

Notes to the Financial Statements

財務報告附註

1 ACTIVITIES AND CORPORATE AFFILIATION

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services. The Directors consider the Group's ultimate holding company at 31 December 2005 to be Fubon Financial Holding Co. Ltd. which is incorporated in the Republic of China and operates as a financial conglomerate.

2 SIGNIFICANT ACCOUNTING POLICIES

Fubon Bank (Hong Kong) Limited (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office at 38 Des Voeux Road Central, Hong Kong. The consolidated financial statements for the year ended 31 December 2005 comprise those of the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs", which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules and the recommendations in the Supervisory Policy Manual "*Financial Disclosures by Locally Incorporated Authorised Institutions*" issued by the HKMA. A summary of the significant accounting policies adopted by the Group is set out below.

業務及公司附屬集團

本銀行透過其分行及附屬公司提供一系列銀行、金融及相關服務。董事認為，本集團於二零零五年十二月三十一日的最終控股公司為富邦金融控股股份有限公司。該公司於中華民國註冊成立，為一家經營金融企業集團。

主要會計政策

富邦銀行(香港)有限公司(「本銀行」)為一間於香港註冊成立並以香港為基地之持牌銀行，註冊辦事處位於香港德輔道中38號。於截至二零零五年十二月三十一日止年度之綜合財務報告包括本銀行及其附屬公司(合稱為「本集團」)之財務報告及本集團於聯營公司之權益。

(a) 遵守聲明

此等財務報告乃根據香港會計師公會(「香港會計師公會」)頒佈的一切適用香港財務報告準則(「香港財務報告準則」，該統稱包括一切適用的單獨的香港財務報告準則、香港會計準則(「香港會計準則」)、《會計實務準則》及詮譯)、香港普遍採納的會計準則及香港《公司條例》的規定而編製。此等財務報告亦遵守上市規則的適用披露規定及金管局頒佈的監管政策手冊內「本地註冊認可機構披露財務資料」指引的建議而編製。本集團所採納的主要會計政策概要載於下文。

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Statement of compliance *(continued)*

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in Note 3.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is 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 as at fair value through profit or loss and available-for-sale (see Note 2(e));
- derivative financial instruments (see Note 2(e)); and
- certain of the Group's owned property (see Note 2(h)).

The preparation of financial statements in conformity with HKFRSs 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.

主要會計政策 (續)

(a) 遵守聲明 (續)

香港會計師公會已頒佈多項新訂及經修訂的香港財務報告準則，該等準則於二零零五年一月一日或以後的會計期間起生效或可被提早採用。於現時及先前會計期間，由初次運用該等新訂及經修訂的香港財務報告準則而導致會計政策變動之資料反映在該等財務報告附註3內。

(b) 財務報告的編製基準

編製財務報告所採用的計算基準為歷史成本法，但下列資產及負債均以公平價值列賬者（如下文的會計政策所闡釋）除外：

- 分類為交易用途之金融工具，以公平價值訂值納入損益賬及可供出售分類（見附註2(e)）；
- 衍生金融工具（見附註2(e)）；及
- 若干本集團擁有之物業（見附註2(h)）。

編製此等符合香港財務報告準則之財務報告需要管理層作出判斷、估計及假設，而該等判斷、估計及假設會影響政策之應用及所申報之資產及負債、收入及開支等數額。該等估計及有關假設乃根據過往經驗及管理層相信於該等情況下乃屬合理之各項其他因素為基準而作出，所得結果構成管理層就目前未能從其他來源而得出的資產及負債之賬面值所作出估計之基準。實際數字或會有別於估計數字。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 44.

(c) Investment in subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the Board of Directors. Subsidiaries are considered to be controlled if the Bank has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, 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.

主要會計政策 (續)

(b) 財務報告的編製基準 (續)

本集團持續就所作估計及相關假設作出評估。會計估計之變動如只影響當期，則有關影響於估計變動於當期確認。如該項會計估計之變動影響當期及以後期間，則有關影響於當期及以後期間確認。

管理層因應用香港財務報告準則所作出之判斷，對來年的財務報告及估計構成重大調整之影響於附註44中詳述。

(c) 於附屬公司投資

按照香港《公司條例》，附屬公司為本集團直接或間接持有其逾半數已發行股本或控制其逾半數投票權或控制其董事會成員架構的公司。倘本銀行有權直接或間接管治財政及營運政策，並藉此從其業務中獲取利益，則被視為受控制。在衡量控制是否存在時，會考慮目前可予行使或可轉換的權利所附帶的投票權。

自控制開始日期直至控制結束日期，於受控制附屬公司之投資會被併入綜合財務報告內。

集團公司內部間的結餘及交易，以及集團公司內部間交易所產生的未變現溢利，均於編製綜合財務報告時悉數抵銷。集團公司內部間交易所產生的未變現虧損的抵銷方法與未變現溢利者相同，惟僅限於無證據顯示已出現減值虧損的情況。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Investment in subsidiaries *(continued)*

In the Bank's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

(d) Associated companies

An associate is an entity over which the Group or Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The investment in the associated company is not equity accounted for in the consolidated financial statements as it is considered by the Directors to be immaterial to the Group. It is stated at cost less impairment losses in the Group's and the Bank's balance sheet. The results of the associated company are included in the Group's and the Bank's income statement to the extent of dividends received and receivable.

(e) 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 and available-for-sale.

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 or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

主要會計政策 (續)

(c) 於附屬公司投資 (續)

於本銀行之資產負債表中，於附屬公司的投資乃按成本值減去任何減值虧損。

(d) 聯營公司

聯營公司為本集團或本銀行可對其管理(包括參與其財政及營運政策的決定)有重大影響力(惟並非控制或聯合控制)之實體。

由於董事認為於聯營公司的投資對本集團的影響並不重大，故並無以權益法計入綜合財務報告，而按成本值扣除減值虧損於本集團及本銀行之資產負債表中列賬。聯營公司之業績以已收及應收的股息於本集團及本銀行的收益表中列賬。

(e) 金融工具

(i) 初始確認

本集團視乎購入資產或產生負債之目的，最初將金融工具分為以下類別：按公平價值訂值納入損益賬、貸款和應收賬款及可供出售金融資產。

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，此外，如金融資產或金融負債不屬於按公平價值訂值納入損益賬時，更需加上對該資產及負債所涉及之購入或發行交易成本。持有按公平價值訂值納入損益賬的金融資產及金融負債的交易成本，需即時在損益賬支銷。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

(i) Initial recognition (continued)

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 is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated as at fair value through profit or loss upon initial recognition, but exclude 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 that do not qualify for hedge accounting are accounted for as trading instruments.

Financial instruments designated as at fair value through profit or loss primarily consist of financial instruments that do not qualify for hedge accounting but are managed and whose performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

主要會計政策 (續)

(e) 金融工具 (續)

(i) 初始確認 (續)

本集團在成為提供金融工具合約其中一方當日會確認金融資產和金融負債。以有規律方式購買或出售之金融資產按交易日會計法予以確認。該等金融資產或金融負債的公平價值變動產生的盈利和虧損由該日起計算。

(ii) 分類

按公平價值訂值納入損益賬

此類別包括持作交易用途和初始確認時被指定為按公平價值訂值納入損益賬的金融資產及金融負債，但不包括沒有市價及其公平價值未能以可靠計量方法釐定的股本投資工具。

持作交易用途之金融工具之收購或產生，其主要目的是用作交易用途，或是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交易模式。不符合對沖會計法所適用之衍生工具，亦分類為持作交易用途之工具。

按公平價值訂值納入損益賬之金融工具主要包括不符合對沖會計法所適用之金融工具，但根據既定風險管理或投資策略管理，其表現以公平價值基準予以計算。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Financial instruments *(continued)*

(ii) Categorisation *(continued)*

Financial assets and 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 loans and advances to customers and placements with banks and financial institutions.

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. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the income statement over their expected life.

主要會計政策 *(續)*

(e) 金融工具 *(續)*

(ii) 分類 *(續)*

屬於此類別的金融資產和負債按公平價值入賬。公平價值變動計入在發生期內的收益表。於出售或購回時，出售所得淨款項或償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流通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作交易用途；(b)於初始期已被本集團指定為按公平價值訂值納入損益賬或可供出售；或(c)本集團有可能不能收回大部分初始投資而需分類為可供出售資產，但不包括因信貸變壞的原因而需納入此項類別之資產。貸款和應收賬款主要包括向客戶所提供及存放於銀行及金融機構之貸款和墊款。

貸款和應收賬款及分類為貸款和應收賬款的證券均採用實際利率方法計算攤銷成本，並減除任何減值虧損。現金回贈予住宅按揭貸款予以資本化，並以其預計期間在收益表內作出攤銷。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Financial instruments *(continued)*

(ii) Categorisation *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either 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. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are carried at cost less impairment losses, if any.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised directly in the available-for-sale investment revaluation reserve, except for foreign exchange gains and losses on monetary items such as debt securities which are recognised in the income statement.

Where available-for-sale financial assets are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in equity are treated as gains or losses on disposal.

Other financial liabilities

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

主要會計政策 (續)

(e) 金融工具 (續)

(ii) 分類 (續)

可供出售金融資產

可供出售金融資產為指定為可供出售，或是上述任何其他兩個類別以外之非衍生金融資產。彼等包括無固定持有限期之金融資產，但亦可因應流動狀況之需要或市場環境變化而出售。在流通市場沒有市價及其公平價值是不能夠根據可靠計量方法而計算的股本投資工具，及與該等沒有市價的股本掛鈎工具及必須透過交付該等工具進行交收之衍生工具，均按成本減任何減值虧損列賬。

可供出售金融資產以公平價值列賬。因公平價值變動引致之未實現盈利和虧損直接在可供出售投資重估儲備內確認，惟債務證券等貨幣項目之外匯盈利和虧損須於收益表內確認。

當出售可供出售金融資產時，出售所得淨款項與賬面值的差額，及股本中之累計公平價值調整視為出售盈利或虧損。

其他金融負債

除按公平價值訂值納入損益賬的金融負債外，其他金融負債採用實際利率方法計算攤銷成本入賬。

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2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Financial instruments *(continued)*

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

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 technique 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 balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

(iv) Derecognition

A financial asset is derecognised 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, have been transferred.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

主要會計政策 (續)

(e) 金融工具 (續)

(iii) 計量公平價值之原則

金融工具的公平價值是於結算日根據其市場報價但未減除將來的估計出售成本。金融資產按買入價作價而金融負債則按賣出價作價。

如未能從認可交易所獲得之最新成交價，或從經紀／交易對手獲得屬於非於交易所買賣的金融工具市場報價，或若其市場並不流通，此工具的公平價值按估值模式計算，而該估值模式可根據市場實際交易而提供可靠的估計價格。

當採用現金流折讓計價模式，需按管理層對日後現金流量之估計，並採用在結算日適用於相近條款之工具之市場利率為貼現率。當採用其他計價模式時，輸入資料是在結算日的市場價格資料。

(iv) 終止確認

當收取金融資產現金流量之合約權利到期時或者該金融資產連同擁有權之所有主要風險或回報已被轉移時，金融資產將被終止確認。

本集團採用加權平均數來釐定在終止確認時將於溢利或虧損內確認之已實現盈利和虧損。

當合約的義務已被履行、取消或期滿，本集團終止確認該金融負債。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Financial instruments *(continued)*

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Embedded derivatives

An embedded derivative is a component of a 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 (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (ii) the 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 the accounting policies for financial instruments. The embedded derivative is classified as a derivative financial instrument in the financial statements.

(f) Repurchase transactions

Securities sold subject to a simultaneous agreement to repurchase these securities at a certain later date at a fixed price (repurchase agreements) are retained in the financial statements and measured in accordance with their original measurement principles. The proceeds of the sale are reported as liabilities and are carried at amortised cost.

主要會計政策 (續)

(e) 金融工具 (續)

(v) 對銷

若存在一項可依法強制執行的權利，可對銷列賬金額，且亦有意以淨額結算或同時變現資產及償付債務，則金融資產及負債均可予對銷，並把淨金額列入資產負債表內。

(vi) 嵌入式衍生工具

嵌入式衍生工具是組成該金融工具之一部分，而該工具同時包括衍生工具及主合約，其影響是組合工具之部分現金流量與獨立之衍生工具相近之方式變動。當嵌入式衍生工具符合下列條件時，則需將其與主合約分開，並將其作為衍生工具入賬：(i) 嵌入式衍生工具的經濟特徵和風險與主合約的經濟特徵和風險沒有密切關係；及(ii) 組合工具並不是按公平價值計量，公平價值的變動亦不是在收益表內確認。

當嵌入式衍生工具被分開時，主合約根據金融工具之會計政策入賬。嵌入式衍生工具分類為衍生金融工具列入財務報告。

(f) 回購交易

在銷售後某特定時間需以固定價格回購該證券即為根據回購協議售出之證券。此等證券會保留在財務報告內並根據該證券之原來計量原則計量。出售所得之收益乃列作負債並列入報告及以攤銷成本列賬。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Repurchase transactions *(continued)*

Interest incurred on repurchase agreements is recognised as interest expense, over the life of each agreement using the effective interest method.

(g) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. If hedge accounting is adopted, the Group will assess and document whether the financial statements 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 on-going basis. The Group will discontinue 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. Hedge accounting is classified into three categories under HKAS 39, including (a) fair value hedges; (b) cash flow hedge; (c) net investment hedge.

During the year, the Group has not applied hedge accounting to its financial instruments held.

(h) Other property and equipment

Owned assets

The Group's leasehold land and buildings are held under operating lease and, in the absence of reliable information to allow separation of the land and buildings components under the leases, the land and buildings are accounted for as properties under HKAS 16, 'Property, Plant and Equipment' issued by the HKICPA.

主要會計政策 (續)

(f) 回購交易 (續)

回購協議產生之利息於各個協議有效期間採用實際利息法確認為利息開支。

(g) 對沖

對沖會計處理確認對沖工具及對沖項目之公平價值變動對溢利或虧損之抵銷效應。如果採納對沖會計處理，本集團將評估對沖交易中採用之對沖工具是否能高度有效地抵銷對沖項目之公平價值或現金流量變動，並將有關資料記錄於對沖交易開始時及以後持續評估。當有下列情況發生時，本集團將終止對沖會計處理(a)對沖工具過期或已售出、終止或已獲行使；(b)對沖不能符合對沖會計處理標準；或(c)本集團撤銷該認定。根據香港會計準則第39號對沖會計處理分為三類，包括(a)公平價值對沖；(b)現金流量對沖；(c)投資淨額對沖。

於本年度，本集團並無應用對沖會計方法於持有之金融工具。

(h) 其他物業及設備

自有資產

本集團之租賃土地及樓宇根據經營租約及持有以及(在無可靠資料以允許根據租約分開土地和樓宇之成分情況下)根據香港會計師公會發佈之香港會計準則第16號「物業、廠房及設備」，土地及樓宇列賬為物業。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other property and equipment (continued)

Owned assets (continued)

In addition, certain of the Group's leasehold land and premises have been included at Directors' valuation made having regard to independent professional valuations carried out in November 1989. The surplus arising on revaluation was credited to the revaluation reserve. Additions to revalued premises made subsequent to the revaluation are included at cost. Premises which have not been the subject of revaluation are included at cost. The revaluation reserve arising from the November 1989 revaluation was transferred to the capital redemption reserve when the Bank redeemed its "A" and "B" preference shares in June 1991.

In preparing these financial statements, advantage has been taken of the transitional provisions in paragraph 80A of the HKAS 16 with the effect that premises have not been revalued to fair value at the balance sheet date. It is not the Directors' present intention to revalue the premises in the future.

Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement on the date of retirement or disposal.

主要會計政策 (續)

(h) 其他物業及設備 (續)

自有資產 (續)

此外，本集團之若干租賃土地及物業已包括董事編製之估值內(已考慮於一九八九年十一月進行之獨立專業估值)。因重新估值而產生之盈餘已撥入估值儲備。於重新估值後作出之已估物業之增加以成本包括在內。並無重估之物業以成本包括在內。當本銀行於一九九一年六月贖回「A」類和「B」類優先股後，因一九八九年十一月重新估值而產生之重估儲備已轉賬至資本贖回儲備。

在編製該些財務報告時，本集團已應用香港會計準則第16號第80A段之過渡性規定，只是物業尚未在結算日期重新估值至公平價值。董事現時無意將來對物業重新估值。

倘若該筆後續費用能產生未來經濟效益(超出現有資產之初始評定之表現標準)予本集團，該筆後續費用會附加在相關並已被確認資產之賬面值。所有其他後續費用於其產生期間被確認為開支。

固定資產報廢或出售固定資產的盈虧乃根據有關資產估計出售所得款項淨額與其賬面值之差額，於報廢或出售當日於損益賬內確認。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Other property and equipment *(continued)*

Owned assets (continued)

Depreciation is calculated to write off the cost or valuation of items of property and equipment using the straight line method over the estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no less than 2% per annum after the date of completion.
- Furniture and equipment are generally depreciated over between three to ten years.

Where parts of an item of property and equipment have different useful lives, each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leases and hire purchase contracts

(i) *Classification of leased assets*

Leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases.

(ii) *Finance leases*

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the balance sheet as loans and advances to customers. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases. Impairment losses are accounted for in accordance with the accounting policy for impairment.

主要會計政策 *(續)*

(h) 其他物業及設備 *(續)*

自有資產 (續)

物業和設備項目於預計可用期限內以直線法撇銷成本或估值以計算折舊如下：

- 於完成日期後，座落在租賃土地之樓宇於租約餘下期間或其預計可用期限之較短期間以每年不低於2%折舊。
- 家具和設備一般於三至十年之間折舊。

當物業和設備項目之零件有不同使用期限時，每個部件分開折舊。資產之使用期限及其殘值(如有)均為每年複核。

(i) 租約及租購合約

(i) *租約資產分類*

凡將擁有權之絕大部分風險與回報轉移之租約均列為融資租約。未將擁有權之絕大部分風險與回報轉由承租人承擔之租約列為經營租約。

(ii) *融資租約*

當本集團根據融資租約為承租人時，相當於租約中投資淨額之款項作為貸款及客戶貸款包括於資產負債表內。具有融資租約特色之租購合約以同樣方式列賬為融資租約。減值虧損根據減值之會計政策列賬。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases and hire purchase contracts (continued)

(iii) Operating leases

Where the Group has the use of assets held 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 terms, except where an alternative basis is more representative of the pattern of benefits to be delivered from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregated net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(j) Repossessed assets

In the recovery of impaired loans and advances, the Group may take repossession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "Other assets".

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.

Impairment losses on initial classification and subsequent remeasurement are recognised in the income statement.

主要會計政策 (續)

(i) 租約及租購合約 (續)

(iii) 經營租約

當本集團根據經營租約擁有所持資產之使用權時，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益表扣除；惟倘有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均在損益表中確認為租賃淨付款總額的組成部分。或然租金在其產生的會計期間內在損益表扣除。

(j) 收回資產

在收回減損貸款及墊款時，本集團可能透過法院訴訟或由借方自願送達財產收回抵押資產。倘所得資產預期可有秩序變現時以及本集團不再尋求從借方償還時，收回資產在報告內呈列為「其他資產」。

收回資產按相關貸款及墊款之款項及公平價值減成本之較低者於交易日期出售。

初始分類之減值虧損以及後續重新測量於收益表內確認。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to the income statement.

(i) Loans and receivables

For loans and receivables, the impairment losses 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. Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether any objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, 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.

主要會計政策 (續)

(k) 資產減值

本集團之資產賬面值於每個結算日進行審閱，以釐定是否有減值之客觀證據。倘存在任何該證據，賬面值須透過在收益表扣除款項之方式減至估計可收回金額。

(i) 貸款和應收賬款

對於貸款和應收賬款而言，減值虧損是資產賬面值，與按其原本實際利率折現計算之預計未來現金流量現值之差額。倘折現之影響屬輕微，短期之應收賬款不予折現。

信貸損失撥備總額包括兩個組成部分：個別減值撥備，及綜合減值撥備。

本集團會首先評估金額重大之個別金融資產有否出現客觀之減值證據，並個別或綜合地評估金額不重大之個別金融資產。若本集團確定被評估之個別金融資產並沒有存在減值之客觀證據，無論該金融資產重大與否，均需將該等金融資產包含於信貸風險特徵相若之組合中作出綜合評估。綜合評估並不包括已被個別評估為需減值或需繼續減值之金融資產。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(i) Loans and receivables *(continued)*

The individual impairment allowance is based upon management's best estimate of the present value of cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management makes judgments 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 merits.

In assessing the need for collective loan loss 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 advances to customers are reasonable and supportable.

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 be charged or credited to the income statement.

主要會計政策 (續)

(k) 資產減值 (續)

(i) 貸款和應收賬款 (續)

個別減值撥備乃根據管理層對現金流量現值之最佳估計，即按原實際利率折現所預期獲得之款項。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。每宗減值資產須評估其真正價值。

當評估所需的綜合貸款虧損撥備時，管理層須考慮的因素包括信貸素質、組合規模、信貸集中、及經濟因素。為求估計所需的撥備，本集團根據過往之經驗和現時之經濟情況去釐定潛在風險及輸入變數。

減值撥備之準確性須視乎本集團能否在評估個別撥備時準確估計交易對手的未來現金流及在釐定綜合減值撥備時所採用的標準假設及變數。雖然視乎判斷而定，本集團相信客戶貸款之減值撥備是合理和足夠的。

在較後期間，任何因估計未來現金流的金額及時間上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撥備亦需改變，該轉變會支銷或計入收益表。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Loans and receivables (continued)

When the loan has no reasonable prospect of recovery, the loans and the related interest receivables are written off.

(ii) Impairment of available-for-sale financial assets

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in 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.

The impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. 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 fair value of such assets is recognised directly in equity. Impairment losses are not reversed for unquoted available-for-sale equity securities that are carried at cost.

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.

主要會計政策 (續)

(k) 資產減值 (續)

(i) 貸款和應收賬款 (續)

倘再無實際機會收回貸款時，則貸款及相關懸欠利息將會撇銷。

(ii) 可供出售金融資產之減值

倘有客觀證據顯示可供出售金融資產已經出現減值，早前直接於權益內確認的任何累計損失須從權益內轉回，並在收益表內確認。在收益表內確認的累計損失數額等於購入成本（已扣除任何本金還款和攤銷）與當期公平價值之間的差額，減去早前已在收益表內確認的該金融資產的任何減值虧損。

減值虧損是按金融資產的賬面金額與按類似金融資產的現行市場回報率折現估計未來現金流量的現值之間的差額計算。在收益表所確認有關可供出售股本證券之減值損失不會透過收益表轉回。該等資產其後之公平價值增加直接在權益內確認。沒有市價而按成本列賬之可供出售股本證券之減值虧損不會被轉回。

倘可供出售債務證券之公平價值在日後增加，而有關的增加可以客觀地與確認減值虧損後發生的事件聯繫起來，便會將減值虧損轉回。轉回減值虧損在該等情況下須在收益表內確認。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(iii) Other assets

Internal and external sources of information are reviewed at each balance sheet date 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;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 the 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 generate cash inflows independently.

主要會計政策 (續)

(k) 資產減值 (續)

(iii) 其他資產

於結算日，本公司審閱內部及外來資料以辨認以下資產可有減值跡象或(除商譽先前已確認之減值虧損不再存在或可能已下降)：

- 物業及設備；
- 預付租約土地權益分類為按經營租約持有；及
- 附屬公司及聯營公司投資。

如果出現減值跡象，資產的可收回數額便會作估計。

計算可收回數額

資產的可收回數額以其銷售淨價和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折現率將估計未來現金流量折現至現值。該折現率應是反映市場當時所評估的金錢時間價值和該資產的獨有風險。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產類別來釐定可收回數額。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(iii) Other assets *(continued)*

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, or value in use, if determinable.

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.

(l) Cash equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

主要會計政策 (續)

(k) 資產減值 (續)

(iii) 其他資產 (續)

確認減值虧損

倘資產或其所屬之賺取現金業務之賬面值超過其可收回數額，則於收益表確認減值虧損。就賺取現金業務確認之減值虧損首先分配作為減少分配至賺取現金業務(或業務類別)之任何商譽之賬面數額，繼而按比例基準作為減少業務(或業務類別)之其他資產之賬面數額，惟資產之賬面值將不會減少至低於其個別公平價值減出售成本或使用價值(倘能計算)。

減值虧損轉回

有關除商譽外資產，倘若用以釐定可收回數額的估計發生有利的變化，便會將資產減值虧損轉回。有關商譽之減值虧損不被轉回。

所轉回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入收益表。

(l) 等同現金項目

等同現金項目為短期和流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額、所須承受的價值變動風險甚小，並在購入後三個月內到期。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

Short term employee benefits include salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(n) Income tax

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 directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

主要會計政策 (續)

(m) 僱員福利

短期僱員福利包括薪酬、每年花紅、有薪年假、外遊費用、定期供款計劃供款及非現金福利成本於本集團僱員提供有關服務之年度內累計。倘延遲付款或清償將會帶來嚴重影響，該等金額須按現值列賬。

(n) 所得稅

本年度之所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動於收益表確認，惟與直接確認為股本之項目相關者除外，在此情況下，該等變動則會被確認為股本。

即期稅項乃預期於本年度就應課稅收入按於結算日已立例制定或大致上已立例制定之稅率計算之應付稅項，以及過往年度應繳稅項之任何調整。

遞延稅項資產及負債乃分別來自可扣稅或應課稅暫時性差異，即因資產及負債分別就財務報告及稅基而言之賬面值之間的差異而產生。遞延稅項資產亦因未動用稅項虧損及未動用稅項抵免而產生。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

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 taxable 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.

