



(Stock Code 股份代號 : 23)

Annual Report **2011** 年報

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CORPORATE PROFILE

本行簡介

Our Mission

使命宣言

We at BEA strive to provide best in class financial services, always demanding the highest standard of professionalism and integrity of ourselves. With a commitment to quality of service, we focus on satisfying customer needs. We aim to grow, together with our customers, our shareholders and our colleagues.

東亞銀行竭力提供最卓越的金融服務，遵行最高之專業和誠信準則。我們承諾提高服務質素，致力滿足客戶之需要，並以與客戶、股東、員工與時並進為目標。

Incorporated in 1918, The Bank of East Asia ("BEA") is dedicated to helping its customers grow and prosper through the provision of quality banking and financial services. BEA is Hong Kong's largest independent local bank, and currently operates 87 branches, 61 SupremeGold Centres, and 6 i-Financial Centres throughout the city.

Total consolidated assets amounted to HK\$611.4 billion (US\$78.7 billion) as of 31st December, 2011. Listed on The Stock Exchange of Hong Kong, the Bank is one of the constituent stocks of the Hang Seng Index.

With more than 100 outlets on the Mainland, BEA and its wholly-owned subsidiary, The Bank of East Asia (China) Limited, operate one of the most extensive networks of any foreign bank in China. Overseas, the Bank maintains an active presence in Southeast Asia, the United Kingdom, and North America with more than 220 outlets and over 12,000 employees worldwide.

BEA delivers comprehensive commercial and retail banking, financial, and insurance services through its Corporate Banking, Personal Banking, Wealth Management, Insurance & Retirement Benefits, Treasury Markets, China, and International divisions. Products and services include syndication loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, foreign exchange margin trading, Mandatory Provident Fund services, and general and life insurance.

The BEA Group's subsidiaries further enhance BEA's total offering, ensuring the delivery of customised, total solutions that meet the increasingly diverse and sophisticated needs of a burgeoning customer base. BEA's wholly-owned subsidiaries, BEA Life Limited and Blue Cross (Asia-Pacific) Insurance Limited, serve as the Bank's life insurance and general insurance arms respectively, and provide a comprehensive range of insurance solutions for individual and corporate customers. A global provider of integrated business, corporate, and investor services, Tricor Group helps clients build their businesses by offering outsourced expertise in business support functions.

Going forward, BEA will continue to strengthen its customer relationships and explore new business opportunities in Hong Kong, Mainland China, and around the world.

東亞銀行成立於1918年，一直竭誠為客戶提供優質的銀行和金融服務，全力支持客戶發展。本行現為香港最大的獨立本地銀行，目前在港設有87間分行、61間顯卓理財中心和6間i-理財中心。

於2011年12月31日，本行的綜合資產總額達港幣6,114億元（787億美元）。本行於香港聯合交易所上市，為恒生指數成份股之一。

本行連同其設於內地的全資附屬公司——東亞銀行（中國）有限公司，在內地共設有逾100個網點，為內地網絡最龐大的外資銀行之一。而在世界各地，本行共設有逾220個網點，遍佈東南亞、英國和北美等地。同時，集團在全球聘用超過12,000名員工。

本行透過企業銀行、個人銀行、財富管理、保險及退休福利、資金市場、中國業務總部、國際業務等各分處，為客戶提供各類商業和零售銀行、金融和保險服務。產品和服務多元化，包括：銀團貸款、貿易融資、存款、外幣儲蓄、匯款、按揭貸款、私人貸款、信用卡、電子網絡銀行服務、零售投資和財富管理、外匯孖展交易、強制性公積金服務，以及一般保險和人壽保險等。

此外，本行也透過集團附屬公司進一步完善業務範圍，提供全面而適切的方案，配合日益壯大的客戶群之需要。東亞人壽保險有限公司及藍十字（亞太）保險有限公司為集團拓展保險業務，分別承保人壽保險和一般保險產品，讓個人和企業客戶享有周全的保障；而卓佳集團則是全球性之專業服務公司，提供綜合的商務、企業和投資者服務，以其外判支援服務，全力協助客戶開拓商機。

展望未來，本行將會繼續加強與香港、內地和海外客戶的聯繫，滿足客戶的需要，致力拓展全新業務機遇。

FINANCIAL HIGHLIGHTS

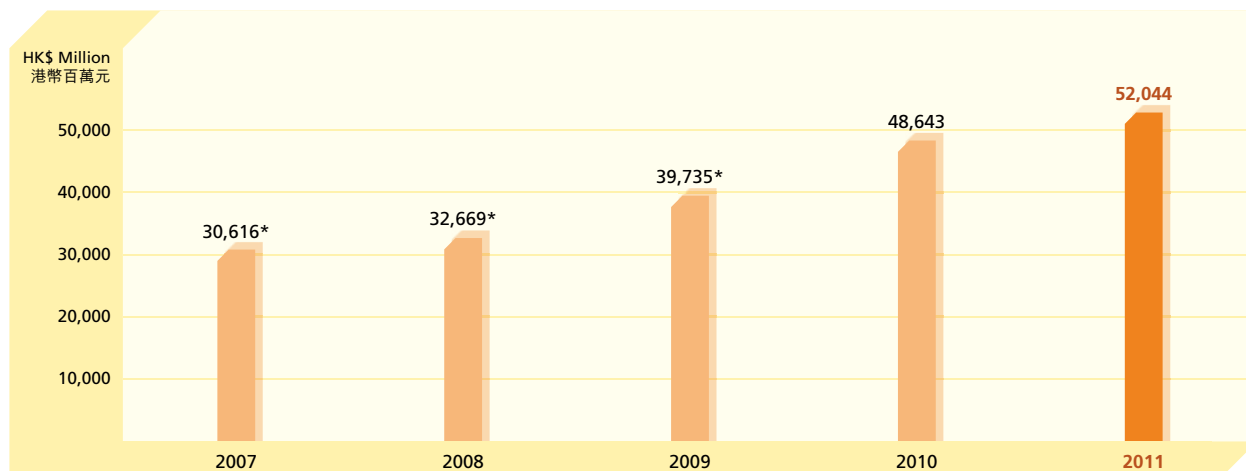
財務摘要

| | 2011 HK\$ Million 港幣百萬元 | 2010 HK\$ Million 港幣百萬元 | Change 變動 % 百分率 |
|---|-------------------------------|-------------------------------|--------------------|
| Profitability 盈利能力 | | | |
| Total operating income 經營收入總額 | 12,715 | 11,126 | +14.3 |
| Profit attributable to owners of the parent 可歸屬於本集團股東溢利 | 4,358 | 4,224 | +3.2 |
| Balance Sheet Strength 資產負債狀況 | | | |
| Advances to customers 客戶貸款 | 321,890 | 297,044 | +8.4 |
| Total consolidated assets 綜合資產總額 | 611,402 | 534,193 | +14.5 |
| Total deposits 存款總額 | 478,837 | 425,419 | +12.6 |
| Total equity 股東權益總額 | 52,044 | 48,643 | +7.0 |
| Earnings Per Share and Dividends Per Share 每股盈利及每股股息 | | | |
| Basic earnings 基本盈利 | HK\$1.96 | HK\$1.92 | +2.1 |
| Dividends 股息 | HK\$0.94 | HK\$0.94 | — |
| Key Ratios 主要比率 | | | |
| Loan to deposit ratio 貸款對存款比率 | 67.2% | 69.8% | |
| Impaired loan ratio 減值貸款比率 | 0.5% | 0.5% | |
| Average liquidity ratio 平均流動資金比率 | 42.8% | 44.9% | |
| Capital adequacy ratio 資本充足比率 | 13.7% | 13.2% | |

FIVE-YEAR FINANCIAL SUMMARY

5 年財務概要

TOTAL EQUITY 股東權益總額



ADVANCES TO CUSTOMERS / CUSTOMER DEPOSITS / TOTAL CONSOLIDATED ASSETS 客戶貸款 / 客戶存款 / 綜合資產總額

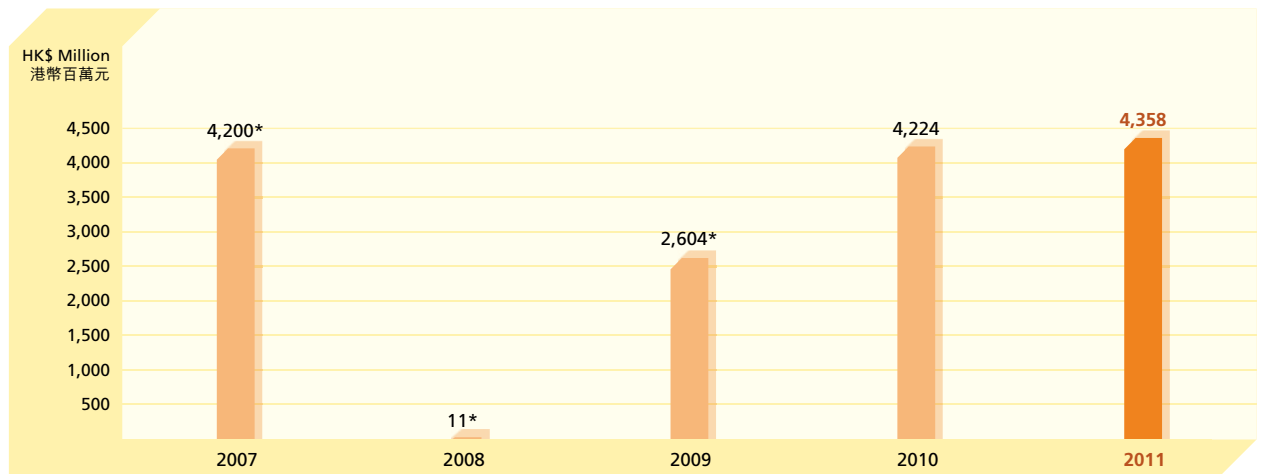


FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

5年財務概要(續)

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

可歸屬於本集團股東溢利



FIVE-YEAR COMPARISON 5年比較

| | 2007 HK\$ Million 港幣百萬元 | 2008 HK\$ Million 港幣百萬元 | 2009 HK\$ Million 港幣百萬元 | 2010 HK\$ Million 港幣百萬元 | 2011 HK\$ Million 港幣百萬元 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Total equity 股東權益總額 | 30,616* | 32,669* | 39,735* | 48,643 | 52,044 |
| Customer deposits 客戶存款 | 284,186 | 323,802 | 342,528 | 419,833 | 467,354 |
| Certificates of deposit issued 已發行存款證 | 12,165 | 5,491 | 2,812 | 5,586 | 11,483 |
| Advances to customers 客戶貸款 | 218,184 | 230,339 | 247,654 | 297,044 | 321,890 |
| Total consolidated assets 綜合資產總額 | 393,979 | 415,368* | 434,082 | 534,193 | 611,402 |
| Loan to deposit ratio 貸款對存款比率 | 74% | 70% | 72% | 70% | 67% |
| Profit attributable to owners of the parent 可歸屬於本集團股東溢利 | 4,200* | 11* | 2,604* | 4,224 | 4,358 |
| Earnings per share* 每股盈利* | HK\$2.44* | HK\$0.01* | HK\$1.39* | HK\$1.92 | HK\$1.96 |
| Dividends per share* 每股股息* | HK\$1.51 | HK\$0.23 | HK\$0.76 | HK\$0.94 | HK\$0.94 |

* Restated due to changes in accounting policies.

* 因會計政策變更而重報。

CHAIRMAN'S STATEMENT

STRATEGY AND FUTURE PROSPECTS

Weakness prevailed in the major global economies in 2011, as the sovereign debt and banking crises, geopolitical events, natural disasters and tight monetary policy in China combined to undermine the modest recovery that had emerged in 2009 and 2010. The financial sector exhibited particular weakness, despite ultra-low interest rates. Concerns over sovereign debt and new capital rules under Basel III led many major international banks to curtail lending and downsize their balance sheets by divesting non-strategic assets.

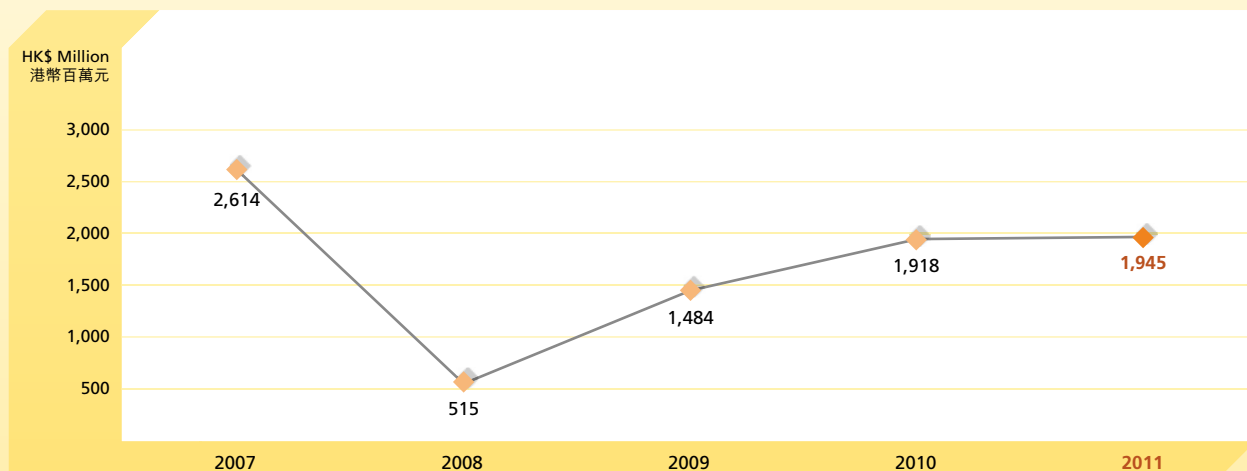
The BEA Group successfully overcame these macro challenges in 2011, and enters 2012 in a good position. With a clear focus on the buoyant economies of the Greater China region, BEA's profit attributable to owners of the parent for the year 2011 rose to a new record, up 3.2% to HK\$4,358 million. Core business performance continued to shine, with net interest income up 22.8% and net fee and commission income up 13.6% year-on-year. The Board of Directors has declared a second interim dividend (in lieu of final dividend) of HK\$0.51 per share for the year ended 31st December, 2011, bringing the dividend for the year to HK\$0.94 per share.

Going forward, the BEA Group will further optimise its allocation of resources, enhance asset and liability management, and broaden the range of financial services provided to customers throughout Greater China in order to further build on the Group's multi-year growth trend.

The BEA Group's business on the Mainland is quickly reaching critical mass. Having expanded its branch network to over 100 outlets in 2011, The Bank of East Asia (China) Limited ("BEA China") now manages strong regional banking networks in key markets such as the Yangtze River Delta and Pearl River Delta, and an extensive national banking network covering 30 cities. At the end of 2011, The People's Bank of China shifted towards a more accommodative monetary stance. In 2012, BEA China will further extend its reach by opening new branches and strengthening its award-winning electronic banking services, and build on its past success to further improve performance.

Having met the statutory loan-to-deposit requirements for Mainland-incorporated foreign banks ahead of schedule in the first half of 2011, lending at BEA China was no longer constrained by the need to improve its loan-to-deposit ratio. Interest income at BEA China grew by 43% last year and, at the end of 2011, the loan-to-deposit ratio stood at 69%, well below the statutory limit of 75%.

DIVIDENDS FOR THE LAST 5 YEARS 過往5年股息紀錄



主席報告書

策略及未來前景

全球主要經濟體系於2011年全線疲軟，這是由於主權債務及銀行業危機、地緣政治事件、自然災害及中國的收緊銀根政策，令2009及2010年出現的溫和復甦備受打擊。儘管利率超低，但金融業尤為疲弱。主權債務問題及巴塞爾資本協定三項下的新資本規則，令眾多主要國際銀行削減貸款及藉出售非策略資產投資，以精簡資產負債表。

東亞銀行集團於2011年成功克服上述宏觀挑戰，並以最佳狀態邁向2012年。由於明確專注於大中華地區活躍的經濟體系，本集團於2011年的可歸屬於集團股東溢利創下新高，上升3.2%至港幣43億5,800萬元。核心業務表現繼續成為亮點，淨利息收入增加22.8%，服務費及佣金收入淨額同比上升13.6%。東亞銀行董事會已宣布派發截至2011年12月31日止年度之第二次中期股息(代替末期股息)每股港幣0.51元，令全年派發股息合共每股港幣0.94元。

展望未來，本集團將進一步優化資源配置，加強資產負債管理及擴大向整個大中華地區客戶提供金融服務的範圍，令本集團多年來的增長趨勢更上一層樓。

東亞銀行集團於內地的業務正長足發展，地位舉足輕重。東亞銀行(中國)有限公司(「東亞中國」)的分行網絡已於2011年擴展至超過100個網點，現時在長江三角洲及珠江三角洲等主要市場管理強勁的地區銀行業網絡，以及覆蓋30個城市的龐大全國銀行業網絡。中國人民銀行的貨幣政策於2011年末轉趨寬鬆。於2012年，東亞中國將進一步增設分行及提升其享譽的電子銀行服務，進一步擴大其市場滲透率，並建基於過往的成就，進一步提升業績。

由於東亞中國已於2011年上半年提前符合內地註冊成立外資銀行法定的貸存比率之監管要求，其貸款毋須再因提升其貸存比率而受限制。東亞中國的利息收入於去年增加43%，且於2011年末，貸存比率維持在69%的水平，遠低於75%的法定上限。



Dr. the Hon. Sir David LI Kwok-po
Chairman & Chief Executive
 主席兼行政總裁
 李國寶爵士

CHAIRMAN'S STATEMENT (CONTINUED)

Efforts by both the Mainland and Hong Kong governments to expand the international role of Renminbi ("RMB") gained momentum in 2011, with Hong Kong at the centre of the policy initiatives. The BEA Group is ideally placed to take full advantage of these exciting changes. During the past year the Bank's overseas branches successfully expanded their RMB trade business, with Singapore recording a near doubling of business. The Group will continue to develop and launch new RMB products and services as opportunities emerge.

