

1 ACTIVITIES

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 Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2007 comprise those of the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in an associated company.

(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") 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 "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" and the disclosure requirements of the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority ("HKMA") under section 60A of the Banking Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

(b) New and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs, HKASs and Interpretations that are first effective or available for early adoption for the current accounting period of the Bank and the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, "Financial instruments: Disclosures" and the amendment to HKAS 1, "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 30, "Disclosures in the Financial Statements of Banks and similar financial institutions", and HKAS 32, "Financial Instruments: Disclosure and Presentation". These disclosures are provided throughout these financial statements, in particular in Note 47.

1 業務

富邦銀行(香港)有限公司(「本行」)為一間於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中三十八號。

本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。

2 主要會計政策

截至二零零七年十二月三十一日止年度之綜合財務報告，包括本行及其附屬公司(合稱為「本集團」)及本集團於一間聯營公司之權益之財務報告。

(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個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、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「香港聯合交易所有限公司證券上市規則」的適用披露規定及香港金融管理局(「金管局」)根據《銀行業條例》第60A節頒佈的《銀行業(披露)規則》之披露規定而編製。本集團所採納的主要會計政策概要載於下文。

(b) 新訂及經修訂香港財務報告準則

香港會計師公會已頒佈多項於本行及本集團本會計期間首次生效或可被提早採用之新增及經修訂香港財務報告準則、香港會計準則及詮釋。

並無因此等發展而令本財務報告中就所呈列年度採用之會計政策出現重大變動。然而，因採納香港財務報告準則第7號「金融工具：披露」及香港會計準則第1號「呈列財務報告：資本披露」之修訂，以下提供若干額外披露資料：

由於採納香港財務報告準則第7號，財務報表包括有關本集團金融工具重要性及來自該等工具的性質和風險程度的披露，較過往根據香港會計準則第30號「金融工具：銀行及類似金融機構的財務報表披露」規定及香港會計準則第32號「金融工具：披露及列報」披露的資料詳盡。該等披露於本財務報告內多處提供，尤其附註47。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New and revised HKFRSs (continued)

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Bank's and the Group's objectives, policies and processes for managing capital. These new disclosures are set out in Note 47(e).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new / revised standards or interpretation that is not yet effective for the current accounting period (See Note 52).

(c) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (see Note 2(g)(ii));
- derivative financial instruments (see Note 2(g)); and
- certain of the Group's owned properties (see Note 2(j)).

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.

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 51.

2 主要會計政策 (續)

(b) 新訂及經修訂香港財務報告準則 (續)

香港會計準則第1號(經修訂)提出額外披露規定，須提供有關資本水平與本行及本集團管理資本的目標、政策及程序的資料。該等新披露載於附註47(e)。

香港財務報告準則第7號及香港會計準則第1號(經修訂)均並無對財務報表內確認的金額的分類、確認及計量造成任何重大影響。

本集團並無應用任何於本會計期間尚未生效的新增/經修訂準則或詮釋(見附註52)。

(c) 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，但下列以公平價值列賬的資產及負債(如下文的會計政策所闡釋)除外：

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

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，所得結果構成對目前未能從其他來源得出的資產及負債賬面值所作估計之基準。實際數字或會有別於估計數字。

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之當期確認。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。

管理層應用對財務報告及估計構成重大影響的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風險於附註51中詳述。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment in subsidiaries and minority interest

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

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

Intra-group balances 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.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Bank, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Bank. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Bank.

Where losses applicable to minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Bank's balance sheet, its investment in a subsidiary is stated at cost less impairment losses, if any (see Note 2(m)).

2 主要會計政策(續)

(d) 附屬公司投資及少數股東權益

附屬公司為本集團控制之實體。於集團有能力監管實體之財務及營運政策以從其活動獲益時，即存在控制權。於評估控制權時，會計入可予行使之潛在投票權。

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任何未變現溢利，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與未變現溢利以相同方式抵銷，惟僅限於無證據顯示已出現減值的情況。

少數股東權益指非由本行擁有的權益(不論是直接或透過附屬公司間接地)應佔附屬公司的淨資產部分，而集團未與該權益持有者達成任何附加協議，以使集團整體上對該等權益產生符合金融負債定義的合約義務。少數股東權益在綜合資產負債表內的股東權益列賬，但與本行股東應佔權益分開呈列。本集團業績內呈列的少數股東權益在綜合收益表內列作少數股東權益與本行股東之間就本年度損益之分配。

倘少數股東應佔虧損超過少數股東權益應佔附屬公司之權益，則超出之部分加上少數股東應佔之任何其他進一步虧損乃於本集團之權益中扣除，惟倘少數股東須承擔具約束力之責任及有能力作出進一步投資以彌補虧損則作別論。如果該附屬公司日後錄得溢利，本集團將獲分配所有該等溢利，直至先前由本集團承擔原應由少數股東攤佔之虧損得到彌補為止。

於本行之資產負債表中，其於附屬公司的投資乃按成本值減去減值虧損(如有)列賬(見附註2(m))。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associated companies

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

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.

(f) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associated company over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see Note 2(m)). On disposal of a cash generating unit or an associated company during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) 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, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss and available-for-sale is recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

2 主要會計政策 (續)

(e) 聯營公司

聯營公司為本集團或本行可對其管理(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，而於本集團及本行之資產負債表中按成本值扣除減值虧損列賬。聯營公司之業績以已收及應收的股息於本集團及本行的收益表中列賬。

(f) 商譽

商譽是指企業合併或於聯營公司之投資的成本超過本集團在被收購方的可辨別資產、負債和或有負債的公平價值淨值中所佔份額的部分。

商譽是按成本減去任何累計減值虧損後列賬。商譽會分配至現金產生單位，並且每年接受減值測試(見附註2(m))。於年內出售現金產生單位或聯營公司時，所購入商譽應佔的任何金額均列入出售盈虧的計算中。

(g) 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：通過損益以反映公平價值、貸款和應收賬款、可供出售金融資產和其他金融負債。

金融工具最初按公平價值計量，而公平價值一般將與交易價相同。此外，如金融資產或金融負債不屬於指定為通過損益以反映公平價值訂值納入損益賬時，更需加上購入金融資產或發行金融負債所直接涉及之交易成本。指定為通過損益以反映公平價值的金融資產及金融負債的交易成本，需即時在損益賬支銷。

本集團在成為金融工具合約條文其中一方當日會確認金融資產和金融負債。以定期方式購買或出售之指定為通過損益以反映公平價值及可供出售之金融資產及金融負債使用交易日會計法予以確認。其他金融資產和金融負債按結算日會計法確認。因該等金融資產或金融負債的公平價值變動所產生的任何盈利和虧損由該日起計算。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Financial instruments (continued)***(ii) Categorisation*

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition.

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 are designated at fair value through profit or loss upon initial recognition when:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivatives from the financial instrument is not prohibited.

Financial assets and liabilities under this category are carried at fair value and are not allowed to be reclassified into or out of this category while held or issued. 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 other financial institutions.

2 主要會計政策(續)**(g) 金融工具(續)***(ii) 分類*

通過損益以反映公平價值

此類別包括持作交易用途和初始確認時被指定為通過損益以反映公平價值的金融資產及金融負債。

持作交易用途之金融工具是收購或產生之主要目的為用作交易用途，或屬於一個整體管理的可識別金融工具組合的一部分，並且有證據顯示短期內出售以賺取利潤的交易模式。不符合對沖會計法之交易工具，亦分類為持作交易用途之工具入賬。

於下列情況下，金融工具於初始確認時被指定為通過損益以反映公平價值：

- 資產或負債以公平價值基準作內部管理、評估及匯報；
- 有關的指定可消除或大幅減少會計錯配的發生；
- 資產或負債包含一項嵌入衍生工具，該衍生工具可大幅改變合同規定的現金流量；或
- 嵌入衍生工具可以從金融工具分離。

屬於此類別的金融資產和負債按公平價值入賬且於所持或發行時並不可重新分類入此類別或自此類別中重新分類。公平價值變動計入在發生期的收益表。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

貸款和應收賬款為具固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃即時或於短期內出售而被區分為持作交易用途；(b)於初始確認時已被本集團指定為通過損益以反映公平價值或可供出售；或(c)本集團可能無法收回大部分初始投資而將分類為可供出售資產，但不包括因信用惡化的原因而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。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation (continued)

Loans and receivables (continued)

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (see Note 2(m)). Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the income statement over their expected life.

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 two 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 (see Note 2(m)).

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 impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in the income statement.

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in equity which are released from the revaluation reserve.

Other financial liabilities

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

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the 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 a valuation technique that provide a reliable estimate of the price which could be obtained in an actual market transaction.

2 主要會計政策 (續)

(g) 金融工具 (續)

(ii) 分類 (續)

貸款和應收賬款 (續)

貸款和應收賬款均採用實際利率方法在減去減值虧損(如有)後按攤銷成本列賬(見附註2(m))。現金回贈予住宅按揭貸款予以資本化,並以其預計期限在收益表內作出攤銷。

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有限期之金融資產,但亦可因應流動資金之需要或市場環境變化而出售。在活躍市場沒有市價及其公平價值是不能可靠計算的股本投資工具,及與該等沒有市價的股本工具掛鈎以及必須透過交付該等工具進行交收之衍生工具,均按成本減去減值虧損(如有)列賬(見附註2(m))。

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變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減值虧損及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,出售盈利或虧損包括出售所得淨款項與賬面值的差額,及股本中來自重估儲備之累計公平價值調整。

其他金融負債

除交易賬項下負債及該等被指定為通過損益以反映公平價值之負債外,其他金融負債採用實際利率方法計算攤銷成本入賬。

(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。金融資產按買入現價作價,而金融負債則按賣出現價作價。

如並沒有認可交易所的最新公開成交價或市場報價,經紀/交易商亦無作出非交易所買賣金融工具的報價,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。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(iii) Fair value measurement principles (continued)

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.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is 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 hybrid 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 hybrid 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.

2 主要會計政策(續)

(g) 金融工具(續)

(iii) 計量公平價值之原則(續)

當採用現金流折算計價模式，需依據管理層對日後現金流量之估計，並採用在結算日具相近條款及條件的工具所適用之市場利率作為折算率。當採用其他計價模式時，輸入資料是在結算日的市場數據。

(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法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。

(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，則金融資產及金融負債均予對銷，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混合工具之一部分，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以相近之方式變動。當嵌入式衍生工具符合下列條件時，則需與主合約分開，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) 混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。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Repurchase and reverse repurchase transactions

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

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

(i) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instruments and the hedged items. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. Under HKAS 39 hedge accounting is classified into three categories: (a) fair value hedges; (b) cash flow hedges and (c) net investment hedges. The Group only applies hedge accounting to the fair value hedges of its subordinated notes programme (Note 34) and certain fixed rate bond investments.

The Group discontinues prospectively hedge accounting when (a) the hedging instrument expires or is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

(i) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of the recognised assets and liabilities that will give rise to a gain or loss being recognised in the income statement.

The hedging instruments are measured at fair value, with fair value changes recognised in the income statement. The carrying amounts of the hedged items are adjusted by the amount of the changes in fair value of the hedging instruments attributable to the risk being hedged. These adjustments are recognised in the income statement to offset the effect of gains or losses in the hedging instruments.

2 主要會計政策 (續)

(h) 回購交易和反向回購交易

在售出後某特定時間需以固定價格回購該等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等證券之原來計量原則計量。出售所得款項乃列作負債並列入報告及以攤銷成本列賬。

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。

(i) 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。本集團於對沖交易開始時及於日後繼續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因應指定利率風險所引致之公平價值變動，並將有關評估記錄。根據香港會計準則第39號，對沖會計處理分為三類：(a)公平價值對沖；(b)現金流量對沖及(c)投資淨額對沖。本集團僅對其後償票據計劃(附註34)及若干定息債券的公平價值對沖應用對沖會計處理。

倘(a)對沖工具到期或被出售、終止或行使；(b)對沖不再符合對沖會計處理的準則；或(c)本集團撤回指定，本集團便會分別終止對沖會計處理。

(i) 公平價值對沖

公平價值對沖目的是為抵銷已確認資產及負債的公平價值變動之風險(該等變動將導致須在收益表內確認損益)。

對沖工具按公平價值列賬，其公平價值變動於收益表內確認。對沖項目之賬面數額按所對沖之風險所導致對沖工具公平價值變動之金額作出調整。此等調整在收益表內確認，以抵銷對沖工具所產生之損益之影響。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Hedging (continued)***(ii) Hedge effectiveness testing*

In order to qualify for hedge accounting, the Group carries out prospective effectiveness testing to demonstrate that it expects the hedge to be highly effective at the inception of the hedge and throughout its life. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method which the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For fair value hedge relationships, the Group utilises the cumulative dollar offset method as effectiveness testing methodology. For prospective effectiveness, the hedging instruments must be expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value must offset each other in the range of 80 per cent to 125 percent for the hedge to be deemed effective.

(j) Other property and equipment

The Group's leasehold land and buildings are held under operating leases 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.

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 1991 and 1992.

In preparing these financial statements, advantage has been taken of the transitional provisions in paragraph 80A of 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.

2 主要會計政策(續)**(i) 對沖(續)***(ii) 對沖有效性測試*

為符合對沖會計法，本集團於初始訂立對沖時指定對沖工具，亦於初始訂立對沖時及於其整段年內進行預計有效性評估測試，以證明該項對沖交易能高度有效地發揮預期對沖功能。本集團亦持續地為對沖之實際有效性進行追溯有效性測試。

每項對沖關係均備有詳細文件載列該項對沖有效性之評估方法。本集團就評估對沖的有效性而採用的方法取決於其風險管理策略。

就公平價值對沖關係而言，本集團使用累計價值抵銷法測試有效性。就預計有效性而言，對沖工具必須被預期為在指定對沖期間內能高度有效地抵銷所對沖風險而導致之公平價值變動。就實際有效性而言，公平價值之變動抵銷比率須在百分之八十至百分之一百二十五的範圍內才被視為有效。

(j) 其他物業及設備

本集團之租賃土地及樓宇根據經營租約及持有，在無可靠資料以允許根據租約分開土地和樓宇之組成部分情況下，土地及樓宇根據香港會計師公會頒佈之香港會計準則第16號「物業、廠房及設備」作為物業入賬。

此外，本集團有若干租賃土地及物業已包括在董事編製之估值（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。獲重估之物業於重新估值後按成本包括在內。毋須重估之物業按成本包括在內。當本行於一九九一年和一九九二年贖回「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撥至資本贖回儲備內。

在編製此等財務報告時，本集團已應用香港會計準則第16號第80A段之過渡性條文，其影響為物業於結算日並無被重新估值為公平價值。董事現時無意將來對物業進行重新估值。

倘若該筆後續費用能產生未來經濟收益（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。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Other property and equipment (continued)**

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

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.

(k) Leases and hire purchase contracts*(i) Classification of leased assets*

Leases which transfer substantially all the risks and rewards of ownership to the lessee 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.

(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.

2 主要會計政策 (續)**(j) 其他物業及設備 (續)**

固定資產報廢或出售固定資產的盈虧乃根據有關資產出售所得款項淨額與其賬面數額之差額而釐定，並於報廢或出售當日於收益表內確認。

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，每年以不低於2%折舊。
- 傢俱和設備一般於三至十年之間折舊。

當物業和設備項目之部件有不同使用期限時，每個部件須分開折舊。資產之使用期限及其殘值(如有)均須每年進行複核。

(k) 租約及租購合約*(i) 租賃資產分類*

凡將擁有權之絕大部分風險與回報轉移至出租人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

凡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。具有融資租約特徵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入賬。

(iii) 經營租約

凡本集團根據經營租約擁有所持資產之使用權時，則根據租約作出的付款會在租賃期所涵蓋的會計期間內，以相同的分期款項在收益表扣除；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。租賃協議所涉及的鼓勵措施均在收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收益表扣除。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Repossessed assets

In the recovery of impaired loans and advances, the Group may take repossession of the assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported in "Accrued interest and other accounts" and the relevant loans and advances are derecognised. The Group does not hold the repossessed assets for its own use.

Repossessed assets are recorded at the lower of the amount of the related loans and advances and fair value less costs to sell at the date of exchange. They are not depreciated or amortised.

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

(m) 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. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower;
- Disappearance of an active market for financial assets because of financial difficulties; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to the income statement.

2 主要會計政策(續)

(l) 收回資產

在收回減值貸款及墊款時，本集團可能透過法院訴訟或由借方自願交付財產收回持作抵押之資產。倘預期減值資產將有秩序地變現及本集團不再尋求借方還款時，收回資產在報告內呈列為「應計利息及其他賬目」，而相關貸款及墊款則撤銷確認。本集團並無收回資產作自用。

收回資產按相關貸款及墊款之款額及公平價值減出售成本之較低者於交易日期記錄，且並不折舊或攤銷。

初始分類之減值虧損以及其後之重新計量於收益表內確認。

(m) 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。金融資產減值的客觀證據包括本集團注意到以下一項或多項對可以可靠估計資產的未來現金流量有影響的虧損事項的可觀察數據：

- 發行人或借款人有重大財務困難；
- 違反合約，如拖欠或無法償還利息或本金；
- 借款人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大的改變而對借款人有不利影響；
- 金融資產的活躍市場由於財務困難而消失；及
- 於股本工具之投資大幅下跌或長時間下跌至低於其成本值。

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數額。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivable, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that borrower are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(i) Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for 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 an 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.

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 judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits.

2 主要會計政策 (續)

(m) 資產減值 (續)

因按攤銷成本計量的貸款及應收賬款的可收回性被視為難以預料而並非微乎其微，就其確認的減值虧損不會從相應的資產中直接撤銷。在此情況下，減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款的機會微乎其微，則視為不可收回金額會直接從貸款及應收賬款中撤銷，而在撥備賬中持有有關該債務的任何金額會被撥回。若之前計入撥備賬的款項在其後收回，則相關的撥備會予以撥回。撥備賬的其他變動及其後收回之前直接撤銷的款項均計入收益表。

(i) 貸款和應收賬款

貸款和應收賬款的減值虧損是資產賬面值，與按其原本實際利率（即初始確認該等資產所用之實際利率）折算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。若本集團認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，均需將該金融資產包含於信貸風險特徵相近之組別中作出綜合減值評估。綜合減值評估並不包括已被個別評估為需確認減值或需繼續確認減值之金融資產。

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預期將獲得之款項。在估計該等現金流量時，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。每項減值資產均按照其理據進行評估。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Impairment of assets (continued)***(i) Loans and receivables (continued)*

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 judgement, 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. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

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

Loans and receivables with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

(ii) 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.

2 主要會計政策(續)**(m) 資產減值(續)***(i) 貸款和應收賬款(續)*

於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。為估計所需的撥備，本集團根據過往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減值撥備時準確估計交易對手的未來現金流量及在釐定綜合減值撥備時所採用的標準假設及參數。雖然此須視乎判斷而定，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量的金額及時間與先前估計的有所轉變，而該轉變是可客觀地與撇銷後發生的事件有關連，從而導致貸款和應收賬款之減值撥備亦需改變，該轉變會支銷或計入收益表。所轉回的減值虧損以假定往年若沒有確認減值虧損而原應已釐定的資產賬面值為限。

於再無合理預期可收回貸款時，貸款及相關懸欠利息將會予以撇銷。

具有經重新磋商條件之貸款及應收賬款是指由於借款人的財務狀況惡化而獲重新議定原來不會獲考慮的特別寬鬆償還款條件的貸款。重新磋商的貸款及應收賬款須接受持續監測，以釐定彼等是否仍減值或已逾期。

(ii) 可供出售金融資產

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資產的任何減值虧損。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Available-for-sale financial assets (continued)

For unquoted available-for-sale equity securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the equity securities and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material.

Impairment losses recognised in the income statement in respect of other available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in equity.

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.

(iii) Goodwill and other assets

Goodwill is tested annually by comparing the carrying amount of the relevant cash-generating unit with its recoverable amount.

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or 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.

2 主要會計政策 (續)

(m) 資產減值 (續)

(ii) 可供出售金融資產 (續)

就沒有市價而按成本列賬之可供出售股本證券而言，如折現的影響屬重大，減值虧損是按股本證券的賬面值與按類似金融資產的現行市場回報率折算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虧損不會透過收益表撥回。該等資產其後之任何公平價值增加直接在權益內確認。

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。在該等情況下，減值虧損轉回須在收益表內確認。

(iii) 商譽及其他資產

商譽乃透過比較有關現金產生單位的賬面值與可回收金額按年度基準進行測試。

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先前已確認之減值虧損已不再存在或可能已減少：

- 物業及設備；
- 預付租賃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算至現值。該折現率須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釐定可收回數額。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Impairment of assets (continued)***(iii) Goodwill and 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.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (see Notes 2(m)(i) to (iii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates.

(n) 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.

2 主要會計政策(續)**(m) 資產減值(續)***(iii) 商譽及其他資產(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

就除商譽以外的資產而言，倘若用以釐定可收回數額的估計發生有利的變化，便會將減值虧損轉回。有關商譽之減值虧損不予轉回。

所轉回的減值虧損以假定往年若沒有確認減值虧損而原應已釐定的資產賬面值為限。所轉回的減值虧損在確認轉回的年度計入收益表。

(iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須根據香港會計準則第34號「中期財務報告」就年度首六個月編製中期財務報告。於中期完結時，本集團採用於年度完結時應採用之同一減值測試、確認及撥回條件(見附註2(m)(i)至(iii))。

於中期內就商譽及按成本列賬的可供出售股本證券所確認的減值虧損不可在往後期間撥回。假設在中期相關年度完結時才評估該等減值，即使毋需確認虧損或確認較少虧損，亦不可撥回減值虧損。

(n) 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，而所須承受的價值變動風險甚小，並在購入後三個月內到期。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits

Short term employee benefits include salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement 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.

The Group's obligations in respect of defined benefit retirement scheme are calculated by estimating the amount of future benefits that the Group is committed to pay to the employees after their retirement using actuarial techniques. In calculating the Group's obligations, to the extent that any cumulative unrecognised gains or losses exceed 10% of the present value of the obligation at the balance sheet date, that portion is recognised in the income statement. Otherwise, the gain or loss is not recognised.

(p) 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.

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.

2 主要會計政策 (續)

(o) 僱員福利

短期僱員福利包括薪酬、每年花紅、有薪年假、界定供款退休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，該等數額須按現值列賬。

本集團界定退休福利計劃的責任以精算方式估計本集團對員工承諾支付其未來退休後的福利的金額計算。在計算本集團之責任時，任何累計超過在資產負債表此現行價值10%的未確認損益會在收益表內予以確認，否則該損益不予確認。

(p) 所得稅

本年度之所得稅包括即期稅項以及遞延稅項資產及負債之變動。即期稅項以及遞延稅項資產及負債之變動於收益表確認，惟與直接在權益確認之項目相關者除外，在該情況下，該等變動須在權益內確認。

即期稅項乃預期於本年度就應課稅收入應付之稅項（按於結算日已頒佈或實質頒佈之稅率計算），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。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

除若干有限情況外，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。支持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課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課稅實體有關，並預期在可抵扣暫時差異預計轉回的同一年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課稅暫時差異是否足以支持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課稅實體有關，並是否預期在能使用可抵扣虧損和未利用稅項抵減撥回的同一期間內轉回。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

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.

