

NOTES TO THE FINANCIAL STATEMENTS

財務報告附註

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 2016 comprise the Bank and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

(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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies 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 amendments to HKFRSs that are first effective for the current accounting period of the group. None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented.

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

(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));
- derivative financial instruments (see Note 2(g)); and
- owned properties (see Note 2(j)).

In addition, the carrying amounts of assets and liabilities carried at amortised cost that are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risk.

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

截至二零一六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」)以及本集團於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頒佈的一切適用《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》及詮釋、香港普遍採納的會計準則而編製。此等財務報告亦符合香港《公司條例》的適用規定。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香港財務報告準則之修訂，於本期會計期間首次生效，該等發展概無對集團於本期間或過往期間之業績及財務狀況的編製或呈列方式構成重大影響。

本集團並無應用任何於本會計期間尚未生效之新訂準則或詮釋。

(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、指定通過損益以反映公平價值及可供出售之金融工具(見附註2(g))；
- 衍生金融工具(見附註2(g))；及
- 本集團擁有之物業(見附註2(j))。

另外，在公平價值對沖中指定為對沖項目的按攤銷成本列賬的資產與負債賬面價值，乃就與對沖風險有關的公平價值變動作出調整。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation of the financial statements (continued)

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 2(k)).

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 major sources of estimation uncertainty are discussed in Note 48.

(d) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

Intra-group balances 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.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses, if any (see Note 2(n)).

2. 主要會計政策(續)

(c) 財務報告的編製基準(續)

非流動資產及持作出售的出售組別按賬面價值與公平價值之較低者減出售成本列賬(見附註2(k))。

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此等估計數字。

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不確定因素之主要來源構成重大影響的香港財務報告準則所作出之判斷於附註48中詳述。

(d) 附屬公司投資

附屬公司為本集團控制之實體。當本集團因參與實體業務而對浮動回報承擔風險或享有權利，以及能運用權力影響該等回報金額時，本集團即具有該實體之控制權。在評估本集團是否擁有權力時，只會考慮實質權利(由本集團及其他人士持有者)。

自控制開始日期直至控制結束日期，於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。

於本行之財務狀況表中，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(n))。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Interests in associates

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 an associate in the Philippines 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 statement of financial position. The result of this associated company is included in the Group's and the Bank's profit or loss to the extent of dividends receivable.

The investment in an associate in the People's Republic of China ("PRC") is accounted for in the consolidated financial statements under the equity method. It is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's net identifiable assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment, if any (see Notes 2(n)). The Group's share of the post-acquisition, post-tax results of the associate and any impairment losses for the year are recognised in profit or loss. The Group's share of the post-acquisition, post tax items of the associate's other comprehensive income is recognised in the Group's other comprehensive income.

If the Group's share of losses exceeds its interest in the associate, the Group's interest would be reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's interest in the associate is the carrying amount of the investment under the equity method.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Bank's statement of financial position, its investments in both associates are stated at cost less impairment losses, if any (see Note 2(n)).

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

2. 主要會計政策(續)

(e) 於聯營公司之權益

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。

由於董事認為於菲律賓之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財務狀況表中按成本值扣除減值虧損列賬。該聯營公司之業績以應收的股息於本集團及本行的損益賬中列賬。

於中華人民共和國(「中國」)之聯營公司的投資是按權益法計入綜合財務報告，該投資於初始時以成本入賬，並就本集團應佔被投資方的可識別淨資產與收購日期的公平價值超過投資成本的部分(如有)作出調整。其後，該投資就本集團應佔該聯營公司資產淨值及有關該投資之任何減值虧損((如有)見附註2(n))在收購後的變動作出調整。本集團應佔聯營公司收購後及除稅後業績以及任何本年度減值虧損於損益賬內確認。本集團應佔聯營公司其他全面收益之收購後及除稅後項目則確認為本集團之其他全面收益。

若本集團應佔的虧損超過其於該聯營公司的權益，則本集團的權益會撇減至零；除非本集團已產生法定或推定責任或代該聯營公司作出付款，否則不會繼續確認進一步虧損。本集團於聯營公司的權益，是按照權益法計算投資的賬面值。

本集團與其聯營公司之間交易所產生的未變現損益，是以本集團於聯營公司所佔的權益為限予以抵銷；但假如未變現虧損顯示已轉讓資產出現減值，則這些未變現虧損會即時在損益賬內確認。

本行財務狀況表所表示於兩間聯營公司的投資，是按成本減去減值虧損(倘有)後入賬(見附註2(n))。

(f) 商譽

商譽指：

- (i) 已轉移代價之公平價值、佔被收購方之非控股權益金額及本集團早前所持被收購方股權之公平價值三者之總金額；超出

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Goodwill (continued)

- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(n)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in associates and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see Note 2(n)).

On disposal of a cash generating unit 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, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of financial liability. Transaction costs on financial assets and financial liabilities designated 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, loans and receivables, held-to-maturity investments or available-for-sale financial assets is recognised using trade 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)

(f) 商譽(續)

- (ii) 於收購日期計算所得被收購方之可辨別資產及負債之公平淨值。

如(ii)大於(i)，則超出之數即時在損益表確認入賬，作為議價購買之收益。

商譽是按成本減去累計減值虧損後列賬。因業務合併而產生之商譽，會分配至預期可受惠於合併協同效應之各個現金產生單位或各組現金產生單位，並且每年接受減值測試(見附註2(n))。就聯營公司而言，商譽之賬面值乃計入聯營公司權益之賬面值，而投資則於有減值之客觀證據顯示減值時，接受整體減值測試(見附註2(n))。

於本年度出售現金產生單位時，所購入商譽應佔的金額均列入出售盈虧計算中。

(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、貸款及應收款項、持至到期投資、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時，需再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，會即時認列費用。

本集團在成為金融工具合約條文訂約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通過損益以反映公平價值之金融資產及金融負債、貸款及應收款項、持至到期投資或可供出售之金融資產使用交易日會計法予以確認。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 (Note 2(i)) 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 asset or liability contains an embedded derivative the separation of which from the financial instrument is clearly not prohibited.

Financial assets and liabilities under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Interest income, interest expense and dividends from instruments in this category are recorded in interest income, interest expense and other operating income respectively. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

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金融資產或產生金融負債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，並且有證據顯示有短期內出售以賺取利潤的交易模式意圖。不符合對沖會計法(附註2(i))之衍生工具，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為基準作為內部管理、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，且該衍生工具可大幅改變合約規定的現金流量；或
- 資產或負債包含一項嵌入衍生工具，該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。公平價值變動計入在發生期內的損益賬。此類別的金融工具所產生的利息收入、利息支出及股息分別列賬於利息收入、利息支出及其他營運收入。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損益賬。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation (continued)

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 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 advances to customers, placements with banks and other financial institutions, and certain debt securities.

Debt securities classified as loans and receivables are not quoted in an active market. Investment decisions for such debt securities are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. These debt securities include subordinated debt instruments and senior debt instruments issued by borrowers.

Loans and receivables are carried at amortised cost using the effective interest rate method less impairment losses, if any (see Note 2(n)).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest rate method less impairment losses, if any (see Note 2(n)).

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it is reclassified as available-for-sale and remeasured at fair value.

2. 主要會計政策(續)

(g) 金融工具(續)

(ii) 分類(續)

貸款及應收款項

貸款及應收款項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。貸款及應收款項主要包括向客戶所提供的貸款及存放於銀行及其他金融機構之放款，以及若干債務證券。

分類為貸款及應收款項的債務證券並無於活躍市場報價。該等債務證券有關的投資決定與作出貸款的信貸審批程序相同，本集團須承擔等同向該等客戶授出貸款的相同客戶風險。此類債務證券包括由借款人發行的後償債務工具及優先債務工具。

貸款及應收款項採用實際利率方法減去減值虧損(如有)後按攤餘成本列賬(見附註2(n))。

持至到期投資

持至到期投資包括有固定或可確定付款金額及有固定到期日，且本集團有明確意向和能力持至到期的非衍生金融資產，但不包括(a)本集團於初始確認時指定為通過損益以反映公平價值或可供出售，及(b)符合貸款和應收款項定義之項目。

持至到期投資採用實際利率方法減去減值虧損(如有)後按攤餘成本列賬(見附註2(n))。

倘因意向或能力改變而不再適宜將投資分類為持至到期，則須重分類為可供出售並按公平價值重新計量。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

(ii) Categorisation (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified in any of the other three categories above. They include financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated separately in equity, except for interest income, impairment losses and foreign exchange gains and losses on monetary items such as debt securities which are recognised in profit or loss. Interest income is recognised using the effective interest rate method.

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 equity instruments are carried at cost less impairment losses, if any (see Note 2(n)).

When available-for-sale financial assets are sold, gains or losses on disposal comprise the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments previously recognised in other comprehensive income.

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 rate method.

(iii) Fair value measurement principles

The fair value of financial instruments is ideally based on their quoted market prices at the end of the reporting period 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, a price from a broker/dealer for non-exchange-traded financial instruments is used. If the market for a financial instrument is not active, the fair value of the instrument is estimated using a valuation technique that provides 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)

可供出售金融資產

可供出售金融資產可供出售金融資產為指定為可供出售，或未分類為上述任何其他三個類別之非衍生金融資產。彼等包括無固定持有限期之金融資產，但亦可因應流動資金之需要或市場環境變化而出售。

可供出售金融資產以公平價值列賬。因公平價值變動引致之未實現盈利和虧損確認為其他全面收益並於權益內單獨累計，惟債務證券等貨幣項目之利息收入、減值虧損及外匯盈利和虧損須於損益賬內確認。利息收入依實際利率法確認。

於活躍市場並無市場報價且公平價值無法可靠計算的股本投資工具，及與該等股本工具掛鉤以及必須透過交付該等工具進行交付之衍生工具，均按成本減去減值虧損（如有）列賬（見附註2(n)）。

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，及先前確認於其他全面收益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餘成本入賬。

(iii) 計量公平價值之原則

金融工具的公平價值是於報告期末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／交易商的報價會被用作非交易所買賣金融工具的報價。若金融工具的市場並不流通，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 end of the reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

(iv) Derecognition

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.

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 statement of financial position 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 (combined) instrument that includes both a 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. 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 (combined) instrument is not held at fair value through profit or loss.

When the embedded derivative is separated, the host contract is accounted for in accordance with the accounting policies for the relevant financial instrument. The embedded derivative is classified as a derivative financial instrument in the financial statements.

(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.

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，並採用在報告期末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，輸入資料是依據報告期末的市場數據。

(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絕大部分風險及回報已被轉移時，金融資產將被終止確認。

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，並把淨金額列入財務狀況表內。

(vi) 嵌入式衍生工具

嵌入式衍生工具是混合(組合)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(組合)工具並不是按公平價值持有並於損益確認。

當嵌入式衍生工具被分開時，主合約根據相關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。

(h) 回購交易和反向回購交易

根據同步協議(回購協議)售出以在之後某特定時間以固定價格回購的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餘成本列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Repurchase and reverse repurchase transactions (continued)

Securities purchased under agreements to resell (reverse repurchase agreements) are reported as receivables and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense respectively, over the life of each agreement using the effective interest rate 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 for fair value hedging of certain fixed rate available-for-sale investments and certificates of deposit issued.

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 recognised assets and liabilities that will give rise to a gain or loss being recognised in profit or loss.

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

When a hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes designation of the hedge relationship any adjustment up to that point, to a hedged item for which the effective interest rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

2. 主要會計政策(續)

(h) 回購交易和反向回購交易(續)

根據轉售協議(反向回購協議)購買之證券乃呈報為應收款項，並按攤銷成本列賬。

向回購協議所賺取之利息與回購協議產生之利息，分別於各個協議有效期間採用實際利率法確認為利息收入及利息支出。

(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金融工具是否能高度有效地抵銷對沖項目因應指定對沖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。本集團僅對若干定息可供出售投資及已發行存款證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損益賬內確認損益)。

對沖工具按公平價值列賬，其公平價值變動於損益賬內確認。對沖項目之賬面數額按所對沖之風險所導致之公平價值變動作出調整。此等調整在損益賬內確認，以抵銷對沖工具所產生之損益之影響。

當對沖工具到期或被出售、終止或被行使，對沖不再符合對沖會計法的標準，或本集團撤銷了指定的對沖關係時，截至當時為止對使用實際利率法計算的被對沖項目的任何調整，會在損益賬內攤銷，作為在該項目的剩餘期間重新計算其實際利率的一部分。

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.

The Group utilises both cumulative dollar offset method and regression analysis as the effectiveness testing methodologies for retrospective testing. 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 and is typically demonstrated through matching of critical terms. For actual effectiveness, the hedging instrument should demonstrate that it is highly effective in offsetting changes in fair value attributable to the hedged risk. The Group considers that where changes in fair value offset each other in the range of 80 percent to 125 percent the hedge is highly effective.

(j) Property and equipment

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

These leasehold land and buildings are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of the reporting period.

Changes arising on the revaluation of properties are generally dealt with in other comprehensive income and are accumulated separately in equity in the premises revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

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期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。

本集團使用累計價值抵銷法及回歸分析作為追溯測試的有效性測試方法。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，通常通過配對關鍵條款顯示有效性。就實際有效性而言，對沖工具必須能夠顯示能夠高度有效地抵銷所對沖風險導致之公平價值變動。本集團認為，公平價值變動抵銷比率在80%至125%的範圍內才被視為高度有效。

(j) 物業及設備

本集團之租賃土地及樓宇根據租賃協議持有，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，土地及樓宇列作物業入賬。

該等租賃土地及樓宇乃按其重估金額(即其於重估日期的公平價值扣除其後任何累計折舊)列賬。評估會定期進行以確保於報告期末該等資產之賬面值與使用公平價值釐定之價值沒有重大差異。

重估物業產生之變動一般認列於其他全面收益內，並於權益項下之物業重估儲備中獨立累計。惟下列情況除外：

- 當重估出現虧絀時，虧絀超出同一資產於重估前之儲備款額會自損益扣除；及
- 當因重估而出現盈餘時，倘同一資產以往曾有重估虧絀自損益扣除時，則本次重估盈餘將計入損益。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

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

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the premises revaluation reserve to retained earnings and is not reclassified to profit or loss.

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 is generally depreciated over periods of between three to ten years.

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Assets held for sale

An asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the assets (except for certain assets as explained below), are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as an asset is classified as held for sale, the asset is not depreciated or amortised.

2. 主要會計政策(續)

(j) 物業及設備(續)

倘若該固定資產所發生的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)並流向本集團,該筆費用會附加於相關資產之賬面值。其他所有後續費用於其產生期間被確認為開支。

固定資產報廢或出售產生的盈虧乃根據有關資產出售所得款項淨額與其賬面值之差額而釐定,並於報廢或出售當日於損益賬內確認。任何相關重估盈餘乃自物業重估轉撥至保留盈利,且不會重新分類至損益。

物業和設備項目於預計可用期限內以直線法攤餘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期間折舊。

當物業和設備項目之部件有不同使用期限時,每個部件的成本或估值會被合理地分拆並分開折舊。資產之使用期限及其殘值(如有)均須每年進行覆核。

(k) 持作出售之資產

如資產賬面值極大可能透過出售交易而收回,而並非透過持續使用,及其現時狀況為可供出售,則此資產分類為持作出售。

緊接分類為持作出售前,資產之計量根據分類前之會計政策計至截至當日止。其後於初始分類為持作出售及直至出售之期間,資產(不包括下列所解釋之若干資產)按其賬面值及公平價值減出售成本之較低者確認。就本集團之財務報告而言,此一計量政策之主要例外為遞延稅項資產、僱員福利產生之資產及金融資產(不包括於附屬公司、聯營公司及合營企業之投資)。該等資產(即使持作出售)將持續根據附註2所載之政策計量。

於初始分類為持作出售以及於列作持作出售之期間重新計量而產生之減值虧損,在損益中確認。只要資產被分類為持作出售,該資產即不予折舊及攤銷。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases and hire purchase contracts

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(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 statement of financial position as 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 (see Note 2(n)).

(iii) Operating leases

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the 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 profit or loss as an integral part of the aggregated net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

(m) Repossessed assets

During the recovery of impaired advances to customers, the Group may take repossession of 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 assets" and the relevant loans and advances are derecognised. The Group does not hold repossessed assets for its own use.

Repossessed assets are initially 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 subsequent remeasurement are recognised in profit or loss. Any gains on subsequent remeasurement are recognised in profit or loss subject to a cap at the amount of related loans and advances at the date of exchange.

2. 主要會計政策(續)

(l) 租約及租購合約

倘本集團確定一項安排具有在協定期限內通過支付一筆或一系列款項而使用某一特定資產或多項資產之權利，則該安排(由一宗交易或一系列交易組成)為租賃或包括租賃。該釐定乃根據安排之內容評估而作出，而非論安排是否具備租賃之法律形式。

(i) 租賃資產分類

凡將擁有權之絕大部分風險與所有權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所有權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出租人時，相當於租約中投資淨額之款項作為客戶貸款包括於財務狀況表內。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(見附註2(n))。

(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期間內，以相同的分期款項在損益賬內扣除；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損益賬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期間內在損益賬扣除。

(m) 收回資產

於收回已減值客戶貸款期間，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「應計利息及其他資產」，而相關借款及貸款則撤銷確認。本集團並無收回資產作為自用。

收回資產最初按相關借款及貸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，且不折舊或攤銷。

其後重新計量之減值虧損於損益賬內確認。其後重新計量之收益於損益賬內確認，惟上限為於交易日期相關借款及貸款之金額。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets

The carrying amount of the Group's assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence that 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 of assets:

Financial assets:

- 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.

Non-financial assets:

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Group have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Group operates or in the market to which an asset is dedicated;
- Evidence is available of obsolescence or physical damage of an asset; or
- Significant changes with an adverse effect on the Group have taken place during the period, or are expected to take place in the near future, impacting how an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

2. 主要會計政策(續)

(n) 資產減值

本集團之資產賬面值於每個報告期末進行評估，以釐定是否有減值之客觀證據。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資產的未來現金流量有影響的虧損事項的可觀察數據：

金融資產：

- 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
- 於股本工具之投資之公平價值大幅下跌或長時間下跌至低於其成本值。

非金融資產：

- 資產的市價當期大幅度下跌，其跌幅明顯高於因時間的推移或者正常使用而預計的下跌；
- 本集團經營所處或資產所在市場的技術、市場、經濟或者法律環境在當期或者將在近期發生重大變化，而對本集團產生不利影響；
- 有證據表明資產已經陳舊過時或者其實體已經損壞；或
- 資產使用或預計擬使用的範圍或方式在當期或者預計將在近期發生重大變化，從而對本集團產生不利影響。該等變動包括資產被閒置、計劃終止或重組資產所屬業務、計劃較先前預期日期提前出售資產及將資產的使用年期重新評估為有限期而非無限期。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

If any such evidence exists, the carrying amount is generally reduced to the estimated recoverable amount by means of a charge to profit or loss. For available-for-sale financial assets, the carrying amount is reduced to the fair value.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of advances to customers, 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 advances to customers directly and corresponding 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 profit or loss.

(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 allowance.

The Group first assesses whether any objective evidence of impairment exists for financial assets that are individually significant and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then 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 any collective assessment of impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

Individual impairment allowances are based upon management's best estimate of the cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows management makes judgments about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits.

2. 主要會計政策(續)

(n) 資產減值(續)

倘顯示以上任何證據，賬面值一般須透過在損益賬扣除款項之方式減至估計可收回數額。可供出售金融資產的賬面值直接減至公平價值。

因按攤餘成本計量的客戶貸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客戶貸款中撤銷，而其相關撥備金額會被撥回。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損益賬。

(i) 貸款及應收款項

貸款及應收款項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，短期之應收款項不予折現。

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虧損或需繼續確認減值虧損之資產。具備類似風險特性的金融資產會綜合起來，以便對個別而言並不重大的資產進行綜合減值評估。

個別減值撥備乃根據管理層對現金流量之最佳估計，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合理數據進行評估。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(i) Loans and receivables (continued)

In assessing the need for a collective impairment allowance on individually significant loans which are not impaired and assets that are not individually significant, 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 allowance. While this necessarily involves judgment, the Group believes that the impairment allowances on advances to customers are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to profit or loss. 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 receivable 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) Held-to-maturity investments

Impairment on held-to-maturity investments is considered at both an individual and collective level. If impairment is identified, the individual impairment allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate, where the effect of discounting is material.

All held-to-maturity investments found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

2. 主要會計政策(續)

(n) 資產減值(續)

(i) 貸款及應收款項(續)

於評估並未減值之金額重大之個別貸款及金額並不重大之個別資產所需的綜合減值撥備時，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。

在之後期間，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款項之減值撥備亦需改變，該轉變會支銷或計入損益賬。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貸款及應收款項賬面值為限。

於再無合理預期可收回貸款時，貸款及相關應收利息將會予以撇銷。

具有經重新磋商條件之貸款及應收款項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款項須接受持續監測，以釐定彼等是否仍減值或已逾期。

(ii) 持至到期投資

本集團會從個別和綜合兩個層面考慮持至到期投資是否出現減值。若確定減值，個別減值撥備是以資產賬面值與該資產原本的實際利率（如果折現影響重大）折現方式計算預計未來現金流量的現值之間的差額計量。

在個別層面沒有出現減值的所有持至到期投資會接受綜合評估，以確定是否有任何已出現但未確定的減值情況。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(ii) Held-to-maturity investments (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of impairment losses shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(iii) Available-for-sale financial assets

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative unrealised loss that had been recognised in other comprehensive income is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss 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 profit or loss.

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

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

(iv) Other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following non-financial assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- furniture, fixtures and equipment;
- investments in subsidiaries and associates; and
- goodwill.

2. 主要會計政策(續)

(n) 資產減值(續)

(ii) 持至到期投資(續)

如果在往後期間，減值虧損金額減少，而該減少是可客觀地與確認減值虧損後發生的事件有關連，則減值虧損會透過損益賬回撥。減值虧損回撥不得導致資產賬面值超出減值虧損從未在往年確認而應已釐定的資產賬面值。

(iii) 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，確認於其他全面收益之累計未變現虧損於損益賬內重新分類。在損益賬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，減去之前已在損益賬內確認的該資產的任何減值虧損。

在損益賬所確認有關可供出售股本證券之減值虧損不會透過損益賬撥回。該等資產其後之任何公平價值增加確認為其他全面收益。

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，減值虧損轉回須在損益賬內確認。

(iv) 其他資產

於各報告期末，本公司審閱內部及外來資料以辨認以下非金融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：

- 傢俬、裝置及設備；
- 附屬公司及聯營公司投資；及
- 商譽。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of assets (continued)

(iv) Other assets (continued)

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 fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of 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 (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss 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

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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 profit or loss in the year in which the reversals are recognised.

(o) 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.

(p) Employee benefits

(i) Short term 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 and 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.

2. 主要會計政策(續)

(n) 資產減值(續)

(iv) 其他資產(續)

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公平價值減銷售成本和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折算率將估計未來現金流量折算至現值。該折算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（即現金產生單位）釐定可收回數額。

確認減值虧損

倘資產或其所屬之現金產生單位之賬面值超過其可收回數額，則於損益賬確認減值虧損。就現金產生單位確認之減值虧損首先分配作為減少分配至現金產生單位（或單位群組）之任何商譽之賬面數額，繼而按比例基準作為減少業務（或單位群組）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

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。

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損益賬。

(o) 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。

(p) 僱員福利

(i) 短期僱員福利

短期僱員福利包括薪酬、每年花紅、有薪年假、定額供款退休計劃供款及非貨幣福利成本，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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) Defined benefit retirement scheme

The Group's net obligation in respect of its defined benefit retirement scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any scheme assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme. Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss as part of "Staff costs". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a scheme are changed, or when a scheme is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the scheme amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. Remeasurements arising from defined benefit retirement schemes are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(q) 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 profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

2. 主要會計政策(續)

(p) 僱員福利(續)

(ii) 定額福利退休計劃

本集團有關其定額福利退休計劃的淨義務乃估計僱員於本期及過往期間的服務所賺取的未來福利金額而計算；該福利已折現以釐定其現值，並扣減相關資產的公平價值。有關計算由合資格精算師使用預計單位信貸方法進行。倘計算結果對本集團有利，則確認的資產僅限以任何未來由計劃退款或未來減少向計劃供款的方式獲得經濟利益的現值。服務成本及定額福利負債(資產)淨值的利息支出(收入)淨額乃於損益中確認為「僱員成本」的一部分。本期服務成本乃按本期僱員服務產生的定額福利責任現值的增加而計量。倘計劃的福利出現變動，或計劃縮短，有關僱員過往服務變動福利的比例，或縮短的收益或虧損於計劃修訂或縮短發生及當有關重組成本或終止福利已確認時較早者於損益中確認為支出。期內利息支出(收入)淨額乃應用於報告期初用於計量定額福利責任的折現率折現至定額福利淨負債(資產)而釐定。折現率乃高質素企業債券於報告期末的收益率，有關的債券到期日與本集團所承擔責任的條款相若。定額福利退休計劃產生的重新計量乃於其他全面收入中確認且立即於保留溢利中反映。重新計量包括精算收益及虧損，計劃資產之回報(不包括計入定額福利淨負債(資產)的淨利息內的金額)及資產上限影響的任何變動(不包括計入定額福利淨負債(資產)的淨利息內的金額)。

(q) 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損益賬確認，惟與確認為其他全面收益或直接在權益確認之項目相關者除外，在此情況下，相關稅額分別確認為其他全面收益或直接確認為權益。

即期稅項乃預期於本年度就應課稅收入應付之稅項(按於報告期末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。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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.

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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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 related current tax assets and settle the related current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策(續)

(q) 所得稅(續)

遞延稅項資產及負債乃分別來自可扣稅及應課稅暫時性差異，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。

除若干有限例外情況外，所有遞延稅項負債及所有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。

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，使用於報告期末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。

於各報告期末，遞延稅項資產之賬面值均進行覆核，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，該等實體擬以淨額基準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)

(r) 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.

The deferred income is amortised to profit or loss over the term of the guarantee as income from financial guarantees issued. The carrying amount of the guarantee issued is remeasured in accordance with Note 2(r)(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.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 profit or loss as follows:

2. 主要會計政策(續)

(r) 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)就特定債務人未能根據債務文據的條款於到期時付款而使其受益人(持有人)蒙受的損失,向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。

遞延收入按擔保年期攤銷至損益賬作為已發出財務擔保的收入。此外,倘出現如下情況,即須按照附註2(r)(ii)重新計量已發出擔保之賬面值:

- (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)。

(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。

(s) 收益確認

收益乃按已收或應收代價之公平價值計量。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損益賬確認:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(i) Interest income

Interest income from interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest rate method. Interest income from trading assets and financial assets designated at fair value through profit or loss is recognised on basis of accrued coupon and is recognised in net interest income.