The Bank's Hong Kong business will see all-round development in 2012. Local loan demand, particularly from Mainland Chinese enterprises, experienced strong growth in 2011, and the Bank took advantage of this demand to expand its loan portfolio and increase margin on both new loans and those coming up for renewal. Improvements in core lending business will remain a key focus of the Bank's operations in 2012. The Bank continues to be a good partner for the small and medium size enterprise sector, and will further build on its expertise in this area in 2012. At the same time, the Bank will step up efforts to improve fee income, focussing in particular on its wealth management business, insurance products and treasury.

The Bank will also continue to enhance operational efficiency and productivity by further streamlining branch and back office operations in 2012. New iPhone/Android Applications were introduced in 2011 to encourage users to conduct transactions over the Bank's highly secure Internet and mobile-banking networks. This service enjoyed strong take-up, and the Bank will further increase both penetration and services in order to promote the full range of BEA Group consumer products, ranging from banking services, to securities transactions, to insurance.

Meanwhile, the Bank is expanding its efforts to attract students and recent graduates as clients, in order to build long-term relationships with tomorrow's leaders and high earners. The Bank has the largest branch network at tertiary institutions in Hong Kong, and some 90% of student clients maintain their relationships with BEA after graduation.

In the coming year, we expect the external operating environment to remain challenging. In view of this, the BEA Group will strive to develop its unique strengths, focus on its core areas of operation, and offer greater value to its customers through product innovation and the provision of superior customer service.

I would like to thank our Bank's Board of Directors and the directors of our subsidiaries and associated companies for their strong governance, and for their guidance in establishing our Group's strategic direction. I would also like to thank the members of BEA's management as well as our staff members for their hard work and dedication to our business. Finally, I thank our shareholders and customers for their long-standing loyalty and steadfast support.

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 14th February, 2012

中港兩地政府一直積極擴展人民幣在國際市場上的角色，有關的措施於2011年取得進展，香港則為該政策措施的中心地區。東亞銀行集團在此等可喜變革中可謂佔據地利優勢。去年，本行的海外分行成功拓展人民幣貿易業務，其中，新加坡錄得近雙倍的業務增長。本集團將於適當時機，繼續開發及推出新的人民幣產品及服務。

本行的香港業務將於2012年邁向全面發展階段。本港的貸款需求，尤其是來自中國內地企業者，於2011年錄得強勁增長；本行利用這種需求，擴展其貸款組合並增加新做貸款及重續貸款的利潤。展望2012年，發展核心貸款業務將仍為本行業務的主要重點。本行定將繼續成為中小企行業的理想合作夥伴，並進一步善用我們在該領域的專長。與此同時，本行將致力拓展服務費收入，專注於其理財業務、保險產品及財資產品。

本行亦將於2012年透過進一步精簡分行及後勤部門業務，以提高營運效率及生產力。本行於2011年推出新的iPhone/Android應用程式，鼓勵用戶透過本行極為安全的網上及流動銀行網絡進行交易。該服務大受歡迎，而本行將進一步擴大滲透率及服務範圍，以推廣東亞銀行集團涵蓋銀行服務、證券交易及保險等廣泛的個人產品。

與此同時，本行正在加快吸引學生及新近畢業的同學成為客戶，藉以與未來社會棟樑及高收入人士建立長期關係。本港大專院校為本行最大的分行網絡，約有90%的學生客戶在畢業後保持與東亞銀行的業務關係。

於未來一年，我們預期外部經營環境仍然嚴峻。有鑑於此，東亞銀行集團將致力發展其獨特優勢，專注於其核心業務領域，以及透過產品創新及提供優質客戶服務，為客戶帶來增值。

對於本行董事會各成員、附屬公司及聯營公司各位董事戮力推行的強大管治，以至在確立業務策略方向時所給予的種種指導，本人謹在此深表謝意。本人並答謝東亞銀行各管理層成員及本行全體員工對本行業務的辛勤不懈和熱誠投入的工作。最後，本人對各位股東和客戶長期的信任與堅定支持，謹致謝忱。

主席兼行政總裁
李國寶

香港，2012年2月14日

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT

FINANCIAL REVIEW

Financial Performance

For the year 2011, the Group achieved a profit attributable to owners of the parent of HK\$4,358 million, representing an increase of HK\$134 million or 3.2%, compared to the HK\$4,224 million earned in 2010. Basic earnings per share were HK\$1.96. Return on average equity and return on average assets were 9.5% and 0.7%, respectively.

As a result of satisfactory growth in the Bank's loan portfolio and trade finance business, the Group's net interest income increased by HK\$1,720 million, or 22.8%, to HK\$9,263 million. Net fee and commission income rose by HK\$400 million, or 13.6%, to HK\$3,342 million. Due to an unexpected deterioration in the global economic environment arising from the Eurozone debt crisis, we sustained losses in trading activities and investments designated at fair value through profit or loss in 2011, amounting to a total of HK\$471 million. As a result, non-interest income decreased by HK\$131 million, or 3.7%.

Total operating expenses increased by 15.8% to HK\$7,992 million, as the Group continued to invest in its future growth in China. The cost-to-income ratio was 62.9% in 2011.

Operating profit before impairment losses was HK\$4,723 million, an increase of HK\$501 million, or 11.8%, as compared with 2010.

The charge for impairment losses on loans and advances decreased by HK\$210 million, or 73.7%, to HK\$75 million, reflecting improving credit quality. Total impairment losses decreased by HK\$171 million, or 56.1%. This reflected good credit management of the Bank.

Operating profit after impairment losses was HK\$4,588 million, an increase of 17.2%.

In 2010, BEA completed the disposal of a 70% interest in a banking subsidiary in Canada and recorded a net profit of HK\$230 million. In 2011, the profit generated from the disposal of a further 10% interest in the same banking subsidiary was HK\$71 million.

Net profit on disposal of available-for-sale financial assets was HK\$59 million. Valuation gains on investment properties decreased to HK\$404 million (2010: HK\$426 million) whereas the profit on sale of fixed assets increased to HK\$140 million (2010: a loss of HK\$6 million). Due to the strong performance of associates, the Group shared after-tax profits from associates of HK\$435 million.

After accounting for income taxes, profit after taxation rose to HK\$4,451 million, an increase of 3.4%, over the HK\$4,303 million recorded the previous year. Profit attributable to owners of the parent rose to HK\$4,358 million, an increase of 3.2%.

Financial Position

Total consolidated assets of the Group stood at HK\$611,402 million at the end of 2011, an increase of 14.5% over the HK\$534,193 million at the end of 2010. Gross advances to customers increased by 8.4% to HK\$321,890 million. Total equity increased to HK\$52,044 million, up 7.0%.

Total deposits (including certificates of deposit issued) grew by 12.6% to HK\$478,837 million, while total deposits from customers rose by 11.3% to HK\$467,354 million. Demand deposits and current account balances decreased by HK\$2,803 million, or 4.7%, compared to the balance at year-end 2010. Savings deposits decreased to HK\$77,452 million, a drop of 6.0%, while time deposits increased to HK\$333,006 million, an increase of 19.9%, when compared with the year-end position of 2010.

After taking into account all certificates of deposit issued, the loan-to-deposit ratio was 67.2% at the end of December 2011, 2.6 percentage points lower than the 69.8% reported at the end of 2010.

行政總裁及高層管理人員報告書

財務回顧

財務表現

於2011年，本集團錄得可歸屬於集團股東溢利港幣43億5,800萬元，較2010年溢利港幣42億2,400萬元增加港幣1億3,400萬元或3.2%。每股基本盈利為港幣1.96元。平均股本回報率為9.5%，而平均資產回報率則為0.7%。

由於本行的貸款量及貿易融資業務均錄得理想增長，本集團的淨利息收入增加港幣17億2,000萬元，或22.8%，至港幣92億6,300萬元。服務費及佣金收入淨額增加港幣4億元，至港幣33億4,200萬元，增幅為13.6%。由於歐債危機導致全球經濟環境出現突如其來的衰退，本行的交易活動及指定為通過損益以反映公平價值投資於2011年錄得合共港幣4億7,100萬元的虧損。因此，整體非利息收入減少港幣1億3,100萬元，或3.7%。

本集團為中國未來業務增長不斷作出投資，經營支出總額上升15.8%，至港幣79億9,200萬元。2011年度，成本對收入比率為62.9%。

未扣除減值損失之經營溢利為港幣47億2,300萬元，比較2010年增加港幣5億100萬元，或11.8%。

貸款減值損失減少港幣2億1,000萬元，或73.7%，至港幣7,500萬元，反映信貸質素改善。減值損失總額減少港幣1億7,100萬元，或56.1%。這反映本行在信貸管理上取得成果。

已扣除減值損失之經營溢利為港幣45億8,800萬元，升幅達17.2%。

於2010年，東亞銀行完成了出售其於加拿大的附屬銀行機構之70%權益，就此項交易錄得淨溢利港幣2億3,000萬元。於2011年，進一步出售同一附屬銀行機構之10%權益，錄得溢利港幣7,100萬元。

出售可供出售金融資產錄得的淨溢利為港幣5,900萬元。投資物業重估盈利減少至港幣4億400萬元（2010年：港幣4億2,600萬元），出售固定資產溢利則增加至港幣1億4,000萬元（2010年：虧損港幣600萬元）。受惠於聯營公司業績理想，集團應佔聯營公司之除稅後溢利為港幣4億3,500萬元。

經計及入息稅後，除稅後溢利達港幣44億5,100萬元，相較上年度溢利港幣43億300萬元，上升3.4%。可歸屬於集團股東溢利則為港幣43億5,800萬元，增加3.2%。

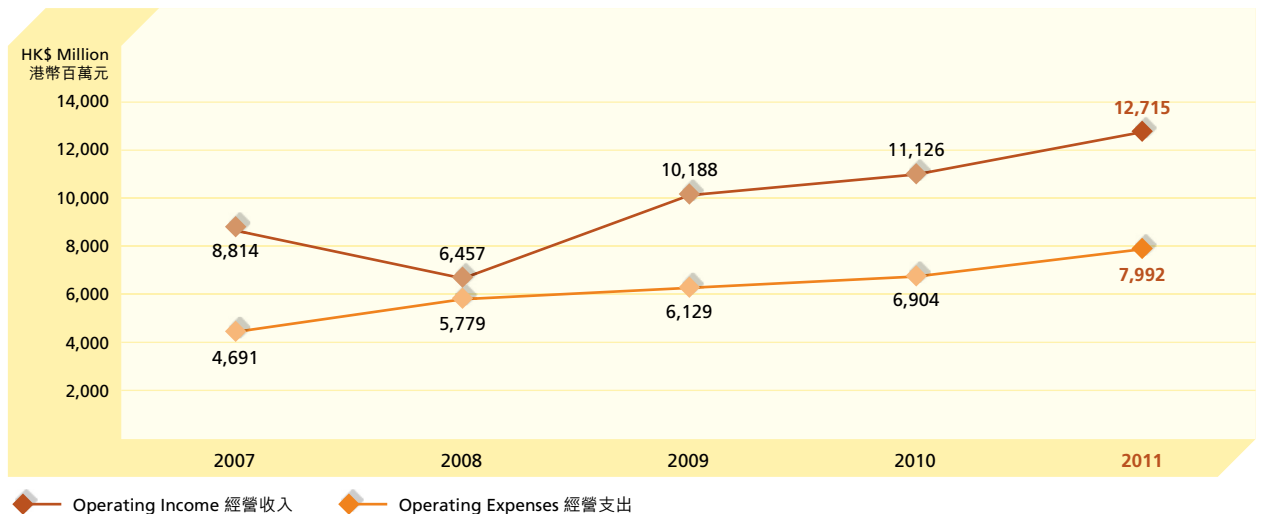
財務狀況

於2011年底，本集團綜合資產總額為港幣6,114億200萬元，較2010年底總額港幣5,341億9,300萬元，上升14.5%。客戶貸款總額上升8.4%至港幣3,218億9,000萬元。股本總額增加7.0%至港幣520億4,400萬元。

存款總額（包括已發行存款證）增加12.6%至港幣4,788億3,700萬元；客戶存款為港幣4,673億5,400萬元，升幅為11.3%。與2010年底的結存數字比較，活期存款和往來存款賬戶結餘減少港幣28億300萬元，減幅為4.7%。相較2010年底存款數字，儲蓄賬戶存款下跌6.0%，減少至港幣774億5,200萬元；定期存款則上升19.9%，增至港幣3,330億600萬元。

經計入所有已發行的存款證後，本行於2011年12月底的貸款對存款比率為67.2%，相較2010年底的69.8%下降了2.6個百分點。

OPERATING INCOME VS OPERATING EXPENSES 經營收入及經營支出



REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



The Bank received industry recognition from MasterCard Worldwide and VISA Inc. for card service excellence.

本行提供卓越的信用卡服務，屢獲萬事達卡國際組織及VISA Inc.嘉許。

RECOGNITION

Ratings

Standard & Poor's

The Bank of East Asia, Limited

| | |
|---|--------|
| Long-term Counterparty Credit (local and foreign currency) | A |
| Short-term Counterparty Credit (local and foreign currency) | A-1 |
| Outlook | Stable |

The Bank of East Asia (China) Limited

| | |
|---|--------|
| Long-term Counterparty Credit (local and foreign currency) | A |
| Short-term Counterparty Credit (local and foreign currency) | A-1 |
| Outlook | Stable |

Moody's Investors Service

The Bank of East Asia, Limited

| | |
|--|---------|
| Long-term Bank Deposit (local and foreign currency) | A2 |
| Short-term Bank Deposit (local and foreign currency) | Prime-1 |
| Bank Financial Strength | C- |
| Outlook | Stable |

Awards

The Bank of East Asia

- "2011 Best SME's Partner Award" (for the fourth consecutive year)
 - The Hong Kong General Chamber of Small & Medium Business
- "The Highest Growth Rate in 2010 Number of Open Cards in Hong Kong – Champion", "The Highest Growth Rate in 2010 Premium Product Cardholder Spending in Hong Kong – Champion", "The Highest Growth Rate in 2010 Cardholder Spending in Hong Kong – Champion", and "The Highest Growth Rate in 2010 Merchant Purchase Volume in Hong Kong – 2nd Runner Up"
 - MasterCard Worldwide
- "Lowest Chargeback-to-Sales Ratio Award" as part of Visa's 2010 Service Quality Performance Awards Program (for the second consecutive year)
 - VISA Inc.
- "Hong Kong Leaders' Choice 2011 – Excellent Brand of Mobile Banking Award"
 - Metro Finance
- "Capital CEO Supreme Service Awards 2011 – Supreme Mobile Banking Services"
 - CAPITAL CEO Magazine
- "Best Practice in Technology Innovation Award 2011"
 - Best Practice Management Magazine

行政總裁及高層管理人員報告書（續）



“2011 Best SME's Partner Award”
「2011 中小企業最佳拍檔獎」

“Excellent Brand of Mobile Banking Award”
「卓越流動銀行品牌」



“Supreme Mobile Banking Services” Award
「非凡流動銀行服務獎」



“Best Practice in Technology Innovation Award 2011”
「最佳業務實踐獎2011 — 科技創新」

評級與獎項

評級

標準普爾

東亞銀行有限公司

| | |
|-----------------|-----|
| 長期交易對手信貸（港元及外幣） | A |
| 短期交易對手信貸（港元及外幣） | A-1 |
| 前景 | 穩定 |

東亞銀行（中國）有限公司

| | |
|-----------------|-----|
| 長期交易對手信貸（港元及外幣） | A |
| 短期交易對手信貸（港元及外幣） | A-1 |
| 前景 | 穩定 |

穆迪投資者服務公司

東亞銀行有限公司

| | |
|---------------|---------|
| 長期銀行存款（港元及外幣） | A2 |
| 短期銀行存款（港元及外幣） | Prime-1 |
| 銀行財務實力 | C- |
| 前景 | 穩定 |

獎項

東亞銀行

- 「2011 中小企業最佳拍檔獎」（連續4年獲獎）
– 香港中小企業總商會
- 2010 年度香港區最高發卡量增長大獎 — 金獎、2010 年度香港區高端卡最高零售簽賬額增長大獎 — 金獎、2010 年度香港區最高零售簽賬額增長大獎 — 金獎，以及 2010 年度香港區最高商戶簽賬額增長大獎 — 銅獎
– 萬事達卡國際組織
- 2010 年優質服務表現獎項計劃收單銀行 — 最低取消交易比對銷售率（連續2年獲獎）
– VISA Inc.
- 「香港企業領袖品牌2011 — 卓越流動銀行品牌」
– 新城財經台
- 「資本才俊非凡服務大賞 2011 — 非凡流動銀行服務」
– 《資本才俊》雜誌
- 《Best Practice Management》之「最佳業務實踐獎2011 — 科技創新」
– Best Practice Management 雜誌

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)

BEA China won numerous awards in 2011 for banking excellence, internet banking, and customer service:

東亞中國以其卓越銀行服務、網上銀行及客戶服務，在2011年贏得了各界的嘉許：



"2011 Best Customer Services Award"
「2011年度上海銀行業機構最佳客服獎」

"Best Retail Bank in Asia Award"
「亞洲最佳零售銀行」



"Most Innovative Personal Internet Banking Product Award"
「最佳產品創新獎」

"2011 Most Respected Foreign Bank in China Award"
「2011年中國最受尊敬外資銀行」



The Bank of East Asia (China) Limited ("BEA China")

- "2011 Best Customer Services Award – Banking Institutions in Shanghai"
- *Shanghai Banking Association*
- "Asian Banks Competitiveness Ranking – 2011 • Best Retail Bank in Asia"
- *21st Century Business Herald*
- "2011 China Internet Banking Union Most Innovative Personal Internet Banking Product Award" for BEA China's Cyberbanking service
- *China Internet Banking Union and China Computer Users Association*
- "2011 Most Respected Foreign Bank in China" in The Most Respected Bank & Best Retail Bank Rankings in China awards programme
- *Moneyweek*

Other Subsidiaries

- Bank of East Asia (Trustees) Limited
"The Best MPF Scheme" Award in "Prime Awards for Banking and Finance Corporations 2011"
- *metroBox Magazine*

"CAPITAL Merit of MPF Achievement" Award in "CAPITAL Merits of Achievements in Banking and Finance 2011" (for the second consecutive year)
- *CAPITAL Magazine*
- Blue Cross (Asia-Pacific) Insurance Limited
"The Most Favourite Travel Insurance Company Award 2011" (for the seventh consecutive year)
- *Weekend Weekly Magazine*

"ProChoice Award 2011 – Medical & General Insurance" (for the third consecutive year)
- *CAPITAL WEEKLY Magazine*

"Quality Life Award 2011 – Quality Insurance Service Award"
- *Liza Magazine*

行政總裁及高層管理人員報告書（續）



BEA Trustees received "The Best MPF Scheme" Award (left) and "CAPITAL Merit of MPF Achievement Award" (right)
東亞信託榮獲「最佳強積金計劃」(左)及「資本卓越強積金大獎」(右)。

Blue Cross received recognition for its excellent brand equity and strong market position.

