

(a) Capital adequacy and liquidity ratios**(a) 資本充足及流動資金比率**

		2006 二零零六年 %	2005 二零零五年 %
Unadjusted capital adequacy ratio at year end	於年底未經調整資本充足比率	16.81	14.96
Adjusted capital adequacy ratio incorporating market risk	經調整資本充足比率 (包括市場風險)	16.60	14.94
Average liquidity ratio for December	十二月份平均流動資金比率	46.43	47.49
Average liquidity ratio for the year ended 31 December	截至十二月三十一日止年度 平均流動資金比率	44.51	44.71

The unadjusted capital adequacy ratio is computed on a consolidated basis as required by the HKMA for its regulatory purposes, and is in accordance with the Third Schedule of the Hong Kong Banking Ordinance. The adjusted capital adequacy ratio incorporating market risk is computed on the same consolidated basis, and is in accordance with the Guideline "Maintenance of Adequate Capital Against Market Risks" issued by the HKMA.

The average liquidity ratio for the year is computed as the simple average of each calendar month's average ratio, as reported in Part I (2) of the "Return of Liquidity Position of an Authorised Institution" (MA(BS)1E) calculated in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

未經調整資本充足比率的計算，是根據金管局訂定之綜合基準及《香港銀行業條例》附表三，本行亦根據金管局發出「就市場風險維持充足資本」指引，以同樣綜合基礎計算經調整資本充足比率。

年內平均流動資金比率是以每個曆月平均比率的簡單平均數計算。每個曆月平均比率乃根據《香港銀行業條例》附表四的規定計算並與「認可機構流動資金狀況申報表」(MA(BS)1E)第I(2)部中申報的數字相同。

(b) The components of the total capital base after deductions as reported under Part I of the banking return “Capital Adequacy Return” (MA(BS)3) calculated in accordance with the Third Schedule of the Hong Kong Banking Ordinance are as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Core capital	核心資本		
Paid up ordinary share capital	繳足股款的普通股股本	1,172,160	1,172,160
Reserves (including retained earnings)	儲備(包括保留溢利)	1,651,057	1,550,802
Share premium	股份溢價	749,778	749,778
Eligible supplementary capital	可計算的附加資本		
Reserves on revaluation of land and interest in land	土地及土地權益 價值重估儲備	36,868	36,868
Reserves on revaluation of holdings of securities not held for trading purposes	非持作交易用途證券 價值重估儲備	3,118	(72,476)
Collective impairment allowance for impaired loans	減值貸款之綜合減值撥備	81,404	76,115
Term subordinated notes	有期後償票據	1,555,700	-
Regulatory reserve	法定儲備	129,572	107,722
Total capital base before deductions	扣減前的資本基礎總額	5,379,657	3,620,969
Deductions from total capital base	資本基礎總額的扣減項目	(701,967)	(65,036)
Total capital base after deductions	扣減後的資本基礎總額	4,677,690	3,555,933

(c) Major customers

Total income attributable to the Group's five largest customers combined is substantially less than 30% of the Group's total income for both years 2005 and 2006.

(b) 在「資本充足比率申報表」(MA(BS)3)第I部中申報的資本基礎總額在扣減後的組成部份，根據《香港銀行業條例》附表三的規定計算如下：

(c) 主要客戶

於二零零五年及二零零六年本集團五名最大客戶應佔收入總額遠低於本集團收入總額之30%。

(d) Overdue advances to customers

(d) 逾期客戶貸款

		The Group 本集團			
		2006 二零零六年		2005 二零零五年	
		% of total advances		% of total advances	
		HK\$'000 千港元	佔貸款總額 之百分比	HK\$'000 千港元	佔貸款總額 之百分比
Gross advances to customers which have been overdue with respect to either principal or interest for periods of: – 6 months or less but over 3 months – 1 year or less but over 6 months – Over 1 year	以下期間的本金或利息逾期之客戶貸款總額：				
	– 六個月或以下惟三個月以上	22,120	0.09%	38,953	0.18%
	– 一年或以下惟六個月以上	24,958	0.10%	17,514	0.08%
	– 超過一年	108,084	0.42%	105,754	0.49%
		155,162	0.60%	162,221	0.75%
	HK\$'000 千港元			HK\$'000 千港元	
Overdue advances to customers which are – secured – unsecured	逾期客戶貸款乃				
	– 有抵押	95,015		77,392	
	– 無抵押	60,147		84,829	
		155,162		162,221	
		HK\$'000 千港元		HK\$'000 千港元	
Amount of collateral held against the overdue advances	就逾期貸款持有之抵押品價值	22,811		71,070	
		HK\$'000 千港元		HK\$'000 千港元	
Amount of expected recoveries from companies in liquidation in respect of the overdue advances	就逾期貸款中，預期可從清盤中公司收回之價值	73,459		11,299	
		HK\$'000 千港元		HK\$'000 千港元	
Individually assessed impairment allowance in respect of advances overdue for more than three months	就逾期超過三個月的貸款所作出之個別評估減值撥備數額	63,612		85,400	