The effective interest rate 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 profit or loss over their expected life.

(ii) Net income from financial instruments designated at fair value through profit or loss and net trading income

Net income from financial instruments designated as fair value through profit or loss and net trading income comprise all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, foreign exchange differences and dividend income attributable to those financial instruments.

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

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial instrument are deferred and recognised as an adjustment to the effective interest rate unless it is a trading asset or liability or a financial asset designated at fair value through profit or loss. In this case it is immediately recognised in profit or loss. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

2. 主要會計政策(續)

(s) 收益確認(續)

(i) 利息收入

計息金融工具之利息收入採用實際利率法按應計基準於損益賬內確認。持作交易用途之資產及指定為通過損益以反映公平價值之金融資產的利息收入按應計票息基準確認為淨利息收入。

實際利率法乃計算金融資產之攤餘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，並以其預計期限在損益賬內攤銷。

(ii) 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

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、外匯差額及該等金融工具應佔之股息收入。

(iii) 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、經紀服務、投資銀行服務、投資管理服務以及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。

本集團已收因增設或購入金融工具而產生之辦理或承擔費用，除有關於持作交易用途之資產或負債或指定為通過損益以反映公平價值之金融資產的相關款項直接於損益賬內確認外，將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，則該費用於期滿時確認為收入。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(iv) Finance income from finance lease and hire purchase contracts

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.

(v) Rental income from operating lease

Rental income received under operating leases is recognised as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

(vi) Dividend income

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

(t) Translation of foreign currencies

The Group and the Bank's functional currency is Hong Kong Dollars. 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 end of the reporting period. Exchange gains and losses are dealt with in profit or loss.

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.

Exchange differences relating to financial instruments held at fair value through profit or loss and derivative financial instruments are included in net income from financial instruments designated at fair value through profit or loss 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 profit or loss and are reported within "Other operating income". Differences arising on translation of available-for-sale equity instruments are recognised in other comprehensive income.

2. 主要會計政策(續)

(s) 收益確認(續)

(iv) 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。

(v) 經營租賃產生之租金收入

根據經營租賃應收之租金收入於租賃期間內以等額方式在其他營運收入中確認，但如有另一基準更能代表租賃資產所產生之利益之模式則除外。已授出之租賃獎勵於損益賬內確認為應收總租賃款項淨額的一部分。應收或然租金在各自賺取的會計期間確認為收益。

(vi) 股息收入

非上市投資之股息收入於股東收取款項之權利不可撤回地確立時予以確認。上市投資之股息收入於投資項目之股價為除息時確認。

(t) 外幣換算

本集團及本行的記賬單位幣別為港元。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報告期末之匯率換算為港元。所有外幣換算之損益均撥入損益賬內處理。

以外幣定值並以歷史成本列賬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賬之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。

通過損益以反映公平價值計入損益賬之金融工具及衍生金融工具的匯兌差額分別包括於指定為通過損益以反映公平價值之金融工具淨收益及衍生金融工具淨溢利／(虧損)。其他有關貨幣性項目的匯兌差額則於損益賬內呈列為外幣買賣淨盈虧，並於「其他營運收入」內呈報。換算可供出售股本工具之差額確認為其他全面收益。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Assets and liabilities are translated at the closing rate at the end of the reporting period. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the foreign exchange reserve.

On disposal of a foreign operation the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Related parties

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

- (a) a person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) an entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

2. 主要會計政策(續)

(t) 外幣換算(續)

海外業務的業績按與交易日的匯率相若的匯率換算為港幣。資產及負債則按報告期末的收市率換算。產生的所有匯兌差額確認為其他全面收益，並於外幣換算儲備內累計為權益。

出售海外業務時，在權益內確認與該等海外業務有關之匯兌差額之累計金額，於確認出售盈虧時由權益重新分類至損益。

(u) 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：

- (a) 個人或該個人之近親家庭成員，如該個人在以下情況下被視為與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 是本集團或本集團之母公司的主要管理人員。
- (b) 在以下任何情況下，一實體會視為與本集團有關連：
 - (i) 該實體及本集團皆是同一集團成員（即每一間母公司、附屬公司及同系附屬公司互相關連）。
 - (ii) 一實體是另一實體的聯營公司或合營公司（或該聯營公司或合營公司與該另一實體均屬同一集團）。
 - (iii) 兩個實體是同一第三方的合營公司。
 - (iv) 一實體是一第三方的合營公司而另一實體則是該第三方的聯營公司。
 - (v) 該實體是提供予本集團或與本集團有關連之實體的僱員離職後福利計劃。

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties (continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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

(v) Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. BASIS OF CONSOLIDATION

These consolidated financial statements cover the consolidated positions of the Bank and all its subsidiaries unless otherwise stated and the Group's interest in associates. For information required to be reported in accordance with the Banking (Disclosures) Rules, the basis of consolidation is set out in Note (A) to Note (D) in the Unaudited Supplementary Financial Information on pages 186 to 189.

2. 主要會計政策(續)

(u) 關連各方(續)

- (vi) 該實體受在(a)項中所辨別的個人所控制或共同控制。
- (vii) 在(a)(i)項中所辨別的個人而該個人對該實體有重大影響力，或該個人是該實體(或是該實體的母公司)的主要管理人員。
- (viii) 實體或組成集團一部分的任何成員公司向集團或集團母公司提供主要管理人員服務。

個人的近親家庭成員指預料可於彼等與實體交易中影響該個人(或受該個人影響)的家庭成員。

(v) 分部資料

財務報告中的經營分部和每個分部項目的金額源自於定期向本集團總營運決策人提供的財務資料，以供管理層對本集團不同業務和地區進行資源分配和業績評價。

重大的單個經營分部不會因財務報告目的而進行加總，除非該等分部擁有相似的經濟特性、產品及服務性質、生產流程、客戶類型和級別、銷售產品或提供服務的方式及監管環境的性質。不重大的單個經營分部如果享有大部分以上相似性質，則可以進行加總。

3. 綜合基準

除另有指明外，該等綜合財務報告包括本行及本行所有附屬公司的綜合狀況，以及本集團於聯營公司之權益。根據《銀行業(披露)規則》所需呈報的資料，其綜合基準載列於第186至189頁未經審核補充財務資料附註(A)至(D)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 measured at fair value through profit or loss	非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	– 上市
– unlisted	– 非上市
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

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
600,099	511,187
1,308,806	1,278,701
1,908,905	1,789,888
27	2,196
12,799	10,819
3,151	6,497
1,924,882	1,809,400

(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
Debt securities issued which are wholly repayable within 5 years	須於五年內全數償還之已發行債務證券
Other borrowings	其他借款
Interest expense on financial liabilities that are not measured at fair value through profit or loss	非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

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
561,138	582,955
12,824	20,732
160,567	113,944
734,529	717,631
2,604	310
19,189	18,225
756,322	736,166

5. FEE AND COMMISSION INCOME AND EXPENSE

(a) Fee and commission income

Fee and commission income arising from:	由以下業務所產生的費用及佣金收入：
Credit related services	信貸業務
Trade finance services	貿易融資業務
Credit card services	信用卡業務
Securities brokerage and investment services	證券經紀及投資服務
Insurance services	保險業務
Unit trust services	信託基金業務
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	– 非通過損益以反映公平價值之金融資產或金融負債
– Trust and other fiduciary activities	– 信託及其他受託業務

Fee and commission income arising from trust and other fiduciary activities relate to fees from asset management activities where the Group holds assets or invests on behalf of customers.

(b) Fee and commission expense

Handling fees and commission	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

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
53,429	67,231
12,440	14,971
142,367	146,585
26,484	41,164
173,363	123,768
39,680	51,429
13,251	12,801
461,014	457,949
203,380	225,332
1,487	1,220

來自信託及其他受託業務的費用及佣金收入，與本集團代表客戶持有資產或投資所收取的資產管理業務費用相關。

(b) 費用及佣金支出

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
62,090	62,289
34,792	42,734
96,882	105,023
93,844	101,913

6. OTHER OPERATING INCOME

6. 其他營運收入

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Gains less losses from dealing	交易收益減虧損		
– Foreign exchange	– 外匯	(38,754)	(5,950)
– Trading assets	– 持作交易用途資產	47,173	53,496
– Other dealing activities*	– 其他買賣交易*	14,464	69,960
– Short selling activities	– 賣空交易	291	(438)
		23,174	117,068
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	(264,694)	(38,439)
Net gain on hedging instruments	對沖工具之淨收益	302,024	41,759
		37,330	3,320
Net gain on 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金融工具之淨收益		
Revaluation gain on 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金融工具之重估收益	11,781	4,362
		11,781	4,362
Revaluation loss on derivative financial instruments	衍生金融工具之重估虧損	(54,709)	(97,242)
Dividend income from unlisted available-for-sale financial assets	可供出售非上市金融資產之股息收入	24,058	26,573
Others	其他	15,549	23,583
		57,183	77,664

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

* 其他買賣交易包括客戶買賣衍生金融工具，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

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Staff costs	僱員成本		
Contributions to defined contribution scheme	定額供款計劃供款	17,394	15,226
Current service cost of defined benefit scheme (Note 39(a)(v))	定額福利計劃現時服務成本 (附註39(a)(v))	13,237	11,900
Retirement schemes costs	退休計劃成本	30,631	27,126
Salaries and other staff costs	薪金及其他僱員成本	542,809	526,784
		573,440	553,910
Premises and other fixed assets	物業及其他固定資產		
Rental of premises	物業租金	41,839	38,899
Depreciation (Note 24(a))	折舊(附註24(a))	127,006	121,995
Others	其他	27,398	17,347
Audit fee	核數費用	3,293	3,388
Other operating expenses	其他營運支出		
Business promotion	業務推廣	29,523	33,203
Legal and professional fees	法律顧問費用	22,537	13,157
Communication	通訊	31,054	31,192
Electronic data processing and computer systems	電子資料處理及電腦系統	57,852	61,721
Others	其他	42,966	152,193
		956,908	1,027,005

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Basic salaries and other allowances	底薪及其他津貼
Directors' fee	董事袍金
Contributions to pension scheme	退休計劃供款
Discretionary bonuses	酌情花紅

8. 董事薪酬

根據香港《公司條例》第383(1)條及《(披露董事利益資料)規例》第2部披露之董事薪酬如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
5,718	5,611
4,971	4,888
285	279
2,500	3,000
13,474	13,778

9. IMPAIRMENT LOSSES ON ADVANCES TO CUSTOMERS

Impairment losses charged to advances to customers (Note 19(b))	已扣除之客戶貸款減值虧損 (附註19(b))
– Additions	– 增加
– Releases	– 撥回

9. 客戶貸款減值虧損

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
(233,325)	(71,047)
9,034	12,990
(224,291)	(58,057)

10. NET GAINS ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

Realisation of revaluation surplus previously recognised in the investment revaluation reserve (Note 12)	過往於投資重估儲備內確認之重估盈餘之變現 (附註12)
Net gain/(loss) arising in the current year	年內淨收益/(虧損)

10. 出售可供出售金融資產淨收益

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
2,111	1,504
51,501	(461)
53,612	1,043

11. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

Provision for Hong Kong Profits Tax for 2016 is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year. Taxation for overseas operations is similarly calculated using the estimated annual effective rates of taxation that are expected to apply in the relevant countries.

Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅
Tax for the year	年內稅項
Over-provision in respect of prior years	過往年度超額準備
Current tax – Overseas Tax	即期稅項 – 海外稅項
Tax for the year	年內稅項
Deferred tax	遞延稅項
Origination and reversal of temporary differences (Note 34(b))	暫時性差異產生及撥回 (附註34(b))

(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 rates applicable to profits in the countries concerned	除稅前溢利之估計稅項按以 有關國家適用之應課稅率 計算
Tax effect of non-taxable income	非應課稅收入之稅項影響
Tax effect of non-deductible expenses	非可扣減支出之稅項影響
Tax effect of temporary differences not recognised in prior years now recognised	確認以往年度未確認 暫時性差異之稅項影響
Effect on profit of an associate	聯營公司溢利之影響
Overseas withholding taxes	海外預扣稅
Actual tax expense	實質稅項支出

11. 綜合全面收益表內的所得稅

(a) 綜合全面收益表內的稅項：

二零一六年之香港利得稅撥備乃根據本年度之評估應課稅溢利之16.5% (二零一五年：16.5%) 計算。海外業務稅項的計算與之類似，為使用評估年度相關國家的預期實際稅率計算。

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
59,768	84,607
(430)	–
59,338	84,607
74	67
14,315	6,735
73,727	91,409

(b) 稅項支出與按適用應課稅率計算之會計溢利間之對賬

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
708,370	613,040
116,881	101,152
(12,321)	(4,407)
11,370	28,557
(16,500)	–
(25,777)	(33,960)
74	67
73,727	91,409

12. OTHER COMPREHENSIVE INCOME

12. 其他全面收益

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Available-for-sale financial assets:	可供出售金融資產：		
Changes in fair value recognised during the year	本年度確認之公平價值變動	60,296	(135,202)
Amounts transferred to profit or loss:	轉撥至損益之金額：		
– net gains on disposals (Note 10)	– 淨出售收益(附註10)	(2,111)	(1,504)
– impairment losses	– 減值虧損	404	388
Share of changes in fair value of available-for-sale financial assets held by an associate	應佔一間聯營公司之可供出售金融資產公平價值變動	(56,147)	18,861
Deferred taxation (Note 34(b))	遞延稅項(附註34(b))	(10,344)	22,466
Net movement in the investment revaluation reserve during the year recognised in other comprehensive income	本年度於其他全面收益確認之投資重估儲備淨變動	(7,902)	(94,991)
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Premises:	物業：		
Surplus on revaluation of premises (Note 24(a))	物業重估盈餘(附註24(a))	39,262	69,951
Share of surplus on revaluation of premises of an associate	應佔一間聯營公司之物業重估盈餘	14,661	19,107
Deferred taxation (Note 34(b))	遞延稅項(附註34(b))	1,943	(3,181)
Net movement in the premises revaluation reserve during the year recognised in other comprehensive income	本年度於其他全面收益確認之物業重估儲備淨變動	55,866	85,877
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Defined benefit liability:	定額福利負債：		
Remeasurement of net defined benefit liability (Note 39(a)(v))	重新計量定額福利負債淨額(附註39(a)(v))	22,828	(33,473)
Deferred taxation (Note 34(b))	遞延稅項(附註34(b))	(3,767)	5,523
Net movement in the defined benefit liability during the year recognised in other comprehensive income	本年度於其他全面收益確認之定額福利負債淨變動	19,061	(27,950)

13. SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments which are the components of the Group about which separate financial information is available and evaluated regularly by the Chief Executive Officer and Managing Director in deciding how to allocate resources and in assessing performance.

Operating segments

The Bank and its subsidiaries are principally engaged in the provision of banking and related financial services. Reportable segments of the Group are set out below.

Retail Banking business comprises Consumer Finance activities including credit card merchant acquiring, provision of credit card advances, mortgage lending and other consumer lending and Wealth Management services such as the sales and distribution of insurance products, investment products and securities brokerage to wealth management clients and provision of banking services to the mass market segment.

Corporate & Institutional Banking comprises the Local Corporate Banking business, the Mainland China Banking business and Institutional Banking business, covering the provision of services including corporate lending, syndicated loan, trade financing and deposit to large corporate, small and medium enterprises.

Financial Markets mainly engages in trading foreign exchange and fixed income securities; the marketing of investment products to non-bank enterprises and managing the Group's investment portfolio. Moreover, it also manages the overall funding, liquidity and interest rate risk positions arising from the banking activities of the Group.

Segment results, assets and liabilities

For the purpose of segmental analysis, the allocation of revenue reflects the benefits of capital and other funding resources allocated to the operating segments by way of internal capital allocation and fund transfer-pricing mechanisms. To reflect the benefit of joint efforts of two operating segments on a third party fee-related transaction, operating income derived from the transaction is split and recorded with jointly agreed splitting ratio in the relevant operating segments.

Cost allocation is based on the direct costs incurred by the respective operating segments. For consistency with internal management reporting, there is no apportionment of central management overheads and only wholly and directly attributable costs of support units are charged to the respective operating segments. Rental charges at market rates for usage of premises are reflected in "Operating Expense" and "Inter-segment Expense" for the respective operating segments.

Segment assets mainly include advances to customers less impairment, investment in securities and financial instruments, inter-bank placements, current assets and premises attributable to the operating segments.

Segment liabilities mainly include deposits from customers, certificates of deposit and debt securities issued, inter-bank borrowings, and accruals attributable to the operating segments.

13. 分部資料

分部資料乃根據本集團的經營分部編製。本集團之經營分部為本集團之組成部分，相關之財務資料可被獨立地提供以及行政總裁及董事總經理用作定期評估以決定如何分配資源和評核表現。

經營分部

本行及其附屬公司之主要業務為提供銀行及相關金融服務。本集團可申報業務分部載列如下。

零售銀行分部包括消費金融業務及財富管理服務，前者包括信用卡商戶服務、信用卡信貸服務、按揭及其他消費信貸，後者包括向財富管理客戶提供銷售及分銷保險產品、投資產品、證券服務及向大眾市場分部提供銀行服務。

企業及機構銀行包括本地企業銀行業務、中國內地銀行業務及機構銀行業務，涵蓋提供企業借貸、銀團貸款、貿易融資及大型企業以及中小企業存款服務。

金融市場主要從事外匯和定息證券交易活動，向非銀行企業推廣投資產品以及本集團的投資組合管理。此外，其亦管理本集團整體資金、以及由銀行業務產生之流動性及利率風險持倉。

分部業績、資產及負債

按分部分析下之收入劃分，是反映各經營分部，透過內部資本分配和資金調撥機制獲分派之資本及其他資金所賺取之回報。為反映兩個經營分部在第三方非利息收入相關交易上聯合努力所賺取之回報，從有關交易上所賺取之營運收入將會按彼此協定分配並記錄在相關之經營分部。

成本分配則以各經營分部之直接成本計算。為與內部管理報告一致，中央管理費用不予分攤，只有完全及直接可歸因於各經營分部的後勤部門費用，將在各經營部門扣除。各經營分部使用物業，按市值計算之租金反映於各經營分部之「營運支出」及「跨分部支出」內。

分部資產主要包括各經營分部應佔客戶貸款減減值、證券及金融工具投資、銀行同業放款、流動資產及物業。

分部負債主要包括各經營分部應佔客戶存款、已發行存款證、已發行債務證券、銀行同業借款及應計款項。

13. SEGMENT REPORTING (continued)

Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment lending), interest expense, depreciation, amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations.

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

13. 分部資料(續)

分部業績、資產及負債(續)

除了分部資料中的除稅前溢利資料外，管理層還被提供其他分部資料，包括收入(包括跨分部貸款)、利息支出、折舊、攤銷、減值虧損及用於分部運作的新增非流動分部資產。

未分配項目主要包括中央管理單位、策略投資管理、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。

		For the year ended 31 December 2016 截至二零一六年十二月三十一日			
		Retail Banking 零售銀行 HK\$'000 千港元	Institutional Banking 企業及機構銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Reportable Segments Total 可申報分部總額 HK\$'000 千港元
Net interest income	淨利息收入	398,306	409,846	359,339	1,167,491
Other operating income from external customers	源自外界客戶其他營運收入	456,415	12,455	18,743	487,613
Fee and commission expense	費用及佣金支出	(82,730)	(670)	(9,273)	(92,673)
Other operating income	其他營運收入	373,685	11,785	9,470	394,940
Operating income	營運收入	771,991	421,631	368,809	1,562,431
Operating expenses	營運支出	(389,042)	(85,376)	(60,630)	(535,048)
Inter-segment expenses	跨分部支出	(66,727)	(7,104)	(2,536)	(76,367)
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利	316,222	329,151	305,643	951,016
Impairment losses on advances to customers	客戶貸款減值虧損	(55,343)	(170,846)	-	(226,189)
Write back of impairment losses on available-for-sale financial assets	可供出售金融資產減值虧損之回撥	-	-	30,834	30,834
Impairment losses on other assets	其他資產減值虧損	-	(1,055)	-	(1,055)
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益	-	-	5,544	5,544
Profit before taxation	除稅前溢利	260,879	157,250	342,021	760,150
Operating expenses – depreciation	營運支出－折舊	(17,230)	(1,897)	(2,158)	(21,285)
Segment assets	分部資產	23,585,544	22,916,357	45,228,269	91,730,170
Segment liabilities	分部負債	46,272,846	17,035,032	19,367,602	82,675,480

13. SEGMENT REPORTING (continued)

Segment results, assets and liabilities (continued)

Net interest income	淨利息收入
Other operating income from external customers	源自外界客戶其他營運收入
Fee and commission expense	費用及佣金支出
Other operating income	其他營運收入
Operating income	營運收入
Operating expenses	營運支出
Inter-segment expenses	跨分部支出
Operating profit before gains and impairment losses	未計收益及減值虧損前經營溢利
Impairment losses on advances to customers	客戶貸款減值虧損
Impairment losses on other assets	其他資產減值虧損
Net gains on disposal of available-for-sale financial assets	出售可供出售金融資產淨收益
Profit before taxation	除稅前溢利
Operating expenses – depreciation	營運支出－折舊
Segment assets	分部資產
Segment liabilities	分部負債

13. 分部資料(續)

分部業績、資產及負債(續)

For the year ended 31 December 2015 截至二零一五年十二月三十一日			
Retail Banking 零售銀行 HK\$'000 千港元	Corporate & Institutional Banking 企業及機構銀行 HK\$'000 千港元	Financial Markets 金融市場 HK\$'000 千港元	Reportable Segments Total 可申報分部總額 HK\$'000 千港元
345,429	418,562	308,015	1,072,006
444,761	8,699	43,929	497,389
(91,941)	(132)	(7,207)	(99,280)
352,820	8,567	36,722	398,109
698,249	427,129	344,737	1,470,115
(370,318)	(85,336)	(60,479)	(516,133)
(61,334)	(6,536)	(2,341)	(70,211)
266,597	335,257	281,917	883,771
(46,851)	(36,745)	–	(83,596)
–	(639)	–	(639)
–	–	1,043	1,043
219,746	297,873	282,960	800,579
(13,798)	(2,603)	(2,141)	(18,542)
23,119,298	22,777,920	41,310,969	87,208,187
38,807,020	19,707,413	20,133,566	78,647,999

13. SEGMENT REPORTING (continued)

Reconciliation of Reportable Segment Revenue, Profit & Loss, Assets & Liabilities

Revenues

Reportable segment operating income
Elimination of inter-segment operating income
Unallocated revenue

Consolidated operating income

收入

可申報分部營運收入
跨分部營運收入抵銷
未分配收入

綜合營運收入

13. 分部資料(續)

可申報分部收入、溢利及虧損、資產及負債之對賬

For the year ended	
31 December 2016 截至二零一六年 十二月三十一日 止年度 HK\$'000 千港元	31 December 2015 截至二零一五年 十二月三十一日 止年度 HK\$'000 千港元
1,562,431	1,470,115
(102,573)	(97,342)
130,017	131,051
1,589,875	1,503,824

For the year ended	
31 December 2016 截至二零一六年 十二月三十一日 止年度 HK\$'000 千港元	31 December 2015 截至二零一五年 十二月三十一日 止年度 HK\$'000 千港元
760,150	800,579
130,017	131,051
(448,066)	(538,003)
1,898	25,539
(6,685)	(12,255)
(2,600)	(143)
300	400
225,308	205,820
48,068	—
(20)	52
708,370	613,040

Profit before taxation

Reportable segment profit before taxation
Unallocated operating income
Unallocated operating expenses
Write back of impairment losses
on advances to customers
Impairment losses on available-for-sale
financial assets
Impairment losses on assets held for sale
Write back of impairment losses on assets
acquired under lending agreements
Share of profits of an associate
Net gains on disposal of available-for-sale
financial assets
Net (loss)/gain on disposal of fixed assets

Consolidated profit before taxation

除稅前溢利

可申報分部除稅前溢利
未分配營運收入
未分配營運支出
客戶貸款減值虧損之回撥
可供出售金融資產減值虧損
持作出售之資產減值虧損
根據貸款協議所得資產減值虧損
之回撥
應佔聯營公司溢利
出售可供出售金融資產淨收益
出售固定資產淨(虧損)/收益

綜合除稅前溢利

13. SEGMENT REPORTING (continued)

Reconciliation of Reportable Segment Revenue, Profit & Loss, Assets & Liabilities (continued)

Assets

Reportable segment assets
Unallocated advances to customers
Unallocated fixed assets
Interests in associates
Unallocated other assets

Consolidated total assets

資產

可申報分部資產
未分配客戶貸款
未分配固定資產
於聯營公司之權益
未分配其他資產

綜合資產總額

Liabilities

Reportable segment liabilities
Unallocated other liabilities

Consolidated total liabilities

負債

可申報分部負債
未分配其他負債

綜合負債總額

Geographical information

Geographical segment information 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 2016 and 2015, all of the Group's operating income and profit before taxation were generated by assets booked by the branches and subsidiaries of the Bank located in Hong Kong. Except for the share of profits from an associate in Mainland China, 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.

Major Customers

For the years ended 31 December 2016 and 2015, no single customer or a group of customers under common control contributes 10% or more of the Group's revenues.

13. 分部資料(續)

可申報分部收入、溢利及虧損、資產及負債之對賬(續)

As at	
31 December 2016	31 December 2015
於二零一六年十二月三十一日	於二零一五年十二月三十一日
HK\$'000	HK\$'000
千港元	千港元
91,730,170	87,208,187
-	(1,896)
1,422,876	1,338,212
2,129,493	2,080,585
365,129	367,550
95,647,668	90,992,638

As at	
31 December 2016	31 December 2015
於二零一六年十二月三十一日	於二零一五年十二月三十一日
HK\$'000	HK\$'000
千港元	千港元
82,675,480	78,647,999
1,599,554	1,538,757
84,275,034	80,186,756

區域資料

區域資料之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。截至二零一六年及二零一五年十二月三十一日止年度，本集團之所有營運收入及除稅前溢利均是從位於香港的本行分行及附屬公司入賬之資產所產生。除應佔一間位於中國內地的聯營公司之溢利外，並無香港以外之個別國家或區域分部佔本集團的資產、負債、稅前溢利或虧損、營運收入總額或然負債及承擔10%或以上。

主要客戶

截至二零一六年及二零一五年十二月三十一日止年度，並無任何單一客戶或共同控制下之一組客戶佔本集團收入10%或以上。

14. CASH AND SHORT-TERM FUNDS

Cash in hand	現金
Balances with the Hong Kong Monetary Authority ("HKMA")	香港金融管理局(「金管局」)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*

14. 現金及短期資金

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
112,260	104,369
1,092,433	502,977
552,853	595,355
4,262,068	7,475,483
6,019,614	8,678,184

* Money at call and short notice represents deposits of up to a maximum of one month maturity from the end of the reporting period.