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.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 主要會計政策(續)

(p) 所得稅(續)

不確認遞延稅項資產和負債的暫時差異產生自以下少數例外情況：不可在稅務方面獲得扣減的商譽、不影響會計或應課稅溢利的資產或負債的初始確認(如屬業務合併的一部分則除外)；以及與投資附屬公司有關的暫時差異(如屬應課稅差異，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該等差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異)。

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，使用於結算日已頒佈或實質頒佈之稅率計算。遞延稅項資產及負債不予折現計算。

於各結算日，遞延稅項資產之賬面值均進行複核，對預期不再有足夠之應課稅溢利以供使用有關遞延稅項則予扣減。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。

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。如本行或本集團可依法行使權利將即期稅項資產抵銷即期稅項負債，並在符合下列其他條件之情況下，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實體徵收所得稅而產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體，在未來每一個預期將清償或收回重大數額之遞延稅項資產及負債的期間，該等實體擬以淨額變現即期稅項資產及清償即期稅項負債或兩者同時進行。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(q) Financial guarantees issued, provisions and contingent liabilities***(i) Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee to customers, the fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income within other liabilities. Where the Bank issues a financial guarantee to its subsidiaries, the fair value of the guarantee is estimated and capitalised as the cost of investment in subsidiaries and deferred income within other liabilities.

The deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other liabilities in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other 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.

2 主要會計政策 (續)**(q) 已發出財務擔保、撥備及或然負債***(i) 已發出財務擔保*

財務擔保乃要求發行人(即擔保人)因特定債務人未能根據債務文據的條款於到期時付款而蒙受的損失，而向擔保的受益人(持有人)支付特定款項以作出償付的合約。

倘本集團向客戶發出財務擔保，該擔保的公平價值(即已收擔保費用)最初確認為其他負債內的遞延收入。倘本行向其附屬公司發出財務擔保，該擔保的公平價值須予估計及轉為附屬公司之投資成本上，遞延收入則撥歸其他負債內。

遞延收入按擔保年期於收益表內攤銷為已發出財務擔保的收入。此外，倘(i)擔保的持有人可能根據擔保向本集團催收款項；及(ii)預期向本集團提出的申索款額高於現時就該擔保列於其他負債項下的數額(即最初確認的金額)，扣除累計攤銷後的撥備，即須按照附註2(q)(ii)確認。

(ii) 其他撥備及或然負債

撥備乃本集團或本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履行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其他負債確認。倘金錢時間價值乃屬重大，撥備則以預計用以履行有關義務之開支現值列賬。

倘可能無須付出經濟效益，或未能可靠估計付出之金額，有關義務則披露為或然負債，除非付出經濟利益之可能性極微。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。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 on an accrual basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (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. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised to the income statement over their expected life.

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.

(ii) Fee and commission income

Fee and commission income arises on financial services provided by the Group including cash management services, brokerage 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.

2 主要會計政策(續)

(r) 收益確認

當經濟利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，收益會按下列方式在收益表確認：

(i) 利息收入

所有計息金融工具之利息收入均採用實際利率法按應計基準於收益表內確認。

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為主體部分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。住宅按揭貸款之現金回贈會予以資本化，並以其預計期限在收益表內攤銷。

指定為通過損益以反映公平價值之金融工具淨收益以及交易淨收益，包括來自該等金融資產及金融負債之公平價值變動(扣除應計票息)之所有盈利及虧損，以及該等金融工具應佔之利息收入及開支以及股息收入。

(ii) 費用及佣金收入

費用及佣金收入乃本集團提供金融服務，包括現金管理服務、證券服務、投資銀行服務、項目及結構性融資交易服務之所得收入。費用及佣金收入於提供相關服務時確認，以彌補向客戶持續提供服務之成本、或為客戶承擔風險，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風險之會計期間確認為收入或作為利息收入入賬。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(r) Revenue recognition (continued)***(ii) Fee and commission income (continued)*

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 earned.

(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.

(s) 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 into Hong Kong dollars 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 exchange rates ruling at the dates the fair value was determined.

2 主要會計政策 (續)**(r) 收益確認 (續)***(ii) 費用及佣金收入 (續)*

本集團已收因增設或購入金融資產而產生之辦理或承擔費用，須作為實際利率之調整遞延及確認。如承擔期滿而本集團毋須作出貸款，該費用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

融資租約之隱含財務收入及租購付款於租約年期確認為利息收入，以令每個會計期間租約尚餘淨投資額的定期回報率大致相同。應收或然租金於賺取之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確立時予以確認。上市投資之股息收入於投資項目之股價為除息時確認。

(s) 外幣換算

本年度內外幣交易以交易日之匯率換算為港元。以外幣結算的貨幣性資產及負債以結算日之匯率換算為港元。所有外幣換算之損益均撥入收益表內處理。

以歷史成本列帳並以外幣定值之非貨幣資產與負債按交易日的匯率換算為港元。以外幣結算及以公平價值列帳的非貨幣資產與負債於釐定公平價值當日按當時匯率換算為港元。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(s) Translation of foreign currencies (continued)**

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 derivative financial instruments, respectively. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising on translation of available-for-sale equity instruments are recognised in reserves.

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 主要會計政策(續)**(s) 外幣換算(續)**

通過損益以反映公平價值計入損益賬之投資及衍生金融工具的匯兌差額分別包括於投資損益及衍生工具淨溢利／(虧損)。其他有關貨幣性資產及負債的匯兌差額則於收益表內呈列為外幣買賣淨盈虧。換算可供出售股本工具之差額確認為儲備。

(t) 關連各方

就此等財務報告而言，被視為與本集團有關連的一方是指：

- (i) 該方有能力直接或間接透過一個或多個中介人控制，或可發揮重大影響本集團的財務及經營決策，或共同控制本集團；
- (ii) 本集團及該方均互相控制；
- (iii) 該方屬本集團的聯營公司；
- (iv) 該方屬本集團或本集團母公司主要管理人員的成員，或屬該人士的近親家庭成員，或受該等人士控制，或共同控制或重大影響的實體；
- (v) 該方屬(i)所指一方的近親家庭成員，或受該等人士控制，或共同控制或重大影響的實體；或
- (vi) 該方屬提供福利予本集團僱員的離職後福利計劃或與屬本集團關連方的任何實體。

個人的近親家庭成員指預料可影響(或受該個人影響)他們與該實體交易的家庭成員。

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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 to the extent that they have not been allocated to specific business segments.

3 BASIS OF CONSOLIDATION

These consolidated financial statements cover the consolidated positions of Fubon Bank (Hong Kong) Limited and all its subsidiaries, unless otherwise stated. For regulatory reporting, the basis of consolidation is set out in notes (A) and (B) in the Unaudited Supplementary Financial Information.

2 主要會計政策(續)

(u) 分項報告

分項乃指本集團可區分之部分，包括從事提供產品或服務(業務分項)或在特定經濟環境(區域分項)內提供產品或服務，而且其風險及回報均有別於其他分項。

根據本集團之內部財務報告系統，本集團就此等財務報告選擇業務分項資料為主要報告形式，而區域分項資料為次選報告形式。

分項收益、開支、業績、資產及負債包括直接劃分入該分項之項目及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程序之部分，惟集團實體間之集團內公司間結餘及交易為單一分項者除外。分項間定價按給予外間人士之類似條款釐定。

分項資本開支指期內因收購預計可使用超過一個期間之分項資產(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、稅項結餘、企業及融資開支(倘彼等未被分配至特定業務分部)。

3 綜合基準

除另有指明外，該等綜合財務報告包括富邦銀行(香港)有限公司及其所有附屬公司的綜合狀況。為監管報告目的，其綜合基準載列於未經審核補充財務資料附註(A)及(B)內。

4 INTEREST INCOME AND EXPENSE

(a) Interest income

Listed investments	上市投資
Other	其他
Interest income on financial assets that are not at fair value through profit or loss	非指定為通過損益以反映公平價值之金融資產之利息收入
Interest income on trading assets	持作交易用途之資產之利息收入
– listed investments	– 上市投資
– unlisted investments	– 非上市投資
Interest income on financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產之利息收入

4 利息收入及支出

(a) 利息收入

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
175,531	174,286
2,573,271	2,259,374
2,748,802	2,433,660
394	112
36,664	53,237
40,195	36,115
2,826,055	2,523,124

(b) Interest expense

Deposits from customers, banks and other financial institutions and certificates of deposit issued	客戶、銀行同業及其他金融機構之存款及已發行存款證
Other borrowings	其他借款
Interest expense on financial liabilities that are not at fair value through profit or loss	非指定為通過損益以反映公平價值之金融負債之利息支出
Interest expense on trading liabilities	交易賬項下負債之利息支出
Interest expense on financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債之利息支出

(b) 利息支出

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,800,309	1,463,567
129,973	267,589
1,930,282	1,731,156
35,909	95,189
6,191	–
1,972,382	1,826,345

5 FEE AND COMMISSION INCOME AND EXPENSE

(a) Fee and commission income

Credit related fees and commissions	信貸相關費用及佣金
Trade finance	貿易融資
Credit card	信用卡
Securities brokerage and investment services	證券經紀及投資服務
Insurance	保險
Unit trust commission	單位信託佣金
Other fees	其他費用
of which:	其中：
Fee and commission income arising from:	費用及佣金收入來自：
– Financial assets or financial liabilities which are not measured at fair value through profit or loss	– 非指定為通過損益以反映公平價值之金融資產或金融負債
– Trust or other fiduciary activities	– 信託及其他受託業務

(b) Fee and commission expense

Handling fees and commissions	手續費及佣金
Other fees paid	其他已付費用
of which:	其中：
Fee and commission expense arising from:	費用及佣金支出來自：
– Financial assets or financial liabilities which are not measured at fair value through profit or loss	– 非指定為通過損益以反映公平價值之金融資產或金融負債

5 費用及佣金收入及支出

(a) 費用及佣金收入

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
14,201	8,825
23,472	17,176
42,153	37,250
107,172	56,553
33,367	16,602
122,059	41,165
20,353	16,673
362,777	194,244
72,921	57,911
1,496	1,521

(b) 費用及佣金支出

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
57,298	37,967
19,711	13,418
77,009	51,385
32,632	19,967

6 OTHER OPERATING INCOME

6 其他營運收入

		The Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Gains less losses from dealing	交易收益減虧損		
- Foreign exchange	- 外匯	26,928	33,809
- Trading securities	- 持作交易用途之證券	2,900	(370)
- Other dealing activities*	- 其他買賣交易*	249,429	170,057
- Short selling activities	- 賣空交易	(1,952)	687
		277,305	204,183
Net hedging income from fair value hedges	公平價值對沖之淨對沖收入		
Net loss on hedged items attributable to the hedged risk	與對沖風險相關之被對沖項目之淨虧損	(41,698)	(11,398)
Net gain on hedging instruments	對沖工具之淨收益	41,698	11,398
		—	—
Revaluation gain / (loss) on other financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值之其他金融工具之重估收益 / (虧損)	42,751	(10,907)
Gains less losses from other financial liabilities	其他金融負債之收益減虧損	(13,221)	(9,895)
Revaluation (loss) / gain on derivative financial instruments	衍生金融工具之重估 (虧損) / 收益	(27,360)	16,326
Dividend income from listed available-for-sale securities	可供出售上市證券之股息收入	6,137	4,593
Dividend income from unlisted available-for-sale securities	可供出售非上市證券之股息收入	19,977	31,013
Rental income	租金收入	281	870
Others	其他	66,567	51,534
		372,437	287,717

* Other dealing activities refers to customer-driven dealing in derivative financial instruments including equity linked notes, options and structured deposit products.

* 其他買賣交易指客戶引致之衍生金融工具買賣，包括股票掛鈎票據、期權及結構性存款產品。

7 OPERATING EXPENSES

7 營運支出

		The Group	
		本集團	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Staff costs	僱員成本		
Contributions to defined contribution scheme	定額供款計劃供款	2,951	1,183
Defined benefit scheme expenses (Note 40(b))	定額福利計劃支出 (附註40(b))	22,163	19,978
Retirement scheme costs	退休計劃成本	25,114	21,161
Salaries and other staff costs	薪金及其他僱員成本	451,322	359,672
		476,436	380,833
Premises and other fixed assets	房地產及其他固定資產		
Rental of premises	房地產租金	45,556	26,655
Depreciation (Note 26)	折舊 (附註26)	59,114	72,026
Others	其他	20,032	16,448
Auditors' remuneration	核數師酬金	2,254	2,113
Other operating expenses	其他營運支出		
Business promotion	業務推廣	55,056	56,759
Legal and professional fees	法律顧問費用	15,096	27,963
Communication	通訊	17,763	13,758
Electronic data processing and computer systems	電子資料處理及電腦系統	75,203	67,731
Others	其他	68,263	52,423
		834,773	716,709

8 DIRECTORS' REMUNERATION

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

8 董事酬金

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				
		Directors' Fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	2007 Total
		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	455	5,302	3,200	265	9,222
Michael CHANG Ming-Yuen	張明遠	455	3,134	2,000	157	5,746
James YIP	葉強華	380	2,276	2,200	210	5,066
Non-Executive Directors		非執行董事				
Ming-Hsing (Richard) TSAI	蔡明興	596	-	-	-	596
Ming-Chung (Daniel) TSAI	蔡明忠	531	-	-	-	531
Victor KUNG	龔天行	530	-	-	-	530
Jesse DING	丁予康	333	-	-	-	333
Independent Non-Executive Directors		獨立非執行董事				
Robert James KENRICK	甘禮傑	666	-	-	-	666
Moses TSANG	曾國泰	426	-	-	-	426
Hung SHIH	石宏	596	-	-	-	596
		4,968	10,712	7,400	632	23,712

8 DIRECTORS' REMUNERATION (continued)

8 董事酬金(續)

		The Group 本集團				2006 Total 二零零六年 總額
		Directors' Fee 董事袍金 HK\$'000 千港元	Salaries, allowances and other benefits 薪金、津貼及其他福利 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Retirement scheme contributions 退休計劃供款 HK\$'000 千港元	HK\$'000 千港元
Executive Directors		執行董事				
Jin-Yi LEE	李晉頤	455	5,148	2,000	224	7,827
Horace FAN Sheung Yam	范上欽	226	1,037	-	95	1,358
Michael CHANG Ming-Yuen	張明遠	305	3,043	1,400	124	4,872
James YIP	葉強華	191	1,156	1,200	102	2,649
Non-Executive Directors		非執行董事				
Ming-Hsing (Richard) TSAI	蔡明興	596	-	-	-	596
Ming-Chung (Daniel) TSAI	蔡明忠	511	-	-	-	511
Victor KUNG	龔天行	530	-	-	-	530
Jesse DING	丁予康	340	-	-	-	340
Independent Non-Executive Directors		獨立非執行董事				
Robert James KENRICK	甘禮傑	646	-	-	-	646
Moses TSANG	曾國泰	406	-	-	-	406
Hung SHIH	石宏	569	-	-	-	569
		4,775	10,384	4,600	545	20,304

During the year, Jin-Yi LEE, Michael CHANG Ming-Yuen, James YIP and Victor KUNG were granted unlisted physically settled options under share option scheme of the Bank's ultimate holding company, Fubon Financial Holding Co., Ltd. for the service rendered to the Group. The share based payment expense for the current year is not material.

於年內，根據本行最終控股公司富邦金融控股股份有限公司的認股權計劃，李晉頤、張明遠、葉強華及龔天行因向本集團提供服務而被授予非上市而實股結算之認股權。本年度以股份形式的付款開支並不重大。

9 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2006: two) are Directors whose emoluments are disclosed in Note 8 above. The aggregate of the emoluments in respect of the other two (2006: three) 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
Bonuses	花紅

The emoluments of the two (2006: three) 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\$3,500,001 – HK\$4,000,000	3,500,001 港元 – 4,000,000 港元

9 薪酬最高人士

本集團薪酬最高之5位人士中，3位(二零零六年：2位)為董事，其薪酬已於上文附註8披露。其餘2位(二零零六年：3位)人士之酬金總額如下：

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3,838	6,110
353	530
2,900	1,656
7,091	8,296

2位(二零零六年：3位)薪酬最高人士之酬金介乎以下範圍：

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
–	3
1	–
1	–

10 IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS

Impairment losses (charged) / released on advances to customers (Note 22)	已(扣除)/撥回之客戶貸款減值虧損(附註22)
– Additions	– 增加
– Releases	– 撥回
Provision for loss from obligation under standby credit facility	備用信貸虧損撥備承擔

10 客戶貸款減值虧損

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
(79,793)	(107,186)
42,180	57,304
–	(15,655)
(37,613)	(65,537)

11 NET GAINS ON DISPOSALS OF AVAILABLE-FOR-SALE SECURITIES

Realisation of revaluation surplus / (deficit) previously recognised in revaluation reserve (<i>Note 37</i>)	過往於重估儲備內確認之重估盈餘／(虧絀)之變現 (<i>附註 37</i>)
Net gains arising in current year	年內淨收益

11 出售可供出售證券之淨收益

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
36,104	(36,250)
96,372	83,132
132,476	46,882

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT**(a) Taxation in the consolidated income statement**

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

12 綜合收益表內的所得稅**(a) 綜合收益表內的稅項**

二零零七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% (二零零六年：17.5%) 計算。

Current tax – Hong Kong Profits Tax Tax for the year (Over) / under-provision in respect of prior years	即期稅項 – 香港利得稅 年內稅項 過往年度(超額準備)／ 準備不足
--	---

Current tax – Overseas Tax Under-provision in respect of prior years	即期稅項 – 海外稅項 過往年度準備不足
--	-------------------------

Deferred tax Origination and reversal of temporary differences (<i>Note 33(b)</i>)	遞延稅項 暫時性差異產生及 撥回 (<i>附註 33(b)</i>)
---	--

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
54,486	66,932
(2,357)	1,390
52,129	68,322
–	1,847
–	1,847
4,050	(5,840)
56,179	64,329

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

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

Profit before taxation	除稅前溢利
Notional tax on profit before taxation, calculated at the applicable rates in Hong Kong	除稅前溢利之估計稅項，按香港適用之應課稅率計算
Tax effect of non-taxable revenue	非應課稅項收入之稅項影響
Tax effect of non-deductible expenses (Over) / under-provision in respect of prior years	非可扣減支出之稅項影響 過往年度(超額準備)/ 準備不足
Actual tax expense	實質稅項支出

12 綜合收益表內的所得稅(續)

(b) 稅項支出與按適用應課稅率計算之會計溢利間之對賬

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
517,067	391,497
90,486	68,512
(36,119)	(10,550)
4,169	3,130
(2,357)	3,237
56,179	64,329

13 DIVIDENDS

(a) Dividends declared and proposed attributable to the financial year

Interim dividend declared and paid of 6 cents (2006: 6 cents) per share	已宣派及派發中期股息 每股6仙(二零零六年： 每股6仙)
Final dividend of 13 cents (2006: 12 cents) per share proposed after the balance sheet date	於結算日後建議派發末期股息 每股13仙 (二零零六年：每股12仙)

13 股息

(a) 已宣派及建議派發本財政年度之股息

The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
70,330	70,330
152,381	140,659
222,711	210,989

The final dividend proposed after the balance sheet date 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。

(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 12 cents (2006: 11 cents) per share	年內通過及派付上一財政年度之末期股息每股12仙 (二零零六年：11仙)
--	--

(b) 年內已通過及派付上一財政年度之股息

The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
140,659	128,938

14 EARNINGS PER SHARE

The earnings per share is calculated on profit attributable to shareholders of HK\$460,998,000 (2006: HK\$327,168,000) and 1,172,160,000 (2006: 1,172,160,000) ordinary shares in issue during the year. There is no convertible loan capital, options or warrants outstanding which would cause a dilution effect on the earnings per share.

15 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders of the Bank includes a profit of HK\$383,207,000 (2006: HK\$252,199,000) which has been dealt with in the financial statements of the Bank.

16 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.

(a) Business segments

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

Retail Banking comprises credit card merchant acquiring, provision of credit card advances, insurance and unit trust wealth management services, 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 centralised 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 realisation of the Group's repossessed properties and properties acquired under lending agreements.

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

14 每股盈利

每股盈利乃按年內股東應佔溢利460,998,000港元(二零零六年: 327,168,000港元)及於年內已發行普通股1,172,160,000股(二零零六年: 1,172,160,000股)計算。本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影響。

15 股東應佔溢利

本行股東應佔綜合溢利包括已計入本行財務報告內之溢利383,207,000港元(二零零六年: 252,199,000港元)。

16 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，業務分項資料被揀選為基本報告形式。

(a) 業務分項

本行及其附屬公司之主要業務為提供銀行及相關之金融服務。

零售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財富管理服務、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金融業務。中小企業業務包括私人及企業設備借貸、中小企業商業借貸、汽車及其他消費租賃合約及借貸業務。企業金融業務涵蓋貿易融資、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，按管理層的投資策略在貨幣市場進行投資與之本集團的整體資金管理。

房地產業務包括管理及有秩序地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、樓宇及物業管理以及其他未能合理分配到特定業務類別的活動。

16 SEGMENT REPORTING (continued)

16 分項資料(續)

(a) Business segments (continued)

(a) 業務分項(續)

		The Group 本集團						
		Retail Banking 零售銀行	Wholesale Banking 批發銀行	Financial Markets 金融市場	Real Estate 房地產	Unallocated 未分類業務	Inter-segment elimination 跨業務轉賬	Consolidated 總額
2007	二零零七年	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	HK\$'000 千港元
Interest income from external customers	源自外界客戶利息收入	629,446	1,059,327	1,127,351	-	9,931		2,826,055
Interest expense to external customers	給予外界客戶利息支出	(1,025,126)	(366,945)	(574,621)	-	(5,690)		(1,972,382)
Inter-segment income	跨業務收入	692,567	-	-	-	-	(692,567)	-
Inter-segment expense	跨業務支出	-	(308,756)	(377,976)	(2,157)	(3,678)	692,567	-
Net interest income	淨利息收入	296,887	383,626	174,754	(2,157)	563		853,673
Other operating income from external customers	源自外界客戶其他營運溢利	395,595	111,032	130,305	(468)	8,349		644,813
Inter-segment revenue	跨業務溢利	-	-	-	-	43,991	(43,991)	-
Fee and commission expense	費用及佣金支出	(46,374)	(4,402)	(23,524)	-	(2,709)		(77,009)
Other operating income	其他營運收入	349,221	106,630	106,781	(468)	49,631		567,804
Operating income	營運收入	646,108	490,256	281,535	(2,625)	50,194		1,421,477
Operating expenses	營運支出	(367,173)	(136,174)	(133,278)	(1,501)	(196,647)		(834,773)
Inter-segment expenses	跨業務支出	(33,333)	(5,825)	(4,705)	(128)	-	43,991	-
Operating profit / (loss) before gains and provisions	未計收益及撥備前經營溢利/(虧損)	245,602	348,257	143,552	(4,254)	(146,453)		586,704
Write back / (charge) for collective impairment allowance	綜合減值撥備之撥回/(扣除)	3,233	(3,979)	19	-	5		(722)
Write back / (charge) for individual impairment allowance	個別減值撥備之撥回/(扣除)	(22,818)	(35,113)	-	-	-		(57,931)
Recovery of loans previously written off	收回已被撇賬之貸款	12,443	6,871	-	1,726	-		21,040
Impairment loss on available-for-sale securities	可供出售證券之減值虧損	-	-	(162,433)	-	-		(162,433)
Impairment loss on investments in associated company	於聯營公司之投資之減值虧損	-	-	-	-	(8,255)		(8,255)
Impairment loss on acquired assets	所得資產之減值虧損	-	-	-	3,301	-		3,301
Gains less losses from disposal of available-for-sale assets	出售可供出售資產之收益減虧損	-	-	103,108	-	29,368		132,476
Gains less losses from disposal of fixed assets	出售固定資產之收益減虧損	-	-	-	-	2,887		2,887
Profit / (loss) before taxation	除稅前溢利/(虧損)	238,460	316,036	84,246	773	(122,448)		517,067
Income tax	所得稅	-	-	-	-	(56,179)		(56,179)
Minority interest	少數股東權益	-	-	-	-	110		110
Profit / (loss) attributable to shareholders	股東應佔溢利/(虧損)	238,460	316,036	84,246	773	(178,517)		460,998
Operating expenses – depreciation	營運支出 – 折舊	(15,300)	(1,428)	(6,534)	-	(35,852)		(59,114)
Segment assets	業務資產	12,071,255	19,802,548	27,454,458	57,378	1,237,240		60,622,879
Segment liabilities	業務負債	29,505,347	12,161,146	14,450,889	-	384,033		56,501,415
Capital expenditure incurred during the year	年度內資本開支	19,302	31,665	43,757	-	-		94,724