主要會計政策 (續)

(n) 所得稅 (續)

除若干有限例外情況外，所有遞延稅項負債及遞延稅項資產當其甚有可能用於抵銷未來應課稅溢利時均會予以確認。支援確認由可抵扣暫時差異所產生遞延稅項資產的未來應課稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的一期間或遞延所得稅資產所產生可抵扣虧損可轉回或結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支援確認由未可抵扣虧損和未利用稅款抵減所產生的遞延所得稅資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能使用可抵扣虧損和未利用稅款抵減撥回的同一年間內轉回。

不確認為遞延所得稅資產和負債的暫時差異產生自以下例外情況：不可在稅務方面獲得扣減的商譽；不影響會計或應稅利潤的資產或負債的初始確認（如屬業務合併的一部分則除外）；以及投資附屬公司有關的暫時差異有關的暫時差異（如屬應稅差異，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異）。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

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 balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date 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.

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, and only 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

主要會計政策 (續)

(n) 所得稅 (續)

遞延稅項確認額乃按資產及負債之賬面值之預期變現或支付形式，按於結算日已立例制定或大致上已立例制定之稅率計算。遞延稅項資產及負債不作折讓。

遞延稅項資產之賬面值乃於各結算日審閱，對預期不再有足夠之應課稅溢利以供有關遞延稅項所應用，則予扣減，倘若有可能獲得足夠之應課稅溢利，則任何有關扣減均會被撥回。

因分派股息而產生的額外所得稅，於確認支付有關股息的負債時確認入賬。

即期稅項結餘及遞延稅項結餘以及有關變動，均會個別呈列及不作抵銷。如(及僅在)本銀行或本集團在法律制度容許下將即期稅項資產抵銷即期稅項負債，並在下列其他條件達成之情況下，即期稅項資產方會與即期稅項負債抵銷，以及遞延稅項資產會與遞延稅項負債抵銷：

- 如屬即期稅項資產及負債，本銀行或本集團擬以淨額基準清償或同時變現資產並清償負債；或
- 如屬遞延稅項資產及負債，被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

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

- 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) 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, 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.

(p) Revenue recognition

Provided it is probable that the 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:

(i) Interest income

Interest income from all interest-bearing financial instruments is recognised in the income statement using the effective interest rates method.

主要會計政策 (續)

(n) 所得稅 (續)

- 不同的應課稅實體，在未來每一個預計實現重大遞延稅項資產及負債的期間，該實體計劃以淨額形式變現稅項資產及清償即期稅項負債或兩者同時變現及償還。

(o) 撥備及或然負債

撥備乃於本集團或本銀行因過往事件引致之法律或推定義務而可能需要付出經濟利益以清償有關義務及能作出可靠估計時，就未能確定之時間或數額之負債確認。倘貨幣時間價值乃屬重大，撥備則以預計用以清償有關義務之現值開支列賬。

倘可能無須付出經濟效益，或付出之金額未能可靠估計，有關義務則披露為或然負債，除非付出經濟利益之可能性是極微。需就未來事件發生與否方能確認之可能義務亦只披露為或然負債，除非付出經濟利益之可能性是極微。

(p) 收益確認

當經濟收益很可能流入本集團，而收入及成本(倘適用)能可靠地計算時，收益會於收益表確認如下：

(i) 利息收入

所有付息金融工具之利息收益均採用實際利率法在收益表內確認。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue recognition (continued)

(i) Interest income (continued)

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 which 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 (for example, prepayment, call and similar option) 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, together with transaction costs and all other premiums or discounts.

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 interest income and expense and dividend income attributable to those financial instruments.

主要會計政策 (續)

(p) 收益確認 (續)

(i) 利息收入 (續)

實際利息法乃計算金融資產之攤銷成本及按有關期間攤分利息收入之方法。實際利率乃按金融工具預計年期折讓估計日後現金付款或收入(或於適當時按較短期間折讓金融資產之賬面淨值)之比率。計算實際利率時，本集團估計現金流量時，考慮到金融工具之一切合約條款(例如提前還款、認購或類似期權)，而並無計及未來信貸虧損。計算範圍包括實際利率主體部份訂約各方所付或所收之一切費用及代價、交易成本及其他所有溢價或折讓。

按公平價值計入損益賬之金融工具淨收益以及交易淨收益包括來自該等資產金融資產及金融負債以及該等金融工具應佔之利息收益及開支及股息收益之公平價值變動(扣除應計息票)之所有盈利及虧損。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

(ii) Fee and commission income

Fee and commission income arises on financial services provided by the Group including cash management services, investment banking services, project and structured finance transactions services. Fee and commission income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred or is accounted for as interest income.

Origination or commitment fees received 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 expiry.

(iii) Finance income from finance lease and hire purchase contract

Finance income implicit in finance lease and hire purchase payments is recognised as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period. Contingent rentals receivable are recognised as income in the accounting period in which they are receivable.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

主要會計政策 (續)

(p) 收益確認 (續)

(ii) 費用及佣金收入

費用及佣金收入乃本集團提供財務服務，包括現金管理服務、投資銀行服務、項目及結構性融資交易以及資產管理服務等所得收入。費用及佣金收入於相關服務提供時確認，惟為支付持續向客戶提供服務之成本而收取、或為客戶承擔風險、或屬利息性質之費用則除外。在該等情況下，費用會於產生成本或承擔風險或計算為利息收入之會計期間確認為收入。

因本集團增設或購入金融資產而產生之辦理或承擔服務費用收入，須計入遞延及確認為實際利率之調整。如承擔期滿而本集團毋須作出貸款，該費用將於期滿時確認為收入。

(iii) 來自融資租約及租購合約之財務收入

融資租約及租購合約之隱含財務收入按租約年期確認為利息收入，以令每個會計年度期間剩餘的淨租約投資回報大致相同。應收或然租賃款項於應收會計期間確認為收入。

(iv) 股息收入

非上市投資之股息收入於股東收取款項之權利建立後予以確認。上市投資之股息於投資之股價為除息報價時予以確認。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at 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 and losses on investments and net gain/(loss) on derivatives, respectively. All other exchange differences relating to monetary items are presented separately in the income statement.

(r) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

主要會計政策 (續)

(q) 外匯換算

年內外匯交易乃以交易日之兌換率折算為港元。以外匯結算之貨幣資產及負債乃以資產負債表日期之兌換率折算為港元。匯兌盈虧均撥入收益表處理。

外匯非貨幣性資產及負債乃按交易日之兌換率列為歷史成本折算。以公平價值列賬之外匯非貨幣性資產及負債乃以釐定公平價值日期之外匯兌換率兌換為港元。

與以公平價值訂值納入損益賬及衍生金融工具之投資相關之匯率差異分別包括在投資盈虧及衍生工具淨收益／(虧損)內。與貨幣項目相關之所有其他匯率差異分別於收益表內呈列。

(r) 關連各方

按本財務報告的目的，若本集團有能力直接或間接控制或重大影響該方之財務及營運決策，或相反地該方能控制及行使重大影響本集團，或兩者互相控制及行使重大影響力的情況下，該方便被視為與本集團有關的關連方。關連方可以為個人（為重要管理層人員、重大股權股東及／或其家庭成員）或其他機構以及包括可受本集團之相關各方重大影響之實體（該等實體為個人）及提供福利予本集團僱員的離職後福利計劃或某些與本集團關聯的實體。

Notes to the Financial Statements

財務報告附註

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-Group balances and intra-Group transactions are eliminated as part of the consolidation process, except to the extent that such intra-Group balances and transactions are between Group entities within a single segment.

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

主要會計政策 (續)

(s) 分項報告

分項乃指本集團可區分之部分，包括提供之產品或服務(業務分項)或提供產品或服務之特定經濟環境(區域分項)，均受有別於其他分項之風險及利益所限。

根據本集團之內部財務報告系統，本集團選擇業務分項資料為主要報告形式，而區域分項資料則為次選報告形式(就該些財務報告而言)。

分項收益、開支、業績、資產及負債均包括直接劃分入該分項之項目或可合理劃分為該分項之項目。分項收益、開支、資產及負債乃於集團內公司間結算前釐定，集團內公司間交易則予以抵銷作為綜合處理之部分，惟集團實體間之有關集團內公司間結餘及交易乃為單一分項。

分項間定價乃按給予外間人士之類似條款釐定。

分項資本開支乃指期內因收購預計可使用超過一期之分項資產(包括有形及無形資產)所產生之總成本。

未分配項目主要包括金融和企業資產、計息貸款、借款、稅務結餘、企業及融資開支。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards “HKASs” and Interpretations) that are effective for accounting periods beginning on or after 1 January 2005.

The changes in the Group’s accounting policies resulting from the adoption of the new and revised HKFRSs are attributable to the adoption of HKAS 17, “Leases”, HKAS 24, “Related parties disclosures”, HKAS 30, “Disclosures in financial statements of banks and similar financial institutions”, HKAS 32, “Financial instruments: Disclosure and presentation”, and HKAS 39, “Financial instruments: Recognition and measurement”.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The adoption of HKAS 17 has no material effect on the Group’s financial statements. The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 from the adoption of HKAS 32 and 39 which have been reflected in this financial report.

(i) **Changes in classification and measurement of financial instruments**

In prior years, the accounting policies for certain financial instruments were as follows:

- (a) The Group has applied Statement of Standard Accounting Practices (“SSAP”) No. 24 “Accounting for investments in securities” to investments in securities previously. Under SSAP 24, non-trading securities were stated at fair value with changes in fair values recognised net of deferred taxes in the investment revaluation reserve until the security was sold, collected, or otherwise disposed of, or until there was objective evidence that the security was impaired, at which time the relevant cumulative gain or loss was recognised in the income statement;

會計政策之變動

香港會計師公會已頒佈多項新訂及經修訂之香港財務報告準則（「香港財務報告準則」），此統稱整體上包括所有適用之香港財務報告準則、香港會計準則（「香港會計準則」）及有關詮釋，該等準則於二零零五年一月一日或以後之會計期間起生效。

採納新訂及經修訂香港財務報告準則引致本集團會計政策之變動，乃由於採納香港會計準則第17號「租賃」、香港會計準則第24號「關連各方披露」、香港會計準則第30號「銀行及同類金融機構財務報告之披露」、香港會計準則第32號「金融工具：披露及呈列」，及香港會計準則第39號「金融工具：確認與計量」。

本集團並無採用任何於本會計期間仍未生效之新準則或詮釋。

採納香港會計準則第17號並未對本集團之財務報告造成重大影響。以下為採納香港會計準則第32號及第39號對二零零五年一月一日起之年度會計期間之會計政策所產生並已反映於本財務報告之變動之進一步資料。

(i) **金融工具分類與計量之變動**

於過往年度，金融工具之會計政策如下：

- (a) 本集團過往對證券投資乃採用會計實務準則（「會計實務準則」）第24號「證券投資之會計處理」。根據會計實務準則第24號，非持作交易用途證券乃按公平價值列賬，扣除遞延稅項後公平價值之變動在投資重估儲備中確認，直至證券出售、領取或以其他方式處理，或直至有客觀證據顯示證券已出現減值，屆時有關的累積損益於收益表中確認；

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

- (i) Changes in classification and measurement of financial instruments *(continued)*
- (b) Derivative financial instruments entered into by management used for asset and liability management purposes and which qualified as hedges were valued on an equivalent basis to the underlying assets and liabilities or net positions which they were hedging. Any profit or loss was recognised on the same basis as that arising from related assets and liabilities or net positions;
- (c) General provisions on loans and advances were determined by the Directors at a level deemed appropriate to absorb expected losses for loans which were impaired at the balance sheet date but which would not be identified as such until sometime in the future;
- (d) Specific provisions on loans and advances were determined by the Directors at a level deemed appropriate to absorb expected losses from individual accounts after taking into account of the value of the collateral held;
- (e) In prior years, advances to customers and trade bills were carried at amounts advanced less payment collected, any suspended interest and reserves for credit losses. Cash rebates granted in relation to residential mortgage loans were capitalised and amortised to the income statement over the early prepayment penalty period;
- (f) Fees and commissions arising on project and structured finance transactions which were in the nature of interest were recognised as interest income on a time-apportioned basis.

會計政策之變動 (續)

- (i) 金融工具分類與計量之變動 (續)
- (b) 管理層用作資產及負債管理目的及符合對沖資格之衍生金融工具，按所對沖的相關資產、負債或持倉淨額之同等基準估值。任何溢利或虧損按相關資產、負債或持倉淨額之相同基準入賬；
- (c) 貸款及墊款之一般撥備乃由董事基於結算日預期出現之貸款及墊款減值虧損而釐定適當水平，而該項虧損須於日後始能確定；
- (d) 貸款及墊款之特別撥備乃由董事因應個別賬戶所須承受的預期虧損，並計及所持抵押品價值後，而釐定適當水平；
- (e) 於過往年度，客戶貸款及貿易票據乃按貸款金額減去已收回款項、任何懸賬利息及信貸虧損儲備列賬。所提供客戶住宅按揭貸款的現金回贈會被納入資產，並按提早還款罰款期於收益表中攤銷；
- (f) 項目及結構性融資交易所獲得之費用及佣金，當其性質為利息收入時，會按時間攤分基準以利息收入方式入賬。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(i) Changes in classification and measurement of financial instruments *(continued)*

With effect from 1 January 2005, and in accordance with HKAS 32 and 39, the following new accounting policies have been adopted for the items mentioned above:

(A) Financial instruments

With effect from 1 January 2005, and in accordance with HKAS 39, financial assets are recognised based on the following classifications:

Loans and advances

Loans and advances not intended for trading are carried at amortised cost taking into account the unamortised portion of fees and costs less impairment allowances.

Trading securities

Treasury bills, certificate of deposits held, debt securities, equity investments, derivatives with positive fair values and investments in investment funds which have been acquired or incurred principally for the purpose of selling or repurchasing in the near term are classified as trading assets. Trading assets are recognised at fair value and transaction costs are taken to the income statement. The changes in fair value are recognised as "Gains less losses from dealing in trading securities" in the income statement.

會計政策之變動 *(續)*

(i) 金融工具分類與計量之變動 *(續)*

根據香港會計準則第32號及第39號，自二零零五年一月一日起，本集團就上述項目所採納之新會計政策如下：

(A) 金融工具

根據香港會計準則第39號，自二零零五年一月一日起，金融資產根據下列分類予以確認：

貸款及墊款

非持作交易用途之貸款及墊款以攤銷成本確認，並需計及費用及成本之未攤銷部分扣除減值虧損。

持作交易用途之證券

國庫券、持有之存款證、債券、股權投資、帶正數公平價值之衍生工具以及於投資基金之投資（主要因於短期出售或購回之目的而購入或產生之投資），均歸類為持作交易用途資產，並以公平價值確認，其交易成本亦以持作交易用途之資產此項目列入收益表。公平價值之變動於收益表中確認為「持作交易用途之證券之收益減虧損」。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(A) Financial instruments *(continued)*

Financial assets designated as at fair value through profit or loss

A financial instrument is classified in this category if it meets the following criteria, and is so designated by management. The Group designates financial instruments at fair value because the designation:

- (a) eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- (b) applies to a Group of financial assets, financial liabilities or both that is managed and its performance evaluated on a fair value basis, in accordance with Group's documented risk management or investment strategy, and where information about the Group is provided internally on the basis to the Group's key management personnel; or
- (c) relates to financial instruments containing one or more embedded derivatives which significantly modify the cash flows resulting from the financial instruments, and which would otherwise require separate accounting.

Financial assets so designated are recognised initially at fair value and transaction costs are taken directly to the income statement. The changes in fair value are recognised as "Revaluation gain/(loss) from financial instruments designated as at fair value through profit or loss".

會計政策之變動 *(續)*

(A) 金融工具 *(續)*

按公平價值訂值納入損益賬之金融資產

倘金融工具符合下列標準，則被歸為此類別並由管理層指定。本集團按公平價值指定之金融工具，因為該指定：

- (a) 為消除或顯著地減低以不同基礎上計算資產、負債或確認其損益而出現不一致之情況；或
- (b) 適用於一組別之金融資產或金融負債或兩者，當其表現是以公平價值評估，並根據本集團之既定風險或投資策略所管理與及當本集團呈報有關資料予本集團之主要管理人員作內部審閱時，均以公平價值為計價基準；或
- (c) 為一些包含一種或多種嵌入式衍生工具之金融工具，而該嵌入式衍生工具對該金融工具之現金流量有重大影響，如非指定為此類金融資產，則須分開列賬。

此類指定之金融資產首先以公平價值確認及其交易成本在收益表上直接入賬。公平價值變動於收益表上以「按公平價值訂值納入損益賬之金融工具之重估收益／(虧損)」確認。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(A) Financial instruments *(continued)*

Financial assets designated as at fair value through profit or loss (continued)

Accordingly, a portfolio of non-trading investments with a value of HK\$691,125,000 with associated interest rate swaps were separated into the underlying debt securities and derivative financial instruments on 1 January 2005. As a result, the debt securities were restated at fair value amounting to HK\$739,065,000 and were re-designated on 1 January 2005 as other financial instruments as at fair value through profit or loss, as permitted by the transitional arrangements of HKAS 39. In addition, the interest rate swaps were classified as derivative financial instruments held for trading purposes which were measured at an aggregate fair value liability of HK\$47,940,000 on the same date.

There was no net impact to the opening balance of retained earnings as of 1 January 2005. As a result of these changes, the Group's net profit before and after taxation for the year 2005 have increased by HK\$3,430,000 and HK\$2,830,000 respectively.

Available-for-sale

Available-for-sale financial assets include treasury bills held for non-trading purposes, certificates of deposit held, equity investments, and debt securities to be held for an indefinite period of time but which may be sold in response to needs for liquidity or changes in market environment. These are carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments which are carried at cost less impairment losses.

會計政策之變動 *(續)*

(A) 金融工具 *(續)*

*按公平價值訂值納入損益賬之金融資產 *(續)**

因此，於二零零五年一月一日，非持作交易用途投資之組合 691,125,000 港元與附帶之利率掉期分成為相關債務證券及衍生金融工具。因此，按香港會計準則第 39 號所允許之過渡性安排，債務證券按公平價值重列為 739,065,000 港元，及於二零零五年一月一日重新列作按公平價值訂值納入損益賬之其他金融工具。此外，利率掉期分類為持作交易用途之衍生金融工具，於同日作為一項負債之總公平價值為 47,940,000 港元。

上述對二零零五年一月一日之保留溢利期初結餘並無淨影響。計及該等改變後，本集團於二零零五年度之除稅前及除稅後純利分別增加 3,430,000 港元及 2,830,000 港元。

可供出售

可供出售金融資產包括持作非交易用途之國庫券、持有之存款證、股權投資以及無固定期限持有之債券，但亦可因應流動狀況之需要或市場環境變化而出售。該類資產按公平價值列賬，在流通市場沒有市價及其公平價值是不能夠可靠計量的股本投資工具，及與該等沒有市價的股本掛鈎工具及必須透過交付該等工具進行交收之衍生工具除外（該類工具按成本減減值虧損列賬）。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(A) Financial instruments *(continued)*

Available-for-sale (continued)

Except for the non-trading investments as mentioned above, all non-trading investments held as of 1 January 2005 were classified as available-for-sale securities and were carried at fair value.

(B) Derivative financial instruments

Derivative financial instruments include embedded derivatives and other derivative financial instruments entered into by the Group with other counterparties for hedging and trading purposes.

Under HKAS 39, an embedded derivative is separated from the host contract and accounted for as a derivative when (i) the embedded derivative is not closely related to the economic characteristics and risks of the host contract; and (ii) the combined instrument is not measured at fair value with changes in fair value recognised in the income statement. When the embedded derivative is separated, it is accounted for as a trading financial instrument and is measured at fair value, with fair value changes recognised in the income statement. A derivative financial instrument which does not meet the requirements set out in HKAS 39 is also required to be accounted for as trading financial instrument.

All derivative financial instruments previously entered into by the Group with other counterparties for serving customers' needs or for hedging purposes have been re-designated as for trading purposes and are stated at fair value. Changes in the fair value of these derivatives held are recognised in the income statement. During the year, the Group has not applied hedge accounting under HKAS 39 to any financial instruments or derivative financial instruments.

會計政策之變動 (續)

(A) 金融工具 (續)

可供出售 (續)

除上文所述非持作交易用途之投資外，於二零零五年一月一日持有之所有非持作交易用途之投資分類為可供出售證券及繼續按公平價值列賬。

(B) 衍生金融工具

衍生金融工具包括嵌入式衍生工具及其他由本集團與其他交易對手就對沖及交易目的訂立之衍生金融工具。

根據香港會計準則第39號，嵌入式衍生工具當符合下述條件則需將其與主合同分開，並將其作為衍生工具核算。這些條件包括(i) 嵌入式衍生工具與主合同之經濟特點及風險並無密切關係；及(ii) 組合工具並不是按公平價值計量，公平價值的變動亦不是在收益表內確認。當嵌入式衍生工具分開時，其將作為持作交易用途之金融工具入賬，及按公平價值計量，而公平價值變動則在收益表內確認。不符合香港會計準則第39號所載列之要求之衍生金融工具亦須作為持作交易用途之金融工具入賬。

本集團與其他對手方所訂立原先用作對沖用途之所有衍生金融工具已重新列為持作交易用途並按其公平價值列賬。該等衍生工具之公平價值之變動於收益表內確認。年內，本集團並無對任何金融工具或衍生金融工具應用香港會計準則第39號所批准之對沖會計法。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(B) Derivative financial instruments *(continued)*

This change was adopted by way of an adjustment to increase the opening balance of retained earnings as at 1 January 2005 by HK\$348,000. In addition, net profit before and after taxation recognised for the year 2005 have been reduced by HK\$1,896,000 and HK\$1,508,000 respectively.

(C) Impairment of assets

For loans and receivables, the impairment losses 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. The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

With effect from 1 January 2005, in order to comply with HKAS 39, the Group has changed its accounting policies relating to impairment on loans and advances to customers as set out in Note 2(k)(i).

The impact on the adoption of individual impairment allowances was to reduce the opening balance of retained earnings as at 1 January 2005 by HK\$11,438,000. As a result of this new policy, net profit before and after taxation recognised for the year 2005 have increased by HK\$1,893,000 and HK\$1,562,000 respectively.

In addition, the adoption of the new accounting policy for determination of the collective impairment allowance has resulted in an increase in the opening balance of retained earnings as at 1 January 2005 by HK\$39,863,000. The net profit before and after taxation recognised for the year 2005 have increased by HK\$56,377,000 and HK\$46,511,000 respectively.

會計政策之變動 (續)

(B) 衍生金融工具 (續)

此項變動是藉著將二零零五年一月一日之保留溢利期初結餘增加348,000港元之調整而採納。此外，於二零零五年度之除稅前及除稅後純利分別減少1,896,000港元及1,508,000港元。

(C) 資產之減值

對於貸款和應收賬款而言，減值虧損是以資產賬面值與按其原本實際利率折現計算之預計未來現金流量現值之差額計算。信貸損失撥備總額包括兩個組成部分：個別減值撥備，及綜合減值撥備。

為符合自二零零五年一月一日生效之香港會計準則第39號，本集團已變動其與貸款減值及客戶貸款有關之會計政策，載於附註2(k)(i)。

對採用個別減值撥備之影響乃為將於二零零五年一月一日之保留溢利期初結餘減少11,438,000港元。由於此項新政策，於二零零五年度之除稅前及除稅後純利分別增加1,893,000港元及1,562,000港元。

此外，採用此項釐定綜合減值撥備之新政策，已將於二零零五年一月一日之保留溢利期初結餘增加39,863,000港元。於二零零五年度確認之除稅前及除稅後純利分別增加56,377,000港元及46,511,000港元。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(D) Fee and commission income recognition

Origination or commitment fees received and the related expenses incurred 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 based on the effective interest method.

As a result of this new policy, the amortisation of cash rebates for residential mortgage loans is charged to the income statement over the estimated useful lives of the loans and is recognised as an integral part of the total interest income. This change was adopted by way of an adjustment to increase the opening balance of retained earnings as at 1 January 2005 by HK\$34,621,000. Comparative amounts have not been restated as this is prohibited by the transitional arrangements in HKAS 39.

Net profit before and after taxation recognised for the year 2005 have been reduced by HK\$327,000 and HK\$270,000 respectively.

In addition, fees and commissions arising on project and structured finance transactions which are an integral part of effective interest are also recognised using the effective interest method. This change was adopted by way of an adjustment to reduce the opening balance of retained earnings as at 1 January 2005 by HK\$3,442,000. Net profit before and after taxation recognised for the year 2005 have been reduced by HK\$2,111,000 and HK\$1,981,000 respectively.

會計政策之變動 (續)

(D) 費用及佣金收入確認

因本集團增設或購入金融資產而收取之辦理或承擔費收入及產生之相關費用，須根據實際利息法遞延及確認為實際利率之調整。

由於此項新政策，住宅按揭貸款的現金回贈按貸款之估計可用年期攤銷並在收益表扣除，作為總利息收入主體部分確認。此項變動是藉著將二零零五年一月一日之保留溢利期初結餘增加34,621,000港元之調整而採納。由於香港會計準則第39號之過渡性安排有所規定，故並無重列比較金額。

於二零零五年度確認之除稅前及除稅後純利分別減少327,000港元及270,000港元。

此外，項目及結構性融資交易所產生之費用及佣金，其性質為實際利息之構成部分，乃以實際利息法予以確認。採納此項變動令二零零五年一月一日期初保留溢利結餘減少了3,442,000港元。二零零五年之除稅前及除稅後溢利淨額分別減少2,111,000港元及1,981,000港元。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(E) Change in presentation of income statement and balance sheets

In prior years, there were no specific accounting standards governing the presentation of the financial statements of banks. Management, having regard to the overall clarity and the disclosure requirements of the HKMA, exercised its judgement in deciding on the relative prominence given to each item presented on the face of the income statement and balance sheets. As a result, certificates of deposits held were separately presented on the face of the balance sheets. Treasury bills (including Exchange Fund Bills) and money at call and short notice (representing placements with banks and other financial institutions maturing within one month) were included in cash and short-term funds with treasury bills being presented separately as trading securities and investments in securities in accordance with the previous SSAP No. 24.