* 通知及短期存款指由報告期末起計最長一個月到期之存款。

15. BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Placements with banks maturing within:	以下期間內到期之銀行同業放款：
– Within 1 month	– 一個月內
– 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

15. 銀行同業及其他金融機構結餘

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
94	–
2,337,305	414,992
926,834	470,457
3,264,233	885,449

16. TRADING ASSETS

Trading assets at fair value	按公平價值列賬之持作交易用途資產
Treasury bills (including Exchange Fund Bills)	國庫券(包括外匯基金票據)
– Unlisted	– 非上市
Debt securities	債務證券
– Listed in Hong Kong	– 於香港上市
– Unlisted	– 非上市
Total	總值
Trading assets are issued by:	持作交易用途資產由以下機構發行：
– Governments and central banks	– 政府及中央銀行
– Banks	– 銀行
– Corporate entities	– 企業實體

16. 持作交易用途資產

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
2,310,246	2,279,980
–	31,027
–	15,403
2,310,246	2,326,410
2,310,246	2,279,980
–	15,403
–	31,027
2,310,246	2,326,410

17. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>Financial assets designated at fair value through profit or loss at fair value</i>	按公平價值列賬之指定為通過損益以反映公平價值之金融資產
Debt securities	債務證券
– Listed outside Hong Kong	– 於香港以外上市
<i>Financial assets designated at fair value through profit or loss are issued by:</i>	指定為通過損益以反映公平價值之金融資產由以下機構發行：
– Corporate entities	– 企業實體

Debt securities have been designated at fair value through profit or loss upon initial recognition when either the Group holds related derivatives at fair value through profit or loss and designation therefore eliminates; or significantly reduces an accounting mismatch that would otherwise arise; or the debt securities are managed and evaluated on a fair value basis.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The sale to customers of derivatives as risk management products and the subsequent use of derivatives to manage the resulting positions is an integral part of the Group's business activities. Derivatives 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 purchases exchange traded derivatives. Most of the Group's derivative positions have been entered into to meet customer demand and to hedge these and other trading positions or for balance sheet management. For accounting purposes, derivatives are classified as either held for trading, qualifying for hedge accounting, or managed in conjunction with financial instruments designated at fair value through profit or loss.

(a) Notional amounts of derivatives

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 end of the reporting period 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:

17. 指定為通過損益以反映公平價值之金融資產

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
39,226	40,502
39,226	40,502

債務證券於初次確認時指定為通過損益以反映公平價值的條件為：本集團持有相關通過損益以反映公平價值的衍生工具，且指定抵銷或大幅減少可能引致的會計錯配；或本集團以公平價值基準管理及評估該債務證券。

18. 衍生金融工具

向客戶出售衍生工具以作為風險管理產品及其後使用衍生工具管理相關持倉，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。本集團亦購買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或管理資產負債表而訂立。就會計目的而言，衍生工具被分類為持作交易用途、合資格採用對沖會計法或與指定通過損益以反映公平價值之金融工具共同進行管理。

(a) 衍生工具之名義金額

此等衍生工具指其價值視乎一項或多項有關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報告期末尚未平倉之交易量，而並非代表涉及風險金額。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：

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

18. 衍生金融工具(續)

(a) 衍生工具之名義金額(續)

		2016 二零一六年			
		Qualifying for hedge accounting	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共同進行管理	Held for trading	Total
		合資格採用對沖會計法 HK\$'000 千港元	之金融工具共同進行管理 HK\$'000 千港元	持作交易用途 HK\$'000 千港元	總額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具				
– Forwards	– 遠期	-	-	9,187,367	9,187,367
– Swaps	– 掉期	-	-	14,699,440	14,699,440
– Options purchased	– 購入期權	-	-	759,505	759,505
– Options written	– 沽出期權	-	-	759,505	759,505
		-	-	25,405,817	25,405,817
Interest rate derivatives	利率衍生工具				
– Swaps	– 掉期	12,115,532	397,588	5,958,244	18,471,364
		12,115,532	397,588	5,958,244	18,471,364
Equity derivatives	股票衍生工具				
– Options purchased	– 購入期權	-	-	21,076	21,076
– Options written	– 沽出期權	-	-	21,076	21,076
		-	-	42,152	42,152
Total	總額	12,115,532	397,588	31,406,213	43,919,333

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Notional amounts of derivatives (continued)

Exchange rate derivatives	匯率衍生工具
- Forwards	- 遠期
- Swaps	- 掉期
- Options purchased	- 購入期權
- Options written	- 沽出期權
Interest rate derivatives	利率衍生工具
- Swaps	- 掉期
Equity derivatives	股票衍生工具
- Options purchased	- 購入期權
- Options written	- 沽出期權
Total	總額

18. 衍生金融工具(續)

(a) 衍生工具之名義金額(續)

2015 二零一五年		Managed in conjunction with financial instruments	
Qualifying for hedge accounting	designated at fair value through profit or loss	Held for trading	Total
合資格採用 對沖會計法	就指定為通過損益 以反映公平價值 之金融工具 共同進行管理	持作交易用途	總額
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
-	-	13,516,737	13,516,737
-	-	14,896,879	14,896,879
-	-	5,819,536	5,819,536
-	-	5,819,536	5,819,536
-	-	40,052,688	40,052,688
8,690,496	378,606	7,371,854	16,440,956
8,690,496	378,606	7,371,854	16,440,956
-	-	26,872	26,872
-	-	26,872	26,872
-	-	53,744	53,744
8,690,496	378,606	47,478,286	56,547,388

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

Derivatives reported as qualifying for hedge accounting represent hedging instruments designated as hedges under HKAS 39.

上述金額以總額顯示，並無計及任何雙邊淨額結算安排之影響。

報告為合資格採用對沖會計法之衍生工具指根據香港會計準則第39號指定作對沖之對沖工具。

18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Credit risk-weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance. The amount depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100%.

These amounts are shown on a gross basis without taking into account the effect of bilateral netting arrangements and are as below:

18. 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

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。此等金額須視乎交易對手之現況及到期特點而定。所採用之信貸風險加權比率介乎0%至100%。

該等金額並無計及雙邊淨額結算安排之影響以總額顯示如下：

		2016 二零一六年			2015 二零一五年		
		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	540,813	150,356	136,285	660,741	258,683	363,540
- Swaps	- 掉期	17,150	1,824	37,443	427	10,635	24,146
- Options purchased	- 購入期權	28,862	-	33,026	264,840	-	335,297
- Options written	- 沽出期權	-	28,862	-	-	315,090	-
		586,825	181,042	206,754	926,008	584,408	722,983
Interest rate derivatives	利率衍生工具						
- Swaps	- 掉期	166,303	262,556	113,424	40,535	378,934	93,479
		166,303	262,556	113,424	40,535	378,934	93,479
Equity derivatives	股票衍生工具						
- Options purchased	- 購入期權	116	-	-	314	-	-
- Options written	- 沽出期權	-	116	-	-	314	-
		116	116	-	314	314	-
Total	總額	753,244	443,714	320,178	966,857	963,656	816,462

18. 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 certain of the Bank's certificates of deposit issued and fixed-rate debt securities held due to movements in market interest rates.

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

Interest rate derivatives 利率衍生工具

(d) Remaining life of derivative instruments

The following table provides an analysis of the notional amounts of derivatives of the Group by relevant maturity grouping based on the remaining periods to settlement at the end of the reporting period.

2016	二零一六年
Exchange rate derivatives	匯率衍生工具
Interest rate derivatives	利率衍生工具
Equity derivatives	股票衍生工具
Total	總額

2015	二零一五年
Exchange rate derivatives	匯率衍生工具
Interest rate derivatives	利率衍生工具
Equity derivatives	股票衍生工具
Total	總額

18. 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若干本行已發出存款證及所持定息債券因市場利率變動而出現之公平價值變化的利率掉期。

本集團訂立之持作對沖目的之衍生工具之公平價值概要如下：

2016 二零一六年		2015 二零一五年	
Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
公平價值 資產	公平價值 負債	公平價值 資產	公平價值 負債
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
152,217	252,492	2,551	359,508

(d) 衍生工具之剩餘期限

下表為本集團，按於報告期末時直至交收剩餘期限之相關到期組別劃分之衍生工具名義金額的分析。

Notional amounts with remaining life of

屬以下剩餘年期之名義金額

Total 總額	Over		
	1 year or less 一年或以下	1 year to 5 years 一年以上至五年	Over 5 years 五年以上
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
25,405,817	25,199,547	206,270	-
18,471,364	2,078,643	11,281,948	5,110,773
42,152	42,152	-	-
43,919,333	27,320,342	11,488,218	5,110,773

Notional amounts with remaining life of

屬以下剩餘年期之名義金額

Total 總額	Over		
	1 year or less 一年或以下	1 year to 5 years 一年以上至五年	Over 5 years 五年以上
HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
40,052,688	35,960,245	4,092,443	-
16,440,956	1,069,541	11,839,987	3,531,428
53,744	53,744	-	-
56,547,388	37,083,530	15,932,430	3,531,428

19. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES

(a) Advances to customers less impairment allowances:

Gross advances to customers	客戶貸款總額
Less: Impairment allowances	減：減值撥備
– Individual impairment allowances (Note 19(b))	– 個別減值撥備 (附註19(b))
– Collective impairment allowance (Note 19(b))	– 綜合減值撥備 (附註19(b))

19. 客戶貸款減減值撥備

(a) 客戶貸款減減值撥備：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
43,577,597	42,570,318
(149,919)	(34,470)
(108,839)	(40,930)
43,318,839	42,494,918

(b) Movement in impairment allowances on advances to customers:

At 1 January 2016	於二零一六年一月一日
Impairment losses charged to profit or loss (Note 9)	於損益賬扣除之減值虧損 (附註9)
Impairment losses released back to profit or loss (Note 9)	於損益賬撥回之減值虧損 (附註9)
Amounts written off	撇賬金額
Recoveries of advances written off in previous years	過去年度已撇賬貸款之 收回
At 31 December 2016 (Note 19(a))	於二零一六年十二月三十一日 (附註19(a))

(b) 客戶貸款減值撥備變動：

Individual impairment allowances 個別減值撥備 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元
34,470	40,930
165,315	68,010
(8,933)	(101)
(46,644)	–
5,711	–
149,919	108,839

At 1 January 2015	於二零一五年一月一日
Impairment losses charged to profit or loss (Note 9)	於損益賬扣除之減值虧損 (附註9)
Impairment losses released back to profit or loss (Note 9)	於損益賬撥回之減值虧損 (附註9)
Amounts written off	撇賬金額
Recoveries of advances written off in previous years	過去年度已撇賬貸款之 收回
At 31 December 2015 (Note 19(a))	於二零一五年十二月三十一日 (附註19(a))

Individual impairment allowances 個別減值撥備 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元
5,226	40,930
71,047	–
(12,990)	–
(39,394)	–
10,581	–
34,470	40,930

19. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES (continued)

(c) Advances to customers analysed by industry sector

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

As at 31 December

於十二月三十一日

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
– Property investment	– 物業投資
– Financial concerns	– 金融企業
– Stockbrokers	– 股票經紀
– Wholesale and retail trade	– 批發及零售業
– Manufacturing	– 製造業
– Transport and transport equipment	– 運輸及運輸設備
– Information technology	– 資訊科技
– Electricity and gas	– 電力及煤氣
– Others	– 其他
Individuals	個人
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	– 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」或其各自的後繼計劃的樓宇的貸款
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款
– Credit card advances	– 信用卡貸款
– Others	– 其他
Trade finance	貿易融資
Gross advances for use outside Hong Kong	在香港以外使用的貸款總額
Gross advances to customers	客戶貸款總額

19. 客戶貸款減減值撥備(續)

(c) 按行業分類的客戶貸款

以下客戶貸款總額的經濟行業分析乃基於金管局所採用的類別及定義。

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
3,756,167	2,037,571
9,852,120	9,935,016
1,346,366	1,143,124
1,561,154	778,942
342,228	318,438
1,244,842	2,125,608
311,083	571,346
377,867	393,513
131,656	12,500
2,287,477	2,515,544
12,135	5,933
9,663,115	9,675,134
1,070,172	1,117,992
4,665,215	3,822,245
36,621,597	34,452,906
3,294,463	3,833,545
3,661,537	4,283,867
43,577,597	42,570,318

(d) Impaired advances to customers

Gross impaired advances	減值貸款總額
Individual impairment allowances made against impaired loans	就減值貸款作出的個別減值撥備
Amount of collateral held in respect of impaired loans	就減值貸款持有的抵押品金額

(d) 客戶減值貸款

2016 二零一六年 HK\$'000 千港元	% of gross advances 佔貸款總額 百分比	2015 二零一五年 HK\$'000 千港元	% of gross advances 佔貸款總額 百分比
334,282	0.77	222,108	0.52
(149,919)		(34,470)	
184,363		187,638	
122,717		99,980	

19. ADVANCES TO CUSTOMERS LESS IMPAIRMENT ALLOWANCES (continued)

(d) Impaired advances to customers (continued)

Collateral mainly comprises mortgage interests over residential properties with the Group. It does not include any expected recovery from companies in liquidation and government guarantee schemes.

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

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

Advances to customers include 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:

Total minimum lease payments due:	最低租賃還款總金額到期期限為：
– within 1 year	– 一年以內
– after 1 year but within 5 years	– 一年以後惟五年以內
– after 5 years	– 五年以後
Interest income relating to future periods	與未來期間有關之利息收入
Present value of the minimum lease payments receivable	應收最低租賃還款之現值
Collective impairment allowance	綜合減值撥備
Individual impairment allowances	個別減值撥備
Net investment in finance leases and hire purchase contracts	融資租賃及租購合約之投資淨額

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

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

19. 客戶貸款減減值撥備(續)

(d) 客戶減值貸款(續)

抵押品主要包括本集團住宅物業的按揭，當中不包括任何預期自清盤公司及政府擔保計劃收回者。

減值貸款是按個別基準在具備客觀的減值證據下而須作個別評估的貸款。

(e) 融資租賃及租購合約之投資淨額

給予客戶之貸款包括根據融資租賃及具融資租賃特性之租購合約租予客戶之汽車及設備的投資淨額。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：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1,963	2,137
5,908	6,699
5,433	6,604
13,304	15,440
(1,319)	(1,636)
11,985	13,804
–	–
–	(159)
11,985	13,645

減值撥備前最低租賃還款現值之期限組別如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1,693	1,820
5,202	5,854
5,090	6,130
11,985	13,804

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

20. 可供出售金融資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
<i>Available-for-sale financial assets at fair value</i>	按公平價值列賬之可供出售金融資產		
Treasury bills (including Exchange Fund Bills)	國庫券(包括外匯基金票據)		
– Listed outside Hong Kong	– 於香港以外上市	14,860	–
– Unlisted	– 非上市	1,847,605	1,049,467
Certificates of deposit held	所持存款證		
– Listed outside Hong Kong	– 於香港以外上市	128,614	263,247
– Unlisted	– 非上市	1,750,266	2,519,848
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	7,329,307	5,398,471
– Listed outside Hong Kong	– 於香港以外上市	12,208,778	9,417,345
– Unlisted	– 非上市	7,612,507	7,617,187
Equity securities	股本證券		
– Listed in Hong Kong	– 於香港上市	60	59
– Unlisted	– 非上市	232,548	246,858
		31,124,545	26,512,482
<i>Available-for-sale financial assets are issued by:</i>	可供出售金融資產由以下機構發行：		
– Governments and central banks	– 政府及中央銀行	2,906,189	2,035,715
– Public sector entities	– 公營機構	627,794	637,466
– Banks	– 銀行	16,937,492	16,645,275
– Corporate entities	– 企業實體	10,653,070	7,194,026
		31,124,545	26,512,482

As at 31 December 2016, debt securities issued by banks include debt securities with fair value of HK\$1,353.3 million (2015: HK\$260.3 million) issued by multilateral development banks. As at 31 December 2016, the fair value of debt securities guaranteed by governments was HK\$925.3 million (2015: HK\$397.1 million).

As at 31 December 2016, certain of the Group's available-for-sale equity securities with a fair value of HK\$40.9 million (2015: HK\$69.7 million) were individually determined to be impaired on the basis of a significant or prolonged decline in fair value below cost. Impairment losses on these investments of HK\$6.7 million (2015: HK\$12.3 million) were recognised in profit or loss during the year.

於二零一六年十二月三十一日，由銀行機構發行的債務證券包括公平價值為1,353,300,000港元(二零一五年：260,300,000港元)由多邊發展銀行發行的債務證券。於二零一六年十二月三十一日，政府擔保債務證券的公平價值為925,300,000港元(二零一五年：397,100,000港元)。

於二零一六年十二月三十一日，本集團若干公平價值為40,900,000港元(二零一五年：69,700,000港元)的可供出售股本證券因其公平價值大幅或長期低於成本而被個別釐定為減值。年內，該等投資的減值虧損6,700,000港元(二零一五年：12,300,000港元)已於損益中確認。

21. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments at amortised cost

Debt securities

- Listed in Hong Kong
- Listed outside Hong Kong
- Unlisted

Certificates of deposit

- Unlisted

按攤餘成本列賬之持至 到期投資

債務證券

- 於香港上市
- 於香港以外上市
- 非上市

存款證

- 非上市

21. 持至到期投資

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
76,412	76,075
271,524	271,409
1,046,858	1,046,291
155,090	155,006
1,549,884	1,548,781
1,473,472	1,472,706
76,412	76,075
1,549,884	1,548,781
366,027	370,781
1,249,615	1,263,677
1,615,642	1,634,458

Held-to-maturity investments are issued by:

- Banks
- Corporate entities

持至到期投資由下列機構發行：

- 銀行
- 企業實體

Fair value of held-to-maturity investments:

- Listed securities
- Unlisted securities

持至到期投資之公平價值：

- 上市證券
- 非上市證券

22. INTERESTS IN ASSOCIATES

Unlisted shares, at cost

Advances

Share of net assets

Goodwill

非上市股份，按成本值

貸款

應佔資產淨值

商譽

22. 於聯營公司之權益

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
10,394	10,394
2,038	2,038
2,063,311	2,014,403
66,182	66,182
2,141,925	2,093,017
(10,394)	(10,394)
(2,038)	(2,038)
2,129,493	2,080,585

Less: Impairment allowance on unlisted shares
Impairment allowance for advances to
an associate

減：非上市股份之減值撥備
給一間聯營公司貸款之
減值撥備

22. INTERESTS IN ASSOCIATES (continued)

The associates of the Bank, all of which are unlisted corporate entities, whose market price is not available, are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest	Principal activities
聯營公司名稱	業務構成形式	註冊成立及營運地點	已發行及繳足之股本詳情	擁有權益比例	主要業務
Xiamen Bank Co., Ltd ("XBCL") 廈門銀行股份有限公司(「廈門銀行」)	Incorporated 註冊成立	The People's Republic of China 中華人民共和國	1,875,215,099 ordinary shares of RMB1 each 1,875,215,099股 每股面值 人民幣1元 的普通股	19.99%	Provision of banking and related finance services (Note i) 提供銀行及相關金融服務 (附註i)
IBA Finance Corporation ("IBAFI")	Incorporated 註冊成立	The Philippines 菲律賓	50,000,000 ordinary shares of PHP1 each 50,000,000股 每股面值菲律賓 披索1元的普通股	40.00%	Provision of financing and leasing services (Note ii) 提供財務及租賃服務 (附註ii)

All the Group's effective interest over the associates are held by the Bank directly.

Note i: XBCL is an authorised institution incorporated in the PRC. The Bank is entitled to appoint three directors to the board of XBCL which comprises thirteen directors. In view of the Bank's shareholding and representation on the Board of Directors, XBCL is accounted for as an associated company as the directors believe they have significant influence.

Note ii: IBAFI is a financing company incorporated in the Philippines. The Group has not equity accounted for the investments in IBAFI in view of the immaterial amount involved.

22. 於聯營公司之權益(續)

本行之聯營公司(均為非上市企業實體且無法獲取彼等的市價)如下:

本集團於聯營公司的所有實際權益由本行直接持有。

附註i: 廈門銀行為於中國註冊成立的獲授權機構。本行有權委任三位董事加入廈門銀行的董事會(由十三位董事組成)。鑒於本行所持股權及於董事會的代表人數，董事認為彼等具有重大影響力，因此廈門銀行作為一間聯營公司入賬。

附註ii: IBAFI為於菲律賓註冊成立的融資公司。由於所涉及之金額微不足道，本集團並無以權益法將於IBAFI之投資列入賬內。

22. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of a material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Gross amounts of the associates'	聯營公司的總額
Total assets	總資產
Total liabilities	總負債
Equity	權益
Revenue	收益
Profit from continuing operations	持續經營業務的溢利
Post-tax profit or loss from discontinued operation	已終止經營業務的除稅後損益
Other comprehensive income	其他全面收益
Total comprehensive income	全面收益總額
Dividend received from the associate	收自聯營公司的股息
Reconciled to the Group's interests in the associate	與本集團於聯營公司之權益作對賬
Gross amounts of net assets of the associate	聯營公司淨資產總額
Group's effective interest	本集團實際權益
Group's share of net assets of the associate	本集團攤佔聯營公司淨資產
Goodwill	商譽
Carrying amount in the consolidated financial statements	於綜合財務報告中的賬面值

22. 於聯營公司之權益(續)

一間重大聯營公司之財務資料概要(已就會計政策之任何差異作出調整及與綜合財務報表中賬面值對賬)披露如下:

Xiamen Bank Co., Ltd 廈門銀行股份有限公司	
2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
211,253,226	191,648,049
200,664,383	181,570,992
10,321,718	10,077,057
4,391,121	3,664,819
1,128,549	997,141
—	—
(191,910)	164,666
936,639	1,161,807
—	—
10,321,718	10,077,057
19.99%	19.99%
2,063,311	2,014,403
66,182	66,182
2,129,493	2,080,585

23. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

23. 附屬公司投資

以下名單僅包括主要影響本集團業績、資產或負債的附屬公司的詳情。除另有說明者外，所持股份類別均為普通股。

Name of Company 公司名稱		Particulars of issued and paid up capital 已發行及繳足股本之詳情	Proportion of ownership interest 股權百分比	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%	Provision of financing services 提供財務服務
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%	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%	Fund management 基金管理
Fubon Nominees (Hong Kong) Limited	Fubon Nominees (Hong Kong) Limited	HK\$200 200港元	100%	Nominee service 代理人服務
Fubon Insurance Brokers Limited	富邦保險顧問有限公司	HK\$100,000 100,000港元	100%	Insurance broker services 保險經紀人服務

All of the above subsidiaries are directly owned by the Bank.

所有上述附屬公司由本行直接擁有。

24. FIXED ASSETS

(a) Reconciliation of carrying amount

Cost or valuation	成本值或估值
At 1 January 2016	於二零一六年一月一日
Additions	添置
Disposals	出售
Surplus on revaluation (Note 12)	重估盈餘(附註12)
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2016	於二零一六年十二月三十一日
Representing:	代表：
Cost	成本值
Valuation – 2016	估值—二零一六年
Accumulated depreciation	累計折舊
At 1 January 2016	於二零一六年一月一日
Charge for the year (Note 7)	年內折舊(附註7)
Released on disposal	出售撥回
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之累計折舊
At 31 December 2016	於二零一六年十二月三十一日
Accumulated impairment loss	累計減值虧損
At 1 January and 31 December 2016	於二零一六年一月一日及十二月三十一日
Net book value	賬面淨值
At 31 December 2016	於二零一六年十二月三十一日

24. 固定資產

(a) 賬面值對賬

Premises	Furniture, fixtures and equipment	Total
物業	傢俬、裝置及設備	總額
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
3,504,833	679,022	4,183,855
–	150,406	150,406
–	(13,823)	(13,823)
39,262	–	39,262
(61,762)	–	(61,762)
3,482,333	815,605	4,297,938
–	815,605	815,605
3,482,333	–	3,482,333
3,482,333	815,605	4,297,938
–	460,220	460,220
61,762	65,244	127,006
–	(13,653)	(13,653)
(61,762)	–	(61,762)
–	511,811	511,811
15,733	–	15,733
3,466,600	303,794	3,770,394

24. FIXED ASSETS (continued)

(a) Reconciliation of carrying amount (continued)

Cost or valuation	成本值或估值
At 1 January 2015	於二零一五年一月一日
Additions	添置
Disposals	出售
Surplus on revaluation (Note 12)	重估盈餘(附註12)
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之 累計折舊
At 31 December 2015	於二零一五年十二月三十一日
Representing:	代表：
Cost	成本值
Valuation – 2015	估值—二零一五年
Accumulated depreciation	累計折舊
At 1 January 2015	於二零一五年一月一日
Charge for the year (Note 7)	年內折舊(附註7)
Released on disposal	出售撥回
Elimination of accumulated depreciation on revalued premises	抵銷重估物業之 累計折舊
At 31 December 2015	於二零一五年十二月三十一日
Accumulated impairment loss	累計減值虧損
At 1 January and 31 December 2015	於二零一五年一月一日及 十二月三十一日
Net book value	賬面淨值
At 31 December 2015	於二零一五年十二月三十一日

24. 固定資產(續)

(a) 賬面值對賬(續)

Premises	Furniture, fixtures and equipment	Total
物業	傢俬、裝置及設備	總額
HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元
3,496,333	596,331	4,092,664
–	83,652	83,652
–	(961)	(961)
69,951	–	69,951
(61,451)	–	(61,451)
3,504,833	679,022	4,183,855
–	679,022	679,022
3,504,833	–	3,504,833
3,504,833	679,022	4,183,855
–	400,622	400,622
61,451	60,544	121,995
–	(946)	(946)
(61,451)	–	(61,451)
–	460,220	460,220
15,733	–	15,733
3,489,100	218,802	3,707,902

24. FIXED ASSETS (continued)

(a) Reconciliation of carrying amount (continued)

Had the revalued premises been carried at cost less accumulated depreciation, the carrying amounts would have been:

Net book value at 31 December

於十二月三十一日的賬面淨值

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3: Fair value measured using significant unobservable inputs

24. 固定資產(續)

(a) 賬面值對賬(續)

倘重估物業按成本減累計折舊入賬，則賬面值應為：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
827,646	838,262

(b) 物業之公平價值計量

(i) 公平價值等級制度

下表列示本集團於報告期末按經常性基準計量之物業公平價值，並歸類為香港財務報告準則第13號公平價值計量所界定之三個公平價值架構級別。公平價值計量所歸類之級別乃參照以下估值技術所用輸入數據之可觀察程度及重要程度而釐定：

一級： 僅用一級輸入數據（即於計量日期相同資產或負債在活躍市場之未經調整報價）計量之公平價值

二級： 使用二級輸入數據（即未能符合第一級規定之可觀察輸入數據，以及不使用不可觀察重要輸入數據）計量之公平價值。不可觀察輸入數據指未有相關市場數據之輸入數據

三級： 使用不可觀察重要輸入數據計量之公平價值

24. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

Recurring fair value measurement 經常性公平價值計量

Premises: 物業:

Fair value at 31 December 2016 於二零一六年 十二月三十一日 之公平價值計量 HK\$'000 千港元	Fair value measurements as at 31 December 2016 categorised into 公平價值計量於二零一六年十二月三十一日分類如下		
	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
3,466,600	-	-	3,466,600

Fair value at 31 December 2015 於二零一五年 十二月三十一日 之公平價值計量 HK\$'000 千港元	Fair value measurements as at 31 December 2015 categorised into 公平價值計量於二零一五年十二月三十一日分類如下		
	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
3,489,100	-	-	3,489,100

Recurring fair value measurement 經常性公平價值計量

Premises: 物業:

During the year ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's premises were revalued as at 31 December 2016 and 2015. The valuations were carried out by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

The revaluation surplus of HK\$32.8 million (2015: HK\$58.4 million) have been recognised in other comprehensive income and accumulated in the premises revaluation reserve, net of deferred tax.