16 SEGMENT REPORTING (continued)

16 分項資料(續)

(a) Business segments (continued)

(a) 業務分項(續)

		The Group 本集團					Inter-segment elimination 跨業務轉賬	Consolidated 總額
		Retail Banking 零售銀行	Wholesale Banking 批發銀行	Financial Markets 金融市場	Real Estate 房地產	Unallocated 未分類業務		
2006	二零零六年	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	HK\$'000 千港元
Interest income from external customers	源自外界客戶利息收入	635,407	774,454	1,106,061	-	7,202		2,523,124
Interest expense to external customers	給予外界客戶利息支出	(952,143)	(220,801)	(645,631)	-	(7,770)		(1,826,345)
Inter-segment income	跨業務收入	559,653	-	-	-	3,486	(563,139)	-
Inter-segment expense	跨業務支出	-	(274,861)	(285,256)	(3,022)	-	563,139	-
Net interest income	淨利息收入	242,917	278,792	175,174	(3,022)	2,918		696,779
Other operating income from external customers	源自外界客戶其他營運盈利	238,211	62,046	177,782	(149)	4,071		481,961
Inter-segment revenue	跨業務溢利	-	-	-	-	39,971	(39,971)	-
Fee and commission expense	費用及佣金支出	(28,818)	(2,925)	(19,038)	-	(604)		(51,385)
Other operating income	其他營運收入	209,393	59,121	158,744	(149)	43,438		430,576
Operating income	營運收入	452,310	337,913	333,918	(3,171)	46,356		1,127,355
Operating expenses	營運支出	(336,141)	(121,394)	(105,127)	(1,740)	(152,307)		(716,709)
Inter-segment expenses	跨業務支出	(33,501)	(3,970)	(2,342)	(158)	-	39,971	-
Operating profit / (loss) before gains and provisions	未計收益及撥備前經營溢利/(虧損)	82,668	212,549	226,449	(5,069)	(105,951)		410,646
Write back / (charge) for collective impairment allowance	綜合減值撥備之撥回/(扣除)	13,297	(18,610)	-	-	24		(5,289)
Charges less releases for individual impairment losses	個別減值虧損減撥回	(23,001)	(59,566)	-	-	-		(82,567)
Recovery of loans previously written off	收回已被撇賬之貸款	14,989	7,191	-	139	-		22,319
Impairment loss on available-for-sale securities	可供出售證券之減值虧損	-	-	-	-	-		-
Impairment loss on investments in associated company	於聯營公司之投資之減值虧損	-	-	-	-	-		-
Impairment loss on acquired assets	所得資產之減值虧損	-	-	-	(490)	(26)		(516)
Gains from disposal of available-for-sale securities	出售可供出售證券之收益	-	-	46,882	-	-		46,882
Gains less losses from disposal of fixed assets	出售固定資產之收益減虧損	-	-	-	-	22		22
Profit / (loss) before taxation	除稅前溢利/(虧損)	87,953	141,564	273,331	(5,420)	(105,931)		391,497
Income tax	所得稅	-	-	-	-	(64,329)		(64,329)
Minority interest	少數股東權益	-	-	-	-	-		-
Profit / (loss) attributable to shareholders	股東應佔溢利/(虧損)	87,953	141,564	273,331	(5,420)	(170,260)		327,168
Operating expenses – depreciation	營運支出一折舊	(19,028)	(1,937)	(6,247)	-	(44,814)		(72,026)
Segment assets	業務資產	12,472,653	14,308,670	25,593,804	65,280	906,469		53,346,876
Segment liabilities	業務負債	27,003,438	8,028,698	13,938,314	-	397,396		49,367,846
Capital expenditure incurred during the year	年度內資本開支	9,645	11,065	19,792	-	-		40,502

16 SEGMENT REPORTING (continued)**(b) 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 2006 and 2007, 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. No single country or geographic segment other than Hong Kong contributes 10% or more of the Group's assets, liabilities, profit or loss before taxation, total operating income or contingent liabilities and commitments.

17 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	銀行同業之結餘
Money at call and short notice *	通知及短期存款 *

16 分項資料(續)**(b) 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行分行位置、客戶位置及資產位置予以披露。截至二零零六年及二零零七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行分行及附屬公司入賬之資產所產生。本集團沒有在香港以外的單一國家或地區佔有10%或以上的資產、負債、除稅前溢利或虧損、總營運收入或或然負債及承擔。

17 現金及短期資金

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
94,286	87,444	94,276	87,436
208,275	–	208,275	–
344,359	207,841	343,677	207,357
6,377,681	7,523,386	6,377,681	7,523,386
7,024,601	7,818,671	7,023,909	7,818,179

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

* 通知及短期存款指由結算日起計最長一個月到期之存款。

18 PLACEMENTS WITH BANKS MATURING BETWEEN ONE AND TWELVE MONTHS

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 year or less but over 3 months	– 一年或以下惟三個月以上

18 一至十二個月到期之銀行同業放款

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
584,992	1,023,029
155,998	661,172
740,990	1,684,201

19 TRADING SECURITIES

19 持作交易用途之證券

	The Group 本集團		The Bank 本行	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<i>Trading securities at fair value</i>	<i>持作交易用途之證券公平價值</i>			
Treasury bills (including Exchange Fund Bills), unlisted	14,981	455,568	14,981	455,568
Debt securities	<i>債務證券</i>			
– Listed in Hong Kong	5,266	2,548	5,266	2,548
– Unlisted	11,948	10,914	11,948	10,914
Equity securities	<i>股份證券</i>			
– Listed in Hong Kong	349	–	–	–
Total	32,544	469,030	32,195	469,030
<i>The trading securities are issued by:</i>	<i>持作交易用途之證券由以下機構發行：</i>			
– Central government and central banks	17,378	456,710	17,378	456,710
– Public sector entities	14,817	12,320	14,817	12,320
– Banks	66	–	–	–
– Corporate entities	283	–	–	–
	32,544	469,030	32,195	469,030

20 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

20 指定為通過損益以反映公平價值之金融資產

	The Group and the Bank 本集團及本行	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
<i>Debt securities at fair value</i>	<i>按公平價值訂值按公平價值訂值之債務證券</i>	
– Listed in Hong Kong	486,932	484,068
– Listed outside Hong Kong	392,023	74,723
Total	878,955	558,791
<i>The other financial instruments designated at fair value through profit or loss are issued by:</i>	<i>指定為通過損益以反映公平價值之其他金融工具</i>	
– Public sector entities	481,735	478,405
– Other financial institutions	315,350	–
– Corporate entities	81,870	80,386
	878,955	558,791

21 DERIVATIVE FINANCIAL INSTRUMENTS

The use of derivatives for proprietary trading and their sale 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. The Group also participates in exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to hedge these and other trading positions. For accounting purposes, derivatives are classified as either held for trading or held for hedging.

(a) Notional amounts of derivatives

These derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date and do not represent amounts at risk. The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group:

21 衍生金融工具

在自營交易中使用衍生工具及向客戶出售衍生工具以作為風險管理產品為本集團其中一項業務。該等工具亦用以管理本集團所承受的市場風險，作為其資產負債管理的程序一部分。本集團所採用的衍生工具主要為利率及外匯相關合約，該等合約主要為場外衍生工具。本集團亦參與交易所買賣衍生工具。本集團大部分的衍生工具持倉均為配合客戶需求以及為對沖該等和其他交易倉盤而訂立。就會計目的而言，衍生工具被分類為持作交易或持作對沖類別。

(a) 衍生工具之名義金額

此等衍生工具指價值視乎一項或多項掛鈎資產或指數之價值而定之金融合約。此等工具之名義金額顯示於結算日未平倉之交易量，而並非代表風險金額。以下為本集團訂立之各主要類型衍生工具之名義金額之概要：

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

21 衍生金融工具(續)

(a) 衍生工具之名義金額(續)

		The Group and the Bank 本集團及本行			
		2007 二零零七年			
		Managed in conjunction with financial instruments designated at fair value through profit or loss 就指定為透過損益 以反映公平價值 之金融工具 而進行管理	Others, including held for trading 其他，包括 持作交易用途	Total 總額	
		Qualifying for hedge accounting 合資格採用 對沖會計法 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具				
- Forwards	- 遠期	-	-	7,641,398	7,641,398
- Swaps	- 掉期	-	-	56,693,546	56,693,546
- Options purchased	- 購入期權	-	-	16,242,010	16,242,010
- Options written	- 沽出期權	-	-	16,241,669	16,241,669
		-	-	96,818,623	96,818,623
Interest rate derivatives	利率衍生工具				
- Swaps	- 掉期	1,793,977	857,989	17,323,252	19,975,218
- Options purchased	- 購入期權	-	-	302,200	302,200
- Options written	- 沽出期權	-	-	200,000	200,000
		1,793,977	857,989	17,825,452	20,477,418
Equity derivatives	股票衍生工具				
- Swaps	- 掉期	-	-	861,691	861,691
- Options purchased	- 購入期權	-	-	125,099	125,099
- Options written	- 沽出期權	-	-	125,099	125,099
- Other equity derivatives	- 其他股票衍生工具	-	-	3,179,754	3,179,754
		-	-	4,291,643	4,291,643
Other derivatives	其他衍生工具	-	-	84,492	84,492
Total	總額	1,793,977	857,989	119,020,210	121,672,176

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

		The Group and the Bank 本集團及本行			
		2006 二零零六年			
		Managed in conjunction with financial instruments designated at fair value through profit or loss 就指定為通過損益 以反映公平價值 之金融工具 而進行管理	Others, including held for trading 其他，包括 持作交易用途	Total 總額	
		Qualifying for hedge accounting 合資格採用 對沖會計法 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具				
- Forwards	- 遠期	-	-	2,616,621	2,616,621
- Swaps	- 掉期	-	-	11,527,646	11,527,646
- Options purchased	- 購入期權	-	-	11,881,004	11,881,004
- Options written	- 沽出期權	-	-	11,880,492	11,880,492
		-	-	37,905,763	37,905,763
Interest rate derivatives	利率衍生工具				
- Swaps	- 掉期	1,866,840	544,495	12,112,376	14,523,711
- Options purchased	- 購入期權	-	-	492,650	492,650
- Options written	- 沽出期權	-	-	300,000	300,000
		1,866,840	544,495	12,905,026	15,316,361
Equity derivatives	股票衍生工具				
- Swaps	- 掉期	-	-	462,882	462,882
- Options purchased	- 購入期權	-	-	88,507	88,507
- Options written	- 沽出期權	-	-	88,507	88,507
- Other equity derivatives	- 其他股票衍生工具	-	-	38,912	38,912
		-	-	678,808	678,808
Other derivatives	其他衍生工具	-	-	78,346	78,346
Total	總額	1,866,840	544,495	51,567,943	53,979,278

The above amounts are shown on a gross basis as none of these contracts are subject to any bilateral netting arrangements, and include all embedded derivatives.

Derivatives used for hedging represent hedging instruments designated as hedges under HKAS 39.

上述金額以總額顯示，因該等合約概無任何雙邊淨額結算安排之影響，但已包括所有嵌入式衍生工具。

用作對沖之衍生工具指根據香港會計準則第39號指定作為對沖之對沖工具。

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Fair values and credit risk weighted amounts of derivatives

Credit risk-weighted amount as at 31 December 2007 refers to the amount as computed in accordance with the Banking (Capital) Rules of the Banking Ordinance and credit risk-weighted amount as at 31 December 2006 refers to amount computed in accordance with the Third Schedule of the Banking Ordinance. The amount depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 150%. Embedded derivatives are not included for calculation of credit risk-weighted amount.

The amounts below are shown on a gross basis without taking into account the effect of bilateral netting arrangements.

21 衍生金融工具(續)

(b) 衍生工具之公平價值及信貸風險加權金額

於二零零七年十二月三十一日之信貸風險加權金額指根據《銀行業條例》下之《銀行業(資本)規則》計算之金額，而於二零零六年十二月三十一日之信貸風險加權金額指根據《銀行條例》附表三計算之金額。此等金額須視乎交易對手之現況及到期期限特點而定。所採用之信貸風險加權比率介乎0%至150%，而嵌入式衍生工具並未計入信貸風險加權金額。

以下金額以總額顯示，並無計及雙邊淨額結算安排之影響。

		The Group and the Bank 本集團及本行					
		2007 二零零七年			2006 二零零六年		
		Fair value assets 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元	Fair value assets 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具						
- Forwards	- 遠期	212,784	53,636	68,956	122,251	1,052	17,239
- Swaps	- 掉期	238,281	175,839	170,514	69,815	82,611	31,623
- Options purchased	- 購入期權	81,767	-	221,205	69,302	-	91,529
- Options written	- 沽出期權	-	81,768	-	-	69,252	-
		532,832	311,243	460,675	261,368	152,915	140,391
Interest rate derivatives	利率衍生工具						
- Swaps	- 掉期	244,789	219,135	165,354	256,564	252,913	58,451
- Options purchased	- 購入期權	530	-	30	3,505	-	1,519
- Options written	- 沽出期權	-	149	-	-	2,801	-
		245,319	219,284	165,384	260,069	255,714	59,970
Equity derivatives	股票衍生工具						
- Swaps	- 掉期	38,792	38,792	18,510	14,461	14,461	3,535
- Options purchased	- 購入期權	2,306	-	2,079	1,785	-	-
- Options written	- 沽出期權	-	2,307	-	-	1,785	-
- Other equity derivatives	- 其他股票衍生工具	134,328	134,328	251,353	172	172	-
		175,426	175,427	271,942	16,418	16,418	3,535
Other derivatives	其他衍生工具	2,327	98,786	5,535	-	-	783
Total	總額	955,904	804,740	903,536	537,855	425,047	204,679

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**(c) Fair values of derivatives designated as hedging instruments***Fair value hedges*

Fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of the Bank's subordinated notes issued and certain fixed-rate bond investments due to movements in market interest rates.

The following is a summary of the fair values of derivatives held for hedging purposes by product type entered into by the Group and the Bank:

21 衍生金融工具(續)**(c) 指定作為對沖工具之衍生工具之公平價值***公平價值對沖*

公平價值對沖包括用作保障本行之已發行後償票據及若干定息債券投資因市場利率變動而出現變化的利率掉期。

本集團及本行訂立之持作對沖目的之衍生工具之公平價值，按產品類型摘要如下：

		The Group and the Bank 本集團及本行			
		2007 二零零七年		2006 二零零六年	
		Fair value assets 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Fair value assets 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元
Interest rate derivatives	利率衍生工具	62,672	8,343	14,456	3,057

(d) Remaining life of derivatives 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.

(d) 衍生工具之剩餘期限

下表為本集團及本行之衍生工具名義金額，按於結算日時直至交收剩餘期限劃分之到期組別。

		The Group and the Bank 本集團及本行			
		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
2007	二零零七年	Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具	96,818,623	92,351,568	4,467,055	-
Interest rate derivatives	利率衍生工具	20,477,418	7,591,850	11,454,090	1,431,478
Equity derivatives	股票衍生工具	4,291,643	3,614,351	677,292	-
Other derivatives	其他衍生工具	84,492	84,492	-	-

21 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**21 衍生金融工具 (續)****(d) Remaining life of derivatives instruments (continued)****(d) 衍生工具之剩餘期限 (續)**

		The Group and the Bank 本集團及本行			
		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
2006	二零零六年	Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具	37,905,763	34,705,725	3,200,038	–
Interest rate derivatives	利率衍生工具	15,316,361	2,831,384	11,648,011	836,966
Equity derivatives	股票衍生工具	678,808	299,946	378,862	–
Other derivatives	其他衍生工具	78,346	78,346	–	–

22 ADVANCES TO CUSTOMERS LESS IMPAIRMENT**22 客戶貸款減減值****(a) Advances to customers less impairment:****(a) 客戶貸款減減值：**

		The Group 本集團		The Bank 本行	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Gross advances to customers	客戶貸款總額	31,633,012	25,914,351	26,933,980	22,537,950
Less: Impairment allowances	減：減值撥備				
– Collective impairment allowance	– 綜合減值撥備	(82,126)	(81,404)	(55,134)	(62,601)
– Individual impairment allowance	– 個別減值撥備	(72,082)	(81,787)	(43,001)	(49,575)
		31,478,804	25,751,160	26,835,845	22,425,774

22 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

22 客戶貸款減減值(續)

(c) Advances to customers analysed by industry sector

(c) 按行業分類的客戶貸款

The following economic sector analysis of gross advances to customers is based on the categories and definitions used by the HKMA.

以下客戶貸款總額之經濟行業分析乃根據金管局使用的組別及定義。

As at 31 December

於十二月三十一日

		The Group 本集團		The Bank 本行	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 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	59,453	29,392	59,453	28,866
- Property investment	- 物業投資	5,874,005	4,900,296	5,863,087	4,883,717
- Financial concerns	- 金融企業	678,349	484,250	677,982	484,145
- Stockbrokers	- 股票經紀	144,323	157,371	144,323	157,371
- Wholesale and retail trade	- 批發及零售業	221,630	202,404	210,556	187,771
- Manufacturing	- 製造業	1,634,110	1,059,535	1,433,723	830,368
- Transport and transport equipment	- 運輸及運輸設備	699,036	756,247	42,312	99,864
- Information technology	- 資訊科技	14,395	61,663	12,518	61,302
- Others	- 其他	2,649,604	3,185,770	2,362,483	2,943,683
Individuals	個人				
- Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	- 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款	7,300	3,275	7,300	3,275
- Loans for the purchase of other residential properties	- 購買其他住宅物業的貸款	7,272,919	6,946,882	7,257,397	6,931,526
- Credit card advances	- 信用卡貸款	533,187	504,157	533,187	504,157
- Others	- 其他	894,852	1,299,707	740,311	1,169,256
Trade finance	貿易融資	20,683,163	19,590,949	19,344,632	18,285,301
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額	2,169,800	943,406	2,169,800	943,406
		8,780,049	5,379,996	5,419,548	3,309,243
Gross advances to customers	客戶貸款總額	31,633,012	25,914,351	26,933,980	22,537,950

22 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

22 客戶貸款減減值(續)

(d) Impaired advances to customers

(d) 客戶減值貸款

		The Group 本集團			
		2007 二零零七年		2006 二零零六年	
		HK\$'000 千港元	i% i百分比	HK\$'000 千港元	i% i百分比
Gross impaired advances	減值貸款總額	172,403	0.55	239,884	0.93
Individual impairment allowances made against impaired loans	就減值貸款作出的個別減值撥備	(72,082)		(81,787)	
		100,321		158,097	
Amount of collateral held in respect of impaired loans ⁱⁱ	就減值貸款持有的抵押品金額 ⁱⁱ	108,530		131,362	

		The Bank 本行			
		2007 二零零七年		2006 二零零六年	
		HK\$'000 千港元	i% i百分比	HK\$'000 千港元	i% i百分比
Gross impaired advances	減值貸款總額	105,113	0.39	179,645	0.80
Individual impairment allowances made against impaired loans	就減值貸款作出的個別減值撥備	(43,001)		(49,575)	
		62,112		130,070	
Amount of collateral held in respect of impaired loans ⁱⁱ	就減值貸款持有的抵押品金額 ⁱⁱ	74,519		106,413	

i. As a percentage of gross advances to customers.

i. 佔客戶貸款總額之百分比。

ii. The collateral mainly comprised of mortgage interest over residential properties, debt securities and cash deposits with the Group. Including expected recovery of HK\$16.4 million (2006: HK\$73.5 million) from companies in liquidation.

ii. 該等抵押品主要包括居住物業之按揭利益、債務證券以及存放於本集團之現金存款。包括清盤中公司之預期可回收金額16,400,000港元(二零零六年: 73,500,000港元)。

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

減值貸款是按個別基準在具備客觀的減值證據下而須個別評估的貸款。

22 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

22 客戶貸款減減值(續)

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

(e) 融資租賃及租購合約之投資淨額

Advances to customers includes the net investment in motor 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:

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的投資淨額。合約一般初步為期三至五年，附帶按賬面值購買所租用資產之選擇權。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 本行	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
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	3,095,811	1,728,677	448,426	495,201
- after 1 year but within 5 years	—一年以後惟五年以內	2,406,166	3,145,963	145,633	856,377
- after 5 years	—五年以後	305,709	406,454	—	—
		5,807,686	5,281,094	594,059	1,351,578
Interest income relating to future periods	與未來期間有關 之利息收入	(588,179)	(745,333)	(36,476)	(157,484)
Present value of the minimum lease payment receivable	應收最低租賃還款 之現值	5,219,507	4,535,761	557,583	1,194,094
Collective impairment allowance	綜合減值撥備	(30,273)	(25,400)	(3,234)	(6,687)
Individual impairment allowance	個別減值撥備	(48,236)	(45,561)	(19,155)	(13,349)
Net investment in finance leases and hire purchase contracts	融資租賃及租購合約之 投資淨額	5,140,998	4,464,800	535,194	1,174,058

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

減值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 本行	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within 1 year	一年以內	2,765,976	1,410,133	417,786	402,269
After 1 year but within 5 years	一年以後惟五年以內	2,226,139	2,846,434	139,797	791,825
After 5 years	五年以後	227,392	279,194	—	—
		5,219,507	4,535,761	557,583	1,194,094

23 AVAILABLE-FOR-SALE SECURITIES

23 可供出售證券

		The Group 本集團		The Bank 本行	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 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	- 於香港上市	2,868,782	3,536,368	2,868,782	3,536,368
- Listed outside Hong Kong	- 於香港以外上市	3,626,868	477,808	3,626,868	477,808
		6,495,650	4,014,176	6,495,650	4,014,176
Unlisted debt securities at fair value	非上市債務證券之公平價值				
- Treasury bills (including Exchange Fund Bills)	- 國庫券(包括外匯基金票據)	4,863,805	4,827,763	4,863,805	4,827,763
- Certificates of deposit	- 存款證	268,901	86,741	268,901	86,741
- Other debt securities	- 其他債務證券	5,224,503	5,134,353	5,224,503	5,134,353
		10,357,209	10,048,857	10,357,209	10,048,857
Total debt securities	債務證券總值	16,852,859	14,063,033	16,852,859	14,063,033
Equity shares at fair value	股票之公平價值				
- Listed in Hong Kong	- 於香港上市	138,442	68,173	138,442	68,102
- Unlisted	- 非上市	239,140	125,948	239,140	125,948
		377,582	194,121	377,582	194,050
Total available-for-sale securities	可供出售證券總值	17,230,441	14,257,154	17,230,441	14,257,083
<i>The available-for-sale securities are issued by:</i>	<i>可供出售證券由以下機構發行：</i>				
Central governments and central banks	中央政府及中央銀行	7,633,735	8,001,169	7,633,735	8,001,169
Public sector entities	公營機構	84,991	153,000	84,991	153,000
Banks	銀行	7,866,010	4,892,537	7,866,010	4,892,515
Other financial institutions	其他金融機構	729,669	76,585	729,669	76,585
Corporate entities	企業實體	916,036	1,133,863	916,036	1,133,814
		17,230,441	14,257,154	17,230,441	14,257,083

Included in "Other debt securities" as at 31 December 2007 were investments in structured investment vehicles ("SIVs") with a fair value of HK\$110.6 million which were individually determined to be impaired as a result of difficulties in raising senior funding. Impairment losses on these investments of HK\$162.4 million have been recognised in the income statement in accordance with the accounting policy set out in note 2(m). As detailed in Note 48 one of the investments has been restructured subsequent to the balance sheet date.