Overdue assets of the Group comprise advances to customers only as at 31 December 2005 and 2006.

本集團之逾期資產僅包括截至二零零五年及二零零六年十二月三十一日之客戶貸款。

(e) Rescheduled advances to customers

(e) 重定還款期之客戶貸款

		The Group 本集團			
		2006 二零零六年		2005 二零零五年	
		% of total advances		% of total advances	
		HK\$'000 千港元	佔貸款總額 之百分比	HK\$'000 千港元	佔貸款總額 之百分比
Rescheduled advances to customers	重定還款期之客戶貸款	52,792	0.20%	108,227	0.50%

(f) Foreign exchange exposures

(f) 外匯風險

The net positions or net structural positions in foreign currencies are disclosed as follows:

有關外幣之倉盤淨額或結構性倉盤淨額之披露如下：

		The Group 本集團						
		As at 31 December 2006 於二零零六年十二月三十一日						
		US		New	Australian	Chinese	Others	Total
Equivalent in HK\$ Million	百萬港元 等值	Dollars 美元	Euros 歐元	Zealand 紐元	Dollars 澳元	Renminbi 人民幣	其他	總額
Spot assets	現貨資產	15,199	622	826	651	139	1,365	18,802
Spot liabilities	現貨負債	(14,739)	(636)	(899)	(1,139)	(139)	(1,289)	(18,841)
Forward purchase	遠期買入	9,627	4,269	156	663	200	800	15,715
Forward sales	遠期賣出	(10,073)	(4,255)	(83)	(171)	(1)	(869)	(15,452)
Net option position	期權盤淨額	(4)	-	-	-	-	-	(4)
Net long/(short) position	長/(短)盤淨額	10	-	-	4	199	7	220
		US		New	Australian	Chinese	Others	Total
		Dollars 美元	Euros 歐元	Zealand 紐元	Dollars 澳元	Renminbi 人民幣	其他	總額
Net structural position	結構性倉盤淨額	31	-	-	-	-	-	31

(f) Foreign exchange exposures (continued)**(f) 外匯風險 (續)**

		The Group 本集團						
		As at 31 December 2005 於二零零五年十二月三十一日						
		US		New	Australian	Chinese		Total
<i>Equivalent in</i>	<i>百萬港元</i>	Dollars	Euros	Zealand	Dollars	Renminbi	Others	Total
<i>HK\$ Million</i>	<i>等值</i>	美元	歐元	紐元	澳元	人民幣	其他	總額
Spot assets	現貨資產	10,194	668	903	1,536	151	1,170	14,622
Spot liabilities	現貨負債	(9,535)	(551)	(805)	(1,299)	(149)	(1,210)	(13,549)
Forward purchase	遠期買入	2,146	345	21	30	45	562	3,149
Forward sales	遠期賣出	(2,138)	(463)	(108)	(271)	(45)	(546)	(3,571)
Net option position	期權盤淨額	4	(4)	1	-	-	-	1
Net long/(short) position	長/(短)盤淨額	671	(5)	12	(4)	2	(24)	652
		US		New	Australian	Chinese		Total
		Dollars	Euros	Zealand	Dollars	Renminbi	Others	Total
		美元	歐元	紐元	澳元	人民幣	其他	總額
Net structural position	結構性倉盤淨額	31	-	-	-	-	-	31

(g) Cross-border claims

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

(g) 跨境債權

跨境債權資料披露於外資金融機構(最終風險所在)之風險，並根據經計及任何轉移風險後該等機構所在地而得出。一般而言，倘該等債權由該機構所屬國家以外之其他國家之任何人士作出擔保或倘該等債權乃由一家總辦事處位於另一國家之海外分行持有，便會出現轉移風險。構成跨境債權10%或以上地區方作出披露。