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of premises is determined using market comparison approach assuming sale with immediate vacant possession and by reference to comparable sales evidence.

24. 固定資產(續)

(b) 物業之公平價值計量(續)

(i) 公平價值等級制度(續)

於截至二零一六年及二零一五年十二月三十一日止年度，一級及二級之間並無任何轉移，亦無任何資產轉入或轉出三級。本集團之政策是於轉移發生之相關報告期末確認公平價值等級制度之間的轉移。

本集團所有物業於二零一六年及二零一五年十二月三十一日作出重估。估值由獨立測量師行第一太平戴維斯估值及專業顧問有限公司(其部分員工為香港測量師學會資深會員且具有評估物業所在地及範疇的近期經驗)進行。

重估盈餘32,800,000港元(二零一五年: 58,400,000港元)經扣除遞延稅項後已於其他全面收益表內確認及在物業重估儲備中累計。

(ii) 三級公平價值計量使用的估值技術及輸入數據

物業的公平價值乃使用市場比較方法假定即時交吉出售及參考可資比較銷售證據而釐定。

24. FIXED ASSETS (continued)

(b) Fair value measurement of properties (continued)

(iii) Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 properties, measured at fair value using a valuation technique with significant unobservable inputs:

Premises

物業

At 1 January	於一月一日
Depreciation for the year	本年度折舊
Surplus on revaluation – credit to premises revaluation reserve	重估盈餘 – 計入物業重估儲備
At 31 December	於十二月三十一日
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period	就於報告期末所持資產計入其他全面收益表的本年度收益或虧損總額
– Premises: net movement in premises revaluation reserve	– 物業：物業重估儲備淨變動
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	就於報告期末所持資產計入損益賬的本年度收益或虧損總額
– Operating expenses: Depreciation	– 營運支出：折舊

(iv) Information about Level 3 fair value measurements

	Valuation technique 估值技術	Unobservable input 不可觀察輸入數據	Range 範圍
Premises	Market comparison approach	Premium/(discount) on characteristic of the properties	30% to -30%
物業	市場比較方法	物業特點的溢價／(折讓)	30%至-30%

The fair value of premises held for own use are determined using market comparison approach to value these properties in their respective existing states and uses on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuation takes into account the characteristics of the properties which include the location, size, shape, view, floor level, year of completion and other factors collectively. Higher premiums for properties with better conditions will result in a higher fair value measurement.

24. 固定資產(續)

(b) 物業之公平價值計量(續)

(iii) 公平價值等級制度三級公平價值計量的對賬

下表載列按公平價值計量使用估值技術連同重大不可觀察輸入數據之三級物業期初及期末結餘之變動對賬：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	3,489,100	3,480,600
Depreciation for the year	(61,762)	(61,451)
Surplus on revaluation – credit to premises revaluation reserve	39,262	69,951
At 31 December	3,466,600	3,489,100
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period		
– Premises: net movement in premises revaluation reserve	41,205	66,770
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period		
– Operating expenses: Depreciation	(61,762)	(61,451)

(iv) 有關三級公平價值計量的資料

持作自用物業的公平價值於釐定時乃使用市場比較方法假定即時交吉出售及參考可資比較銷售證據按市場基準現狀及用途評估該等物業。估值考慮物業的特點，包括位置、面積、形狀、景觀、樓層、完工年期及其他因素等。狀況良好的物業之較高溢價將導致較高公平價值計量。

24. FIXED ASSETS (continued)

(c) The analysis of net book value of premises is as follows:

Held in Hong Kong at fair value	於香港按公平價值持有
– 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)

24. 固定資產(續)

(c) 物業賬面淨值的分析如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
2,045,900	1,996,500
1,420,700	1,492,600
3,466,600	3,489,100

25. ASSETS HELD FOR SALE

In May 2014, the Group transferred two owned properties situated in Hong Kong with carrying amount of HK\$92,669,000 from premises to assets held for sale following the Bank's decision to dispose of the properties. In December 2015, the Group sold one of the properties, with a carrying amount of HK\$47,225,000, at a consideration of HK\$52,000,000. A gain of HK\$4,775,000 was recognised in profit the year ended 31 December 2015. The Group is committed to a plan to sell the remaining property.

The asset is measured at the lower of its carrying amount and fair value less costs to sell at the end of each reporting period. The carrying amount as of 31 December 2016 of HK\$42,700,000 (2015: HK\$45,300,000) represents its fair value less costs to sell. The fair value measurement is categorized as at Level 3 valuation as described in Note 24 (b)(i) and (b)(iv).

Cumulative income recognized in other comprehensive income relating to assets held for sale is HK\$27,995,000 (2015: HK\$27,995,000), net of tax, which represents cumulative revaluation surplus of the property.

25. 持作出售之資產

於二零一四年五月，本集團決定出售其位於香港的賬面值為92,669,000港元的兩項物業，並將其由物業轉撥至持作出售之資產。於二零一五年十二月，本集團出售其中一項賬面值為47,225,000港元的物業，代價為52,000,000港元，得以於截至二零一五年十二月三十一日止年度溢利中確認4,775,000港元之收益。本集團承諾計劃出售餘下物業。

資產按於各報告期末其賬面值及公平價值(兩者之較低者為準)減出售成本計量。於二零一六年十二月三十一日，賬面值42,700,000港元(二零一五年：45,300,000港元)相當於其公平價值減出售成本，而其公平價值計量分類為三級估值(如附註24(b)(i)及(b)(iv)所述)。

累計收入於其他全面收入中確認，乃關於持作出售資產27,995,000港元(二零一五年：27,995,000港元)(扣除稅項)，相當於物業的累計重估盈餘。

26. GOODWILL

Cost and carrying amounts	成本及賬面值
At 1 January	於一月一日
Addition upon further investment in an associate	於一間聯營公司進一步投資之添置
At 31 December	於十二月三十一日

Goodwill of HK\$66,182,000 (2015: HK\$66,182,000) in respect of the Group's interest in an associate has been included in "Interests in associates" (Note 22).

26. 商譽

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
66,182	43,218
–	22,964
66,182	66,182

有關本集團於一間聯營公司之權益的商譽66,182,000港元(二零一五年：66,182,000港元)包括在「於聯營公司之權益」(附註22)。

27. DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and balances from banks 銀行同業之存款及結餘
Deposits and balances from the HKMA 於金管局之存款及結餘

Amounts due to banks under repurchase agreements (Note 45(f))

回購協議項下應付銀行同業之款項(附註45(f))

27. 銀行同業及其他金融機構之存款及結餘

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1,259,307	3,284,568
8,159	82,423
1,267,466	3,366,991
9,708,938	8,600,888
10,976,404	11,967,879

28. DEPOSITS FROM CUSTOMERS

Demand deposits and current accounts
Savings deposits
Call deposits
Time deposits

活期及往來存款
儲蓄存款
通知存款
定期存款

28. 客戶存款

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
13,717,175	11,629,135
1,475,743	1,386,006
4,901,228	4,518,727
43,469,715	40,851,221
63,563,861	58,385,089

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

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
2,010,295	2,271,493

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Zero coupon bond issued

已發行零息債券

30. 指定為通過損益以反映公平價值之金融負債

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
406,185	399,334

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (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 2016 was HK\$113.8 million (2015: HK\$120.7 million) lower than the contractual amount at maturity for the Group.

The zero coupon bond issued is measured at fair value using valuation techniques based on observable market conditions existing at the end of the reporting period; however data in respect of the Bank's credit risk volatilities and correlations require management's estimation. The total loss arising from the change in the fair value of the zero coupon bond recognised in profit or loss during the year is HK\$6.9 million (2015: HK\$16.9 million), of which there is a loss of HK\$0.7 million (2015: loss of HK\$2.8 million) recognised during the year attributable to change of credit spread.

To the extent the Bank's credit risk volatilities that are not supported by observable market prices are altered by 10% in either direction the fair value of the zero coupon bond would either be lower by HK\$18,000 (2015: HK\$0.4 million) or higher by HK\$18,000 (2015: HK\$0.4 million).

31. CERTIFICATES OF DEPOSIT ISSUED

3 months or less but not repayable on demand	三個月或以下但毋須應要求償還
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

All certificates of deposit issued are measured at amortised cost.

30. 指定為通過損益以反映公平價值之金融負債(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而訂立了一份利率掉期合約。根據該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。

於二零一六年十二月三十一日，指定為通過損益以反映公平價值之金融負債之賬面值比本集團之合約到期日金額低113,800,000港元(二零一五年：120,700,000港元)。

已發行零息債券乃透過基於於報告期末的可觀察的市場狀況的估值法按公平價值計算，然而，有關銀行信貸風險變動及相關性之數據需管理層作出估計。本年度於損益中確認的零息債券的公平價值變動虧損總額為6,900,000港元(二零一五年：16,900,000港元)，其中本年度因信貸差距變動導致確認虧損700,000港元(二零一五年：虧損2,800,000港元)。

倘非由顯著市價支持的本行信貸風險在任何方向變動達10%，零息債券的公平價值可能減少18,000港元(二零一五年：400,000港元)或提高18,000港元(二零一五年：400,000港元)。

31. 已發行存款證

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
300,000	199,981
1,520,319	410,000
1,014,571	930,537
2,834,890	1,540,518

所有已發行存款證均按攤餘成本列賬。

32. DEBT SECURITIES ISSUED

Zero coupon notes

零息票據

The zero coupon notes issued represent the notes issued by the Bank and are denominated in HKD and USD, and mature at various dates from 2017 to 2022.

All debt securities issued are measured at amortised cost.

32. 已發行債務證券

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
821,482	1,383,814

發行零息票據相當於本行發售票據，並以港元及美元計價，自二零一七年至二零二二年間不同日子到期。

所有已發行債務證券均按攤餘成本列賬。

33. OTHER LIABILITIES

Net defined benefit liability (Note 39(a)(i))
Accounts payable and other liabilities

定額福利負債淨額(附註39(a)(i))
應付賬項及其他負債

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
56,164	86,041
1,120,950	1,176,590
1,177,114	1,262,631

33. 其他負債

34. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current tax (recoverable)/provision in the consolidated statement of financial position represents:

Provision for Hong Kong Profits Tax
Tax for the year
Provisional Hong Kong Profits Tax paid

年內香港利得稅
準備
已付香港暫繳利得稅

Balance of Hong Kong Profits Tax
(recoverable)/provision relating to prior years

承過往年度香港利得稅
(可收回)/準備結餘

Representing:

Hong Kong Profits Tax recoverable*
Provision for Hong Kong Profits Tax*

代表：

可收回香港利得稅*
香港利得稅準備*

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

34. 綜合財務狀況表之所得稅

(a) 綜合財務狀況表內之(可收回即期稅項)/即期稅項準備為：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
59,768	84,607
(87,393)	(69,745)
(27,625)	14,862
(438)	15,550
(28,063)	30,412
(28,063)	(1,853)
-	32,265
(28,063)	30,412

* 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「應計利息及其他資產」以及「其他負債」內。

34. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK\$'000 千港元	Defined benefit scheme 定額福利計劃 HK\$'000 千港元	Collective impairment allowance 綜合減值撥備 HK\$'000 千港元	Revaluation of available-for-sale financial assets 可供出售金融資產重估 HK\$'000 千港元	Revaluation of premises 物業重估 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	(23,741)	10,412	6,754	(28,221)	(447,958)	(5,615)	(488,369)
(Charged)/credited in arriving at the profit for the year (Note 11(a))	於本年度溢利中(扣除)/撥回(附註11(a))	(3,938)	(1,370)	-	-	114	(1,541)	(6,735)
Credited/(charged) to other comprehensive income (Note 12)	於其他全面收益中撥回/(扣除)(附註12)	-	5,523	-	22,466	(3,181)	-	24,808
At 31 December 2015	於二零一五年十二月三十一日	(27,679)	14,565	6,754	(5,755)	(451,025)	(7,156)	(470,296)
At 1 January 2016	於二零一六年一月一日	(27,679)	14,565	6,754	(5,755)	(451,025)	(7,156)	(470,296)
(Charged)/credited in arriving at the profit for the year (Note 11(a))	於本年度溢利中(扣除)/撥回(附註11(a))	(13,060)	(1,175)	11,204	-	114	(11,398)	(14,315)
(Charged)/credited to other comprehensive income (Note 12)	於其他全面收益中(扣除)/撥回(附註12)	-	(3,767)	-	(10,344)	1,943	-	(12,168)
At 31 December 2016	於二零一六年十二月三十一日	(40,739)	9,623	17,958	(16,099)	(448,968)	(18,554)	(496,779)

Deferred tax assets and liabilities recognised is summarised as follows:

Net deferred tax assets recognised in the consolidated statement of financial position	綜合財務狀況表確認之遞延稅項資產淨額
Net deferred tax liabilities recognised in the consolidated statement of financial position	綜合財務狀況表確認之遞延稅項負債淨額

已確認遞延稅項資產及負債概述如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
6	22
(496,785)	(470,318)
(496,779)	(470,296)

(c) Deferred tax assets unrecognised

The Group has no material unrecognised deferred tax asset as at 31 December 2016 (2015: HK\$Nil).

(c) 未確認之遞延稅項資產

於二零一六年十二月三十一日，本集團並無重大未確認之遞延稅項資產（二零一五年：無）。

35. SUBORDINATED NOTES ISSUED

US\$200 million 6.125% subordinated notes issued in 2010

於二零一零年發行200,000,000美元
年息率為6.125%的後償票據

Subordinated notes with face value of US\$200 million (equivalent to HK\$1,550.9 million) and carrying amount of HK\$1,544.3 million which qualify as supplementary capital were issued by the Bank on 30 November 2010 and mature on 30 November 2020.

If at any time the HKMA determines (having regard to the applicable regulatory framework) that these subordinated notes no longer qualify as supplementary capital, the Bank may, on or after 1 January 2013 at its option and subject to the prior written approval of the HKMA, provide notice to such effect to Noteholders, such notice being a "Change in Status Notice". Upon a Change in Status Notice becoming effective, these subordinated notes shall cease to constitute subordinated obligations of the Bank and shall thereafter constitute direct, unconditional, unsubordinated and unsecured obligations of the Bank and shall at all times thereafter rank pari passu and without any preference among themselves. The payment obligations of the Bank under these subordinated notes shall, save for such exceptions as may be provided by applicable legislation, at all times thereafter rank at least equally with all its other present and future unsecured and unsubordinated obligations including liabilities in respect of deposits.

These subordinated notes bear interest at 6.125% per annum, payable semi-annually. Upon a Change in Status Notice becoming effective, the interest rate for these subordinated notes will become 5.625% per annum, payable semi-annually. These subordinated notes are stated at amortised cost.

35. 已發行後償票據

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
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1,544,304	1,542,024
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本行於二零一零年十一月三十日發行面值為200,000,000美元(相當於為1,550,900,000港元)及賬面值為1,544,300,000港元及符合附加資本準則的後償票據，該票據於二零二零年十一月三十日期到。

倘若金管局於任何時候決定(經考慮適用的法規框架)本後償票據不再合資格作為附加資本，本行可於二零一三年一月一日或之後，在事先獲得金管局書面批准後選擇向票據持有人通知有關影響，該通知即為「地位變更通知」。於地位變更通知生效後，本後償票據將不再構成本行之後償責任，並於其後構成本行之直接、無條件、非後償及無抵押責任，並將於其後任何時間享有同等權益，且彼此並無任何優先權。除適用法律可能規定之例外情況外，本行根據本後償票據之付款責任將於其後任何時間至少與所有其他現有及未來無抵押及非後償負債(包括有關存款之負債)享有同等權益。

本後償票據按年利率6.125%計息，每半年支付一次。地位變更通知生效後，本後償票據之年利率將變為5.625%，每半年支付一次。本後償票據以攤餘成本列賬。

36. SHARE CAPITAL

Issued and fully paid:

Ordinary shares

As at 1 January and 31 December

已發行及繳足：

普通股

於一月一日及十二月三十一日

36. 股本

31 December 2016

二零一六年
十二月三十一日

Number of shares 股份數目	Share capital 股本 HK\$'000 千港元
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31 December 2015

二零一五年
十二月三十一日

Number of shares 股份數目	Share capital 股本 HK\$'000 千港元
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1,641,273,089	4,830,448	1,641,273,089	4,830,448
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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.

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

37. RESERVES

(a) Foreign exchange reserve

The foreign exchange reserve of the Group comprises all foreign exchange differences arising from the translations of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(b) Regulatory reserve

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

(c) Investment revaluation reserve

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

(d) Premises revaluation reserve

The premises revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for land and buildings in Note 2(j).

38. 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 with original maturity within three months	原於三個月內到期之通知及短期存款
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放款

37. 儲備

(a) 外匯儲備

本集團外匯儲備包括因折算海外業務財務報告所產生之所有外匯差異。該儲備根據附註2(t)所載之會計政策處理。

(b) 法定儲備

為根據《銀行業條例》的規定而保留法定儲備以達至嚴謹監管的目的。該儲備之變動乃在諮詢金管局之意見後直接從保留溢利轉撥。

(c) 投資重估儲備

投資重估儲備包括可供出售金融資產之公平價值直至該金融資產停止確認之累計變動淨額(不包括減值虧損)，乃按附註2(g)中之會計政策處理。

(d) 物業重估儲備

物業重估儲備乃按附註2(j)中就土地及樓宇採納之會計政策所設立及處理。

38. 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

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1,757,546	1,202,701
3,951,888	7,475,483
3,020,837	2,210,000
1,893,845	259,985
10,624,116	11,148,169

38. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation to the consolidated statement of financial position

Cash and short term funds (Note 14)	現金及短期資金(附註14)
Treasury bills	國庫券
– Trading assets (Note 16)	– 持作交易用途資產(附註16)
– Available-for-sale financial assets (Note 20)	– 可供出售金融資產(附註20)
Placements with banks and other financial institutions (Note 15)	銀行或其他金融機構放款(附註15)
Amount shown in the consolidated statement of financial position	綜合財務狀況表內所示金額
Less: Amount with an original maturity of over three months	減：原到期日為三個月以上到期的金額
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

38. 現金及等同現金項目(續)

(b) 綜合財務狀況表之對賬

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
6,019,614	8,678,184
2,310,246	2,279,980
1,862,465	1,049,467
3,264,233	885,449
13,456,558	12,893,080
(2,832,442)	(1,744,911)
10,624,116	11,148,169

39. 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 23% (2015: 24%) of 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 2016 and was prepared by Billy Wong, Fellow of the Society of Actuaries, of Mercer (Hong Kong) Limited using the projected unit credit actuarial cost method. The actuarial valuation indicates that the Group's obligations under the Scheme are 80.17% (2015: 70.90%) covered by the plan assets held by the trustee.

The Scheme offers a lump sum at retirement based on final salary and years of service or employee and employer contributions if greater. The contribution based benefit is notionally invested in a "guarantee fund" (for which the Group acts the Guarantor), with no less than a 5% p.a. return.

39. 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23%(二零一五年：24%)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二零一六年十二月三十一日進行，由美世(香港)有限公司之王玉麟(美國精算師公會會員)以預計單位信貸方式編製。該精算估值顯示，本集團為該計劃所承擔之責任中，80.17%(二零一五年：70.90%)可透過受託人所持有的計劃資產獲得保障。

該計劃在退休時基於僱員最終薪金及服務年期及僱主供款之較高者提供一筆金額。基於福利之供款於名義上投資於一項「擔保基金」(本集團作為擔保人)，年回報率不低於5%。

39. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

The Scheme is closed to new entrants except that in exceptional circumstances new individual entrants are allowed to join at the Group's discretion, so that the plan's size is contained. However, the defined benefit element and the 5% p.a. guaranteed return offered on contributions exposes the Group to actuarial risks such as interest rate risk, investment risk and longevity risk.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

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
Net liabilities recognised in the consolidated statement of financial position (Note 33)	於綜合財務狀況表確認之負債淨額(附註33)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

The Scheme follows a tri-annual funding valuation schedule when at each funding valuation, the contributions for the following three years are set. The last funding valuation was as of 31 December 2015 and it was assessed at that valuation that the entity contributes 14.2% of member's salary. The funding valuation as of 31 December 2016 is being carried out by the Scheme actuary, in which the 2017 contribution level will be reviewed.

In addition to the above, the Group acts as the "Guarantor" to meet the 5% year return on the defined contribution benefits. The annual contribution relating to this obligation is determined annually (based on the Scheme's return in the 1 July – 30 June financial year). The Guarantor contribution determined for the 1 July 2016 – 30 July 2017 financial year is HK\$9,665,000 which will be made in the first half of 2017.

39. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

該計劃不向新加入者開放，惟新加入個人由本集團酌情決定允許加入，致使該計劃的規模可受控制。然而，定額福利部分及供款年回報率5%擔保回報使本集團面臨精算風險，例如利率風險、投資風險及長壽風險。

(i) 於綜合財務狀況表確認的金額如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
(283,198)	(295,693)
227,034	209,652
(56,164)	(86,041)

上述負債的一部分預期將於超過一年後結算。然而，將該金額從未來十二月應付金額中分離屬不實際，原因為未來供款將亦涉及提供的未來服務及精算假設及實況的未來變動。

該計劃於每三年一次融資估值時設定接下來三年供款。最近一次融資評估計劃為截止二零一五年十二月三十一日，且按實體就成員薪金14.2%作出供款來評估估值。該計劃精算師正在進行截至二零一六年十二月三十一日的融資評估，該評估將檢討二零一七年的供款水平。

除上文以外，本集團作為「擔保人」以滿足定額供款福利每年5%的回報。有關該責任的供款為每年釐定（基於七月一日至六月三十日財政年度該計劃的回報）。二零一六年七月一日至二零一七年七月三十日財政年度的擔保人供款經釐定為9,665,000港元，並將於二零一七年上半年作出。

39. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

(ii) Plan assets consist of the following:

Equities or Unit Funds	股本或基金單位
Interest bearing securities	計息證券
Bank deposit, cash and other	銀行存款、現金及其他

All of the bonds have quoted prices in active markets.

(iii) Movements in the present value of the defined benefit obligation

At 1 January:	於一月一日
Remeasurements:	重新計量：
– Actuarial losses arising from changes in demographic assumptions	– 人口統計假設變動產生之精算虧損
– Actuarial (gain)/losses arising from changes in financial assumptions	– 財務假設變動產生之精算(收益)/虧損
– Actuarial losses arising from experience adjustments	– 過往調整產生之精算虧損

Benefits paid by the plans	計劃已付福利
Current service cost	本期服務成本
Interest cost	利息成本
Participants' contributions	參與者供款

At 31 December 於十二月三十一日

The weighted average duration of the defined benefit obligation is 5.6 years (2015: 6.3 years).

39. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

(ii) 計劃資產包括如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
14,902	2,103
37,947	53,023
174,185	154,526
227,034	209,652

所有債券於活躍市場有報價。

(iii) 定額福利責任現值的變動

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
295,693	271,671
39	18,786
(25,341)	3,650
3,757	9,634
274,148	303,741
(11,409)	(27,664)
13,237	11,900
3,399	3,569
3,823	4,147
283,198	295,693

定額福利責任加權平均期限為5.6年(二零一五年：6.3年)。

39. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

(iv) Movements in plan assets

At 1 January:	於一月一日
Group's contributions paid to the plans	本集團對計劃的供款
Benefits paid by the plans	計劃已付福利
Interest income	利息收入
Administrative expenses paid from plan assets	自計劃資產支付的行政開支
Return/(losses) on plan assets	計劃資產回報／(虧損)
At 31 December	於十二月三十一日

(v) Amounts recognised in the consolidated statement of comprehensive income are as follows:

Current service cost (Note 7)	本期服務成本(附註7)
Net interest on net defined benefit liability	定額福利負債淨額之淨利息
Administrative expenses and taxes	行政支出及稅項
Total amounts recognised in profit or loss	於損益中確認之總額
Actuarial (gain)/losses (Return)/losses on plan assets, excluding interest income	精算(收益)／虧損 計劃資產之(回報)／虧損， 不包括利息收入
Total amounts recognised in other comprehensive income (Note 12)	於其他全面收益表中 確認之總額(附註12)
Total defined benefit cost	定額福利成本總額

The actual return on the Scheme's assets for the year ended 31 December 2016 amounted to approximately HK\$1,661,000(gain) (2015: HK\$583,000(loss)).

(vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

Discount rate	折現率
Salary increase rate	薪金增加率

39. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

(iv) 計劃資產變動

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
209,652	210,710
27,130	27,189
(11,409)	(27,664)
2,520	2,889
(2,142)	(2,069)
1,283	(1,403)
227,034	209,652

(v) 於綜合全面收益表中已確認之金額如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
13,237	11,900
879	680
2,142	2,069
16,258	14,649
(21,545)	32,070
(1,283)	1,403
(22,828)	33,473
(6,570)	48,122

截至二零一六年十二月三十一日止年度，計劃資產實際回報達1,661,000港元(收益)(二零一五年：583,000港元(虧損))。

(vi) 重大精算假設(表述為加權平均數)及敏感度分析如下：

2016 二零一六年	2015 二零一五年
1.7% p.a. 年利率1.7%	1.2% p.a. 年利率1.2%
3.0% p.a. 年利率3.0%	4.5% p.a. 年利率4.5%

39. EMPLOYEE RETIREMENT BENEFITS (continued)

(a) Defined benefit retirement plans (continued)

- (vi) *Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows: (continued)*

The analysis below shows how the defined benefit obligation as at 31 December 2016 would have increased/(decreased) as a result of 50 basis points change in the significant actuarial assumptions:

As at 31 December 2016
於二零一六年十二月三十一日

Discount rate	折現率
Salary increase rate	薪金增加率

As at 31 December 2015
於二零一五年十二月三十一日

Discount rate	折現率
Salary increase rate	薪金增加率

The sensitivity analysis presented above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

(b) 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 a scheme choice to both existing and new employees. The MPF Scheme is a defined contribution retirement scheme administered by an independent trustee.

Under the MPF Scheme, the employer and its employees are each required to make mandatory contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately.

In addition to the mandatory contribution, employees will have an one-off election to make a voluntary contribution of 5% of employee's relevant income. At the same time, the employer will make a matching voluntary contribution accordingly.

39. 僱員退休福利(續)

(a) 定額福利退休計劃(續)

- (vi) 重大精算假設(表述為加權平均數)及敏感度分析如下:(續)

以下分析顯示因重大精算假設變動50個基點時定額福利責任於二零一六年十二月三十一日增加/(減少):

Increase in 50 basis points 上升50個基點 HK\$'000 千港元	Decrease in 50 basis points 下降50個基點 HK\$'000 千港元
(7,646)	7,930
4,531	(3,965)

Increase in 50 basis points 上升50個基點 HK\$'000 千港元	Decrease in 50 basis points 下降50個基點 HK\$'000 千港元
(8,871)	9,462
8,279	(7,097)

以上呈報敏感度分析於釐定時乃基於於報告期末假設的可能合理變動(假定所有其他假設保持不變)。

(b) 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%之強制性供款，惟須受限於每月相關收入之上限30,000港元。一經對計劃作出供款，供款即予以歸屬。

除強制性供款外，僱員可作出一次一次選擇，就其相關收入作出5%之自願性供款。同時，僱主將須作出相應的等額自願性供款。

40. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Credit related commitments and contingencies

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

The following is a summary of the contractual and credit risk-weighted amounts of each significant class of credit related commitments and contingencies:

40. 或然負債及承擔

(a) 與信貸有關之承擔及或然項目

與信貸有關之承擔及或然項目包括承兌項目、信用證、擔保和承付款項。所涉及之風險基本上與向客戶提供貸款之信貸風險相同。合約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。由於該等備用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。

以下為每項重大與信貸有關之承擔及或然項目類別之合約金額及信貸加權金額之摘要：

		2016 二零一六年		2015 二零一五年	
		Contractual amounts	Credit risk weighted amounts	Contractual amounts	Credit risk weighted amounts
		合約金額 HK\$'000 千港元	信貸風險 加權金額 HK\$'000 千港元	合約金額 HK\$'000 千港元	信貸風險 加權金額 HK\$'000 千港元
Direct credit substitutes	直接信貸替代項目	101,117	101,117	65,066	65,066
Transaction-related contingencies	與交易有關之或然項目	25,580	12,790	27,852	13,926
Trade-related contingencies	與貿易有關之或然項目	267,169	53,434	273,089	54,695
Undrawn loan facilities	未提取之備用貸款				
– which are unconditionally cancellable	– 其中可無條件地取消	24,751,255	–	25,824,266	–
– with an original maturity of up to one year	– 原訂到期期限為直至一年	87,740	17,548	139,516	27,903
– with an original maturity of more than one year	– 原訂到期期限為一年以上	1,155,142	573,554	1,561,712	777,992
		26,388,003	758,443	27,891,501	939,582

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

用於計算信貸風險加權金額之風險加權比率介乎0%至100%。

40. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(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
– More than 5 years	– 五年以上

The Group leases a number of properties and items of equipment under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the lease when all terms are renegotiated. Lease payments are renegotiated on renewal upon expiration of lease term and adjusted to reflect market rentals. None of the leases include contingent rentals.

(c) Capital commitments

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

Contracted for	已訂合約
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(d) Litigation

The Group is involved in a lawsuit where judgment was issued against the Group during the year ended 31 December 2016. Related compensation and legal costs of HK\$100 million were recognized in the year ended 31 December 2015. The Group has filed a Notice of Appeal while the Plaintiff also filed a Respondent's Notice regarding the compensation amount. Additional compensation of HK\$73 million and interest, which cannot be reasonably estimated, may be incurred should the final judgment be in favour of the Plaintiff. Based on legal advice, the Directors do not believe it is probable that any further compensation will be incurred by the Group and therefore no additional provision has been recognized for this lawsuit.

40. 或然負債及承擔(續)

(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：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
24,792	28,998
38,248	26,439
17,204	11,560
80,244	66,997

本集團根據經營租賃租用若干物業及設備項目。通常租賃的初始年期為一年至十年，並可於重新磋商所有條款時續期租賃。租賃款項可於租賃條款到期後於續期時重新磋商及調整以反映市場租金。概無租賃包括或然租金。

(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金融資產之未兌現資本承擔如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
248,014	266,977

(d) 訴訟

本集團涉及一宗訴訟，於截至二零一六年十二月三十一日止年度期間本集團獲判敗訴。相關賠償及法律費用1億港元已於截至二零一五年十二月三十一日止年度確認。本集團已提交上訴通知書，而原告人亦就賠償金額呈交答辯人通知書。倘若最終判決原告人勝訴，則可能會招致追加賠償金73,000,000港元及無法合理估計之利息。根據法律意見，董事不認為本集團將會招致任何進一步賠償，因此並無就本訴訟確認額外撥備。

41. 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 the income arising thereon are excluded from these financial statements, as the Group has no beneficial interest in the assets.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

41. 信託業務

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。由於本集團並無於該等資產中擁有實益權益，因此該等資產及其所產生之收入不會於等財務報告中列賬。

42. 金融工具之公平價值

(a) 以公平價值列賬之金融工具

公平價值之估計一般帶有主觀性質，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。本集團使用下列可反映計量所用之輸入數據之重要性之公平價值等級制度計量公平價值：

- 一級：相同工具於活躍市場之市場報價（未經調整）。
- 二級：由一級所載報價以外的可觀察直接（即價格）或間接（即源自價格）輸入數據。該分類包括使用下列方法進行估值之工具：類似工具於活躍市場之市場報價；不甚活躍市場之相同或類似工具之報價；或所有重要數據均可直接或間接於市場數據觀察而獲得之其他估值技術。
- 三級：並非以可觀察市場數據（不可觀察輸入數據）為基礎的資產或負債的輸入數據。該分類包括估值技術並非基於可觀察數據且不可觀察數據對工具之估值有重大影響之所有工具。倘重大不可觀察調整或假設須用以反映工具之間的差額，該分類包括根據類似工具的報價而估值的工具。

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments carried at fair value (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value treatment is categorised:

2016	二零一六年
Assets	資產
Trading assets	持作交易用途資產
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
Available-for-sale financial assets	可供出售金融資產
Liabilities	負債
Trading liabilities	交易賬項下之負債
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
Derivative financial instruments	衍生金融工具

42. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

下表乃以公平價值等級制度(公平價值據此分類)分析於本報告期末以公平價值計量之金融工具：

Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2,310,246	–	–	2,310,246
–	39,226	–	39,226
–	753,244	–	753,244
13,632,633	17,257,363	234,549	31,124,545
15,942,879	18,049,833	234,549	34,227,261
2,010,295	–	–	2,010,295
–	406,185	–	406,185
–	443,714	–	443,714
2,010,295	849,899	–	2,860,194
Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元	Total 總額 HK\$'000 千港元
2,311,007	15,403	–	2,326,410
40,502	–	–	40,502
–	966,857	–	966,857
16,128,588	10,135,035	248,859	26,512,482
18,480,097	11,117,295	248,859	29,846,251
2,271,493	–	–	2,271,493
–	399,334	–	399,334
–	963,656	–	963,656
2,271,493	1,362,990	–	3,634,483

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments carried at fair value (continued)

During the year 2016 and 2015, there were transfers of financial instruments from Level 1 to Level 2 of the fair value hierarchy as active markets cannot be identified for identical instruments.

(i) Valuation of financial instruments with significant unobservable inputs

The following methods have been applied in determining the fair values of financial instruments under Level 3 of the fair value hierarchy:

- (i) the fair value of unquoted equity investments is estimated using the net asset value as reported by management of the investee companies; and
- (ii) the fair value of unlisted investment funds is estimated using the net asset value as reported by the managers of such funds.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Assets	資產
At 1 January	於一月一日
Purchases	購買
Sales	出售
Settlements	結算
Changes in fair value recognised in profit or loss:	在損益賬內確認之公平價值變動：
– Impairment losses on available-for-sale financial assets	– 可供出售金融資產之減值虧損
Changes in fair value recognised in other comprehensive income	在其他全面收益內確認之公平價值變動
At 31 December	於十二月三十一日
Total gains or losses for the year included in other comprehensive income for assets held at the end of the reporting period	於報告期末持有之資產計入其他全面收益之本年度收益或虧損總額
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	於報告期末持有之資產計入損益賬之本年度收益或虧損總額

42. 金融工具之公平價值(續)

(a) 以公平價值列賬之金融工具(續)

於二零一六年及二零一五年，由於未能就相同工具分辨出活躍市場，若干金融工具由公平價值等級制度第一級轉移至第二級。

(i) 使用重大不可觀察數據進行之金融工具估值

以下方法已用於釐定公平價值等級制度三級下之金融工具之公平價值：

- (i) 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；及
- (ii) 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。

下表載列公平價值等級制度三級內公平價值計量之年初餘額與年終餘額之對賬：

Available-for-sale financial assets

可供出售金融資產	
2016	2015
二零一六年	二零一五年
HK\$'000	HK\$'000
千港元	千港元
248,859	268,312
9,960	7,928
(15,995)	(30,702)
–	–
(6,685)	(12,254)
(1,591)	15,575
234,548	248,859
(1,591)	15,575
10,085	6,572

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments carried at fair value (continued)

(ii) *Effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions*

Although the Group believes that its estimates of fair value are appropriate, the use of different methodology or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, a 10% change in either direction in the net asset value reported by respective counterparties would have the following effects:

		Effect on profit or loss		Effect on other comprehensive income	
		對損益賬的影響		對其他全面收益的影響	
		Favourable	Unfavourable	Favourable	Unfavourable
		有利變動	不利變動	有利變動	不利變動
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
As at 31 December 2016	於二零一六年十二月三十一日				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(1,200)	23,455	(22,255)
		Effect on profit or loss		Effect on other comprehensive income	
		對損益賬的影響		對其他全面收益的影響	
		Favourable	Unfavourable	Favourable	Unfavourable
		有利變動	不利變動	有利變動	不利變動
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
As at 31 December 2015	於二零一五年十二月三十一日				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(1,963)	24,886	(22,923)

(b) Fair values of financial instruments carried at other than fair value

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in the table below:

- (i) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the end of the reporting period;
- (ii) the fair value of variable rate financial instruments and loans is assumed to be approximated by their carrying amounts. Changes in the credit quality of these financial instruments and loans 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; and

42. 金融工具之公平價值 (續)

(a) 以公平價值列賬之金融工具 (續)

(ii) *重大不可觀察假設出現變動對可行替代合理假設之影響*

雖然本集團相信其公平價值估計屬適宜，但是使用不同方法或假設可能導致公平價值之不同計量。就公平價值等級制度三級下之公平價值計量而言，各交易對手申報之資產淨值向任意方向變動10%可能產生下列影響：

		Effect on profit or loss		Effect on other comprehensive income	
		對損益賬的影響		對其他全面收益的影響	
		Favourable	Unfavourable	Favourable	Unfavourable
		有利變動	不利變動	有利變動	不利變動
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
As at 31 December 2015	於二零一五年十二月三十一日				
Asset	資產				
Available-for-sale financial assets	可供出售金融資產	-	(1,963)	24,886	(22,923)

(b) 非以公平價值列賬之金融工具之公平價值

下列方法及重大假設已應用於釐定於下表列示之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報告期末可要求還款之金額；
- (ii) 假設浮息金融工具及貸款之公平價值接近其賬面金額。釐定公平價值毛額時並不計算該等金融工具及貸款信貸質量之變化，此乃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撥備金額予以確認；及

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments carried at other than fair value (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 held-to-maturity debt securities is determined with reference to the available market value. If quoted market prices are not available, then the fair value is estimated on the basis of pricing models (see Note 2(g)(iii)).

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not significantly different from their fair values as at 31 December 2016 and 2015 except as follows:

42. 金融工具之公平價值(續)

(b) 非以公平價值列賬之金融工具之公平價值(續)

- (iii) 有關定息貸款及按揭餘成本列賬之按揭的公平價值是透過比較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撥備金額予以單獨確認，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) 持至到期債務證券之公平價值乃經參考可用市值釐定。倘無法獲取市場報價，則公平價值根據計價模式（見附註2(g)(iii)）估計。

本集團按成本或攤餘成本列賬之金融工具之賬面值與其於二零一六年及二零一五年十二月三十一日之公平價值並無重大差異，惟以下所列除外：

		2016 二零一六年				
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
Financial assets	金融資產					
Advances to customers	客戶貸款	2,237,643	2,208,895	–	2,208,895	–
Held-to-maturity investments	持至到期投資	1,549,884	1,615,642	–	1,615,642	–
Financial liability	金融負債					
Deposits from customers	客戶存款	43,469,715	43,480,594	–	43,480,594	–
		2015 二零一五年				
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Level 1 一級 HK\$'000 千港元	Level 2 二級 HK\$'000 千港元	Level 3 三級 HK\$'000 千港元
Financial assets	金融資產					
Advances to customers	客戶貸款	1,586,525	1,525,620	–	1,525,620	–
Held-to-maturity investments	持至到期投資	1,548,781	1,634,458	–	1,643,458	–
Financial liability	金融負債					
Deposits from customers	客戶存款	40,851,221	40,815,699	–	40,815,699	–

43. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into a number of transactions with its ultimate holding company and other related parties. These transactions were entered into in the ordinary course of the Group's banking business and included, inter alia, lending, placement of interbank deposits, 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 end of the reporting period is set out below:

(a) Income/(expenses)

<i>Fellow subsidiary</i>	<i>同系附屬公司</i>
Fee and commission income	費用及佣金收入

(b) Placement of deposits

<i>Fellow subsidiary</i>	<i>同系附屬公司</i>
Cash and short-term funds	現金及短期資金
<i>Fellow subsidiary</i>	<i>同系附屬公司</i>
Accrued interest and other assets	應計利息及其他資產

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

43. 重大關連各方交易

年內，本集團與其最終控股公司及關連各方訂立多項交易。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、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報告期末尚未償還餘額之資料載列如下：

(a) 收入／(支出)

The Group 本集團	
2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
22,665	—

(b) 放款

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
23,818	43,081
610	—

上述與關連各方放款並無減值撥備。

43. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Acceptance of deposits

<i>Ultimate holding company</i>	最終控股公司
Deposits from customers	客戶存款
<i>Fellow subsidiaries</i>	同系附屬公司
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
<i>Fellow subsidiaries</i>	同系附屬公司
Deposits from customers	客戶存款
<i>Other related parties</i>	其他關連方
Deposits from customers	客戶存款

(d) Financial instruments

<i>Fellow subsidiary</i>	同系附屬公司
Derivative contracts (notional principal)	衍生工具合約(名義本金額)

(e) Loans to directors and entities connected with directors

Loans to directors of the Bank and entities connected with directors disclosed pursuant to section 383(1)(d) of the Hong Kong companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Aggregate amount of relevant loans at 31 December by the Bank	本行相關貸款於十二月三十一日的總額
Maximum aggregate amount of relevant loans outstanding during the year by the Bank	本行年內尚未償還相關貸款之最高總額

There was no interest due but unpaid nor any impairment allowance made against these loans at 31 December 2016 (2015: Nil).

Comparative figures have been restated to conform with current year's presentation.

43. 重大關連各方交易(續)

(c) 接納存款

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1,907	1,906
20,608	21,009
244,699	12,381
213,925	—

(d) 金融工具

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
438,129	437,892

(e) 董事及董事關連實體貸款

根據香港《公司條例》第383(1)(d)條及《公司(披露董事利益資料)規例》第3部披露之本行董事及董事關連實體貸款如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Restated) (重列)
421,043	71
425,086	145

於二零一六年十二月三十一日並無到期但未付的利息或就該等貸款作出減值撥備(二零一五年：無)。

已重列比較數字以符合本年度之呈列資料。

43. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(f) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Bank's Directors as disclosed in Note 8 is as follows:

Salaries and short-term employee benefits	薪金及短期僱員福利
Post-employment benefits	退休福利

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

(g) 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. The amounts involved, other than transactions with the ultimate holding company and fellow subsidiaries, are set out below.

Loans, at 31 December	於十二月三十一日貸款餘額
Interest income	利息收入
Credit facilities, at 31 December	於十二月三十一日信貸服務

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 and the guidelines of the HKMA. 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, the Chief Executive Officer and Managing Director and/or the Executive Credit Committee.

43. 重大關連各方交易 (續)

(f) 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)如下:

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
51,147	55,255
2,803	2,873
53,950	58,128

酬金總額計入「僱員成本」(見附註7)。

(g) 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。該等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。除與最終控股公司及同系附屬公司的交易外，涉及金額載列如下。

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
3,542	5,944
48	142
4,160	4,570

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。

本行向關連各方貸款的政策已計及香港《銀行業條例》及金管局指引之規定。本集團設定內部限額(對個人以及有抵押及無抵押風險的個人及集團限額總額)，並審慎監督關連各方之風險(個人或企業)及採取各必須措施以控管各關連借貸之風險。信用委員會、行政總裁兼董事總經理及／或執行信用委員會已予批准。

44. ASSETS PLEDGED AS SECURITY

The following assets have been pledged as collateral for own liabilities at the end of the reporting period:

Secured liabilities	已抵押負債
<i>Assets pledged:</i>	<i>已質押資產：</i>
Trading assets	持作交易用途資產
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資

The following balances with banks have been pledged as collateral for margin deposits of derivatives at the end of the reporting period:

Margin accounts for derivative contracts	衍生工具合約的保證金賬戶款項
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These transactions are conducted under usual and customary terms.

45. 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.

44. 質押作為抵押品之資產

下列資產已於報告期末作為自身負債抵押品予以質押：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
11,719,234	10,872,381
1,361,802	2,237,486
10,784,252	8,856,973
–	116,403
12,146,054	11,210,862

下列銀行結餘已於報告期末作為衍生工具保證金存款抵押品予以抵押：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
192,870	667,497

該等交易乃按照一般及慣用條款進行。

45. 財務風險管理

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

- 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，例如利率、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，或無法持續在市場上以無抵押或甚至有抵押的方式按可接受之價格借入資金，藉此為實際或建議之承擔提供所需的資金的風險。
- 營運風險：由於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。

45. FINANCIAL RISK MANAGEMENT (continued)

The Group has established policies and procedures to identify and analyse 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. 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

Credit risk is the risk of suffering financial loss in the event that the Group's customers or counterparties fail to fulfil their obligations to the Group. It arises mainly from loans and advances, debt securities held and counterparty credit risk arising from derivative contracts entered into with customers or counterparties. It can also arise from trading and treasury activities.

The Group manages credit risk through a framework of controls to ensure credit risk taking activities are based on sound principles and in line with the overall business objectives of the Group. It has established a set of credit policies and procedures which define credit risk taking criteria, credit approval authorities delegated from the Board of Directors ("Board"), credit monitoring processes, credit rating and scoring systems and loan impairment criteria.

The Board has delegated credit approval authorities to the following committees in descending order of authority: the Executive Credit Committee, the Credit Committee and the Wholesale Credit Committee.

The Executive Credit Committee serves as the credit committee of the Board to review and approve credits that require the approval of the Board. In addition, it approves the Group's credit policies and credit risk profile, taking into consideration relevant law and regulations.

The Credit Committee is a management level committee that provides management oversight of the Group's credit risk management. It ensures that the Group has in place an effective credit risk management framework and that its credit risks are within the credit policies and credit risk profile as specified by the Board or its delegated committees. The Credit Committee reviews and endorses credit policies and credit risk profile for the Executive Credit Committee's approval, and reviews and approves credit related guidelines. It also conducts on-going review of the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure that the credit risk profile of the Group is within its risk appetite. The Credit Committee also reviews and approves credits that are within its authority as delegated by the Board.

45. 財務風險管理 (續)

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訊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

信貸風險指因本集團客戶或交易對手未能履行其對本集團之承擔而遭受的財務虧損。主要源於貸款及放款、所持債務證券及因與客戶或交易對手訂立衍生合約產生的交易對手信貸風險。亦可源於買賣及財資活動。

本集團透過控制框架管理信貸風險，以確保產生信貸風險之活動基於完善的原則及與本集團整體業務目標一致。其亦設立一系列信貸政策及程序，以界定產生信貸風險的標準、董事會授權與評分的信貸批准機構、信貸監控過程、信貸評級與評分系統及貸款減值標準。

董事會已授權以下部門依次審批信貸：執行信貸委員會、信貸委員會及批發信貸委員會。

執行信貸委員會以董事會信貸委員會的身份，審閱及批准需由董事會審批的客戶信貸。同時根據相關法律及規則審批本集團的信貸政策及信貸風險框架。

信貸委員會為管理級別之委員會，監督本集團之信貸風險管理，確保本集團擁有適當的信貸風險管理架構且其信貸風險符合董事會或其授權委員會訂明之信貸政策及信貸風險狀況。信貸委員會審閱及認可所有信貸政策及信貸風險狀況以供執行信貸委員會批准及審閱並批准信貸相關指引。信貸委員會亦持續審閱市場環境，並向執行信貸委員會作出必要政策推薦意見，確保本集團之信貸風險狀況符合其既有風險承受水平。信貸委員會亦在董事會授出之授權範圍內審閱及批准客戶信貸融資要求。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

The Wholesale Credit Committee reviews and approves corporate credits that are within its authority as delegated by the Board.

The credit risk departments, Enterprise Credit Risk Management and Retail Credit Risk Oversight, provide centralised management of credit risk for corporate credits and retail credits respectively. They are responsible for:

- independent evaluation of corporate credit applications;
- monitoring loan portfolio and conducting regular analysis;
- managing problem corporate credits to achieve the highest recovery;
- recommending loan classification, individual impairment and charge-off; and
- reporting to the Credit Committee and Executive Credit Committee regularly on aspects of the loan portfolio.

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

(i) Institutional Banking

Credit risk from Institutional Banking is managed by conducting thorough credit evaluation, credit mitigation through collateral and guarantee, internal credit rating system and post-approval monitoring system. Subject to the size of the credit, value of collateral and the internal credit rating of the customer, different levels of credit approval authority are required. Credit decisions take into account facility structure, tenor, repayment ability of the obligor and credit mitigation through collateral and guarantee.

The Group has established limits for credit exposure to individual industry and customer groups, regardless of whether the credit exposure is funded or non-funded. The Group also undertakes ongoing credit review and monitoring at several levels. The relevant policies and procedures take into account the rules under the Hong Kong Banking Ordinance, regulatory requirements of the HKMA and best market practices.

The credit risk management procedures are designed to promote early detection of customer, industry or product exposures that require special monitoring. Overall portfolio risk is monitored on an on-going basis. Regular management reports are submitted to the Credit Committee for review. The loan portfolio reports cover information on large exposures, country exposures, industry exposures, loan quality and loan impairment level.

45. 財務風險管理(續)

(a) 信貸風險管理(續)

批發信貸委員會在董事會授出之授權範圍內審閱及批准企業信貸融資請求。

信貸部門(企業信貸風險管理及消費信貸風險監控)對企業信貸及零售信貸進行統一信貸風險管理，負責下列各項職責：

- 獨立審核企業信貸申請；
- 監管貸款組合及進行定期分析；
- 管理問題企業信貸以達到最高收回金額；
- 建議貸款分類、個別減值及註銷；及
- 定期向信貸委員會及執行信貸委員會匯報貸款組合情況。

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) 機構銀行

機構銀行產生的信貸風險透過進行全面信貸評估，以抵押品及擔保減低信貸風險、內部信貸評級系統及批准後監管系統來管理。受限於信貸規模、抵押品價值及客戶內部信貸評級，需要不同水平的信貸審批機構。信貸決策考慮融資結構、期限、債務人還款能力以及以抵押品及擔保減低信貸。

無論信貸風險是由於借貸或非借貸交易而產生，本集團已制定個別行業之信貸風險限額、貸款人及貸款人團體之風險限額。本集團亦在不同層次持續開展審閱及監控。相關政策及程序亦參考香港《銀行業條例》內之規則、金管局監管規定以及最佳市場慣例。

信貸風險管理程序旨在促進提早發現需要特別監控之客戶、行業或產品風險。貸款組合整體風險持續基準監控。有關管理報告提交信貸委員會審閱。貸款組合報告包括有關大額放貸風險、國家風險、行業風險、貸款質素及貸款減值水平等資料。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(ii) Retail Banking

Credit risk from Retail Banking is product driven, arising from retail loan products such as credit cards, unsecured personal loans, merchant receivable financing, mortgage loans and loans secured by wealth management products. Because of the homogeneous nature of these products, credit risk management is primarily based on statistical analyses of risks with respect to different types of product, collateral and customer. The Group determines product terms and desired customer profiles on a regular basis by developing, validating and fine-tuning internal scorecards and stress testing models.

(iii) Counterparty credit risk

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value of loans or other financial instruments, credit risk for counterparties of derivatives is the positive replacement cost together with an estimate for the potential future exposure from changes in market value. These credit exposures are managed as part of the overall credit limits to the counterparties. The credit risk exposure on derivatives is disclosed in Note 18(b) to these financial statements. The Group uses the current exposure method for the purpose of providing capital for such counterparty exposures.