於二零零七年十二月三十一日，列賬於「其他債務證券」包括公平值為110,600,000港元之結構性投資工具，本行已因該等結構性投資工具難以籌集高級融資而將該等投資工具個別釐定為減值。該等投資的減值虧損162,400,000港元已根據載於附註2(m)的會計政策於收益表內確認。如附註48所述，該等投資之其中一項已於結算日後重組。

23 AVAILABLE-FOR-SALE SECURITIES (continued)

In addition, the Bank had investments in collateralised debt obligations (“CDOs”) with a nominal value of USD30 million which is included in “Other debt securities” as at 31 December 2007. The embedded derivatives are bifurcated and marked to market with a revaluation loss of HK\$90.4 million charged to the income statement.

24 INVESTMENTS 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% (2006: 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.

25 INVESTMENTS IN SUBSIDIARIES

Unlisted shares, at cost	非上市股份，按成本值
--------------------------	------------

23 可供出售證券(續)

此外，本行擁有面值為30,000,000美元之債務抵押證券，並已計入二零零七年十二月三十一日之「其他債務證券」。其中嵌入式衍生工具與主合約分開並分類為衍生金融工具列帳，並按重估虧損90,400,000港元(已於損益表內扣除)計至市值。

24 聯營公司投資

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
5,761	5,761
10,590	8,882
(5,761)	(5,761)
(10,590)	(2,335)
–	6,547

本行擁有在菲律賓註冊成立之IBA Finance Corporation之40%(二零零六年：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法計入於該聯營公司之投資。

25 附屬公司投資

The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
144,863	118,751

25 INVESTMENTS IN SUBSIDIARIES (continued)

All principal subsidiaries, which principally affected the results, assets or liabilities of the Group, are directly owned by the Bank. Details of principal subsidiaries as of 31 December 2007 are as follows:

25 附屬公司投資(續)

主要影響本集團業績、資產或負債之全部主要附屬公司均由本行直接擁有。關於各主要附屬公司於二零零七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 年度淨溢利	Principal activities 主要業務
Incorporated and operating in Hong Kong		於香港註冊成立及運作			
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% 100%	HK\$109,693,000 109,693,000 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% 100%	HK\$187,000 187,000 港元	Trustee services 信託服務
FB Securities (Hong Kong) Limited	富銀證券(香港)有限公司	HK\$8,000,000 8,000,000 港元	100% 100%	HK\$81,008,000 81,008,000 港元	Securities broking 證券經紀
FB Investment Management Limited	富銀投資管理有限公司	HK\$8,000,000 8,000,000 港元	100% 100%	HK\$1,297,000 1,297,000 港元	Fund management 資金管理
Fubon Nominees (Hong Kong) Limited	Fubon Nominees (Hong Kong) Limited	HK\$200 200 港元	100% 100%	HK\$11,000 11,000 港元	Nominees service 代理人服務
Incorporated and operating in Vanuatu		於瓦魯圖註冊成立及運作			
Fubon Bank Vanuatu Limited	Fubon Bank Vanuatu Limited	US\$4,000,000 4,000,000 美元	100% 100%	US\$246,000 246,000 美元	Finance 財務

26 FIXED ASSETS

26 固定資產

		The Group 本集團		
		Furniture, fixtures and equipment 傢俬、裝置 及設備		
		Premises 物業 HK\$'000 千港元	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 2007	於二零零七年一月一日	1,132,743	450,964	1,583,707
Additions	添置	–	94,724	94,724
Disposals	出售	(12,573)	(6,050)	(18,623)
At 31 December 2007	於二零零七年十二月三十一日	1,120,170	539,638	1,659,808
Representing:	代表：			
Cost	成本值	1,047,557	539,638	1,587,195
Valuation – 1991	估值 – 一九九一年	72,613	–	72,613
		1,120,170	539,638	1,659,808
Accumulated depreciation	累計折舊			
At 1 January 2007	於二零零七年一月一日	127,559	336,892	464,451
Charge for the year	年內折舊	12,837	46,277	59,114
Released on disposal	出售之抵免	(293)	(5,784)	(6,077)
At 31 December 2007	於二零零七年十二月三十一日	140,103	377,385	517,488
Net book value	賬面淨值			
At 31 December 2007	於二零零七年十二月三十一日	980,067	162,253	1,142,320
At 31 December 2006	於二零零六年十二月三十一日	1,005,184	114,072	1,119,256

26 FIXED ASSETS (continued)

26 固定資產(續)

		Premises 物業 HK\$'000 千港元	The Group 本集團 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 2006	於二零零六年一月一日	1,132,743	415,418	1,548,161
Additions	添置	–	40,502	40,502
Disposals	出售	–	(4,956)	(4,956)
At 31 December 2006	於二零零六年十二月三十一日	1,132,743	450,964	1,583,707
Representing:	代表：			
Cost	成本值	1,060,130	450,964	1,511,094
Valuation – 1991	估值 – 一九九一年	72,613	–	72,613
		1,132,743	450,964	1,583,707
Accumulated depreciation	累計折舊			
At 1 January 2006	於二零零六年一月一日	114,714	282,609	397,323
Charge for the year	年內折舊	12,845	59,181	72,026
Released on disposal	出售之抵免	–	(4,898)	(4,898)
At 31 December 2006	於二零零六年十二月三十一日	127,559	336,892	464,451
Net book value	賬面淨值			
At 31 December 2006	於二零零六年十二月三十一日	1,005,184	114,072	1,119,256
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

26 FIXED ASSETS (continued)

26 固定資產(續)

		Premises 物業 HK\$'000 千港元	The Bank 本行 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 2007	於二零零七年一月一日	1,095,994	449,135	1,545,129
Additions	添置	-	94,197	94,197
Disposals	出售	(12,573)	(6,050)	(18,623)
At 31 December 2007	於二零零七年十二月三十一日	1,083,421	537,282	1,620,703
Representing:	代表：			
Cost	成本值	1,010,808	537,282	1,548,090
Valuation – 1991	估值 – 一九九一年	72,613	-	72,613
		1,083,421	537,282	1,620,703
Accumulated depreciation	累計折舊			
At 1 January 2007	於二零零七年一月一日	123,833	335,213	459,046
Charge for the year	年內折舊	12,512	46,215	58,727
Released on disposal	出售之抵免	(293)	(5,784)	(6,077)
At 31 December 2007	於二零零七年十二月三十一日	136,052	375,644	511,696
Net book value	賬面淨值			
At 31 December 2007	於二零零七年十二月三十一日	947,369	161,638	1,109,007
At 31 December 2006	於二零零六年十二月三十一日	972,161	113,922	1,086,083

26 FIXED ASSETS (continued)

26 固定資產(續)

		Premises 物業 HK\$'000 千港元	The Bank 本行 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 2006	於二零零六年一月一日	1,095,994	413,680	1,509,674
Additions	添置	–	40,411	40,411
Disposals	出售	–	(4,956)	(4,956)
At 31 December 2006	於二零零六年十二月三十一日	1,095,994	449,135	1,545,129
Representing:	代表：			
Cost	成本值	1,023,381	449,135	1,472,516
Valuation – 1991	估值—一九九一年	72,613	–	72,613
		1,095,994	449,135	1,545,129
Accumulated depreciation	累計折舊			
At 1 January 2006	於二零零六年一月一日	111,313	281,074	392,387
Charge for the year	年內折舊	12,520	59,037	71,557
Released on disposal	出售之抵免	–	(4,898)	(4,898)
At 31 December 2006	於二零零六年十二月三十一日	123,833	335,213	459,046
Net book value	賬面淨值			
At 31 December 2006	於二零零六年十二月三十一日	972,161	113,922	1,086,083
At 31 December 2005	於二零零五年十二月三十一日	984,681	132,606	1,117,287

26 FIXED ASSETS (continued)

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:

Net book value at 31 December 於十二月三十一日的賬面淨值

The analysis of net book value of premises is as follows:

Premises held in Hong Kong 於香港持有的物業
 - Long term leases (over 50 years) - 長期租約(超過五十年)
 - Medium term leases (10-50 years) - 中期租約(十年至五十年)

26 固定資產(續)

按重估值列入資產負債表內之物業之賬面淨值若以成本值減累計折舊列賬，其賬面淨值如下：

該等物業的賬面淨值分析如下：

The Group and the Bank
 本集團及本行

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Net book value at 31 December	15,188	15,594

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
646,962	663,107	614,264	630,084
333,105	342,077	333,105	342,077
980,067	1,005,184	947,369	972,161

27 DEPOSITS AND BALANCES OF BANKS

Deposits and balances of banks 銀行同業之存款及結餘
 Deposits and balances with the Hong Kong Monetary Authority 於香港金融管理局之存款及結餘

27 存款及銀行結餘

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,130,598	936,677	1,130,593	936,669
327,247	24,838	327,247	24,838
1,457,845	961,515	1,457,840	961,507

28 DEPOSITS FROM CUSTOMERS

Demand deposits and current accounts	活期及往來存款
Savings deposits	儲蓄存款
Call deposits	通知存款
Time deposits	定期存款

28 客戶存款

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
6,438,831	5,410,210	6,438,831	5,410,210
957,426	833,204	957,426	833,204
2,881,912	2,247,328	2,881,454	2,246,888
31,195,822	25,320,091	31,121,870	24,920,020
41,473,991	33,810,833	41,399,581	33,410,322

29 TRADING LIABILITIES

Short positions in Exchange Fund Bills / Notes	外匯基金票據／債券 之短倉
---	------------------

29 交易賬項下之負債

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
11,673	445,695

30 CERTIFICATES OF DEPOSIT ISSUED

3 months or less but not repayable on demand	三個月或以下惟無需 即時還款
1 year or less but over 3 months	一年或以下惟三個月以上
5 years or less but over 1 year	五年或以下惟一年以上

30 已發行存款證

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
549,750	1,047,847
1,611,900	1,983,600
–	491,900
2,161,650	3,523,347

All certificates of deposit issued are measured at amortised cost.

所有已發行存款證均按攤銷成本列賬。

31 DEBT SECURITIES ISSUED

Financial liabilities stated at amortised cost	按攤銷成本列賬之金融負債
Floating rate notes	浮息票據
Variable coupon rate notes	多個息率之票據
Financial liabilities designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融負債
Zero coupon bond issued	已發行零息債券

The debt securities issued represent the notes issued by the Bank under the Bank's Euro Medium Term Note Programme.

The floating rate notes of face values and carrying amounts of USD150 million (equivalent to HK\$1,170 million) were issued by the Bank on 4 April 2006 bearing interest at the rate of three-month USD LIBOR plus 0.22% per annum, payable quarterly. The maturity date for the notes is 6 April 2009.

The variable coupon rate notes issued by the Bank are denominated in HKD and USD, and mature at various dates through 2017.

31 已發行債務證券

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,169,985	1,166,775
423,192	247,387
1,593,177	1,414,162
220,446	—
1,813,623	1,414,162

債務證券指本行根據其歐元中期票據計劃發行之票據。

本行於二零零六年四月四日發行票面值及賬面金額為150,000,000美元(相當於1,170,000,000港元)的浮息票據,該等票據之年息率為倫敦銀行同業對三個月美元拆息利率加0.22%,須每季付息一次。該等票據的到期日為二零零九年四月六日。

本行發行多個息率的票據,以港元及美元定值並有多個不同到期日,至二零一七年。

31 DEBT SECURITIES ISSUED (continued)

The zero coupon bond with a face value of HK\$520 million and issue price of 48.076615% was issued by the Bank on 12 April 2007. The maturity date for the bond is 12 April 2022 but it can be called by 12 April 2017 on the 10th anniversary of issuance. At the same time, the Bank entered into an interest rate swap to hedge the interest rate risk associated with the bond. Under the terms of the interest rate swap, the Bank makes quarterly floating rate interest payments and receives fixed rate interest income.

The carrying amount of financial liabilities designated at fair value through profit or loss at 31 December 2007 was HK\$299.6 million (2006: Nil) lower than the contractual amount at maturity for the Group and the Bank.

The zero coupon bond issued is measured at fair value using valuation techniques based on observable market conditions existing at balance sheet date; however, data in respect of the Bank's credit risk volatilities and correlations require management's estimation. The total amount of the change in the fair value of the zero coupon bond recognised in the income statement during the year is HK\$35.7 million, of which HK\$51.5 million is attributable to widening of credit spread in line with the overall market conditions. (2006: HK\$Nil).

To the extent the Bank's credit risk volatilities that are not supported by observable market prices on rates, are altered by 10% in either direction, the fair value of the zero coupon bond would be either higher by HK\$6.8 million or lower by HK\$6.7 million.

31 已發行債務證券(續)

本行於二零零七年四月十二日發行票面值為520,000,000港元的零息債券，發行價為票面值之48.076615%。債券於二零二二年四月十二日到期，惟可於發行第十週年，即二零一七年四月十二日被贖回。同時，本行為對沖與債券有關之利率風險訂立利率掉期合約。根據利率掉期合約之條款，本行每季按浮動利率支付利息，並按固定利率收取利息。

於二零零七年十二月三十一日，指定為通過損益以反映公平價值之金融負債之賬面值299,600,000港元(二零零六年：零)低於本集團及本行之合約於到期日之金額。

已發行零息債券乃透過基於於結算日的可觀察的市場狀況而使用估值法按公平值計算，然而，有關銀行信貸風險變動之數據及相關性需管理層作出估計。本年度於收益表內確認的零息債券的公平值變動總額為35,700,000港元(二零零六年：零)。其中51,500,000港元乃因與整體市況一致的信貸擴大所致。

倘非由顯著市價或比率支持的銀行信貸風險在任何方向變動達10%，零息債券的公平值可能高於6,800,000港元或低於6,700,000港元。

32 OTHER ACCOUNTS AND LIABILITIES

32 其他賬目及負債

	The Group 本集團		The Bank 本行	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Other financial liabilities *	6,080,278	6,194,642	6,080,278	6,194,642
Accounts payable and other liabilities	1,074,873	1,013,592	793,828	723,803
	7,155,151	7,208,234	6,874,106	6,918,445

Other financial liabilities * 其他金融負債*
Accounts payable and other liabilities 應付賬項及其他負債

* Other financial liabilities represent funds obtained from financial institutions in respect of government bills and notes sold but not yet purchased.

* 其他金融負債指就已售出但尚未購回的政府票據及債券從金融機構所獲得的資金。

33 INCOME TAX IN THE BALANCE SHEET

33 資產負債表內之所得稅

(a) Current taxation in the balance sheet represents:

(a) 計入資產負債表之本年度稅項為：

	The Group 本集團		The Bank 本行	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Provision for Hong Kong Profits Tax for the year	54,486	66,932	13,106	32,137
Provisional Profits Tax paid	(49,901)	(17,008)	(21,711)	(2,608)
	4,585	49,924	(8,605)	29,529
Balance of Profits Tax provision relating to prior years	3,237	(6,189)	3,190	(3,906)
	7,822	43,735	(5,415)	25,623
Representing:				
Hong Kong Profits Tax recoverable*	(5,415)	-	(5,415)	-
Provision for Hong Kong Profits Tax*	13,237	43,735	-	25,623
	7,822	43,735	(5,415)	25,623

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

Representing: 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.

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

33 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 movements during the year are as follows:

33 資產負債表內之所得稅(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)之各組成部分及年內之變動如下:

		The Group 本集團							
		Depreciation allowances in excess of related depreciation	Defined benefit scheme assets	Collective impairment allowance	Cash rebate adjustment	Revaluation of available-for-sale 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	綜合減值撥備	現金回贈之調整	可供出售證券重估	物業重估	其他	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		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 2006	於二零零六年一月一日	(8,371)	(2,899)	13,320	(3,278)	10,571	(7,032)	361	2,672
(Charged) / credited to consolidated income statement (note 12(a))	綜合收益表之(支出)/進賬(附註12a)	2,336	-	927	2,606	-	121	(150)	5,840
Credited to reserves (Note 37)	儲備進賬(附註37)	-	-	-	-	(14,907)	-	-	(14,907)
At 31 December 2006	於二零零六年十二月三十一日	(6,035)	(2,899)	14,247	(672)	(4,336)	(6,911)	211	(6,395)
At 1 January 2007	於二零零七年一月一日	(6,035)	(2,899)	14,247	(672)	(4,336)	(6,911)	211	(6,395)
(Charged) / credited to consolidated income statement (note 12(a))	綜合收益表之(支出)/進賬(附註12a)	(4,851)	-	126	672	-	121	(118)	(4,050)
Charged to reserves (Note 37)	儲備支出(附註37)	-	-	-	-	33,078	-	-	33,078
At 31 December 2007	於二零零七年十二月三十一日	(10,886)	(2,899)	14,373	-	28,742	(6,790)	93	22,633

33 INCOME TAX IN THE BALANCE SHEET (continued)

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

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

33 資產負債表內之所得稅(續)

(b) 已確認遞延稅項資產及負債(續)

年內，於資產負債表內確認之遞延稅項資產／(負債)之各組成部分之變動如下：

		The Bank 本行							
		Depreciation allowances in excess of related depreciation	Defined benefit scheme assets	Collective impairment allowance	Cash rebate adjustment	Revaluation of available- for-sale securities	Revaluation of premises	Other	Total
		超過有關 折舊的折 舊免稅額 HK\$'000 千港元	定額福利 計劃資產 HK\$'000 千港元	綜合 減值撥備 HK\$'000 千港元	現金 回贈之 調整 HK\$'000 千港元	可供出售 證券重估 HK\$'000 千港元	物業 重估 HK\$'000 千港元	其他 HK\$'000 千港元	總額 HK\$'000 千港元
At 1 January 2006	於二零零六年一月一日	(7,563)	(2,899)	10,244	(3,278)	10,571	(7,032)	361	404
(Charged) / credited to income statement	收益表之(支出) / 進賬	2,363	-	712	2,606	-	121	(150)	5,652
Credited to reserves (Note 37)	儲備進賬 (附註 37)	-	-	-	-	(14,907)	-	-	(14,907)
At 31 December 2006	於二零零六年十二月三十一日	(5,200)	(2,899)	10,956	(672)	(4,336)	(6,911)	211	(8,851)
At 1 January 2007	於二零零七年一月一日	(5,200)	(2,899)	10,956	(672)	(4,336)	(6,911)	211	(8,851)
(Charged) / credited to income statement	收益表之(支出) / 進賬	(4,733)	-	(1,307)	672	-	121	(118)	(5,365)
Charged to reserves (Note 37)	儲備支出 (附註 37)	-	-	-	-	33,078	-	-	33,078
At 31 December 2007	於二零零七年十二月三十一日	(9,933)	(2,899)	9,649	-	28,742	(6,790)	93	18,862

33 INCOME TAX IN THE BALANCE SHEET (continued)**(b) Deferred tax assets and liabilities recognised (continued)**

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

33 資產負債表內之所得稅 (續)**(b) 已確認遞延稅項資產及負債 (續)**

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
22,723	2,463	18,862	-
(90)	(8,858)	-	(8,851)
22,633	(6,395)	18,862	(8,851)

(c) Deferred tax assets and liabilities unrecognised

The Group has no material unrecognised deferred tax asset or liability as at 31 December 2007 (2006: HK\$Nil).

(c) 未確認之遞延稅項資產及負債

於二零零七年十二月三十一日，本集團並無重大未確認之遞延稅項資產或負債（二零零六年：零）。

34 SUBORDINATED NOTES ISSUED

Subordinated notes of face value of USD 200 million (equivalent to HK\$1,560 million) and carrying amount of HK\$1,623 million qualifying as supplementary capital were issued by the Bank on 25 April 2006. The notes bear interest at 6.125% per annum for the period from the issuance date to 26 April 2011, payable semi-annually. The notes carry a one-time call option exercisable by the Bank on 26 April 2011. If the call option is not exercised, the interest rate for the subordinated notes will be reset at the United States treasury rate plus 1.93875% for the period from 27 April 2011 to the final maturity date on 26 April 2016, payable semi-annually.

The carrying amount of the subordinated notes includes an adjustment of HK\$62.7 million (2006: HK\$14 million) due to application of fair value hedge accounting.

34 已發行後償票據

本行於二零零六年四月二十五日發行票面值200,000,000美元（相當於1,560,000,000港元）及賬面金額1,623,000,000港元符合二級資本準則之後償票據。該等票據由發行日期起至二零一一年四月二十六日止期間按年息率6.125%計息，須每半年付息一次。該等票據附帶一次性贖回選擇權，可由本行於二零一一年四月二十六日行使。倘該項贖回選擇權未獲行使，該等後償票據於二零一一年四月二十七日起至最終到期日二零一六年四月二十六日止期間之利率將重定為美國國庫債券利率加1.93875%，並維持每半年付息一次。

上述後償票據之賬面金額已計入因採用公平價值對沖會計法而作出之調整62,700,000港元（二零零六年：14,000,000港元）。

35 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 (2006: 1,406,592,000)
ordinary shares of HK\$1 each

Ordinary shares, issued and fully paid
at 1 January and 31 December

法定股本：
1,406,592,000股(二零零六年：
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
一月一日及十二月三十一日

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
----------------------------------	----------------------------------

1,406,592	1,406,592
1,172,160	1,172,160

36 SHARE PREMIUM

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

36 股份溢價

股份溢價賬之應用受香港《公司條例》第48B條監管。

37 RESERVES

37 儲備

		The Group 本集團				
		Capital redemption reserve	Regulatory reserve	Investment revaluation reserve	Retained earnings	Total
		資本贖回 儲備	法定 儲備	投資重估 儲備	保留 溢利	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
At 1 January 2006	於二零零六年一月一日	372,000	107,722	(49,841)	1,397,097	1,826,978
Profit after tax for the year	年內除稅後溢利	-	-	-	327,168	327,168
Realisation of revaluation deficit of available-for-sale securities (Note 11)	可供出售證券之重估虧絀變現 (附註 11)	-	-	36,250	-	36,250
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	80,871	-	80,871
Deferred taxation (Note 33(b))	遞延稅項(附註 33(b))	-	-	(14,907)	-	(14,907)
Dividend paid in respect of the previous financial year (Note 13(b))	已派付之上一財政年度股息 (附註 13(b))	-	-	-	(128,938)	(128,938)
Interim dividend paid (Note 13(a))	已派付中期股息(附註 13(a))	-	-	-	(70,330)	(70,330)
Transfer to / from regulatory reserve	轉撥至/自法定儲備	-	21,850	-	(21,850)	-
At 31 December 2006	於二零零六年十二月三十一日	372,000	129,572	52,373	1,503,147	2,057,092
Profit after tax for the year	年內除稅後溢利	-	-	-	460,998	460,998
Realisation of revaluation surplus of available-for-sale securities (Note 11)	可供出售證券之重估盈餘 變現(附註 11)	-	-	(36,104)	-	(36,104)
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	(270,692)	-	(270,692)
Revaluation deficit transfer to consolidated income statement on impairment of available-for-sale securities	可供出售證券減值的重估 虧絀轉撥至綜合收益表	-	-	162,433	-	162,433
Deferred taxation (Note 33(b))	遞延稅項(附註 33(b))	-	-	33,078	-	33,078
Dividend paid in respect of the previous financial year (Note 13(b))	已派付之上一財政年度股息 (附註 13(b))	-	-	-	(140,659)	(140,659)
Interim dividend paid (Note 13(a))	已派付中期股息(附註 13(a))	-	-	-	(70,330)	(70,330)
Transfer to / from regulatory reserve	轉撥至/自法定儲備	-	83,875	-	(83,875)	-
At 31 December 2007	於二零零七年十二月三十一日	372,000	213,447	(58,912)	1,669,281	2,195,816

37 RESERVES (continued)

37 儲備(續)

		The Bank 本行				Total 總額
		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	
At 1 January 2006	於二零零六年一月一日	372,000	91,774	(49,841)	980,437	1,394,370
Profit after tax for the year	年內除稅後溢利	-	-	-	252,199	252,199
Realisation of revaluation deficit of available-for-sale securities	可供出售證券之重估虧蝕變現	-	-	36,250	-	36,250
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動	-	-	80,871	-	80,871
Deferred taxation (Note 33(b))	遞延稅項(附註33(b))	-	-	(14,907)	-	(14,907)
Dividend paid in respect of the previous financial year (Note 13(b))	已派付之上一財政年度股息(附註13(b))	-	-	-	(128,938)	(128,938)
Interim dividend paid (Note 13(a))	已派付中期股息(附註13(a))	-	-	-	(70,330)	(70,330)
Transfer to / from regulatory reserve	轉撥至/自法定儲備	-	20,927	-	(20,927)	-
At 31 December 2006	於二零零六年十二月三十一日	372,000	112,701	52,373	1,012,441	1,549,515
Profit after tax for the year	年內除稅後溢利	-	-	-	383,207	383,207
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之重估盈餘變現	-	-	(36,104)	-	(36,104)
Net change in fair value of available-for-sale securities	可供出售證券淨公平價值變動	-	-	(270,692)	-	(270,692)
Revaluation deficit transfer to income statement on impairment of available-for-sale securities	可供出售證券減值之重估虧蝕轉撥至收益表	-	-	162,433	-	162,433
Deferred taxation (Note 33(b))	遞延稅項(附註33(b))	-	-	33,078	-	33,078
Dividend paid in respect of the previous financial year (Note 13(b))	已派付之上一財政年度股息(附註13(b))	-	-	-	(140,659)	(140,659)
Interim dividend paid (Note 13(a))	已派付中期股息(附註13(a))	-	-	-	(70,330)	(70,330)
Transfer to / from regulatory reserve	轉撥至/自法定儲備	-	77,264	-	(77,264)	-
At 31 December 2007	於二零零七年十二月三十一日	372,000	189,965	(58,912)	1,107,395	1,610,448

(a) Capital redemption reserve

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.