		The Group 本集團			
		As at 31 December 2006 於二零零六年十二月三十一日			
<i>Figures in HK\$Million</i>	百萬港元	Banks and other financial institutions 銀行及其他 金融機構	Public sector entities 公營機構	Other 其他	Total 總額
Asia Pacific excluding Hong Kong of which South Korea	亞洲太平洋地區 (不包括香港) 南韓	5,061	4	865	5,930
		1,885	-	-	1,885
North America	北美洲	281	1	317	599
Caribbean	加勒比海	-	-	2,526	2,526
Western Europe of which Germany	西歐 德國	8,009	-	435	8,444
		3,223	-	-	3,223

		The Group 本集團			
		As at 31 December 2005 於二零零五年十二月三十一日			
<i>Figures in HK\$Million</i>	百萬港元	Banks and other financial institutions 銀行及其他 金融機構	Public sector entities 公營機構	Other 其他	Total 總額
Asia Pacific excluding Hong Kong	亞洲太平洋地區 (不包括香港)	1,991	5	529	2,525
North America	北美洲	1,184	1,169	57	2,410
Caribbean	加勒比海	-	-	1,214	1,214
Western Europe of which France of which Germany	西歐 法國 德國	9,963	156	664	10,783
		1,850	-	-	1,850
		2,797	-	-	2,797

(h) Repossessed assets and assets acquired under lending agreements

The total repossessed assets and assets acquired under lending agreements of the Group as at 31 December 2006 amounted to HK\$65,280,000 (2005: HK\$71,880,000).

(i) Management of risks

The Group has established policies and procedures for the control and monitoring of credit risk, liquidity, capital and market risk. The risk management policy is formulated by the Board, which also monitors risk and regularly reviews the effectiveness of the Group's risk management policies.

(i) Credit risk management

Details of the Group's credit risk management policies and measures have been set out in Note 39(a).

(ii) Liquidity management

Details of the Group's liquidity risk management policies and measures have been set out in Note 39(c).

(iii) Capital management

The Group's policy is to maintain a strong capital base to support the development of the Group's operations prudently, with the aim of diversifying its business activities, including the future expansion of the branch network, increasing the customer base, introducing new financial products and meeting the statutory capital adequacy ratio. As disclosed in Note (a) above, both the Group's adjusted capital adequacy ratio incorporating market risk of 16.60% and the unadjusted ratio of 16.81% as at 31 December 2006 was well above the statutory minimum ratio.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Where the subsidiaries are directly regulated by other regulators, they are required to maintain minimum capital according to the regulators' rules. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory purposes.

Capital adequacy ratios and components of capital base are disclosed in Note (a) and Note (b).

(h) 收回資產及根據借貸協議收購之資產

於二零零六年十二月三十一日，本集團之收回資產及根據貸款協議所得資產總額為65,280,000港元（二零零五年：71,880,000港元）。

(i) 風險管理

本集團已制定管理及監察信貸風險、流動資金、資本及市場風險的政策及程序。風險管理政策由董事會制定，委員會亦實行風險監察，並定期檢討本集團風險管理政策之有效性。

(i) 信貸風險管理

本集團之信貸風險管理政策及措施之詳情載於附註39(a)。

(ii) 流動資金風險管理

本集團之流動資金風險管理政策及措施之詳情載於附註39(c)。

(iii) 資本管理

本集團擬維持雄厚的資本來支持本集團審慎地開拓業務，務求使本集團之業務更多元化，其中包括在未來擴大分行網絡、增強客戶基礎，以及提供更多全新金融產品等，及符合法定之資本充足比率。在附註(a)披露，本集團於二零零六年十二月三十一日之經調整資本充足比率（包括市場風險）為16.60%及未經調整比率為16.81%，實已遠高於法定最低要求。

本行因應各部門所面對的風險程度將資本應用在不同業務上。若其附屬公司由其他監管機構所管轄，該等附屬公司須持有相關監管機構所規定的最低資本水平。金管局所指定的若干從事財務活動的附屬公司，須遵守金管局要求的資本規定。

資本充足比率及資本基礎組成部分分別於附註(a)及(b)披露。

(i) Management of risks (continued)*(iv) Market risk management*

Details of the Group's market risk management policies and measures have been set out in Note 39(b).