With effect from 1 January 2005, in order to comply with HKAS 30 and take into account the measurement basis that has been applied, the Group has changed its presentation of certain items on the face of the income statement and balance sheets. Treasury bills (including Exchange Fund Bills) and certificates of deposit held are included in trading securities and available-for-sale securities under HKAS 39. These changes in presentation have been applied retrospectively with comparatives reclassified.

(F) Definition of related parties

As a result of the adoption of HKAS 24 “Related Party Disclosures”, the definition of related parties has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders, etc) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosure made in the current year, as compared to those that would have been reported had SSAP No. 20 still been in effect.

會計政策之變動 (續)

(E) 收益表及資產負債表呈報方式之轉變

在往年，並未有特定的會計準則規範銀行財務報告的呈報方式。顧及整體透明度及金管局的披露要求，管理層決定按每一項目在收益表及資產負債表上相對之重要性作披露。因此，持有存款證在資產負債表上分開列示。國庫券(包括外匯基金票據)及通知及短期存款(包括在銀行及其他金融機構於1個月內到期的存款)包括在現金及短期資金項下，而國庫券則根據前會計實務準則第24號分類為持作交易用途之證券及投資證券。

由二零零五年一月一日起，按照香港會計準則第30號之要求並計及已採納的計量基準，本集團已更改若干於收益表及資產負債表上項目的呈報方式。持有之國庫券(包括外匯基金票據)及存款證已根據香港會計準則第39號區分為持作交易用途證券及可供出售證券。該等呈報方式改變是追溯應用的，比較數字已經重新分類。

(F) 關連各方之定義

由於採納香港會計準則第24號「關連各方披露」，記載關連各方之定義經已擴大以澄清關連方包括可受個人(即主要管理人員、主要股東等)重大影響的公司及提供福利予本集團僱員的離職後福利計劃或某些與本集團關聯的實體。假設會計實務準則第20號仍然生效，二者比較，「關連各方」定義上之澄清並未對往年度或本年度已披露的關連方交易構成重大影響。

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

會計政策之變動 (續)

(G) Description of transitional provisions and effect of adjustments

The changes in accounting policies of the above items were adopted by way of opening balance adjustments to certain reserves as at 1 January 2005. Comparative amounts have not been restated as this is prohibited by the transitional arrangements in HKAS 39.

(ii) Effect on opening balance of total equity at 1 January 2005 (as adjusted)

(G) 過渡性規定之說明及調整之影響

截至二零零五年一月一日，上述項目會計政策之變動透過對若干儲備之期初結餘調整而採納。由於香港會計準則第39號之過渡性安排有所規定，故並無重列比較金額。

(ii) 於二零零五年一月一日總權益期初結餘之影響 (經調整)

Effect on equity of new policies (increase/(decrease))	新政策對權益之影響 (增加／(減少))	Note 附註	Retained earnings 保留溢利 HK\$'000 千港元
Separate accounting for non-trading investments and related derivatives	非持作交易用途投資及相關衍生工具分開列賬	3(A)	0
Derivatives designated as trading	分類為交易用途之衍生工具	3(B)	348
Collective impairment allowance	綜合減值撥備	3(C)	39,863
Individual impairment allowance	個別減值撥備	3(C)	(11,438)
Amortisation of cash rebates for mortgage loans	按揭貸款現金回贈之攤銷	3(D)	34,621
Effective yield adjustments for loans and advances	貸款及墊款之實際利率調整	3(D)	(3,442)
Aggregate deferred tax effect of the above adjustments	上述調整對遞延稅項之影響		(10,490)
Total effect as at 1 January 2005	於二零零五年一月一日之影響總計	33	49,462

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

(iii) The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and the Bank's balance sheet and other significant related disclosure items for the year ended 31 December 2005 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

(a) Estimated effect on the consolidated income statement for the year ended 31 December 2005

會計政策之變動 (續)

(iii) 在可作出估計之情況下，本集團於下表估計截至二零零五年十二月三十一日止年度，倘若舊有會計政策依然被採納而所帶來之各綜合收益表及本銀行資產負債表項目及其他重大關連方披露項目之上升或減少之數額。

(a) 對截至二零零五年十二月三十一日止年度綜合收益表之估計影響

		2005 二零零五年 HK\$'000 千港元
Increase in interest income	利息收入增加	2,207
Decrease in interest expense	利息支出減少	75
Increased in net interest income	淨利息收入增加	2,282
Decrease in other operating income	其他營運收入減少	(3,186)
Decrease in operating income/operating profit before gains and impairment losses	營運收入／扣除收益及減值虧損前營運溢利減少	(904)
Increase in write back of impairment losses on advances to customers	客戶貸款減值虧損撥回增加	58,270
Increase in profit before taxation	除稅前溢利增加	57,366
Increase in taxation	稅項增加	(10,223)
Increase in profit attributable to shareholders	股東應佔溢利增加	47,143
Increase in earnings per share (Hong Kong cents)	每股盈利增加(港仙)	4.02

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

會計政策之變動 (續)

(b) Estimated increase/(decrease) in items presented in the consolidated balance sheet as at 31 December 2005

(b) 於二零零五年十二月三十一日綜合資產負債表中所呈列項目之估計增加／(減少)

		2005 二零零五年 HK\$'000 千港元
ASSETS		
Cash and short term funds	現金及短期資金	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	0
Trading securities	持作交易用途之證券	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	646,707
Derivative financial instruments	衍生金融工具	330,364
Advances to customers less impairment	客戶貸款減減值	86,694
Accrued interest and other accounts	應計利息及其他賬目	(62,827)
Available-for-sale/Non-trading securities	可供出售證券／非持作交易用途證券	(621,021)
Investment in associated company	聯營公司投資	0
Fixed assets	固定資產	0
		379,917
LIABILITIES		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	0
Deposits from customers	客戶存款	0
Certificates of deposit issued	已發行存款證	0
Derivative financial instruments	衍生金融工具	355,114
Trading liabilities	交易賬項之負債	0
Other accounts and liabilities	其他賬目及負債	(72,064)
		283,050
CAPITAL RESOURCES		
Share capital	股本	0
Share premium	股份溢價	0
Reserves	儲備	96,867
		96,867
Shareholders' funds	股東資金	96,867
		379,917

Notes to the Financial Statements

財務報告附註

3 CHANGES IN ACCOUNTING POLICIES *(continued)*

會計政策之變動 (續)

- (c) Estimated increase/(decrease) in items presented in the Bank's balance sheet as at 31 December 2005
- (c) 於二零零五年十二月三十一日本銀行資產負債表中所呈列項目之估計增加／(減少)

		2005 二零零五年 HK\$'000 千港元
ASSETS	資產	
Cash and short term funds	現金及短期資金	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	0
Trading securities	持作交易用途之證券	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	646,707
Derivative financial instruments	衍生金融工具	330,364
Advances to customers less impairment	客戶貸款減減值	78,766
Accrued interest and other accounts	應計利息及其他賬目	(61,439)
Available-for-sale/Non-trading securities	可供出售證券／非持作交易用途證券	(621,021)
Investment in associated company	聯營公司投資	0
Investments in subsidiaries	附屬公司投資	0
Amounts due from subsidiaries	應收附屬公司款項	0
Fixed assets	固定資產	0
		373,377
LIABILITIES	負債	
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	0
Deposits from customers	客戶存款	0
Certificates of deposit issued	已發行存款證	0
Derivative financial instruments	衍生金融工具	355,114
Trading liabilities	交易賬項之負債	0
Other accounts and liabilities	其他賬目及負債	(72,064)
Amounts due to subsidiaries	應付附屬公司款項	0
		283,050
CAPITAL RESOURCES	資本來源	
Share capital	股本	0
Share premium	股份溢價	0
Reserves	儲備	90,327
Shareholders' funds	股東資金	90,327
		373,377

Notes to the Financial Statements

財務報告附註

4 INTEREST INCOME AND EXPENSE

利息收入及支出

(a) Interest income

(a) 利息收入

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
Listed investments	上市投資	74,248	37,831
Other	其他	1,438,713	899,310
Interest income on financial assets that are not at fair value through profit or loss	非按公平價值訂值納入損益賬之金融工具之利息收入	1,512,961	937,141
Interest income on trading assets	交易資產之利息收入		
– listed investments	– 上市投資	1,289	160
– unlisted investments	– 非上市投資	32,957	5,266
Interest income on financial assets designated at fair value through profit or loss	按公平價值訂值納入損益賬之金融工具之利息收入	24,671	29,216
		1,571,878	971,783

(b) Interest expense

(b) 利息支出

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
Deposits from customers, banks and other financial institutions and certificates of deposits issued	客戶、銀行同業及其他金融機構之存款及已發行存款證	853,813	355,337
Other borrowings	其他借款	160,120	1,029
Interest expense on financial liabilities that are not at fair value through profit or loss	非按公平價值訂值納入損益賬之金融工具之利息支出	1,013,933	356,366
Interest expense on trading liabilities	交易賬項下負債之利息支出	54,174	5,236
		1,068,107	361,602

Notes to the Financial Statements

財務報告附註

5 OTHER OPERATING INCOME

其他營運收入

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
Fees and commission income	費用及佣金收入	129,657	108,932
Less: Fees and commission expense	減：費用及佣金支出	(28,383)	(13,412)
Net fees and commission income	費用及佣金收入淨額	101,274	95,520
Dividend income from listed available-for-sale securities	上市可供出售證券之股息收入	674	2,133
Dividend income from unlisted available-for-sale securities	非上市可供出售證券之股息收入	9,596	10,299
Gains less losses from dealing in foreign currencies	外匯交易收益減虧損	24,195	18,813
Gains less losses from dealing in trading securities	持作交易用途之證券之收益減虧損	(9,571)	13,462
Gains less losses from other dealing activities	其他買賣交易之收益減虧損	77,669	50,172
Gains less losses from short selling activities	賣空交易之收益減虧損	9,325	(3,112)
Gains less losses from other financial liabilities	其他金融負債之收益減虧損	75,757	0
Revaluation loss on other financial instruments designated at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具之重估虧損	(22,635)	0
Revaluation gain on derivative financial instruments	衍生金融工具之重估收益	24,095	0
Rental income	租金收入	3,560	8,102
Others	其他	32,851	29,708
		326,790	225,097

Notes to the Financial Statements

財務報告附註

6 OPERATING EXPENSES

營運支出

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (restated) (重列)
Staff costs	僱員成本		
Contributions to defined contribution scheme	定額供款計劃供款	839	555
Defined benefit scheme expenses (Note 35)	定額福利計劃支出 (附註35)	17,885	15,525
Retirement scheme costs	退休計劃成本	18,724	16,080
Compensation for loss of office as Directors (Note 7)	董事離職補償 (附註7)	0	35,561
Early retirement benefits	提前退休福利	0	11,373
Salaries and other staff costs	薪金及其他僱員成本	286,015	275,144
		304,739	338,158
Premises and other fixed assets	房地產及其他固定資產		
Rental of premises	房地產租金	25,863	24,783
Depreciation	折舊	60,688	60,190
Others	其他	13,118	15,277
Auditors' remuneration	核數師酬金	2,250	2,092
Other operating expenses	其他營運支出		
Business promotion	業務推廣	48,469	29,345
Legal and professional fees	法律顧問費用	18,059	13,563
Communication	通訊	20,270	18,523
Electronic data processing and computer systems	電子資料處理及電腦系統	61,656	63,353
Others	其他	47,654	36,612
		602,766	601,896

Notes to the Financial Statements

財務報告附註

7 DIRECTORS' REMUNERATION

董事酬金

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

根據香港《公司條例》第161條規定披露之董事酬金如下：

		The Group 本集團					
		Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Compensation for loss of office	2005 Total	
		Directors' fees	Directors' fees	Retirement scheme contributions	Compensation for loss of office	2005 Total	
		薪金、津貼及其他福利	酌情花紅	退休計劃供款	離職補償	二零零五年總額	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元
		千港元	千港元	千港元	千港元	千港元	千港元
Executive Directors	執行董事						
Jin-Yi Lee	李晉頤	455	5,070	1,300	195	0	7,020
Fan Sheung Yam, Horace	范上欽	415	2,028	300	187	0	2,930
Non-Executive Directors	非執行董事						
Ming-Hsing (Richard) Tsai	蔡明興	616	0	0	0	0	616
Ming-Chung (Daniel) Tsai	蔡明忠	491	0	0	0	0	491
Wing-Fai Ng	吳榮輝	360	0	0	0	0	360
Victor Kung	龔天行	550	0	0	0	0	550
Jesse Ding	丁予康	340	0	0	0	0	340
Independent Non-Executive Directors	獨立非執行董事						
Robert James Kenrick	甘禮傑	667	0	0	0	0	667
Moses Tsang	曾國泰	386	0	0	0	0	386
Hung Shih	石宏	630	0	0	0	0	630
		4,910	7,098	1,600	382	0	13,990

Notes to the Financial Statements

財務報告附註

7 DIRECTORS' REMUNERATION (continued)

董事酬金 (續)

		The Group 本集團					
		Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Compensation for loss of offices	2004 Total	
		Directors' fees	Directors' fees	Discretionary bonuses	Retirement scheme contributions	Compensation for loss of offices	
		董事 袍金	董事 袍金	酌情 花紅	退休計劃 供款	離職 補償	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	
Executive Directors 執行董事							
Jin-Yi Lee 李晉頤		209	4,612	650	81	0	5,552
Fan Sheung Yam, Horace 范上欽		97	518	300	37	0	952
Mike M. Murad 馬文德		251	8,640	592	350	27,459	37,292
Bachar Samra 森 華		287	4,910	0	367	8,102	13,666
Non-Executive Directors 非執行董事							
Ming-Hsing (Richard) Tsai 蔡明興		538	0	0	0	0	538
Ming-Chung (Daniel) Tsai 蔡明忠		421	0	0	0	0	421
Wing-Fai Ng 吳榮輝		342	0	0	0	0	342
Victor Kung 龔天行		493	0	0	0	0	493
Jesse Ding 丁予康		322	0	0	0	0	322
Anwar Ali Al-Mudhaf 亞里明漢		24	0	0	0	0	24
Eissa M. Al Suwaidi 艾沙 M. 艾蘇瓦迪		0	0	0	0	0	0
Guo You 郭友		14	0	0	0	0	14
Khalifa M. Al Kindi 哈利法 M. 艾金迪		0	0	0	0	0	0
Zhou Liqun 周立群		0	0	0	0	0	0
Independent Non-Executive Directors 獨立非執行董事							
Robert James Kenrick 甘禮傑		638	0	0	0	0	638
Moses Tsang 曾國泰		364	0	0	0	0	364
Hung Shih 石宏		493	0	0	0	0	493
Poon Kwok Lim, Steven 潘國濂		60	0	0	0	0	60
So Yiu Cho, James 蘇耀祖		48	0	0	0	0	48
		4,601	18,680	1,542	835	35,561	61,219

Notes to the Financial Statements

財務報告附註

8 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2004: three) are Directors whose emoluments are disclosed in Note 7 above. The aggregate of the emoluments in respect of the other three (2004: two) individuals are as follows:

Basic salaries and other allowances	底薪及其他津貼
Contributions to pension scheme	退休計劃供款
Early retirement benefits	提前退休福利
Bonuses	花紅

The emoluments of the three (2004: two) individuals with the highest emoluments are within the following bands:

HK\$2,500,001 – HK\$3,000,000	2,500,001港元 – 3,000,000港元
HK\$3,000,001 – HK\$3,500,000	3,000,001港元 – 3,500,000港元
HK\$4,000,001 – HK\$4,500,000	4,000,001港元 – 4,500,000港元
HK\$7,000,001 – HK\$7,500,000	7,000,001港元 – 7,500,000港元
HK\$10,000,001 – HK\$10,500,000	10,000,001港元 – 10,500,000港元

薪酬最高人士

本集團薪酬最高之5位人士中，2位(二零零四年：3位)為本銀行之董事，其薪酬已於上文附註7披露。其他3位(二零零四年：2位)人士之酬金總額如下：

The Group 本集團	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
7,972	7,269
558	2,774
0	7,779
1,580	0
10,110	17,822

3位(二零零四年：2位)薪酬最高人士之酬金介乎以下範圍：

The Group 本集團	
2005 二零零五年	2004 二零零四年
1	0
1	0
1	0
0	1
0	1

Notes to the Financial Statements

財務報告附註

9 (LOSSES)/GAINS FROM DISPOSALS OF AVAILABLE-FOR-SALE/NON-TRADING SECURITIES

出售可供出售證券／非持作交易用途證券之(虧損)／收益

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Realisation of revaluation surplus previously recognised in revaluation reserve (Note 33)	過往於重估儲備內確認之重估盈餘之變現(附註33)	4,234	1,333
Net (loss)/gain arising in current year	年內淨(虧損)／收益	(22,033)	91,923
		(17,799)	93,256

10 WRITE BACK/(CHARGE) OF IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS

撥回／(扣除)客戶貸款之減值虧損

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Impairment losses (charged)/released on advances to customers (Note 21)	已(扣除)／撥回之客戶貸款減值虧損(附註21)		
- Additions	- 增加	(64,528)	(129,081)
- Releases	- 撥回	84,775	77,908
		20,247	(51,173)

Notes to the Financial Statements

財務報告附註

11 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

綜合收益表內的所得稅

(a) Taxation in the consolidated income statement

The provision for Hong Kong Profits Tax for 2005 is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year.

(a) 綜合收益表內的稅項

二零零五年之香港利得稅準備乃根據本年度之評估應課稅溢利之17.5%(二零零四年：17.5%)計算。

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅準備		
Tax for the year	年內稅項	32,798	39,902
– (Over)/under-provision in respect of prior years	– 過往年度(超額準備)/準備不足	(2,150)	454
		30,648	40,356
Deferred tax	遞延稅項		
– Origination and reversal of temporary differences (Note 30(b))	– 暫時性差異產生及撥回(附註30(b))	1,726	(2,395)
Total income tax expense	所得稅支出總額	32,374	37,961

Notes to the Financial Statements

財務報告附註

11 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

綜合收益表內的所得稅 (續)

(b) Reconciliation between tax expense and accounting profit at applicable rate

(b) 稅項支出與適用應課稅率計算之會計溢利間之對賬

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Profit before taxation	除稅前溢利	273,815	338,349
Notional tax on profit before taxation, calculated at the applicable rates in Hong Kong	除稅前溢利之估計稅項，以香港適用之應課稅率計算	47,918	59,214
Tax effect of non-taxable revenue	非應課稅項收入之稅項影響	(14,634)	(26,693)
Tax effect of non-deductible expenses	非可扣減支出之稅項影響	1,240	4,986
(Over)/under-provision in prior years	過往年度(超額準備)/準備不足	(2,150)	454
Actual tax expense	實質稅項支出	32,374	37,961

12 DIVIDENDS

股息

(a) Dividends declared and proposed

(a) 已宣派及建議派發股息

		The Bank 本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Interim dividend declared and paid of 6 cents (2004: 6 cents) per share	已宣派及派發中期股息每股6仙(二零零四年：每股6仙)	70,330	70,330
Final dividend of 11 cents (2004: 11 cents) per share proposed on 1 March 2006	於二零零六年三月一日建議派發末期股息每股11仙(二零零四年：每股11仙)	128,938	128,938
		199,268	199,268

Final dividend proposed after the balance sheet has not been recognised as a liability at the balance sheet date.

於結算日後建議派發之末期股息並未於結算日確認為負債。

Notes to the Financial Statements

財務報告附註

12 DIVIDENDS *(continued)*

- (b) Dividends attributable to the previous financial year, approved and paid during the year

Final dividend in respect of the previous financial year, approved and paid during the year of 11 cents (2004: 0 cents) per share

年內通過及派付上一財政年度之末期股息每股11仙 (二零零四年：0仙)

股息 (續)

- (b) 年內已通過及派付上一財政年度之股息

The Bank 本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
128,938	0

13 EARNINGS PER SHARE

The earnings per share is calculated on profit attributable to shareholders of HK\$241,441,000 (2004: HK\$300,388,000) and on 1,172,160,000 (2004: 1,172,160,000) ordinary shares in issue during the year. There are no convertible loan capital, options or warrants outstanding which would cause a dilution effect on the earnings per share.

每股盈利

每股盈利乃按年內股東應佔溢利241,441,000港元 (二零零四年：300,388,000港元) 及於年內已發行普通股份1,172,160,000股 (二零零四年：1,172,160,000股) 計算。銀行並無任何可兌換之資本貸款、期權或可兌換認股證以致對每股盈利構成攤薄之影響。

14 PROFITS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profits attributable to shareholders of the Bank includes a profit of HK\$211,450,000 (2004: HK\$193,805,000) which has been dealt with in the financial statements of the Bank.

股東應佔溢利

本銀行股東應佔綜合溢利包括已計入本銀行財務報告內有關之溢利211,450,000港元 (二零零四年：193,805,000港元)。

15 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because substantially all of the Group's business is attributable to a single geographical segment, Hong Kong.

分項資料

分項資料乃根據本集團的業務及區域分類編製。由於本集團之全部業務大體上集中在香港單一區域內，業務分項被揀選為基本報告形式。

Notes to the Financial Statements

財務報告附註

15 SEGMENT REPORTING *(continued)*

The Bank and its subsidiaries are principally engaged in the provision of banking and related financial services.

Retail Banking mainly comprises the Consumer Banking and the Retail Distribution Network businesses. Consumer Banking comprises credit card merchant acquiring, provision of credit card advances, insurance and unit trust businesses. Retail Distribution Network business mainly comprises private banking, deposit account services, residential mortgage and other consumer lending.

Wholesale Banking comprises the Small and Medium Enterprise businesses and the Corporate Banking Business. Small and Medium Enterprise businesses include both personal and corporate equipment financing, commercial lending to small and medium enterprises, automobile and other consumer leasing contracts and lending activities. Corporate Banking business covers trade financing, syndicated loans and other corporate lending.

Financial Markets mainly provides securities brokerage, foreign exchange services and centralized cash management for deposit taking and lending, management of trading securities, execution of management's investment strategies in money market investment instruments and the overall funding of the Group.

Real Estate is responsible for the management and orderly realization of the Group's repossessed properties and properties acquired under lending agreements.

Unallocated items mainly comprise the control management unit, management of investments in securities, premises and property management and other activities which cannot be reasonably allocated to specific business segments.