Wrong way risk occurs when the credit exposure to a counterparty is adversely correlated with the credit quality of that counterparty. Credit exposures and potential losses may increase as a result of adverse change in market conditions. The Group has set up policies and procedures to control wrong-way risk.

(iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loans to customers. These transactions are, therefore, subject to the same credit application, portfolio management and collateral requirements as for loan transactions.

(v) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of customers or counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's financial risk exposure is diversified by customer group, industry and product, but is concentrated in Hong Kong.

Analysis of credit risk concentration of respective financial assets is disclosed in Notes 14 to 21.

45. 財務風險管理(續)

(a) 信貸風險管理(續)

(ii) 零售銀行

零售銀行信貸風險以產品為導向，源於零售銀行貸款產品，諸如信用卡、無抵押個人貸款、商業應收賬款融資、按揭貸款及以財富管理產品作抵押之貸款。由於該等產品本質相同，信貸風險管理主要基於不同產品、抵押品及客戶類型之風險統計分析結果而釐定。本集團透過發展、確認及調整內部記分卡及壓力測試模型定期釐定產品條款及預期客戶概況。

(iii) 交易對手之信貸風險

有別於資產負債表內項目(通常以貸款本金價值或其他金融工具來表示信貸風險)，衍生工具之信貸風險為正重置成本連同以信貸市值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信貸限額的一部分進行管理。衍生工具之信貸風險於本財務報告附註18(b)內披露。本集團以即期風險法為該等有關方風險提供資本。

當交易對手遭受的信貸風險與交易對手的信貸質素相互產生不利影響時將產生錯向風險。信貸風險及潛在虧損可能因市況不利變動而增加。本集團已制訂政策及程序以控制操作錯向風險。

(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延長貸款之信貸風險相同。因此，該等交易須遵守與申請貸款交易相同之信貸申請、該等貸款組合要求及抵押品規定。

(v) 信貸風險過分集中

當地域、經濟或行業因素之變動對不同類別之客戶或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。本集團之金融風險已因客戶組別、行業及產品而分散，但集中於香港。

有關各類金融資產之信貸風險集中情況之分析於附註14至21內披露。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation

The Group's credit evaluation focuses primarily on the obligor's repayment ability from its cash flow and financial condition. In addition, the Group employs various credit risk mitigation techniques such as appropriate facility structuring, posting of collateral and/or third party support as well as transfer of risk to other third parties, which form 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 mainly in the form of cash deposits, marketable securities, mortgage interests over properties and guarantees. The Group also has in place policies and procedures that govern the assessment, acceptance and the periodic valuation of the collateral. Collateral taken to secure credit exposures is revalued periodically ranging from daily to annually depending on the type of collateral. For treasury operations, collateral management is based on daily marked-to-market positions.

Master netting agreements

Collateral generally is not held over credit exposures to banks, except for securities held as part of reverse repurchase and securities borrowing activities. However, where applicable, the Group manages its credit exposures to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results in the settlement of counterparty exposure on a net basis in the event a default occurs.

The Group's preferred agreement for documenting derivative activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter derivative products is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by such agreement if either party defaults or upon the occurrence of other pre-agreed termination events.

It is also common for the Group to execute a Credit Support Annex with counterparties in conjunction with the ISDA Master Agreement to mitigate the market risk inherent in derivative transactions.

45. 財務風險管理(續)

(a) 信貸風險管理(續)

(vi) 減低信貸風險

本集團的信貸評估主要集中於債務人以其現金流量及財務狀況還款的能力。此外，本集團採用如適當信貸結構、給予抵押品及／或第三方支持，以及將風險轉移至其他第三方等不同信貸風險減低技術，以作為其信貸風險管理流程的組成部分。本集團所使用的信貸風險減低技術的信貸及市場集中風險甚微。最常用的信貸風險減低措施載列如下：

抵押品

本集團就客戶借款及貸款而持有抵押品，形式為現金存款、可流通證券、物業按揭以及擔保。本集團已制定監管抵押品的評估、接納及定時估值的政策及程序。擔保信貸風險的抵押品乃定時被重估，週期介乎每日至每年一次不等，這取決於抵押品的類型。就財資業務而言，抵押品管理乃以市場情況每日重估。

淨額結算總協議

抵押品一般並非就給予銀行的信貸風險而持有，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與該交易對手之款項會以淨額結算。

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，以減低衍生工具交易的市場風險。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

		Gross amounts of financial instruments in the statement of financial position 金融工具 於財務狀況表的 總額 HK\$'000 千港元	Gross amount of recognised financial instruments off-set in the statement of financial position 已抵銷金融工具 於財務狀況表 確認的總額 HK\$'000 千港元	Net amounts of financial instruments in the statement of financial position 金融工具 於財務狀況表 的淨額 HK\$'000 千港元	Related financial instruments that are not offset 未抵銷的 有關金融工具 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
As at 31 December 2016	於二零一六年十二月三十一日					
<i>Financial assets</i>	<i>金融資產</i>					
- Exchange rate derivatives	- 匯率衍生工具	67,823	-	67,823	27,250	40,573
- Interest rate derivatives	- 利率衍生工具	156,075	-	156,075	71,351	84,724
		223,898	-	223,898	98,601	125,297
<i>Financial liabilities</i>	<i>金融負債</i>					
- Exchange rate derivatives	- 匯率衍生工具	124,514	-	124,514	27,250	97,264
- Interest rate derivatives	- 利率衍生工具	256,231	-	256,231	71,351	184,880
- Equity derivatives	- 股票衍生工具	116	-	116	-	116
		380,861	-	380,861	98,601	282,260

45. 財務風險管理 (續)

(a) 信貸風險管理 (續)

(vi) 減低信貸風險 (續)

下表載列受限於上述安排的已確認金融工具的賬面值。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vi) Credit risk mitigation (continued)

		Gross amounts of financial instruments in the statement of financial position 金融工具 於財務狀況表的 總額 HK\$'000 千港元	Gross amount of recognised financial instruments off-set in the statement of financial position 已抵銷金融工具 於財務狀況表 確認的總額 HK\$'000 千港元	Net amounts of financial instruments in the statement of financial position 金融工具 於財務狀況表 的淨額 HK\$'000 千港元	Related financial instruments that are not offset 未抵銷的 有關金融工具 HK\$'000 千港元	Net amount 淨額 HK\$'000 千港元
As at 31 December 2015	於二零一五年十二月三十一日					
<i>Financial assets</i>	<i>金融資產</i>					
- Exchange rate derivatives	- 匯率衍生工具	2,449	-	2,449	1,685	764
- Interest rate derivatives	- 利率衍生工具	21,147	-	21,147	2,886	18,261
		23,596	-	23,596	4,571	19,025
<i>Financial liabilities</i>	<i>金融負債</i>					
- Exchange rate derivatives	- 匯率衍生工具	582,808	-	582,808	1,685	581,123
- Interest rate derivatives	- 利率衍生工具	378,895	-	378,895	2,886	376,009
- Equity derivatives	- 股票衍生工具	314	-	314	-	314
		962,017	-	962,017	4,571	957,446

Other credit risk mitigation measures

The Group may also employ other types of credit mitigation, such as guarantees and letters of credit, mainly for corporate exposures. As the value of these types of collateral is conditional upon other credit related factors, their financial effect has not been quantified.

45. 財務風險管理 (續)

(a) 信貸風險管理 (續)

(vi) 減低信貸風險 (續)

其他減低信貸風險措施

本集團亦使用擔保及信用證等其他類別的信貸減緩方式，主要用於減緩企業風險。由於該等類別的抵押品價值取決於其他信貸相關因素，故並無計量其財務影響。

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(vii) Maximum exposure to credit risk

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

<i>Credit risk exposures relating to on-balance sheet assets:</i>	<i>與資產負債表內資產有關之信貸風險：</i>
Cash and short-term funds	現金及短期資金
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘
Trading assets	持作交易用途資產
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 less impairment allowances	客戶貸款減減值撥備
Trade bills	商業票據
Accrued interest and other assets	應計利息及其他資產
Available-for-sale financial assets	可供出售金融資產
Held-to-maturity investments	持至到期投資
 <i>Credit risk exposures relating to off-balance sheet items:</i>	 <i>與資產負債表外項目有關之信貸風險：</i>
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

45. 財務風險管理(續)

(a) 信貸風險管理(續)

(vii) 最高信貸風險

於報告期末最高的信貸風險(不計及所持有之任何抵押品或其他信貸提升措施)為財務狀況表內各項金融資產扣除任何減值準備後之賬面值。財務狀況表、或然負債及承擔的各部分信貸風險的最高風險概要如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
6,019,614	8,678,184
3,264,233	885,449
2,310,246	2,326,410
39,226	40,502
753,244	966,857
43,318,839	42,494,918
230,137	254,331
1,086,407	1,442,515
30,891,937	26,265,565
1,549,884	1,548,781
 393,866	 366,007
25,994,137	27,525,494
115,851,770	112,795,013

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(viii) Credit quality of loans and advances

At 31 December 2016 and 2015, 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借款及貸款總額
– Grade 1: Pass	– 第一級：通過
– Grade 2: Special mention	– 第二級：需要關注

The Group classifies advances to customers in accordance with the loan classification system required to be adopted for reporting to the HKMA.

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借款及貸款總額
– 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

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$10,872,000 as at 31 December 2016 (2015: HK\$8,707,000).

45. 財務風險管理(續)

(a) 信貸風險管理(續)

(viii) 借款及貸款之信貸質素

於二零一六年及二零一五年十二月三十一日，向銀行同業授出之借款及貸款並無減值。向客戶作出之貸款之信貸質素可分析如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
42,711,650	42,022,642
531,665	325,568
334,282	222,108
43,577,597	42,570,318
42,310,564	42,013,828
401,086	8,814
42,711,650	42,022,642

本集團根據為向金管局呈報而須採納之貸款分級制度就客戶貸款進行分類。

向客戶授出而已逾期但並無減值之貸款賬齡分析如下：

2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
525,936	324,974
–	594
5,729	–
531,665	325,568

於二零一六年十二月三十一日，倘條款不予重新磋商即為已逾期或已減值之借款及貸款金額為10,872,000港元(二零一五年：8,707,000港元)。

45. 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 credit risk under corporate lending, with the exposure to the issuer controlled under the overall lending limit to the customer group. Analysis of debt securities by credit rating designation at 31 December, based on Standard & Poor's ratings or their equivalents, 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

45. 財務風險管理(續)

(a) 信貸風險管理(續)

(ix) *借款及貸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，發行人須承擔向客戶組別發放的整體借貸限額之受控制風險。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：

		2016 二零一六年			
	Financial assets designated at fair value through profit or loss 指定為通過損益 持作交易 用途資產 HK\$'000 千港元	Financial assets designated at fair value through profit or loss 指定為通過損益 可供出售 金融資產 HK\$'000 千港元	Available-for-sale financial assets 可供出售 金融資產 HK\$'000 千港元	Held-to-maturity investments 持至到期投資 HK\$'000 千港元	Total 總額 HK\$'000 千港元
AAA	-	-	3,115,903	-	3,115,903
AA- to AA+	2,310,246	-	9,327,794	659,133	12,297,173
A- to A+	-	-	13,233,673	735,661	13,969,334
Lower than A-	-	39,226	4,597,349	155,090	4,791,665
Unrated	-	-	617,218	-	617,218
	2,310,246	39,226	30,891,937	1,549,884	34,791,293

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

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

				2015 二零一五年		
		Financial assets designated at fair value		Available- for-sale financial assets	Held-to- maturity investments	Total
		Trading assets	through profit or loss			
		指定為通過損益				
		持作交易 用途資產	以反映公平價值 之金融資產	可供出售 金融資產	持至到期投資	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
AAA	AAA	-	-	1,592,219	-	1,592,219
AA- to AA+	AA-至AA+	2,279,980	-	8,441,125	658,776	11,379,881
A- to A+	A- 至A+	46,430	-	11,307,554	734,999	12,088,983
Lower than A-	A- 以下	-	40,502	4,598,003	155,006	4,793,511
Unrated	無評級	-	-	326,664	-	326,664
		2,326,410	40,502	26,265,565	1,548,781	30,181,258

There were no overdue debt securities of the Group as at 31 December 2016 (2015: Nil).

本集團於二零一六年十二月三十一日並未持有已逾期債務證券(二零一五年：無)。

(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:

(x) 抵押品及其他信貸提升措施

就金融資產所持有之抵押品及其他信貸提升措施之估計公平價值如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fair value of collateral and other credit enhancements held against financial assets that are:	就下列金融資產所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	102,080,134	93,573,352
- Past due but not impaired	- 已逾期但並無減值	1,518,187	945,541
- Impaired	- 已減值	185,122	188,601
		103,783,443	94,707,494

45. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(xi) Collateral and other credit enhancements obtained

During the years 2016 and 2015, the Group did not obtain any assets by taking possession of collateral held as security.

As at 31 December 2016, total repossessed assets and assets acquired under lending agreements of the Group amounted to HK\$8,700,000 (2015: HK\$8,400,000).

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the statement of financial position within other assets.

(b) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and other derivative instruments, as well as from the statement of financial position or structural positions. The Group 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, and market making activities, and offsetting transactions taken in order to hedge the Group's open position. The Group does not engage in significant proprietary trading.

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Group's exposure to the volatility inherent in financial instruments.

The Board reviews and approves policies for the management of market risks including dealing authorities and limits. The Board has delegated the responsibility for ongoing general market risk management to the Asset and Liability Committee ("ALCO"). This committee articulates the interest rate view of the Group 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.

45. 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

本集團於二零一六年及二零一五年間均未有接管持作擔保之抵押品。

於二零一六年十二月三十一日，根據本集團之借貸協議獲得之收回資產和資產總值為8,700,000港元(二零一五年：8,400,000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。於財務狀況表內，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、股票及其他衍生工具，以及財務狀況表或結構性倉盤。本集團在貨幣市場、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。本集團就執行客戶指令、市場莊家活動，以及為對沖本集團之未平倉盤而持有倉盤。本集團並無參與重大自營交易。

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中之風險。

董事會檢討及審批有關市場風險管理之政策包括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集團對利率走勢之預測，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。

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

The sale of derivatives to customers as risk management products and the subsequent use of derivatives to manage the resulting position 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 purchases exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to hedge these and other positions.

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

The VAR technique is only effective for potential loss events which are not correlated. The Group therefore 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 2016, 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\$560,000 lower (2015: HK\$850,000 lower).

Conversely, 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\$560,000 higher (2015: HK\$850,000 higher).

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 a 100 basis points movement. At 31 December 2016 and 2015, 100 basis points upward or downward movement in interest rate would not result in a material profit movement.

45. 財務風險管理 (續)**(b) 市場風險管理** (續)

向客戶出售作為風險管理產品之衍生工具及其後使用衍生工具管理相關持倉，為本集團其中一項業務。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所買賣之衍生工具。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此等和其他倉盤而訂立。

風險值(VAR)是本集團為監控及限制市場風險所採用之一種工具。風險值是一種按一既定信心水平及在特定持盤時間內，就市場利率及債務之變動而對持倉盤之潛在虧損之結算的技術。計算方式乃使用歷史模擬法估計統計數字信心水平。

VAR技術僅對不相關的潛在虧損事項有效。因此，本集團結合持其他倉盤及敏感性限額結構，以加強其風險值限額。此外，本集團對個別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*

於二零一六年十二月三十一日，如港元兌其他貨幣升值0.5%，並假設所有其他變量保持不變，本年度之除稅前溢利將為減少560,000港元（二零一五年：減少850,000港元）。

反之，如港元兌其他貨幣貶值0.5%，並假設所有其他變量保持不變，本年度之除稅前溢利將為增加560,000港元（二零一五年：增加850,000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(PVBP)。PVBP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100個基點變動之敏感度測試。於二零一六年及二零一五年十二月三十一日，如果利率上調或下調100個基點，溢利將不會有重大變動。

45. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

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

Trading market risk (continued)

Equity risk

At 31 December 2016 and 2015, the Group has no equity position in its trading portfolio. As such, any movement in the Hang Seng Index would have no impact on the Group.

Non-trading market risk

Currency risk

All of the Group's foreign currency position arises from the Group's non-trading activities (e.g. investments, lending and deposit taking) are captured and transferred to the Financial Markets Division. The Financial Markets Division monitors these foreign currency exposures and minimizes foreign currency asset and liability mismatch by entering into foreign currency spot and forward transactions. Market Risk Management Department monitors those outstanding foreign currency positions on a daily basis and report to the ALCO regularly.

Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets, liabilities and commitments. Interest rate risk is managed by the Financial Markets Division 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 ALCO.

At 31 December 2016, if other market variables including prime rate were held constant, an increase in HKD market interest rates of 100 basis points would result in an increase in earnings over the next 12 months of HK\$62.5 million (2015: HK\$54.5 million increase), and decrease in economic value of HK\$2.0 million (2015: HK\$11.5 million increase); while an increase in USD market interest rates of 100 basis points would result in a decrease in earnings over the next 12 months of HK\$45.5 million (2015: HK\$47.5 million decrease), or an increase in economic value of HK\$63.0 million (2015: HK\$77.5 million increase).

45. 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)

交易市場風險(續)

股票風險

本集團於二零一六年及二零一五年十二月三十一日並無持有持作交易用途之股本證券，因此，恒生指數之任何變動對本集團並無影響。

非交易市場風險

貨幣風險

本集團所有來自非交易活動(如投資、放款及吸收存款等)的外匯持倉均轉移到金融市場部名下。金融市場部負責管理此等外幣持倉，並以外幣現貨交易及遠期交易減少外幣資產及負債錯配。市場風險管理部負責每天監察此等外幣持倉並定期向資產負債委員會匯報。

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，利率風險由金融市場部管理，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。

於二零一六年十二月三十一日，假設其他市場變量(包括最優惠利率)維持不變，如果港元市場利率調升100個基點，將導致接下來12個月盈利增加62,500,000港元(二零一五年：增加54,500,000港元)，但造成經濟值減少2,000,000港元(二零一五年：增加11,500,000港元)；如果美元市場利率調升100個基點，將導致接下來12個月盈利減少45,500,000港元(二零一五年：減少47,500,000港元)，或經濟值增加63,000,000港元(二零一五年：增加77,500,000港元)。

45. 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)

Conversely, if other market variables including prime rate were held constant, a decrease in HKD market interest rates of 100 basis points would result in a decrease in earnings over the next 12 months of HK\$62.5 million (2015: HK\$54.5 million decrease), and increase in economic value of HK\$2.0 million (2015: HK\$11.5 million increase); while a decrease in USD market interest rates of 100 basis points would result in an increase in earnings over the next 12 months of HK\$45.5 million respectively (2015: HK\$47.5 million increase), or a decrease in economic value of HK\$63.0 million (2015: HK\$77.5 million decrease).

Equity risk

At 31 December 2016 and 2015, the Group does not hold non-trading listed equity securities. As such, any movement in the Hang Seng Index would have no impact on the Group.

The Group holds non-trading unlisted equity investments and uses the net asset value reported by the management of the investee companies to determine the fair value of the investment. A sensitivity analysis on the fair value of these unlisted equity investments is disclosed in Note 42(a)(ii).

The method and assumptions used in the above sensitivity analysis on interest rate risk, currency risk and equity risk are performed on the same basis for both 2016 and 2015.

(ii) Analysis of currency risk exposures

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 Financial Markets Division within limits approved by the Board. Structural foreign currency positions represent foreign currency investments in an associate of HK\$1,399.4 million as of 31 December 2016 (2015: HK\$1,399.4 million). The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

45. 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)

反之，假設其他市場變量(包括最優惠利率)維持不變，如果港元市場利率下調100個基點，將導致接下來12個月盈利減少62,500,000港元(二零一五年：減少54,500,000港元)，但造成經濟值增加2,000,000港元(二零一五年：增加11,500,000港元)；如果美元市場利率下調100個基點，將導致接下來12個月盈利增加45,500,000港元(二零一五年：增加47,500,000港元)，或經濟值減少63,000,000港元(二零一五年：減少77,500,000港元)。

股票風險

於二零一六年及二零一五年十二月三十一日，本集團並無持有非持作交易用途之上市股本證券。因此，恒生指數變動對本集團並無影響。

本集團持有非交易非上市股權投資，並使用被投資公司管理層報告之資產淨值釐定投資之公平價值。該等非上市股權投資公平價值的敏感度分析披露於附註42(a)(ii)。

上述對利率風險、貨幣風險及股票風險之敏感度分析所採用之方法及假設，就二零一六年及二零一五年而言所採用者乃屬相同。

(ii) 貨幣風險分析

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。所有外幣持倉均由金融市場部管理，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於聯營公司於二零一六年十二月三十一日之外幣投資共1,399,400,000港元(二零一五年：1,399,400,000港元)。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。

45. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Analysis of currency risk exposures (continued)

The following table indicates the concentration of currency risk at the end of the reporting period:

(Equivalent in HK\$'000)

(千港元等值)

ASSETS

Cash and short-term funds
Balances with banks and other financial institutions
Financial assets designated at fair value through profit or loss
Advances to customers less impairment allowances
Trade bills
Accrued interest and other assets
Available-for-sale financial assets
Held-to-maturity investments
Interests in associates

資產

現金及短期資金
銀行同業及其他金融機構結餘
指定為通過損益以反映公平價值之金融資產
客戶貸款減減值撥備
商業票據
應計利息及其他資產
可供出售金融資產
持至到期投資
於聯營公司之權益

Spot assets

現貨資產

LIABILITIES

Deposits and balances of banks and other financial institutions
Deposits from customers
Certificates of deposit issued
Debt securities issued
Other liabilities
Subordinated notes issued

負債

銀行同業及其他金融機構之存款及結餘
客戶存款
已發行存款證
已發行債務證券
其他負債
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
Foreign exchange derivative contracts

資產負債表外倉盤
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

45. 財務風險管理(續)

(b) 市場風險管理(續)

(ii) 貨幣風險分析(續)

下表列示於報告期末之貨幣風險集中度：

2016 二零一六年		
US Dollars 美元	Chinese Renminbi 人民幣	Other foreign currencies 其他外幣
3,767,128	171,428	286,379
2,462,054	367,650	164,529
39,226	-	-
6,127,819	733,980	141,022
76,681	130,978	22,478
674,648	20,814	73,592
17,045,729	1,350,049	9,982,265
1,549,884	-	-
-	2,129,493	-
31,743,169	4,904,392	10,670,265
3,633,965	-	7,006,225
14,686,464	2,762,194	3,597,205
155,090	-	-
421,847	-	-
273,325	19,896	84,105
1,544,304	-	-
20,714,995	2,782,090	10,687,535
11,028,174	2,122,302	(17,270)
(10,804,614)	(20,950)	8,769
223,560	2,101,352	(8,501)
214,822	62,144	68,890

45. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Analysis of currency risk exposures (continued)

(Equivalent in HK\$'000)

(千港元等值)

ASSETS

Cash and short-term funds
Balances with banks and other financial institutions
Trading assets
Financial assets designated at fair value through profit or loss
Advances to customers less impairment allowances
Trade bills
Accrued interest and other assets
Available-for-sale financial assets
Held-to-maturity investments
Interests in associates

資產

現金及短期資金
銀行同業及其他金融機構結餘
持作交易用途資產
指定為通過損益以反映公平價值之金融資產
客戶貸款減減值撥備
商業票據
應計利息及其他資產
可供出售金融資產
持至到期投資
於聯營公司之權益

Spot assets

現貨資產

LIABILITIES

Deposits and balances of banks and other financial institutions
Deposits from customers
Debt securities issued
Other liabilities
Subordinated notes issued

負債

銀行同業及其他金融機構之存款及結餘
客戶存款
已發行債務證券
其他負債
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
Foreign exchange derivative contracts

資產負債表外倉盤
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

45. 財務風險管理(續)

(b) 市場風險管理(續)

(ii) 貨幣風險分析(續)

2015
二零一五年

US
Dollars
美元

Chinese
Renminbi
人民幣

Other foreign
currencies
其他外幣

US Dollars 美元	Chinese Renminbi 人民幣	Other foreign currencies 其他外幣
6,953,387	281,615	142,810
565,772	250,703	68,974
46,430	–	–
40,502	–	–
6,242,172	1,094,777	146,428
245,374	–	8,957
993,161	27,282	67,501
13,287,855	2,015,447	9,339,462
1,548,781	–	–
–	2,080,585	–
29,923,434	5,750,409	9,774,132
4,919,998	45,053	5,911,790
13,490,209	3,598,498	3,414,452
424,464	–	–
252,540	86,051	87,884
1,542,024	–	–
20,629,235	3,729,602	9,414,126
9,294,199	2,020,807	360,006
(8,810,417)	(69,023)	(356,122)
483,782	1,951,784	3,884
416,616	41,187	11,075

45. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) *Analysis of interest rate risk exposures*

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 end of the reporting period. Actual repricing dates may differ from the contractual dates owing to prepayments and the exercise of options.