藍十字擁有優秀的品牌價值及強大的市場地位，其提供的一般保險服務，屢獲業界表揚。



東亞銀行（中國）有限公司（「東亞中國」）

- 2011年度上海銀行業機構最佳客服獎
– 上海市銀行同業公會
- 亞洲銀行競爭力排名 — 2011年·亞洲最佳零售銀行
– 《21世紀經濟報道》
- 東亞中國電子網絡銀行服務 — 2011年中國網上銀行促進聯盟個人網銀最佳產品創新獎
– 中國網上銀行促進聯盟及中國計算機用戶協會
- 中國最受尊敬銀行暨最佳零售銀行評選 — 2011年中國最受尊敬外資銀行
– 《理財週報》

其他附屬公司

- 東亞銀行（信託）有限公司
「都市盛世銀行及金融服務企業獎2011」之「最佳強積金計劃」
– 《都市盛世》雜誌

「資本卓越銀行及金融大獎2011」之「資本卓越強積金大獎」（連續2年獲獎）
– 《資本雜誌》
- 藍十字（亞太）保險有限公司
「最受歡迎旅遊保險公司大獎2011」（連續7年獲獎）
– 《新假期》周刊

「智選品牌大獎2011 — 醫療及一般保險」（連續3年獲獎）
– 《資本壹週》雜誌

「優質生活大獎2011 — 優質保險服務」
– 《Lisa味道》雜誌

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)

Credit Gain and BEA Union Investment received awards from *CAPITAL Magazine*:
領達財務及東亞聯豐分別獲《資本雜誌》頒發獎項：

“The Best Financial Credit Service”
「傑出財務信貸品牌」



“The Best Fund Manager”
「傑出基金經理」



- Credit Gain Finance Company Limited
“Best of the Best 2011 – The Best Financial Credit Service” (for the second consecutive year)
- *CAPITAL Magazine*
- BEA Union Investment Management Limited
“Best of the Best for Executives 2011 – The Best Fund Manager”
- *CAPITAL Magazine*

OPERATIONS REVIEW

The Hong Kong economy sustained solid growth in 2011, despite a decline in export growth at the end of the year stemming from the European economic slowdown. Growth was lifted by Mainland tourist spending and increased domestic demand underpinned by low unemployment. Residential property prices edged higher despite the measures introduced by the Hong Kong Government to curb property speculation.

In Mainland China, the Central Government’s tight monetary policies successfully suppressed inflationary pressure and property prices, paving the way for a soft landing. Gross Domestic Product growth slightly decelerated to 9.2% in 2011 from 9.6% a year earlier, while the Consumer Price Index eased from its three-year peak of 6.5% in July 2011 to 4.1% in December 2011.

To dampen inflationary pressure and cool down the Mainland’s property market, the People’s Bank of China (the “PBOC”) raised the Reserve Requirement Ratio (“RRR”) six times, each time by 0.5%, and the Renminbi (“RMB”) benchmark rates three times, each time by 0.25%, during 2011. As growth slowed toward the end of the year, the Central Government fine-tuned its monetary policy and reduced the RRR for the first time in three years, cutting it by 0.5% at the end of November 2011.

Business – Hong Kong

At 31st December, 2011, BEA’s total loans to customers and trade bills were 13.4% higher than that at the end of 2010. Customer deposits were 1.3% higher.

Corporate and Commercial Banking

Hong Kong’s corporate loan market experienced strong overall growth in 2011. Corporate loan demand from Hong Kong and Mainland Chinese enterprises was driven by healthy economic conditions, the launch of major infrastructure projects, and the relatively lower cost of financing in Hong Kong compared to the Mainland. The Bank’s corporate loan and trade bills portfolio grew by about 21% during 2011. Pricing continued to improve and the Bank’s impaired loan ratio remained at a very low level.



- 領達財務有限公司
「資本傑出行政品牌2011 — 傑出財務信貸品牌」（連續2年獲獎）
— 《資本雜誌》
- 東亞聯豐投資管理有限公司
「資本傑出行政品牌2011 — 傑出基金經理」
— 《資本雜誌》

業務回顧

儘管出口增長於2011年底因歐洲經濟放緩而下滑，但香港經濟於年內仍然錄得穩健增長。內地遊客消費及本地需求增加，加上低失業率，無不帶動經濟增長。縱使香港政府已推出多項措施遏抑物業炒賣風氣，但住宅物業價格仍錄得輕微上升。

中國內地方面，中央政府實施收緊銀根政策，成功遏抑通脹壓力及物業價格，為經濟軟著陸鋪平道路。國內生產總值增長由前一年的9.6%輕微下跌至2011年的9.2%，消費物價指數則由2011年7月的3年最高值6.5%放緩至2011年12月的4.1%。

為遏抑通脹壓力及為全國物業市場降溫，於2011年，中國人民銀行6次上調存款準備金率（每次各0.5%）及3次上調人民幣存貸款基準利率（每次各0.25%）。隨著年底經濟增長放緩，中央政府對其貨幣政策進行微調，並於2011年11月將存款準備金率下調0.5%，此為3年來的首次下調。

香港業務

於2011年12月31日，東亞銀行的客戶貸款及貿易票據總額較2010年年底之總額增加13.4%，客戶存款總額則增加1.3%。

企業及商業銀行

於2011年，香港企業貸款市場錄得全面強勁增長。良好經濟環境、多項大型基建項目的開展，以及香港較內地相對低廉的融資成本，帶動本港及內地企業對企業貸款的需求。本行於2011年內的企業貸款及貿易票據組合增長約為21%。貸款組合回報不斷改善，且本行的減值貸款比率維持於極低水平。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



The Bank hosted an Economic and Market Outlook Seminar for clients in January 2012.

東亞銀行於2012年1月為客戶舉辦「經濟及市場展望」研討會。

With its extensive networks in Hong Kong and Mainland China, BEA is in a strong position to serve customers with business interests in both markets, and meeting their onshore and offshore financing needs including cross-border trade finance, property development project financing, and loans against Renminbi-related assets. Business from the Hong Kong-China integrated platform accounted for about 28% of the Bank's corporate and commercial loan and trade finance portfolio at the end of 2011. Treasury product sales to corporate customers also grew, as a result of BEA's extensive presence in the two markets.

Blue-chip and mid-cap companies continued to seek club deal facilities from their relationship bankers in 2011, and BEA actively participated in providing such facilities. A number of foreign banks sold down their syndicated loan portfolios covering top-tier Hong Kong and Mainland companies due to tightened liquidity. BEA took advantage of this opportunity to acquire these loans at attractive discounts, thus maintaining the quality of the Bank's loan book with an improved average yield.

During the year, the Bank made good progress in growing its small and medium enterprise ("SME") loan business. The Bank's Business Ready Cash programme continued to be popular with SMEs, recording loan portfolio growth of 35% year on year. Active development of business networks in the area of equipment financing, primarily for SME customers, resulted in a 19% expansion of the equipment-financing portfolio, year on year, and a rise in the corresponding market share.

Retail Banking

During the year, BEA continued to improve its branch network in Hong Kong. Two new branches were opened in Shun Tak Centre and Tsuen Wan Fou Wah Centre. The Bank also opened seven SupremeGold Centres and six i-Financial Centres, and relocated four branches to more prominent locations. As of 31st December, 2011, BEA operated a total of 88 branches, 62 SupremeGold Centres, and six i-Financial Centres in Hong Kong.

To capture fast-growing opportunities in the RMB business, a thematic campaign was launched in March 2011. Based on the positioning statement, "中港聯動" ("China and Hong Kong – moving forward together"), the campaign promoted the Bank's competitive edge, particularly in respect of its comprehensive range of services, solid cross-border business experience, and extensive network in Mainland China and Hong Kong.

The Bank also stepped up its promotional efforts to attract more RMB deposits in Hong Kong in 2011. With the launch of specific promotional and target-oriented campaigns, the Bank's total RMB deposits in Hong Kong grew by 37.6%, year on year.

BEA has devoted considerable effort to developing an exciting credit card brand image, providing special offers and promotions in order to encourage card spending and usage. During 2011, these included year-round offers at restaurants and cinemas, special promotions at well-known restaurant chains, and exclusive priority booking services for pop concerts. BEA also rolled out a variety

行政總裁及高層管理人員報告書（續）

The Bank stepped up promotion of its one-stop Renminbi service on the marketing platform, "China and Hong Kong – moving forward together".

本行透過「中港聯動人民幣服務」業務平台，加強推廣一籃子人民幣服務。



In March 2011, BEA launched its new premium credit card, the BEA SupremeGold World MasterCard.

2011年3月，本行推出全新的「顯卓理財World 萬事達卡」。

憑藉於香港及中國內地的龐大網絡，東亞銀行位佔先機，能為於兩地市場擁有業務的客戶提供妥善周全的服務，滿足他們對境內外同時融資的需要，包括跨境貿易融資、物業發展項目融資，以及以人民幣相關資產為抵押的貸款。於2011年底，中港兩地綜合平台所帶來的業務佔本行企業及商業貸款以及貿易融資組合約28%。對企業客戶銷售財資產品的業務亦受惠於東亞銀行在兩地市場的龐大支行網絡。

在2011年，大型和中型企業委託其往來銀行安排俱樂部貸款的趨勢持續。東亞銀行積極參與提供相關貸款。鑒於內部流動資金轉趨緊絀，多家外資銀行亦已伺機出售其所持的中港優質公司銀團貸款組合。東亞銀行趁機以優惠折扣收購該等貸款組合，除可保持本行貸款質素外，也提高其平均收益。

年內，本行於中小型企業貸款業務擴展方面取得良好進展。本行的「營商易」計劃繼續深受中小企客戶歡迎，貸款組合同比增長35%。同樣以中小企客戶為主的設備融資業務，由於本行積極開拓客戶銷售網絡，該融資組合同比增加19%，相應市場份額亦有所提升。

零售銀行

年內，東亞銀行繼續積極拓展其香港分行網絡。開設的兩家新分行分別位於信德中心及荃灣富華中心。同時，本行亦開設7間顯卓理財中心及6間i-理財中心，並將4家分行遷至人流更密集的中心位置。於2011年12月31日，本行在香港共設有88家分行、62間顯卓理財中心，以及6間i-理財中心。

為把握人民幣業務快速發展所帶來的機遇，本行於2011年3月推出大型宣傳推廣計劃。該計劃建基於「中港聯動」的業務策略平台，着重推廣本行的競爭優勢，特別是全方位的服務、豐富的跨境業務經驗及龐大的中港兩地網絡。

2011年，本行亦加快推廣，以吸引更多人民幣存款。藉著推出多項以此為主的特別推廣活動，本行的人民幣存款總額錄得37.6%的同比增長。

東亞銀行致力建立具吸引力的信用卡品牌形象，提供特別優惠及展開推廣活動，以鼓勵客戶使用信用卡消費。於2011年內，這包括提供全年餐飲和戲院優惠、著名餐飲連鎖店特別優惠及流行音樂會優先訂票服務等。東亞銀行亦針對不同的客戶群體，推出一系列消費獎賞計劃，例如高

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



BEA became one of the participating banks in the Reverse Mortgage Programme introduced by The Hong Kong Mortgage Corporation.
香港按揭證券有限公司推出「安老按揭計劃」，本行成為首批提供安老按揭服務的銀行之一。

of spending stimulus programmes targeted at different customer segments, such as high spenders, Asia Miles customers, and frequent travellers to increase overall card usage. Due to these efforts, the Bank recorded double-digit growth in credit card receivables for 2011. The Bank's merchant acquiring business recorded over 20% rise in sales volume, well above the market average. In addition, BEA's 2011 Tax Loan programme for personal customers contributed significantly to the growth of the Bank's consumer lending business, which posted strong results for the year.

Competition in the mortgage lending business was intense at the beginning of the year. Squeezed margins prompted BEA to adopt a prudent approach to soliciting new mortgage business. In view of the improving interest spread in the market, the Bank became more active in its mortgage lending business in the fourth quarter. In addition, BEA was among the first banks to participate in the Hong Kong Mortgage Corporation's Reverse Mortgage Programme, launched in July 2011. Under the terms of the programme, senior citizen property owners are entitled to mortgage their property to BEA in exchange for monthly cash payouts to cover personal expenses, while continuing to reside in their premises.

To reinforce its image as a leader in the mobile banking industry, the Bank continued to enrich the content and capability of its iPhone application in 2011 by introducing new or enhanced features including "Stock Watch & Fast Trade" and MPF functions. BEA also targeted young customers by launching a new branding campaign that

included a television commercial and a series of interactive games. As a result, BEA recorded an increase of nearly 125% in the download of BEA mobile applications for iPhone and Android phones, and more than 75% in the number of mobile banking users, year on year.

Insurance and MPF Services

In 2011, the Bank's life insurance business achieved encouraging growth in new premium income, with a 32% rise year on year. The results were sustained by the newly launched short-term savings plans as well as RMB-denominated products, which effectively met customer demand for short-term savings products with guaranteed returns.

Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross"), the Bank's wholly-owned general insurance arm, registered steady premium income growth in 2011. The medical insurance business performed particularly well, providing Blue Cross with double-digit growth in premium income. In addition, premium income generated through the Company's e-platform grew more than 50%, year on year.

Bank of East Asia (Trustees) Limited ("BEA Trustees"), BEA's wholly-owned MPF service provider, enjoyed strong growth in its MPF business, with more than 75,000 new members joining the BEA MPF schemes in 2011, bringing the total number of members under the two BEA MPF Schemes to more than 509,000. Total assets under management as of 31st December, 2011 exceeded HK\$12.8 billion.



BEA operates 6 i-Financial Centres in high-traffic locations in Hong Kong.

本行現時於人流密集的地區，已開設6間i-理財中心，為客戶提供更方便的服務。

端消費者、「亞洲萬里通」客戶、經常出外旅行的人士等，以提高信用卡的整體使用率。於2011年，本行的信用卡應收賬款因此錄得雙位數字的增長。同時，本行商戶收單業務的簽賬額增長逾20%，大幅超越市場的平均水平。此外，東亞銀行為個人客戶而設的2011「優悠稅悅」稅務貸款計劃於年內業績表現理想，為本行私人貸款業務的強勁增長作出極大的貢獻。

年初，按揭貸款業務競爭激烈。利潤受壓促使東亞銀行在招攬新做按揭業務時，採取審慎的方式。鑒於市場息差日漸擴大，本行於第四季更加積極地開展按揭貸款業務。此外，按揭證券公司於2011年7月推出安老按揭計劃，東亞銀行是首批參與該項計劃的銀行之一。根據該計劃的條款，長者可在繼續安居於原有物業的同時，將其物業抵押予東亞銀行以換取銀行按月發放的年金，來支付個人的開支。

於2011年，本行進一步鞏固作為流動銀行業務先驅的形象，繼續提升iPhone應用程式的內容及功能，包括推出全新的「股票追蹤及特快落盤」及加強強積金功能等。為

吸納更多年輕客戶，本行推出了全新的品牌推廣計劃，當中包括電視廣告及一系列的互動遊戲。計劃成效理想，在iPhone及Android手機流動應用程式下載方面錄得近125%的同比增長，在流動理財銀行服務用戶人數方面則錄得超過75%的同比增長。

保險及強積金服務

2011年，本行在人壽保險業務的增長令人鼓舞，新造保單保費收入較2010年錄得32%的升幅。透過推出多項全新短期儲蓄計劃及以人民幣為貨幣單位的保險產品，有效地回應客戶對能提供保證回報的短期儲蓄產品的需求，令業務持續增長。

本行提供一般保險業務的全資附屬機構——藍十字（亞太）保險有限公司（「藍十字」）在2011年的保費收入持續穩健增長。醫療保險業務的表現尤為突出，保費收入為藍十字帶來雙位數字的升幅。此外，透過電子平台所錄得的保費收入，較去年增長超過50%。

2011年，東亞銀行的全資附屬強積金服務供應商——東亞銀行（信託）有限公司（「東亞信託」）在強積金業務方面錄得強勁增長。於2011年，新加入東亞強積金計劃的成員逾75,000名，帶動兩個東亞強積金計劃的成員總數超過509,000名。截至2011年12月31日，東亞信託管理的強積金資產總額超過港幣128億元。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



Private Banking achieved satisfactory results in 2011.
2011年，私人銀行業務成績理想。

BEA Trustees launched an MPF feature in the BEA iPhone application in September 2011 to enable members to check fund prices more conveniently. Members can now check the latest fund prices and obtain MPF news and offers through this innovative feature.

Investment Services

Equity markets performed well in the first quarter of 2011. This was followed by an unexpected period of prolonged consolidation and extreme volatility as the downturn in the US and Europe worsened. Anticipating a change in investment appetite, the Bank switched focus to income-oriented investment products with an Asian bias. In June 2011, the Bank re-launched the BEA Union Investment Asian Bond and Currency Fund. In addition, a variety of structured products linked to different underlying asset classes catering for different risk appetites were also offered in Hong Kong and China throughout the year.

To strengthen its position in RMB product development and to meet the burgeoning demand for RMB-denominated investments, the Bank introduced a number of offshore RMB-denominated fixed income funds, such as the BEA Union Investment Global RMB Opportunity Fund. The fund takes advantage of the ample offshore RMB currency liquidity and the wider spectrum of RMB-based securities available outside the Mainland. Furthermore, the Bank added the RMB to its list of tradable currency pairs available to corporate customers making currency-linked deposits.