分項資料 (續)

本銀行及其附屬公司之主要業務為銀行經營及有關之財務服務。

零售銀行業務主要包括零售消費銀行業務及零售分銷網絡業務。零售消費銀行業務包括信用卡商戶服務、信用卡信貸服務、保險及單位信託業務。零售分銷網絡業務主要包括私人銀行業務、存款戶口服務、住宅按揭及其他消費信貸。

批發銀行業務包括中小企業業務及企業銀行業務。中小企業業務包括私人及企業設備借貸、中小企業借貸、汽車及其他消費租賃合約及借貸業務。企業銀行業務涵蓋貿易融資、銀團貸款及其他企業借貸。

金融市場業務主要包括證券買賣、外匯交易服務及存款和借貸的中央現金管理、證券交易活動管理，按管理層投資策略在貨幣市場進行投資與本集團的整體資金管理。

物業管理業務包括管理及出售本集團收回及根據貸款協議所得的物業。

未分配項目主要包括控制管理單位、證券投資管理、樓宇及物業管理及其他未能合理分配到特定業務類別的活動。

Notes to the Financial Statements

財務報告附註

15 SEGMENT REPORTING (continued)

分項資料 (續)

2005	二零零五年	The Group 本集團					Inter- segment elimination 跨業務轉賬 HK\$'000 千港元	Consolidated 總額 HK\$'000 千港元
		Retail Banking 零售銀行 HK\$'000 千港元	Wholesale Banking 批發銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Real Estate 物業管理 HK\$'000 千港元	Un-allocated 未分類業務 HK\$'000 千港元		
Interest income from external customers	源自外界客戶利息收入	465,053	453,516	646,375	0	6,934	0	1,571,878
Interest expense to external customers	給予外界客戶利息支出	(640,989)	(110,072)	(312,966)	0	(4,080)	0	(1,068,107)
Inter-segment income	跨業務收入	530,042	0	0	0	0	(530,042)	(0)
Inter-segment expense	跨業務支出	0	(126,326)	(399,865)	(3,511)	(340)	530,042	(0)
Net interest income	淨利息收入	354,106	217,118	(66,456)	(3,511)	2,514	0	503,771
Other operating income from external customers	源自外界客戶其他 營運盈利	150,867	28,059	160,282	499	15,466		355,173
Inter-segment revenue	跨業務溢利	0	0	0	0	35,682	(35,682)	0
Fees and commission expenses	費用及佣金支出	(15,816)	(2,811)	(8,942)	0	(814)		(28,383)
Other operating income	其他營運收入	135,051	25,248	151,340	499	50,334		326,790
Operating income	營運收入	489,157	242,366	84,884	(3,012)	52,848		830,561
Operating expenses	營運支出	(304,469)	(95,712)	(74,270)	(1,615)	(126,700)		(602,766)
Inter-segment expenses	跨業務支出	(30,596)	(3,098)	(1,812)	(176)	0	35,682	0
Operating profit/(loss) before gains and impairment losses	未計收益及減值虧損前經營 溢利/(虧損)	154,092	143,556	8,802	(4,803)	(73,852)		227,795
Charges less releases for individual impairment losses	個別減值虧損減撥回	(26,644)	(26,013)	0	0	0		(52,657)
Recovery of advances previously written off	收回已被撇賬之貸款	15,913	14,845	0	12,205	0		42,963
Write back/(charge) for collective impairment allowance	撥回/(扣除) 綜合減值撥備	30,374	(795)	0	0	362		29,941
Reversal of impairment loss on investments and acquired assets	投資及所得資產 之減值虧損撥回	0	0	0	3,686	930		4,616
Losses from disposal of available-for-sale securities	出售可供出售證券 之虧損	0	0	(17,799)	0	0		(17,799)
Gains less losses from disposal of fixed assets	出售固定資產之 收益減虧損	0	0	0	0	38,956		38,956
Profit/(loss) before taxation	除稅前溢利/(虧損)	173,735	131,593	(8,997)	11,088	(33,604)		273,815
Income tax	所得稅	0	0	0	0	(32,374)		(32,374)
Profit/(loss) attributable to shareholders	股東應佔溢利/(虧損)	173,735	131,593	(8,997)	11,088	(65,978)		241,441
Operating expenses – depreciation	營運支出 – 折舊	(16,988)	(1,905)	(5,393)	0	(36,402)		(60,688)
Segment assets	業務資產	11,031,605	11,146,462	26,603,382	71,880	0		48,853,329
Unallocated assets	未分類資產							950,209
								49,803,538
Segment liabilities	業務負債	28,712,172	4,819,298	12,241,172	0	0		45,772,642
Unallocated liabilities	未分類負債							281,980
								46,054,622
Capital expenditure incurred during the year	年度內資本開支	9,598	9,699	23,148	0	0		42,445

Notes to the Financial Statements

財務報告附註

15 SEGMENT REPORTING (continued)

分項資料 (續)

		The Group 本集團					Inter- segment elimination 跨業務轉賬	Consolidated 總額
		Retail Banking 零售銀行 HK\$'000 千港元	Wholesale Banking 批發銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Real Estate 物業管理 HK\$'000 千港元	Un-allocated 未分類業務 HK\$'000 千港元		
2004	二零零四年							
Interest income from external customers	源自外界客戶利息收入	372,740	237,559	353,696	0	7,788		971,783
Interest expense to external customers	給予外界客戶利息支出	(273,240)	(31,469)	(55,516)	0	(1,377)		(361,602)
Inter-segment income	跨業務收入	364,444	0	0	0	0	(364,444)	0
Inter-segment expense	跨業務支出	0	(16,460)	(251,890)	(6,521)	(89,573)	364,444	0
Net interest income	淨利息收入	463,944	189,630	46,290	(6,521)	(83,162)	0	610,181
Other operating income from external customers	源自外界客戶 其他營運盈利	121,287	22,567	75,269	6,361	13,025		238,509
Inter-segment revenue	跨業務溢利	0	0	0	0	32,042	(32,042)	0
Fees and commission expenses	費用及佣金支出	(9,679)	3,060	(5,829)	0	(964)		(13,412)
Other operating income	其他營運收入	111,608	25,627	69,440	6,361	44,103		225,097
Operating income	營運收入	575,552	215,257	115,730	(160)	(39,059)		835,278
Operating expenses	營運支出	(305,878)	(82,726)	(42,342)	(1,565)	(169,385)		(601,896)
Inter-segment expenses	跨業務支出	(28,045)	(3,004)	(817)	(176)	0	32,042	0
Operating profit/(loss) before gains and impairment losses	未計收益及減值虧損前經營 溢利/(虧損)	241,629	129,527	72,571	(1,901)	(208,444)		233,382
Charges less releases for individual impairment losses	個別減值虧損減撥回	(48,182)	(41,564)	0	0	(13)		(89,759)
Recovery of advances previously written off	收回已被撇賬之貸款	11,254	14,853	0	32,159	0		58,266
Write back/(charge) for collective impairment allowance	撥回/(扣除) 綜合減值撥備	(7,444)	(12,905)	0	0	669		(19,680)
Reversal of impairment loss on investments and acquired assets	投資及所得資產 之減值虧損撥回	0	0	0	44,390	2,313		46,703
Gains/(losses) from disposal of non-trading securities	出售非持作交易用途 證券之收益/(虧損)	0	0	100,511	0	(7,255)		93,256
Gains less losses from disposal of fixed assets	出售固定資產之 收益減虧損	0	0	0	0	16,181		16,181
Profit/(loss) before taxation	除稅前溢利/(虧損)	197,257	89,911	173,082	74,648	(196,549)		338,349
Income tax	所得稅	0	0	0	0	(37,961)		(37,961)
Profit/(loss) attributable to shareholders	股東應佔溢利/(虧損)	197,257	89,911	173,082	74,648	(234,510)		300,388
Operating expenses – depreciation	營運支出 – 折舊	(18,439)	(1,562)	(2,516)	0	(37,673)		(60,190)
Segment assets	業務資產	11,181,573	7,741,945	25,737,855	182,980	0		44,844,353
Unallocated assets	未分類資產							916,428
								45,760,781
Segment liabilities	業務負債	27,557,385	4,004,058	10,258,039	0	0		41,819,482
Unallocated liabilities	未分類負債							238,527
								42,058,009
Capital expenditure incurred during the year	年度內資本開支	13,063	9,045	30,068	0	0		52,176

Notes to the Financial Statements

財務報告附註

15 SEGMENT REPORTING (continued)

Geographical segments

The geographical segmental analysis is based on the locations of the principal operations of the subsidiaries or on the location of the branches of the Bank responsible for reporting the results or booking the assets, the location of customers and the location of assets. For the years ended 31 December 2004 and 2005, all of the Group's operating income and profit before taxation were generated by assets booked by the principal operations of the branches and subsidiaries of the Bank located in Hong Kong. More than 90% of assets were either located in Hong Kong or were extended to companies and individuals domiciled in Hong Kong. The balance of the assets were extended to companies and individuals domiciled outside Hong Kong, mainly in China.

16 CASH AND SHORT TERM FUNDS

Cash in hand	現金
Balances with the Hong Kong Monetary Authority	香港金融管理局結餘
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Money at call and short notice*	通知及短期存款*

* Money at call and short notice represents deposits of up to a maximum of one month maturity from the balance sheet date.

分項資料 (續)

區域分項

區域分項之資料分析是根據附屬公司之主要業務所在地點，或按負責報告業績或將資產入賬之本銀行分行位置、客戶位置及資產位置予以披露。於截至二零零四年及二零零五年十二月三十一日止年度，本集團之所有營運收入及除稅前溢利均是從位於香港的本銀行附屬公司及分行入賬之資產所產生。本銀行多於90%的資產是位於香港或借給以香港為基地的公司及個人客戶，而剩餘的資產是借給位於香港以外(以中國為主)的公司及個人客戶。

現金及短期資金

The Group 本集團		The Bank 本銀行	
2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
	(restated) (重列)		(restated) (重列)
77,657	85,540	77,646	85,539
0	30,702	0	30,702
264,564	280,363	264,014	279,998
9,814,827	5,084,863	9,814,827	5,084,863
10,157,048	5,481,468	10,156,487	5,481,102

* 通知及短期存款指結算日起計最長一個月到期之存款。

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17 PLACEMENTS WITH BANKS MATURING BETWEEN ONE AND TWELVE MONTHS

一至十二個月到期之銀行同業 放款

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Maturing within	以下期間內到期		
– 3 months or less but over 1 month	– 三個月或以下惟一個月以上	1,573,939	4,749,506
– 1 year or less but over 3 months	– 一年或以下惟三個月以上	0	1,064,269
		1,573,939	5,813,775

18 TRADING SECURITIES

持作交易用途之證券

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Trading securities at fair value	持作交易用途之證券之公平價值		
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	3,482	6,844
– Unlisted	– 非上市	23,234	120,082
Treasury bills (including Exchange Fund Bills) – Unlisted	國庫券(包括外匯基金票據) – 非上市	368,365	2,134,781
Total	總值	395,081	2,261,707

The trading securities are issued by: 持作交易用途之證券由以下機構發行：

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Central governments and central banks	中央政府及中央銀行	371,507	2,140,088
Public sector entities	公營機構	23,234	120,082
Corporate entities	企業	340	1,537
		395,081	2,261,707

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19 OTHER FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

Debt securities at fair value	按公平價值訂值之債務證券
– Listed in Hong Kong	– 於香港上市
– Unlisted	– 非上市
Total	總值

The other financial instruments designated as at fair value through profit or loss are issued by:

Central governments and central banks	中央政府及中央銀行
Public sector entities	公營機構
Corporate entities	企業

Following the adoption of HKAS 39, a portfolio non-trading securities of HK\$691,125,000 was re-designated as other financial instruments designated as at fair value through profit or loss on 1 January 2005. There was no such designation in 2004 as retrospective application of HKAS 39 is not permitted.

20 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial instruments and embedded derivatives recognised

In accordance with HKAS 39, the aggregate fair value of favourable and unfavourable derivatives contracted with counterparties and embedded derivatives separated from their host contracts have been recognised as the Group's derivative financial assets and liabilities respectively, as disclosed on the consolidated balance sheet as at 31 December 2005. The following is a summary of the notional amounts of the derivatives or the host contracts and the fair values of these favourable and unfavourable derivative financial instruments outstanding as of 31 December 2005.

按公平價值訂值納入損益賬之其他金融工具

The Group and the Bank 本集團及本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
77,189	0
569,518	0
646,707	0

按公平價值訂值納入損益賬之其他金融工具由以下機構發行：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
77,189	0
488,075	0
81,443	0
646,707	0

於採納香港會計準則第39號後，價值達691,125,000港元之列作非持作交易用途之證券投資組合於二零零五年一月一日被重新列為按公平價值訂值納入損益賬之其他金融工具。由於香港會計準則第39號不可追溯應用，故二零零四年並無該項重新分類。

衍生金融工具

(a) 衍生金融工具及所確認之嵌入式衍生工具

根據香港會計準則第39號，公平價值為正數及負數之與對手方訂立之衍生金融工具，以及與主合約分開之嵌入式衍生金融工具，已分別確認為本集團之衍生金融資產及負債，並於二零零五年十二月三十一日之綜合資產負債表內披露。以下為於二零零五年十二月三十一日尚未平倉之衍生工具或主合約之名義金額及該等公平價值為正數及負數之衍生金融工具之概要。

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Derivative financial instruments and embedded derivatives recognised (continued)

衍生金融工具 (續)

(a) 衍生金融工具及嵌入式衍生工具 (續)

		The Group and the Bank 本集團及本銀行		
		Fair values 公平價值		
		Notional amount 名義金額 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
2005	二零零五年			
Derivatives held for trading	持作交易用途之衍生工具			
i) Foreign exchange derivatives	i) 外匯衍生工具			
– Forward exchange contracts	– 遠期匯率合約	1,832,083	70,741	(69,960)
– Swaps	– 掉期合約	2,105,394	1,069	(4,325)
– Options purchased	– 購入期權	1,517,021	17,454	0
– Options written	– 沽出期權	1,515,243	0	(17,454)
		6,969,741	89,264	(91,739)
ii) Equity derivatives	ii) 股票衍生工具			
– Options purchased	– 購入期權	149,103	1,414	0
– Options written	– 沽出期權	149,103	0	(1,414)
		298,206	1,414	(1,414)
iii) Interest rate derivatives	iii) 利率衍生工具			
– Interest rate swaps	– 利率掉期合約	7,214,414	237,401	(260,455)
– Interest rate options purchased	– 購入利率期權	397,900	2,285	0
– Interest rate options written	– 沽出利率期權	200,000	0	(1,506)
		7,812,314	239,686	(261,961)
Total recognised derivative assets/ (liabilities) held for trading	持作交易用途之已確認 總衍生資產/(負債)		330,364	(355,114)

Notes to the Financial Statements

財務報告附註

20 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(b) Remaining life of derivative financial instruments

The following table provides an analysis of the notional amounts of derivatives of the Group and the Bank by relevant maturity grouping based on the remaining periods to settlement at the balance sheet date.

2005	二零零五年
i) Foreign exchange derivatives	i) 外匯衍生工具
ii) Equity derivatives	ii) 股票衍生工具
iii) Interest rate derivatives	iii) 利率衍生工具
2004	二零零四年
i) Foreign exchange derivatives	i) 外匯衍生工具
ii) Equity derivatives	ii) 股票衍生工具
iii) Interest rate derivatives	iii) 利率衍生工具

衍生金融工具 (續)

(b) 衍生金融工具之剩餘期限

下表為本集團及本銀行之衍生工具之名義金額按結算日至交收日之剩餘期限劃分之到期組別。

The Group and the Bank 本集團及本銀行				
Notional amounts with remaining life of 屬以下剩餘年期之名義金額				
Total 總額 HK\$'000 千港元	Over 1 year			Over 5 years 五年以上 HK\$'000 千港元
	1 year or less 一年或以下 HK\$'000 千港元	to 5 years 一年以上 至五年 HK\$'000 千港元		
6,969,741	6,946,499	23,242	0	0
298,206	298,206	0	0	0
7,812,314	495,786	6,680,610	635,918	
The Group and the Bank 本集團及本銀行				
Notional amounts with remaining life of 屬以下剩餘年期之名義金額				
Total 總額 HK\$'000 千港元	Over 1 year			Over 5 years 五年以上 HK\$'000 千港元
	1 year or less 一年或以下 HK\$'000 千港元	to 5 years 一年以上 至五年 HK\$'000 千港元		
5,803,067	5,803,067	0	0	0
629,606	629,606	0	0	0
3,180,335	269,843	2,568,410	342,082	

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(c) Credit risk weighted amounts and replacement costs of outstanding derivatives contracts

The following is a summary of the contractual amounts, credit risk-weighted amounts and replacement costs of each significant type of the Group's derivatives outstanding as of 31 December 2004 and 2005. Prior to the adoption of HKAS 39, these derivative financial instruments were accounted for as off balance sheet items and no derivative financial assets nor liabilities were recognised as at 31 December 2004 in respect of these derivative financial instruments.

衍生金融工具 (續)

(c) 尚未平倉之衍生工具合約之信貸風險加權金額及重置成本

以下為本集團於二零零四年及二零零五年十二月三十一日之每項重大尚未平倉衍生工具的合約金額、信貸風險加權金額及重置成本之摘要。當未採納香港會計準則第39號前，此等衍生金融工具列作資產負債表外項目，此等衍生金融工具並無於二零零四年十二月三十一日被確認為衍生金融資產或負債。

		The Group and the Bank 本集團及本銀行		
		2005 二零零五年		
		Credit risk weighted amounts		
		Contractual amounts	amounts	Replacement costs
		合約金額	信貸風險 加權金額	重置成本
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Trading	交易			
Exchange rate contracts	匯率合約			
- Forward exchange contracts	- 遠期匯率合約	1,832,083	4,022	70,741
- Swaps	- 掉期合約	1,686,468	1,890	1,052
- Options purchased	- 購入期權	1,517,021	9,219	17,454
- Options written	- 沽出期權	1,515,243	N/A	N/A
		6,550,815	15,131	89,247
Equity option contracts	股票期權合約			
- Options purchased	- 購入期權	149,103	559	1,414
- Options written	- 沽出期權	149,103	N/A	N/A
		298,206	559	1,414
Interest rate contracts	利率合約			
- Interest rate swaps	- 掉期利率合約	5,154,846	32,488	119,736
- Interest rate options purchased	- 購入利率期權	200,000	501	1,506
- Interest rate options written	- 沽出利率期權	200,000	N/A	N/A
		5,554,846	32,989	121,242
		12,403,867	48,679	211,903

Notes to the Financial Statements

財務報告附註

20 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

衍生金融工具 (續)

(c) Credit risk weighted amounts and replacement costs of outstanding derivatives contracts *(continued)*

(c) 尚未平倉之衍生工具合約之信貸風險加權金額及重置成本 (續)

		The Group and the Bank 本集團及本銀行		
		2004 二零零四年		
		Credit risk weighted		
		Contractual amounts	Contractual amounts	Replacement costs
		合約金額	信貸風險加權金額	重置成本
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Trading				
Exchange rate contracts		匯率合約		
- Forward exchange contracts	- 遠期匯率合約	1,296,388	1,061	107,045
- Swaps	- 掉期合約	452,508	2,263	0
- Options purchased	- 購入期權	589,805	452	5,084
- Options written	- 沽出期權	588,868	N/A	N/A
		2,927,569	3,776	112,129
Equity option contracts		股票期權合約		
- Options purchased	- 購入期權	314,803	400	1,481
- Options written	- 沽出期權	314,803	N/A	N/A
		629,606	400	1,481
		3,557,175	4,176	113,610
Hedging		對沖		
Exchange rate contracts		匯率合約		
- Swaps	- 掉期合約	2,875,498	8,697	14,730
Interest rate contracts		利率合約		
- Interest rate swaps	- 掉期利率合約	3,180,335	24,298	103,516
		6,055,833	32,995	118,246

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財務報告附註

20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(c) Credit risk weighted amounts and replacement costs of outstanding derivatives contracts (continued)

Derivatives arise from forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The contractual amounts of these instruments disclosed in this note indicate the volume of transactions outstanding as at 31 December 2004 and 2005; they do not represent amounts at risk. Embedded derivatives are not included in the above tables.

The trading transactions include positions arising from the execution of trade orders from customers and transactions taken to hedge these positions. In 2004, the hedging contracts were used to hedge the Group's own exposure to market risks as part of its asset and liability management. As a result of the adoption of HKAS 39, these contracts do not meet the criteria for hedge accounting and have been re-designated as trading derivatives. Fair values of favourable and unfavourable derivative financial instruments are recognised as the Group's derivative financial assets and liabilities respectively and the corresponding changes in fair values have been recognised in the income statement since 1 January 2005.

The replacement costs and credit risk-weighted amounts of the off-balance sheet exposures disclosed in part (b) and (c) of this note do not take into account the effects of bilateral netting arrangements. They are assessed in accordance with the HKMA's guidelines which implement the Basle agreement on capital adequacy. Replacement cost represents the cost of replacing all contracts which have a positive value when marked to market. The credit risk-weighted amount refers to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance on capital adequacy and depends on the status of the counterparty and the maturity characteristics. The credit risk-weights used range from 0% to 100% for contingent liabilities and commitments, and from 0% to 50% for exchange rate and interest rate contracts.

衍生金融工具 (續)

(c) 尚未平倉之衍生工具合約之信貸風險加權金額及重置成本 (續)

衍生工具乃因本集團在外匯、利率及股本市場進行遠期、掉期及期權交易而產生。本附註披露之該等工具合約金額顯示出於二零零四年及二零零五年十二月三十一日之未付交易量，惟並不代表風險之金額。嵌入式衍生工具未列於上表內。

買賣交易包括為客戶執行買賣指示之倉盤及用以對沖該等倉盤之交易。於二零零四年內對沖合約乃用以對沖本集團之市場風險，為其資產及負債管理之一部份。由於採納香港會計準則第39號，該等合約未能符合對沖會計處理方法之相關條件，已再定為持作交易用途之衍生工具。自二零零五年一月一日起，公平價值為正數及負數之衍生金融工具分別確認為本集團之衍生金融資產及負債，其相關之公平價值變動亦已於收益表中確認。

於本附註第(b)及(c)部份披露之資產負債表以外項目之重置成本及信貸風險加權金額並無計及雙邊淨額結算安排之影響。該等數額乃根據已包容了巴塞爾協議內有關資本充足方面之金管局指引。重置成本乃指重置所有以市況計算會有正數值之合約成本。信貸風險加權金額乃指根據銀行業條例附表三所計算之金額及視乎交易對象及剩餘期限而進行評估。用於或然負債及承擔之信貸風險加權比率為0%至100%，而用於匯率及利率合約之有關比率則為0%至50%。

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財務報告附註

21 ADVANCES TO CUSTOMERS LESS IMPAIRMENT

(a) Advances to customers less impairment

Gross advances to customers	客戶貸款總額
Impairment allowances	減值撥備
- Collective impairment allowance/general provision	- 綜合減值撥備/ 一般貸款撥備
- Individual impairment allowance /specific provision	- 個別減值撥備/ 特別貸款撥備

(b) Movement in impairment allowances on advances to customers

At 1 January 2005 (restated)	於二零零五年一月一日(重列)
Impairment allowances charged/ (released) to income statement	減值撥備於收益表扣除/ (撥回)
Amounts written off	撇賬金額
Recoveries of advances written off in previous years	承過去年度已撇賬 貸款之收回
At 31 December 2005	於二零零五年十二月 三十一日

客戶貸款減減值

(a) 客戶貸款減減值

The Group 本集團		The Bank 本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
21,544,382	18,218,573	18,354,882	15,405,354
(76,115)	(145,816)	(58,537)	(123,321)
(92,701)	(70,458)	(68,222)	(51,587)
21,375,566	18,002,299	18,228,123	15,230,446

(b) 客戶貸款減值撥備變動

The Group 本集團		The Bank 本銀行	
Individual impairment allowance 個別減值撥備 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元	Individual impairment allowance 個別減值撥備 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元
81,896	106,056	62,861	81,085
9,694	(29,941)	(3,361)	(22,548)
(41,852)	0	(31,447)	0
42,963	0	40,169	0
92,701	76,115	68,222	58,537

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財務報告附註

21 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

(c) Movement in provisions for bad and doubtful debts

At 1 January 2004	於二零零四年一月一日		
Net charge to the income statement	收益表內淨存備		
Amounts written off	撇賬金額		
Recoveries of advances written off years in previous	承過去年度已撇賬貸款之收回		
At 31 December 2004	於二零零四年十二月三十一日		

(d) Advances to customers analysed by industry sector

The following economic sector analysis is based on the categories and definitions used by the HKMA:

客戶貸款減減值 (續)

(c) 呆壞賬撥備變動

The Group 本集團		The Bank 本銀行	
Specific 特別	General 一般	Specific 特別	General 一般
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
75,567	126,145	54,282	106,463
31,493	19,671	14,085	16,858
(94,868)	0	(74,138)	0
58,266	0	57,358	0
70,458	145,816	51,587	123,321

(d) 按行業分類的客戶貸款

以下經濟行業分析乃根據金管局使用的組別及定義：

		The Group 本集團		The Bank 本銀行	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Gross advances for use in Hong Kong	在香港使用的貸款總額				
Industrial, commercial and financial	工商金融				
- Property development	- 物業發展	28,135	113,061	27,208	112,197
- Property investment	- 物業投資	3,963,801	3,322,410	3,944,130	3,296,642
- Financial concerns	- 金融企業	313,227	201,525	312,157	201,264
- Stockbrokers	- 股票經紀	159,616	59,730	159,616	59,409
- Wholesale and retail trade	- 批發及零售業	101,064	107,505	82,610	85,264
- Manufacturing	- 製造業	4,174,292	2,227,544	2,185,004	409,770
- Transport and transport equipment	- 運輸及運輸設備	684,127	502,927	74,885	62,060
- Others	- 其他	2,047,464	1,952,865	1,805,449	1,685,908
Individuals	個人				
- Loans for the purchase of flats in the Home Ownership Scheme and Private Sector Participation Scheme	- 購買「居者有其屋計劃」及「私人參建居屋計劃」樓宇的貸款	1,461	17,974	1,461	17,974
- Loans for the purchase of other residential properties	- 購買其他住宅物業的貸款	7,503,104	7,729,150	7,479,857	7,686,612
- Credit card advances	- 信用卡貸款	478,553	484,604	478,553	484,604
- Others	- 其他	952,404	610,544	823,474	456,351
Trade finance	貿易融資	20,407,248	17,329,839	17,374,404	14,558,055
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額	614,629	360,372	614,629	360,372
		522,505	528,362	365,849	486,927
Gross advances to customers	客戶貸款總額	21,544,382	18,218,573	18,354,882	15,405,354

Notes to the Financial Statements

財務報告附註

21 ADVANCES TO CUSTOMERS LESS IMPAIRMENT *(continued)*

(e) Impaired advances to customers

Gross impaired advances
Individual impairment allowances
made against impaired loans

減值貸款總額
就減值貸款作出的
個別減值撥備

Gross impaired advances
Individual impairment allowances
made against impaired loans

減值貸款總額
就減值貸款作出的
個別減值撥備

i. As a percentage of gross advances to customers.

Impaired advances are individually assessed loans with objective evidence of impairment on an individual basis.

Non-performing advances stated in prior year financial statements are loans on which interest is being suspended or on which interest accrual has ceased. Non-performing advances are presented in the same category of impaired advances above to facilitate comparison.

