 貨幣風險(續)

		2016						Total
		USD	JPY	EUR	RMB	SGD	Other foreign	Total
		美元	日圓	歐元	人民幣	新加坡元	其他外幣	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		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
Spot assets	現貨資產	186,600	4,924	5,852	273,715	20,885	47,482	539,458
Spot liabilities	現貨負債	(172,440)	(1,602)	(3,934)	(253,575)	(24,727)	(42,611)	(498,889)
Forward purchases	遠期買入	184,475	1,287	2,731	130,912	4,880	5,073	329,358
Forward sales	遠期賣出	(191,621)	(4,577)	(4,638)	(161,274)	(1,628)	(9,855)	(373,593)
Net options position	期權倉淨額	(9,366)	(6)	(6)	9,233	-	(12)	(157)
Net long(short) non-structural position	非結構性長/(短) 盤淨額	(2,352)	26	5	(989)	(590)	77	(3,823)

		2017					Total
		USD	RMB	MYR	Other foreign	Total	
		美元	人民幣	馬幣	其他外幣	總額	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		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	
Net structural position	結構性持倉淨額	(6,965)	14,584	2,271	966	10,856	

		2016					Total
		USD	RMB	MYR	Other foreign	Total	
		美元	人民幣	馬幣	其他外幣	總額	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		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	
Net structural position	結構性持倉淨額	2,173	12,834	2,033	903	17,943	

The current year's figures are prepared after elimination of inter-branch foreign exchange transactions within a subsidiary, BEA China, for the purpose of conforming to the prevailing reporting requirements.

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

本年度的數字於編製時已將子公司東亞中國各分行之間的外匯交易會互相抵銷，以符合現行的報告要求。

以上數字乃根據《銀行業條例》第63條，就年度報告期向金管局呈交有關持有外匯情況的申報表之基準作披露，其計算是根據金管局為用作規管用途而訂定的綜合基礎所編製。

(11) PILLAR 3 REGULATORY DISCLOSURES 第三支柱監管披露

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

第三支柱監管披露所載本年度之披露是根據《銀行業(披露)規則》而編製，而金管局所頒布的披露模版，可瀏覽本行網站 www.hkbea.com 主頁內「監管披露」的連繫或按 www.hkbea.com/html/tc/bea-about-bea-regulatory-disclosures.html 的直接連繫。

GLOSSARY

詞彙

2016 Scheme 「2016計劃」	Staff Share Option Scheme approved by the shareholders of the Bank on 8th April, 2016 and adopted on 19th April, 2016 於2016年4月8日經股東批准及於2016年4月19日採納的僱員認股計劃
2017 AGM 「2017股東周年常會」	an AGM of the Bank held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Hong Kong on Friday, 5th May, 2017 at 11:30 a.m. 本行於2017年5月5日星期五上午11時30分在香港中環金融街8號四季酒店大禮堂舉行的股東周年常會
2018 AGM 「2018股東周年常會」	an AGM of the Bank to be held in the Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Hong Kong on Friday, 11th May, 2018 at 11:30 a.m. or any adjournment thereof 本行將於2018年5月11日星期五上午11時30分在香港中環金融街8號四季酒店大禮堂舉行的股東周年常會，或其任何續會
AC 「審核委員會」	the Audit Committee of the Bank 本行的審核委員會
ACM 「審核委員會會議」	Audit Committee Meeting 審核委員會會議
AGM 「股東周年常會」	an Annual General Meeting of the Bank 本行的股東周年常會
Article of Association 「組織章程細則」	the articles of association of the Bank (as amended, modified or otherwise supplemented from time to time) 本行的組織章程細則，經不時修訂、修改或以其他方式補充
AUM 「管理資產」	Assets under management 管理資產
Bank Group or BEA Group or Group 「集團」或「本集團」	The Bank and its subsidiaries 東亞銀行及其附屬公司
Bank or BEA 「本行」或「東亞銀行」	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong 東亞銀行有限公司，於香港註冊成立的有限公司
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 Foundation 「東亞銀行慈善基金」	The Bank of East Asia Charitable Foundation Limited, of which the Bank is the sole member 東亞銀行慈善基金有限公司，本行是其唯一成員
BEA Hong Kong 「東亞香港」	The Bank's operations in Hong Kong 本行的香港業務
BEA Life 「東亞人壽」	BEA Life Limited, a wholly-owned subsidiary of the Bank 東亞人壽保險有限公司，本行的全資附屬公司
BEA Union Investment 「東亞聯豐投資」	BEA Union Investment Management Limited, a non-wholly-owned subsidiary of the Bank 東亞聯豐投資管理有限公司，本行的非全資附屬公司
Blue Cross 「藍十字」	Blue Cross (Asia-Pacific) Insurance Limited, a wholly-owned subsidiary of the Bank 藍十字(亞太)保險有限公司，本行的全資附屬公司
BM 「董事會會議」	Board Meeting 董事會會議
Board 「董事會」	Board of Directors of the Bank 本行的董事會