As part of its service platform upgrade, BEA recently extended the dealing channels for equity-linked deposits to Cyberbanking's Internet channel. Customers can now make rate enquiries, re-assess investors' risk tolerance level before placing orders for various linked deposits via Cyberbanking's Internet channel.

During 2011, BEA's mutual fund business strengthened by 27.6% in turnover and 32.4% in revenue.

Private Banking and Trust & Fiduciary Services

Private Banking achieved satisfactory results in 2011, with revenue growth on track and assets under management rising by 12.5%, year on year.

In response to increasing uncertainty in the global financial markets, private banking customers took a cautious approach to investments and preferred to hold more assets in cash equivalents, especially RMB, than in past years. Catering to this sentiment, BEA's Private Banking Department selected industries and stocks with lower volatility, and securities that emphasised yield enhancement.

BEA also noted a growing interest in foreign equity trades. To capture this opportunity, a night desk service for foreign equity trading was launched in mid-2011. Extending service hours to the close of the US market through the night desk has been well received by customers.



東亞信託在2011年9月推出東亞銀行iPhone應用程式強積金功能，方便成員透過此項新功能，查詢最新基金價格，獲取強積金最新消息及推廣優惠。

投資服務

股票市場在2011年首季表現良好，隨後因美國及歐洲經濟日益低迷而經歷一段突如其來的整合及劇烈波動時期。本行鑒於客戶的投資偏好改變，專注以亞洲為主的債券投資產品。本行於2011年6月再度推出東亞聯豐亞洲債券及貨幣基金。此外，本行亦全年於中港兩地提供與不同相關資產類別掛鉤的多種結構性產品，以配合不同風險偏好。

本行為加強在人民幣產品開發方面的地位，並滿足客戶對以人民幣計價的投資產品日益增長的需求，推出一系列離岸人民幣計價定息基金，例如東亞聯豐環球人民幣薈萃基金，該基金利用充裕的離岸人民幣流動資金，內地以外地區的人民幣證券計價投資作為投資對象。此外，本行亦推出人民幣貨幣掛鉤存款。

作為提升服務平台的一部分，東亞銀行現已將股票掛鉤存款交易渠道擴展至電子網絡銀行服務的網站。現在客戶透過本行電子網絡銀行服務的網站，即可在發出落盤買賣各種掛鉤存款的指示，查詢利率及重新評估投資者風險承受範圍。

於2011年，東亞銀行的互惠基金業務營業額增長27.6%，而收益則增長32.4%。

私人銀行和信託及資產保管服務

私人銀行於2011年業績理想，收益增長一如預期，管理資產按年上升12.5%。

私人銀行客戶為應對全球金融市場不斷增加的不明朗因素，已採取審慎的投資方式，且與過往年度相比，偏好持有較多現金類（特別是人民幣）資產。本行私人銀行部配合這種投資意欲，選取波幅較少的行業及股票，以及著重提升收益的證券。

東亞銀行亦注意到市場對外國股票交易的興趣不斷上升，並於2011年中推出針對外國股票交易，（特別是美國市場），的夜間交易服務，深受客戶歡迎。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



BEA's broking service arms, East Asia Securities Company Limited and Tung Shing Securities (Brokers) Limited, provide comprehensive securities trading services to customers.

本行旗下證券經紀附屬公司——東亞證券有限公司和東盛證券(經紀)有限公司，為客戶提供全面穩妥的證券交易服務。



Leveraging the BEA Group's strong high net worth customer base in Hong Kong and Mainland China, the Bank successfully increased its total number of private and corporate trust clients by 14% in 2011. In addition to serving private clients, BEA's Trust & Fiduciary Services Team provides ongoing fund administration and trustees services to institutional clients for their private investment funds and authorised unit trusts in Hong Kong.

Broking Operations

Volatility in the global markets kept investors on the sidelines during most of 2011, with the Stock Exchange of Hong Kong recording virtually flat market turnover, year on year. The European sovereign debt crisis and China's economic slowdown clouded market prospects. Commission income derived from securities and futures broking business declined when compared with 2010. Interest income from stalling loans fell on the lacklustre performance of most initial public offerings and poor overall market sentiment.

To enhance its competitiveness, BEA upgraded its trading systems and launched new products and services including stock borrowing and lending at the end of 2011. New products and services in the pipeline for 2012 include trading in London gold and the provision of online trading services for stocks and futures in major overseas markets. Moreover, the Bank will continue to leverage on the extensive branch network of the BEA Group, particularly in Mainland China, Macau, and Taiwan, to further expand its customer base.

Business – Greater China ex-Hong Kong

Mainland China Operations

Despite global economic uncertainty, The Bank of East Asia (China) Limited ("BEA China") reported steady growth in 2011, recording a rise in pre-provision operating profit of 65.9%, year on year.

During the year under review, BEA China built a solid deposit base while prudently expanding its loan portfolio. As of the end of 2011, total advances to customers and deposits increased by 11.7% and 23.2% year on year, respectively. As of year-end 2011, BEA China reported a loan-to-deposit ratio of 69.2%, thereby achieving the required loan-to-deposit ratio of 75% set by the China Banking Regulatory Commission (the "CBRC"). In addition, the subsidiary bank continued to maintain a quality loan portfolio in 2011 with a low impaired loan ratio of 0.09% as of the end of the year.

To better serve the needs of customers in major urban centres nationwide, BEA China continued to expand its network in 2011, opening full-service branches, in Harbin and Changsha, and 12 sub-branches. In December 2011, BEA China celebrated the opening of its 100th outlet on the Mainland, a sub-branch in Zhangjiang, Shanghai. The Shanghai Zhangjiang Sub-branch also enjoys the distinction of being the first outlet specially designed to serve the needs of small business, a reflection of BEA China's commitment to the Chinese government's policies for supporting the development of small enterprises. In September 2011, BEA China opened its sixth "cross-

行政總裁及高層管理人員報告書（續）



BEA China established its sixth "cross-location" sub-branch in Dongguan.
東亞中國於東莞市開設第6家「異地支行」。



Opened in September 2011, Harbin Branch became BEA China's 11th outlet in Northeastern China.

於2011年9月開業的哈爾濱分行，成為東亞中國在內地東北地區設立的第11個網點。

本行利用東亞銀行集團香港及內地強大的高端客戶基礎，於2011年內，成功將私人及企業信託客戶總數增加14%。除為私人客戶提供服務外，本行信託及資產保管服務部亦為機構客戶在香港的私人投資基金及授權單位信託提供持續的基金管理及受託服務。

證券經紀業務

2011年全球市場波動，令投資者於年內大部分時間望而卻步，導致香港交易所的市場成交量近乎無增長。市場前景因歐洲主權債務危機及中國經濟放緩而滿布陰霾。本行源自證券及期貨經紀業務之佣金收入與2010年相比有所下降。由於去年新股發行的上市表現明顯趨弱，投資者總體反應欠佳，導致新股貸款的利息收入下降。

東亞銀行為加強競爭力，已改良及優化交易系統及於2011年底推出包括股票借貸在內的新產品及服務。正積極籌備於2012年推出的新產品及服務包括倫敦金交易及提供於主要海外市場上市的股票及期貨的網上交易服務。此外，本行將繼續利用東亞銀行集團龐大的分行網絡（尤其在中國內地、澳門及台灣）進一步擴大其客戶群。

大中華地區業務（香港除外）

中國內地業務

雖然全球經濟存在不明朗因素，東亞銀行（中國）有限公司（「東亞中國」）於2011年仍錄得穩定增長，撥備前經營溢利按年增長65.9%。

年內，東亞中國在審慎擴展其貸款組合的同時，亦建立了穩固的存款基礎。截至2011年年底，客戶貸款及存款總額較2010年年底分別按年增長了11.7%和23.2%。截至2011年年底，東亞中國的貸存比率為69.2%，符合中國銀行業監督管理委員會75%貸存比率之監管要求。此外，東亞中國2011年的貸款組合仍維持在優質的水平，減值貸款比率於年底為0.09%。

為更好地滿足全國主要城市客戶的需求，東亞中國於2011年繼續積極拓展其網絡，增設哈爾濱及長沙2家分行，及12家支行。於2011年12月，東亞中國慶祝在內地設立的第100個網點——上海張江支行開業。上海張江支行亦為首家專門為小微企業提供銀行服務的網點，以配合中國政府支持小微企業發展的政策。於2011年9月，東亞中國於東

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



BEA China celebrated the opening of its 100th outlet, the Shanghai Zhangjiang Sub-branch, which has been specially designed to support small enterprises.

東亞中國慶祝其第100個網點——上海張江支行開業，該支行是專為小微企業提供融資服務的網點。



BEA China supports the financing of small enterprises and helps them grow their businesses.

東亞中國致力滿足小微企業的融資需要，協助其拓展業務。

location” sub-branch, in Dongguan. Other “cross-location” sub-branches are located in Foshan, Zhongshan, Huizhou, Zhaoqing, and Jiangmen in Guangdong Province. In November 2011, BEA China’s first “intra-city” sub-branch¹ commenced business in Kunshan.

BEA China maintained its status as an operator of one of the largest foreign banks on the Mainland. As of the end of 2011, BEA China operated 23 branches and 80 sub-branches in 30 cities. In addition, a booking branch in Shanghai, a representative office in Fuzhou, and a rural bank in Fuping County, Shaanxi Province are operated directly by BEA.

BEA China opened two new 24-hour self-service banking centres, in Dalian and Hangzhou, in 2011. By the end of the year, BEA China operated 12 24-hour self-service banking centres and over 410 ATMs in major urban areas nationwide.

To provide state-of-the-art retail banking services for its customers, BEA China was the first foreign bank approved by the PBOC to issue China UnionPay Renminbi integrated circuit cards in December 2011.

Subsequent to receiving approval from the PBOC in December 2010 to issue RMB financial bonds worth up to RMB5 billion in China’s interbank bond market, BEA China issued RMB financial bonds in an aggregate principal amount of RMB2 billion and RMB3 billion in

March and November 2011, respectively. The proceeds raised from the bond issues were used to support BEA China’s business development and expansion plans, and to optimise its asset and liability structure.

Macau and Taiwan Operations

BEA operates a full-service branch and four sub-branches in Macau. In April 2011, the Macau Branch expanded the range of products available to customers to include unit trusts, as well as equity-linked and currency-linked investment products. To capture business potential arising from the relaxation of RMB cross-border trade settlement restrictions, the Macau Branch has been working closely with branches operated by BEA China to promote RMB banking services to customers.

In Taiwan, BEA operates two branches, one each in Taipei and Kaohsiung (collectively, the “Taiwan branches”) and an Offshore Banking Unit (“OBU”) in Taipei, through which it provides a wide range of foreign currency services to offshore customers. Services launched in 2011 included trust services for real estate projects by the Taiwan branches and RMB services by the OBU. BEA also offers a wide range of wealth management services through the Taipei and Taichung branches of its wholly-owned subsidiary, BEA Wealth Management Services (Taiwan) Limited.

¹ The CBRC allows foreign banks to set up “intra-city” sub-branches in any county or city with a high concentration of external-oriented enterprises.

行政總裁及高層管理人員報告書（續）



BEA China provides a full range of personal and corporate banking services including overseas investment services to all customers.

東亞中國為內地所有客戶提供全面的個人銀行和企業銀行服務，以及境外投資服務。

莞開設第6家「異地支行」。其他「異地支行」分別位於廣東省佛山、中山、惠州、肇慶及江門。於2011年11月，東亞中國首家縣域支行¹於昆山開業。

東亞中國繼續保持其作為中國內地其中一家最大外資銀行的領導地位。截至2011年年底，東亞中國於國內30個城市設有23家分行及80家支行。此外，東亞銀行在上海設有1間分行，在福州設有1間代表處及在陝西省富平縣設有1間村鎮銀行。

於2011年，東亞中國在大連及杭州新設了兩間24小時自助銀行中心。截至年底，東亞中國在全國主要城市設立了12間24小時自助銀行中心，以及逾410台自動櫃員機。

為向客戶提供最新的零售銀行服務，東亞中國於2011年12月發行中國銀聯人民幣IC信用卡，為首間獲中國人民銀行批准的外資銀行。

經中國人民銀行於2010年12月批准東亞中國在全國銀行間債券市場發行總值不超過人民幣50億元的人民幣金融債券後，東亞中國分別於2011年3月及11月發行了總值人

民幣20億元及人民幣30億元的金融債券。發行債券所籌集的資金用作支持東亞中國業務發展及擴充用途，以及優化其資產負債結構。

澳門及台灣業務

東亞銀行於澳門設有1間分行及4間支行。於2011年4月，澳門分行推出基金、股票掛鈎及貨幣掛鈎投資產品，以擴大其向客戶提供的產品種類。澳門分行一直與東亞中國的分行保持緊密合作，以把握由於放寬人民幣跨境貿易結算的限制所帶來的業務機遇。

東亞銀行分別於台灣的台北市和高雄市設有1家分行（統稱「台灣分行」），以及在台北市設有1家國際金融業務分行，為離岸客戶提供多元化的外匯銀行服務。於2011年推出的服務包括由台灣分行為房地產項目提供的信託服務及由國際金融業務分行提供的人民幣服務。東亞銀行亦透過其在台灣的全資附屬公司——東亞證券股份有限公司的台北及台中分公司提供全面的財富管理服務。

¹ 中國銀行業監督管理委員會准許外資銀行於外向型企業較集中的縣市設立縣域支行。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



Customers learned how to capitalise on opportunities in the China market during BEA's "Corporate Development Day", which was held in Kuala Lumpur and Singapore in June 2011.

2011年6月，本行分別在吉隆坡和新加坡舉辦「企業發展日」，為客戶剖析在內地市場拓展業務的商機。



Business – International

In 2011, BEA's international operations continued to make progress on the back of the previous year's turnaround, posting record earnings for the year ended 31st December, 2011.

Capitalising on Singapore's robust economy, BEA's Singapore Branch registered another year of strong earnings, underpinned by growth in interest and non-interest income, loan assets, and deposits. Strengthening its business collaboration with BEA China during the year, the Singapore Branch also recorded strong growth in RMB trade financing and ancillary business activities.

Serving as BEA's regional hub in Southeast Asia, the Singapore Branch also capitalised on regional business opportunities through its affiliation with the AFFIN Holdings Berhad in Malaysia and PT Bank Resona Perdania in Indonesia. In addition, BEA's investments in these two banks continued to yield healthy growth and steady earnings. In 2012, the Singapore Branch aims to leverage the BEA Group's resources and relationships to further penetrate the local, regional, and China markets.

BEA's operations in the United Kingdom continued to benefit from the strong demand for UK property from Hong Kong and other Asian investors, and its residential and commercial mortgage portfolio grew satisfactorily. To tap the strong interest in overseas investment by high net worth customers on the Mainland, the Bank's UK operations will continue to develop closer ties with BEA China.

BEA's operations in the United States performed well despite a persistently weak domestic economy. After-tax profit soared as a result of improvement in both net interest and fee incomes. The quality of the Bank's assets continued to improve, with the impaired loan ratio declining further from its position at the end of 2010.

In January 2011, the Bank entered into a share sale and purchase agreement with the Industrial and Commercial Bank of China Limited ("ICBC"). According to the terms of the agreement, ICBC will acquire an 80% stake in The Bank of East Asia (U.S.A.) N.A. from BEA, pending approval from the Federal Reserve Bank. Following the completion of the transaction, BEA will focus on its wholesale and corporate banking businesses through its branches in New York and Los Angeles.

行政總裁及高層管理人員報告書（續）



BEA's Singapore Branch doubled its Renminbi business turnover in 2011.
2011年，新加坡分行之人民幣業務營業額倍增。

國際業務

東亞銀行的國際業務延續對上年度盈利的勢頭，於截至2011年12月31日止年度錄得創下歷史新高的盈利。

憑藉新加坡的強勁經濟，受惠於利息及非利息收入、貸款資產及存款的增長，東亞銀行新加坡分行再次錄得理想的年度盈利。新加坡分行於年內不斷加強與東亞中國的業務合作，在人民幣貿易融資及相關業務活動方面亦錄得滿意的增長。

新加坡分行作為東亞銀行在東南亞的區域中心，亦透過與馬來西亞的艾芬控股有限公司 (AFFIN Holdings) 及印尼的 PT Bank Resona Perdania 的密切聯繫把握區內的業務機遇。此外，東亞銀行於這兩家銀行的投資持續產生穩健的業務增長及穩定的盈利。於2012年，新加坡分行致力善用東亞銀行集團的資源與關係，深化對當地、區內及中國市場的滲透。

東亞銀行的英國業務繼續從香港及其他亞洲地區投資者對英國房地產的強勁需求受益，其住宅及商業按揭組合均取得令人滿意的增長。為把握中國內地高端客戶對海外投資的濃厚興趣，本行英國業務將繼續與東亞中國建立緊密聯繫。

儘管美國經濟持續疲弱，但東亞銀行的美國業務仍表現良好，除稅後溢利因淨利息及費用收入均告提高而大幅上升。本行資產的質素持續提高，與2010年底的狀況相比，減值貸款比率進一步下降。

於2011年1月，本行與中國工商銀行股份有限公司（「工商銀行」）訂立股份買賣協議，根據協議條款，待聯邦儲備銀行批准後，工商銀行將向東亞銀行收購本行所持有美國東亞銀行 (The Bank of East Asia (U.S.A.) N.A.) 的80%股權。於完成該交易後，東亞銀行將透過其紐約及洛杉磯分行專注其批發及企業銀行業務。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



Credit Gain's innovative marketing campaigns helped it achieve double-digit growth in its total loan portfolio.

領達財務的創新市場推廣計劃，帶動貸款組合總額錄得雙位數的增幅。

Other Subsidiaries

Credit Gain Finance Company Limited

During the year under review, Credit Gain Finance Company Limited ("Credit Gain") opened new branches in Kowloon Bay and Prince Edward, increasing its network to a total of 20.