45. 財務風險管理(續)

(b) 市場風險管理(續)

(iii) 利率風險分析

下表列示於報告期計息資產與負債於相關期間之實際利率及於預期利息重訂價格日期之錯配。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。

		2016 二零一六年					
	Average effective interest rate	Total	3 months or less (include overdue) 三個月或以下(包括逾期部分)	Over 3 months to 1 year 三個月以上至一年	Over 1 year to 5 years 一年以上至五年	Over 5 years 五年以上	Non-interest bearing 不計息
	平均實際利率	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元	總額 HK\$'000 千港元
ASSETS	資產						
Cash and short-term funds	現金及短期資金	1.41%	6,019,614	4,341,746	-	-	1,677,868
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	2.03%	3,264,233	2,347,655	916,578	-	-
Trading assets	持作交易用途資產	0.35%	2,310,246	2,210,517	99,729	-	-
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	7.99%	39,226	39,226	-	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	753,244	-	-	-	753,244
Advances to customers less impairment allowances	客戶貸款減減值撥備	2.89%	43,318,839	41,390,118	1,126,971	647,045	149,861
Trade bills	商業票據	2.74%	230,137	230,137	-	-	-
Available-for-sale financial assets	可供出售金融資產	2.57%	31,124,545	12,184,495	4,223,803	9,583,193	234,610
Held-to-maturity investments	持至到期投資	4.13%	1,549,884	-	77,545	1,472,339	-
Other assets	其他資產	3.40%	7,037,700	33,518	1,127	-	7,003,055
			95,647,668	62,777,412	6,445,753	11,702,577	9,818,638
LIABILITIES	負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	1.69%	10,976,404	10,944,768	-	-	31,636
Deposits from customers	客戶存款	0.86%	63,563,861	56,080,848	7,004,044	22,882	456,087
Trading liabilities	交易賬項下之負債	0.30%	2,010,295	1,910,598	99,697	-	-
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	1.28%	406,185	-	406,185	-	-
Certificates of deposit issued	已發行存款證	1.46%	2,834,890	1,185,006	990,374	659,510	-
Debt securities issued	已發行債務證券	1.15%	821,482	399,635	421,847	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	443,714	-	-	-	443,714
Subordinated notes issued	已發行後償票據	6.25%	1,544,304	-	-	1,544,304	-
Other liabilities	其他負債	N/A 不適用	1,673,899	-	-	-	1,673,899
			84,275,034	70,520,855	8,922,147	2,226,696	2,605,336
Interest rate sensitivity gap	利率敏感度差距		(7,743,443)	(2,476,394)	9,475,881	4,903,288	

Derivative financial instruments are carried at mark-to-market values. Note 18(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註18(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

45. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(iii) Analysis of interest rate risk exposures (continued)

		2015 二零一五年						
		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 HK\$'000 千港元	三個月或以 下(包括 逾期部分) HK\$'000 千港元	三個月以上 至一年 HK\$'000 千港元	一年以上 至五年 HK\$'000 千港元	五年以上 HK\$'000 千港元	不計息 千港元
ASSETS	資產							
Cash and short-term funds	現金及短期資金	0.46%	8,678,184	7,535,160	-	-	-	1,143,024
Balances with banks and other financial institutions	銀行同業及其他 金融機構結餘	2.08%	885,449	414,992	470,457	-	-	-
Trading assets	持作交易用途資產	0.05%	2,326,410	2,258,302	44,993	23,115	-	-
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	7.99%	40,502	-	-	40,502	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	966,857	-	-	-	-	966,857
Advances to customers less impairment allowances	客戶貸款減值撥備	2.75%	42,494,918	40,563,775	1,003,994	740,037	6,554	180,558
Trade bills	商業票據	1.82%	254,331	215,887	38,444	-	-	-
Available-for-sale financial assets	可供出售金融資產	2.52%	26,512,482	9,912,229	2,861,825	10,830,055	2,659,456	248,917
Held-to-maturity investments	持至到期投資	4.13%	1,548,781	-	77,503	1,471,278	-	-
Other assets	其他資產	3.17%	7,284,724	51,284	-	-	-	7,233,440
			90,992,638	60,951,629	4,497,216	13,104,987	2,666,010	9,772,796
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之 存款及結餘	1.50%	11,967,879	10,518,041	1,330,036	-	-	119,802
Deposits from customers	客戶存款	0.78%	58,385,089	52,185,698	5,770,460	45,032	-	383,899
Trading liabilities	交易賬項下之負債	0.01%	2,271,493	2,271,493	-	-	-	-
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	1.04%	399,334	-	-	399,334	-	-
Certificates of deposit issued	已發行存款證	1.30%	1,540,518	1,029,778	210,000	300,740	-	-
Debt securities issued	已發行債務證券	0.70%	1,383,814	1,014,365	369,449	-	-	-
Derivative financial instruments	衍生金融工具	N/A 不適用	963,656	-	-	-	-	963,656
Subordinated notes issued	已發行後償票據	6.25%	1,542,024	-	-	1,542,024	-	-
Other liabilities	其他負債	N/A 不適用	1,732,949	-	-	-	-	1,732,949
			80,186,756	67,019,375	7,679,945	2,287,130	-	3,200,306
Interest rate sensitivity gap	利率敏感度差距			(6,067,746)	(3,182,729)	10,817,857	2,666,010	

Derivative financial instruments are carried at mark-to-market values. Note 18(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註18(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment 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. The Group maintains a stable and diversified funding base of core retail and corporate customer deposits as well as portfolios of highly liquid assets.

It is the responsibility of the Group's management to ensure compliance with local regulatory requirements and limits set by Risk Committee of the Board ("RC"). Liquidity is managed on a daily basis by the Bank's Funding Desk Department. The Funding Desk 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 minimise price and reinvestment rate risk in the case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

Compliance with liquidity and funding requirements is monitored by the ALCO and is reported to the RC on a regular basis. This process includes:

- maintaining balances within relevant regulatory requirements;
- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- monitoring balance sheet liquidity and loan-to-deposit ratios against internal requirements;

45. 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的能力。本集團維持穩定及多樣化核心零售及企業客戶存款融資基礎以及高度流動資產組合。

本集團管理層的職責為確保遵守本地監管規定及董事會風險委員會(「風險委員會」)設立的限制。本行的資金部每日對本集團的流動資金進行管理。資金部負責確保本集團擁有充足流動資金以應付所有營運活動、確保有適當之資金組合以避免期限錯配並在存在年期差距時降低價格及再投資利率風險並監察相關市場之資金充足性及流動性。

資金流動性及融資規定之遵守乃由資產負債委員會監管及定期向董事會風險委員會報告。該過程包括：

- 於有關監管規定範圍內維持平衡；
- 預測各種壓力情況下的現金流量及考慮與此有關的必要流動資產水平；
- 依照內部規定監控資產負債流動性及貸款對存款比率；

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities;
- managing lending commitment to customers within pre-determined management alert triggers;
- managing debt financing plans;
- monitoring of depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix;
- maintaining funding contingency plans, which identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systematic or other crises, while minimising adverse long-term implications for the business; and
- managing liquidity on a legal entity and on a group basis. Intragroup funding transactions are carried out at arm's length and treated in the same way as transactions with non-related third parties and controlled within pre-determined management alert triggers.

45. 財務風險管理(續)

(c) 流動資金風險管理(續)

- 借助充足預備融資維持資金來源的分散；
- 管理債務期限集中度及狀況；
- 按預定限額管理客戶借貸承擔；
- 管理債務融資計劃；
- 監管存款人集中度，以避免過度依賴大型個別存款人以及確保令人滿意的全面融資組合；
- 設立應急融資計劃，載明可於系統性或其他危機時識別早期壓力狀況之預警指標並說明將予採取的行動，而降低對業務的不利長期影響；及
- 按法人實體及集團基準管理流動資金。集團內公司間公平進行融資交易，按與非關聯第三方進行交易的相同方式處理並按預定限額管理。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

Primary sources of funding

Customer deposits form a significant part of the Group's overall funding. The Group places considerable importance on the stability of these deposits, which is achieved through the Group's retail and corporate banking activities and by maintaining depositor confidence in the Group's capital strength. In order to lengthen the duration of the funding, the Group issues certificates of deposit with different maturities from time to time. Interbank markets are also accessed for the purposes of providing additional funding, maintaining a regular presence in local money markets and optimising asset and liability maturities.

The management of funding and liquidity risk

As part of its liquidity risk management, the Group focuses on a number of components, including maintaining sufficient liquid assets, maintaining diversified sources of liquidity, reserving necessary funding capacity and contingency 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 prudential limits. Debt securities held are marked to the market on daily basis to ensure their market liquidity. The Group also adopts a funding strategy that is to achieve diversification of funding by controlling the concentration of top depositors, wholesale funding and reliance on foreign exchange swap markets. Moreover, adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

In addition to observing the statutory liquidity ratio, the Group has established different liquidity risk metrics, including but not limited to the liquidity ratio, loan-to-deposit ratio, cumulative cash flow gap, concentration of funding sources and medium-term funding ratio to measure and analyse its liquidity risks. Financial Control Division is responsible for measurement and monitoring of these liquidity metrics and reporting to the ALCO regularly.

45. 財務風險管理(續)

(c) 流動資金風險管理(續)

資金的主要來源

客戶存款構成本集團整體資金的重大部分。本集團相當重視該等存款的穩定性，方式為透過本集團零售及企業銀行業務及維持存款人對本集團資本實力的信心。為延長資金的期限，本集團不時發行不同到期日的存款證。亦有透過銀行同業市場取得額外資金，維持本集團於本地同業市場之參與及優化資產及負債到期狀況。

資金及流動資金風險的管理

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、維持分散的流動資金來源、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。本集團每日對所持有債務證券進行市場評價以確保其市場流動性。本集團亦採納一項融資策略，透過控制大額存款人集中度、批發融資及對外匯掉期市場的依賴性以達融資多樣性。此外，維持備用融資在充足水平以提供策略性流動資金，從而滿足於日常業務過程中意外及重大現金流出。

除緊守法定的流動性維持比率外，本集團已設立不同的流動資金風險標準以衡量及分析流動資金風險，包括（但不限於）流動性維持比率、貸存比率、累計現金流缺口、資金來源集中度及中期資金比率。財務管理部負責計量及監管該等流動資金標準及定期向資產負債委員會匯報。

45. FINANCIAL RISK MANAGEMENT (continued)**(c) Liquidity risk management** (continued)

The management of funding and liquidity risk (continued)

Core deposits

The Group monitors the stability of customer deposits by means of the core deposit ratio, which is the ratio of core deposits to total customer deposits. The Group categorizes customer deposits into core deposits after taking into consideration of nature of deposits, relationship history with customers and stability of customer's total balance. An alert trigger level is set on the core deposits ratio which is monitored by the ALCO.

Loan-to-deposit ratio

The Group emphasises the importance of customer deposits as a source of funds to finance lending to customers, and mitigate against reliance on short-term interbank funding. A limit on the loan-to-deposit ratio is established and approved by the RC and monitored by the ALCO.

Cash flow projection and stress testing

The Group conducts cash flow analysis and cash flow projection arising from on- and off-balance sheet items over a set of time horizons on a regular basis to identify funding needs in specific time buckets. The Group also regularly performs stress tests on its liquidity position. In the stress test, both on- and off-balance sheet items with a cash flow impact are considered, with applicable hypothetical and historical assumptions. Three stressed scenarios, namely an institution-specific crisis scenario, a general market crisis scenario, and a combined scenario are adopted with minimum survival period defined pursuant to HKMA's Supervisory Policy Manual guideline "Sound Systems and Controls for Liquidity Risk Management". Stress testing assumptions are reviewed and approved by the ALCO regularly to ensure their continued appropriateness.

45. 財務風險管理 (續)**(c) 流動資金風險管理** (續)

資金及流動資金風險的管理 (續)

核心存款

本集團透過核心存款比率(即核心存款對客戶存款總額的比率)監控客戶存款的穩定性。本集團考量存款性質、與客戶的歷史關係及客戶總餘額的穩定性將客戶存款分類為核心存款。本集團亦為核心存款比率設立警告觸發水平，該水平由資產負債委員會監管。

貸存比率

本集團重視客戶存款的重要性，視之為撥付貸款予客戶的資金來源，並減少對短期銀行同業融資的依賴。貸存比率的限制由董事會風險委員會設立並批准，且由資產負債委員會監管。

現金流量預測及壓力測試

本集團定期透過對一系列時間內的資產負債表內外項目進行現金流量分析及預測以辨認特定時間內的資金需要。本集團亦定期對流動資金狀況進行壓力測試。透過運用適當的理論及歷史假設，本集團的壓力測試均已考慮對現金流量會造成影響的資產負債表內外項目。三個壓力情景(即個別銀行危機、整體市場危機及綜合危機)均採用金管局監管政策手冊指引「穩健的流動資金風險管理系統及管控措施」界定的最短存活期。資產負債委員會定期檢討及審批壓力測試假設，以確保其持續適用。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

The management of funding and liquidity risk (continued)

Liquidity Cushion

The Group maintains a stock of high-quality readily liquefiable assets as a liquidity cushion against a range of stressed scenarios. The eligible assets are unencumbered, low credit risk and low market risk. The liquidity cushion is segregated from debt securities held for trading purposes. A certain portion of the liquidity cushion is made up of the most liquid and readily marketable assets (such as debt securities issued by government or multinational development banks) that can be easily liquidated to meet funding needs in the initial phase of liquidity stress.

The size of the liquidity cushion shall be adequate to meet the Group's day-to-day liquidity needs and also emergency funding needs under both normal and stress market conditions. The minimum required size of the liquidity cushion is determined with reference to the funding gap generated from the Group's regular liquidity stress testing results. Management alert triggers are established by the ALCO to ensure sufficient size of liquidity cushion is maintained and appropriate diversification among the liquidity cushion is achieved. The size and mix of the liquidity cushion is reviewed by the ALCO regularly.

Contingent liquidity risk

The Group provides customers with committed and standby facilities. These facilities increase the funding requirements of the Group when customers drawdown. The liquidity risk associated with the potential drawdown on committed facilities is factored into our stressed scenarios and a management alert trigger is set for these facilities.

45. 財務風險管理(續)

(c) 流動資金風險管理(續)

資金及流動資金風險的管理(續)

流動資金緩衝

本集團維持充足的可隨時變現的優質流動資產，作為在一系列壓力情況下的流動資金緩衝。合資格資產不附帶產權負擔、承擔低信貸風險及低市場風險。流動資金緩衝須與持作交易用途的債務證券分開管理。流動資金緩衝的若干部分由最具流動性並可隨時變現的有價資產(例如由政府或跨國發展銀行發行的債務證券)組成。有關資產極易變現，可滿足流動資金壓力初始階段的資金需求。

流動資金緩衝規模應足以滿足本集團日常流動資金需求以及正常及壓力市況下之緊急資金需求。最小規模的流動資金緩衝需求乃經參考本集團流動資金定期壓力測試結果產生之資金缺口釐定。資產負債委員會設定管理警告觸發水平，以確保維持足夠規模之流動資金緩衝及達至流動資金緩衝的適當多元化。資產負債委員會定期審查流動資金緩衝規模及組合。

或然流動資金風險

本集團向客戶提供承諾及備用融資。倘客戶提取資金，該等融資將增加本集團資金需求。與承諾融資可能被提取有關的流動資金風險已計作壓力情況的一項因素，且就該等承諾融資設定管理警告觸發水平。

45. FINANCIAL RISK MANAGEMENT (continued)**(c) Liquidity risk management** (continued)

The management of funding and liquidity risk (continued)

Contingency funding plan

The Group has formulated a Contingency Funding Plan (“CFP”) that describes the Group’s strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations. The CFP is designed to be pro-active and pre-emptive. The Group utilises early warning indicators, which cover both qualitative and quantitative measures, monitoring both internal and external factors. Should there be any early signs of significant impact on the Group’s liquidity position the management would be informed for their consideration. Once the CFP is triggered, a Crisis Management Team, which is led by senior management, is formed to handle the crisis. Strategy and procedures in obtaining contingency funding, as well as roles and responsibilities of parties concerned are clearly stated. The CFP also includes the analysis of cash flow projections to estimate potential liquidity needs under stress scenarios

The CFP is subject to regular testing to ensure its effectiveness and operational feasibility, particularly in respect of the availability of the contingency sources of funding listed in it. The CFP is also subject to review and update on a regular basis to ensure it remains robust over time. Any changes to the CFP would be approved by the Board.

Moreover, in accordance with the HKMA’s Supervisory Policy Manual guideline “Recovery Planning”, the Group has established a Recovery Plan, which has been approved by the Board. The Recovery Plan helps ensure that the Group is able to recover quickly from period of severe stress and preserve or restore its liquidity level. The Recovery Plan is subject to regular, at least annual, review and update.

Liquidity gaps based on remaining maturity

Detailed analysis of the Group’s liquidity gaps for different time bands based on the remaining maturity as of 31 December 2016 is set out in the Note 45(c)(i).

45. 財務風險管理 (續)**(c) 流動資金風險管理** (續)

資金及流動資金風險的管理 (續)

應急融資計劃

本集團已制定應急融資計劃，當中訂明處理流動資金問題的策略及於緊急情況下彌補現金流不足的程序。應急融資計劃旨在提供防患未然的積極措施。本集團運用預警指標，當中包括質化及量化指標，藉以監督內部及外在因素。假如有任何早期跡象顯示本集團流動資金狀況將受重大影響，管理層將獲通知供其考慮。一旦啟動應急融資計劃，將成立由高級管理層領導的危機管理團隊，專責處理危機。應急融資計劃訂明取得應急資金的策略及程序，以及有關各方的職務及職責。應急融資計劃亦包括現金流預測之分析，以估計在壓力情景下潛在流動資金所需。

對應急融資計劃須定期進行測試，確保其效益及操作可行性，尤其是列於其中之資金來源之可獲得性。此外，應急融資計劃須定期檢討及更新，確保長期保持其健全性。應急融資計劃之任何變動將由董事會批准。

此外，根據金管局監管政策手冊指引「恢復計劃」，本集團已設立恢復計劃並獲董事會批准。恢復計劃有助本集團迅速自重大壓力期內恢復並保持其流動資金水平。恢復計劃須定期（最少一年）審閱及更新。

按剩餘期限之流動資金缺口

於二零一六年十二月三十一日，本集團按剩餘期限之流動資金缺口的詳細分析載於附註45(c)(i)。

45. 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 end of the reporting period to the contractual maturity date.

		2016 二零一六年						
		Over 1 month		Over 3 months		Over 1 year		Undated or overdue
		Repayable Total	Within 1 month	but within 3 months	but within 1 year	but within 5 years	Over 5 years	
		總額	即時還款	一個月內	三個月以內	一年以內	五年以內	無定期 或逾期
		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	現金及短期資金	6,019,614	1,757,546	4,262,068	-	-	-	-
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	3,264,233	-	94	2,337,305	926,834	-	-
Trading assets	持作交易用途資產	2,310,246	-	499,885	1,710,632	99,729	-	-
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	39,226	-	-	39,226	-	-	-
Derivative financial instruments	衍生金融工具	753,244	-	-	-	-	-	753,244
Advances to customers less impairment allowances	客戶貸款減減值撥備	43,318,839	955,478	8,386,469	2,914,708	3,559,413	13,731,150	13,535,659
Trade bills	商業票據	230,137	-	129,824	100,313	-	-	-
Available-for-sale financial assets	可供出售金融資產	31,124,545	-	1,253,473	2,193,794	4,587,144	17,957,081	4,898,444
Held-to-maturity investments	持至到期投資	1,549,884	-	-	-	1,549,884	-	-
Other assets	其他資產	7,037,700	-	552,405	314,237	25,987	16,058	-
		95,647,668	2,713,024	15,084,218	9,610,215	9,199,107	33,254,173	18,434,103
								7,352,828
LIABILITIES								
		負債						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	10,976,404	31,638	2,434,593	8,510,173	-	-	-
Deposits from customers	客戶存款	63,563,861	20,094,144	19,753,671	16,689,119	7,004,044	22,883	-
Trading liabilities	交易賬項下之負債	2,010,295	-	199,966	1,710,632	99,697	-	-
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	406,185	-	-	-	-	-	406,185
Certificates of deposit issued	已發行存款證	2,834,890	-	-	300,000	1,520,319	1,014,571	-
Debt securities issued	已發行債務證券	821,482	-	-	399,635	421,847	-	-
Derivative financial instruments	衍生金融工具	443,714	-	-	-	-	-	443,714
Subordinated notes issued	已發行後償票據	1,544,304	-	-	-	1,544,304	-	-
Other liabilities	其他負債	1,673,899	-	362,380	574,260	134,426	110	-
		84,275,034	20,125,782	22,750,610	28,183,819	9,180,333	2,581,868	406,185
								1,046,437
Net liquidity gap	流動資金缺口淨額	(17,412,758)	(7,666,392)	(18,573,604)	18,774	30,672,305	18,027,918	

Derivative financial instruments are carried at mark-to-market values. Note 18(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註18(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

Of which:

Debt securities held *

- Included in trading assets
- Included in financial assets designated at fair value through profit or loss
- Included in available-for-sale financial assets
- Included in held-to-maturity investments

其中：

持有債務證券*

- 納入持作交易用途資產
- 納入指定為透過損益以反映公平價值之金融資產
- 納入可供出售金融資產
- 納入持至到期投資

Of which:

Certificate of deposits held

- Included in available-for-sale financial assets
- Included in held-to-maturity investments

其中：

持有存款證

- 納入可供出售金融資產
- 納入持至到期投資

Certificates of deposit issued

- Stated at amortised cost

已發行存款證

- 按攤銷成本列賬

* The amount of debt securities held included certificate of deposits held.

45. 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)

		2016 二零一六年							
		Over		Over		Over			
		1 month but		3 months		1 year			
		within 3		but within		but within			
		months		1 year		5 years			
		一個月以上		三個月以上		一年以上			
		一個月內		一年以內		五年以內			
		三個月以內		五年以上		或逾期			
		無定期							
		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
		千港元		千港元		千港元		千港元	
		總額		Repayable		Within		Over	
		on demand		1 month		5 years		Undated	
		即時還款		一個月內		五年以上		或逾期	
		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
		千港元		千港元		千港元		千港元	
		2,310,246	-	499,885	1,710,632	99,729	-	-	-
		39,226	-	-	39,226	-	-	-	-
		30,891,937	-	1,253,473	2,193,794	4,567,144	17,957,081	4,898,444	2,001
		1,549,884	-	-	-	1,549,884	-	-	-
		34,791,293	-	1,753,358	3,943,652	4,686,873	19,506,965	4,898,444	2,001
		1,878,880	-	-	-	601,861	1,277,019	-	-
		155,090	-	-	-	-	155,090	-	-
		2,033,970	-	-	-	601,861	1,432,109	-	-
		2,834,890	-	-	300,000	1,520,319	1,014,571	-	-

* 所持債務證券的金額已計入所持存款證。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2015 二零一五年						
		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	Undated or overdue
Total								
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	無定期 或逾期	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
ASSETS	資產							
Cash and short-term funds	現金及短期資金	8,678,184	1,202,701	7,475,483	-	-	-	-
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	885,449	-	-	414,992	470,457	-	-
Trading assets	持作交易用途資產	2,326,410	-	1,970,000	264,987	44,993	46,430	-
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	40,502	-	-	-	-	40,502	-
Derivative financial instruments	衍生金融工具	966,857	-	-	-	-	-	966,857
Advances to customers less impairment allowances	客戶貸款減減值撥備	42,494,918	1,252,518	6,697,333	3,550,757	3,733,893	13,739,673	13,337,144
Trade bills	商業票據	254,331	-	154,733	61,154	38,444	-	-
Available-for-sale financial assets	可供出售金融資產	26,512,482	-	244,778	1,586,941	3,688,123	18,050,651	2,693,072
Held-to-maturity investments	持至到期投資	1,548,781	-	-	-	-	1,548,781	-
Other assets	其他資產	7,284,724	-	392,365	14,973	5,543	-	-
		90,992,638	2,455,219	16,934,692	5,893,804	7,981,453	33,426,037	16,030,216
								8,271,217
LIABILITIES	負債							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	11,967,879	119,802	5,710,330	6,087,747	50,000	-	-
Deposits from customers	客戶存款	58,385,089	17,533,868	19,588,149	15,447,579	5,770,460	45,033	-
Trading liabilities	交易賬項下之負債	2,271,493	-	1,971,500	299,993	-	-	-
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	399,334	-	-	-	-	-	399,334
Certificates of deposit issued	已發行存款證	1,540,518	-	199,981	-	410,000	930,537	-
Debt securities issued	已發行債務證券	1,383,814	-	249,941	764,422	369,451	-	-
Derivative financial instruments	衍生金融工具	963,656	-	-	-	-	-	963,656
Subordinated notes issued	已發行後償票據	1,542,024	-	-	-	-	1,542,024	-
Other liabilities	其他負債	1,732,949	-	130,740	62,434	83,952	269	-
		80,186,756	17,653,670	27,850,641	22,662,175	6,683,863	2,517,863	399,334
								2,419,210
Net liquidity gap	流動資金缺口淨額	(15,198,451)	(10,915,949)	(16,768,371)	1,297,590	30,908,174	15,630,882	

Derivative financial instruments are carried at mark-to-market values. Note 18(d) includes further information on the remaining maturity of derivatives, including interest rate swaps, by notional amount.

衍生金融工具按市值計價列賬。附註18(d)包括按名義金額分析衍生工具(包括利率掉期)剩餘期限的進一步資料。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

		2015 二零一五年						
		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	Undated or overdue
		Total						
		總額	即時還款	一個月內	三個月以上 三個月以內	一年以上 一年以內	五年以上 五年以內	無定期 或逾期
		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
Of which:	其中：							
Debt securities held*	持有債務證券*							
- Included in trading assets	- 納入持作交易用途資產	2,326,410	-	1,970,000	264,987	44,993	46,430	-
- 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	40,502	-	-	-	-	40,502	-
- Included in available-for-sale financial assets	- 納入可供出售金融資產	26,265,566	-	244,778	1,586,941	3,688,123	18,050,651	2,693,072
- Included in held-to-maturity investments	- 納入持至到期投資	1,548,781	-	-	-	-	1,548,781	-
		30,181,259	-	2,214,778	1,851,928	3,733,116	19,686,364	2,693,072
								2,001
Of which:	其中：							
Certificate of deposits held	持有存款證							
- Included in available-for-sale financial assets	- 納入可供出售金融資產	2,783,095	-	-	492,922	525,572	1,764,601	-
- Included in held-to-maturity investments	- 納入持至到期投資	155,006	-	-	-	-	155,006	-
		2,938,101	-	-	492,922	525,572	1,919,607	-
Certificates of deposit issued	已發行存款證							
- Stated at amortised cost	- 按攤餘成本列賬	1,540,518	-	199,981	-	410,000	930,537	-

* The amount of debt securities held included certificate of deposits held.

