

(五) 逾期及經重組資產(續) 5 Overdue and rescheduled assets (continued)

丙、經重組貸款

本集團之經重組貸款(已減除逾期超過三個月並在上述(甲)項內列明之貸款)分析如下：

經重組客戶貸款

於二〇〇四年十二月三十一日及二〇〇三年十二月三十一日，同業貸款中並無經重組之貸款。

(c) Rescheduled advances

The Group's rescheduled advances (net of those which have been overdue for over three months and reported in item (a) above) are as follows:

	2004		2003	
	佔客戶貸款 總額之百分比 % of total advances to customers	HK\$'000	佔客戶貸款 總額之百分比 % of total advances to customers	HK\$'000
Rescheduled advances to customers	0.86	268,599	1.25	365,192

At 31 December 2004 and 31 December 2003, there were no rescheduled advances to banks and other financial institutions.

丁、逾期貸款與不履行貸款之對賬表

不履行貸款乃指已記入利息暫記賬或已停止累計利息之貸款，逾期貸款與不履行貸款之對賬表如下：

逾期三個月以上之貸款
加：逾期三個月或以下但其利息已記入暫記賬或已停止累計利息之貸款
加：經重組貸款但其利息已記入暫記賬
減：逾期三個月以上但仍累計利息之貸款

不履行貸款

(d) Reconciliation of overdue advances to non-performing loans

Overdue advances are reconciled to the non-performing loans, which represent advances on which interest is being placed in suspense or on which interest accrual has ceased, as follows:

	本集團 The Group	
	2004 HK\$'000	2003 HK\$'000
Advances which are overdue for more than three months	172,083	515,333
Add: advances which are overdue for three months or less and on which interest is being placed in suspense or on which interest accrual has ceased	77,134	153,746
Add: rescheduled advances on which interest is being placed in suspense	78,832	172,490
Less: advances which are overdue for more than three months and on which interest is still being accrued	(69,982)	(112,747)
Non-performing loans	258,067	728,822

戊、收回資產

收回資產市值

(e) Repossessed assets

Market value of repossessed assets

	本集團 The Group	
	2004 HK\$'000	2003 HK\$'000
Market value of repossessed assets	14,270	49,613

(六) 企業管治

本集團根據由香港金融管理局發出之「本地註冊認可機構的企業管治」指引，致力於維持高水準的企業管治，於截至二〇〇四年十二月三十一日止之年度內，本行均符合香港聯合交易所有限公司證券上市規則附錄十四所列示之最佳應用守則。

董事會已成立了數個專責委員會，分別為常務董事會（簡稱「常董會」）、審核委員會及薪酬委員會。

甲、常務董事會

常董會由行政總裁及三位常務董事所組成，在董事會直接授權下以總管理委員會形式運作，定期舉行會議以檢討本集團之管理及業務表現。常董會負責執行董事會核定之政策及業務計劃，協助董事會規劃本集團之可接受風險程度及策略以管理本集團業務所承受之各類風險；以及執行和維持本集團整體業務風險管理架構。常董會同時參與評估大額信貸申請及批核超越授信審核委員會權限之信貸申請，並省視資產負債管理委員會及風險管理委員會的工作。後者提及的三個專責委員會乃由常董會設立並直接管轄之主要委員會。

乙、審核委員會

審核委員會之主要責任包括檢討本集團之財務表現，有關稽核檢討之性質及範圍，以及內部控制和法規遵守制度之果效。審核委員會亦會討論由內部稽核、核數師及監管機構所提出之各項建議，以確保所有合適的審核建議均已實行。此委員會由四位獨立非執行董事所組成。

丙、薪酬委員會

薪酬委員會之主要職責是對各常務董事及總經理之個人薪酬進行檢討及向董事會作出建議。此委員會由三位獨立非執行董事所組成。

6 Corporate Governance

The Group is committed to high standards of corporate governance with reference to the guideline entitled “Corporate Governance of Locally Incorporated Authorised Institutions” issued by the Hong Kong Monetary Authority and was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2004.

The Board of Directors (the “Board”) has established several specialised committees, namely the Executive Committee, Audit Committee and Remuneration Committee.