(a) 資本贖回儲備

資本贖回儲備因在一九九一年及一九九二年自本行之保留溢利撥款贖回其「A」及「B」類優先股而產生。根據香港《公司條例》第79C(2)條，資本贖回儲備乃不可分派，但可由本行用以繳付將配發予其股東之未發行股份之股款作繳足紅股。

37 RESERVES (continued)**(b) Regulatory reserve**

At 1 January	於一月一日
Transfer from retained earnings	從保留溢利轉撥
At 31 December	於十二月三十一日

The regulatory reserve is maintained to satisfy the provisions of the Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained earnings and in consultation with the Hong Kong Monetary Authority.

(c) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities until the securities are derecognised and is dealt with in accordance with the accounting policies in Note 2(g).

(d) Distributability of reserves

At 31 December 2007, the aggregate amount of reserves available for distribution to equity shareholders of the Bank was HK\$1,107,395,000 (2006: HK\$1,012,441,000).

Subsequent to the balance sheet date, the Directors have proposed a final dividend of 13 Hong Kong cents per share (2006: 12 Hong Kong cents per share) amounting to HK\$152,381,000 (2006: HK\$140,659,000). This dividend has not been recognised as a liability at the balance sheet date.

38 儲備 (續)**(b) 法定儲備**

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
129,572	107,722	112,701	91,774
83,875	21,850	77,264	20,927
213,447	129,572	189,965	112,701

為根據《銀行業條例》的規定而保留法定儲備以嚴謹監管。該儲備之變動乃在諮詢香港金融管理局之意見後直接透過保留溢利作出。

(c) 投資重估儲備

投資重估儲備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(g)中之會計政策處理。

(d) 可供分派儲備

於二零零七年十二月三十一日，本行可供分派予股東之儲備總額為1,107,395,000港元(二零零六年：1,012,441,000港元)。

於結算日後，董事建議派發末期股息每股13港仙(二零零六年：每股12港仙)，總額152,381,000港元(二零零六年：140,659,000港元)。於結算日該股息未確認為負債。

38 MINORITY INTERESTS

At 1 January	於一月一日
Loss for the year	年內虧損
Acquisition of subsidiary	收購附屬公司
At 31 December	於十二月三十一日

38 少數股東權益

2007
二零零七年
HK\$'000
千港元

-
(110)
3,820
3,710

39 CASH AND CASH EQUIVALENTS**(a) Cash and cash equivalents in the consolidated cash flow statement**

Cash and balances with banks	現金及於銀行同業之結餘
Money at call and short notice	通知及短期存款
Treasury bills with original maturity within three months	原於三個月內到期之國庫券
Placements with banks with original maturity within three months	原於三個月內到期之銀行同業及其他金融機構放款

39 現金及等同現金項目**(a) 綜合現金流動表之現金及等同現金項目**

The Group
本集團
2007 2006
二零零七年 二零零六年
HK\$'000 **HK\$'000**
千港元 千港元

646,920	295,285
6,377,681	7,523,386
214,148	1,253,816
-	711,888
7,238,749	9,784,375

(b) Reconciliation to the consolidated balance sheet

Cash and short-term funds and treasury bills	現金及短期資金及國庫券
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款
Amount shown in the consolidated balance sheet	綜合資產負債表內之金額
Less: Amount with an original maturity of over three months	減：原於三個月以後到期的金額
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

(b) 綜合資產負債表之對賬

The Group
本集團
2007 2006
二零零七年 二零零六年
HK\$'000 **HK\$'000**
千港元 千港元

11,944,215	13,102,002
740,990	1,684,201
12,685,205	14,786,203
(5,446,456)	(5,001,828)
7,238,749	9,784,375

40 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 2007 and was prepared by Kevin Davey, Fellow of the Institute of Actuaries of England, of Mercer (Hong Kong) Limited using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the Scheme are 81.09% (2006: 90.65%) covered by the plan assets held by the trustee.

Present value of wholly or partly funded obligations	獲全數或部分資助的承擔現值
Fair value of Scheme's assets	該計劃資產的公平價值
Unrecognised actuarial losses	尚未確認的精算虧損
Net asset recognised in the balance sheet	於資產負債表內已獲確認的資產淨值

The Scheme's assets include ordinary shares issued by the Bank with a fair value of HK\$9,074,000 (2006: HK\$6,749,000).

40 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二零零七年十二月三十一日進行，由 Mercer (Hong Kong) Limited 的 Kevin Davey（英國精算師學會會員）以預計單位元信貸方式編製。該精算估值顯示，本集團根據該計劃所承擔之責任中之 81.09%（二零零六年：90.65%），可透過受託人所持有的計劃資產獲得保障。

The Group and the Bank
本集團及本行

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
(244,040)	(200,815)
197,898	182,029
59,300	34,287
13,158	15,501

該計劃的資產包括本行發行，公平價值為9,074,000港元的普通股（二零零六年：6,749,000港元）。

40 EMPLOYEE RETIREMENT BENEFITS (continued)

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

At 1 January	於一月一日
Contributions paid to the Scheme	對該計劃的供款
Expense recognised in the consolidated income statement (Note 7)	於綜合收益表內已獲確認的支出(附註7)
At 31 December	於十二月三十一日

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

Current service cost	本期服務成本
Interest cost on obligation	所承擔責任之利息成本
Amortisation of actuarial loss	攤薄精算虧損
Expected return on Scheme's assets	該計劃資產的預計回報

The actual return on the Scheme's assets for the year ended 31 December 2007 amounted to approximately HK\$14,501,000 (2006: HK\$4,783,000).

40 僱員退休福利(續)

(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 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
15,501	15,863
19,820	19,616
(22,163)	(19,978)
13,158	15,501

(c) 於綜合收益表內「營運支出－僱員成本」一項已獲確認的支出如下：

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
22,399	21,350
7,674	7,546
1,589	51
(9,499)	(8,969)
22,163	19,978

截至二零零七年十二月三十一日止年度，該計劃資產的實際回報約達14,501,000港元(二零零六年：4,783,000港元)。

40 EMPLOYEE RETIREMENT BENEFITS (continued)

(d) The principal actuarial assumptions used as at 31 December 2007 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 participates in an approved MPF Scheme with the Bank Consortium Trust Company Limited to provide scheme choices 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.

40 僱員退休福利(續)

(d) 於二零零七年十二月三十一日，所用主要精算假設如下：

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3.4% p.a. 每年 3.4%	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%
4.5% p.a. 每年 4.5%	4.0% p.a. 每年 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。

41 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Credit related commitments and contingencies

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
– which are unconditionally cancellable	– 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

41 或然負債及承擔

(a) 與信貸有關之承擔及或然項目

The Group 本集團			
2007 二零零七年		2006 二零零六年	
Contractual amounts	Credit risk weighted amounts	Contractual amounts	Credit risk weighted amounts
合約金額	信貸風險加權金額	合約金額	信貸風險加權金額
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
514,567	514,567	452,051	452,051
121,492	60,746	122,334	61,167
928,081	185,616	599,497	119,899
10,900,414	–	10,008,753	–
377,481	188,741	784,352	392,176
309,549	61,910	1,288,015	257,603
13,151,584	1,011,580	13,255,002	1,282,896

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
– which are unconditionally cancellable	– 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 Bank 本行			
2007 二零零七年		2006 二零零六年	
Contractual amounts	Credit risk weighted amounts	Contractual amounts	Credit risk weighted amounts
合約金額	信貸風險加權金額	合約金額	信貸風險加權金額
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
522,067	522,067	459,551	459,551
121,492	60,746	122,334	61,167
928,081	174,632	599,497	110,814
10,752,392	–	9,826,535	–
377,481	188,741	784,352	392,176
309,549	61,910	1,288,015	257,603
13,011,062	1,008,096	13,080,284	1,281,311

41 CONTINGENT LIABILITIES AND COMMITMENTS (continued)**(a) Credit related commitments and contingencies (continued)**

Credit related commitments and contingencies include forward deposit placed, 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.

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:

Properties:	物業：
- Within one year	- 一年內
- After 1 year but within 5 years	- 一至五年間

(c) Capital commitments

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

Contracted for	已訂合約
Authorised but not contracted for	已授權但未訂合約

41 或然負債及承擔 (續)**(a) 與信貸有關之承擔及或然項目 (續)**

與信貸有關之承擔及或然項目包括用以提供信貸之承兌項目、信用證、擔保和承擔款項。所涉及之風險基本上與向客戶提供貸款之信貸風險相同。合約金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，故合約金額並不代表預計未來現金流量。

用於計算信貸風險加權金額之風險加權比率介乎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 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
40,672	31,223	40,140	31,223
30,324	39,946	30,058	39,946
70,996	71,169	70,198	71,169

(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買設備及可供出售投資之未兌現資本承擔如下：

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
166,780	132,319
-	-
166,780	132,319

42 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 the Group does not control the assets.

43 ACQUISITION OF SUBSIDIARY

During the year, the Group acquired 87.04% of the share capital of Fubon Capital (HK) Limited ("Fubon Capital"), a company principally engaged in advising in corporate finance and securities underwriting. The Bank acquired 50% of the share capital on 16 February 2007 for HK\$5million. On 30 November 2007, Fubon Capital enlarged its capital from HK\$10million to HK\$30million by issuing 20million ordinary shares at HK\$1 par value. The Bank subscribed all these new shares for HK\$20million and acquired 1.1million ordinary shares from Fubon Capital's existing shareholder at HK\$1.1million. The Group holds 87.04% of share capital of Fubon Capital after these transactions.

The profit and loss of the Group includes a HK\$1.3million loss incurred by the acquired company for the period since acquisition. If the acquisition had occurred on 1 January 2007, the Group would have included a HK\$1.7million loss attributable to the acquired company.

Details of fair value of the assets and liabilities acquired and goodwill arising are as follows:

Net asset	資產淨值	
Share of net assets	應佔資產淨值	
Share of capital increase	應佔股本增加	
Consideration paid (by cash)	已付代價(現金)	
Goodwill	商譽	
Total goodwill	商譽總額	
Cash and cash equivalents in subsidiary acquired	已收購附屬公司的現金及等同現金項目	
Less: Cost of acquisition	減: 收購成本	
Cash inflow on acquisition	收購事項的現金流入	

The goodwill of HK\$514,000 has been included in "Accrued interest and other accounts".

42 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。

43 收購附屬公司

於年內，本集團收購富邦融資(香港)有限公司(「富邦融資」)之一間主要從事企業融資及證券包銷的公司)股本87.04%。本行於二零零七年二月十六日以5,000,000港元收購股本50%。於二零零七年十一月三十日，富邦融資透過發行20,000,000股每股面值1港元的普通股將其資本由10,000,000港元擴大至30,000,000港元。本行以20,000,000港元認購全部該等新股份，並以1,100,000港元自富邦融資的現有股東收購1,100,000股普通股。於該等交易後，本集團持有富邦融資股本87.04%。

本集團的溢利及虧損包括自收購事項起期間被收購公司產生的1,300,000港元虧損。倘收購事項於二零零七年一月一日發生，本集團則可能會計入應佔被收購公司虧損1,700,000港元。

所收購資產及負債的公平值及所產生的商譽的詳情如下：

	16 February 2007 二零零七年 二月十六日 HK\$'000 千港元	30 November 2007 二零零七年 十一月三十日 HK\$'000 千港元
Net asset	9,903	28,743
Share of net assets	4,952	3,238
Share of capital increase	-	17,407
Consideration paid (by cash)	5,000	21,111
Goodwill	48	466
Total goodwill		514
Cash and cash equivalents in subsidiary acquired		29,057
Less: Cost of acquisition		(26,111)
Cash inflow on acquisition		2,946

商譽514,000港元已計入「應計利息及其他賬項」。

43 ACQUISITION OF SUBSIDIARY (continued)

There is no material difference between fair value of the assets and liabilities acquired and their carrying amounts immediately before the acquisition.

44 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 of fair value is the quoted market price. In the absence of organised secondary markets for most financial instruments, and in particular of loans, deposits and unlisted derivatives, direct market prices are not available. The fair values of such instruments are 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 realisable in a future sale.

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 realised, in order to further validate and calibrate the models. These techniques involve uncertainties and values are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected losses and other factors. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realised 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 (b) below:

- (i) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;
- (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;

43 收購附屬公司(續)

所收購資產及負債的公平值與彼等緊貼收購事項前的賬面值無重大差異。

44 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。

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(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；
- (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；

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**(a) Estimation of fair values (continued)**

- (iii) the fair value of fixed rate loans and mortgages carried at amortised cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value;
- (iv) the fair value of unquoted equity investments is estimated using the net asset value as reported by management of the companies;
- (v) the fair value of unlisted investment funds is estimated using the net asset value as reported by the managers of such funds;
- (vi) the fair value of forward exchange contracts and interest rate swaps is estimated either using broker quotes or by discounting future cash flows.

(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 2007 and 2006 except as follows:

44 金融工具之公平價值(續)**(a) 公平價值之估計(續)**

- (iii) 有關定息貸款及按揭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) 沒有市價之股本投資之公平價值乃使用該等被投資公司管理層申報的資產淨值進行估計；
- (v) 非上市投資基金之公平價值是以該等基金之經理申報的資產淨值進行估計；
- (vi) 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。

(b) 公平價值

於二零零七年及二零零六年十二月三十一日，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：

		The Group 本集團			
		2007 二零零七年		2006 二零零六年	
		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
<i>Financial assets</i>	金融資產				
Advances to customers	客戶貸款	5,337,535	5,344,504	4,380,024	4,269,530
<i>Financial liabilities</i>	金融負債				
Other accounts and liabilities	其他賬目及負債	6,080,278	6,082,415	6,194,635	6,196,401

44 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**(b) Fair value (continued)**

<i>Financial assets</i>	金融資產
Advances to customers	客戶貸款
<i>Financial liabilities</i>	金融負債
Other accounts and liabilities	其他賬目及負債

44 金融工具之公平價值(續)**(b) 公平價值(續)**

The Bank 本行			
2007 二零零七年		2006 二零零六年	
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
1,298,050	1,296,508	1,725,691	1,674,636
6,080,278	6,082,415	6,194,635	6,196,401

45 MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into a number of transactions with its ultimate holding company and related parties, including Taipei Fubon Commercial Bank Co., Ltd. These transactions were entered into in the ordinary course of the Group's banking business and included, inter alia, lending, placement of interbank deposits, participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The transactions were priced at the relevant market rates at the time of each transaction, and were on the same terms as those available to other counterparties and customers of the Group. In the opinion of the Directors, these transactions were conducted on normal commercial terms.

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

45 重大關連各方交易

年內，本集團與其最終控股公司及關連方訂立多項交易，包括台北富邦商業銀行股份有限公司。該等交易在本集團銀行業務之日常業務過程中訂立，包括(不限於)借貸、銀行同業拆借與存款、參與銀團貸款、相關銀行交易及外匯交易。該等交易以進行各交易時之相關市場費率定價，並按與本集團可提供予其他交易對手方及客戶之相同條款進行。董事認為，該等交易乃按一般商業條款訂立。

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

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
354	190
4,744	3,330
4,926	1,775

45 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Commission and services charges

*Fellow subsidiaries** 同系附屬公司*

* The amount represents aggregate customer referral and support service fees paid to Taipei Fubon Commercial Bank Co., Ltd., Fubon Securities Co., Ltd. and Fubon Life Assurance Co., Ltd. by the Group's entities during 2007 pursuant to the amended business co-operation agreements dated 20 March 2006. These transactions constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules.

(c) Placement of deposits

Fellow subsidiaries 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

Fellow subsidiaries 同系附屬公司
Accrued interest and other accounts 應計利息及其他賬目

There was no impairment allowance made against the above placement of deposits with related parties.

45 重大關連各方交易(續)

(b) 佣金及服務費

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
23,163	10,050

* 該款額乃本集團機構於二零零七年內根據於二零零六年三月二十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 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
–	–
8,127,039	787,526
(8,127,039)	(787,526)
–	–
–	–

該等款項並無就上述關連各方的放款作減值撥備。

45 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Acceptance of deposits

<i>Ultimate holding company</i>	最終控股公司
At 1 January	於一月一日
Acceptance during the year	年內接納
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
Acceptance during the year	年內接納
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
Other accounts and liabilities	其他賬目及負債

(e) Financial Instruments

<i>Fellow subsidiary</i>	同系附屬公司
Exchange rate contracts (notional principal)	匯率合約 (名義本金額)
Equity Swap (notional principal)	股票掉期(名義本金額)

45 重大關連各方交易(續)

(d) 接納存款

The Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3,919	3,722
966,435 (966,217)	917,875 (917,678)
4,137	3,919
324,000	–
8,300,195 (8,624,195)	3,052,610 (2,728,610)
–	324,000
81,782	110,509

(e) 金融工具

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3,695,427	–
–	97,231

45 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 2007.

45 重大關連各方交易(續)**(f) 高級職員貸款**

本行根據香港《公司條例》第161B條須予披露之高級職員貸款如下：

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
32,181	31,613
–	–
32,181	31,613
35,019	32,410
–	–
35,019	32,410

於二零零七年十二月三十一日，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。

45 MATERIAL RELATED PARTY TRANSACTIONS (continued)**(g) Key management personnel remuneration**

Remuneration for key management personnel, including amounts paid to the Bank's Directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9 is as follows:

Salaries and short-term employee benefits 薪金及短期僱員福利

Total remuneration is included in "staff costs" (see Note 7).

During the year, several key management personnel were granted unlisted physically settled share option scheme of the Bank's ultimate holding company, Fubon Financial Holding Co., Ltd. with various vesting periods for the service rendered to the Group. The share based payment expense for the current year is not material.

45 重大關連各方交易(續)**(g) 主要管理人員酬金**

主要管理人員之酬金(包括附註8所披露付予本行董事之款項及附註9所披露付予最高薪僱員之款項)如下:

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
51,879	48,238

酬金總額計入「員工成本」(參閱附註7)。

於年內，根據本行最終控股公司富邦金融控股股份有限公司的認股權計劃，若干主要管理人員因向本集團提供服務而被授予於多個期間歸屬的非上市而實股結算之認股權。本年度以股份為基礎的付款開支並不重大。

45 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 other employees.

Loans	貸款
At 1 January	於一月一日
Additional loans made during the year	年內作出之額外貸款
Repayment during the year	年內償還
At 31 December	於十二月三十一日
Interest income	利息收入
Credit facilities	信貸
At 1 January	於一月一日
Additional facilities extended during the year	年內批出之信貸額度
Facilities withdrawn during the year	年內收回之信貸額度
At 31 December	於十二月三十一日

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no individually assessed impairment allowance been made on the above balances at the year end.

The Bank's policies for lending to related parties take into account the requirements under the Hong Kong Banking Ordinance, the guidelines of the Hong Kong Monetary Authority and the Listing Rules. The Group sets internal limits – individual and aggregate group limits for individual, group, secured and unsecured exposures – and carefully monitors exposure to related parties, whether individual or corporate, and takes the necessary measures to control the risk of connected lending. Approvals are made by the Credit Committee, Managing Director and / or the Executive Credit Committee.

45 重大關連各方交易(續)**(h) 主要管理人員信貸服務**

年內，本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，而有關條款與其他僱員所訂立之可資比較交易大致相同。

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
47,132	9,189
3,391	39,859
(13,369)	(1,916)
37,154	47,132
1,372	1,027
4,030	4,780
1,145	500
(690)	(1,250)
4,485	4,030

並無就年內主要管理人員的未償還餘額記錄減值虧損，且於年底並無就上述餘額作出個別估計減值撥備。

本行向關連方貸款的政策已計及香港銀行條例、香港金融管理局指引及上市規則之規定。本集團設定內部限額，對個人、集團、有抵押及無抵押風險的個人及集團限額總額，審慎監督控管各關連借貸之風險。信用委員會、董事總經理及／或執行信用委員會已予批准。

46 ASSETS PLEDGED AS SECURITY

The following assets have been pledged as collateral for own liabilities at balance sheet date:

Secured liabilities	已抵押負債
Assets pledged:	已質押資產：
Trading securities	持作交易用途之證券
Available-for-sale securities	可供出售證券

The following balances with banks have been pledged as collateral for margin deposits of derivatives at balance sheet date:

Margin accounts for derivative contracts	衍生工具合約的保證金賬戶款項
--	----------------

These transactions are conducted under usual and customary terms.

The Group has restated its prior year comparative figures for more appropriate presentation.

46 質押作為抵押品之資產

下列資產已於結算日為本集團及本行之抵押負債予以質押：

The Group and the Bank	
本集團及本行	
2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
千港元	千港元
6,091,951	6,640,337
–	425,575
6,168,375	6,252,328
6,168,375	6,677,903

下列銀行結餘已於結算日作為衍生工具保證金的抵押品予以抵押：

The Group and the Bank	
本集團及本行	
2007	2006
二零零七年	二零零六年
HK\$'000	HK\$'000
千港元	千港元
32,978	38,270

該等交易乃按照標準借貸與證券借貸活動之一般及慣用條款進行。

為更合理呈報，本集團已重列其上一年度的可比較數字。

47 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: exposures 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.
- 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.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

(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 Board of Directors delegates credit approval to the following in descending order of authority: the Executive Credit Committee, the Chief Executive Officer and the Credit Committee.

47 財務風險管理

本節呈列有關本集團所面臨之風險及風險管理，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，或無法持續地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。
- 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。

此一附註呈列有關本集團就上述各項風險所承擔之風險、本集團計量及管理風險之目標、政策及程序，以及本集團之資本管理。

(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。

董事會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。

47 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, Enterprise Credit 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 other 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 New Product and Commitment Committee.

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 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.

47 財務風險管理(續)**(a) 信貸風險管理(續)**

信貸委員會負責本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、企業信貸風險管理部及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新產品及承擔委員會批准前，制定有關工作流程、系統及監控措施。

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。審批信貸時亦會考慮貸款種類、貸款年期、有關借款申請人之還款能力及有否提供抵押擔保。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(i) Corporate lending (continued)*

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 Enterprise Credit 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 relevant internal risk management committee for their review.