45. 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)

* 所持債務證券的金額已計入所持存款證。

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

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

Financial liabilities	金融負債
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘
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	指定為通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
Subordinated notes issued	已發行後償票據
Other liabilities	其他負債

Off-balance sheet exposures	資產負債表外風險
- Contingent liabilities	- 或然負債
- Commitments	- 承擔

45. 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

下表載列按報告期末至合約到期日之剩餘期限分析之本集團金融負債及資產負債表外風險之合約現金流預期。下表結餘將不會直接等同於綜合財務狀況表之結餘，因為下表包含與全部未來票息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）。

		2016 二零一六年					
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	
			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		
總額	即時還款	一個月內	三個月以內	一年以內	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	
11,020,772	31,638	2,441,197	8,547,937	-	-	-	
63,756,527	20,094,147	19,793,222	16,752,123	7,094,152	22,883	-	
2,012,000	-	200,000	1,712,000	100,000	-	-	
540,937	-	120	-	2,966	15,874	521,977	
2,900,274	-	1,363	307,844	1,546,493	1,044,574	-	
826,498	-	-	400,000	426,498	-	-	
1,932,186	-	-	-	96,048	1,836,138	-	
987,053	-	840,202	80,920	65,821	110	-	
83,976,247	20,125,785	23,276,104	27,800,824	9,331,978	2,919,579	521,977	
393,866	-	393,866	-	-	-	-	
25,994,137	25,994,137	-	-	-	-	-	
26,388,003	25,994,137	393,866	-	-	-	-	

45. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

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

Financial liabilities	金融負債	2015 二零一五年					
		Repayable on demand	Within 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	一個月內	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
		千港元	千港元	千港元	千港元	千港元	千港元
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	12,012,780	119,801	5,729,321	6,113,556	50,102	-
Deposits from customers	客戶存款	58,540,527	17,533,868	19,619,265	15,505,281	5,836,430	45,683
Trading liabilities	交易賬項下之負債	2,271,500	-	1,971,500	300,000	-	-
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	538,963	-	91	-	2,266	12,082
Certificates of deposit issued	已發行存款證	1,568,220	-	201,025	3,648	422,352	941,195
Debt securities issued	已發行債務證券	1,386,267	-	250,000	765,006	371,261	-
Subordinated notes issued	已發行後償票據	2,031,621	-	-	-	96,259	1,935,362
Other liabilities	其他負債	1,099,239	-	987,771	91,555	18,032	1,881
		79,449,117	17,653,669	28,758,973	22,779,046	6,796,702	2,936,203
		524,524					
Off-balance sheet exposures	資產負債表外風險						
- Contingent liabilities	- 或然負債	366,007	-	366,007	-	-	-
- Commitments	- 承擔	27,525,494	-	-	-	-	-
		27,891,501	27,525,494	366,007	-	-	-

45. 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)

2015 二零一五年						
	Repayable	Within	Over	Over	Over	
Total	on demand	1 month	1 month but within 3 months	3 months but within 1 year	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
12,012,780	119,801	5,729,321	6,113,556	50,102	-	-
58,540,527	17,533,868	19,619,265	15,505,281	5,836,430	45,683	-
2,271,500	-	1,971,500	300,000	-	-	-
538,963	-	91	-	2,266	12,082	524,524
1,568,220	-	201,025	3,648	422,352	941,195	-
1,386,267	-	250,000	765,006	371,261	-	-
2,031,621	-	-	-	96,259	1,935,362	-
1,099,239	-	987,771	91,555	18,032	1,881	-
79,449,117	17,653,669	28,758,973	22,779,046	6,796,702	2,936,203	524,524
366,007	-	366,007	-	-	-	-
27,525,494	27,525,494	-	-	-	-	-
27,891,501	27,525,494	366,007	-	-	-	-

45. FINANCIAL RISK MANAGEMENT (continued)

(d) Operational risk management

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Given that operational risk is inherent in all business products, activities, processes and systems, the Group has developed, implemented and maintained a robust operational risk management framework to facilitate the timely identification, effective assessment and mitigation of the risk. Internal controls, an integral part of a sound operational risk management framework, are maintained by the departmental operational manuals which provide guidance on the baseline controls to ensure a sound management of business and operations.

The RC provides oversight of the risk management of the Group. With assistance from the Internal Control and Compliance Committee ("ICC"), the RC regularly reviews the operational risk framework and approves the risk profiles and the risk management policies. The ICC also plays an active role to assist the RC in overseeing operational risk related issues and monitoring the implementation of improvement plan for risk events identified and rectifications found in the operational risk management tools, including Control Self Assessment and Key Risk Indicator.

Business and support units are required to review their procedures regularly to ensure compliance with the internal control standards and regulatory requirements. They are also required to appoint an Internal Control Support Officer ("ICSO"), representing the department to work closely with Operational Risk Management Department and Compliance Department on internal control, regulatory compliance and operational risk management related activities and initiatives.

Each new product or service introduced is subject to a rigorous review and approval 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. In addition, the Group maintains business continuity plans and tests contingency facilities regularly to ensure an ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

Internal Audit Division and Compliance Department play an essential role in monitoring and limiting operational risk. Their foci include evaluating the adequacy of all internal controls independently, ensuring adherence to operating guidelines (including regulatory and legal requirements) and making improvement recommendations pro-actively.

45. 財務風險管理(續)

(d) 營運風險管理

營運風險是指因不充足或缺乏效率之內部程序、人員或制度或外在事故，致使產生損失的風險。鑒於所有業務產品、活動、過程及系統具有內在營運風險，本集團已制定、實施及維持健全的經營風險管理框架，以促進及時識別，有效評估及減少風險。內部監控作為穩健營運風險管理框架之重要部分，已按照部門營運手冊(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。

風險委員會監察本集團的風險管理。在內部監控及合規委員會的協助下，風險委員會定期審閱營運風險框架、審批風險狀況及風險管理政策。內部監控及合規委員會亦發揮重要作用，以協助風險委員會監督營運風險相關事宜及監控已識別風險事項的改善計劃及由營運風險管理工具，包括自我監控評估及主要風險指標，所發現的待糾正事項。

業務及支援單位須定期審閱其程序以確保符合內部監控標準及監管規定。彼等亦須委任一名內部監控支援主任，代表部門就內部監控、監管合規及營運風險管理相關活動及措施與營運風險管理部門及合規部門緊密合作。

各新產品或服務須進行嚴格檢閱，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。此外，本集團定期維持業務連續性計劃及測試或然設備，以確保有能力按持續基準經營及限制因嚴重業務中斷而造成的虧損。

內部審核部及合規部門在監察及限定營運風險方面發揮關鍵作用。彼等的焦點包括獨立評估所有內部監控的充分性，確保遵守營運指引(包括監管及法定規定)以及主動提出改善建議。

45. FINANCIAL RISK MANAGEMENT (continued)**(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.

The Group's capital management is overseen by the ALCO and reviewed regularly by the Board. Key tools adopted include capital budgeting, monitoring, stress testing. An annual capital budget is prepared during the annual budgeting process to assess the adequacy of the Group's capital to support current and future business activities taking into account projected business growth and any new business activities. The annual budget is approved by the Board. Actual capital adequacy is measured and compared against the approved budget on a regular basis. In addition, regular stress testing and scenario analysis of major sources of risk faced by the Group is performed to assess impact on capital adequacy ratios. The Group's Recovery Plan ensures that the Group is able to preserve or restore its capital level during a severe stress period. The Recovery Plan is subject to regular, at least annual, review and update.

The principal forms of capital are included in the following balances in the consolidated statement of financial position: share capital, reserves and subordinated notes issued. Capital for regulatory purposes also includes the collective impairment allowance held in respect of advances to customers as allowed by the Banking (Capital) Rules.

45. 財務風險管理 (續)**(e) 資本管理**

金管局設立及監管本集團之整體資本規定。除達至監管規定外，本集團管理資本之主要目標為保證本集團之持續經營能力，從而透過與風險水平相當之產品與服務定價及確保能夠以合理成本融資，持續為股東提供回報及向其他權益持有人提供利益。

本集團積極及定期審閱及管理其資本結構，並在可能以高借貸水平所產生的較高股東回報，以及良好資本狀況所提供之優勢與擔保之間保持平衡，並就經濟狀況之變動對資本結構作出調整。

本集團的資本管理由資產負債委員會監督，並由董事會定期審查。採納的關鍵工具包括資本預算、監管、壓力測試。年度資本預算乃於年度預算過程中編製，經計及預測業務增長及任何新業務活動後，評估本集團之資本充足性，從而支持當期及未來業務活動。年度預算由董事會批准。實際資本充足性乃按定期基準計量及與批准預算進行比較。此外，針對本集團面臨的風險的主要來源進行定期壓力測試及情況分析，以評估對資本充足性比率之影響。本集團的恢復計劃確保本集團於嚴重受壓期間能夠維持或恢復其資金水平。恢復計劃須進行定期（最少每年一次）檢討及更新。

資本的主要形式包括以下於綜合財務狀況表的餘額：股本、儲備及已發行後償票據。就監管目的而言，資本亦包括《銀行業（資本）規則》所允許的就客戶貸款所持有之綜合減值撥備。

45. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management (continued)

The Group adopts the standardised approach for the calculation of risk-weighted assets for credit risk and market risk, and the basis indicator approach for the calculation of operational risk.

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

The Bank computes its capital adequacy ratios of the Bank and certain specified subsidiaries in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance. Certain non-banking financial subsidiaries are also subject to the supervision and capital requirements of local regulatory authorities. The Group regularly measures and monitors capital adequacy of these regulated subsidiaries.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the years ended 31 December 2016 and 2015, and were above the minimum required ratio set by the HKMA.

45. 財務風險管理(續)

(e) 資本管理(續)

本集團採用標準化方法計算信貸風險及市場風險之風險加權資產以及採用基本指標方法計算營運風險。

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。

本行根據香港《銀行業條例》的《銀行業(資本)規則》計算本行及若干指定附屬公司的資本充足比率。若干非銀行金融附屬公司亦須遵守當地監管機構的監督及資本規定。本集團定期計量及監管該等受監管附屬公司的資本充足性。

截至二零一六年及二零一五年十二月三十一日止整個年度本集團及其自主監管業務均符合全部外在施加之資本規定，並高於金管局頒佈之最低比率規定。

45. FINANCIAL RISK MANAGEMENT (continued)

(f) Transfers of financial assets

As of 31 December 2016, the Group had entered into repurchase agreements with certain banks to sell available-for-sale financial assets of carrying amounts of HK\$10.02 billion (2015: available-for-sale financial assets: HK\$8,821.9 million and held-to-maturity investments: HK\$116.4 million) which are subject to the simultaneous agreements (“repurchase agreements”) to repurchase these financial assets at agreed dates and prices. The consideration received under these repurchase agreement totalling HK\$9,708.9 million (2015: HK\$8,600.9 million) was reported as “Deposits and balances of banks” at 31 December 2016 (Note 27).

As stipulated in the repurchase agreements, there was no transfer of the legal ownership of these financial assets to the counterparty banks during the covered period. However, the Group was not allowed to sell or pledge these financial assets during the covered period unless both parties mutually agree with such arrangement. Accordingly, these financial assets were not derecognised from the financial statements but regarded as “collateral” for the secured lending from these counterparty banks. Normally, the counterparty banks could only claim from the collateral when there exists an event of default on the secured lending.

As at 31 December 2016 and 2015, there were no outstanding transferred financial assets in which the Group had a continuing involvement, that were derecognised in their entirety.

46. IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2016, the directors consider the immediate parent and ultimate controlling party of the Group is Fubon Financial Holding Co., Ltd, which is incorporated in the Republic of China.

45. 財務風險管理(續)

(f) 金融資產轉讓

截至二零一六年十二月三十一日，本集團與若干銀行訂立回購協議以出售賬面值10,020,000,000港元(二零一五年：8,821,900,000港元)之可供出售金融資產及116,400,000港元之持至到期投資，並受限於在協定日期及以協定價格回購該等金融資產之同步協議(「回購協議」)。根據該等回購協議收取之代價總額9,708,900,000港元(二零一五年：8,600,900,000港元)於二零一六年十二月三十一日列作「銀行同業之存款及結餘」(附註27)。

如回購協議所規定，於覆蓋期間並無轉讓該等金融資產之法律所有權至對手銀行。然而，本集團於覆蓋期間並不允許出售或抵押該等金融資產，除非訂約各方相互同意該協議。因此，該等金融資產並無於財務報告終止確認但被視作該等對手銀行提供有抵押借貸之「抵押品」。對手銀行一般只有在有抵押借貸存在違約事件時才會索償抵押品。

於二零一六年及二零一五年十二月三十一日，既有已轉讓金融資產已全部終止確認，且本集團並無持續牽涉其中。

46. 直接母公司及最終控股公司

於二零一六年十二月三十一日，董事認為，本集團的直接母公司及最終控股方為富邦金融控股股份有限公司。該公司於中華民國註冊成立。

**47. BANK-LEVEL STATEMENT OF FINANCIAL POSITION
AND STATEMENT OF CHANGES IN EQUITY**

47. 銀行財務狀況表及權益變動報告表

		31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
ASSETS	資產		
Cash and short-term funds	現金及短期資金	6,019,591	8,678,160
Balances with banks and other financial institutions	銀行同業及其他金融機構結餘	3,264,233	885,449
Trading assets	持作交易用途資產	2,310,246	2,326,410
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	39,226	40,502
Derivative financial instruments	衍生金融工具	753,244	966,857
Advances to customers less impairment allowances	客戶貸款減減值撥備	43,306,851	42,481,373
Trade bills	商業票據	230,137	254,331
Accrued interest and other assets	累計利息及其他資產	1,112,779	1,444,654
Available-for-sale financial assets	可供出售金融資產	31,124,545	26,512,482
Held-to-maturity investments	持至到期投資	1,549,884	1,548,781
Interests in associates	於聯營公司之權益	1,399,442	1,399,442
Investments in subsidiaries	於附屬公司之投資	81,162	81,162
Amounts due from subsidiaries	應收附屬公司款項	9,265	37,260
Fixed assets	固定資產	3,770,394	3,707,895
Assets held for sale	持作出售資產	42,700	45,300
		95,013,699	90,410,058
LIABILITIES	負債		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	10,976,404	11,967,879
Deposits from customers	客戶存款	63,563,861	58,385,089
Trading liabilities	交易賬項下之負債	2,010,295	2,271,493
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	406,185	399,334
Certificates of deposit issued	已發行存款證	2,834,890	1,540,518
Debt securities issued	已發行債務證券	821,482	1,383,814
Derivative financial instruments	衍生金融工具	443,714	963,656
Other liabilities	其他負債	1,194,110	1,243,884
Amounts due to subsidiaries	應付附屬公司款項	210,962	256,399
Deferred tax liabilities	遞延稅項負債	477,230	462,161
Subordinated notes issued	已發行後償票據	1,544,304	1,542,024
		84,483,437	80,416,251
EQUITY	權益		
Share capital	股本	4,830,448	4,830,448
Reserves	儲備	5,699,814	5,163,359
		10,530,262	9,993,807
Shareholders' funds	股東權益	95,013,699	90,410,058

Approved and authorised for issue by the Board of Directors on 14 March 2017.

Ming-Chung (Daniel) TSAI

蔡明忠
Director
董事

Robert James KENRICK

甘禮傑
Director
董事

Raymond Wing Hung LEE

李永鴻
Director
董事

經董事會於二零一七年三月十四日通過及授權頒佈。

47. BANK-LEVEL STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY (continued)

47. 銀行財務狀況表及權益變動報告表 (續)

		Share capital	Regulatory reserve	Investment revaluation reserve	Premises revaluation reserve	Retained earnings	Total
		股本 HK\$'000 千港元	法定儲備 HK\$'000 千港元	投資 重估儲備 HK\$'000 千港元	物業 重估儲備 HK\$'000 千港元	保留溢利 HK\$'000 千港元	總額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	4,830,448	604,745	145,801	2,233,553	1,934,734	9,749,281
Total comprehensive income for the year	本年度全面收益總額	-	-	(113,853)	66,778	291,601	244,526
- Profit for the year	- 本年度溢利	-	-	-	-	319,551	319,551
- Other comprehensive income, of which:	- 其他全面收益，其中包括：						
- Available-for-sale financial assets: net movement in investment revaluation reserve	- 可供出售金融資產：投資重估儲備淨變動	-	-	(113,853)	-	-	(113,853)
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	(27,950)	(27,950)
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	66,778	-	66,778
Transfer from/(to) retained earnings	轉撥自/(至)保留溢利	-	35,407	-	(50,711)	15,304	-
At 31 December 2015	於二零一五年十二月三十一日	4,830,448	640,152	31,948	2,249,620	2,241,639	9,993,807
At 1 January 2016	於二零一六年一月一日	4,830,448	640,152	31,948	2,249,620	2,241,639	9,993,807
Total comprehensive income for the year	本年度全面收益總額	-	-	48,245	41,204	447,006	536,455
- Profit for the year	- 本年度溢利	-	-	-	-	427,945	427,945
- Other comprehensive income, of which:	- 其他全面收益，其中包括：						
- Available-for-sale financial assets: net movement in investment revaluation reserve	- 可供出售金融資產：投資重估儲備淨變動	-	-	48,245	-	-	48,245
- Remeasurement of net defined benefit liability	- 重新計量定額福利負債淨額	-	-	-	-	19,061	19,061
- Premises: net movement in premises revaluation reserve	- 物業：物業重估儲備淨變動	-	-	-	41,204	-	41,204
Transfer (to)/from retained earnings	轉撥(至)/自保留溢利	-	(112,910)	-	(51,022)	163,932	-
At 31 December 2016	於二零一六年十二月三十一日	4,830,448	527,242	80,193	2,239,802	2,852,577	10,530,262

48. 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.

Notes 24 and 42 contain information about the assumptions and risk factors relating to fair value of bank premises and 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 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 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.

In assessing the need for a collective impairment allowance, besides factors such as credit quality, portfolio size, concentrations, management also considers economic factors. In order to estimate the required adjustment to the collective impairment allowance from economic factors, the Group makes assumptions and judgements to determine the relevant economic indicators and their relevant weighting based on historical experience and current economic conditions.

48. 會計估計及判斷

本集團的管理層於編製此等財務報告時作出若干假設及估計。管理層參照實際結果、歷史經驗及包括未來現金流預期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為合理及可接受。

附註24及42載有與該等假設及與銀行物業及金融工具的公平價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

貸款組合乃定期進行檢討以評估是否存在減值虧損。管理層就是否存在客觀證據表明貸款組合已減值，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察數據，亦可包括與拖欠本集團資產有關之當地經濟條件之可觀察數據。倘管理層基於其判斷確定存在減值之客觀證據，則以與本集團資產信貸風險特點相若之資產之過往實際損失對預計之未來現金流量進行估計。該過往損失則基於現時可觀察之數據進行調整。

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。

於評估綜合減值撥備的需要時，管理層除考慮信貸素質、組合規模、信貸集中等因素外，亦需一併考慮經濟因素。為估計因經濟因素而需對綜合減值作出的調整，本集團根據過往經驗及現今經濟情況對相關經濟指標及其他所佔比重作出估計及判斷。

48. 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 is significant or prolonged is judgmental by nature so profit and loss could be affected by differences in this judgment.

(b) Fair value determination

The Group determines the fair values of 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 underlying investments. Model assumptions and correlation among these parameters can affect the estimates of the fair values of these financial instruments.

(c) Held-to-maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has a positive intention and ability to hold to maturity as held-to-maturity investments. In making this judgement, the Group evaluates its intention and ability to hold such investments till maturity.

If the Group fails to hold these investments to maturity other than in certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale.

This would result in held-to-maturity investments being measured at fair value instead of at amortised cost.

(d) Other accounting estimates

Judgement has been exercised in determining the amount which may be payable to customers in respect of complaints or legal claims arising from the sale of investment products and establishing a reserve included in other liabilities. A charge has been recognised in profit or loss representing amounts paid and an estimate of future amounts which could be payable.

48. 會計估計及判斷(續)

(a) 減值虧損(續)

可供出售股本證券

於公平價值出現重大或持續下跌至低於成本數額時，本集團確定可供出售股本證券減值。確定何時公平價值的下跌屬重大或持續時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作公平價值列賬。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及相關投資之淨資產等市場參數，以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相關性均可影響該等金融工具公平價值之估計。

(c) 持至到期投資

本集團將固定或可確定付款金額和固定到期日，且本集團有意及有能力持至到期日的非衍生金融資產，列作持至到期投資。在作出有關判斷時，本集團會評估本身是否有意及有能力持有此等投資至到期日。

若本集團未能持有此等投資至到期日（因若干特殊情況者除外），本集團會將整個持至到期日的投資組合重新分類為可供出售。

因此，持至到期投資會改以公平價值計量，而非按攤銷成本計量。

(d) 其他會計估計

於釐定可能就出售投資產品產生的投訴或法律索償而應付予客戶的金額及設立計入其他負債的儲備時進行了判斷。有關支出已於損益賬確認為已付金額及可能應付的未來金額估計。

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

49. 已公佈但於截至二零一六年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響

截至此等財務報告公佈日，香港會計師公會已公佈若干修訂及新準則。該等修訂及新準則於截至二零一六年十二月三十一日止年度尚未生效且並無在此等財務報告中採納。以下乃與本集團有關者：

Effective for accounting periods beginning on or after 於下列日期或之後開始之會計期間生效

Amendments to HKAS 7, <i>Statement of cash flows: Disclosure Initiative</i>	香港會計準則第7號之修訂， 現金流量表：披露計劃	1 January 2017 二零一七年一月一日
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	香港會計準則第12號之修訂， 所得稅：就未變現虧損確認遞延稅項資產	1 January 2017 二零一七年一月一日
HKFRS 9, <i>Financial instruments</i>	香港財務報告準則第9號，財務工具	1 January 2018 二零一八年一月一日
HKFRS 15, <i>Revenue from contracts with customers</i>	香港財務報告準則第15號， 來自客戶合約之收入	1 January 2018 二零一八年一月一日
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i>	香港財務報告準則第2號之修訂， 以股份為基礎付款：分類及計量以股份為基礎付款交易	1 January 2018 二零一八年一月一日
HKFRS 16, <i>Leases</i>	香港財務報告準則第16號，租賃	1 January 2019 二零一九年一月一日

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

本集團現正評估首次採用該等修訂及新訂準則之預期影響。迄今為止，本集團已發現新訂準則的若干方面可能會對綜合財務報表造成重大影響。有關預期影響的進一步詳情於下文詳述。由於本集團尚未完成其評估，故可能將於適當時候發現其他影響，並在決定是否在生效日期之前採納任何該等新規定以及採取何種過渡方式（倘若新準則允許替代方式）之時加以考慮。

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2016 (continued)

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

49. 已公佈但於截至二零一六年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響
(續)

香港財務報告準則第9號，財務工具

香港財務報告準則第9號將取代有關財務工具會計處理方法的現有準則香港會計準則第39號，財務工具：確認及計量。香港財務報告準則第9號引入分類及計量金融資產、計算金融資產減值及對沖會計處理的新規定。另一方面，香港財務報告準則第9號納入(並無實質性更改)香港會計準則第39號有關確認及終止確認財務工具及金融負債分類的規定。本集團財務報表方面的新規定的預期影響如下：

(a) *分類及計量*

香港財務報告準則第9號包括金融資產的三個主要分類類別：下文所述(1)按攤銷成本、(2)通過損益以反映公平價值及(3)按公平價值計入其他全面收益計量：

- 債務工具的分類根據實體管理金融資產的業務模式以及資產的合約現金流量特徵而釐定。倘若債務工具分類為按公平價值計入其他全面收益，實際利息、減值及出售收益／虧損將在損益中確認。
- 無論實體的業務模式如何，股本證券的分類均為通過損益以反映公平價值。唯一的例外情況是倘若股本證券並非持作買賣且實體不可撤回地選擇將該證券指定。倘若股本證券被指定為按公平價值計入其他全面收益，只有該證券的股息收入會在損益中確認。該證券的收益、虧損及減值會在其他全面收益中確認且不會重新使用。

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2016 (continued)

HKFRS 9, Financial instruments (continued)

(a) *Classification and measurement* (continued)

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as available-for-sale, a significant portion of debt securities are expected to be classified as financial assets measured at amortised cost as these securities are held to collect contractual cashflows. For equity securities, the Group may classify them as either FVTPL or irrevocably elect to designate them as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's policies set out in notes 2(g) and 2(n).

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently has certain financial liabilities designated at FVTPL and therefore adoption of this new requirement would result in a change of accounting policy but the impact on the Group's profit and retained earnings is considered to be minimal.

49. 已公佈但於截至二零一六年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號，財務工具 (續)

(a) *分類及計量* (續)

根據初步評估，本集團預計其目前按攤銷成本及通過損益以反映公平價值計量的金融資產將於採用香港財務報告準則第9號時沿用其各自的分類及計量。

就本集團現時分類為可供出售之金融資產而言，債務證券中較大部分預期將被分類為按攤銷成本計量之金融資產，原因是該等證券被持作用於籌集合約現金流量。在過渡至香港財務報告第9號時，本集團可能將股票證券分類為通過損益以反映公平價值或不可撤回地被選擇指定為按公平價值計入其他全面收益（並無循環）。本集團尚未決定是否將不可撤回地指定該等投資為按公平價值計入其他全面收益或將其分類為通過損益以反映公平價值。由於當根據附註2(g)及2(n)所載本集團之政策將收益或虧損循環至損益表時，有關可供出售權益投資之現有會計政策用於在其他全面收益確認公平價值變動直至出售或減值為止，故任何分類將導致會計政策變動。

香港財務報告準則第9號項下的金融負債的分類及計量規定與香港會計準則第39號相比基本未變，惟香港財務報告準則第9號規定由金融負債自身信用風險變化引起的按通過損益以反映公平價值指定的金融負債公平價值變化須於其他全面收益中確認（不得重新分類至損益）。本集團目前擁有通過損益以反映公平價值指定的若干金融負債，因此採納此項新規定將導致會計政策變動，但對本集團溢利及保留盈利之影響被視為微乎其微。

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2016 (continued)

HKFRS 9, Financial instruments (continued)

(b) *Impairment*

The new impairment model in HKFRS 9 replaces the incurred loss model in HKAS 39 with an expected credit loss model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) *Hedge accounting*

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group preliminarily assesses that its current hedge relationships will qualify as continuing hedges upon the adoption of HKFRS 9 and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

49. 已公佈但於截至二零一六年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號，財務工具 (續)

(b) *減值*

香港財務報告準則第9號的新減值模式以「預計信貸虧損」模式取代香港會計準則第39號的「已產生虧損」模式。根據預計信貸虧損模式，不再需要在確認減值虧損之前發生虧損事件。相反，實體須將預計信貸虧損確認並計量為12個月的預計信貸虧損或整個生命周期內的預計信貸虧損，惟視乎資產及事實及情況而定。這種新減值模式可能導致就本集團的貿易應收款項及其他金融資產提早確認信貸虧損。然而，需要進行更加詳細的分析以確定影響的程度。

(c) *對沖會計*

香港財務報告準則第9號並無從根本上改變香港會計準則第39號項下有關計量及確認無效性的規定。然而，符合資格進行對沖會計處理的交易類別獲引入更大靈活性。本集團初步評估，於採納香港財務報告準則第9號後，其現有對沖關係將符合資格作持續對沖，因此，本集團預計該對沖關係之會計處理將不會受到重大影響。