(a) Executive Committee

The Executive Committee comprising the Chief Executive and three Executive Directors meets regularly to review the management and performance of the Group and operates as a general management committee under the direct authority of the Board. They are responsible for the implementation of the policies and execution of the business plans as approved by the Board, assisting the Board to formulate the Group’s risk appetite and strategies for managing the various types of risks to which the Group’s businesses are exposed, and the implementation and maintenance of the overall risk management framework across the Group’s businesses. The Committee also participates in evaluating large credit applications and making credit decisions for those requiring approval in excess of the Credit Committee’s authorities, and oversees the Asset and Liability Management Committee and Risk Management Committee. The latter three specialised committees are the main committees established by and under the direct supervision of the Executive Committee.

(b) Audit Committee

The principal duties of the Audit Committee include the review of the Group’s financial reporting, the nature and scope of audit review as well as the effectiveness of the system of internal control and compliance. They will also discuss matters raised by the internal auditor, external auditors and regulatory bodies to ensure that appropriate recommendations are implemented. The Committee is made up of four Independent Non-executive Directors.

(c) Remuneration Committee

The principal duties of the Remuneration Committee are to review and make recommendations to the Board for the individual remuneration packages for the Executive Directors and the General Manager. The Committee is made up of three Independent Non-executive Directors.

(七) 風險管理

本集團已制定政策及程序，用以識別、量度、控制及監管信貸、流動資金、外匯、利率及市場風險。常董會就此等風險管理政策及程序之充分性及果效會作定期檢視；而稽核部門亦會進行定期稽核及檢查，以確保政策及程序得以遵從。

甲、信貸風險管理

信貸風險指由於借款客戶或交易對手不償還債務而引起之風險。有關風險乃由於本集團從事借貸、貿易融資、財資、衍生工具及其他活動而引起。

本集團之信貸政策已釐定授出信貸之標準、信貸批核、審閱及監控程序、以及貸款分類及撥備之系統。

本集團按審慎之基礎管理所有信貸風險，根據業務、金融、市場及業界評估及相關之抵押品，評估不同類別客戶及交易對方之信貸風險值。本集團在合適的情況下需取得抵押品以減低此風險。無論是否有抵押品作抵押，所有信貸均按客戶或交易對手之償還能力而作出決定。

若市場上有新產品發展之機會，一個由高級管理層及有關業務經理組成之委員會將負責檢討產品風險之評估及計劃之執行，該等檢討亦會需受內部稽核之檢查。所有新產品均須由常董會批核。

為避免過於集中所引致之風險，各個客戶、交易對手及業界之信貸風險均以設定限額小心管理及監控。所有信貸風險之限額由常董會批核，該會同時負責檢討及批核大額授信及管理較高風險之集中。信貸批核授權授信審核委員會及其他信貸業務管理人員負責，實際信貸風險、限額及資產質素均由管理層定期監管及控制，並受內部稽核之審查。

7 Risk management

The Group has established policies and procedures for the identification, measurement, control and monitoring of credit, liquidity, foreign exchange, interest rate and market risks. The adequacy and effectiveness of risk management policies and procedures are regularly reviewed by the Executive Committee. The Internal Audit Department also performs regular audits to ensure compliance with policies and procedures.

(a) Credit risk management

Credit risk arises from the possibility that borrowing customers or counterparties in a transaction may default on their payment obligations. It arises from the lending, trade finance, treasury, derivatives and other activities undertaken by the Group.

The Group's credit policy defines credit extension criteria, the credit approval, review and monitoring processes, and the system of loan classification and provision.

The Group manages all types of credit risk on a prudent basis by evaluating the creditworthiness of different types of customers and counterparties based on an assessment of business, financial, market and industry sector and collateral information applicable to the types of credit extended. To mitigate the risk, the Group obtains collateral where appropriate. All credit decisions, whether or not secured by collateral, are based on customers' or counterparties' repayment capacity.

When a new product development opportunity is identified, a committee comprising the senior management and the business managers concerned is organised to review the product risk assessment and implementation plan, which are also subject to internal audit checking. All new products are required to be approved by the Executive Committee.