Despite the challenges of operating in Hong Kong's mature and highly competitive personal loan market, Credit Gain achieved double-digit growth in its total loan portfolio, year on year. This success can largely be attributed to the Company's flexible business strategies, innovative marketing campaigns, and emphasis on quality of customer service. Looking ahead, Credit Gain will continue to focus on enhancing the value of its products and building its brand in the sub-prime loan market.

Tricor Holdings Limited

For a second consecutive year, Tricor Holdings Limited ("Tricor"), reported record-high revenue. Fee revenue generated in 2011 amounted to more than HK\$980 million. However, while Tricor was a key contributor to the BEA Group's fee and commission income earnings, increased operating and staff costs put pressure on the Company's profit margin during the year.

Mindful of the global economic uncertainty, Tricor adopted a careful approach to business development while it continued to seek opportunities to expand its global network. In May 2011, Tricor acquired a reputable corporate services firm in Japan, a country that represents a significant share of the professional services market in Asia. In June, Tricor, together with leading share registration service providers in the UK and Australia, established the Global Share Alliance, a strategic alliance that aims to facilitate the provision of share registration and investor services across markets. In December, Tricor and SKP Group, a prestigious professional services group in India, set up a joint venture called SKP Tricor Corporate Services Pvt. Ltd. to provide corporate and outsourcing services in India, one of the fastest growing economies in the world.

Tricor currently employs 1,550 professional and support staff members and operates a network covering 27 cities in 15 countries and territories throughout Asia and other parts of the world. Tricor will continue to focus on maintaining its market leading position in the field of integrated business, corporate, and investor services by exploring opportunities to expand the range and reach of its professional services.

行政總裁及高層管理人員報告書（續）



Tricor, together with leading share registration service providers in the UK and Australia, established the Global Share Alliance.

卓佳聯同英國及澳洲的領先股份過戶登記服務供應商，組成了名為「環球證券服務聯盟」的策略性聯盟。



Tricor opened an office in Tokyo to capitalise on opportunities in Japan's sizeable professional services market.

卓佳在東京開設新公司，在日本的龐大專業服務市場中作業務擴展。

其他附屬公司

領達財務有限公司

年內，領達財務有限公司（「領達財務」）於九龍灣及太子新設2家分行，使分行總數達至20間。

雖然面對香港已發展成熟及競爭劇烈的個人貸款市場的挑戰，領達財務的貸款組合總額仍取得兩位數的按年增長。其成功主要是由於該公司靈活的業務策略、創新市場推廣計劃，以及對客戶服務質素的重視。展望未來，領達財務將會繼續致力提升產品價值，並在次級貸款市場提升其品牌地位。

卓佳集團有限公司

卓佳集團有限公司（「卓佳」）錄得的收入連續第2年創下新高。2011年的費用收入達至超過港幣9億8,000萬元。卓佳為東亞銀行集團費用及佣金收入的主要來源之一，但年內經營成本及員工成本增加令該公司的利潤受壓。

卓佳時刻關注全球經濟不明朗因素，在採取審慎的業務發展策略的同時，亦繼續尋求擴展全球網絡的機遇。於2011年5月，卓佳收購日本一家知名企業服務公司，而日本在亞洲專業服務市場中佔較大份額。於2011年6月，為促進各市場間的股份過戶登記服務及投資者服務，卓佳聯同英國及澳洲的領先股份過戶登記服務供應商組成了名為環球證券服務聯盟(Global Share Alliance)的策略性聯盟。於2011年12月，卓佳與印度知名專業服務集團SKP Group組成合資公司，名為SKP Tricor Corporate Services Pvt. Ltd.，在印度提供企業及其他外判服務，而印度為世界上發展最快的經濟體之一。

卓佳目前聘用1,550名專業人員及後勤員工，並經營遍布亞洲及世界各地15個國家及地區的27個城市的網絡。卓佳將透過不斷拓展擴大其專業服務範圍及市場滲透率的機遇，繼續專注於維持其在商務、企業和投資者服務業界中的市場領導地位。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



The Blue Care Medical Centre provides customers with professional medical consultation and outpatient treatment.

寶康醫療中心為客戶提供專業的醫療諮詢和門診服務。

BEA Union Investment Management Limited

Despite the impact of market volatility on its business, BEA Union Investment Management Limited (“BEA Union Investment”), a joint venture between BEA and Union Asset Management Holding AG, succeeded in registering a single digit rise in assets under management, year on year. This growth was due in large part to the successful launch of several key retail products and the cross-selling of products to existing customers of the Bank. Demand for RMB-asset class investments also supported BEA Union Investment’s growth during the year. In the year ahead, BEA Union Investment will leverage the Bank’s strengths to expand its retail distribution channels, and work closely with BEA to develop its MPF business in preparation for the Employee Choice Arrangement, which is expected to be rolled out in 2012.

During 2011, BEA Union Investment established its first foothold in Mainland China by acquiring an 11% stake in Golden Eagle Fund Management Limited (“Golden Eagle”), a China fund management company set up in Shenzhen, China in 2002. In 2012, Golden Eagle will focus on expanding its retail distribution network as well as setting up an institutional business in China. Through its investment in Golden Eagle, BEA Union Investment is well placed to further penetrate the fund management market on the Mainland.

Blue Care Group

A joint collaboration between BEA and The University of Hong Kong, Blue Care Group (“Blue Care”) recorded a rise in fee income of 22% for medical services provided. Increased marketing activity, enhanced service support to customers and affiliated partners, and a rise in the number of referrals from existing customers all contributed to this increase in growth.

Blue Care will continue to focus on diversifying its business channels and increasing its market share by delivering greater service value and cultivating its relationships with its customers and service providers.

Our People

As of 31st December, 2011, the BEA Group was supported by 12,238 employees:

| | |
|----------------------------|--------|
| Hong Kong | 5,715 |
| Greater China ex-Hong Kong | 5,271 |
| Overseas | 1,252 |
| <hr/> | |
| Total | 12,238 |
| <hr/> | |

Tight labour conditions in 2011 continued to present challenges to the Bank in terms of securing and retaining skilled banking professionals.

行政總裁及高層管理人員報告書（續）

**東亞聯豐投資管理有限公司**

東亞聯豐投資管理有限公司（「東亞聯豐投資」）為東亞銀行與德國聯豐投資（Union Asset Management Holding AG）的合營公司。儘管市場波動對業務造成影響，東亞聯豐投資的管理資產仍成功錄得單位數的按年增長，這主要由於成功推出多項主要零售產品及向銀行現有客戶交叉銷售產品。東亞聯豐投資於年內的增長亦受惠於對人民幣資產類別的投資需求。於未來一年，東亞聯豐投資將利用本行優勢拓展其零售分銷渠道，並與東亞銀行緊密合作發展其強積金業務，迎接預計於2012年推出的僱員自選安排。

於2011年，東亞聯豐投資透過收購於2002年在中國深圳成立的中國基金管理公司金鷹基金管理有限公司（「金鷹」）的11%股權而建立在中國內地的首個據點。於2012年，金鷹將專注於拓展其零售分銷網絡及建立內地機構業務。透過投資金鷹，有利東亞聯豐投資進一步滲透內地基金管理市場。

寶康醫療集團

寶康醫療集團（「寶康」）為本行與香港大學成立的合約機構，透過提供醫療服務，錄得22%的服務費用收入增長。市場推廣活動增加、對客戶及協辦夥伴的服務支援加強，以及來自現有客戶的轉介人數增加，令服務費用收入增長。

寶康將透過提供更大服務價值及發展與客戶及醫療服務參予夥伴的關係，繼續專注於業務渠道多元化及增加市場份額。

人力資源

東亞銀行集團於2011年12月31日的僱員人數超過12,238人，分佈如下：

| | |
|-------------|--------|
| 香港 | 5,715 |
| 大中華地區（香港除外） | 5,271 |
| 海外 | 1,252 |
| <hr/> | |
| 合計 | 12,238 |

由於2011年勞工市場環境嚴峻，本行在聘用和挽留熟練的銀行專業人才方面仍面對挑戰。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)



The Bank runs comprehensive training programmes for staff members including team building initiatives.

本行不時為員工提供各類培訓課程，包括團隊訓練計劃，以提升團隊合作精神。



In view of its staffing needs and the competitive market environment, the Bank utilised various recruitment channels including print and online advertising, recruitment days, campus talks at local universities, and an online application platform for trainee positions. The Bank's staff referral programme was also refined to attract more referrals.

To retain high calibre professionals, the Bank introduced new staff benefits to enhance the competitiveness of its employee benefits package. In addition, the Bank began upgrading and implementing its new human capital management system to enhance its human resources management.

In compliance with the new Corporate Governance Codes in Competence and Ethical Behaviour issued by the Hong Kong Monetary Authority ("HKMA") in July 2011, the Bank reviewed its existing practices and policies in regard to recruitment, performance management, and training and made changes as necessary to ensure full compliance. To minimise competence-related risk, staff members were carefully evaluated against competency standards to ensure they possessed correct and adequate skills to perform their duties.

BEA also revised its Code of Conduct for employees in response to changes specified in the new Corporate Governance Codes, particularly in regard to ethical behaviour and professionalism, designed to further protect the interests of the Bank's customers and staff members.

The Bank continued to place emphasis on training and development. A number of different programmes, including knowledge-based and personal development programmes, were organised for staff members at all grade levels.

Risk Management

The Bank has established comprehensive risk management procedures in line with the requirements set out by the HKMA to identify, measure, monitor, control, and report the various types of risk that the Bank faces, including credit risk, market risk, liquidity risk and operational risk, and, where appropriate, to allocate capital to cover those risks.

The risk management mechanisms are built around a centralised framework and include the Risk Management Committee, specialised risk management committees (namely: Credit Committee; Asset and Liability Management Committee; and Operational Risk Management Committee), and the Risk Management Division. These mechanisms capture the different risk-related management activities on a Group basis, including the formulation of policies, risk assessment, setting up of procedures and control limits, and ongoing monitoring before the same are reported via the Risk Management Committee to the Board of Directors, to ensure compliance with the Bank's policies, and the legal and regulatory requirements in Hong Kong, China, and overseas.

The abilities of BEA employees were recognised by the Hong Kong Institute of Bankers in its Outstanding Financial Management Planner Awards 2011.

本行員工的卓越能力，於香港銀行學會舉辦的2011年「傑出財富管理師大獎」中受到嘉獎。



鑒於本行的人手所需及充滿競爭的市場環境，本行採用不同招聘渠道，包括報章及網上廣告、招聘日、在本港大學舉行校園講座，以及見習生職位的網上應徵平台。本行亦已更新員工轉介計劃，以吸引更多轉介員工。

為挽留優秀的專業人才，本行引入新的員工福利，務求增強僱員福利條件的競爭力。此外，本行亦著手提升及推行新人力資本管理電腦系統，加強人力資源管理。

為遵守香港金融管理局（「金管局」）於2011年7月發佈與能力及道德行為有關的新企業管治守則，本行已檢討與招聘、績效管理及培訓有關的現行慣例及政策，並作出必要修改，以確保全面符合該守則。為盡量降低與能力有關的風險，本行已根據能力標準對員工進行審慎的評估，以確保員工具備合適及足夠的能力履行其職責。

東亞銀行亦已根據新企業管治守則制定的變動（尤其是與道德行為及專業服務精神有關者），修訂其員工行為守則，旨在進一步保障本行客戶及員工的利益。

本行持續注重培訓及發展，為各級員工安排了知識型及個人發展課程等多項不同計劃。

風險管理

按照金管局發出的規定，本行已建立一套完善的風險管理制度，以識別、衡量、監察、控制及匯報本行所承受的各類風險，當中涵蓋信貸風險、市場風險、流動資金風險和營運風險，並於適當的情況下調配資本以抵禦該等風險。

本行的風險管理機制是建立在一個中央架構上，當中包括風險管理委員會、其轄下各個專責管理不同風險的委員會：即信貸委員會、資產負債管理委員會和營運風險管理委員會；以及風險管理處。這些管理機制可在集團層面上處理各重要的風險相關事項，包括制定政策、風險評估、設立程序和控制限額，以及持續監測遵守情況等，其後會經由風險管理委員會向董事會匯報，確保風險相關事項已全面符合本行政策，及於香港、中國和海外的相關法律和監管規定。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)

The Bank's risk tolerance level is approved by the Board while its risk management policies and risk control limits are approved by the Board or its delegated specialised risk management committees. Risk management mechanisms have been established at different levels throughout the Group. This is supplemented by active management involvement, effective internal controls, and comprehensive audits.

Certificates of Deposit and Other Debt Securities Issued, and Loan Capital

In 2011, BEA issued HKD, USD, RMB and SGD fixed rate certificates of deposit with a face value of HK\$1,590

million, US\$224 million, RMB1,158 million and SGD70 million, respectively; HKD, USD, and GBP floating rate certificates of deposit with a face value of HK\$807 million, US\$10 million and GBP30 million, respectively; HKD and USD zero coupon certificates of deposit with a face value of HK\$525 million and US\$259 million, respectively. The Bank redeemed certificates of deposit amounting to an equivalent of HK\$13,721 million upon maturity.

At the end of December 2011, the face value of the outstanding certificates of deposit issued was HK\$11,482 million, with a carrying amount equal to HK\$11,483 million.

Maturity Profile of Certificates of Deposit Issued

As of 31st December, 2011

(All figures expressed in millions)

| | Currency | Total Face Value | Year of Maturity | | | | | |
|---|----------|---------------------|------------------|-------|------|------|------|-----|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | |
| Floating Rate Certificates of Deposit | | | | | | | | |
| Issued in 2010 | USD | 60 | 20 | 40 | | | | |
| Issued in 2011 | HKD | 807 | 627 | 100 | | | 80 | |
| Issued in 2011 | USD | 10 | | 10 | | | | |
| Issued in 2011 | GBP | 30 | 30 | | | | | |
| Fixed Rate Certificates of Deposit (Note) | | | | | | | | |
| Issued in 2010 | HKD | 966 | 535 | | | 431 | | |
| Issued in 2011 | HKD | 1,590 | 587 | | 290 | 100 | 613 | |
| Issued in 2011 | USD | 224 | 194 | | 10 | | 20 | |
| Issued in 2011 | RMB | 1,158 | 1,158 | | | | | |
| Issued in 2011 | SGD | 70 | 70 | | | | | |
| Zero Coupon Certificates of Deposit | | | | | | | | |
| Issued in 2007 | USD | 140 | | 40 | 50 | 50 | | |
| Issued in 2011 | HKD | 525 | 525 | | | | | |
| Issued in 2011 | USD | 259 | 259 | | | | | |
| Total Certificates of Deposit issued in HKD equivalent | | | 11,482 | 8,160 | 799 | 756 | 919 | 848 |

Note:

Associated interest rate swaps have been entered for long-term Fixed Rate Certificates of Deposit

In 2011, BEA China issued RMB fixed rate debt securities with a face value of RMB5,000 million and redeemed fixed rate debt securities amounting to RMB4,000 million upon maturity.

At the end of December 2011, the face value of the outstanding of other debt securities issued was equivalent to HK\$6,411 million, with a carrying amount equal to HK\$6,393 million.

行政總裁及高層管理人員報告書（續）

本行的風險承受水平乃經董事會批核，而其風險管理政策及風險控制限額則由董事會或其指定的專責風險管理委員會批核，並於集團不同的層面設立風險管理機制。管理層的積極參與、有效的內部監控和全面的稽核均能完善風險管理制度。

已發行存款證及其他債務證券、及借貸資本

於2011年，東亞銀行發行了總面值分別為港幣15億9,000萬元、2億2,400萬美元、人民幣11億5,800萬元及7,000

萬新加坡元的港元、美元、人民幣及新加坡元定息存款證；總面值分別為港幣8億700萬元、1,000萬美元和3,000萬英鎊的港元、美元及英鎊浮息存款證；以及總面值分別為港幣5億2,500萬元及2億5,900萬美元零息存款證。本行於到期日贖回的存款證達等值港幣137億2,100萬元。

於2011年底，已發行在外的存款證總面值相等於港幣114億8,200萬元，賬面值則相等於港幣114億8,300萬元。

已發行存款證的年期
於2011年12月31日
(以百萬元位列示)

| | 貨幣 | 總面值 | 到期年份 | | | | | |
|----------------------------|------|-------|--------|-------|------|------|------|-----|
| | | | 2012 | 2013 | 2014 | 2015 | 2016 | |
| 浮息存款證 | | | | | | | | |
| 2010年發行 | 美元 | 60 | 20 | 40 | | | | |
| 2011年發行 | 港元 | 807 | 627 | 100 | | | 80 | |
| 2011年發行 | 美元 | 10 | | 10 | | | | |
| 2011年發行 | 英鎊 | 30 | 30 | | | | | |
| 定息(附註)存款證 | | | | | | | | |
| 2010年發行 | 港元 | 966 | 535 | | | 431 | | |
| 2011年發行 | 港元 | 1,590 | 587 | | 290 | 100 | 613 | |
| 2011年發行 | 美元 | 224 | 194 | | 10 | | 20 | |
| 2011年發行 | 人民幣 | 1,158 | 1,158 | | | | | |
| 2011年發行 | 新加坡元 | 70 | 70 | | | | | |
| 零息存款證 | | | | | | | | |
| 2007年發行 | 美元 | 140 | | 40 | 50 | 50 | | |
| 2011年發行 | 港元 | 525 | 525 | | | | | |
| 2011年發行 | 美元 | 259 | 259 | | | | | |
| 所有已發行存款證 (港元等值) | | | 11,482 | 8,160 | 799 | 756 | 919 | 848 |

附註：

已就長期定息存款證進行相關利率掉期

於2011年，東亞中國發行面值為人民幣50億元的人民幣定息債務證券，而於到期日贖回的定息債務證券達人民幣40億元。

於2011年12月底，已發行在外的其他債務證券總面值相等於港幣64億1,100萬元，賬面值則相等於港幣63億9,300萬元。

REPORT OF THE CHIEF EXECUTIVE AND SENIOR MANAGEMENT (CONTINUED)

Maturity Profile of Other Debt Securities Issued

As of 31st December, 2011

(All figures expressed in millions)

| | Currency | Total Face Value | Year of Maturity | |
|---|----------|---------------------|------------------|-------|
| | | | 2012 | 2013 |
| Floating Rate | | | | |
| Issued in 2010 | GBP | 20 | 20 | |
| Fixed Rate | | | | |
| Issued in 2011 | RMB | 5,000 | | 5,000 |
| Total Other Debt Securities issued in HKD equivalent | | 6,411 | 241 | 6,170 |

In 2011, BEA issued USD loan capital with a face value of US\$500 million and redeemed loan capital amounting to GBP38 million.