客戶貸款減減值 (續)

(e) 客戶減值貸款

The Group 本集團			
2005 二零零五年		2004 二零零四年	
HK\$'000 千港元	% 百分比	HK\$'000 千港元	% 百分比
213,133	0.99	257,818	1.42
(92,701)		(70,458)	
120,432		187,360	

The Bank 本銀行			
2005 二零零五年		2004 二零零四年	
HK\$'000 千港元	% 百分比	HK\$'000 千港元	% 百分比
157,520	0.86	196,613	1.28
(68,222)		(51,587)	
89,298		145,026	

i. 為客戶貸款總額之百分比。

減值貸款是個別出現客觀減值證據而須個別評估的貸款。

於上年財務報告內列示之不履行合約貸款為利息懸賬或停止累計之貸款。不履行合約貸款與上述減值貸款按同一類別列示，以便於比較。

Notes to the Financial Statements

財務報告附註

21 ADVANCES TO CUSTOMERS LESS IMPAIRMENT *(continued)*

(f) Net investment in finance leases and hire purchase contracts

Advances to customers include net investment in motor and vehicles and equipment leased to customers under finance leases and hire purchase contracts having the characteristics of finance leases. The contracts usually run for an initial period of 3 to 5 years, with an option for acquiring the leased asset at nominal value. The total minimum lease payments receivable under finance leases and hire purchase contracts and their present values at the year end are as follows:

Total minimum lease payments due:	最低租賃還款總金額之到期期限為：
- within 1 year	- 一年以內
- after 1 year but within 5 years	- 一年以後惟五年以內
- after 5 years	- 五年以後
Interest income relating to future periods	與未來期間有關之利息收入
Present value of the minimum lease payment receivable	最低租賃還款之現值
Unguaranteed residual value	無保證剩餘價值
Collective impairment allowance	綜合減值撥備
Individual impairment allowance	個別減值撥備
Provision for bad and doubtful debts	呆壞賬撥備
Net investment in finance lease	投資於融資租賃之淨額

客戶貸款減減值 (續)

(f) 融資租賃及租購合約之投資淨額

給予客戶之貸款包括根據融資租賃及具融資租賃特性之租購合約租予客戶之汽車及設備投資淨額。合約初步一般為期三至五年，附帶按賬面值購買有關租用資產之選擇權。根據融資租賃及租購合約應收之最低租賃還款總金額及於年結日之現值如下：

The Group 本集團		The Bank 本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
1,268,802	1,101,182	212,190	54,997
1,309,098	1,095,738	253,878	96,722
378,900	164,111	0	0
2,956,800	2,361,031	466,068	151,719
(389,177)	(181,353)	(38,012)	(12,399)
2,567,623	2,179,678	428,056	139,320
0	0	0	0
(16,558)	0	(2,610)	0
(15,146)	0	(293)	0
0	(11,957)	0	(1,320)
2,535,919	2,167,721	425,153	138,000

Notes to the Financial Statements

財務報告附註

21 ADVANCES TO CUSTOMERS LESS IMPAIRMENT *(continued)*

(f) Net investment in finance leases and hire purchase contracts *(continued)*

The maturity profile of the present value of the minimum lease payments before provision is as follows:

Within 1 year	一年以內
After 1 year but within 5 years	一年以後惟五年以內
After 5 years	五年以後

客戶貸款減減值 (續)

(f) 融資租賃及租購合約之投資淨額 (續)

撥備前最低租賃還款現值之期限組別如下：

The Group 本集團		The Bank 本銀行	
2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
1,136,832	1,012,401	188,723	48,244
1,175,053	1,028,866	239,333	91,076
255,738	138,411	0	0
2,567,623	2,179,678	428,056	139,320

Notes to the Financial Statements

財務報告附註

22 AVAILABLE-FOR-SALE/NON-TRADING SECURITIES

可供出售／非持作交易用途證券

		The Group 本集團		The Bank 本銀行	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Listed debt securities at fair value	上市債務證券之公平價值				
	– Listed in Hong Kong	1,541,072	1,652,927	1,541,072	1,652,927
	– Listed outside Hong Kong	1,688,178	1,706,869	1,688,178	1,706,869
		3,229,250	3,359,796	3,229,250	3,359,796
Unlisted debt securities at fair value	非上市債務證券之公平價值				
	– Treasury bills (including Exchange Fund Bills)	6,924,752	5,958,550	6,924,752	5,958,550
	– Certificates of deposit	373,175	499,007	373,175	499,007
	– Debt securities	2,898,895	2,180,354	2,898,895	2,180,354
		10,196,822	8,637,911	10,196,822	8,637,911
		13,426,072	11,997,707	13,426,072	11,997,707
Equity shares at fair value	股票之公平價值				
	– Listed in Hong Kong	88,098	61,477	87,935	61,401
	– Unlisted	9,591	24,043	9,591	24,043
		97,689	85,520	97,526	85,444
Total available-for-sale/ non-trading securities	可供出售證券／非持作交易 用途證券總值	13,523,761	12,083,227	13,523,598	12,083,151

Notes to the Financial Statements

財務報告附註

22 AVAILABLE-FOR-SALE/NON-TRADING SECURITIES (continued)

The available-for-sale/non-trading securities are issued by:

Central governments and central banks	中央政府及中央銀行
Public sector entities	公營機構
Banks and other financial institutions	銀行及其他金融機構
Corporate entities	企業

Following the adoption of HKAS 39, a portfolio of non-trading investments with a value of HK\$691,125,000 was re-designated as other financial instruments designated as at fair value through profit or loss on 1 January 2005. There was no such designation in 2004 as retrospective application of HKAS 39 is not permitted.

23 INVESTMENT IN ASSOCIATED COMPANY

Unlisted shares, at cost	非上市股份，按成本值
Advances	貸款
Less: Impairment allowance on unlisted shares	減：非上市股份之減值撥備
Impairment allowance for advances to an associated company	向一間聯營公司貸款之減值撥備

The Bank owns 40% (2004: 40%) of the issued shares capital of IBA Finance Corporation, which is incorporated in the Philippines. The principal activity of the associated company is the provision of financing and leasing services in the Philippines. The Group has not equity accounted for the investments in the associated company in view of the immaterial amount involved.

可供出售／非持作交易用途證券 (續)

可供出售證券／非持作交易用途證券由以下機構發行：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
9,720,465	8,852,798	9,720,465	8,852,798
313,065	966,704	313,065	966,704
2,013,700	1,432,787	2,013,700	1,432,787
1,476,531	830,938	1,476,368	830,862
13,523,761	12,083,227	13,523,598	12,083,151

於採納香港會計準則第39號後，價值達691,125,000港元之非持作交易用途之投資組合，於二零零五年一月一日被重新列為按公平價值訂值納入損益賬之其他金融工具。由於香港會計準則第39號不可追溯應用，故二零零四年並無該等重新分類。

聯營公司投資

The Group and the Bank 本集團及本銀行

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
5,761	5,761
8,778	8,864
(5,761)	(5,761)
(2,308)	(2,216)
6,470	6,648

本銀行擁有在菲律賓註冊成立之 IBA Finance Corporation 40% (二零零四年：40%) 已發行股本。該聯營公司之主要業務為於菲律賓提供財務及租賃服務。由於投資額並不重大，故本集團並無於賬目中按權益計算其於該聯營公司之投資。

Notes to the Financial Statements

財務報告附註

24 INVESTMENTS IN SUBSIDIARIES

附屬公司投資

		The Bank 本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本值	118,751	118,505

All principal subsidiaries are directly owned by the Bank. Details of principal subsidiaries at 31 December 2005 are as follows:

全部主要附屬公司均由本銀行直接擁有。關於各主要附屬公司於二零零五年十二月三十一日之資料詳述如下：

		Issued and fully paid-up ordinary share capital 已發行及繳足 之普通股股本	% of ownership interest held 所持 股權百分比	Net profit for the year 2005 二零零五年度 溢利	Principal activities 主要業務
<i>Incorporated and operating in Hong Kong</i>		<i>於香港註冊成立及運作</i>			
Fubon Credit (Hong Kong) Limited	富邦財務(香港)有限公司	HK\$65,000,000 65,000,000港元	100%	HK\$77,165,000 77,165,000港元	Deposit-taking and finance 接受存款及財務
Fubon (Hong Kong) Trustee Limited	富邦(香港)信託有限公司	HK\$5,000,000 5,000,000港元	100%	HK\$60,000 60,000港元	Trustee services 信託服務
Fubon Securities (Hong Kong) Limited	富銀證券(香港)有限公司	HK\$8,000,000 8,000,000港元	100%	HK\$26,033,000 26,033,000港元	Securities broking 證券經紀
Fubon Fund Management (Hong Kong) Limited	富邦資金管理(香港)有限公司	HK\$8,000,000 8,000,000港元	100%	HK\$790,000 790,000港元	Fund management 資金管理
Fubon Nominees (Hong Kong) Limited	Fubon Nominees (Hong Kong) Limited	HK\$200 200港元	100%	HK\$10,000 10,000港元	Nominees services 代理人服務
<i>Incorporated and operating in Vanuatu</i>		<i>於瓦魯圖註冊成立及運作</i>			
Fubon Bank Vanuatu Limited	Fubon Bank Vanuatu Limited	US\$4,000,000 4,000,000美元	100%	US\$122,000 122,000美元	Finance 財務

Notes to the Financial Statements

財務報告附註

25 FIXED ASSETS

The Group

固定資產

本集團

		Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Cost or valuation	成本值或估值			
At 1 January 2005	於二零零五年一月一日	1,168,853	390,627	1,559,480
Additions	添置	0	42,445	42,445
Disposals	出售	(36,110)	(17,654)	(53,764)
At 31 December 2005	於二零零五年十二月三十一日	1,132,743	415,418	1,548,161
Accumulated depreciation	累計折舊			
At 1 January 2005	於二零零五年一月一日	104,981	249,789	354,770
Charge for the year	年內折舊	13,084	47,604	60,688
Released on disposal	出售之抵免	(3,351)	(14,784)	(18,135)
At 31 December 2005	於二零零五年十二月三十一日	114,714	282,609	397,323
Net book value	賬面淨值			
At 31 December 2005	於二零零五年十二月三十一日	1,018,029	132,809	1,150,838
At 31 December 2004	於二零零四年十二月三十一日	1,063,872	140,838	1,204,710

Notes to the Financial Statements

財務報告附註

25 FIXED ASSETS (continued)

固定資產 (續)

The Group

本集團

		Premises 物業	Furniture, fixtures and equipment 傢俬、裝置 及設備	Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cost or valuation	成本值或估值			
At 1 January 2004	於二零零四年一月一日	1,180,993	361,422	1,542,415
Additions	添置	0	52,176	52,176
Disposals	出售	(12,140)	(22,971)	(35,111)
At 31 December 2004	於二零零四年十二月三十一日	1,168,853	390,627	1,559,480
Accumulated depreciation	累計折舊			
At 1 January 2004	於二零零四年一月一日	93,279	224,797	318,076
Charge for the year	年內折舊	13,354	46,836	60,190
Released on disposal	出售之抵免	(1,652)	(21,844)	(23,496)
At 31 December 2004	於二零零四年十二月三十一日	104,981	249,789	354,770
Net book value	賬面淨值			
At 31 December 2004	於二零零四年十二月三十一日	1,063,872	140,838	1,204,710
At 31 December 2003	於二零零三年十二月三十一日	1,087,714	136,625	1,224,339

Notes to the Financial Statements

財務報告附註

25 FIXED ASSETS *(continued)*

The Bank

固定資產 (續)

本銀行

		Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Cost or valuation	成本值或估值			
At 1 January 2005	於二零零五年一月一日	1,132,104	388,935	1,521,039
Additions	添置	0	42,400	42,400
Disposals	出售	(36,110)	(17,655)	(53,765)
At 31 December 2005	於二零零五年十二月三十一日	1,095,994	413,680	1,509,674
Accumulated depreciation	累計折舊			
At 1 January 2005	於二零零五年一月一日	101,904	248,428	350,332
Charge for the year	年內折舊	12,759	47,429	60,188
Released on disposal	出售之抵免	(3,350)	(14,783)	(18,133)
At 31 December 2005	於二零零五年十二月三十一日	111,313	281,074	392,387
Net book value	賬面淨值			
At 31 December 2005	於二零零五年十二月三十一日	984,681	132,606	1,117,287
At 31 December 2004	於二零零四年十二月三十一日	1,030,200	140,507	1,170,707

Notes to the Financial Statements

財務報告附註

25 FIXED ASSETS (continued)

固定資產 (續)

The Bank

本銀行

		Premises 物業	Furniture, fixtures and equipment 傢俬、裝置 及設備	Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cost or valuation	成本值或估值			
At 1 January 2004	於二零零四年一月一日	1,144,244	359,738	1,503,982
Additions	添置	0	52,168	52,168
Disposals	出售	(12,140)	(22,971)	(35,111)
At 31 December 2004	於二零零四年十二月三十一日	1,132,104	388,935	1,521,039
Accumulated depreciation	累計折舊			
At 1 January 2004	於二零零四年一月一日	90,527	223,620	314,147
Charge for the year	年內折舊	13,029	46,652	59,681
Released on disposal	出售之抵免	(1,652)	(21,844)	(23,496)
At 31 December 2004	於二零零四年十二月三十一日	101,904	248,428	350,332
Net book value	賬面淨值			
At 31 December 2004	於二零零四年十二月三十一日	1,030,200	140,507	1,170,707
At 31 December 2003	於二零零三年十二月三十一日	1,053,717	136,118	1,189,835

Notes to the Financial Statements

財務報告附註

25 FIXED ASSETS (continued)

The net book value of premises comprises:

Premises held in Hong Kong	於香港之房地產
- Long term leases (over 50 years)	- 長期租賃(超過五十年)
- Medium term leases (10 - 50 years)	- 中期租賃(十年至五十年)

The net book value of those premises which have been stated in the balance sheet at valuation would have been as follows had they been stated at cost less accumulated depreciation:

固定資產 (續)

物業之賬面淨值包括：

The Group 本集團		The Bank 本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
683,317	833,719	649,969	800,047
334,712	230,153	334,712	230,153
1,018,029	1,063,872	984,681	1,030,200

列入資產負債表內重估之房地產之賬面淨值為該等房地產之成本價值減累計折舊：

Net book value at 31 December

於十二月三十一日之賬面淨值

The Group and the Bank 本集團及本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
16,000	16,405

26 DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and balances from banks and authorised institutions	銀行及認可機構之存款及結餘
Deposits and balances with the Hong Kong Monetary Authority	於香港金融管理局之存款及結餘

銀行同業及其他金融機構之存款及結餘

The Group 本集團		The Bank 本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
938,399	3,922,766	938,352	3,922,766
257,392	176,219	257,392	176,219
1,195,791	4,098,985	1,195,744	4,098,985

Notes to the Financial Statements

財務報告附註

27 DEPOSITS FROM CUSTOMERS

客戶存款

		The Group 本集團		The Bank 本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Demand deposits and current accounts	活期及往來存款	3,646,745	9,441,922	3,646,745	9,441,922
Savings deposits	儲蓄存款	674,688	840,874	674,688	840,874
Call deposits	通知存款	1,767,760	1,639,572	1,767,333	1,639,151
Time deposits	定期存款	26,453,917	18,163,362	25,669,375	17,434,345
		32,543,110	30,085,730	31,758,141	29,356,292

28 CERTIFICATES OF DEPOSIT ISSUED

已發行存款證

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
3 months or less but not repayable on demand	三個月或以下惟無需即時還款	1,078,391	456,562
1 year or less but over 3 months	一年或以下惟三個月以上	1,347,650	1,511,350
5 years or less but over 1 year	五年或以下惟一年以上	1,379,300	400,000
		3,805,341	2,367,912

29 TRADING LIABILITIES

交易賬項之負債

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Short positions in Exchange Fund Bills/Notes	外匯基金票據／債券之短倉	359,289	2,237,272
Accounts payable under repurchase agreement	根據回購協議應付款項	766,245	0
		1,125,534	2,237,272

Notes to the Financial Statements

財務報告附註

30 INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the balance sheet represents:

Provision for Hong Kong Profits Tax for the year	年內香港利得稅撥備	
Provisional Profits Tax paid	已付暫繳利得稅	
Balance of Profits Tax provision relating to prior years	承過往年度利得稅撥備結餘	
<i>Representing:</i>	代表：	
Hong Kong Profits Tax recoverable	可收回之已付香港利得稅	
Provision for Hong Kong Profits Tax	香港利得稅撥備	

The amounts of taxation recoverable and payable are expected to be settled within 1 year and are included in the “Accrued interest and other accounts” and “Other accounts and liabilities” respectively.

資產負債表內的所得稅

(a) 資產負債表內之本年度稅項為：

The Group 本集團		The Bank 本銀行	
2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
32,798	39,902	12,291	17,065
(30,697)	(17,495)	(13,569)	0
2,101	22,407	(1,278)	17,065
552	2,307	505	(3,596)
2,653	24,714	(773)	13,469
(774)	0	(773)	0
3,427	24,714	0	13,469
2,653	24,714	(773)	13,469

可收回及應繳稅項金額預計於一年內清算。此等項目分別包括在「應計利息及其他賬目」及「其他賬目及負債」內。

Notes to the Financial Statements

財務報告附註

30 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movement during the year are as follows:

資產負債表內的所得稅 (續)

(b) 已確認遞延稅項資產及負債

於綜合資產負債表內確認之遞延稅項資產/(負債)之各組成部份及年內之變動如下:

		The Group 本集團									
		Depreciation allowances in excess of related depreciation	Defined benefit assets	General provision/Collective impairment allowance	Specific provision/Individual impairment allowance	Cash rebate adjustment	Tax losses	Revaluation of available-for-sale/non-trading securities	Revaluation of premises	Other	Total
		超過有關折舊的折舊免稅額	定額福利計劃資產	撥備/綜合減值撥備	撥備/個別減值撥備	現金回贈之調整	稅項虧損	可供出售/非持作交易用途證券重估	物業重估	其他	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2004	於二零零四年一月一日	(11,938)	(2,899)	22,093	0	0	1,949	(580)	(7,677)	0	948
(Charged)/credited to consolidated income statement	綜合收益表之(支出)/進賬	767	0	3,447	0	0	(1,949)	0	130	0	2,395
Credited to reserves (Note 33)	儲備進賬(附註33)	0	0	0	0	0	0	1,504	394	0	1,898
At 31 December 2004	於二零零四年十二月三十一日	(11,171)	(2,899)	25,540	0	0	0	924	(7,153)	0	5,241
Deferred tax adjustments due to change in accounting policies charged to equity	遞延稅項調整因應會計政策調整而列作股本支出	0	0	(6,976)	2,002	(6,059)	0	0	0	543	(10,490)
At 1 January 2005 (restated)	於二零零五年一月一日(重列)	(11,171)	(2,899)	18,564	2,002	(6,059)	0	924	(7,153)	543	(5,249)
At 1 January 2005	於二零零五年一月一日	(11,171)	(2,899)	18,564	2,002	(6,059)	0	924	(7,153)	543	(5,249)
(Charged)/credited to consolidated income statement	綜合收益表之(支出)/進賬	2,800	0	(5,244)	(2,002)	2,781	0	0	121	(182)	(1,726)
Credited to reserves (Note 33)	儲備進賬(附註33)	0	0	0	0	0	0	9,647	0	0	9,647
At 31 December 2005	於二零零五年十二月三十一日	(8,371)	(2,899)	13,320	0	(3,278)	0	10,571	(7,032)	361	2,672

Notes to the Financial Statements

財務報告附註

30 INCOME TAX IN THE BALANCE SHEET (continued)

資產負債表內的所得稅 (續)

(b) Deferred tax assets and liabilities recognised (continued)

(b) 已確認遞延稅項資產及負債 (續)

		The Bank 本銀行									
		Depreciation allowances in excess of related depreciation	Defined benefit scheme assets	General provision/Collective impairment allowance	Specific provision/Individual impairment allowance	Cash rebate	Tax losses	Revaluation of available-for-sale/non-trading securities	Revaluation of	Other	Total
		有關折舊的折舊免稅額	定額福利計劃資產	撥備/綜合減值撥備	撥備/個別減值撥備	現金回贈之調整	稅項虧損	可供出售/非持作交易用途證券重估	物業重估	其他	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2004	於二零零四年一月一日	(11,151)	(2,899)	18,648	0	0	1,949	(580)	(7,677)	0	(1,710)
(Charged)/credited to consolidated income statement	綜合收益表之(支出)/進賬	773	0	2,955	0	0	(1,949)	0	130	0	1,909
Credited to reserves (Note 33)	儲備進賬(附註33)	0	0	0	0	0	0	1,504	394	0	1,898
At 31 December 2004	於二零零四年十二月三十一日	(10,378)	(2,899)	21,603	0	0	0	924	(7,153)	0	2,097
Deferred tax adjustments due to change in accounting policy charged to equity	遞延稅項調整因應會計政策調整而列作股本支出	0	0	(7,409)	1,973	(6,059)	0	0	0	543	(10,952)
At 1 January 2005 (restated)	於二零零五年一月一日(重列)	(10,378)	(2,899)	14,194	1,973	(6,059)	0	924	(7,153)	543	(8,855)
At 1 January 2005	於二零零五年一月一日	(10,378)	(2,899)	14,194	1,973	(6,059)	0	924	(7,153)	543	(8,855)
(Charged)/credited to consolidated income statement	綜合收益表之(支出)/進賬	2,815	0	(3,950)	(1,973)	2,781	0	0	121	(182)	(388)
Credited to reserves (Note 33)	儲備進賬(附註33)	0	0	0	0	0	0	9,647	0	0	9,647
At 31 December 2005	於二零零五年十二月三十一日	(7,563)	(2,899)	10,244	0	(3,278)	0	10,571	(7,032)	361	404

Notes to the Financial Statements

財務報告附註

30 INCOME TAX IN THE BALANCE SHEET *(continued)*

(c) Deferred tax assets and liabilities unrecognised

The Group has no material unrecognised deferred tax asset or liability as at 31 December 2005 (2004: HK\$Nil).

Net deferred tax asset recognised on the balance sheet	於資產負債表內確認之遞延稅項資產淨額
Net deferred tax liability recognised on the balance sheet	於資產負債表內確認之遞延稅項負債淨額

資產負債表內的所得稅 (續)

(c) 未確認之遞延稅項資產及負債

本集團於二零零五年十二月三十一日未有重大未確認之遞延稅項資產及負債(二零零四年：零港元)。

The Group 本集團		The Bank 本銀行	
2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
2,687	5,276	404	2,097
(15)	(35)	0	0
2,672	5,241	404	2,097

31 SHARE CAPITAL

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at a general meeting of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

Authorised
1,406,592,000 (2004: 1,406,592,000)
ordinary shares of HK\$1 each

Ordinary shares, issued and fully paid
At 1 January and at the end of the year

法定股本
1,406,592,000股(二零零四年：
1,406,592,000股)每股面值1港元
之普通股

已發行及繳足之普通股本
於一月一日及於年末

股本

普通股持有人有權不時收取股息及有權於本銀行之股東大會上就每股投一票。所有普通股對本銀行之剩餘資產享有同等地位。

The Bank 本銀行	
2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元
1,406,592	1,406,592
1,172,160	1,172,160

Notes to the Financial Statements

財務報告附註

32 SHARE PREMIUM

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

股份溢價

股份溢價賬之應用受香港《公司條例》第48B條監管。

33 RESERVES

The Group

儲備

本集團

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Regulatory reserve 法定儲備 HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	372,000	0	2,739	1,487,494	1,862,233
Profit after tax for the year	年內除稅後溢利	0	0	0	300,388	300,388
Realisation of revaluation surplus of non-trading securities	非持作交易用途證券之重估盈餘變現	0	0	(1,333)	0	(1,333)
Net change in fair value of non-trading securities	非持作交易用途證券淨公平價值變動	0	0	(7,260)	0	(7,260)
Deferred taxation (Note 30(b))	遞延稅項 (附註30(b))	0	0	1,504	394	1,898
Dividend approved in respect of the previous financial year	已通過之上一財政年度股息	0	0	0	(304,762)	(304,762)
Interim dividend paid	已派付中期股息	0	0	0	(70,330)	(70,330)
At 31 December 2004	於二零零四年十二月三十一日	372,000	0	(4,350)	1,413,184	1,780,834

Notes to the Financial Statements

財務報告附註

33 RESERVES (continued)

儲備 (續)

The Group

本集團

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Regulatory reserve 法定儲備 HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日					
As previously reported	承前報告	372,000	0	(4,350)	1,413,184	1,780,834
Adjustments due to changes in accounting policies	因會計政策變動之調整	0	0	0	49,462	49,462
As restated	重列	372,000	0	(4,350)	1,462,646	1,830,296
Profit after tax for the year	年內除稅後溢利	0	0	0	241,441	241,441
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之重估盈餘變現	0	0	(4,234)	0	(4,234)
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動	0	0	(50,904)	0	(50,904)
Deferred taxation (Note 30(b))	遞延稅項 (附註30(b))	0	0	9,647	0	9,647
Dividend paid in respect of the previous financial year	已派付之上一財政年度股息	0	0	0	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	0	0	0	(70,330)	(70,330)
Establishment of regulatory reserve	設立法定儲備	0	107,722	0	(107,722)	0
At 31 December 2005	於二零零五年十二月三十一日	372,000	107,722	(49,841)	1,397,097	1,826,978

Notes to the Financial Statements

財務報告附註

33 RESERVES (continued)

儲備 (續)

The Bank

本銀行

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Regulatory reserve 法定儲備 HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2004	於二零零四年一月一日	372,000	0	2,739	1,189,282	1,564,021
Profit after tax for the year	年內除稅後溢利	0	0	0	193,805	193,805
Realisation of revaluation surplus of non-trading securities	非持作交易 用途證券之 重估盈餘變現	0	0	(1,333)	0	(1,333)
Net change in fair value of non-trading securities	非持作交易用途證券 淨公平價值變動	0	0	(7,260)	0	(7,260)
Deferred taxation (Note 30(b))	遞延稅項 (附註30(b))	0	0	1,504	394	1,898
Dividend approved in respect of the previous financial year	已通過之上一財政 年度股息	0	0	0	(304,762)	(304,762)
Interim dividend paid	已派付中期股息	0	0	0	(70,330)	(70,330)
At 31 December 2004	於二零零四年 十二月三十一日	372,000	0	(4,350)	1,008,389	1,376,039

Notes to the Financial Statements

財務報告附註

33 RESERVES (continued)

儲備 (續)

The Bank

本銀行

		Capital redemption reserve 資本贖回儲備 HK\$'000 千港元	Regulatory reserve 法定儲備 HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日					
As previously reported	承前報告	372,000	0	(4,350)	1,008,389	1,376,039
Adjustments due to changes in accounting policies	因會計政策變動之 調整	0	0	0	51,640	51,640
As restated	重列	372,000	0	(4,350)	1,060,029	1,427,679
Profit after tax for the year	年內除稅後溢利	0	0	0	211,450	211,450
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之 重估盈餘變現	0	0	(4,234)	0	(4,234)
Net change in fair value of available-for-sale securities	可供出售證券 淨公平價值變動	0	0	(50,904)	0	(50,904)
Deferred taxation (Note 30(b))	遞延稅項 (附註30(b))	0	0	9,647	0	9,647
Dividend paid in respect of the previous financial year	已派付之上一財政 年度股息	0	0	0	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	0	0	0	(70,330)	(70,330)
Establishment of regulatory reserve	設立法定儲備	0	91,774	0	(91,774)	0
At 31 December 2005	於二零零五年 十二月三十一日	372,000	91,774	(49,841)	980,437	1,394,370

Notes to the Financial Statements

財務報告附註

33 RESERVES (continued)

- (a) The capital redemption reserve arose from the redemption of the Bank's "A" and "B" preference shares in 1991 and 1992 out of its retained earnings. The capital redemption reserve is undistributable under the Hong Kong Companies Ordinance section 79 C(2) but may be applied by the Bank in paying up its unissued shares to be allotted to its members as fully paid bonus shares.
- (b) Subsequent to the balance sheet date, the Directors have proposed a final dividend of 11 Hong Kong cents per share (2004: 11 Hong Kong cents per share) amounting to HK\$128,938,000 (2004: HK\$128,938,000). This dividend has not been recognised as a liability at the balance sheet date.
- (c) Regulatory reserve

The regulatory reserve is an appropriation from retained earnings and is maintained for the purpose of paragraph 9 of the Seventh Schedule to the Hong Kong Banking Ordinance to set aside amounts in respect of losses which the Bank will or may incur on advances in addition to impairment losses recognised under HKAS 39. Transfers to and from the regulatory reserve are made directly through retained earnings and not the income statement.