To avoid concentration risk, credit exposures to individual customers, counterparties and industry sectors are carefully managed and monitored by the use of limits. All credit risk limits are approved by the Executive Committee. The Executive Committee is also responsible for the review and approval of the largest credit exposures and portfolio management of risk concentrations. Approval authorities are delegated to the Group's Credit Committee and other lending officers. Actual credit exposures, limits and asset quality are regularly monitored and controlled by management and subject to checks by the internal audit function.

(七) 風險管理(續)

乙、流動資金風險管理

流動資金風險乃指本集團未能以合理價格完成交易或達到融資需求而對盈利或資金造成之風險。本集團已定下政策及制度以監察各項資產、負債及承擔之流動性，確保本行能應付所有到期債項。如補充財務資料第一段所披露，是年度本集團之平均流動資金比率遠高於法定最低要求的百分之二十五。

本集團有制定流動資金比率、貸存比率及其他到期狀況之限額，以確保本集團能應付其資金需求。所有限額由常董會批核。實際風險水平與核定限額之比較和監察，則由資產負債管理委員會執行。

本集團維持審慎水平的可變現流動資產，以應付不能預計及重大的現金需求。亦定時為本集團持有之流動資金水平作出壓力測試。

丙、外匯風險管理

外匯風險乃因匯率波動而對盈利或資金造成之風險。本集團之外匯風險主要包括財資部之外匯買賣及源自商業銀行業務之貨幣兌換風險，此等風險每日均由財資部按常董會核定之外匯持倉限額集中管理。

由客戶交易而產生之外匯結餘(包括附設在某些客戶存款內之貨幣期權)，一般會與其他客戶交易或市場交易對銷。用以購買港元資產之外匯資金均會採用掉期或遠期貨幣兌換合約對沖外匯風險。

7 Risk management (continued)

(b) Liquidity risk management

Liquidity risk is the risk to earnings or capital due to failure of the Group to meet its funding requirements or to execute a transaction at a reasonable price. The Group has established policies and systems to monitor the liquidity of its assets, liabilities and commitments and to ensure that the Group maintains an assured capacity to meet all obligations as they fall due. As disclosed in note 1 of this supplementary financial information, the Group's average liquidity ratio for the year was well above the statutory minimum of 25%.

Limits for liquidity ratio, loan-to-deposit ratio and other maturity positions have been set to ensure that the Group is able to meet its funding requirements. All limits are approved by the Executive Committee. Actual positions are compared with the approved limits and monitored by the Asset and Liability Management Committee.

A prudent level of realisable liquid assets is also maintained by the Group to meet unexpected and material cash requirements. Stress testing on the Group's liquidity position is regularly performed.

(c) Foreign exchange risk management

Foreign exchange risk is the risk to earnings or capital arising from movement of foreign exchange rates. The Group's foreign exchange exposures mainly comprise foreign exchange dealing by the Treasury Department and currency exposures originated by its commercial banking businesses. All exposures are centrally managed by the Treasury Department on a daily basis within the foreign exchange position limits approved by the Executive Committee.

Foreign currency exposures arising from customer transactions, including currency options embedded in certain customer deposits, are normally offset against other customer transactions or transactions with the market. Foreign currency funding used to fund Hong Kong dollar assets is hedged using currency swaps or forward exchange contracts to mitigate the foreign exchange risk.

(七) 風險管理(續)

丁、利率風險管理

利率風險是指由於利率波動不定而對盈利或資金造成之風險。本集團之利率風險主要因持有資產、負債及資產負債表以外項目之重訂息率有時間差異而引起。本集團已定有政策及制度以監察其較易受利率影響之倉盤及重訂息率淨差距，以確保其在常董會所核定之限額以內，妥善管理。實際持倉額會與核定限額作比較並由風險管理委員會監察。

儘管利率風險管理之主要目的在於限制利率變動對淨利息收入之潛在不利影響，亦可在風險限額內增持利率倉盤以提高收益。

戊、市場風險管理

市場風險是指由於市場利率及價格(例如息率、匯率及股票之價格)之變動所引致資產、負債及承擔上之損失。本集團之市場風險主要源自其外匯持倉及持作買賣用途之證券及衍生工具。