At the end of December 2011, the face value of the outstanding loan capital issued was equivalent to HK\$16,363 million, with a carrying amount equal to HK\$16,741 million.

Maturity Profile of Loan Capital

As of 31st December, 2011

(All expressed in millions)

| | Currency | Total Face Value | Year of Maturity | | | |
|--|----------|---------------------|------------------|-------|-------|-----------|
| | | | 2017 | 2020 | 2022 | Perpetual |
| Issued in 2007 | Note 1 | GBP | 262 | | | 262 |
| Issued in 2007 | Note 2 | USD | 600 | 600 | | |
| Issued in 2010 | | USD | 600 | | 600 | |
| Issued in 2011 | Note 3 | USD | 500 | | 500 | |
| Total Loan Capital issued in HKD equivalent | | 16,363 | 4,660 | 4,660 | 3,883 | 3,160 |

Notes:

1. Callable on 21st March, 2012 and on each interest payment date thereafter
2. Callable on 22nd June, 2012
3. Callable on 4th May, 2017

David LI Kwok-po

Chairman & Chief Executive

Hong Kong, 14th February, 2012

行政總裁及高層管理人員報告書（續）

已發行其他債務證券的年期

於2011年12月31日
(以百萬元位列示)

| | 貨幣 | 總面值 | 到期年份 | |
|-------------------------------|-----|-------|------|-------|
| | | | 2012 | 2013 |
| 浮息 | | | | |
| 2010年發行 | 英鎊 | 20 | 20 | |
| 定息 | | | | |
| 2011年發行 | 人民幣 | 5,000 | | 5,000 |
| 所有已發行其他債務證券 (港元等值) | | 6,411 | 241 | 6,170 |

於2011年，東亞銀行發行了面值5億美元之美元借貸資本，並贖回借貸資本共3,800萬英鎊。

於2011年12月底，已發行在外的借貸資本總面值為港幣163億6,300萬元，賬面值則相等於港幣167億4,100萬元。

借貸資本的年期

於2011年12月31日
(以百萬元位列示)

| | 貨幣 | 總面值 | 到期年份 | | | |
|-----------------------------|-----|--------|-------|-------|-------|-------|
| | | | 2017 | 2020 | 2022 | 無到期日 |
| 2007年發行 | 附註1 | 英鎊 | 262 | | | 262 |
| 2007年發行 | 附註2 | 美元 | 600 | 600 | | |
| 2010年發行 | | 美元 | 600 | 600 | | |
| 2011年發行 | 附註3 | 美元 | 500 | | 500 | |
| 所有已發行借貸資本 (港元等值) | | 16,363 | 4,660 | 4,660 | 3,883 | 3,160 |

附註：

1. 於2012年3月21日及其後各利息支付日期可贖回
2. 於2012年6月22日可贖回
3. 於2017年5月4日可贖回

主席兼行政總裁

李國寶

香港，2012年2月14日

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



DIRECTORS

Dr. the Hon. Sir David LI Kwok-po

GBM, GBS, OBE, MA Cantab. (Economics & Law), Hon. DSc. (Imperial), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. DSocSc (Lingnan), Hon. LL.D (Hong Kong), Hon. LL.D (Warwick), Hon. LL.D (Cantab), Hon. DLitt (Macquarie), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCI Arb, JP, Officier de L'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur
 Chairman & Chief Executive and Member of the Nomination Committee

Sir David, aged 72, joined the Bank in 1969. He was appointed a Director in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997. Sir David is the chairman or a director of various members of the Bank Group, and he is also the chairman or a member of various committees appointed by the Board.

Sir David is a Member of the Legislative Council of Hong Kong. He is a Member of the Banking Advisory Committee and a Member of the Council of the Treasury Markets Association. Sir David is the Pro-Chancellor of the University of Hong Kong, an Honorary Adviser of the Business and Economics Association of HKUSU, an Advisory Committee Member of the Chinese University of Hong Kong S.H. Ho College, an Honorary Fellow of the School of Accountancy, Central University of Finance and Economics and a Companion of the Chartered Management Institute.

Sir David is the Chairman of The Chinese Banks' Association, Limited and The Hong Kong Management Association. He is the Honorary Advisor of the International Chamber of Commerce – Hong Kong, China, the First Honorary Chairman of the Hong Kong Chamber of Commerce in China and a Senior Professional Advisor of the Hong Kong China Chamber of Commerce. He is also the Honorary Chairman of The Chamber of Hong Kong Listed Companies and The Hong Kong Chi Tung Association Limited. Sir David is Vice President of the Council of the Hong Kong Institute of Bankers, Chairman of the Saint Joseph's College Foundation Limited, a member of the Advisory Board of the Judge Business School at the University of Cambridge and a member of the International Advisory Council of the Cambridge Commonwealth Trust and Cambridge Overseas Trust. He is also an Emeritus Trustee of the Cambridge Foundation and a Trustee Emeritus of the Institute for Advanced Study in Princeton. Sir David is Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, Chairman of the Executive Committee of St. James' Settlement and he also serves on the Hong Kong Red Cross Advisory Board. He is a Council Member of the Employers' Federation of Hong Kong, a Director of the David Li Kwok-po Charitable Foundation Limited, a Founder Member and an Executive Committee Member of the Heung Yee Kuk Foundation Limited and Chairman and President of The Légion d'Honneur Club Hong Kong Chapter Association Limited.

Sir David is a Director of AFFIN Holdings Berhad (listed in Malaysia), CaixaBank, S.A.^{Note} (listed in Spain) (formerly known as Criteria CaixaCorp, S.A.), China Overseas Land & Investment Limited, COSCO Pacific Limited, Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels,

董事及高層管理人員的個人資料

Back row from left to right 後排左起

Mr. KUOK Khoon-ean
郭孔演先生

Mr. Stephen Charles LI Kwok-sze
李國仕先生

Mr. Richard LI Tzar-kai
李澤楷先生

Mr. Aubrey LI Kwok-sing
李國星先生

Dr. Thomas KWOK Ping-kwong
郭炳江博士

Mr. Kenneth LO Chin-ming
駱錦明先生

Mr. William DOO Wai-hoi
杜惠愷先生

Mr. Valiant CHEUNG Kin-piu
張建標先生

Front row from left to right 前排左起

Dr. Isidro FAINÉ CASAS
范禮賢博士

Mr. Eric LI Fook-chuen
李福全先生

Mr. WONG Chung-hin
黃頌顯先生

Professor Arthur LI Kwok-cheung
李國章教授

Dr. the Hon. Sir David LI Kwok-po
李國寶爵士

Dr. Allan WONG Chi-yun
黃子欣博士

Dr. LEE Shau-kee
李兆基博士

Mr. Winston LO Yau-lai
羅友禮先生

Tan Sri Dr. KHOO Kay-peng
丹斯里邱繼炳博士

董事

李國寶爵士

GBM, GBS, OBE, MA Cantab. (Economics & Law), Hon. DSc. (Imperial), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. DSocSc (Lingnan), Hon. LLD (Hong Kong), Hon. LLD (Warwick), Hon. LLD (Cantab), Hon. DLitt (Macquarie), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCI Arb, JP, Officier de L'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur

主席兼行政總裁及提名委員會委員

李爵士，現年72歲，在1969年加入本行，1977年任董事，1981年任行政總裁，1995年任副主席，繼而於1997年獲委任為主席。李爵士亦出任本集團系內其他公司的主席或董事，以及多個由董事會委任的委員會之主席或委員。

李爵士是香港立法會議員。他是銀行業務諮詢委員會的委員及財資市場公會的議會成員。李爵士是香港大學副校監、香港大學學生會經濟及工商管理學會名譽顧問、香港中文大學善衡學院諮議委員會成員、中央財經大學會計學院榮譽顧問及特許管理學會最高級別會員。

李爵士是香港華商銀行公會有限公司及香港管理專業協會的主席。他是國際商會 — 中國香港區會名譽顧問、中國香港（地區）商會第一名譽主席及香港中國商會高級專業顧問。他亦是香港上市公司商會及香港金融業志同會有限公司名譽會長。李爵士是香港銀行學會議會副會長、聖約瑟書院基金有限公司主席、劍橋大學賈吉商學院諮議委員會成員及Cambridge Commonwealth Trust和Cambridge Overseas Trust之國際諮議會成員。他亦為Cambridge Foundation之名譽信託人及位於普林斯頓的Institute for Advanced Study之名譽信託人。李爵士是救世軍港澳軍區顧問委員會主席、聖雅各福群會執行委員會主席及香港紅十字會顧問團成員。他亦為香港僱主聯合會諮議委員會、李國寶慈善基金有限公司董事、鄉議局基金有限公司創會會員和執行委員會成員及Légion d'Honneur Club香港分會主席及會長。

李爵士亦出任其他機構董事，計有：AFFIN Holdings Berhad（在馬來西亞上市）、CaixaBank, S.A.^註（在西班牙上市）（前稱Criteria CaixaCorp, S.A.）、中國海外發展有限公司、中遠太平洋有限公司、粵海投資有限公司、香港中華

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited, SCMP Group Limited and Vitasoy International Holdings Limited. He is also a Director of Hong Kong Interbank Clearing Limited and The Hong Kong Mortgage Corporation Limited.

Sir David is a member of the Board of Trustees of the Asia Society International Council, a member of the Asia Business Council, a member of the Deutsche Bank Asia Pacific Advisory Board, a member of the Munich Re Greater China Advisory Board, and Chairman Emeritus of the Asian Youth Orchestra Board. He serves on the advisory boards of Carlos P. Romulo Foundation for Peace and Development, Federal Reserve Bank of New York's International Advisory Committee, Hospital for Special Surgery and Scripps International Network. Sir David is the Chairman of the INSEAD East Asia Council, the Non-executive Chairman for Edelman Asia-Pacific and a Senior Adviser of Metrobank.

Sir David is the brother of Professor Arthur Li Kwok-cheung, the nephew of Mr. Eric Li Fook-chuen, the cousin of Mr. Aubrey Li Kwok-sing and Mr. Stephen Charles Li Kwok-sze, and the father of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

Professor Arthur LI Kwok-cheung

GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LLD (Hon), Hon Doc (Soka), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP Deputy Chairman, Non-executive Director

Professor Li, aged 66, was a Director of the Bank (1995-2002) and was re-appointed a Director in January 2008. He is an independent non-executive director of Shangri-La Asia Limited and China Flooring Holding Company Limited, a director of AFFIN Holdings Berhad (listed in Malaysia) and a non-executive director of BioDiem Ltd. (listed in Australia). He is also a member of the National Committee of the Chinese People's Political Consultative Conference.

Professor Li was the Secretary for Education and Manpower of the Government of HKSAR and a Member of the Executive Council (2002-June 2007). Before these appointments, he was the Vice Chancellor of the Chinese University of Hong Kong (1996-2002) and was the Chairman of Department of Surgery and the Dean of Faculty of Medicine of the Chinese University of Hong Kong.

Professor Li had held many important positions in various social service organisations, medical associations, and educational bodies, including the Education Commission, Committee on Science and Technology, the Hospital

Authority, the Hong Kong Medical Council, the University Grants Committee, the College of Surgeons of Hong Kong, and the United Christian Medical Services Board. He was a member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and the Hong Kong Applied Science and Technology Research Institute, and Vice President of the Association of University Presidents of China. He was a Hong Kong Affairs Adviser to China.

Professor Li is the brother of Dr. the Hon. Sir David Li Kwok-po, the nephew of Mr. Eric Li Fook-chuen, the cousin of Mr. Aubrey Li Kwok-sing and Mr. Stephen Charles Li Kwok-sze, and the uncle of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

Dr. Allan WONG Chi-yun

GBS, MBE, BSc, MSEE, Hon. DTech, JP Deputy Chairman, Independent Non-executive Director, Chairman of the Remuneration Committee, Member of the Audit Committee and the Nomination Committee

Dr. Wong, aged 61, was appointed a Director in 1995. He is the Chairman and Group Chief Executive Officer of VTech Holdings Limited. Dr. Wong is an independent non-executive director of China-Hongkong Photo Products Holdings Ltd. and Li & Fung Ltd.

Dr. Wong is a member of the Commission on Strategic Development, a member of the Greater Pearl River Delta Business Council and a council member of the University of Hong Kong. He is also a member of the Board of the Airport Authority Hong Kong.

Dr. Wong holds a Bachelor of Science degree in electrical engineering from the University of Hong Kong, a Master of Science degree in electrical and computer engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University.

Dr. Wong is the nephew of Mr. Wong Chung-hin.

Mr. WONG Chung-hin

CBE, JP Independent Non-executive Director and Member of the Audit Committee

Mr. Wong, aged 78, is a solicitor. He was appointed a Director in 1977. Mr. Wong is the Consultant of P.C. Woo & Co. He is also a Director of Power Assets Holdings Limited (formerly known as Hongkong Electric Holdings Limited) and Hutchison Whampoa Limited.

Mr. Wong is the uncle of Dr. Allan Wong Chi-yun.

董事及高層管理人員的個人資料 (續)

煤氣有限公司、香港上海大酒店有限公司、電訊盈科有限公司、香港生力啤酒廠有限公司、南華早報集團有限公司及維他奶國際集團有限公司。他亦為香港銀行同業結算有限公司及香港按揭證券有限公司之董事。

李爵士為 Asia Society International Council 信託委員會的委員、Asia Business Council 成員、德意志銀行亞太諮議委員會成員、Munich Re Greater China 諮議委員會成員及 Asian Youth Orchestra Board 名譽主席。他亦是其他諮議委員會成員，計有：Carlos P. Romulo Foundation for Peace and Development、紐約聯邦儲備銀行國際顧問委員會、Hospital for Special Surgery 及 Scripps International Network。李爵士為法國 INSEAD 東亞區校董會主席、Edelman Asia-Pacific 的非執行主席以及 Metrobank 的資深顧問。

李爵士是李國章教授之胞兄、李福全先生之堂姪、李國星先生及李國仕先生之堂兄、李民橋先生及李民斌先生之父親。

李國章教授

GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LLD (Hon), Hon Doc (Soka), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP
副主席、非執行董事

李教授，現年 66 歲，曾任本行董事（1995–2002）及在 2008 年 1 月再獲委任為本行董事。他現為香格里拉（亞洲）有限公司及中國地板控股有限公司之獨立非執行董事、AFFIN Holdings Berhad（在馬來西亞上市）董事及 BioDiem Ltd.（在澳洲上市）非執行董事。他亦是中國人民政治協商會議全國委員會委員。

李教授曾任香港特別行政區教育及統籌局局長以及行政會議成員（2002 年至 2007 年 6 月）。在此之前，他亦曾出任香港中文大學校長（1996–2002），以及香港中文大學醫學院外科學系主任和醫學院院長。

李教授曾於多個社會服務機構、醫務及教育組織擔任重要職位，其中包括教育統籌委員會、科技委員會、香港醫院管理局、香港醫務委員會、大學教育資助委員會、香港外

科醫學院，以及基督教聯合醫院醫務協會董事會。他亦曾任香港科技園及香港應用科技研究有限公司董事、中國大學校長聯誼會副會長，以及港事顧問。

李教授是李國寶爵士之胞弟、李福全先生之堂姪、李國星先生及李國仕先生之堂兄、李民橋先生及李民斌先生之叔父。

黃子欣博士

GBS, MBE, BSc, MSEE, Hon. DTech, JP

副主席、獨立非執行董事、薪酬委員會主席、審核委員會委員及提名委員會委員

黃博士，現年 61 歲，在 1995 年獲委任為本行董事。他是偉易達集團主席兼集團行政總裁。黃博士為中港照相器材集團有限公司及利豐有限公司之獨立非執行董事。

黃博士現為策略發展委員會委員、大珠三角商務委員會委員及香港大學諮議會成員。他亦是香港機場管理局董事會成員。

黃博士持有香港大學電機工程系理學士學位、美國麥迪遜威斯康辛大學電機及電腦工程科學碩士學位及香港理工大學頒授榮譽科技博士學位。

黃博士為黃頌顯先生之姪兒。

黃頌顯先生

CBE, JP

獨立非執行董事及審核委員會委員

黃先生，現年 78 歲，是律師。他在 1977 年獲委任為本行董事。黃先生為胡百全律師事務所顧問。他亦是電能實業有限公司（前稱香港電燈集團有限公司）及和記黃埔有限公司之董事。

黃先生是黃子欣博士之叔父。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Dr. LEE Shau-kee

*GBM, Hon. DBA, Hon. DSSc, Hon. LLD
Independent Non-executive Director and Member of the
Nomination Committee*

Dr. Lee, aged 83, was appointed a Director in 1987. He is the Chairman and Managing Director of Henderson Land Development Company Limited and Henderson Investment Limited. Dr. Lee is also the Chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited. He is the Vice Chairman of Sun Hung Kai Properties Limited and a Director of Hong Kong Ferry (Holdings) Company Limited.

Mr. Aubrey LI Kwok-sing

*ScB, MBA
Non-executive Director, Member of the Nomination
Committee and the Remuneration Committee*

Mr. Li, aged 62, was appointed a Director in 1995. He is Chairman of MCL Partners Limited, a Hong Kong based financial advisory and investment firm. Mr. Li possesses extensive experience in the fields of investment banking, merchant banking and capital markets. He is also a Director of Cafe de Coral Holdings Limited, China Everbright International Limited, Kunlun Energy Company Limited, Kowloon Development Co. Ltd, Pokfulam Development Company Limited, Tai Ping Carpets International Limited and AFFIN Bank Berhad. He was the chairman of Atlantis Asian Recovery Fund plc (listed in Ireland).

Mr. Li has an ScB in Civil Engineering from Brown University and a Master of Business Administration from Columbia University.