GLOSSARY (CONTINUED)

詞彙 (續)

BVI 「英屬處女群島」	British Virgin Islands 英屬處女群島
Capital Rules 「《資本規則》」	Banking (Capital) Rules issued by the HKMA 金管局頒布的《銀行業 (資本規則)》
CFSH 「中金投」	China Financial Services Holdings Limited 中國金融投資管理有限公司
CG Code 「《企業管治守則》」	Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules 《上市規則》附錄 14 內所載的《企業管治守則》及《企業管治報告》
CG-1 「CG-1」	Supervisory Policy Manual CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions, issued by the HKMA 金管局頒布之監管政策手冊 CG-1 內有關《本地註冊認可機構的企業管治》
CG-5 「CG-5」	Supervisory Policy Manual CG-5 on Guideline on a Sound Remuneration System, issued by the HKMA 金管局頒布之監管政策手冊 CG-5 內有關《穩健的薪酬制度指引》
CHF 「瑞士法郎」	Swiss franc 瑞士法定貨幣
China or Mainland or Mainland China or PRC 「中國」或「內地」	People's Republic of China 中華人民共和國
Circular 「通函」	the circular to the Shareholders dated 4th April, 2018 日期為 2018 年 4 月 4 日的致股東通函
CNY or RMB 「人民幣」	Chinese yuan or Renminbi, the lawful currency of the PRC 中國法定貨幣
Companies Ordinance or Ordinance 「《公司條例》」或「《條例》」	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 《公司條例》(香港法例第 622 章)
Credit Gain 「領達財務」	Credit Gain Finance Company Limited, a wholly-owned subsidiary of the Bank 領達財務有限公司，本行的全資附屬公司
CSR 「企業社會責任」	Corporate social responsibility 企業社會責任
Director(s) 「董事」	includes any person who occupies the position of a director, by whatever name called, of the Bank or otherwise as the context may require 包括任何任職本行董事職位的人士 (不論其職銜如何) · 或文義另有所指的人士
DIS 「預設投資策略」	Default Investment Strategy 預設投資策略
EAS 「東亞證券」	East Asia Securities Company Limited 東亞證券有限公司
EA Qianhai 「東亞前海」	East Asia Qianhai Securities Company Limited 東亞前海證券有限責任公司
ED 「執行董事」	Executive Director of the Bank 本行的執行董事
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 on 14th December, 2016 金管局於 2016 年 12 月 14 日頒布之提升香港銀行業獨立非執行董事的專業能力指引
ERM 「企業風險管理」	Enterprise risk management 企業風險管理

GLOSSARY (CONTINUED)

詞彙 (續)

EUR 「歐羅」	Euro 歐羅區法定貨幣
FX 「外匯」	Foreign Exchange 外匯
GBP 「英鎊」	Pound sterling, the lawful currency of the UK 英國法定貨幣
GDP 「本地生產總值」	Gross domestic product 本地生產總值
General Managers 「總經理」	All Division Heads and Executive Director & Chief Executive of BEA China of the Bank 本行所有分處主管及東亞中國的執行董事兼行長
Greater Bay Area 「大灣區」	Guangdong-Hong Kong-Macao Bay Area 「粵港澳大灣區」
HK\$ or HKD 「港幣」	Hong Kong dollar, the lawful currency of Hong Kong 香港法定貨幣
HKAS 「香港會計準則」	Hong Kong Accounting Standards 香港會計準則
HKEx 「香港交易所」	Hong Kong Exchanges and Clearing Limited 香港交易及結算所有限公司
HKFRS 「香港財務報告準則」	Hong Kong Financial Reporting Standards 香港財務報告準則
HKICPA 「香港會計師公會」	Hong Kong Institute of Certified Public Accountants 香港會計師公會
HKMA 「金管局」	Hong Kong Monetary Authority 香港金融管理局
Hong Kong or HK 「香港」	Hong Kong Special Administrative Region of PRC 中華人民共和國香港特別行政區
HKFRS9 「財務報告第9號」	Hong Kong Financial Reporting Standard 9: Financial Instruments 香港財務報告準則第9號：金融工具
INED(s) 「獨立非執行董事」	Independent Non-executive Director(s) of the Bank 本行的獨立非執行董事
JPY 「日圓」	Japanese yen, the lawful currency of Japan 日本法定貨幣
Listing Rules 「《上市規則》」	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, modified or otherwise supplemented from time to time) 聯交所《證券上市規則》，經不時修訂、修改或以其他方式補充
Macau Branch 「澳門分行」	the Bank's branch operations in Macau 本行的澳門分行
Moody's 「穆迪」	Moody's Investor Service 穆迪信貸服務
MPF 「強積金」	Mandatory Provident Fund 強制性公積金
MYR 「馬幣」	Malaysian Ringgit, the lawful currency of Malaysia 馬來西亞法定貨幣