買賣之財務工具包括債務、股權及其他證券，以及資產負債表以外之財務衍生工具。衍生工具是一項合約，其價值是由合約內指定之一種或多種財務工具或指數而確定。該等工具主要包括外匯、利率及股權之遠期、期貨、掉期及期權合約。

作為資產負債管理程序之一部份，本集團亦有利用財務工具管理市場風險。本集團所用衍生工具主要為利率及外幣匯率有關之合約，大部份為通過櫃台交易之衍生工具。本集團亦有參與在交易所買賣之衍生工具；而本集團之衍生工具持倉盤，大部份是為應客戶需求並作為對沖此等客戶盤及其他買賣持倉盤而持有。

7 Risk management (continued)

(d) Interest rate risk management

Interest rate risk is the risk to earnings or capital arising from movement in interest rates. The Group's interest rate risk mainly arises from the timing differences in the repricing of interest bearing assets, liabilities and off balance sheet positions. The Group has established policies and systems to monitor its interest-sensitive positions and net repricing gap to ensure that they are all properly managed under the limits approved by the Executive Committee. Actual positions are compared with the approved limits and monitored by the Risk Management Committee.

While the primary objective of interest rate risk management is to limit potential adverse effects of interest rate movements on net interest income, interest rate positions may be taken for yield enhancement within the risk limits.

(e) Market risk management

Market risk is the risk of loss in assets, liabilities and commitments arising from the net effect of changes in market rates and prices, such as interest rates, foreign exchange rates and equity prices. The Group's market risk primarily arises from its positions in foreign exchange, securities and derivatives in its trading book.

Financial instruments traded include debt, equity and other securities and certain off balance sheet derivative financial instruments. Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They mainly include forwards, futures, swaps and options in foreign exchange, interest rate and equity contracts.

Financial instruments are also used to manage the Group's own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. The Group also participates in exchange traded derivatives. Most of the Group's derivative positions have been entered to meet customer demand and to hedge these and other trading positions.

(七) 風險管理(續)

戊、市場風險管理(續)

常董會透過制定各項交易限額以管理本集團從不同活動而面對之市場風險。風險乃以合約或名義數值、未償還結餘及止蝕限額之基準衡量及監察。財資部每日均會按市價估值、監察及管理所有與市場風險有關之交易持倉。獨立監察、檢查及確認交易均由另一與財資部分離之獨立部門進行，而本集團之稽核部門亦會定時進行審核及檢查，以確保能遵照既定之風險限額進行交易。所有超出限額項目須由有關之管理層及常董會審核及批准。實際持倉由風險管理委員會監察。

本行及旗下數間附屬公司於二〇〇四年內，從與市場風險有關活動所賺取之每日平均收入(包括與買賣有關之淨利息收入或其他收入)為港幣五十四萬元(二〇〇三年為港幣四十九萬七千元)。該等每日平均收入之標準差為港幣一百二十八萬元(二〇〇三年為港幣一百三十八萬八千元)。

7 Risk management (continued)

(e) Market risk management (continued)

The Group's market risk exposures in different activities are managed by way of limits established by the Executive Committee. Exposures are measured and monitored on the basis of contractual or notional amount, outstanding balances and stop-loss limits. All market risk trading positions are subject to daily mark-to-market valuation, monitored and managed by the Treasury Department. Independent monitoring, checking and trade confirmation are undertaken by a separate department independent of the Treasury Department. Regular checking and reviews are also conducted by the Group's internal audit function to ensure compliance with risk limits. All exceptions are reviewed and approved by the appropriate level of management and the Executive Committee. Actual positions are monitored by the Risk Management Committee.

The average daily revenue in 2004 earned from market risk-related activities by the Bank and certain subsidiaries, including trading-related net interest income and other revenue was HK\$540,000 (2003: HK\$497,000). The standard deviation of this daily revenue was HK\$1,280,000 (2003: HK\$1,388,000).