Risk management

The Group uses a value-at-risk ("VaR") measure as a means of controlling the Bank's market risk. The VaR is an estimate, with a defined confidence level, of the potential loss which might arise due to changes in the value of investment portfolios, if positions were held unchanged for one business day. The calculation uses the variance-covariance model as the means to estimate the statistical confidence level. The Bank estimates the VaR of its investment portfolios with a confidence level of 95% and 99%. In addition, stress testing is performed on the portfolios and on a consolidated basis to assess the potential income statement impact as a result of extreme movements in market prices. The 95% and 99% VaR for the Bank's investment portfolio, including Hong Kong Exchange Fund bills, at 31 December 2006 were HK\$5,408,600 (2005: HK\$2,482,036) and HK\$7,649,484 (2005: HK\$3,517,978) respectively. The average VaR at 95% and 99% confidence levels for 2006 were HK\$5,440,616 (2005: HK\$4,985,590) and HK\$7,673,424 (2005: HK\$7,055,532) respectively.

(i) 風險管理 (續)*(iv) 市場風險管理*

本集團之市場風險管理政策及措施之詳情載於附註39(b)。

風險管理

本集團採用風險值「風險值」措施，作為控制本行市場風險的方法。風險值乃一項對潛在虧損數字（其中包括明確的信心水平）的估計。假設持倉量於一個營業日內維持不變，有關潛在虧損可能因投資組合的價值變動而產生。計算方式乃使用方差與協方差模式估計統計數字信心水平。本行預期其投資組合的風險值的信心水平為95%及99%。此外，投資組合須接受壓力測試，並以綜合基準評估因市場價格劇變對收益表的潛在影響。於二零零六年十二月三十一日，本行投資組合（包括香港外匯基金票據）之95%及99%信心水平風險值分別為5,408,600港元（二零零五年：2,482,036港元）及7,649,484港元（二零零五年：3,517,978港元）。二零零六年95%及99%信心水平之平均風險值分別為5,440,616港元（二零零五年：4,985,590港元）及7,673,424港元（二零零五年：7,055,532港元）。

(i) Management of risks (continued)

(iv) Market risk management (continued)

Market risk exposure

The Group adopts a prudent approach to managing its trading portfolios, and reduces any excessive market risk by executing offsetting transactions or hedging contracts with other market counterparties. Market risk ensues once the Group takes positions in markets such as foreign exchange, interest rates, securities and equities. Such positions are driven by execution of customer orders, proprietary trading and hedging.

The Group's maximum market risk exposures are set by the Asset and Liability Committee. Exposures are monitored and reported to the management regularly. The average daily revenue generated from the treasury's trading activities for the year was HK\$102,948 (2005: HK\$92,980) and the standard deviation was HK\$182,557 (2005: HK\$134,910). An analysis of the Group's trading revenue is shown below:

(i) 風險管理(續)

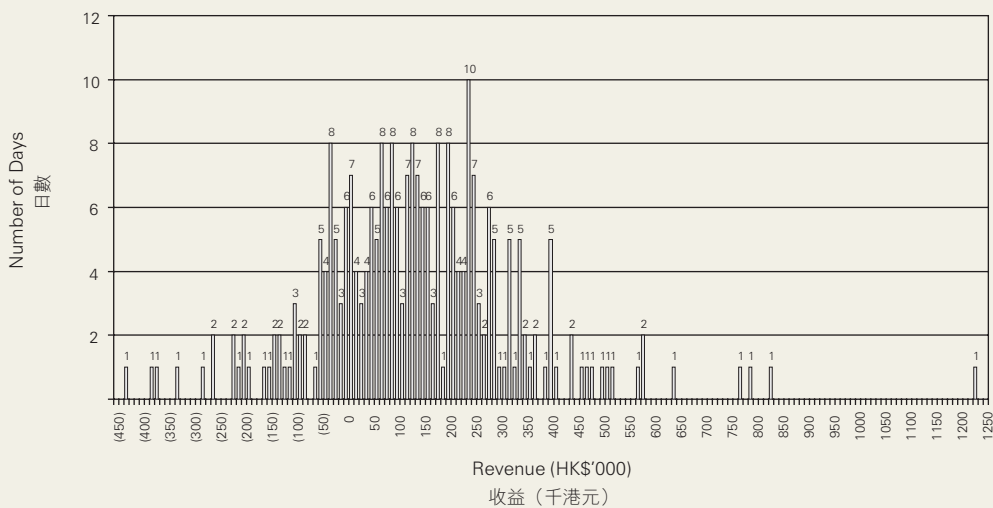
(iv) 市場風險管理(續)