GLOSSARY (CONTINUED)

詞彙 (續)

NC 「提名委員會」	the Nomination Committee of the Bank 本行的提名委員會
NCM 「提名委員會會議」	Nomination Committee Meeting 提名委員會會議
NED 「非執行董事」	Non-executive Director of the Bank 本行的非執行董事
NGO(s) 「非政府機構」	Non-governmental organisation(s) 非政府機構
QL Finance 「乾隆信貸」	QL Finance Company Limited 乾隆信貸有限公司
RC 「薪酬委員會」	the Remuneration Committee of the Bank 本行的薪酬委員會
RCM 「薪酬委員會會議」	Remuneration Committee Meeting 薪酬委員會會議
RIC 「風險委員會」	the Risk Committee of the Bank 本行的風險委員會
RICM 「風險委員會會議」	Risk Committee Meeting 風險委員會會議
Senior Management 「高層管理人員」	the Chief Executive, Executive Directors and Deputy Chief Executives of the Bank 本行的行政總裁、執行董事及副行政總裁
SFO 「《證券及期貨條例》」	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 《證券及期貨條例》(香港法例第571章)
SGD 「新加坡元」	Singapore dollar, the lawful currency of Singapore 新加坡法定貨幣
Share 「股份」	Ordinary shares of the Bank 本行普通股
SMBC 「三井住友銀行」	Sumitomo Mitsui Banking Corporation 三井住友銀行
SMEs 「中小企」	Small and medium-sized enterprises 中小型企業
Stock Exchange 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
Taiwan Branch 「台灣分行」	the Bank's branch operations in Taiwan 本行的台灣分行
TWD 「新台幣」	Taiwan dollar, the lawful currency of Taiwan 台灣法定貨幣
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

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

2017 full year results announced	22nd February, 2018
2017 Second Interim Dividend declared	22nd February, 2018
Ex-all date for 2017 Second Interim Dividend	8th March, 2018
Closure of register of members - 2017 Second Interim Dividend	12th March, 2018 and 13th March, 2018
Record date for 2017 Second Interim Dividend	13th March, 2018
Despatch of Scrip Dividend Scheme Listing Document and Form of Election	13th March, 2018
Despatch of dividend warrants and share certificates for 2017 Second Interim Dividend	(on or about) 4th April, 2018
Closure of register of members - 2018 AGM	From 4th May, 2018 to 11th May, 2018 (Both days inclusive)
2018 AGM	11th May, 2018
2018 interim results to be announced	August, 2018*
* Subject to change	

SHARE LISTING

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SHARE REGISTRAR

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股東資料

財務日誌

公布2017年度全年業績	2018年2月22日
宣布派發2017年度第二次中期股息	2018年2月22日
2017年度第二次中期股息除淨日期	2018年3月8日
暫停辦理過戶登記手續 - 2017年度第二次中期股息	2018年3月12日及2018年3月13日
2017年度第二次中期股息記錄日期	2018年3月13日
寄發以股代息計劃上市文件及選擇表格	2018年3月13日
寄發2017年度第二次中期股息單及股票	(約於) 2018年4月4日
暫停辦理過戶登記手續 - 2018股東周年常會	由2018年5月4日至2018年5月11日(包括首尾兩天)
2018股東周年常會	2018年5月11日
公布2018年度中期業績	2018年8月*
* 可予更改	

股份上市

香港聯合交易所有限公司

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