(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 or the notional amount, credit risk for derivatives is the positive replacement cost together with an estimate for the potential exposure from changes in its market value. These credit exposures, together with potential exposures from market movements, are managed as part of the overall lending limits to the counterparties. The credit risk exposure on derivatives is disclosed in Note 21(b) of this annual report. The Group currently uses the current exposure method for the purpose of providing capital for such counterparty exposures.

47 財務風險管理(續)**(a) 信貸風險管理(續)***(i) 企業借貸(續)*

本集團已制定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。企業信貸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有關內部風險管理委員會審閱。

(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(通常以本金價值或面值來表示信貸風險)，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。該等信貸風險連同市場變動之潛在風險乃作為有關方整體貸款限額的一部分進行管理。衍生工具之信貸風險於本年報附註21(b)內披露。本集團現時僅用即期風險法為該等有關係方風險提供資本。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(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.

(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 instruments is diversified along geographic, industry and product sectors.

Analysis of credit risk concentration of respective financial assets is disclosed in Notes 19 to 23.

(vi) Credit risk mitigation

The Group's credit assessment primarily relies on an evaluation of the obligor's repayment ability based on the obligor's cash flow and financial condition. In addition, the Group employs various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and / or third party support as well as transfer risk to other third parties from an integral part of the credit risk management process. There is immaterial credit and market risk concentration within the credit risk mitigations used by the Group. The most commonly used credit risk mitigation measures are provided below:

Collateral

The Group holds collateral against loans and advances to customers in the form of cash deposits, marketable securities, mortgage interest over property, inventory, equipment and other physical collateral, and guarantees. The Group has in place policies and procedures that govern the assessment, acceptance and the periodic valuation of eligible collateral. For collateral taken to secure corporate and retail loans, the collateral is revalued periodically ranging from daily to semi-annually depending on the type of collateral taken. For treasury operations, any collateral taken is marked to market on a periodic basis that is mutually agreed with the counterparty.

47 財務風險管理(續)**(a) 信貸風險管理(續)***(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。

(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 19 至 23 內披露。

(vi) 減低信貸風險

本集團的信貸評估主要依賴基於債務人的現金流量及財務狀況對債務人的還款能力的估計。此外，本集團採用如適當信貸結構的不同信貸風險減低技術及給予抵押及／或第三方支持，以及將風險轉移至其他第三方，這是信貸風險管理流程的組成部分。本集團採用的減低信貸風險並無產生重大集中於信貸及市場風險。最常用的信貸風險減低措施載列如下：

抵押品

本集團就客戶借貸及貸款而持有抵押品，形式為現金存款、可流通證券、物業、廠房及設備的按揭利息、存貨、設備及其他實物抵押品，以及擔保。本集團已制定監管合資格抵押品的評估、接納及定時估值的政策及程序。就擔保公司及零售貸款的抵押品而言，抵押品乃定時被重估，週期介乎每日至每半年一次不等，這取決於抵押品的類型。就財資業務而言，任何抵押品乃以與交易對手相互協定的週期以市場情況重估。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(vi) Credit risk mitigation (continued)***Master netting agreements**

Collateral generally is not held over loans and advances extended to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. However, where applicable, the Group manages its credit exposure to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results to the settlement of counterparty exposure on a net basis in the event a default occurs. The Group's preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement, if either party defaults or following other pre-agreed termination events. It is also common for the Group to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty under which collateral is passed between the parties to mitigate the market contingent counterparty risk inherent in the outstanding positions.

Other credit risk mitigation measures

The Group also uses guarantees for credit risk mitigation. While the Group may accept guarantees from any counterparty, it sets a threshold internally for considering eligible guarantors.

47 財務風險管理 (續)**(a) 信貸風險管理 (續)***(vi) 減低信貸風險 (續)***淨額結算總協議**

抵押品一般並非就給予銀行的貸款及借貸而持有，惟當證券乃持作逆向購回及證券借貸活動的一部分時則除外。然而，如適合時，本集團將於適合及可行情況下透過訂立淨額結算總協議管理其銀行信貸風險。淨額結算總協議導致於違約時結算交易對手的風險承擔。本集團傾向以國際掉期業務及衍生投資工具協會（「ISDA」）總協議作為衍生工具活動的協議文件。該協議為買賣各種場外交易產品的交易活動提供主體合約模式，倘若任何一方違約或提前終止交易，則雙方受合約約束須對協議所包含的全部未平倉交易採用淨額結算。有關雙方會於簽訂ISDA總協議時亦簽訂信用擔保附件（「CSA」），此乃普遍的做法。根據CSA，抵押品會由交易其中一方轉交另一方，以減低未平倉交易的市場或有交易對手風險。

其他信貸風險減低措施

本集團亦適用擔保以減低信貸風險。當本集團可能接受任何交易對手的擔保時，其在內部設定考慮合資格擔保人的限制。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(vii) Maximum exposure to credit risk*

The maximum exposure to credit risk at the balance sheet date without taking into consideration any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. A summary of the maximum exposure to credit risk for the various components of the balance sheet, contingencies and commitments is as follows:

<i>Credit risk exposures relating to on-balance sheet assets:</i>	與資產負債表內資產有關之信貸風險：
Cash and balances with banks	現金及銀行同業之結存
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款
Trading securities	持作交易用途之證券
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產
Derivative financial instruments	衍生金融工具
Advances to customers	客戶貸款
Accrued interest and other accounts	應計利息及其他賬目
Available-for-sale securities	可供出售證券
 <i>Credit risk exposures relating to off-balance sheet items:</i>	 與資產負債表外項目有關之信貸風險：
Financial guarantees and other credit related contingent liabilities	財務擔保及其他信貸相關之或然負債
Loan commitments and other credit related commitments	貸款承擔及其他信貸相關之承擔

47 財務風險管理(續)**(a) 信貸風險管理(續)***(vii) 最高信貸風險*

於結算日最高的信貸風險(不計及所持有之任何抵押品或其他信貸保證)為資產負債表內各項金融資產扣除任何減值準備後之賬面值。資產負債表、或然負債及承擔的各部分之最高風險概要如下：

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
6,930,315	7,731,227	6,929,633	7,730,743
740,990	1,684,201	740,990	1,684,201
32,544	469,030	32,195	469,030
878,955	558,791	878,955	558,791
955,904	537,855	955,904	537,855
31,478,804	25,751,160	26,835,845	22,425,774
1,115,597	1,141,748	948,409	935,137
17,230,441	14,257,154	17,230,441	14,257,083
 1,564,140	 1,173,882	 1,571,640	 1,181,382
11,587,444	12,081,120	11,439,422	11,898,902
72,515,134	65,386,168	67,563,434	61,678,898

47 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Credit quality of loans and advances

Loans and advances to banks are only made on exceptional cases to international banks with good credit standing. At 31 December 2007 and 2006, no loans and advances to banks were impaired. The credit quality of advances to customers can be analysed as follows:

Neither past due nor impaired	並無逾期或減值
Past due but not impaired	已逾期但並無減值
Impaired	已減值
Of which:	其中：
Gross loans and advances to customers that are neither past due nor impaired	向客戶授出而並無逾期或減值之貸款及墊款總額
- Grade 1: Pass	- 第一級：通過
- Grade 2: Special mention	- 第二級：特別提及

The Group classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the Hong Kong Monetary Authority.

47 財務風險管理(續)

(a) 信貸風險管理(續)

(viii) 貸款及墊款之信貸質素

銀行同業間之貸款及墊款只會於特殊情況下向具有良好信貸狀況之國際銀行授出。於二零零七年及二零零六年十二月三十一日，向銀行同業授出之貸款及墊款均並無減值。向客戶作出之墊款之信貸質素可分析如下：

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
31,360,390	25,588,789	26,802,106	22,324,206
100,219	85,678	26,761	34,099
172,403	239,884	105,113	179,645
31,633,012	25,914,351	26,933,980	22,537,950
31,310,200	25,513,619	26,762,243	22,264,409
50,190	75,170	39,863	59,797
31,360,390	25,588,789	26,802,106	22,324,206

本集團根據為向香港金融管理局呈報而須採納之貸款分級制度就貸款及墊款進行分類。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(viii) Credit quality of loans and advances (continued)*

The ageing analysis of advances to customers that are past due but not impaired is as follows:

Gross loans and advances to customers that are past due but not impaired	向客戶授出而已逾期但並無減值之貸款及墊款總額
- Overdue 3 months or less	- 逾期三個月或以下
- Overdue 6 months or less but over 3 months	- 逾期六個月或以下惟三個月以上
- Overdue 1 year or less but over 6 months	- 逾期一年或以下惟六個月以上
- Overdue over 1 year	- 逾期超過一年

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$231,018,000 as at 31 December 2007 (2006: HK\$197,983,000).

47 財務風險管理(續)**(a) 信貸風險管理(續)***(viii) 貸款及墊款之信貸質素(續)*

向客戶授出而已逾期但並無減值之墊款賬齡分析如下：

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
92,937	79,980	26,252	31,268
5,485	213	348	-
235	1,103	25	-
1,562	4,382	136	2,831
100,219	85,678	26,761	34,099

於二零零七年十二月三十一日，倘條款不予重新磋商即為已逾期或已減值之貸款及墊款金額為231,018,000港元(二零零六年：197,983,000港元)。

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)**

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

Credit risk that arises from investments in financial assets or debt securities is managed in the same way as the Group manages its corporate lending risk with the exposure being part of the overall lending limits to the counterparties. It is the Group's credit policy not to invest in debt securities that are below the grading of BBB+ from Standard & Poor's Rating Services or A-3 from Moody's Investors Services at the time of investing. Analysis of debt securities by credit rating designation at 31 December, based on Standard & Poor's ratings or their equivalent is as follows:

AAA	AAA
AA- to AA+	AA-至AA+
A- to A+	A-至A+
Lower than A-	A-以下
Unrated	無評級

47 財務風險管理(續)**(a) 信貸風險管理(續)**

(ix) *貸款及墊款以外之金融資產之信貸質素*

本集團按管理其公司借貸風險相同之方式管理金融資產或債務證券投資產生之信貸風險，所承擔之風險為交易對手整體借貸限額之一部分。本集團之信貸政策為，對於投資時，評級在標準普爾評級服務公司之評級BBB+以下或在穆迪投資者服務公司之評級A-3以下之債務證券，不予投資。以標準普爾之評級標準或相應之評級標準為基準按信貸評級對債務證券於十二月三十一日進行之分析如下：

The Group 本集團 2007 二零零七年			
Designated at fair value through			
Trading securities 持作交易 用途之證券 HK\$'000 千港元	profit or loss 指定為通過 損益以反映 公平價值 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Total 總額 HK\$'000 千港元
-	-	158,338	158,338
32,195	641,282	11,192,714	11,866,191
-	237,673	4,425,823	4,663,496
-	-	1,051,535	1,051,535
349	-	402,031	402,380
32,544	878,955	17,230,441	18,141,940

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)**

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

AAA	AAA
AA- to AA+	AA- 至 AA+
A- to A+	A- 至 A+
Lower than A-	A- 以下
Unrated	無評級

47 財務風險管理(續)**(a) 信貸風險管理(續)**

(ix) 貸款及墊款以外之金融資產之信貸質素(續)

The Group 本集團 2006 二零零六年			
Trading securities 持作交易 用途之證券 HK\$'000 千港元	Designated at fair value through profit or loss 指定為通過 損益以反映 公平價值 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Total 總額 HK\$'000 千港元
-	-	590,118	590,118
469,030	478,405	9,938,347	10,885,782
-	80,386	2,556,014	2,636,400
-	-	948,631	948,631
-	-	224,044	224,044
469,030	558,791	14,257,154	15,284,975

47 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

AAA	AAA
AA- to AA+	AA-至AA+
A- to A+	A-至A+
Lower than A-	A-以下
Unrated	無評級

47 財務風險管理(續)

(a) 信貸風險管理(續)

(ix) 貸款及墊款以外之金融資產之信貸質素(續)

The Bank 本行 2007 二零零七年			
Designated at fair value through			
Trading securities 持作交易 用途之證券 HK\$'000 千港元	profit or loss 指定為通過 損益以反映 公平價值 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Total 總額 HK\$'000 千港元
-	-	158,338	158,338
32,195	641,282	11,192,714	11,866,191
-	237,673	4,425,823	4,663,496
-	-	1,051,535	1,051,535
-	-	402,031	402,031
32,195	878,955	17,230,441	18,141,591

2006 二零零六年			
Designated at fair value through			
Trading securities 持作交易 用途之證券 HK\$'000 千港元	profit or loss 指定為通過 損益以反映 公平價值 HK\$'000 千港元	Available- for-sale securities 可供出售證券 HK\$'000 千港元	Total 總額 HK\$'000 千港元
-	-	590,118	590,118
469,030	478,405	9,938,347	10,885,782
-	80,386	2,556,014	2,636,400
-	-	948,631	948,631
-	-	223,973	223,973
469,030	558,791	14,257,083	15,284,904

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)**

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

There are no overdue debt securities in the year (2006: Nil).

As at 31 December 2007, investments in structured investment vehicle ("SIV") with nominal value of HK\$273 million (2006: Nil) were individually determined to be impaired. No collateral is held by the Group for these investments.

The collateralised debt obligations ("CDOs") and SIVs held by the Bank were purchased according to the Bank's investment guidelines. As at 31 December 2007, carrying amount of CDOs and SIVs amounted to HK\$143.6 million and HK\$110.6 million respectively.

(x) Collateral and other credit enhancements

An estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

Fair value of collateral and other credit enhancements held against financial assets that are:	以下列金融資產持有之抵押品及其他信貸提升措施之公平價值：
- Neither past due nor impaired	- 並無逾期或減值
- Past due but not impaired	- 已逾期但並無減值
- Impaired	- 已減值

47 財務風險管理(續)**(a) 信貸風險管理(續)**

(ix) 貸款及墊款以外之金融資產之信貸質素(續)

年內並無逾期之債務證券(二零零六年：無)。

於二零零七年十二月三十一日，於結構投資工具(「SIV」)之面值為273,000,000港元(二零零六年：無)之投資乃個別釐定為減值。本集團並無就該等投資持有抵押品。

本行持有之債務抵押證券(CDOs)及SIVs乃根據銀行投資指引而購入。於二零零七年十二月三十一日，CDOs及SIVs的賬面值分別達143,600,000港元及110,600,000港元。

(x) 抵押品及其他信貸提升措施

以金融資產持有之抵押品及其他信貸提升措施之估計公平價值如下：

The Group 本集團		The Bank 本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
45,208,299	37,742,966	35,933,104	30,772,311
55,614	54,409	14,182	19,950
108,530	131,362	74,519	106,413
45,372,443	37,928,737	36,021,805	30,898,674

47 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk management (continued)***(xi) Collateral and other credit enhancements obtained*

During the year, the Group obtained assets by taking possession of collateral held as security, as follows:

Carrying amount of assets obtained: 所獲得之資產之賬面值：
– Residential property 住宅物業

As at 31 December 2007, total repossessed assets and assets acquired under lending agreements of the Group and the Bank amounted to HK\$34,002,000 (2006: HK\$65,280,000).

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the balance sheet within other assets.

(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 Bank transacts in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, market making activities, and positions taken in order to hedge the Bank's open position. The Bank does not engage in significant proprietary trading of foreign exchange.

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.

47 財務風險管理 (續)**(a) 信貸風險管理 (續)***(xi) 已取得之抵押品及其他信貸提升措施*

年內，本集團透過接管持作擔保之抵押品獲取之資產如下：

The Group and the Bank 本集團及本行	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
3,483	18,724

於二零零七年十二月三十一日，根據本集團及本行之借貸協議獲得之收回資產和資產總值為34,002,000港元(二零零六年：65,280,000港元)。

收回物業會盡快予以出售，所得之款項將用以削減未償還之債項。於資產負債表內，收回物業分類為其他資產。

(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，以及資產負債表或結構性倉盤。本行在貨幣市場、外匯市場、股票市場及資本市場中進行交易，因而產生市場風險。本行就執行客戶指令、市場莊家活動，以及為對沖本行之未平倉盤而持有倉盤。本行並無參與重大自營外匯交易。

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。

47 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management (continued)**

The Board reviews and approves 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 review 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 Group has also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board. Market risk is managed within various limits approved by the Board. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits.

The use of derivatives for proprietary trading and 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 derivative instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. The Group also participates in exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to hedge these and other trading positions.

One of the principal 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 calculation uses the variance-covariance model as the means to estimate the statistical confidence level.

47 財務風險管理(續)**(b) 市場風險管理(續)**

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負債委員會。該委員會負責因應本行對利率之走勢預測，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獲得遵從。

本集團亦制定清晰之市場風險政策，包括限額、報告制度及控制程序，並由董事會定期予以檢討及批准。市場風險乃在經由董事會批准之各限額內予以管理。此等限額乃就各金融工具釐定，包括就產品量、倉盤總額及淨額、倉盤集中度、按市場調整之限額、止蝕限額及風險倉盤限額設定之限額。

運用衍生工具進行自營性交易及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集團本身之市場風險，作為其資產及負債管理流程之一部分。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。本集團亦有參與交易買賣衍生工具。本集團大部分衍生工具持倉均為配合客戶需求以及為對沖彼等和其他交易倉盤而訂立。

風險值(VAR)是本集團為監控及限制市場風險所主要採用之一種工具。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。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。

47 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management (continued)**

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) Sensitivity analysis of market risk exposures***Trading market risk***Currency risk*

At 31 December 2007, if Hong Kong Dollar had weakened by 0.5% against other currencies, with all other variables held constant, the profit before tax for the year would have been HK\$1.5million lower (2006: HK\$1.1million higher), mainly as a result of foreign exchange gains on translation of non-HKD denominated financial assets compensated by foreign exchange losses on translation of non-HKD denominated financial liabilities.

Conversely, if Hong Kong Dollar had strengthened by 0.5% against other currencies, with all other variables held constant, the profit before tax for the year would have been HK\$1.5million higher (2006: HK\$1.1million lower).

Interest rate risk

The Group measures trading book interest rate risks through Present Value of Basis Point (PVBP). PVBP is a sensitivity test to measure the potential profit or loss fluctuation on interest rate positions upon a basis point movement.

The Group adopts a sensitivity test of 25 basis points movement. At 31 December 2007, 25 basis points upward movement in interest rate would result in a downward profit movement of HK\$22,460 (2006: HK\$21,161). Conversely, 25 basis points downward movement in interest rate would result in an upward profit movement of HK\$22,460 (2006: HK\$21,161).

47 財務風險管理 (續)**(b) 市場風險管理 (續)**

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) 市場風險敏感度分析***交易市場風險***貨幣風險*

於二零零七年十二月三十一日，如港元兌其他貨幣貶值0.5%並假設所有其他參數不變，本年度之除稅前溢利將減少1,500,000港元(二零零六年：增加1,100,000港元)，主要由於非港元計值之金融資產之匯兌收益抵銷非港元計值之金融負債之匯兌虧損所致。

相反地，如港元兌其他貨幣升值0.5%，並假設所有其他參數不變，本年度之除稅前溢利將增加1,500,000港元(二零零六年：減少1,100,000港元)。

利率風險

本集團透過基點現值法計量交易賬利率風險。基點現值法是一項敏感度測試，用以計量基點變動對利率倉盤可能帶來之損益波動。

本集團採用25個基點變動之敏感度測試。於二零零七年十二月三十一日，利率調升25個基點將導致溢利下降22,460港元(二零零六年：21,161港元)。相反地，如果利率下調25個基點，溢利將上升22,460港元(二零零六年：21,161港元)。

47 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management (continued)***(i) Sensitivity analysis of market risks exposures (continued)**Equity risk*

At 31 December 2007, if Hang Seng Index had increased by 10% with all other variables held constant and all the equity instruments move according to the historical correlation with the index, earnings for the year would have been HK\$46,127 higher (2006: HK\$Nil).

Conversely, at 31 December 2007, if Hang Seng Index had decreased by 10% with all other variables held constant and all the equity instruments move according to the historical correlation with the index, earnings for the year would have been HK\$46,127 lower (2006: HK\$Nil).

Non-trading market risk*Interest rate risk*

Interest rate risk primarily results from 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.

47 財務風險管理(續)**(b) 市場風險管理(續)***(i) 市場風險敏感度分析(續)**股票風險*

於二零零七年十二月三十一日，如果恒生指數上升10%並假設所有其他參數不變及所有股本工具根據與指數之歷史掛鈎關係變動，本年度盈利為增加46,127港元(二零零六年：無)。

相反地，於二零零七年十二月三十一日，如果恒生指數下降10%並假設所有其他參數不變及所有股本工具根據與指數之歷史掛鈎關係變動，本年度之盈利為減少46,127港元(二零零六年：無)。

非交易市場風險*利率風險*

利率風險主要由計息資產、負債及承擔之再定息率時差引致，亦與包括股東資金及往來賬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往來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。

47 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(i) Sensitivity analysis of market risks exposures (continued)

Non-trading market risk (continued)*Interest rate risk (continued)*

At 31 December 2007, if other market variables including prime rate were held constant, an increase in HKD market interest rates of 25 basis points would result in a decrease in earnings over the next 12 months of HK\$13.5 million (2006: HK\$13.6 million), or a decrease in economic value of HK\$23.6 million (2006: HK\$34.4 million); while an increase in USD market interest rates of 25 basis points would result in a decrease in earnings over the next 12 months of HK\$5.5 million (2006: HK\$6.4 million), or a decrease in economic value of HK\$14 million (2006: HK\$14.1 million).

Conversely, if other market variables including prime rate were held constant, a decrease in HKD market interest rates of 25 basis points would result in an increase in earnings over the next 12 months of HK\$13.5 million (2006: HK\$13.6 million), or an increase in economic value of HK\$23.6 million (2006: HK\$34.4 million); while a decrease in USD market interest rates of 25 basis points would result in an increase in earnings over the next 12 months of HK\$5.5 million (2006: HK\$6.4 million), or an increase in economic value of HK\$14 million (2006: HK\$14.1 million).

Equity risk

At 31 December 2007, if Hang Seng Index had increased by 10% with all other variables held constant and all the equity instruments move according to the historical correlation with the index, earnings for the year would have been HK\$13.5 million higher (2006: HK\$3.2 million).

Conversely, at 31 December 2007, if Hang Seng Index had decreased by 10% with all other variables held constant and all the equity instruments move according to the historical correlation with the index, earnings for the year would have been HK\$13.5 million lower (2006: HK\$3.2 million).

The method and assumptions used in the above sensitivity analysis on interest rate risk, foreign exchange risk and equity risk are performed on the same basis for both 2006 and 2007.