市場風險承擔

本集團採納一套謹慎的方法管理其交易組合，並透過其他市場同業簽訂抵銷交易或對沖合約，以減低任何過度市場風險。若本集團於外匯市場，利率市場或證券及股票市場持倉時便會產生市場風險，而這些皆是因應客戶的交易指示、自營買賣及對沖活動而產生的持倉。

本集團之最高市場風險承擔由資產負債委員會訂定，並定期受到監控及須向管理層匯報。年內由財資交易活動獲得的平均每日收益為102,948港元(二零零五年：92,980港元)，標準偏差為182,557港元(二零零五年：134,910港元)。本集團之交易收益分析如下：

Daily distribution of trading revenue for the year ended 31st December 2006
截至二零零六年十二月三十一日止年度每日交易收益分佈



(i) Management of risks (continued)

(i) 風險管理 (續)

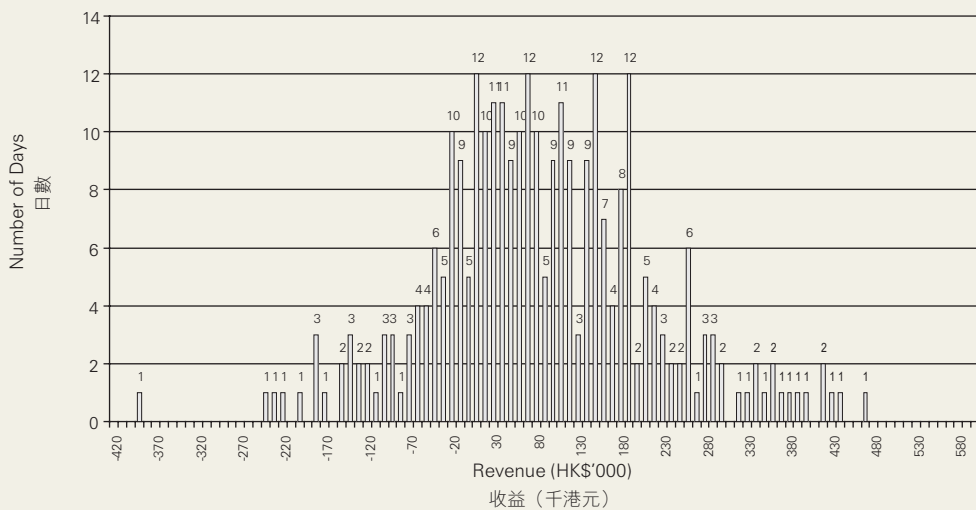
(iv) Market risk management (continued)

(iv) 市場風險管理 (續)

Market risk exposure (continued)

市場風險承擔 (續)

**Daily distribution of trading revenue
for the year ended 31st December 2005**
截至二零零五年十二月三十一日止年度每日交易收益分佈



(i) Management of risks (continued)*(iv) Market risk management (continued)*

Market risk exposure (continued)

This shows a maximum daily loss of HK\$424,567 (2005: HK\$385,948) with 54 days (2005: 67 days) out of 262 days (2005: 296 days) showing losses. The most frequent results were observed in daily revenue falling between HK\$240,000 to HK\$250,000 (2005: HK\$10,000 to HK\$20,000, HK\$70,000 to HK\$80,000, HK\$150,000 to HK\$160,000 and HK\$190,000 to HK\$200,000) with 10 occurrences (2005: 12 occurrences in each range). The highest daily revenue was HK\$1,230,394 (2005: HK\$619,701).

(i) 風險管理 (續)*(iv) 市場風險管理 (續)*

市場風險承擔 (續)

以上圖表顯示於262天(二零零五年: 296天)交易日中, 54天(二零零五年: 67天)錄得虧損, 最高每日虧損424,567港元(二零零五年: 385,948港元)。最常見交易成績為每日收益介乎240,000港元至250,000港元(二零零五年: 10,000港元至20,000港元、70,000港元至80,000港元、150,000港元至160,000港元及190,000港元至200,000港元), 並於每一組別出現10次(二零零五年: 於每一組別出現12次)。最高每日收益為1,230,394港元(二零零五年: 619,701港元)。