Mr. Li is the nephew of Mr. Eric Li Fook-chuen, the cousin of Dr. the Hon. Sir David Li Kwok-po, Professor Arthur Li Kwok-cheung and Mr. Stephen Charles Li Kwok-sze, and the uncle of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

Mr. Winston LO Yau-lai

*SBS, BSc, MSc
Independent Non-executive Director, Chairman
of the Audit Committee and Member of the
Remuneration Committee*

Mr. Lo, aged 70, was appointed a Director in 2000. He is the Executive Chairman of Vitasoy International Holdings Limited.

Mr. Lo graduated from the University of Illinois with a Bachelor of Science degree in Food Science and gained his Master of Science degree in Food Science from Cornell University.

Mr. Lo is Member of the National Committee of the Chinese People's Political Consultative Conference. He is a Director of Ping Ping Investment Company Ltd.

Tan Sri Dr. KHOO Kay-peng

*PSM, DPMJ, KMN, JP, Hon. DLitt, Hon. LLD, Hon. Ph.D
Non-executive Director*

Tan Sri Dr. Khoo, aged 73, was appointed a Director in 2001. Dr. Khoo is the Chairman and Chief Executive of The MUI Group, a Malaysia-based corporation with diversified business operations in the Asia Pacific, the United States of America ("USA") and the United Kingdom ("UK"). He is the Chairman and Chief Executive of Malayan United Industries Berhad and MUI Properties Berhad (both listed in Malaysia). Dr. Khoo is also the Chairman of Laura Ashley Holdings plc (listed in London) and Corus Hotels Limited in UK and Pan Malaysian Industries Berhad (listed in Malaysia). He is also a director of SCMP Group Limited.

Dr. Khoo is a trustee of Regent University, Virginia, USA, and a board member of Northwest University, Seattle, USA. He also serves as a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council. Previously, Dr. Khoo had served as the Chairman of Morning Star Resources Limited, the Malaysia Tourist Development Corporation (a Government Agency), the Vice Chairman of Malayan Banking Berhad (Maybank) and a trustee of the National Welfare Foundation, Malaysia.

Dr. Thomas KWOK Ping-kwong

*SBS, MSc (Bus Adm), BSc (Eng), Hon DBA, Hon DEng,
FCPA (Aust.), JP
Independent Non-executive Director and Member of the
Remuneration Committee*

Dr. Kwok, aged 60, was appointed a Director in 2001. Dr. Kwok is Chairman and Managing Director of Sun Hung Kai Properties Limited, Chairman of Route 3 (CPS) Company Limited and Joint Chairman of IFC Development Limited. He is a Non-Executive Director of SUNeVision Holdings Ltd. Dr. Kwok holds a Master's degree in Business Administration from The London Business School, University of London and a Bachelor's degree in Civil Engineering from Imperial College, University of London. He also holds an Honorary Doctorate in Engineering from The Hong Kong Polytechnic University and an Honorary Doctorate in Business Administration from The Open University of Hong Kong. He is a Fellow of The Hong Kong Management Association and also a Fellow of The Australia Certified Public Accountants.

Dr. Kwok is the Chairman of the Board of Directors of the Faculty of Business and Economics, The University of Hong Kong. He is also an Executive Vice President and a member of the Executive Committee of The Real Estate

董事及高層管理人員的個人資料 (續)

李兆基博士

GBM, Hon. DBA, Hon. DSSc, Hon. LLD
獨立非執行董事及提名委員會委員

李博士，現年83歲，在1987年獲委任為本行董事。他是恒基兆業地產有限公司及恒基兆業發展有限公司之主席兼總經理、香港中華煤氣有限公司之主席、美麗華酒店企業有限公司董事長、新鴻基地產發展有限公司副主席及香港小輪(集團)有限公司之董事。

李國星先生

ScB, MBA
非執行董事、提名委員會委員及薪酬委員會委員

李先生，現年62歲，在1995年獲委任為本行董事。他是偉業資本有限公司主席，一間以香港為基地的財務顧問及投資公司。李先生於投資銀行、商人銀行及資本市場界具廣泛經驗。他又為大家樂集團有限公司、中國光大國際有限公司、昆侖能源有限公司、九龍建業有限公司、博富臨置業有限公司、太平地氈國際有限公司及AFFIN Bank Berhad之董事。他曾出任Atlantis Asian Recovery Fund plc. (在愛爾蘭上市)之主席。

李先生持有布朗大學土木工程學士學位，及哥倫比亞大學工商管理碩士學位。

李先生是李福全先生之堂姪、李國寶爵士及李國章教授之堂弟、李國仕先生之堂兄、李民橋先生及李民斌先生之堂叔父。

羅友禮先生

SBS, BSc, MSc
獨立非執行董事、審核委員會主席及薪酬委員會委員

羅先生，現年70歲，在2000年獲委任為本行董事。他是維他奶國際集團有限公司執行主席。

羅先生畢業於伊利諾大學，獲食物科學理學學士學位，並獲康乃爾大學頒授食物科學理學碩士學位。

羅先生為中國人民政治協商會議全國委員會委員。他為平置業有限公司董事。

丹斯里邱繼炳博士

PSM, DPMJ, KMN, JP, Hon. DLitt, Hon. LLD, Hon. Ph.D
非執行董事

丹斯里邱博士，現年73歲，在2001年獲委任為本行董事。邱博士為MUI集團的董事主席兼行政總裁。MUI集團是一間業務多元化以馬來西亞為基地的企業集團，業務遍及亞太區、美國及英國。他亦是馬來西亞上市公司Malayan United Industries Berhad及MUI Properties Berhad之董事主席兼行政總裁。邱博士亦是英國羅拉雅斯里公共上市公司(Laura Ashley，在倫敦上市)、英國Corus Hotels Limited及馬來西亞上市公司Pan Malaysian Industries Berhad之董事會主席。他亦是南華早報集團有限公司之董事。

邱博士是美國維吉尼亞里貞大學之信託人，以及美國西雅圖西北大學的董事，亦是馬英商務理事會、馬中商務理事會及Asia Business Council的委員。邱博士曾任星晨集團有限公司之董事會主席、馬來西亞旅遊發展機構(一間政府機構)之主席、馬來亞銀行(Maybank)之副董事主席及馬來西亞國家福利基金之信託人。

郭炳江博士

SBS, MSc (Bus Adm), BSc (Eng), Hon DBA, Hon DEng, FCPA (Aust.), JP
獨立非執行董事及薪酬委員會委員

郭博士，現年60歲，在2001年獲委任為本行董事。郭博士現為新鴻基地產發展有限公司主席兼董事總經理、三號幹線(郊野公園段)有限公司主席及IFC Development Limited聯席主席。他是新意網集團有限公司之非執行董事。郭博士持有英國倫敦大學倫敦商學院工商管理碩士學位及倫敦大學帝國學院土木工程系學士學位。他亦持有香港理工大學榮譽工程學博士學位及香港公開大學榮譽工商管理博士學位。他是香港管理專業協會會士及澳洲會計師公會資深會士。

郭博士是香港大學經濟及工商管理學院理事會主席，亦是香港地產建設商會第一副會長及其執行委員會成員，並獲政府委任為策略發展委員會委員。郭博士於2007年7月獲

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Developers Association of Hong Kong. He also serves as a government appointed Member of the Commission on Strategic Development. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Dr. Kwok the Silver Bauhinia Star for his distinguished community service. He is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee.

In the past, Dr. Kwok served as a member of the Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development, Business Facilitation Advisory Committee and as a non-official member of the Provisional Minimum Wage Commission. He also previously served as a board member of the Community Chest of Hong Kong and as a council member of the Hong Kong Construction Association.

Mr. Richard LI Tzar-kai

Non-executive Director

Mr. Li, aged 45, was appointed a Director in 2001. Mr. Li is an executive director and the Chairman of PCCW Limited, one of Asia's leading companies in Information and Communications Technologies (ICT). He is also the executive chairman and an executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust. He is also the Chairman and Chief Executive of the Pacific Century Group, an executive director and the Chairman of Pacific Century Premium Developments Limited, Chairman of Singapore-based Pacific Century Regional Developments Limited (listed in Singapore) and a member of the Global Information Infrastructure Commission. Mr. Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Mr. Kenneth LO Chin-ming

MA, BA

Independent Non-executive Director and Member of the Audit Committee

Mr. Lo, aged 69, was appointed a Director in 2005. Mr. Lo is the Chairman and Chief Executive Officer of the Industrial Bank of Taiwan and the Chairman of EverTrust Bank (USA) and the Honorary Chairman of the Chailase Group. He is also a Director of Boston Life Science Venture Corp. and a Managing Director of Taiwan Cement Corp. He has been with the banking and finance industry for over 40 years and had abundant experience in securities, trust, leasing, commercial banking, investment banking and venture capital. He was the President of Chinatrust Commercial Bank, the Chairman of IBT Venture Co., the Vice Chairman of China Trust Bank (USA), the Managing Director of International Bank of Taipei and a Director of Hua Nan Commercial Bank.

In addition to his highly recognized professional accomplishments, Mr. Lo is also active in public service. He is the Chairman of the Chinese National Association of Industry and Commerce, Taiwan, the Managing Director of the Bankers Association of the Republic of China, a member of Asian Executive Board of the Sloan School of Management at the Massachusetts Institute of Technology, and a member of the National Palace Museum Advisory Committee and Taipei Fine Arts Museum Advisory Board. He was the President of Asian Leasing Association, and the Supervisor of the Bankers Association of the Republic of China.

Mr. Lo holds a B.A. in Economics from National Taiwan University and an M.A. in Finance from the University of Alabama.

Mr. Eric LI Fook-chuen

BscEE, MscEE, MBA, FIM

Non-executive Director, Chairman of the Nomination Committee and Member of the Remuneration Committee

Mr. Li, aged 82, was appointed a Director in 2006. Mr. Li is a non-executive director of BEA Life Limited and Blue Cross (Asia-Pacific) Insurance Limited, both are wholly-owned subsidiaries of the Bank. Mr. Li is currently the Chairman and Chief Executive Officer of the Kowloon Dairy Limited. He is a director of Joyce Boutique Holdings Limited.

Mr. Li holds a Bachelor of Science Degree in Electrical Engineering from the University of Arkansas, U.S.A., a Master of Science Degree in Electrical Engineering from the University of Michigan, U.S.A., and a Master Degree in Business Administration from the University of California, U.S.A. He is also a Fellow of the Chartered Management Institute.

Mr. Li is the uncle of Dr. the Hon. Sir David Li Kwok-po, Professor Arthur Li Kwok-cheung, Mr. Aubrey Li Kwok-sing and Mr. Stephen Charles Li Kwok-sze, and the granduncle of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

Mr. Stephen Charles LI Kwok-sze

BSc (Hons.), ACA

Non-executive Director

Mr. Li, aged 52, was appointed a Director in 2006. He is a member of the Institute of Chartered Accountants in England and Wales. Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King's College, University of London, U.K. He is a director of hedge funds based in the UK and the EU. He is also a director of AFFIN Investment Bank Berhad. He has extensive experience in investment banking, having held senior capital markets positions with international investment banks in London and Hong Kong.

董事及高層管理人員的個人資料 (續)

香港特別行政區政府頒授銀紫荊星章，以表揚其對社會作出之傑出貢獻。郭博士為廣州市榮譽市民及第九屆中華人民共和國全國政協上海市委員會的常務委員。

郭博士曾任外匯基金諮詢委員會委員、建造業議會成員、可持續發展委員會、方便營商諮詢委員會之委員及臨時最低工資委員會非官方成員。他亦曾出任香港公益金董事及香港建造商會幹事。

李澤楷先生

非執行董事

李先生，現年45歲，在2001年獲委任為本行董事。李先生現為電訊盈科有限公司執行董事兼主席（該公司為亞洲領先的資訊及通訊科技公司之一）、香港電訊有限公司及香港電訊管理有限公司（作為香港電訊信託的託管人——經理）執行主席兼執行董事、盈科拓展集團主席兼行政總裁、盈科大衍地產發展有限公司執行董事兼主席、新加坡上市公司盈科亞洲拓展有限公司主席，以及環球資訊基建委員會的成員。李先生於2011年11月獲亞洲有線與衛星電視廣播協會頒發終身成就獎。

駱錦明先生

MA, BA

獨立非執行董事及審核委員會委員

駱先生，現年69歲，在2005年獲委任為本行董事。他現為台灣工業銀行及美國華信銀行董事長和中租企業集團榮譽董事長，並擔任波士頓生物科技創投公司董事和台灣水泥公司常務董事。他在金融業的資歷超過40年以上，在證券、信託金融、租賃、商業銀行、投資銀行及創業投資領域具備豐富之經驗。駱先生曾任中國信託商業銀行總經理、台灣工銀創投公司的董事長、美國中信銀行副董事長、台北國際商業銀行常務董事和華南商業銀行董事，為深受業界敬重之資深金融家。

駱先生除專業素養備受推崇，亦十分熱心公益服務，目前擔任中華民國工商協進會理事長、中華民國銀行公會常務理事、美國麻省理工學院史隆管理學院亞洲區執行委員會委員、國立故宮博物院指導委員及台北市立美術館諮詢委員。曾任亞洲租賃協會會長及中華民國銀行公會監事。

駱先生為台灣大學經濟學士、美國阿拉巴馬州立大學商學碩士。

李福全先生

BScEE, MScEE, MBA, FIM

非執行董事、提名委員會主席及薪酬委員會委員

李先生，現年82歲，在2006年獲委任為本行董事。李先生亦是本行全資附屬公司——東亞人壽保險有限公司及藍十字（亞太）保險有限公司非執行董事。他現為九龍維記牛奶有限公司主席兼行政總裁。他是Joyce Boutique Holdings Limited的董事。

李先生持有美國阿肯色大學電機工程理學士學位、美國密歇根大學電機工程理學碩士學位及美國加州大學工商管理碩士學位。他亦是特許管理學會的資深會員。

李先生是李國寶爵士、李國章教授、李國星先生及李國仕先生之堂叔父、李民橋先生及李民斌先生之堂叔公。

李國仕先生

BSc (Hons.), ACA

非執行董事

李先生，現年52歲，在2006年獲委任為本行董事。他是英國及威爾斯特許會計師公會會員。李先生持有英國倫敦大學King's College數學（榮譽）理學士學位。他出任以英國和歐盟為基地的對沖基金的董事。李先生亦為AFFIN Investment Bank Berhad之董事。他在投資銀行方面擁有豐富經驗，並曾出任倫敦及香港國際投資銀行資本市場要職。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Li is the nephew of Mr. Eric Li Fook-chuen, the cousin of Dr. the Hon. Sir David Li Kwok-po, Professor Arthur Li Kwok-cheung and Mr. Aubrey Li Kwok-sing, and the uncle of Mr. Adrian David Li Man-kiu and Mr. Brian David Li Man-bun.

Mr. William DOO Wai-hoi

*BSc, MSc, G.G., Chevalier de la Légion d'Honneur, JP
Independent Non-executive Director and Member of the Audit Committee*

Mr. Doo, aged 67, was appointed a Director in 2008. He is currently the vice-chairman of New World China Land Limited and the deputy chairman of NWS Holdings Limited. He is an executive director of Lifestyle International Holdings Limited, also an independent non-executive director of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited), a director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo was a deputy chairman of Taifook Securities Group Limited (now known as Haitong International Securities Group Limited).

Mr. Doo is Member to the Standing Committee of the Eleventh Shanghai Municipal Committee of the Chinese People's Political Consultative Conference and Convenor of the Hong Kong and Macau Members. He is a Governor of the Canadian Chamber of Commerce in Hong Kong and the Honorary Consul General of the Kingdom of Morocco in Hong Kong.

Mr. Doo holds a Degree of Bachelor of Science from the University of Toronto, Canada and a Master Degree in Science from the University of California, U.S.A. He also holds a Diploma of Graduate Gemologist from the Gemologist Institute of America.

Mr. KUOK Khoon-ean

Independent Non-executive Director

Mr. Kuok, aged 56, was appointed a Director in 2008. He is currently the chairman and executive director of Shangri-La Asia Limited, a non-executive director of SCMP Group Limited, a director of Kerry Group Limited and Kerry Holdings Limited. Mr. Kuok is also a director of Wilmar International Limited (listed in Singapore) and a director of Shangri-La Hotel Public Company Limited and The Post Publishing Public Company Limited (both listed in Thailand).

Mr. Kuok is a trustee of Singapore Management University. Mr. Kuok is a graduate in Economics from the Nottingham University, U.K.

Mr. Valiant CHEUNG Kin-piu

FCPA, FCA

Independent Non-executive Director and Member of the Audit Committee

Mr. Cheung, aged 66, was appointed a Director in 2008. He was a partner at KPMG, a leading international accounting firm in Hong Kong, until his retirement in 2001. He has extensive experience in assurance and corporate finance work, particularly in trading and manufacturing corporations in Hong Kong and the PRC. Mr. Cheung is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is an independent non-executive director of Vitasoy International Holdings Limited, Pacific Century Premium Developments Limited and Dah Chong Hong Holdings Limited.

Mr. Cheung is currently an independent non-executive director, the chairman of the audit committee and the chairman of the Connected Transactions Control Committee of The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank.