47 財務風險管理(續)

(b) 市場風險管理(續)

(i) 市場風險敏感度分析(續)

非交易市場風險(續)*利率風險(續)*

於二零零七年十二月三十一日，假設其他市場參數(包括最優惠利率)維持不變，如果港元利率調升25個基點，將導致接下來12個月盈利減少13,500,000港元(二零零六年：13,600,000港元)，或經濟值減少23,600,000港元(二零零六年：34,400,000港元)；如果美元市場利率調升25個基點，將導致接下來12個月盈利減少5,500,000港元(二零零六年：6,400,000港元)，或經濟值減少14,000,000港元(二零零六年：14,100,000港元)。

相反地，假設其他市場參數(包括最優惠利率)維持不變，如果港元利率下調25個基點，將導致接下來12個月盈利增加13,500,000港元(二零零六年：13,600,000港元)，或經濟值增加23,600,000港元(二零零六年：34,400,000港元)；如果美元市場利率下調25個基點，將導致接下來12個月盈利增加5,500,000港元(二零零六年：6,400,000港元)，或經濟值增加14,000,000港元(二零零六年：14,100,000港元)。

股票風險

於二零零七年十二月三十一日，如果恒生指數上升10%並假設所有其他參數不變及所有股本工具根據與指數之歷史掛鈎關係變動，本年度之盈利為增加13,500,000港元(二零零六年：3,200,000港元)。

相反地，於二零零七年十二月三十一日，如果恒生指數下降10%並假設所有其他參數不變及所有股本工具根據與指數之歷史掛鈎關係變動，本年度之盈利為減少13,500,000港元(二零零六年：3,200,000港元)。

上述對利率風險、外匯風險及股票風險之敏感度分析所採用之方法及假設，就二零零六年及二零零七年而言所採用者乃屬相同。

47 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management (continued)***(ii) 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 an associated company. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

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

(Equivalent in HK\$'000)	(千港元等值)
ASSETS	資產
Cash and short-term funds	現金及短期資金
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款
Trading securities	持作交易用途之證券
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產
Advances to customers less impairment	客戶貸款減值
Accrued interest and other accounts	應計利息及其他賬目
Available-for-sale securities	可供出售證券
Spot assets	現貨資產
LIABILITIES	負債
Deposits and balances of banks	銀行同業之存款及結餘
Deposits from customers	客戶存款
Debt securities issued	已發行債務證券
Other account and liabilities	其他賬目及負債
Subordinated notes issued	已發行後償票據
Spot liabilities	現貨負債
Net on-balance sheet position	資產負債表內持倉淨額
Off-balance sheet position	資產負債表外倉盤
Foreign exchange derivative contracts	外匯衍生合約
Net aggregate position	總持倉淨額
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

47 財務風險管理(續)**(b) 市場風險管理(續)***(ii) 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。

下表列示於結算日之貨幣風險：

The Group 本集團 2007 二零零七年				
	US Dollars 美元	Chinese Renminbi 人民幣	Euros 歐元	Other currencies 其他貨幣
	5,496,400	143,294	183,085	836,485
	740,990	-	-	-
	156	-	-	-
	878,955	-	-	-
	6,033,828	-	41,977	168,552
	291,255	-	13,469	23,466
	6,763,137	-	925,472	1,424,521
	20,204,721	143,294	1,164,003	2,453,024
	24,657	-	682,852	194,880
	14,296,350	145,696	1,186,351	3,697,156
	1,362,877	-	-	-
	231,660	5	13,544	18,451
	1,622,652	-	-	-
	17,538,196	145,701	1,882,747	3,910,487
	2,666,525	(2,407)	(718,744)	(1,457,463)
	(3,415,851)	215,076	648,489	1,556,465
	(749,326)	212,669	(70,255)	99,002
	2,106,912	-	29,380	489,352

47 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Currency risk (continued)

		The Group 本集團 2006 二零零六年			
(Equivalent in HK\$'000)	(千港元等值)	US Dollars 美元	Chinese Renminbi 人民幣	Euros 歐元	Other currencies 其他貨幣
ASSETS	資產				
Cash and short-term funds	現金及短期資金	4,956,944	138,710	6,550	1,988,301
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,439,023	–	–	245,178
Trading securities	持作交易用途之證券	151	–	–	–
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值 之金融資產	558,791	–	–	–
Advances to customers less impairment	客戶貸款減減值	2,890,870	–	511,958	585,330
Accrued interest and other accounts	應計利息及其他賬目	190,770	–	902	14,940
Available-for-sale securities	可供出售證券	5,188,951	–	101,611	–
Investment in associated company	聯營公司投資	–	–	–	6,547
Spot assets	現貨資產	15,225,500	138,710	621,021	2,840,296
LIABILITIES	負債				
Deposits and balances of banks	銀行同業之存款及結餘	66,828	–	164,220	373,063
Deposits from customers	客戶存款	11,543,042	138,536	470,361	2,937,101
Certificates of deposit issued	已發行存款證	32,747	–	–	–
Debt securities issued	已發行債務證券	1,279,952	–	–	–
Other account and liabilities	其他賬目及負債	188,552	–	1,065	16,068
Subordinated notes issued	已發行後償票據	1,570,155	–	–	–
Spot liabilities	現貨負債	14,681,276	138,536	635,646	3,326,232
Net on-balance sheet position	資產負債表內持倉淨額	544,224	174	(14,625)	(485,936)
Off-balance sheet position	資產負債表外倉盤				
Foreign exchange derivative contracts	外匯衍生合約	(445,803)	199,181	13,832	496,455
Net aggregate position	總持倉淨額	98,421	199,355	(793)	10,519
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	3,301,728	–	14,266	273,946

47 財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 貨幣風險 (續)

47 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Currency risk (continued)

(Equivalent in HK\$'000)	(千港元等值)
ASSETS	資產
Cash and short-term funds	現金及短期資金
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款
Trading securities	持作交易用途之證券
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值之金融資產
Advances to customers less impairment	客戶貸款減值
Accrued interest and other accounts	應計利息及其他賬目
Available-for-sale securities	可供出售證券
Investment in subsidiaries	附屬公司投資
Amounts due from subsidiaries	應收附屬公司款項
Spot assets	現貨資產
LIABILITIES	負債
Deposits and balances of banks	銀行同業之存款及結餘
Deposits from customers	客戶存款
Debt securities issued	已發行債務證券
Other account and liabilities	其他賬目及負債
Subordinated notes issued	已發行後償票據
Amounts due to subsidiaries	應付附屬公司款項
Spot liabilities	現貨負債
Net on-balance sheet position	資產負債表內持倉淨額
Off-balance sheet position	資產負債表外倉盤
Foreign exchange derivative contracts	外匯衍生合約
Net aggregate position	總持倉淨額
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

47 財務風險管理(續)

(b) 市場風險管理(續)

(ii) 貨幣風險(續)

The Bank 本行 2007 二零零七年			
US Dollars 美元	Chinese Renminbi 人民幣	Euros 歐元	Other currencies 其他貨幣
5,496,340	143,294	182,970	836,016
740,990	-	-	-
156	-	-	-
878,955	-	-	-
6,033,828	-	41,977	168,552
291,255	-	13,469	23,466
6,763,137	-	925,472	1,424,521
31,056	-	-	247
-	-	115	212
20,235,717	143,294	1,164,003	2,453,014
24,657	-	682,852	194,880
14,278,393	145,696	1,125,106	3,697,156
1,362,877	-	-	-
230,970	5	13,544	18,194
1,622,652	-	-	-
51,538	-	61,327	590
17,571,087	145,701	1,882,829	3,910,820
2,664,630	(2,407)	(718,826)	(1,457,806)
(3,415,851)	215,076	648,489	1,556,465
(751,221)	212,669	(70,337)	98,659
2,106,912	-	29,380	489,352

47 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Currency risk (continued)

(Equivalent in HK\$'000)	(千港元等值)	US Dollars 美元	Chinese Renminbi 人民幣	Euros 歐元	Other currencies 其他貨幣
The Bank 本行 2006 二零零六年					
ASSETS	資產				
Cash and short-term funds	現金及短期資金	4,956,885	138,710	6,447	1,987,712
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,439,023	-	-	245,178
Trading securities	持作交易用途之證券	151	-	-	-
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值 之金融資產	558,791	-	-	-
Advances to customers less impairment	客戶貸款減減值	2,890,870	-	511,958	585,330
Accrued interest and other accounts	應計利息及其他賬目	190,770	-	902	14,940
Available-for-sale securities	可供出售證券	5,188,951	-	101,611	-
Investment in associated company	聯營公司投資	-	-	-	6,547
Investment in subsidiaries	附屬公司投資	31,056	-	-	247
Amounts due from subsidiaries	應收附屬公司款項	-	-	103	162
Spot assets	現貨資產	15,256,497	138,710	621,021	2,840,116
LIABILITIES	負債				
Deposits and balances of banks	銀行同業之存款及結餘	66,828	-	164,220	373,063
Deposits from customers	客戶存款	11,387,885	138,536	395,436	2,797,708
Certificates of deposit issued	已發行存款證	32,747	-	-	-
Debt securities issued	已發行債務證券	1,279,952	-	-	-
Other account and liabilities	其他賬目及負債	188,815	-	974	15,796
Subordinated notes issued	已發行後償票據	1,570,155	-	-	-
Amounts due to subsidiaries	應付附屬公司款項	185,965	-	75,017	139,795
Spot liabilities	現貨負債	14,712,347	138,536	635,647	3,326,362
Net on-balance sheet position	資產負債表內持倉淨額	544,150	174	(14,626)	(486,246)
Off-balance sheet position	資產負債表外倉盤				
Foreign exchange derivative contracts	外匯衍生合約	(445,803)	199,181	13,832	496,455
Net aggregate position	總持倉淨額	98,347	199,355	(794)	10,209
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	3,301,728	-	14,266	273,946

47 財務風險管理 (續)

(b) 市場風險管理 (續)

(ii) 貨幣風險 (續)

47 FINANCIAL RISK MANAGEMENT (continued)**(b) Market risk management (continued)***(iii) 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 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.

The following tables indicate the effective interest rates for the relevant periods and the mismatches of the expected interest repricing dates for interest-bearing assets and liabilities at the balance sheet date. Actual repricing dates may differ from the contractual dates owing to prepayments and the exercise of options.

47 財務風險管理(續)**(b) 市場風險管理(續)***(iii) 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率時差引致，亦與包括股東資金及往來賬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往來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。

下表列示於結算日付息資產與負債於相關期間之實際利率及於預期利息調整日期之錯配。由於預付及行使期權，實際重訂價格日期可能不同於合約日期。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(b) Market risk management (continued)

(b) 市場風險管理(續)

(iii) Interest rate risk (continued)

(iii) 利率風險(續)

		The Group 本集團 2007 二零零七年					
	Average effective interest rate	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
	平均實際利率	總額	三個月或以下 (包括逾期部份)	三個月以上至一年	一年以上至五年	五年以上	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		4.59%	7,024,601	6,377,681	-	-	646,920
Placements with banks maturing between one and twelve months		5.12%	740,990	584,992	155,998	-	-
Trading securities		2.38%	32,544	15,137	8,975	3,873	349
Financial assets designated at fair value through profit or loss		6.56%	878,955	-	-	564,610	314,345
Derivative financial instruments		0%	955,904	-	-	-	955,904
Advances to customers less impairment		5.74%	31,478,804	25,387,760	3,403,550	2,253,792	416,456
Other assets		6.33%	649,647	78,350	-	-	571,297
Available-for-sale securities		3.73%	17,230,441	6,045,057	6,229,994	4,160,713	392,645
Undated assets		0%	1,630,993	-	-	-	1,630,993
			60,622,879	38,488,977	9,798,517	6,982,988	1,127,656
							4,224,741
LIABILITIES		負債					
Deposits and balances of banks		3.85%	1,457,845	1,077,732	-	-	380,113
Deposits from customers		3.78%	41,473,991	39,853,053	1,299,324	-	321,614
Trading liabilities		3.94%	11,673	-	7,035	1,033	3,605
Financial liabilities designated at fair value through profit or loss		5.84%	220,446	-	-	-	220,446
Certificates of deposit issued		4.21%	2,161,650	1,169,800	439,050	552,800	-
Debt securities issued		5.16%	1,593,177	1,593,177	-	-	-
Derivative financial instruments		0%	804,740	-	-	-	804,740
Other liabilities		1.62%	6,718,976	5,620,525	459,753	-	638,698
Subordinated notes issued		5.65%	1,622,652	-	-	1,622,652	-
Undated liabilities		0%	436,265	-	-	-	436,265
			56,501,415	49,314,287	2,205,162	2,176,485	224,051
							2,581,430
Interest rate sensitivity gap			(10,825,310)	7,593,355	4,806,503	903,605	

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

備註：資產負債表外衍生工具對上表並無重大影響。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(b) Market risk management (continued)

(b) 市場風險管理(續)

(iii) Interest rate risk (continued)

(iii) 利率風險(續)

		The Group 本集團 2006 二零零六年					
	Average effective interest rate	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
	平均實際利率	總額	三個月或以下(包括逾期部份)	三個月以上至一年	一年以上至五年	五年以上	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		7,818,671	7,523,386	-	-	-	295,285
Placements with banks maturing between one and twelve months		1,684,201	1,023,029	661,172	-	-	-
Trading securities		469,030	258,575	197,641	9,804	3,010	-
Financial assets designated at fair value through profit or loss		558,791	-	-	403,682	155,109	-
Derivative financial instruments		537,855	-	-	-	-	537,855
Advances to customers less impairment		25,751,160	21,517,300	1,974,776	1,844,653	334,968	79,463
Other assets		550,871	-	-	-	-	550,871
Available-for-sale securities		14,257,154	1,711,595	6,629,624	4,474,611	1,217,280	224,044
Undated assets		1,719,143	-	-	-	-	1,719,143
		53,346,876	32,033,885	9,463,213	6,732,750	1,710,367	3,406,661
LIABILITIES		負債					
Deposits and balances of banks		961,515	860,491	-	-	-	101,024
Deposits from customers		33,810,833	32,704,817	842,912	23	-	263,081
Trading liabilities		445,695	248,956	185,765	7,966	3,008	-
Certificates of deposit issued		3,523,347	2,050,000	374,550	1,098,797	-	-
Debt securities issued		1,414,162	1,414,162	-	-	-	-
Derivative financial instruments		425,047	-	-	-	-	425,047
Other liabilities		6,808,249	5,001,884	590,862	601,897	-	613,606
Subordinated notes issued		1,570,155	-	-	1,570,155	-	-
Undated liabilities		408,749	-	-	-	-	408,749
		49,367,752	42,280,310	1,994,089	3,278,838	3,008	1,811,507
Interest rate sensitivity gap	利率敏感度差距		(10,246,425)	7,469,124	3,453,912	1,707,359	

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

備註：資產負債表外衍生工具對上表並無重大影響。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(b) Market risk management (continued)

(b) 市場風險管理(續)

(iii) Interest rate risk (continued)

(iii) 利率風險(續)

		The Bank 本行 2007 二零零七年					
	Average effective interest rate	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	
	平均實際利率	三個月或以下 (包括逾期部份)	三個月以上至一年	一年以上至五年	五年以上	不計息	
	總額	總額	總額	總額	總額	總額	
	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	4.59%	7,023,909	6,377,681	-	-	-	646,228
Placements with banks maturing between one and twelve months	5.12%	740,990	584,992	155,998	-	-	-
Trading securities	2.38%	32,195	15,137	8,975	3,873	4,210	-
Financial assets designated at fair value through profit or loss	6.56%	878,955	-	-	564,610	314,345	-
Derivative financial instruments	0%	955,904	-	-	-	-	955,904
Advances to customers less impairment	5.22%	26,835,845	24,160,782	1,842,710	412,535	416,456	3,362
Other assets	6.33%	610,560	78,350	-	-	-	532,210
Available-for-sale securities	3.73%	17,230,441	6,045,057	6,229,994	4,160,713	392,645	402,032
Amount due from subsidiaries	4.38%	4,259,323	4,123,455	-	-	-	135,868
Undated assets	0%	1,610,581	-	-	-	-	1,610,581
		60,178,703	41,385,454	8,237,677	5,141,731	1,127,656	4,286,185
LIABILITIES		負債					
Deposits and balances of banks	3.85%	1,457,840	1,077,732	-	-	-	380,108
Deposits from customers	3.60%	41,399,581	39,778,643	1,299,324	-	-	321,614
Trading liabilities	3.94%	11,673	-	7,035	1,033	3,605	-
Financial liabilities designated at fair value through profit or loss	5.84%	220,446	-	-	-	220,446	-
Certificates of deposit issued	4.21%	2,161,650	1,169,800	439,050	552,800	-	-
Debt securities issued	5.16%	1,593,177	1,593,177	-	-	-	-
Derivative financial instruments	0%	804,740	-	-	-	-	804,740
Other liabilities	1.62%	6,445,561	5,620,525	459,753	-	-	365,283
Subordinated notes issued	5.65%	1,622,652	-	-	1,622,652	-	-
Amounts due to subsidiaries	3.39%	500,452	458,483	24,176	-	-	17,793
Undated liabilities	0%	428,545	-	-	-	-	428,545
		56,646,317	49,698,360	2,229,338	2,176,485	224,051	2,318,083
Interest rate sensitivity gap			(8,312,906)	6,008,339	2,965,246	903,605	

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

備註：資產負債表外衍生工具對上表並無重大影響。

47 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 capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity 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.

As part of its liquidity risk management, the Group focuses on a number of components, including maintaining sufficient liquid assets, maintaining diversified source of liquidity, reserving necessary funding capacity and contingent planning. 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.

The Group's consolidated average liquidity ratio for the year ended 31 December 2007 was well above the statutory minimum ratio of 25%.

47 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資金及流動資金監控相關市場。

作為其流動資金風險管理之一部分，本集團集中於數個項目，包括保持充足流動資產、拓闊流動資金來源、維持所需的融資能力及應變計劃。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。

本集團於截至二零零七年十二月三十一日止年度之綜合平均流動資金比率遠高於法定最低比率25%。

47 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.

ASSETS	資產
Cash and short-term funds	現金及短期資金
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款
Trading securities	持作交易用途之證券
Financial assets designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融資產
Derivative financial instruments	衍生金融工具
Advances to customers less impairment	客戶貸款減減值
Other assets	其他資產
Available-for-sale securities	可供出售證券
Undated assets	無定期資產

LIABILITIES	負債
Deposits and balances of banks	銀行同業之存款及結餘
Deposits from customers	客戶存款
Trading liabilities	交易賬項下之負債
Financial liabilities designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融負債
Certificates of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
Derivative financial instruments	衍生金融工具
Other liabilities	其他負債
Subordinated notes issued	已發行後償票據
Undated liabilities	無定期負債

Net liquidity gap 流動資金缺口淨額

47 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：

		The Group 本集團 2007 二零零七年						
Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite	
總額	即時還款	一個月內	一個月以上三個月以內	三個月以上一年以內	一年以上五年以內	五年以上	無期限	
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	
7,024,601	646,920	6,377,681	-	-	-	-	-	
740,990	-	-	584,992	155,998	-	-	-	
32,544	-	14,981	156	8,975	3,873	4,210	349	
878,955	-	-	-	-	564,610	314,345	-	
955,904	-	-	-	-	-	-	955,904	
31,478,804	1,101,486	4,845,212	2,660,556	4,610,404	9,749,840	8,479,364	31,942	
649,647	-	499,137	60,729	67,058	22,723	-	-	
17,230,441	-	230,967	255,233	7,115,365	5,614,917	3,611,927	402,032	
1,630,993	-	-	-	-	-	-	1,630,993	
60,622,879	1,748,406	11,967,978	3,561,666	11,957,800	15,955,963	12,409,846	3,021,220	
1,457,845	380,113	1,077,732	-	-	-	-	-	
41,473,991	10,278,169	25,208,409	4,033,857	1,280,682	510,012	162,862	-	
11,673	-	-	-	7,035	1,033	3,605	-	
220,446	-	-	-	-	-	220,446	-	
2,161,650	-	306,450	243,300	1,611,900	-	-	-	
1,593,177	-	-	-	92,200	1,438,890	62,087	-	
804,740	-	-	-	-	-	-	804,740	
6,718,976	-	5,331,512	868,827	518,637	-	-	-	
1,622,652	-	-	-	-	-	1,622,652	-	
436,265	-	-	-	-	-	-	436,265	
56,501,415	10,658,282	31,924,103	5,145,984	3,510,454	1,949,935	2,071,652	1,241,005	
Net liquidity gap	8,909,876	19,956,125	1,584,318	(8,447,346)	(14,006,028)	(10,338,194)		

47 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite	The Group	
								本集團	2007
總額	即時還款	一個月內	三個月以上	三個月以上	一年以上	五年以上	無期限	千港元	千港元
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元	千港元

Of which:	其中:								
Certificates of deposit held	持有存款證								
- Included in available-for-sale securities	- 納入可供出售證券	268,901	-	-	120,124	-	148,777	-	-
Debt securities held*	持有債務證券*								
- Included in trading securities	- 納入持作交易用途之證券	32,195	-	14,981	156	8,975	3,873	4,210	-
- Included in financial assets designated at fair value through profit or loss	- 納入指定為通過損益以反映公平價值之金融資產	878,955	-	-	-	-	564,610	314,345	-
- Included in available-for-sale securities	- 納入可供出售證券	16,852,859	-	230,967	255,233	7,115,365	5,614,917	3,611,927	24,450
		17,764,009	-	245,948	255,389	7,124,340	6,183,400	3,930,482	24,450
Certificates of deposit issued	已發行存款證								
- Stated at amortised cost	- 按攤銷成本列賬	2,161,650	-	306,450	243,300	1,611,900	-	-	-

* The amount of debt securities held included certificates of deposit held.

47 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)

Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite	The Group	
								本集團	2007
總額	即時還款	一個月內	三個月以上	三個月以上	一年以上	五年以上	無期限	千港元	千港元
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元	千港元
268,901	-	-	120,124	-	148,777	-	-	千港元	千港元
32,195	-	14,981	156	8,975	3,873	4,210	-	千港元	千港元
878,955	-	-	-	-	564,610	314,345	-	千港元	千港元
16,852,859	-	230,967	255,233	7,115,365	5,614,917	3,611,927	24,450	千港元	千港元
17,764,009	-	245,948	255,389	7,124,340	6,183,400	3,930,482	24,450	千港元	千港元
2,161,650	-	306,450	243,300	1,611,900	-	-	-	千港元	千港元

* 持有債務證券的金額已計入持有存款證。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(c) Liquidity risk management (continued)

(c) 流動資金風險管理(續)

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

(i) 按剩餘期限分析之資產及負債(續)

		The Group 本集團 2006 二零零六年							
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite
		總額	即時還款	一個月內	三個月以上 一個月以內	三個月以上 一年以內	五年以內	五年以上	無期限
		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	HK\$'000 千港元
ASSETS		資產							
Cash and short-term funds	現金及短期資金	7,818,671	295,285	7,523,386	-	-	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,684,201	-	-	1,023,029	661,172	-	-	-
Trading securities	持作交易用途之證券	469,030	-	29,993	228,582	197,641	9,804	3,010	-
Financial assets designated at fair value through profit or loss	指定為透過損益以反映 公平價值之金融資產	558,791	-	-	-	-	403,682	155,109	-
Derivative financial instruments	衍生金融工具	537,855	-	-	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	25,751,160	860,688	3,551,279	2,197,170	3,847,986	7,547,045	7,656,293	90,699
Other assets	其他資產	550,871	-	453,117	43,022	52,269	2,463	-	-
Available-for-sale securities	可供出售證券	14,257,154	-	305,181	1,406,414	6,629,624	4,474,611	1,217,280	224,044
Undated assets	無定期資產	1,719,143	-	-	-	-	-	-	1,719,143
		53,346,876	1,155,973	11,862,956	4,898,217	11,388,692	12,437,605	9,031,692	2,571,741
LIABILITIES		負債							
Deposits and balances of banks	銀行同業之存款及結餘	961,515	101,024	488,220	372,271	-	-	-	-
Deposits from customers	客戶存款	33,810,833	8,490,742	20,588,746	2,829,347	1,018,763	743,222	140,013	-
Trading liabilities	交易賬項下之負債	445,695	-	149,616	99,340	185,765	7,966	3,008	-
Certificates of deposit issued	已發行存款證	3,523,347	-	344,197	703,650	1,983,600	491,900	-	-
Debt securities issued	已發行債務證券	1,414,162	-	-	-	42,010	1,358,151	14,001	-
Derivative financial instruments	衍生金融工具	425,047	-	-	-	-	-	-	425,047
Other liabilities	其他負債	6,808,249	-	4,422,674	1,155,462	628,216	601,897	-	-
Subordinated notes issued	已發行後償票據	1,570,155	-	-	-	-	1,570,155	-	-
Undated liabilities	無定期負債	408,843	-	-	-	-	-	-	408,843
		49,367,846	8,591,766	25,993,453	5,160,070	3,858,354	4,773,291	157,022	833,890
Net liquidity gap	流動資金缺口淨額		7,435,793	14,130,497	261,853	(7,530,338)	(7,664,314)	(8,874,670)	

The prior year comparative figures have been restated for more appropriate presentation.