Appropriations of the Group's and the Bank's retained earnings of HK\$107,722,000 and HK\$91,774,000 respectively have been made as a regulatory reserve at 31 December 2005.

- (d) Investment revaluation reserve

The investment revaluation comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in Note 2(e).

- (e) Distributability of reserves

At 31 December 2005, the aggregate amount of reserves available for distribution to equity shareholders of the Bank was HK\$980,437,000 (2004: HK\$1,008,389,000).

儲備 (續)

- (a) 資本贖回儲備因在一九九一年及一九九二年自本銀行之保留溢利撥款贖回其「A」及「B」優先股而產生。根據香港《公司條例》第79C(2)條，資本贖回儲備乃不可分派，但可由本銀行用以繳付將配發予其股東之未發行股份之股款作為繳足紅股。
- (b) 於結算日後，董事已建議派付末期股息每股11港仙，合共128,938,000港元(二零零四年：每股11港仙，合共128,938,000港元)。該等股息並未於結算日確認為負債。
- (c) 法定儲備

法定儲備為保留溢利之分派，乃就香港《銀行業條例》附表七第9段而設立，以就本銀行除根據香港會計準則第39號所確認之減值虧損以外將會或可能發生之貸款損失撥備款項。法定儲備之轉入及轉出乃直接透過保留溢利賬而非收益表而作出。

於二零零五年十二月三十一日，本集團及銀行已分別於本集團及銀行之保留溢利中保留一項法定儲備，其金額分別為107,722,000港元及91,774,000港元。

- (d) 投資重估儲備

投資重估包括於結算日持有之可供出售證券之公平價值之累計變動淨額，乃按附註2(e)中之會計政策處理。

- (e) 可供分派儲備

於二零零五年十二月三十一日，本銀行可供分派予股東之儲備總額為980,437,000港元(二零零四年：1,008,389,000港元)。

Notes to the Financial Statements

財務報告附註

34 CASH AND CASH EQUIVALENTS

現金及等同現金項目

(a) Cash and cash equivalents in the consolidated cash flow statement

(a) 綜合現金流動表之現金及等同現金項目

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cash and balances with banks and other financial institutions	現金及於銀行同業和其他金融機構結餘	342,221	396,605
Money at call and short notice	通知及短期存款	9,276,533	4,688,358
Treasury bills with original maturity within three months	原於三個月內到期之國庫券	488,164	3,634,889
Placements with banks maturing between one and twelve months, which mature within three months from acquisition date	一至十二個月到期之銀行同業放款 (購買日起計三個月內到期)	0	466,476
		10,106,918	9,186,328

(b) Reconciliation to the consolidated balance sheet

(b) 綜合資產負債表之對賬

		The Group 本集團	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Cash and short term funds and treasury bills	現金及短期資金及國庫券	17,450,165	13,574,799
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	1,573,939	5,813,775
Amounts shown in the consolidated balance sheet	綜合資產負債表內之金額	19,024,104	19,388,574
Less: Amounts with an original maturity of over three months	減：原於三個月以後到期的金額	(8,917,186)	(10,202,246)
Cash and cash equivalents in the consolidated cash flow statement	綜合現金流動表內之現金及等同現金項目	10,106,918	9,186,328

Notes to the Financial Statements

財務報告附註

35 EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plans

The Group operates a retirement scheme, namely the Fubon Bank (Hong Kong) Limited Retirement Scheme ("the Scheme"), which incorporates a defined benefits plan for all its full time employees. The Scheme is administered by trustees who are independent. The assets of the Scheme are held separately from those of the Group. The Group has secured Mandatory Provident Fund ("MPF") exemption status for the Scheme. The Scheme is funded by contributions from the Group in accordance with the trust deed governing the Scheme and based on an independent actuary's recommendations. The latest independent actuarial valuation of the Scheme was at 31 December 2005 and was prepared by Jennifer Chee, Fellow of the Society of Actuaries of the United States of America, of William M. Mercer Limited using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the Scheme are 98.77% (2004: 98.2%) covered by the plan assets held by the trustee.

僱員退休福利

(a) 定額福利退休計劃

本集團推行一項退休計劃，名為富邦銀行(香港)有限公司退休計劃(「該計劃」)，為其全體全職僱員設立一項定額福利計劃。該計劃由獨立受託人管理。該計劃資產與本集團的資產分開持有。本集團就該計劃獲得強制性公積金(「強積金」)的豁免地位。該計劃乃由本集團根據規管該計劃的信託契據，並以獨立精算師的意見為基礎作出供款。該計劃最新的獨立精算估值乃於二零零五年十二月三十一日進行，由美國精算師公會會員Jennifer Chee以預計單位元元信貸方式編製。該精算估值顯示，本集團根據該計劃所承擔之責任中之98.77%(二零零四年：98.2%)，可透過受託人所持有的計劃資產獲得保障。

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Present value of wholly or partly funded obligations	獲全數或部份資助的承擔現值	(175,855)	(189,225)
Fair value of the Scheme's assets	該計劃資產的公平價值	173,690	185,888
Unrecognised actuarial losses	尚未確認的精算虧損	18,028	21,870
Net asset recognised in the balance sheet	於資產負債表內已獲確認的資產淨值	15,863	18,533

The Scheme's assets include ordinary shares issued by the Bank with a fair value of HK\$5,102,000 (2004: HK\$5,885,000).

該計劃的資產包括本銀行發行，公平價值為5,102,000港元的普通股(二零零四年：5,885,000港元)。

Notes to the Financial Statements

財務報告附註

35 EMPLOYEE RETIREMENT BENEFITS

(continued)

僱員退休福利 (續)

(b) Movements in net asset recognised in the balance sheet are as follows:

(b) 於資產負債表中已獲確認的資產淨值變動如下：

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
At 1 January	於一月一日	18,533	20,064
Contributions paid to the Scheme	對該計劃的供款	15,215	13,994
Expense recognised in the consolidated income statement (Note 6)	於綜合收益表內已獲確認的支出 (附註6)	(17,885)	(15,525)
At 31 December	於十二月三十一日	15,863	18,533

(c) Expense recognised in the "Operating expenses – staff costs" in the consolidated income statement is as follows:

(c) 於綜合收益表內「營運支出－僱員成本」一項中已獲確認的支出如下：

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current service cost	本期服務成本	19,602	16,670
Interest cost on obligation	所承擔責任之利息成本	6,646	8,584
Amortisation of actuarial loss	攤薄精算虧損	343	0
Expected return on the Scheme's assets	該計劃資產的預計回報	(8,706)	(9,729)
		17,885	15,525

The actual loss on the Scheme's assets for the year ended 31 December 2005 amounted to approximately HK\$3,391,000 (2004: gain of HK\$10,759,000).

截至二零零五年十二月三十一日止年度，該計劃資產的實際虧損約達3,391,000港元（二零零四年：10,759,000港元收益）。

Notes to the Financial Statements

財務報告附註

35 EMPLOYEE RETIREMENT BENEFITS

(continued)

(d) The principal actuarial assumptions used as at 31 December 2005 are as follows:

Discount rate	貼現率
Long-term rate of return on assets	資產長期回報率
Credited rate	進賬率
Future salary increases	未來薪金加幅

(e) Mandatory Provident Fund Scheme ("MPF Scheme")

The Group also operates an MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the Scheme. The Group participated in an approved MPF scheme with the Bank Consortium Trust Company Limited from 1 December 2000 to provide scheme choice to both existing and new employees. The MPF scheme is a defined contribution retirement scheme administered by independent trustees.

Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the scheme vest immediately.

僱員退休福利 (續)

(d) 於二零零五年十二月三十一日，所用主要精算假設如下：

The Group and the Bank 本集團及本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
4.5% p.a. 每年4.5%	4.0% p.a. 每年4.0%
5.0% p.a. 每年5.0%	5.0% p.a. 每年5.0%
5.0% p.a. 每年5.0%	5.0% p.a. 每年5.0%
3.0% for 2006 二零零六年為3.0%	2.5% for 2005 二零零五年為2.5%
3.5% for 2007 二零零七年為3.5%	3.0% for 2006 二零零六年為3.0%
3.5% for 2008 二零零八年為3.5%	3.0% for 2007 二零零七年為3.0%
4.0% thereafter 然後為4.0%	4.0% thereafter 然後為4.0%

(e) 強制性公積金計劃(「強積金計劃」)

本集團亦根據香港強制性公積金計劃條例向根據香港僱傭條例管轄範圍內受僱而未曾納入該計劃內的僱員推行了一項強積金計劃。本集團由二零零零年十二月一日起，參與銀聯信託有限公司一項獲認可的強積金計劃，以向現職及新入職僱員提供計劃選擇。強積金計劃乃由獨立受託人所管理的定額供款退休計劃。

根據強積金計劃，僱主及其僱員須各自就計劃按僱員相關收入作出5%供款，並以每月相關收入20,000港元為上限。一經對計劃作出供款，供款即予以歸屬。

Notes to the Financial Statements

財務報告附註

36 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Credit related commitments and contingencies

Credit related commitments and contingencies include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the credit default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

或然負債及承擔

(a) 與信貸有關之承擔及或然項目

與信貸有關之承擔及或然項目包括用以提供信貸之承兌票據、信用證、擔保書和承付款項。所涉及之風險基本上與向客戶提供貸款之信貸風險相同。合約數額是指當合約被完全提取及客戶違約時所承擔風險之數額。由於該等貸款可能在未經提取前到期，故合約總額並不代表預計未來現金流量。

		The Group 本集團			
		2005 二零零五年		2004 二零零四年	
		Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 金額 HK\$'000 千港元	Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 金額 HK\$'000 千港元
Direct credit substitutes	直接信貸替代項目	470,557	470,557	462,247	462,247
Transaction-related contingencies	與交易有關之或然項目	109,724	54,862	10,381	5,191
Trade-related contingencies	與貿易有關之或然項目	332,256	66,451	252,940	50,588
Undrawn loan facilities	未提取之備用貸款				
– with an original maturity of under 1 year or which are unconditionally cancellable	– 原訂到期期限少 於一年或可無 條件地取消	9,135,831	0	6,129,359	0
– with an original maturity of 1 year or over	– 原訂到期期限為 一年或以上	587,635	293,818	417,733	208,867
Forward forward deposits placed	遠期預約放款	1,155,067	231,013	307,519	61,504
		11,791,070	1,116,701	7,580,179	788,397

Notes to the Financial Statements

財務報告附註

36 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(a) Credit related commitments and contingencies (continued)

Direct credit substitutes	直接信貸替代項目
Transaction-related contingencies	與交易有關之或然項目
Trade-related contingencies	與貿易有關之或然項目
Undrawn loan facilities	未提取之備用貸款
– with an original maturity of under 1 year or which are unconditionally cancellable	– 原訂到期限少於一年或可無條件地取消
– with an original maturity of 1 year or over	– 原訂到期限為一年或以上
Forward forward deposits placed	遠期預約放款

The risk weights used in the computation of credit risk weighted amounts range from 0% to 100%.

(b) Lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

– Within one year	— 一年內
– Between one and five years	— 一至五年間
– Over five years	— 超過五年

或然負債及承擔 (續)

(a) 與信貸有關之承擔及或然項目 (續)

		The Bank 本銀行	
		2005 二零零五年	2004 二零零四年
Contractual amounts 合約金額	Credit risk weighted amounts 信貸風險金額	Contractual amounts 合約金額	Credit risk weighted amounts 信貸風險金額
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
478,057	478,057	469,837	469,837
109,724	54,862	10,381	5,191
332,256	54,112	252,940	42,769
8,978,001	0	5,889,374	0
587,635	293,818	417,733	208,867
1,155,067	231,013	307,519	61,504
11,640,740	1,111,862	7,347,784	788,168

用於計算信貸風險加權金額之風險加權幅度介乎0%至100%。

(b) 租賃承擔

於十二月三十一日，不可取消營運租賃下之未來最低應付租金總額如下：

The Group and the Bank 本集團及本銀行	
2005 二零零五年	2004 二零零四年
HK\$'000 千港元	HK\$'000 千港元
18,777	18,017
5,489	15,427
0	567
24,266	34,011

Notes to the Financial Statements

財務報告附註

36 CONTINGENT LIABILITIES AND COMMITMENTS *(continued)*

(c) Capital commitments

Capital commitments for purchase of equipment outstanding at 31 December not provided for in the financial statements were as follows:

Contracted for 已訂合約

37 TRUST ACTIVITIES

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

38 FINANCIAL RISK MANAGEMENT

This section presents information about the Group's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments:

- credit risk: losses resulting from customer or counterparty default and arising from credit exposures in all forms, including settlement risk.
- market risk: exposure to market variables such as interest rates, exchange rates and equity markets.
- liquidity and funding risk: risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments.

或然負債及承擔 (續)

(c) 資本承擔

於十二月三十一日未於財務報告內提撥之有關購原設備之未兌現資本承擔如下：

The Group and the Bank 本集團及本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
51,071	60,285

存託業務

本集團一般以託管人及其他受託人的身份代表個人、信託、退休福利計劃及其他機構持有或存置資產。由於該等資產及其所產生之收入並非本集團之資產，故不會於此等財務報告中列賬。

財務風險管理

本節呈列有關本集團所面臨之風險，特別是下列與其採用金融工具有關之主要風險及其對該等風險之管理及控制之資料：

- 信貸風險：客戶或交易對手拖欠款項而招致損失的風險，以及各類型信貸風險，包括結算風險。
- 市場風險：市場變數風險，例如息率、匯率及股市等。
- 流動資金及融資風險：本集團未能在付款責任到期時履行付款責任，或無法按持續在市場上以無抵押或甚至有抵押的方式按可接受之成本借入資金，藉此為實際或建議之承擔提供所需的資金。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

- operational risk: risk arising from matters such as non-adherence to systems and procedures or from frauds resulting in financial or reputation loss.

The Group has established policies and procedures to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and limits continually by means of reliable and up-to-date management and information systems. The Group continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. The internal auditors also perform regular audits to ensure compliance with the policies and procedures.

(a) Credit risk management

This category includes credit and counterparty risks from loans and advances, issuer risks from the securities business, counterparty risks from trading activities and country risks. Credit risk arises from the potential that a borrower or counterparty will fail to perform under an obligation. It arises from the lending, trading, treasury, derivatives and other activities. The Group identifies and manages credit risk through its (a) target market definitions, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures. These policies and procedures are documented in the Group's credit policy which defines the credit extension criteria, the credit approval authorities delegated from the Board, the credit monitoring processes, the loan grading system and provisioning policy.

The credit policy delegates credit approval to the following in descending order of authority; the Executive Credit Committee, the Chief Executive Officer and the Credit Committee.

財務風險管理 (續)

- 營運風險：由未遵守制度及程序等事項而引致之風險或由欺詐致使財務或聲譽受損而引致之風險。

本集團已設有相關政策及程序以識別及分析該等風險，制定適當之風險限額及控制措施，以及憑藉可靠及最先進之管理及資料系統持續監控該等風險及限額。本集團不斷修改及加強其風險管理政策及系統，以反映市場、產品及最佳風險管理流程之改變。內部核數師亦定期進行審核以確保符合政策及程序。

(a) 信貸風險管理

此類風險包括貸款及墊款之信貸及交易對手風險、證券交易之發行人風險、貿易融資之交易對手風險及國家風險。信貸風險源於貸款人或交易對手未能履行其承擔，可來自本集團之貸款、貿易融資、財資、衍生工具及其他業務。本集團透過(a)目標市場定位、(b)信貸審批流程、(c)付款後監控及(d)補救管理程序來識別及管理信貸風險。該等政策及程序記錄於本集團之信貸政策內，而有關政策對信貸條件、董事會指定之信貸審批職權、信貸監管程序、貸款分類系統及撥備政策作出明確的界定。

信貸政策授權以下人士依次審批信貸：執行信貸委員會、行政總裁及信貸委員會。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(a) Credit risk management (continued)

The Credit Committee carries out the Bank's credit risk management functions. It meets twice a week and is responsible for approving, advising and recommending to the Chief Executive the approval of credit exposures in accordance with the credit authority limits. The Credit Committee also reviews and implements measures on credit risk management and controls and plays a key role in credit monitoring. In addition, it reviews loans extended by lending officers and provides guidelines to all lending officers to assist them in monitoring the credit risk of the loan portfolio.

The credit departments, Corporate and Retail Risk Management Unit and Consumer Finance Risk Management Unit, receive their authority and delegated responsibilities from the Credit Committee to provide centralised management of credit risk. They are responsible for:

- independent evaluation of credit applications, which covers facility details, credit grade determination, risk review and analysis and financial spreads;
- control of cross-border exposures, as well as those to banks and financial institutions;
- portfolio management of risk concentrations;
- maintenance of the loan grading system; and
- reporting to the Risk Management Committee regularly on aspects of the loan portfolio. This includes information on large credit exposures, industry exposures, country exposures and levels of bad debt provisioning.

In addition, the Group has also established guidelines to ensure that each new product is designed and reviewed by a product committee with respect to the risks involved, including credit risk. All relevant departments are required to put in place the appropriate processes, systems and controls before the product is approved by the Asset and Liability Committee.

財務風險管理 (續)

(a) 信貸風險管理 (續)

信貸委員會負責本銀行之信貸風險管理工作。該委員會每星期舉行兩次會議，專責根據信貸授權限額就信貸風險批核信貸建議；並向行政總裁提供意見及推薦建議。信貸委員會亦審閱及實施信貸風險管理及控制之措施，在信貸監控方面扮演著重要之角色。此外，該委員會審閱貸款主任所批出之貸款，並向全體借貸主任提供指引，協助彼等監控貸款組合之信貸風險。

信貸部門、企業及零售銀行風險管理部、消費信貸風險管理部獲授權並代表信貸委員會進行統一信貸風險管理，負責下列各項職責：

- 獨立審核信貸申請，包括信貸詳情、信貸評級釐定、風險評審及息差分析；
- 跨境債權以及銀行及財務機構的風險監控；
- 管理組合內風險，以避免風險過份集中；
- 更新貸款評級系統；及
- 定期向風險管理委員會匯報貸款組合情況，包括高信貸風險、行業風險、國家風險以及壞賬撥備程度等資料。

此外，本集團亦已制定政策以確保每項新產品經由產品發展委員會設計及審閱所涉及之風險(包括信貸風險)。所有有關之部門必須於產品獲得資產及負債委員會批准前，制定有關工作流程、系統及監控措施。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(a) Credit risk management (continued)

Specific policies and measures to address different kinds of credit related activities are set out below:

(i) Corporate lending

Corporate lending is generally concentrated among middle market borrowers. In addition to the compliance with the Group's underwriting standards, credit risk is managed by conducting a thorough credit evaluation and obtaining proper approval for the proposed credit transactions. Subject to the size of the facility and the risk grading of the borrower, different extents of credit evaluation and levels of credit approval are required to ensure the proper credit risk management measures are exercised. Credit approval also takes into account facility structure, tenor, the repayment ability of the prospective borrower and available security.

The Group has established limits for exposures to individual industries and for borrowers and groups of borrowers, regardless of whether the credit exposure is in the form of loans or non-funded exposures. The Group also undertakes ongoing credit analysis and monitoring at several levels. The policies and procedures also take into account the requirements under the Hong Kong Banking Ordinance and the guidelines issued by the HKMA with respect to large exposures and provisioning requirements.

The credit risk management procedures are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Corporate and Retail Risk Management Unit monitors overall portfolio risk as well as individual problem loans and potential problem loans on a regular basis. Relevant management reports are submitted to the Chief Executive Officer as well as the Internal Control Department for their reviews.

財務風險管理 (續)

(a) 信貸風險管理 (續)

針對不同類型信貸相關業務之特定政策及措施載列如下：

(i) 企業借貸

企業借貸一般集中於中型市場借款公司。除遵守本集團之貸款標準外，信貸風險亦透過就信貸申請所進行詳盡之信貸評估及經適當審批而加以控制。視乎貸款規模及借款人之風險評級，必須進行不同程度之信貸評估及不同級別之信貸審批，以確保適當之信貸風險管理措施得以實施。審批信貸時會考慮貸款種類、貸款年期、有關借款申請人之還款能力及有否抵押擔保。

本集團已設立個別行業之風險限額以及貸款人及貸款人團體之風險限額，無論信貸風險是由於貸款或非借貸交易而產生。本集團亦在不同層次持續開展信貸分析及監控。該等政策及程式亦參考香港《銀行業條例》內之規定及金管局就大額放款限度及撥備規定頒佈之指引。

信貸風險管理程序旨在促進提早發現需要特別監控之交易對手、行業或產品。企業及零售銀行風險管理部定期監控貸款組合整體風險及個別問題貸款及潛在問題貸款。有關管理報告提交行政總裁及內部審核部門審閱。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(a) Credit risk management (continued)

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed to address high volumes of relatively homogeneous, small value lending transactions in each retail loan category. Because of the nature of retail banking, the credit policies are based primarily on statistical analyses of risks with respect to different products and types of customers. The Consumer Finance Risk Management Unit is responsible for conducting regular monitoring of the retail credit risks. They are also responsible for determination and revision of product terms and desired customer profiles on a regular basis. In addition, they also review the existing policies on underwriting, loan classification, provisioning, and write off on a regular basis.

(iii) Credit risk for treasury transactions

The credit risk of the Group's treasury transactions is managed the same way as the Group manages its corporate lending risk. The Group sets individual limits to its counterparties based on its risk assessment.

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value, the credit risk for derivatives is the positive replacement cost together with an estimate for the potential future change in its market value. The credit risk exposure on derivatives is disclosed in Note 20(c) of this annual report.

(iv) Credit-related commitments

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, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

財務風險管理 (續)

(a) 信貸風險管理 (續)

(ii) 零售銀行信貸風險

本集團之零售銀行信貸政策及審批流程乃針對每個零售貸款類別中之大量同類型但價值較小之貸款交易而設計。由於零售銀行之性質，信貸政策主要依據不同產品及客戶類型之風險統計分析結果而釐定。消費信貸風險管理部負責對零售銀行信貸風險進行定期監控。他們亦負責定期釐定及修訂產品條款及理想的客戶組別。此外，他們還定期審閱有關貸款、貸款分類、撥備及回撥之政策。

(iii) 財資交易之信貸風險

本集團財資交易信貸風險之管理方式與本集團管理其企業借貸風險之方式相同。本集團根據風險評估對其交易對手設定個別風險限額。

有別於資產負債表內項目（通常以本金價值來表示信貸風險），衍生工具之信貸風險為正重置成本連同以其市價之未來潛在變動之估計。衍生工具之信貸風險於本年報附註20(c)內披露。

(iv) 與信貸有關之承擔

與信貸有關之承擔及或然項目所涉及之風險基本上與向客戶提供貸款之信貸風險相同。因此，該等交易須遵守與客戶申請貸款相同之信貸申請、該等貸款組合要求及抵押品規定。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(a) Credit risk management (continued)

(v) Concentration 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 portfolio of financial assets is diversified along industry and product sectors.

Analysis of credit risk concentration of respective financial assets is disclosed in Notes 18 to 22.

(b) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and derivative instruments, as well as from balance sheet or structural positions. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Group's exposure to the volatility inherent in financial instruments.

The Board reviews and approves the policies for the management of market risks and dealing authorities and limits. The Board has delegated the responsibility for ongoing general market risk management to the Asset and Liability Committee. This committee articulates the interest rate view of the Bank and decides on future business strategy with respect to interest rates. It also reviews and sets funding policy and ensures adherence to risk management objectives.

The sale of derivatives to customers as risk management products is an integral part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk as part of its asset and liability management process. The principal derivatives instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives.

財務風險管理 (續)

(a) 信貸風險管理 (續)

(v) 信貸風險過份集中

當地域、經濟或行業因素之變動對不同類別之交易對手產生類似影響，而彼等之信貸風險加起來對本集團之總風險而言屬重大時便會出現信貸風險過份集中之問題。本集團之金融資產組合經已分散至多個行業及產品類別。

有關各類金融資產之信貸風險集中情況之分析於附註18至22內披露。

(b) 市場風險管理

市場風險產生於所有對市場風險敏感之金融工具，包括證券、外匯合約、股本及衍生工具，以及資產負債表或架構狀況。市場風險管理之目標為避免盈利及股本遭受過度損失及減少本集團因金融工具本身固有波幅所引申之風險。

董事會檢討及審批有關市場風險管理之政策及處理授權及限額事宜。董事會已將持續一般市場風險管理之責任授予資產及負債委員會。該委員會負責因應本銀行之利率之走勢預測，而決定有關業務策略。該委員會亦審閱及制訂融資政策並確保各風險管理目標得以達成。

向客戶出售作為風險管理產品之衍生工具是本集團業務活動之一個重要組成部分。該等工具亦用於管理本銀行本身之市場風險，作為其資產及負債管理程式之一部分。本集團所採用之衍生工具主要為利率及匯率相關合約等場外交易衍生工具。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

One of the tools used by the Group to monitor and limit market risk exposure is Value-at-risk (VAR). VAR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

The Group augments its VAR limits with other positions and sensitivity limit structures. Additionally, the Group applies a wide range of sensitivity analysis, both on individual portfolios and on the Group's consolidated positions to assess the potential impact on the Group's earnings as a result of extreme movements in market prices.