為更適當地作出呈列，故已重列上年度之比較數字。

47 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		The Group 本集團 2006 二零零六年							
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite
		總額	即時還款	一個月內	一個月以上 三個月以內	三個月以上 一年以內	一年以上 五年以內	五年以上	無期限
		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	HK\$'000 千港元
Of which:	其中：								
Certificates of deposit held	持有存款證								
- Included in available-for-sale securities	- 納入可供出售證券	86,741	-	-	-	86,741	-	-	-
Debt securities held*	持有債務證券*								
- Included in trading securities	- 納入持作交易用途之證券	469,030	-	29,993	228,582	197,641	9,804	3,010	-
- Included in financial assets designated at fair value through profit or loss	- 納入指定為通過損益以反映之金融資產	558,791	-	-	-	-	403,682	155,109	-
- Included in available-for-sale securities	- 納入可供出售證券	14,063,033	-	305,181	1,406,414	6,629,624	4,474,611	1,217,280	29,923
		15,090,854	-	335,174	1,634,996	6,827,265	4,888,097	1,375,399	29,923
Certificates of deposit issued	已發行存款證								
- Stated at amortised cost	- 按攤銷成本列賬	3,523,347	-	344,197	703,650	1,983,600	491,900	-	-

* The amount of debt securities held included certificates of deposit held.

* 持有債務證券的金額已計入持有存款證。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(c) Liquidity risk management (continued)

(c) 流動資金風險管理(續)

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

(i) 按剩餘期限分析之資產及負債(續)

		The Bank 本行 2007 二零零七年						
		Repayable	Within 1	Over 1	Over 3	Over 1	Over 5	Indefinite
		Total	month	month but	months but	year but	years	
		on demand	month	within 3	within 1	within 5	years	
				months	year	years		
				三個月以內	一年以內	五年以內	五年以上	無期限
		總額	即時還款	一個月內	三個月以內	一年以內	五年以上	無期限
		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
ASSETS	資產							
Cash and short-term funds	現金及短期集資	7,023,909	646,228	6,377,681	-	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	740,990	-	-	584,992	155,998	-	-
Trading securities	持作交易用途之證券	32,195	-	14,981	156	8,975	3,873	4,210
Financial assets designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融資產	878,955	-	-	-	-	564,610	314,345
Derivative financial instruments	衍生金融工具	955,904	-	-	-	-	-	955,904
Advances to customers less impairment	客戶貸款減減值	26,835,845	1,057,401	4,625,555	2,224,689	2,941,960	7,720,995	8,252,807
Other assets	其他資產	610,560	-	470,637	60,574	60,487	18,862	-
Available-for-sale securities	可供出售證券	17,230,441	-	230,967	255,233	7,115,365	5,614,917	3,611,927
Amounts due from subsidiaries	應收附屬公司款項	4,259,323	50,161	434,668	681,245	3,090,836	-	2,413
Undated assets	無定期資產	1,610,581	-	-	-	-	-	1,610,581
		60,178,703	1,753,790	12,154,489	3,806,889	13,373,621	13,923,257	12,183,289
								2,983,368
LIABILITIES	負債							
Deposits and balances of banks	銀行同業之存款及結餘	1,457,840	380,108	1,077,732	-	-	-	-
Deposits from customers	客戶存款	41,399,581	10,277,711	25,134,457	4,033,857	1,280,682	510,012	162,862
Trading liabilities	交易賬項下之負債	11,673	-	-	-	7,035	1,033	3,605
Financial liabilities designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融負債	220,446	-	-	-	-	-	220,446
Certificates of deposit issued	已發行存款證	2,161,650	-	306,450	243,300	1,611,900	-	-
Debt securities issued	已發行債務證券	1,593,177	-	-	-	92,200	1,438,890	62,087
Derivative financial instruments	衍生金融工具	804,740	-	-	-	-	-	804,740
Other liabilities	其他負債	6,445,561	-	5,058,098	868,827	518,636	-	-
Subordinated notes issued	已發行後償票據	1,622,652	-	-	-	-	-	1,622,652
Amounts due to subsidiaries	應付附屬公司款項	500,452	71,116	393,977	7,012	24,264	-	4,083
Undated liabilities	無定期負債	428,545	-	-	-	-	-	428,545
		56,646,317	10,728,935	31,970,714	5,152,996	3,534,717	1,949,935	2,071,652
								1,237,368
Net liquidity gap	流動資金缺口淨額		8,975,145	19,816,225	1,346,107	(9,838,904)	(11,973,322)	(10,111,637)

47 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite
總額	即時還款	一個月內	三個月以上	三個月以上	一年以上	五年以上	無期限
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

Of which:

Certificates of deposit held
– Included in available-for-sale securities

Debt securities held*
– Included in trading securities

– Included in financial assets designated at fair value through profit or loss
– Included in available-for-sale securities

Certificates of deposit issued
– Stated at amortised cost

其中:

持有存款證
– 納入可供出售證券

持有債務證券*
– 納入持作交易用途之證券
– 納入指定為通過損益以反映公平價值之金融資產
– 納入可供出售證券

已發行存款證
– 按攤銷成本列賬

								The Bank 本行 2007 二零零七年				
								Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite
								一個月以上	三個月以上	一年以上	五年以上	無期限
								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
268,901	-	-	120,124	-	148,777	-	-					
32,195	-	14,981	156	8,975	3,873	4,210	-					
878,955	-	-	-	-	564,610	314,345	-					
16,852,859	-	230,967	255,233	7,115,365	5,614,917	3,611,927	24,450					
17,764,009	-	245,948	255,389	7,124,340	6,183,400	3,930,482	24,450					
2,161,650	-	306,450	243,300	1,611,900	-	-	-					

* The amount of debt securities held included certificates of deposit held.

* 持有債務證券的金額已計入持有存款證。

47 FINANCIAL RISK MANAGEMENT (continued)

47 財務風險管理(續)

(c) Liquidity risk management (continued)

(c) 流動資金風險管理(續)

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

(i) 按剩餘期限分析之資產及負債(續)

		The Bank 本行 2006 二零零六年							
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Indefinite
		總額	即時還款	一個月內	三個月以上 一個月以內	三個月以上 一年以內	五年以上 一年以內	五年以上	無期限
		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	HK\$'000 千港元
ASSETS	資產								
Cash and short-term funds	現金及短期資金	7,818,179	294,793	7,523,386	-	-	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,684,201	-	-	1,023,029	661,172	-	-	-
Trading securities	持作交易用途之證券	469,030	-	29,993	228,582	197,641	9,804	3,010	-
Financial assets designated at fair value through profit or loss	指定為透過損益以反映 公平價值之金融資產	558,791	-	-	-	-	403,682	155,109	-
Derivative financial instruments	衍生金融工具	537,855	-	-	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	22,425,774	833,108	3,393,783	1,884,469	2,716,475	6,149,365	7,375,503	73,071
Other assets	其他資產	521,836	-	431,977	42,810	47,049	-	-	-
Available-for-sale securities	可供出售證券	14,257,083	-	305,181	1,406,414	6,629,624	4,474,611	1,217,280	223,973
Amounts due from subsidiaries	應收附屬公司款項	2,835,225	54,905	228,831	482,939	2,066,328	-	-	2,222
Undated assets	無定期資產	1,624,682	-	-	-	-	-	-	1,624,682
		52,732,656	1,182,806	11,913,151	5,068,243	12,318,289	11,037,462	8,750,902	2,461,803
LIABILITIES	負債								
Deposits and balances of banks	銀行同業之存款及結餘	961,507	101,016	488,220	372,271	-	-	-	-
Deposits from customers	客戶存款	33,410,322	8,490,302	20,188,675	2,829,347	1,018,763	743,222	140,013	-
Trading liabilities	交易賬項下之負債	445,695	-	149,616	99,340	185,765	7,966	3,008	-
Certificates of deposit issued	已發行存款證	3,523,347	-	344,197	703,650	1,983,600	491,900	-	-
Debt securities issued	已發行債務證券	1,414,162	-	-	-	42,010	1,358,151	14,001	-
Derivative financial instruments	衍生金融工具	425,047	-	-	-	-	-	-	425,047
Other liabilities	其他負債	6,650,422	-	4,264,847	1,155,462	628,216	601,897	-	-
Subordinated notes issued	已發行後償票據	1,570,155	-	-	-	-	1,570,155	-	-
Amounts due to subsidiaries	應付附屬公司款項	583,672	45,319	499,781	10,947	23,418	-	-	4,207
Undated liabilities	無定期負債	276,874	-	-	-	-	-	-	276,874
		49,261,203	8,636,637	25,935,336	5,171,017	3,881,772	4,773,291	157,022	706,128
Net liquidity gap	流動資金缺口淨額		7,453,831	14,022,185	102,774	(8,436,517)	(6,264,171)	(8,593,880)	

The prior year comparative figures have been restated for more appropriate presentation.

為更適當地作出呈列，故已重列上年度之比較數字。

47 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of non-derivative liabilities by contractual maturities

The following contractual cash flow projections of the Group's financial liabilities, derivatives and off-balance sheet exposures analysed by the remaining period as at balance sheet dates to the contractual maturity dates. The balances in the tables below will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future coupon payments.

Financial liabilities	金融負債
Deposits and balances of banks	銀行同業之存款及結餘
Deposits from customers	客戶存款
Trading liabilities	交易賬項下之負債
Financial liabilities designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融資產
Certificates of deposit issued	已發行存款證
Debt securities issued	已發行債務證券
Subordinated notes issued	已發行後償票據
Other liabilities	其他負債
Off-balance sheet exposures	資產負債表外項目
- Contingent liabilities	- 或然負債
- Commitments	- 承擔

47 財務風險管理(續)

(c) 流動資金風險管理(續)

(ii) 按合約到期日作出之非衍生負債分析

下列為按結算日至合約到期日之剩餘期限分析之本集團金融負債、衍生工具及資產負債表外項目之合約現金流預期。下表結餘將不會直接等同於綜合資產負債表之結餘，因為下表包含與全部未來息票付款之本金及相關款項有關之所有現金流(根據未折現基準)。

		The Group 本集團 2007 二零零七年					
Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	
總額	即時還款	一個月內	一個月以上 三個月以內	三個月以上 一年以內	一年以上 五年以內	五年以上	
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	
1,462,505	380,113	1,082,392	-	-	-	-	
41,754,111	10,278,169	25,317,334	4,085,691	1,340,156	559,023	173,738	
12,526	-	-	82	7,278	1,601	3,565	
520,000	-	-	-	-	-	520,000	
2,243,399	-	319,626	253,619	1,654,394	15,760	-	
1,743,577	-	17,804	3,167	153,147	1,495,628	73,831	
1,857,746	-	7,836	14,203	67,340	208,387	1,559,980	
6,878,396	-	5,355,719	860,536	650,881	11,260	-	
56,472,260	10,658,282	32,100,711	5,217,298	3,873,196	2,291,659	2,331,114	
1,564,140	-	1,564,140	-	-	-	-	
11,587,444	11,277,895	309,549	-	-	-	-	
13,151,584	11,277,895	1,873,689	-	-	-	-	

47 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of non-derivative liabilities by contractual maturities (continued)

		The Group 本集團 2006 二零零六年						
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years
		總額	即時還款	一個月內	三個月以上 一個月以內	三個月以上 一年以內	一年以上 五年以內	五年以上
		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
Financial liabilities	金融負債							
Deposits and balances of banks	銀行同業之存款及結餘	962,347	101,024	488,521	372,802	-	-	-
Deposits from customers	客戶存款	34,107,966	8,504,777	20,670,569	2,871,588	1,082,302	825,482	153,248
Trading liabilities	交易賬項下之負債	450,785	-	150,000	100,082	188,781	8,755	3,167
Certificates of deposit issued	已發行存款證	3,686,091	-	352,387	733,029	2,060,898	539,777	-
Debt securities issued	已發行債務證券	1,599,128	-	17,661	1,251	95,798	1,466,603	17,815
Subordinated notes issued	已發行後償票據	1,974,918	-	7,955	15,644	72,919	1,878,400	-
Other liabilities	其他負債	7,006,415	-	4,610,834	1,128,806	678,878	587,897	-
		49,787,650	8,605,801	26,297,927	5,223,202	4,179,576	5,306,914	174,230
Off-balance sheet exposures	資產負債表外項目							
- Contingent liabilities	- 或然負債	1,173,882	-	1,173,882	-	-	-	-
- Commitments	- 承擔	12,081,120	10,793,105	1,288,015	-	-	-	-
		13,255,002	10,793,105	2,461,897	-	-	-	-

(d) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risks arise from the Group's daily operation and fiduciary activities. An appropriate and robust Operational Risk Management Policy and related framework has been developed, based on the HKMA guidelines, to facilitate the timely identification, effective assessment and mitigation of material and relevant risks. Through this framework, the management oversight for risk exposures, especially in the prioritisation and allocation of limited risk mitigating resources, can further be strengthened.

47 財務風險管理 (續)

(c) 流動資金風險管理 (續)

(ii) 按合約到期日作出之非衍生負債分析 (續)

		The Group 本集團 2006 二零零六年						
		Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years
		總額	即時還款	一個月內	三個月以上 一個月以內	三個月以上 一年以內	一年以上 五年以內	五年以上
		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
Financial liabilities	金融負債							
Deposits and balances of banks	銀行同業之存款及結餘	962,347	101,024	488,521	372,802	-	-	-
Deposits from customers	客戶存款	34,107,966	8,504,777	20,670,569	2,871,588	1,082,302	825,482	153,248
Trading liabilities	交易賬項下之負債	450,785	-	150,000	100,082	188,781	8,755	3,167
Certificates of deposit issued	已發行存款證	3,686,091	-	352,387	733,029	2,060,898	539,777	-
Debt securities issued	已發行債務證券	1,599,128	-	17,661	1,251	95,798	1,466,603	17,815
Subordinated notes issued	已發行後償票據	1,974,918	-	7,955	15,644	72,919	1,878,400	-
Other liabilities	其他負債	7,006,415	-	4,610,834	1,128,806	678,878	587,897	-
		49,787,650	8,605,801	26,297,927	5,223,202	4,179,576	5,306,914	174,230
Off-balance sheet exposures	資產負債表外項目							
- Contingent liabilities	- 或然負債	1,173,882	-	1,173,882	-	-	-	-
- Commitments	- 承擔	12,081,120	10,793,105	1,288,015	-	-	-	-
		13,255,002	10,793,105	2,461,897	-	-	-	-

(d) 營運風險管理

營運風險來自不充足或缺乏效率之內部程序、人員或制度或來自外在事故。營運風險產生自本集團之日常營運及信託業務。為提升察覺時間性、有效地評估及減低重大和相關風險，已根據金管局之指引建立適當及健全之營運風險管理政策及相關框架。透過該框架，管理層對風險之監察，尤其是對有限之減低風險資源之優先取捨及分配能夠進一步加強。

47 FINANCIAL RISK MANAGEMENT (continued)**(d) Operational risk management (continued)**

The Board of Directors, through the Risk Management Committee, is aware of the major aspects of the Bank's operational risks as a distinct risk category that should be managed. The Committee performs regular review and approves the operational risk framework, risk profiles, policies and guidelines. The Committee also plays an active role in monitoring the progress of implementation of mitigating measures for the risk events identified, including Business Continuity Planning, Key Risk Indicator monitoring and Basel II implementation.

Internal controls, an integral part of a sound operational risk management framework, are maintained by the established departmental operational manuals which provide guidance on the baseline controls to ensure a controlled and sound operating environment. Each new product or service introduced is subject to a rigorous risk review and sign-off process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or services. Variations of existing products or services are also subject to a similar process. Departments are required to report any risk events and failings promptly through a reporting mechanism, as well as to review their control procedures regularly to ensure compliance of the regulatory and industry requirements.

The Bank's internal audit and compliance departments plays 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 reports directly to the Audit Committee of the Board as well as indirectly to the Chief Executive.

(e) Capital management

The HKMA sets and monitors capital requirements for the Group as a whole. In addition to meeting the regulatory requirements, the Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

47 財務風險管理(續)**(d) 營運風險管理(續)**

透過風險管理委員會，董事會已注意到本行作為一項單獨之風險類別而進行管理之營運風險主要情況。該委員會定期審閱及批准營運風險框架、風險簡述、政策及指引。對於所發現之風險事故所採取之緩和措施(包括業務延續性規劃、主要風險指標監察、巴塞爾新資本協定之落實)方面，該委員會在監察實施進度上亦發揮積極之作用。

內部控制作為穩健營運風險管理框架之重要部分，已按照所建立之部門營運手冊(載有基本控制之指引，確保一個受控制且穩健的營運環境)而實施。各新產品或服務須進行嚴格風險檢討，並於建議該產品或服務之獨立風險管理部門定義及評估所有相關風險完成後，方可引進。更改現有產品或服務亦須受類似程序限制。部門須透過匯報機制迅速報告任何風險事故及不善之處，同時定期檢討其控制程序，以確保符合監管及行業規定。

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適當；
- 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，內部審核部門直接向董事會審核委員會與或間接向行政總裁負責。

(e) 資本管理

香港金管局設立及監管本集團之整體資本規定。為達至監管規定外，本集團管理資本之主要目標為透過與風險水平相當之產品與服務及確保能夠以合理成本融資保證本集團之持續經營能力，從而透過持續提供股東回報及其他權益持有人之利益。

本集團積極及定期審閱及管理其資本結構，以維持高水平借貸與可能因此產生之高股東回報之平衡，以及良好資本狀況可提供之優勢與擔保，並就經濟狀況之變動對資本結構作出調整。

47 FINANCIAL RISK MANAGEMENT (continued)**(e) Capital management (continued)**

The process of allocating capital to specific operations and activities is undertaken by Asset and Liability Committee and are reviewed regularly by the Board of Directors.

Consistent with industry practice, the Group monitors its capital structure on the basis of the capital adequacy ratio and there have been no material changes in the Group's policy on the management of capital during the year, except for a change in the calculation methodology in the capital adequacy ratios.

The capital adequacy ratios as at 31 December 2007 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1 January 2007. The capital adequacy ratios as at 31 December 2006 were computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance and adjusted in accordance with the guideline on "Maintenance of Adequate Capital Against Market Risks" issued by the HKMA. Accordingly, the capital adequacy ratios of the two years are not directly comparable.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the years ended 31 December 2007 and 2006, and were well above the minimum required ratio set by the HKMA.

48 NON-ADJUSTING POST BALANCE SHEET EVENTS

As at 31 December 2007, the Bank held an income note issued by Cullinan Finance Limited ("Cullinan") with a carrying value of HK\$30.1 million. In January 2008, the managers of Cullinan, HSBC Bank plc, announced a restructuring whereby Cullinan's income note would be exchanged for income notes newly issued by Mazarin Funding Limited ("Mazarin") and Barion Funding Limited ("Barion"). Under the exchange offer, the Bank's income note was exchanged for a Mazarin income note and a Barion income note with nominal amounts of USD10.7 million and USD4.3 million respectively on 21 February 2008. The exchange was accounted for at the fair value of the notes received as at the date of the exchange which was estimated as HK\$23.3 million.

Fair value of the remaining structured investment vehicle investment held by the Bank at 29 February 2008 further decreased by HK\$47.3 million since the balance sheet date.

49 COMPARATIVE FIGURES

As a result of adopting HKFRS 7, "Financial instruments: Disclosures", the amendments to HKAS 1, "Presentation of financial statements: Capital disclosures", and complying with the Banking (Disclosure) Rules, certain comparative figures have been adjusted to conform with disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

47 財務風險管理 (續)**(e) 資本管理 (續)**

分配資本予特殊業務與活動之過程由資產及負債委員會進行，並由董事會定期審查。

為遵守行業慣例，本集團根據資本充足比率監管其資本結構，年內本集團之資本管理政策並無重大變動，惟資本充足比率之計算方法出現變動。

於二零零七年十二月三十一日之資本充足比率乃根據本行及其由香港金管局作監管用途而指定之若干附屬公司之綜合基準計算，並遵守自二零零七年一月一日起生效之《香港銀行業條例》之《銀行業(資本)規則》。於二零零六年十二月三十一日之資本充足比率乃根據香港銀行業條例附表三計算，並按香港金管局頒佈之「就市場風險維持充足資本」指引進行調整。因此，兩年之資本充足比率不可直接比較。

截至二零零七年及二零零六年十二月三十一日止年度本集團及其自主監管業務符合全部外在施加之資本規定，並遠高於香港金管局頒佈之最低比率規定。

48 非調整性結算日後事項

於二零零七年十二月三十一日，本行持有 Cullinan Finance Limited (「Cullinan」) 發出的收入票據，賬面值為 30,100,000 港元。於二零零八年一月，Cullinan 的經理與香港上海滙豐銀行宣佈重組，據此，Cullinan 收入票據將交換為 Mazarin Funding Limited (「Mazarin」) 及 Barion Funding Limited (「Barion」) 新發出的收入票據。根據換股收購建議，本行的收入票據已於二零零八年二月二十一日被交換為面值分別為 10,700,000 美元及 4,300,000 美元的 Mazarin 收入票據及 Barion 收入票據。是次交換乃以於交換日期接獲的票據的公平值 23,300,000 港元列賬。

本行於二零零八年二月二十九日所持有之汽車投資之餘下結構性投資之公平價值自結算日後進一步減少 47,300,000 港元。

49 比較數字

由於採納香港財務報告準則第 7 號「金融工具：資本披露」、香港會計準則第 1 號的修訂本「呈列財務報表：資本披露」及遵守《銀行(披露)規則》，已對若干比較數字進行調整，以符合本年度的披露規定，以及就二零零七年首次披露的比較金額獨立列示。

50 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2007, the Directors consider the immediate parent and ultimate controlling party of the Group is Fubon Financial Holding Company Limited, which is incorporated in the Republic of China.

51 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, certain assumptions and estimates have been made by management of the Group. The accuracy of these assumptions and estimates are continuously reviewed by management with reference to 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.

Note 44 contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment losses

Advances to customers

Loan portfolios are reviewed periodically to assess whether impairment losses exist. Management makes judgements 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 of impairment includes observable data that the payment status of borrowers in a group has adversely changed. It may also include observable data of 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.

50 直接母公司及最終控股公司

於二零零七年十二月三十一日，董事認為，本集團的直接及最終控股方為富邦金融控股股份有限公司。該公司於中華人民共和國註冊成立。

51 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可接受。

附註44載有有關該等假設及與金融工具的公平值有關的風險因素的資料。其他不明朗因素估計的主要來源載列如下：

(a) 減值虧損

客戶貸款

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。

51 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**(a) Impairment losses (continued)***Available-for-sale equity securities*

The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

(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, and the net assets of the obligors. Model assumptions and correlation among these parameters can affect the estimates of the fair values of these financial instruments.

52 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2007

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations and the HKMA has recommended additional disclosures, which are not yet effective for the accounting year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making assessment of the expected impact of these amendments, new standards, new interpretations and additional disclosures in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, HKFRS 8, Operating Segments, which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

51 會計估計及判斷(續)**(a) 減值虧損(續)***可供出售股本證券*

於公平值低於成本數額出現重大或持續下跌時，本集團確定可供出售股本證券減值。確何時公平值低於成本數額的下跌於合理時期內不可收回則須按其性質予以判斷，故溢利及虧損可能因所作判斷之差異而受到影響。

(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。

52 已公佈但於截至二零零七年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之有可能的影響

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，而金管局已建議披露額外資料。該等修訂、準則、詮釋及額外披露於截至二零零七年十二月三十一日止會計年度尚未生效，此等財務報告亦未予採納。

本集團現正評估於期間首次採用該等修訂、新準則、新詮釋及額外披露之預期影響。迄今為止，本集團認為採納彼等應不會對本集團之營運業績及財務狀況帶來重大影響。

此外，香港財務報告準則第8號「經營分部」(將於二零零九年一月一日或之後開始的年度期間生效)可能導致在財務報告中作出新訂或經修訂披露。