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed by the treasury department within limits approved by the Board. Structural foreign currency positions arise mainly on foreign currency investments in the Group's subsidiaries and associated company. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

財務風險管理 (續)

(b) 市場風險管理 (續)

風險值是本集團為監控及限制市場風險所採用之一種工具。風險值是一種按一既定信心水平估計由於市場利率及價格在特定持盤時間內之變動而使持倉盤可能出現虧損的估計數字。

本集團結合持倉盤及敏感性限額及風險值限額。此外，本集團對個人貸款組合及本集團之綜合狀況應用較廣範圍之敏感性分析，以評估市價之極端變動對本集團盈利之潛在影響。

(i) 貨幣風險

本集團之外匯持倉源自外匯買賣、商業銀行業務及結構性外幣持倉。所有外幣持倉均由資金部管理，並維持在董事會所訂定之範圍內。結構性外幣持倉主要源自本集團於附屬公司及聯營公司之外幣投資。本集團設法將以外幣為單位之資產切實配對以同樣貨幣為單位之相應負債。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(i) Currency risk (continued)

The following table indicates the concentration of currency risk at the balance sheet date:

財務風險管理 (續)

(b) 市場風險管理 (續)

(i) 貨幣風險 (續)

下表列示於結算日之貨幣風險：

The Group	本集團	2005 二零零五年	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
ASSETS	資產		
Cash and short term funds	現金及短期資金	4,123,605	2,829,943
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	0	1,437,939
Trading securities	持作交易用途之證券	150	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入 損益賬之其他金融工具	646,707	0
Advances to customers less impairment	客戶貸款減減值	1,580,392	134,923
Accrued interest and other accounts	應計利息及其他賬目	171,798	18,822
Available-for-sale securities	可供出售證券	3,678,766	0
Investment in associated company	聯營公司投資	0	6,470
		10,201,418	4,428,097
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	378,557	0
Deposits from customers	客戶存款	8,237,459	4,002,676
Certificates of deposit issued	已發行存款證	35,441	0
Trading liabilities	交易賬項之負債	766,245	0
Other accounts and liabilities	其他賬目及負債	66,513	12,762
		9,484,215	4,015,438
Net on-balance sheet position	資產負債表內持倉淨額	717,203	412,659
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	31,299	(432,593)
Net aggregate position	總持倉淨額	748,502	(19,934)
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之 信貸承擔及其他或然負債	1,152,864	93,809

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(i) Currency risk (continued)

財務風險管理 (續)

(b) 市場風險管理 (續)

(i) 貨幣風險 (續)

The Group	本集團	2004 二零零四年	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
ASSET	資產		
Cash and short term funds	現金及短期資金	2,200,457	1,775,812
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	5,131,235	675,540
Trading securities	持作交易用途之證券	152	0
Advances to customers less impairment	客戶貸款減減值	158,857	618,621
Accrued interest and other accounts	應計利息及其他賬目	166,701	17,099
Non-trading securities	非持作交易用途證券	3,021,787	172,731
Investment in associated company	聯營公司投資	0	6,648
		10,679,189	3,266,451
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	3,911,167	10,299
Deposits from customers	客戶存款	5,917,915	3,011,506
Certificates of deposit issued	已發行存款證	37,862	0
Other accounts and liabilities	其他賬目及負債	105,672	6,124
		9,972,616	3,027,929
Net on-balance sheet position	資產負債表內持倉淨額	706,573	238,522
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	(690,216)	(211,742)
Net aggregate position	總持倉淨額	16,357	26,780
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及 其他或然負債	187,840	99,566

Notes to the Financial Statements

財務報告附註

38. FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(i) Currency risk (continued)

財務風險管理 (續)

(b) 市場風險管理 (續)

(i) 貨幣風險 (續)

The Bank	本銀行	2005 二零零五年	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
ASSETS	資產		
Cash and short term funds	現金及短期資金	4,123,546	2,829,486
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	0	1,437,939
Trading securities	持作交易用途之證券	150	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入 損益賬之其他金融工具	646,707	0
Advances to customers less impairment	客戶貸款減減值	1,580,392	134,923
Accrued interest and other accounts	應計利息及其他賬目	171,798	18,822
Available-for-sale securities	可供出售證券	3,678,766	0
Investment in associated company	聯營公司投資	0	6,470
Investments in subsidiaries	附屬公司投資	31,056	247
Amounts due from subsidiaries	應收附屬公司款項	0	245
		10,232,415	4,428,132
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	378,557	0
Deposits from customers	客戶存款	7,799,060	3,656,106
Certificates of deposit issued	已發行存款證	35,441	0
Trading liabilities	交易賬項之負債	766,245	0
Other accounts and liabilities	其他賬目及負債	65,469	12,762
Amounts due to subsidiaries	應付附屬公司款項	471,718	346,882
		9,516,490	4,015,750
Net on-balance sheet position	資產負債表內持倉淨額	715,925	412,382
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	31,299	(432,953)
Net aggregate position	總持倉淨額	747,224	(20,571)
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及 其他或然負債	1,152,864	93,809

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(i) Currency risk (continued)

財務風險管理 (續)

(b) 市場風險管理 (續)

(i) 貨幣風險 (續)

The Bank	本銀行	2004	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
ASSETS	資產		
Cash and short term funds	現金及短期資金	2,200,398	1,775,506
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	5,131,235	675,540
Trading securities	持作交易用途之證券	152	0
Advances to customers less impairment	客戶貸款減減值	158,857	618,621
Accrued interest and other accounts	應計利息及其他賬目	166,701	17,099
Non-trading securities	非持作交易用途證券	3,021,787	172,731
Investment in associated company	聯營公司投資	0	6,648
Investments in subsidiaries	附屬公司投資	31,056	0
Amounts due from subsidiaries	應收附屬公司款項	0	269
		10,710,186	3,266,414
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	3,911,167	10,299
Deposits from customers	客戶存款	5,188,477	3,011,506
Certificates of deposit issued	已發行存款證	37,862	0
Other accounts and liabilities	其他賬目及負債	105,475	6,124
Amounts due to subsidiaries	應付附屬公司款項	761,521	58
		10,004,502	3,027,987
Net on-balance sheet position	資產負債表內持倉淨額	705,684	238,427
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	(609,216)	(212,742)
Net aggregate position	總持倉淨額	96,468	25,685
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及 其他或然負債	187,840	99,566

Notes to the Financial Statements

財務報告附註

38. FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(ii) Interest rate risk

The Group's interest rate positions mainly arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and available-for-sale portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also related to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed by the treasury department within limits approved by the Board, including interest rate gap limits. The Group also uses interest rate swaps and other derivatives to manage interest rate risk.

Structural interest rate risk arises primarily from the deployment of non-interest bearing liabilities, including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Structural interest rate risk is monitored by the Asset and Liability Committee.

財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 利率風險

本集團之利率風險主要源自財資及商業銀行業務。利率風險由交易證券組合及可供出售證券組合所產生。利率風險主要由計息資產、負債及承擔之再定息時差引致，亦與包括股東資金及來往戶在內之非計息負債以及若干定息貸款及負債產生之倉盤有關。利率風險由資金部門管理，並維持在董事會批准之限額(包括利率差別限額)之內。本集團亦使用利率掉期及其他衍生工具管理利率風險。

結構利率風險主要由包括股東資金及來往賬戶在內之非計息負債以及若干定息貸款及負債所產生。結構利率風險由資產負債委員會監控。

Notes to the Financial Statements

財務報告附註

38. FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

The following tables indicate the relevant periods in which the expected next repricing dates (or maturity dates whichever are earlier) fall for the assets and liabilities at the balance sheet date, together with the average effective interest rate over those periods.

The Group	本集團	2005 二零零五年					Non-interest bearing 不計息	
		Average effective interest rate 平均實際利率	3 months or less (include overdue) 三個月或少於三個月 (包括逾期部份) Total 合計	Over 3 months to 1 year 超過三個月至一年 HK\$'000 千港元	Over 1 year to 5 years 超過一年至五年 HK\$'000 千港元	Over 5 years 超過五年 HK\$'000 千港元		Over interest bearing 計息 HK\$'000 千港元
ASSETS								
Cash and short term funds	現金及短期資金	4.28%	10,157,048	9,814,827	0	0	0	342,221
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5.64%	1,573,939	1,573,939	0	0	0	0
Trading securities	持作交易用途之證券	3.48%	395,081	369,012	12,308	10,267	3,494	0
Other financial instruments designated as at fair value through profit or loss	按公平價值計值納入損益賬之其他金融工具	6.53%	646,707	0	0	412,760	233,947	0
Derivative financial instruments	衍生金融工具	0%	330,364	0	0	0	0	330,364
Advances to customers less impairment	客戶貸款減減值	6.18%	21,375,566	18,415,826	1,390,484	1,447,540	99,916	21,800
Available-for-sale securities	可供出售證券	3.23%	13,523,761	4,615,555	7,894,070	884,668	0	129,468
Other assets	其他資產	0%	278,649	0	0	0	0	278,649
Undated assets	無定期資產	0%	1,522,423	0	0	0	0	1,522,423
			49,803,538	34,789,159	9,296,862	2,755,235	337,357	2,624,925
LIABILITIES								
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	4.23%	1,195,791	911,697	0	0	0	284,094
Deposits from customers	客戶存款	3.80%	32,543,110	31,363,518	820,022	9,970	15,510	334,090
Certificates of deposit issued	已發行存款證	3.91%	3,805,341	2,300,000	119,191	1,386,150	0	0
Derivative financial instruments	衍生金融工具	0%	355,114	0	0	0	0	355,114
Trading liabilities	交易賬項之負債	3.89%	1,125,534	1,099,660	15,109	7,835	2,930	0
Other liabilities	其他負債	3.70%	6,850,158	4,635,205	1,968,820	0	0	246,133
Undated liabilities	無定期負債	0%	179,574	0	0	0	0	179,574
			46,054,622	40,310,080	2,923,142	1,403,955	18,440	1,399,005
Asset-liability gap	資產負債缺口		(5,520,921)	6,373,720	1,351,280	318,917		

Note: Effect of off-balance sheet derivatives on the above table is immaterial.

財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 利率風險 (續)

下表列示於結算日各資產與負債以下一次利率重定日期(或到期日,以較早者為準)所屬的相關期間與其平均實際利率。

備註: 資產負債表外衍生工具對上表並無重大影響。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

The Group	本集團	2004 二零零四年						
		Average effective interest rate 平均實際利率	Total 合計	3 months or less (include overdue) 三個月或少於三個月 (包括逾期部份)	Over 3 months to 1 year 超過三個月至一年	Over 1 year to 5 years 超過一年至五年	Over 5 years 超過五年	Non-interest bearing 不計息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
ASSETS		資產						
Cash and short term funds	現金及短期資金	2.26%	5,481,468	5,084,862	0	0	0	396,606
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	2.37%	5,813,775	4,749,506	1,064,269	0	0	0
Trading securities	持作交易用途之證券	0.23%	2,261,707	1,985,527	157,931	81,693	36,556	0
Advances to customers less impairment	客戶貸款減減值	4.13%	18,002,299	14,243,040	2,311,285	1,294,655	111,094	42,225
Non-trading securities	非持作交易用途證券	1.47%	12,083,227	2,675,836	4,670,273	4,384,310	232,792	120,016
Other assets	其他資產	0%	283,843	0	0	0	0	283,843
Undated assets	無定期資產	0%	1,834,462	0	0	0	0	1,834,462
			45,760,781	28,738,771	8,203,758	5,760,658	380,442	2,677,152
LIABILITIES		負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	1.79%	4,098,985	3,922,766	0	0	0	176,219
Deposits from customers	客戶存款	1.40%	30,085,730	28,945,233	651,244	46,605	15,549	427,099
Certificates of deposit issued	已發行存款證	2.66%	2,367,912	501,944	200,000	1,665,968	0	0
Trading liabilities	交易賬項之負債	0.18%	2,237,272	2,117,906	10,053	74,340	34,973	0
Other liabilities	其他負債	0.08%	3,004,139	2,691,214	0	0	0	312,925
Undated liabilities	無定期負債	0%	263,971	0	0	0	0	263,971
			42,058,009	38,179,063	861,297	1,786,913	50,522	1,180,214
Asset-liability gap	資產負債缺口		(9,440,292)	7,342,461	3,973,745	329,920		

Note: Effect of off-balance sheet derivatives on the above table is immaterial.

財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 利率風險 (續)

		2004 二零零四年						
		Average effective interest rate 平均實際利率	Total 合計	3 months or less (include overdue) 三個月或少於三個月 (包括逾期部份)	Over 3 months to 1 year 超過三個月至一年	Over 1 year to 5 years 超過一年至五年	Over 5 years 超過五年	Non-interest bearing 不計息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS		資產						
Cash and short term funds	現金及短期資金	2.26%	5,481,468	5,084,862	0	0	0	396,606
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	2.37%	5,813,775	4,749,506	1,064,269	0	0	0
Trading securities	持作交易用途之證券	0.23%	2,261,707	1,985,527	157,931	81,693	36,556	0
Advances to customers less impairment	客戶貸款減減值	4.13%	18,002,299	14,243,040	2,311,285	1,294,655	111,094	42,225
Non-trading securities	非持作交易用途證券	1.47%	12,083,227	2,675,836	4,670,273	4,384,310	232,792	120,016
Other assets	其他資產	0%	283,843	0	0	0	0	283,843
Undated assets	無定期資產	0%	1,834,462	0	0	0	0	1,834,462
			45,760,781	28,738,771	8,203,758	5,760,658	380,442	2,677,152
LIABILITIES		負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	1.79%	4,098,985	3,922,766	0	0	0	176,219
Deposits from customers	客戶存款	1.40%	30,085,730	28,945,233	651,244	46,605	15,549	427,099
Certificates of deposit issued	已發行存款證	2.66%	2,367,912	501,944	200,000	1,665,968	0	0
Trading liabilities	交易賬項之負債	0.18%	2,237,272	2,117,906	10,053	74,340	34,973	0
Other liabilities	其他負債	0.08%	3,004,139	2,691,214	0	0	0	312,925
Undated liabilities	無定期負債	0%	263,971	0	0	0	0	263,971
			42,058,009	38,179,063	861,297	1,786,913	50,522	1,180,214
Asset-liability gap	資產負債缺口		(9,440,292)	7,342,461	3,973,745	329,920		

備註：資產負債表外衍生工具對上表並無重大影響。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

The Bank	本銀行	2005 二零零五年						
		Average effective interest rate 平均實際利率	Total 合計	3 months or less (include overdue) 三個月或少於三個月 (包括逾期部份)	Over 3 months to 1 year 超過三個月至一年	Over 1 year to 5 years 超過一年至五年	Over 5 years 超過五年	Non-interest bearing 不計息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
ASSETS	資產							
Cash and short term funds	現金及短期資金	4.28%	10,156,487	9,814,827	0	0	0	341,660
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5.64%	1,573,939	1,573,939	0	0	0	0
Trading securities	持作交易用途之證券	3.48%	395,081	369,012	12,308	10,267	3,494	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	6.53%	646,707	0	0	412,760	233,947	0
Derivative financial instruments	衍生金融工具	0%	330,364	0	0	0	0	330,364
Advances to customers less impairment	客戶貸款減減值	6.08%	18,228,123	17,376,086	445,208	299,730	99,916	7,183
Available-for-sale securities	可供出售證券	3.23%	13,523,598	4,615,555	7,894,070	884,668	0	129,305
Amounts due from subsidiaries	應收附屬公司款項	3.63%	3,312,535	1,313,382	1,950,000	0	0	49,153
Other assets	其他資產	0%	255,967	0	0	0	0	255,967
Undated assets	無定期資產	0%	1,573,702	0	0	0	0	1,573,702
			49,996,503	35,062,801	10,301,586	1,607,425	337,357	2,687,334
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	4.23%	1,195,744	911,697	0	0	0	284,047
Deposits from customers	客戶存款	3.81%	31,758,141	30,578,975	820,022	9,970	15,510	333,664
Certificates of deposit issued	已發行存款證	3.91%	3,805,341	2,300,000	119,191	1,386,150	0	0
Derivative financial instruments	衍生金融工具	0%	355,114	0	0	0	0	355,114
Trading liabilities	交易賬項之負債	3.89%	1,125,534	1,099,660	15,109	7,835	2,930	0
Amounts due to subsidiaries	應付附屬公司款項	3.65%	1,519,843	1,416,194	22,548	0	0	81,101
Other liabilities	其他負債	3.70%	6,846,732	4,635,205	1,968,820	0	0	242,707
Undated liabilities	無定期負債	0%	73,746	0	0	0	0	73,746
			46,680,195	40,941,731	2,945,690	1,403,955	18,440	1,370,379
Asset-liability gap	資產負債缺口			(5,878,930)	7,355,896	203,470	318,917	

Note: Effect of off-balance sheet derivatives on the above table is immaterial.

財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 利率風險 (續)

The Bank	本銀行	2005 二零零五年						
		Average effective interest rate 平均實際利率	Total 合計	3 months or less (include overdue) 三個月或少於三個月 (包括逾期部份)	Over 3 months to 1 year 超過三個月至一年	Over 1 year to 5 years 超過一年至五年	Over 5 years 超過五年	Non-interest bearing 不計息
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
ASSETS	資產							
Cash and short term funds	現金及短期資金	4.28%	10,156,487	9,814,827	0	0	0	341,660
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5.64%	1,573,939	1,573,939	0	0	0	0
Trading securities	持作交易用途之證券	3.48%	395,081	369,012	12,308	10,267	3,494	0
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	6.53%	646,707	0	0	412,760	233,947	0
Derivative financial instruments	衍生金融工具	0%	330,364	0	0	0	0	330,364
Advances to customers less impairment	客戶貸款減減值	6.08%	18,228,123	17,376,086	445,208	299,730	99,916	7,183
Available-for-sale securities	可供出售證券	3.23%	13,523,598	4,615,555	7,894,070	884,668	0	129,305
Amounts due from subsidiaries	應收附屬公司款項	3.63%	3,312,535	1,313,382	1,950,000	0	0	49,153
Other assets	其他資產	0%	255,967	0	0	0	0	255,967
Undated assets	無定期資產	0%	1,573,702	0	0	0	0	1,573,702
			49,996,503	35,062,801	10,301,586	1,607,425	337,357	2,687,334
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	4.23%	1,195,744	911,697	0	0	0	284,047
Deposits from customers	客戶存款	3.81%	31,758,141	30,578,975	820,022	9,970	15,510	333,664
Certificates of deposit issued	已發行存款證	3.91%	3,805,341	2,300,000	119,191	1,386,150	0	0
Derivative financial instruments	衍生金融工具	0%	355,114	0	0	0	0	355,114
Trading liabilities	交易賬項之負債	3.89%	1,125,534	1,099,660	15,109	7,835	2,930	0
Amounts due to subsidiaries	應付附屬公司款項	3.65%	1,519,843	1,416,194	22,548	0	0	81,101
Other liabilities	其他負債	3.70%	6,846,732	4,635,205	1,968,820	0	0	242,707
Undated liabilities	無定期負債	0%	73,746	0	0	0	0	73,746
			46,680,195	40,941,731	2,945,690	1,403,955	18,440	1,370,379
Asset-liability gap	資產負債缺口			(5,878,930)	7,355,896	203,470	318,917	

備註：資產負債表外衍生工具對上表並無重大影響。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

The Bank	本銀行	Average effective interest rate 平均 實際利率	2004 二零零四年					Non-interest bearing 不計息 千港元
			Total 合計 千港元	3 months or less (include overdue) 三個月或 少於三個月 (包括逾期 部份) 千港元	Over 3 months to 1 year 超過 三個月 至一年 千港元	Over 1 year to 5 years 超過 一年 至五年 千港元	Over 5 years 超過 五年 千港元	
ASSETS	資產							
Cash and short term funds	現金及短期資金	2.26%	5,481,102	5,084,862	0	0	0	396,240
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	2.37%	5,813,775	4,749,506	1,064,269	0	0	0
Trading securities	持作交易用途之證券	0.23%	2,261,707	1,985,527	157,931	81,693	36,556	0
Advances to customers less impairment	客戶貸款減值	3.86%	15,230,446	13,352,008	1,468,233	278,122	111,094	20,989
Non-trading securities	非持作交易用途證券	1.47%	12,083,151	2,675,836	4,670,273	4,384,310	232,792	119,940
Amounts due from subsidiaries	應收附屬公司款項	1.16%	3,054,350	601,881	2,435,801	0	0	16,668
Other assets	其他資產	0%	248,143	0	0	0	0	248,143
Undated assets	無定期資產	0%	1,857,588	0	0	0	0	1,857,588
			46,030,262	28,449,620	9,796,507	4,744,125	380,442	2,659,568
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之 存款及結餘	1.79%	4,098,985	3,922,766	0	0	0	176,219
Deposits from customers	客戶存款	1.38%	29,356,292	28,216,216	651,244	46,605	15,549	426,678
Certificates of deposit issued	已發行存款證	2.66%	2,367,912	501,944	200,000	1,665,968	0	0
Trading liabilities	交易賬項之負債	0.18%	2,237,272	2,117,906	10,053	74,340	34,973	0
Amounts due to subsidiaries	應付附屬公司款項	1.34%	1,535,396	850,337	565,909	0	0	119,150
Other liabilities	其他負債	0.08%	2,992,078	2,691,213	0	0	0	300,865
Undated liabilities	無定期負債	0%	144,350	0	0	0	0	144,350
			42,732,285	38,300,382	1,427,206	1,786,913	50,522	1,167,262
Asset-liability gap	資產負債缺口			(9,850,762)	8,369,301	2,957,212	329,920	

Note: Effect of off-balance sheet derivatives on the above table is immaterial.

財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 利率風險 (續)

The Bank	本銀行	Average effective interest rate 平均 實際利率	2004 二零零四年					Non-interest bearing 不計息 千港元
			Total 合計 千港元	3 months or less (include overdue) 三個月或 少於三個月 (包括逾期 部份) 千港元	Over 3 months to 1 year 超過 三個月 至一年 千港元	Over 1 year to 5 years 超過 一年 至五年 千港元	Over 5 years 超過 五年 千港元	
ASSETS	資產							
Cash and short term funds	現金及短期資金	2.26%	5,481,102	5,084,862	0	0	0	396,240
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	2.37%	5,813,775	4,749,506	1,064,269	0	0	0
Trading securities	持作交易用途之證券	0.23%	2,261,707	1,985,527	157,931	81,693	36,556	0
Advances to customers less impairment	客戶貸款減值	3.86%	15,230,446	13,352,008	1,468,233	278,122	111,094	20,989
Non-trading securities	非持作交易用途證券	1.47%	12,083,151	2,675,836	4,670,273	4,384,310	232,792	119,940
Amounts due from subsidiaries	應收附屬公司款項	1.16%	3,054,350	601,881	2,435,801	0	0	16,668
Other assets	其他資產	0%	248,143	0	0	0	0	248,143
Undated assets	無定期資產	0%	1,857,588	0	0	0	0	1,857,588
			46,030,262	28,449,620	9,796,507	4,744,125	380,442	2,659,568
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之 存款及結餘	1.79%	4,098,985	3,922,766	0	0	0	176,219
Deposits from customers	客戶存款	1.38%	29,356,292	28,216,216	651,244	46,605	15,549	426,678
Certificates of deposit issued	已發行存款證	2.66%	2,367,912	501,944	200,000	1,665,968	0	0
Trading liabilities	交易賬項之負債	0.18%	2,237,272	2,117,906	10,053	74,340	34,973	0
Amounts due to subsidiaries	應付附屬公司款項	1.34%	1,535,396	850,337	565,909	0	0	119,150
Other liabilities	其他負債	0.08%	2,992,078	2,691,213	0	0	0	300,865
Undated liabilities	無定期負債	0%	144,350	0	0	0	0	144,350
			42,732,285	38,300,382	1,427,206	1,786,913	50,522	1,167,262
Asset-liability gap	資產負債缺口			(9,850,762)	8,369,301	2,957,212	329,920	

備註：資產負債表外衍生工具對上表並無重大影響。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(c) Liquidity risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

Liquidity is managed on a daily basis by the treasury department under the direction of the Asset and Liability Committee. The treasury department is responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment rate risk in case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. In order to lengthen the duration of the funding, the Bank periodically issues certificates of deposit with maturities of not more than 5 years. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The Group regularly performs stress tests on its liquidity position.

財務風險管理 (續)

(c) 流動資金風險管理

流動資金風險管理旨在確保足夠現金流量以滿足所有財務承擔之所需及滿足業務擴展之所需。有關措施涵蓋本集團應付因客戶需要或合約到期產生之存款提取、於借款到期時因償還貸款、為符合法定流動資金比率所需保持資金流動性及當新貸款及投資機會出現時所需資金。

資金部門在資產負債委員會指導下每日對流動資金進行管理。資金部門負責確保本集團擁有所有營運活動所需之充足流動資金、確保資金之適當組合以避免期限錯配並在存在年期差距時防止價格及再投資利率風險並為確保充足之資金及流動資金監控相關市場。

本集團透過持有充足適當質量之流動資產(如現金及短期基金與證券)確保短期資金需求可在審慎限額內來管理流動資金風險。為延長資金之持續期，本銀行定期發行五年內期滿之存款證。維持適當之備用貸款以提供策略性流動資金應付正常業務過程中可能出現之突然及重大現金流出。本集團定期對其流動資金狀況進行壓力測試。

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the balance sheet date to the contractual maturity date:

The Group	本集團	2005 二零零五年					
		Repayable on demand	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Undated or overdue
Total	即時 還款	三個月 或以下	三個月 以上 至一年	一年 以上 至五年	五年 以上	無定期 或逾期	
HK\$'000	千港元	千港元	千港元	千港元	千港元	千港元	
ASSETS	資產						
Cash and short term funds	現金及短期資金	10,157,048	10,157,048	0	0	0	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	1,573,939	0	1,573,939	0	0	0
Trading securities	持作交易用途之證券	395,081	0	369,012	12,308	10,267	3,494
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	646,707	0	0	0	412,760	233,947
Derivative financial instruments	衍生金融工具	330,364	0	0	0	0	330,364
Advances to customers less impairment	客戶貸款減減值	21,375,566	733,196	3,922,433	2,472,134	6,893,361	7,325,111
Available-for-sale securities	可供出售證券	13,523,761	0	3,045,539	7,933,154	2,010,760	404,839
Other assets	其他資產	278,649	0	85,201	190,761	2,687	0
Undated assets	無定期資產	1,522,423	0	0	0	0	1,522,423
		49,803,538	10,890,244	8,996,124	10,608,357	9,329,835	7,967,391
							2,011,587
LIABILITIES	負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	1,195,791	284,094	911,697	0	0	0
Deposits from customers	客戶存款	32,543,110	6,089,193	24,912,689	776,611	632,780	131,837
Certificates of deposit issued	已發行存款證	3,805,341	0	1,078,391	1,347,650	1,379,300	0
Derivative financial instruments	衍生金融工具	355,114	0	0	0	0	355,114
Trading liabilities	交易賬項之負債	1,125,534	0	1,099,660	15,109	7,835	2,930
Other liabilities	其他負債	6,850,158	0	4,718,655	2,131,503	0	0
Undated liabilities	無定期負債	179,574	0	0	0	0	179,574
		46,054,622	6,373,287	32,721,092	4,270,873	2,019,915	134,767
							534,688
Net liquidity gap	流動資金缺口淨額	(4,516,957)	23,724,968	(6,337,484)	(7,309,920)	(7,832,624)	

財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債

下列期限組別乃基於結算日至合約訂明到期日之剩餘期限：

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

The Group	本集團	2004 二零零四年					
		Total	Repayable on demand	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS		資產					
Cash and short term funds	現金及短期資金	5,481,468	5,481,468	0	0	0	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5,813,775	0	5,813,775	0	0	0
Trading securities	持作交易用途之證券	2,261,707	0	1,985,527	157,833	81,790	36,557
Advances to customers less impairment	客戶貸款減減值	18,002,299	626,018	2,356,241	2,269,977	6,144,293	6,554,202
Non-trading securities	非持作交易用途證券	12,083,227	0	2,072,681	4,681,309	4,612,307	596,914
Other assets	其他資產	283,843	0	96,394	182,173	5,276	0
Undated assets	無定期資產	1,834,462	0	0	0	0	1,834,462
		45,760,781	6,107,486	12,324,618	7,291,292	10,843,666	7,187,673
LIABILITIES		負債					
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	4,098,985	177,933	3,921,052	0	0	0
Deposits from customers	客戶存款	30,085,730	11,922,368	17,101,166	500,806	561,390	0
Certificates of deposit issued	已發行存款證	2,367,912	0	456,562	1,511,350	400,000	0
Trading liabilities	交易賬項之負債	2,237,272	0	1,371,973	755,986	74,340	34,973
Other liabilities	其他負債	3,004,139	0	2,920,475	83,664	0	0
Undated liabilities	無定期負債	263,971	0	0	0	0	263,971
		42,058,009	12,100,301	25,771,228	2,851,806	1,035,730	34,973
Net liquidity gap	流動資金缺口淨額	5,992,815	13,446,610	(4,439,486)	(9,807,936)	(7,152,700)	

財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債 (續)

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

The Bank	本銀行	2005 二零零五年					
		Total	Repayable on demand	3 months or less	3 months to 1 year	Over 1 year to 5 years	Over 5 years
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產						
Cash and short term funds	現金及短期資金	10,156,487	10,156,487	0	0	0	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	1,573,939	0	1,573,939	0	0	0
Trading securities	持作交易用途之證券	395,081	0	369,012	12,308	10,267	3,494
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	646,707	0	0	0	412,760	233,947
Derivative financial instruments	衍生金融工具	330,364	0	0	0	0	330,364
Advances to customers less impairment	客戶貸款減減值	18,228,123	717,640	3,472,010	1,418,076	5,541,723	7,068,133
Available-for-sale securities	可供出售證券	13,523,598	0	3,045,539	7,933,154	2,010,760	404,839
Amounts due from subsidiaries	應收附屬公司款項	3,312,535	387	1,334,845	1,975,067	0	0
Other assets	其他資產	255,967	0	85,201	170,363	403	0
Undated assets	無定期資產	1,573,702	0	0	0	0	1,573,702
		49,996,503	10,874,514	9,880,546	11,508,968	7,975,913	7,710,413
							2,046,149
LIABILITIES	負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	1,195,744	284,047	911,697	0	0	0
Deposits from customers	客戶存款	31,758,141	6,088,766	24,128,147	776,611	632,780	131,837
Certificates of deposit issued	已發行存款證	3,805,341	0	1,078,391	1,347,650	1,379,300	0
Derivative financial instruments	衍生金融工具	355,114	0	0	0	0	355,114
Trading liabilities	交易賬項之負債	1,125,534	0	1,099,660	15,109	7,835	2,930
Amounts due to subsidiaries	應付附屬公司款項	1,519,843	49,196	1,443,924	22,625	0	0
Other liabilities	其他負債	6,846,732	0	4,718,655	2,128,077	0	0
Undated liabilities	無定期負債	73,746	0	0	0	0	73,746
		46,680,195	6,422,009	33,380,474	4,290,072	2,019,915	134,767
							432,958
Net liquidity gap	流動資金缺口淨額		(4,452,505)	23,499,928	(7,218,896)	(5,955,998)	(7,575,646)

財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債 (續)

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

The Bank	本銀行	2004 二零零四年					Undated or overdue
		Total 總額	Repayable on demand 即時還款	3 months or less 三個月或 以下	Over 3 months to 1 year 三個月以上 至一年	Over 1 year to 5 years 一年以上 至五年	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產						
Cash and short term funds	現金及短期資金	5,481,102	5,481,102	0	0	0	0
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5,813,775	0	5,813,775	0	0	0
Trading securities	持作交易用途之證券	2,261,707	0	1,985,527	157,833	81,790	36,557
Advances to customers less impairment	客戶貸款減減值	15,230,446	616,969	1,954,149	1,312,702	4,900,716	6,419,823
Non-trading securities	非持作交易用途證券	12,083,151	0	2,072,681	4,681,309	4,612,307	596,914
Amounts due from subsidiaries	應收附屬公司款項	3,054,350	0	604,591	2,447,427	0	0
Other assets	其他資產	248,143	0	96,394	149,652	2,097	0
Undated assets	無定期資產	1,857,588	0	0	0	0	1,857,588
		46,030,262	6,098,071	12,527,117	8,748,923	9,596,910	7,053,294
LIABILITIES	負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	4,098,985	177,933	3,921,052	0	0	0
Deposits from customers	客戶存款	29,356,292	11,921,947	16,372,149	500,806	561,390	0
Certificates of deposit issued	已發行存款證	2,367,912	0	456,562	1,511,350	400,000	0
Trading liabilities	交易賬項之負債	2,237,272	0	1,371,973	755,986	74,340	34,973
Amounts due to subsidiaries	應付附屬公司款項	1,535,396	112,330	849,654	566,533	0	0
Other liabilities	其他負債	2,992,078	0	2,920,475	71,603	0	0
Undated liabilities	無定期負債	144,350	0	0	0	0	144,350
		42,732,285	12,212,210	25,891,865	3,406,278	1,035,730	34,973
Net liquidity gap	流動資金缺口淨額	6,114,139	13,364,748	(5,342,645)	(8,561,180)	(7,018,321)	

財務風險管理 (續)

(c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債 (續)

Notes to the Financial Statements

財務報告附註

38 FINANCIAL RISK MANAGEMENT

(continued)

(d) Operational risk management

Operational risks arise from the Group's daily operation and fiduciary activities. The Bank's internal audit and compliance departments play an essential role in monitoring and limiting the Group's operational risk. The primary focus of internal audit and compliance is:

- to independently evaluate the adequacy of all internal controls,
- to ensure adherence to the operating guidelines, including regulatory and legal requirements, and
- to pro-actively recommend improvements.

In order to ensure total independence, the internal audit and compliance departments report directly to the Audit Committee and the Chief Executive respectively.

39 FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Estimation of fair values

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. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organized secondary markets for most financial instruments, and in particular of loans, deposits and unlisted derivatives, direct market prices are not available. The fair value of such instruments was therefore calculated on the basis of well-established valuation techniques using current market parameters. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of the value realizable in a future sale.

財務風險管理 (續)

(d) 營運風險管理

營運風險由本集團日常營運及受信人業務產生。本集團之內部審核及監察部門在監察及限定本集團營運風險方面具有重要作用。內部審核及監察主要專注於：

- 獨立評估所有內部控制是否充分，
- 確保遵守營運準則，包括監管機構之規定及法例規定，及
- 主動提出改善建議。

為確保完全之獨立性，內部審核與監察部門分別直接向審核委員會與行政總裁負責。

金融工具之公平價值

(a) 公平價值之估計

公平價值之估計一般帶主觀因素，並於特定時間點基於該金融工具之特性及相關市場資料作出評估。如有可能，公平價值之最佳測量為市場報價。但大多金融工具，尤其是貸款、存款及非上市衍生工具，皆缺乏有組織之第二市場，因而沒有直接市價。該等金融工具之公平價值乃透過已廣泛使用之估值方法並利用現時市場參數計算。公平價值乃被視作既定報告日之理論價值，因此僅可作為未來出售時可變現價值之指標。

Notes to the Financial Statements

財務報告附註

39 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Estimation of fair values *(continued)*

All valuation models are validated before they are used as a basis for financial reporting by qualified personnel. Wherever possible, the Group compares valuations derived from models with quoted prices of similar financial instruments, and with actual values when realized, in order to further validate and calibrate the models. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instruments.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in the table set out in Note 39(b),

- (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 balance sheet date;

金融工具之公平價值 *(續)*

(a) 公平價值之估計 *(續)*

所有估值模式在被合資格人士用作財務報告之基準前均已確認為有效。本集團於一切可能之情況下將由計價模式得出之估值與相若金融工具之報價及變現時之實際價值進行比較，以進一步對計價模式進行修改，藉此提高其有效性。該等計價方法包含不確定性，並受到因應各金融工具之風險特性、折扣率、未來現金流量估計、未來預計損失及其他因素而所作出之假設及判斷而影響。變動有關假設可影響該等計算及估值結果。所得公平價值未必能跟有獨立市場所釐定之價值作比較而予以確認，且在許多情況下不能立即在金融工具之銷售中變現。

以下方法及重大假設已用於釐定附註39(b)表中所列金融工具之公平價值。

- (i) 假設活期存款及無特定期限之儲蓄賬戶之公平價值為於結算日可要求還款之金額；

Notes to the Financial Statements

財務報告附註

39 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Estimation of fair values *(continued)*

- (ii) the fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans, 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 loss and allowances from both the carrying amount and fair value;
- (iii) the fair value of fixed rate loans and mortgages carried at amortized 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 forward exchange contracts and interest rate swaps is estimated either using broker quotes or by discounting future cash flows.

金融工具之公平價值 *(續)*

(a) 公平價值之估計 *(續)*

- (ii) 假設浮息金融工具之公平價值接近其賬面金額，因此，由於信貸風險之影響透過自賬面金額及公平價值扣除減值虧損及備抵金額予以確認，貸款並不反映其信貸質量之變化；
- (iii) 有關定息貸款及按攤銷成本列賬之按揭的公平價值是透過將貸款時之市場利率與相若貸款之現時市場利率所計算。由於信貸風險之影響透過自賬面金額及公平價值扣除減值虧損及備抵金額予以確認，於釐定總公平價值時並未考慮組合內各貸款之信貸質量變化；
- (iv) 遠期外匯期貨合同及利率掉期之公平價值是以經紀人報價或透過貼現未來現金流量所估計。

Notes to the Financial Statements

財務報告附註

39 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2005 and 2004 except as follows:

The Group	本集團	2005 二零零五年		2004 二零零四年	
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元
Financial assets	金融資產				
Advances to customers	客戶貸款	3,825,638	3,706,803	0	0
Derivative financial instruments	衍生金融工具	0	0	0	128,954
Available-for-sale/Non-trading securities	可供出售證券/ 非持作交易用途證券	0	0	691,125	739,065
Financial liabilities	金融負債				
Other accounts and liabilities	其他賬目及負債	6,614,911	6,625,797	0	0
Derivative financial instruments	衍生金融工具	0	0	0	176,545

In accordance with the transitional provisions in HKAS 39, the balance sheet as at 31 December 2004 was not adjusted to reflect the fair value of derivatives used for asset and liability management purposes at that date.

金融工具之公平價值 (續)

(b) 公平價值

於二零零五年及二零零四年十二月三十一日，所有金融工具均按公平價值或與公平價值無重大差異之金額呈列，惟以下所列除外中：

The Bank	本銀行	2005 二零零五年		2004 二零零四年	
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元
Financial assets	金融資產				
Advances to customers	客戶貸款	1,338,690	1,291,832	0	0
Derivative financial instruments	衍生金融工具	0	0	0	128,954
Available-for-sale/Non-trading securities	可供出售證券/ 非持作交易用途證券	0	0	691,125	739,065
Financial liabilities	金融負債				
Other accounts and liabilities	其他賬目及負債	6,614,911	6,625,797	0	0
Derivative financial instruments	衍生金融工具	0	0	0	176,545

根據香港會計準則第39號之過渡性條文，未能對二零零四年十二月三十一日之資產負債表進行調整以反映該日適用於資產負債管理之衍生工具之公平價值。

Notes to the Financial Statements

財務報告附註

40 MATERIAL RELATED PARTY TRANSACTIONS

Information relating to income and expenses from related party transactions during the year and balances outstanding as at the balance sheet date is set out below:

(a) Income/expenses

<i>Ultimate holding company</i>	最終控股公司
Interest expense	利息支出
<i>Fellow subsidiaries</i>	同系附屬公司
Interest income	利息收入
Interest expense	利息支出

(b) Commission and service charges

Fellow subsidiaries*	同系附屬公司*
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* The amount represents aggregate customer referral and support service fees paid to Taipei Fubon Commercial Bank, Fubon Securities Co., Ltd. and Fubon Life Assurance Co., Ltd. by the Group's entities during 2005 pursuant to the business co-operation agreements dated 23 February 2005. These transactions constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules.

(c) Placement of deposits

<i>Ultimate holding company</i>	最終控股公司
At 1 January	於一月一日
Placements during the year	年內放款
Repayments during the year	年內償還
At 31 December	於十二月三十一日
<i>Fellow subsidiaries</i>	同系附屬公司
At 1 January	於一月一日
Placements during the year	年內放款
Repayments during the year	年內償還
At 31 December	於十二月三十一日
<i>Fellow subsidiaries</i>	同系附屬公司
Accrued interests and other accounts	應計利息及其他賬目

There was no impairment allowance made against these amounts.

重大關連各方交易

有關年內關連各方交易所產生之收支及於結算日尚未償還餘額之資料載列如下：

(a) 收入／支出

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
7	4
2,116	817
23,997	46,291

(b) 佣金及服務費

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
4,875	0

* 該款額乃本集團機構於二零零五年內根據於二零零五年二月二十三日訂立之業務合作協議，向台北富邦商業銀行股份有限公司、富邦綜合證券股份有限公司及富邦人壽保險股份有限公司支付之轉介客戶及服務費用總額。該合作協議乃屬於上市規則第14A.14條內所提及之持續關連交易。

(c) 放款

The Group and the Bank 本集團及本銀行

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
0	232,896
0	311,122
0	(544,018)
7,000	10,000
336,762	333,127
(343,762)	(336,127)
0	7,000
2	3

該等款項並無作減值撥備。

Notes to the Financial Statements

財務報告附註

40 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

重大關連各方交易 (續)

(d) Acceptance of deposits

(d) 接納存款

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
<i>Ultimate holding company</i>	最終控股公司		
At 1 January	於一月一日	3,620	0
Acceptance during the year	年內接納	40,434	42,339
Repayments during the year	年內償還	(40,332)	(38,719)
At 31 December	於十二月三十一日	3,722	3,620
<i>Fellow subsidiaries</i>	同系附屬公司		
At 1 January	於一月一日	3,887,300	0
Acceptance during the year	年內接納	8,220,004	3,887,300
Repayments during the year	年內償還	(12,107,304)	0
At 31 December	於十二月三十一日	0	3,887,300
<i>Fellow subsidiaries</i>	同系附屬公司		
Other accounts and provisions	其他賬目及撥備	71,527	5,977

(e) Exchange rate contracts (notional principal)

(e) 匯率合約 (名義本金額)

		The Group and the Bank 本集團及本銀行	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Fellow subsidiary	同系附屬公司	33,347	0

Notes to the Financial Statements

財務報告附註

40 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(f) Loans to officers

Loans to officers of the Bank disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Aggregate amount of relevant loans at 31 December	相關貸款於十二月三十一日的總額
- by the Bank	- 本銀行
- by a subsidiary	- 一間附屬公司
Maximum aggregate amount of relevant loans outstanding during the year	年內尚未償還相關貸款之最高總額
- by the Bank	- 本銀行
- by a subsidiary	- 一間附屬公司

There was no interest due but unpaid nor any impairment allowance made against these loans at 31 December 2005.

(g) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Bank's Directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8 is as follows:

Salaries and short-term employee benefits	薪金及短期僱員福利
Early retirement benefits	提前退休福利
Compensation for loss of office as directors	董事離職補償

重大關連各方交易 (續)

(f) 高級職員貸款

本銀行根據香港《公司條例》第161B條須予披露之高級職員貸款如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
0	3,200
0	23
0	3,223
3,200	9,743
0	132
3,200	9,875

於二零零五年十二月三十一日，此等貸款並無逾期未償付利息，或就有關貸款進行任何減值撥備。

(g) 主要管理人員酬金

主要管理人員之酬金(包括附註7所披露付予本銀行董事之款項及附註8所披露付予最高薪僱員之款項)如下：

2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
44,959	59,843
0	11,373
0	35,562
44,959	106,778

Notes to the Financial Statements

財務報告附註

40. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(h) Credit facilities to key management personnel

During the year, the Bank provided loans and credit facilities to key management personnel of the Group and their close family members and companies controlled or significantly influenced by them. The credit facilities were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of a similar standing or, where applicable with other employees.

重大關連各方交易 (續)

(h) 主要管理人員信貸服務

年內，本銀行向本集團之主要管理人員及彼等之直系親屬以及受該等人士所控制之公司或該等人士具有重大影響力之公司提供貸款及信貸。信貸服務乃於正常業務過程中提供，而有關條款跟同等信用水平之人士或(倘適用)其他僱員所訂立之交易條款大致相同。

		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Loans	貸款		
At 1 January	於一月一日	12,916	3,662
Additional loans made during the year	年內作出之額外貸款	0	9,717
Repayment during the year	年內償還	(3,727)	(463)
At 31 December	於十二月三十一日	9,189	12,916
Interest income	利息收入	246	135
Credit facilities	信貸		
At 1 January	於一月一日	2,475	1,552
Additional facilities extended during the year	年內批出之信貸額度	2,570	1,775
Facilities withdrawn during the year	年內收回之信貸額度	(265)	(852)
At 31 December	於十二月三十一日	4,780	2,475

Notes to the Financial Statements

財務報告附註

41 ASSETS PLEDGED AS SECURITY

The following assets have been pledged as collateral for liabilities under repurchase arrangements. The assets pledged represent treasury bills held.

Secured liabilities	已抵押負債
Available-for-sale securities	可供出售證券

42 PARENT AND ULTIMATE HOLDING COMPANY

At 31 December 2005, the Directors consider the parent and ultimate controlling party of the Group to be Fubon Financial Holding Company Limited, which is incorporated in the Republic of China.

43 COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies. Further details are disclosed in Note 2 and 3.

44 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, certain assumptions and estimates have been made by the Group. The accuracy of these assumptions and estimates are continuously reviewed by management with reference to the actual results, historical experience and other factors, including projection of future cash flows and possible outcomes from future events. Management believes that the assumptions and estimates made are reasonable and supportable.

質押作為抵押品之資產

下列資產已根據再購回協議質押作為債務之抵押品。質押資產代表持有之國庫券。

The Group and the Bank 本集團及本銀行	
2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
766,245	0
763,636	0

母公司及最終控股公司

於二零零五年十二月三十一日，董事認為本集團之母公司及最終控股公司為富邦金融控股股份有限公司。該公司於中華民國註冊成立。

比較數字

由於會計政策之變動，若干比較數字經已調至或重新歸類。進一步詳情於附註2及3中披露。

會計估計及判斷

本集團於編製此等財務報告時作出若干假設及估計。管理層參照實際業務、歷史經驗及包括未來現金流注入及未來事件之可能後果在內之其他因素，對該等假設及估計之準確性持續進行檢討。管理層相信該等假設及估計管理及可接受。

Notes to the Financial Statements

財務報告附註

44 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Impairment allowances for advances to customers

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 local or economic conditions 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 credit risk characteristics similar to those of the Group. 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.

(b) Fair value determination

The Group determines the fair values for the financial assets and liabilities which are carried at fair value based on quoted market prices whenever possible. If such quoted market prices are not available or an active market does not exist, the Group determines the fair values based on internally developed models which make use of market parameters, including interest rate yield curves, historical and/or implied option volatilities, currency rates, prices of the underlying instruments, etc. Model assumptions and correlation among these parameters can affect the estimates of the fair values of these financial instruments.

會計估計及判斷 (續)

(a) 向客戶貸款之減值撥備

貸款組合定期進行檢討以評估是否存在減值虧損。本集團就是否存在客觀證據表面貸款組合已減值，即估計之未來現金流量是否減少，作出判斷。減值之客觀證據包括表明客戶群中借款人付款狀況出現不利變化之可觀測數據，亦可包括造成拖欠本集團資產之當地或經濟條件之可觀測數據。倘管理層基於其判斷確定存在減值之客觀證據，則對預計之未來現金流量基於與本集團資產信貸風險特點相若之資產之過往實際損失進行估計。該損失則基於現時可觀察之數據再進行調整。

管理層定期對估計未來現金流量所使用之方法及假設進行檢討以減少虧損估計與實際損失之間之差異。

(b) 公平價值釐定

本集團釐定金融資產及負債之公平價值時，盡量以該等資產及負債於市場報價之公平價值列賬。倘無法獲得市場報價或沒有流通的市場，本集團則會利用利率收益曲線、歷史及／或引伸認股權波幅、匯率、相關金融產品之價格等市場參數並利用內部計價模式而釐定該等資產或負債之公平價值。所作出的假設及該等參數間之方差均可影響該等金融工具公平價值之估計。

Notes to the Financial Statements

財務報告附註

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2005

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for accounting period ended 31 December 2005 and which have not been adopted in these financial statements:

	Effective for accounting periods beginning on or after		自以下日期或 之後開始之 會計期有效
HKFRS 6, Exploration for evaluation of mineral resources	1 January 2006	香港財務報告準則第6號： 礦產資源估值之勘探	二零零六年 一月一日
HK(IFRIC) 4, Determining whether an arrangement contains a lease	1 January 2006	香港財務報告準則詮釋第4號： 釐定一項安排是否包含租賃	二零零六年 一月一日
HK(IFRIC) 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1 January 2006	香港財務報告準則詮釋第5號： 於解除運作、復源及環保 修復基金產生之權益	二零零六年 一月一日
HK(IFRIC) 6, Liabilities arising from participating in a specific market-waste electrical and electronic equipment	1 December 2005	香港財務報告準則詮釋第6號： 參與特定市場－電力及電子 設備廢料所產生之責任	二零零五年 十二月一日
Amendments to HKAS 19, Employee benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2006	香港會計準則第19號之修訂： 僱員福利－精算盈虧、 集團計劃及披露	二零零六年 一月一日
Amendments to HKAS 39, Financial instruments: Recognition and measurement:		香港會計準則第39號之修訂： 金融工具： 確認及估量：	
– Cash flow hedge accounting of forecast intragroup transactions	1 January 2006	– 預計集團內部交易之 現金流量對沖會計法	二零零六年 一月一日
– The fair value option	1 January 2006	– 公平定值方案	二零零六年 一月一日
– Financial guarantee contracts	1 January 2006	– 財務承擔合約	二零零六年 一月一日

已公佈但於截至二零零五年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響

於此等財務報告公佈日，香港會計師公會已公佈以下修訂、新準則及詮釋。該等修訂、準則及詮釋於截至二零零五年十二月三十一日之會計期間尚未生效，此等財務報告亦未對該等修訂、準則及詮釋予以採用。

Notes to the Financial Statements

財務報告附註

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2005 *(continued)*

已公佈但於截至二零零五年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響 (續)

	Effective for accounting periods beginning on or after		自以下日期或 之後開始之 會計期有效
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:		二零零五年香港公司(修訂)條例之修訂項目	
• HKAS 1, Presentation of financial statements	1 January 2006	• 香港會計準則第1號： 財務報表之呈列	二零零六年 一月一日
• HKAS 27, Consolidated and separate financial statements	1 January 2006	• 香港會計準則第27號： 綜合及獨立財務報告	二零零六年 一月一日
• HKFRS 3, Business combinations	1 January 2006	• 香港財務報告準則第3號： 業務合併	二零零六年 一月一日
HKFRS 7, Financial Instruments: disclosures	1 January 2007	香港財務報告準則第7號： 金融工具：披露	二零零七年 一月一日
Amendment to HKAS 1, Presentation of financial statements: capital disclosures	1 January 2007	香港會計準則第1號之修訂 財務報告之呈列： 資本披露	二零零七年 一月一日

The Group is in the process of making assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

本集團正對首次採用該等修訂、新準則及新詮釋期間該等修訂、準則及詮釋之預期影響進行評估。