Dr. Isidro FAINÉ CASAS

Non-executive Director and Member of the Nomination Committee

Dr. Fainé, aged 69, was appointed a Director in June 2009. Dr. Fainé is the Chairman of the following companies:

- (i) CaixaBank, S.A.^{Note} (formerly known as Criteria CaixaCorp, S.A.), is an integrated financial group and listed on the Spanish Stock Exchange – with a banking business, insurance activity and investments in international banks – the leader in retail banking in Spain
- (ii) Caja de Ahorros y Pensiones de Barcelona “la Caixa”^{Note}, the first Spanish and European savings bank and controlling shareholder of CaixaBank, S.A.
- (iii) “la Caixa” Foundation
- (iv) Criteria CaixaHolding, is a non-listed investment company that brings together the industrial investments and property assets of “la Caixa”

董事及高層管理人員的個人資料 (續)

李先生是李福全先生之堂姪、李國寶爵士、李國章教授及李國星先生之堂弟、李民橋先生及李民斌先生之堂叔父。

杜惠愷先生

BSc, MSc, G.G., Chevalier de la Légion d'Honneur, JP
獨立非執行董事及審核委員會委員

杜先生，現年67歲，在2008年獲委任為本行董事。他現為新世界中國地產有限公司及新創建集團有限公司副主席，他亦為利福國際集團有限公司執行董事，上海實業城市開發集團有限公司(原名中新地產集團(控股)有限公司)獨立非執行董事以及新世界酒店(集團)有限公司和豐盛珠寶有限公司董事。杜先生曾擔任大福證券集團有限公司(現名為海通國際證券集團有限公司)副主席。

杜先生現為第十一屆中國人民政治協商會議上海市委員會常務委員及港澳委員召集人。他現為香港加拿大商會總監，並獲摩洛哥王國委任為香港名譽領事。

杜先生持有加拿大多倫多大學理學士學位及美國加州大學理學碩士學位，以及Gemologist Institute of America寶石學研究生文憑。

郭孔演先生

獨立非執行董事

郭先生，現年56歲，在2008年獲委任為本行董事。他現為香格里拉(亞洲)有限公司主席及執行董事，以及南華早報集團有限公司非執行董事、Kerry Group Limited和Kerry Holdings Limited的董事。郭先生亦為新加坡上市公司Wilmar International Limited的董事以及泰國上市公司Shangri-La Hotel Public Company Limited和The Post Publishing Public Company Limited的董事。

郭先生為新加坡管理大學的校董會成員。郭先生畢業於英國Nottingham University經濟系。

張建標先生

FCPA, FCA

獨立非執行董事及審核委員會委員

張先生，66歲，在2008年獲委任為本行董事。他於2001年退休前，為香港著名國際會計師事務所畢馬威會計師事務所之合夥人。張先生在審計及企業財務工作方面具備豐富經驗，尤其擅長處理香港及中國內地的貿易及生產公司的事項。張先生是英格蘭及威爾斯特許會計師公會及香港會計師公會的資深會員。

張先生現任維他奶國際集團有限公司、盈科大衍地產發展有限公司及大昌行集團有限公司之獨立非執行董事。

張先生現為本行全資附屬公司——東亞銀行(中國)有限公司之獨立非執行董事、審核委員會及關聯交易控制委員會主席。

范禮賢博士

非執行董事及提名委員會委員

范博士，69歲，在2009年6月獲委任為本行董事。范博士現時為以下公司的主席：

- (i) CaixaBank, S.A.^註(前稱Criteria CaixaCorp, S.A.)，為一家綜合金融集團並在西班牙證券交易所上市——從事銀行業務、保險活動和國際銀行投資——在西班牙的零售銀行業中具領導地位
- (ii) 西班牙巴塞羅那儲蓄銀行^註(Caja de Ahorros y Pensiones de Barcelona “la Caixa”)，為西班牙及歐洲首家儲蓄銀行，並且是CaixaBank, S.A.的控股股東
- (iii) “la Caixa”基金
- (iv) Criteria CaixaHolding，為一家集合“la Caixa”的實業投資及物業資產的非上市投資公司

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Dr. Fainé currently holds chairmanships and directorships in other listed companies as follows:

- (i) First Vice Chairman of Abertis Infraestructuras, S.A. (infrastructure manager, listed in Spain)
- (ii) Vice Chairman of Telefónica, S.A. (integrated operator in the telecommunication sector, listed in Spain)
- (iii) Vice Chairman of Repsol YPF, S.A. (oil company, listed in Spain)
- (iv) Director of Banco BPI, S.A. (financial and multi-specialist group focusing on the banking business, listed in Portugal)

Dr. Fainé is Second Vice Chairman of Sociedad General de Aguas de Barcelona, S.A. He was a Director of Grupo Financiero Inbursa, S.A.B. de C.V. (financial and banking group, listed in Mexico) until 2011.

Dr. Fainé is a member of the Royal Academy of Economics and Finance and of the Royal Academy of Doctors, Chairman of the Association of Spanish Savings Banks (CECA), Vice-Chairman of the European Savings Bank Group (ESBG) and Chairman of the Association of Catalan Savings Banks. He is also Chairman of the Spanish Confederation of Directors and Executives (CEDE) and the Spanish Chapter of the Club of Rome. He has been a member of the Executive Committee of the Deposit Guarantee Fund for Savings Bank since 2007. In July 2010, he has been appointed member of The Governing Committee of the Fund for Orderly Bank Restructuring (FROB) and in February 2011, he was appointed as a member of the Executive Committee of the Business Council for Competitiveness (CEC). In December 2011, Dr. Fainé was appointed Vice Chairman of Institut de Prospective Économique du Monde Méditerranéen (IPEMED).

Dr. Fainé began his professional banking career as Investment Manager for Banco Atlántico in 1964, later becoming General Manager of Banco de Asunción in Paraguay in 1969. On his return to Barcelona, he held various managerial posts in financial entities: Human Resources Director at Banca Riva y García (1973), Director and CEO of Banca Jover (1974) and General Manager of Banco Unión (1978).

Dr. Fainé joined “la Caixa” and was appointed Deputy Executive General Manager in 1982. He was appointed CEO in 1999 and was further appointed Chairman of “la Caixa” in 2007.

Note “la Caixa” is the controlling shareholder of CaixaBank, S.A. Each of “la Caixa” and CaixaBank, S.A. is a substantial shareholder of the Bank as defined under the Listing Rules and within the meaning of Part XV of the Securities and Futures Ordinance, the details of which are disclosed in the “Interest of Substantial Shareholders and Other Persons” section of the

Among other academic and professional qualifications, Dr. Fainé holds a PhD in Economic and Business Sciences, an International Senior Managers Program in Business Administration from Harvard University, and a Diploma in Senior Business Management from the IESE Business School.

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu

MA (Cantab), MBA, LPC, JP

Deputy Chief Executive

Mr. Li, aged 38, joined the Bank in 2000 as General Manager & Head of Corporate Banking Division. In April 2009, he was promoted to Deputy Chief Executive for Hong Kong Business, and in his current capacity, he is responsible for the overall management of the Bank's business activities in Hong Kong, including corporate banking, personal banking, wealth management, and insurance and retirement benefits. He is also a director of various members of the Bank Group and a member of various committees appointed by the Board.

Mr. Li is currently an Independent Non-executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited, Sino Hotels (Holdings) Limited and China State Construction International Holdings Limited. He is an Alternate Independent Non-executive Director of San Miguel Brewery Hong Kong Limited, and an Alternate Director of AFFIN Holdings Berhad (listed in Malaysia).

Mr. Li is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (“CPPCC”) and was formerly a member of the Ninth and Tenth Guangzhou Committees of the CPPCC. He is also a member of the All-China Youth Federation, Deputy Chairman of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. Mr. Li is a Board Member of The Community Chest of Hong Kong, Chairman of the Vocational Training Council's Banking and Finance Industry Training Board, and a member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. Furthermore, Mr. Li is a member of the Election Committee responsible for electing the Chief Executive of the Hong Kong Special Administrative Region. Mr. Li was formerly a Council Member of the Vocational Training Council, a Board Member of Ocean Park Corporation and an advisory board member of the Hong Kong Export Credit Insurance Corporation.

Report of the Directors. Dr. the Hon. Sir David LI Kwok-po is a director of CaixaBank, S.A. and Dr. Isidro FAINÉ CASAS is the Chairman of CaixaBank, S.A. and “la Caixa”. Dr. FAINÉ owns 0.015% interest in CaixaBank, S.A. while he is not aware of any of his associates owning any interest in CaixaBank, S.A. or any of its subsidiaries.

董事及高層管理人員的個人資料 (續)

范博士目前還在其他上市公司擔任主席及董事職務，詳情如下：

- (i) Abertis Infraestructuras, S.A. 第一副主席，該公司在西班牙上市，專營基建項目管理
- (ii) Telefónica, S.A. 副主席，該公司在西班牙上市，為電訊業之一家綜合經營公司
- (iii) Repsol YPF, S.A. 副主席，該公司在西班牙上市，為一家石油公司
- (iv) Banco BPI, S.A. 董事，該公司在葡萄牙上市，為主要從事銀行業務之金融及多元化專項集團

范博士是 Sociedad General de Aguas de Barcelona, S.A. 第二副主席。他曾在 Grupo Financiero Inbursa, S.A.B. de C.V. 擔任董事直至2011年，該公司在墨西哥上市，為一家金融及銀行集團。

范博士是皇家經濟及金融學院以及皇家醫生學院的會員、西班牙儲蓄銀行協會主席 (CECA)、歐洲儲蓄銀行集團副主席 (ESBG)、加泰羅尼亞儲蓄銀行協會主席、西班牙董事及行政人員聯合會主席 (CEDE)、羅馬俱樂部西班牙分會主席，以及自2007年起出任儲蓄銀行存款保證金執行委員會委員。於2010年7月，他獲委任為有序銀行重組基金 (FROB) 管治委員會委員並於2011年2月獲委任為競爭力商業委員會 (CEC) 執行委員會委員。於2011年12月，范博士獲委任為 Institut de Prospective Économique du Monde Méditerranéen (IPEMED) 副主席。

范博士早於1964年開始其專業銀行事業，在 Banco Atlántico 擔任投資經理，其後於1969年在巴拉圭 Banco de Asunción 擔任總經理。在返回巴塞羅那後，他曾在多家金融機構擔任管理職務：於1973年在 Banca Riva y García 擔任人力資源董事，於1974年在 Banca Jover 擔任董事兼行政總裁，以及於1978年在 Banco Unión 擔任總經理。

范博士於1982年加入西班牙巴塞羅那儲蓄銀行，並獲委任為副執行總經理。於1999年，他獲委任該公司行政總裁一職，並且於2007年進一步獲委任為主席。

除其他學術及專業資格外，范博士持有經濟及商業科學博士學位、哈佛大學頒發的國際高級經理項目 (工商管理) 資格以及 IESE 商學院頒發的高級商業管理文憑。

高層管理人員

李民橋先生

MA (Cantab), MBA, LPC, JP
副行政總裁

李先生，現年38歲，在2000年加入本行為總經理兼企業銀行主管。其後於2009年4月獲擢升為副行政總裁。李先生主要負責本行香港業務之整體運作，當中包括企業銀行、個人銀行、財富管理、保險及退休福利等業務。他同時亦出任本集團系內多間公司之董事及多個由董事會委任之委員會委員。

李先生現任信和置業有限公司、尖沙咀置業集團有限公司、信和酒店 (集團) 有限公司及中國建築國際集團有限公司之獨立非執行董事。此外，他亦出任香港生力啤酒廠有限公司之替代獨立非執行董事，以及 AFFIN Holdings Berhad (在馬來西亞上市) 之替代董事。

李先生現為中國人民政治協商會議廣東省委員會委員及曾任中國人民政治協商會議第九屆及第十屆廣州市委員會委員。現時，他亦是中華全國青年聯合會港區特邀委員、北京青年聯合會副主席及香港青年聯會參事。李先生是香港公益金董事、香港職業訓練局銀行及金融業訓練委員會主席，以及香港強制性公積金計劃管理局強制性公積金行業計劃委員會委員。此外，李先生亦為負責推選香港特別行政區行政長官之選舉委員會委員。李先生曾出任香港職業訓練局理事會委員、海洋公園公司董事及香港出口信用保險局諮詢委員會委員。

註 西班牙巴塞羅那儲蓄銀行為 CaixaBank, S.A. 的控股股東。根據《上市規則》及《證券及期貨條例》第XV部之定義，西班牙巴塞羅那儲蓄銀行及 CaixaBank, S.A. 均為本行的主要股東，詳情在董事會報告書內主要股東及其他人士的權益項下披露。

李國寶爵士為 CaixaBank, S.A. 的董事，而范禮賢博士則是 CaixaBank, S.A. 及西班牙巴塞羅那儲蓄銀行的主席。范博士擁有 CaixaBank, S.A. 0.015% 的權益，他並不知悉其任何聯繫人士擁有 CaixaBank, S.A. 或其任何附屬公司的任何權益。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Li holds a Master's Degree in Management from Kellogg School of Management, Northwestern University, US, and a Bachelor of Arts Degree and a Master of Arts Degree in Law from the University of Cambridge, UK. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong.

Mr. Li is the son of Dr. the Hon. Sir David Li Kwok-po, the grandnephew of Mr. Eric Li Fook-chuen, the nephew of Professor Arthur Li Kwok-cheung, Mr. Aubrey Li Kwok-sing and Mr. Stephen Charles Li Kwok-sze. He is the brother of Mr. Brian David Li Man-bun.

Mr. Brian David Li Man-bun

MA (Cantab), MBA, FCA, JP
Deputy Chief Executive

Mr. Li, aged 37, joined the Bank Group in 2002. He was General Manager & Head of Wealth Management Division of the Bank from July 2004 to March 2009. He was promoted to Deputy Chief Executive for China and International Business in April 2009. Mr. Li is primarily responsible for the Bank's China and international businesses, as well as the management of BEA Union Investment Management Limited. He is also a director of various members of the Bank Group and a member of various committees appointed by the Board.

Mr. Li is currently an Independent Non-executive Director of Towngas China Company Limited and Hopewell Highway Infrastructure Limited.

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference, a Member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a Part-time Member of the HKSAR Central Policy Unit, a Member of the Hong Kong-Taiwan Business Cooperation Committee, a Member of the Advisory Committee of the Securities and Futures Commission of Hong Kong, a Member of the HKSAR Small and Medium Enterprises Committee, a Member of the HKSAR Energy Advisory Committee, a Member of the HKSAR Standing Committee on Judicial Salaries and Conditions of Service, a Member of the HKSAR Financial Reporting Review Panel and a Member of the HKSAR Traffic Accident Victims Assistance Advisory Committee, etc.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Full Member of the Treasury Markets Association. Mr. Li is also a Fellow of the Institute of Chartered Accountants in England and Wales and he holds an MBA from Stanford University as well as MA and BA from the University of Cambridge.

Mr. Li is the son of Dr. the Hon. Sir David Li Kwok-po, the grandnephew of Mr. Eric Li Fook-chuen, the nephew of Professor Arthur Li Kwok-cheung, Mr. Aubrey Li Kwok-sing and Mr. Stephen Charles Li Kwok-sze. He is the brother of Mr. Adrian David Li Man-kiu.

Mr. Samson Li Kai-cheong

FCCA, CPA, FCIS, FCS, HKSI
Deputy Chief Executive & Chief Investment Officer

Mr. Li, aged 51, joined the Bank in 1987 as Chief Internal Auditor. He was promoted to Deputy Chief Executive & Chief Investment Officer in April 2009. Mr. Li is primarily responsible for the Bank's investment activities and treasury & broking operations including treasury markets. He is also a director of various members of the Bank Group and a member of various committees appointed by the Board.

Mr. Li is currently an Independent Non-executive Director and the Chairman of Audit Committee of China Merchants China Direct Investments Limited.

Mr. Li is a Fellow of The Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries & Administrators, and The Association of Chartered Certified Accountants. In addition, he is an Associate of the Hong Kong Institute of Certified Public Accountants, a Member of the Hong Kong Securities Institute and a Member of the Listing Committee of The Stock Exchange of Hong Kong Limited. Mr. Samson Li received his Professional Diploma in Accountancy from The Hong Kong Polytechnic University.

Mr. TONG Hon-shing

BSc, ACIB, AHKIB, FCIS, FCS
Deputy Chief Executive & Chief Operating Officer

Mr. Tong, aged 52, joined the Bank in 1975. He was promoted to Assistant General Manager in 1995 and to General Manager in 2000. He was General Manager & Head of Personal Banking Division from 2001 to March 2009. He was further promoted to Deputy Chief Executive and Chief Operating Officer in April 2009. Mr. Tong is primarily responsible for strategic planning and control, operations support, compliance, human resources, and corporate communications of the Bank. He is also a director of various members of the Bank Group and a member of various committees appointed by the Board. Mr. Tong is a Fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries & Administrators as well as an Associate of The Hong Kong Institute of Bankers and The Chartered Institute of Bankers. He holds a BSc from the University of Manchester.

董事及高層管理人員的個人資料 (續)

李先生持有美國西北大學凱洛格管理學院工商管理碩士學位、英國劍橋大學法學院學士及碩士學位。他是英國律師會及香港律師會會員。

李先生是李國寶爵士之兒子、李福全先生之堂姪孫、李國章教授之姪兒、李國星先生及李國仕先生之堂姪及李民斌先生之胞兄。

李民斌先生

MA (Cantab), MBA, FCA, JP

副行政總裁

李先生，現年37歲，在2002年加入本集團，2004年7月至2009年3月期間出任本行總經理兼財富管理處主管，並於2009年4月獲擢升為副行政總裁，負責中國與國際業務。李先生主要負責本行的中國及國際業務，以及東亞聯豐投資管理有限公司之管理。他亦是本集團系內多間公司的董事及多個由董事會委任之委員會的委員。

李先生現任港華燃氣有限公司及合和公路基建有限公司的獨立非執行董事。

李先生擔任多項公職及榮譽職務，包括中國人民政治協商會議全國委員會委員、中國人民政治協商會議北京市委員會委員、香港特別行政區政府中央政策組非全職顧問、香港—台灣商貿合作委員會委員、香港證券及期貨事務監察委員會諮詢委員會委員、香港特別行政區政府中小型企業委員會委員、香港特區政府能源諮詢委員會成員、香港特區政府司法人員薪俸及服務條件常務委員會委員、香港特區政府財務匯報檢討委員會成員，以及香港特區政府交通意外傷亡援助諮詢委員會委員等。

李先生為香港會計師公會資深會計師和財資市場公會專業會員，以及英格蘭及威爾士特許會計師公會資深會員，並獲美國斯坦福大學工商管理碩士學位，和英國劍橋大學文學碩士及學士學位。

李先生是李國寶爵士之兒子、李福全先生之堂姪孫、李國章教授之姪兒、李國星先生及李國仕先生之堂姪，以及李民橋先生之胞弟。

李繼昌先生

FCCA, CPA, FCIS, FCS, HKSI

副行政總裁兼投資總監

李先生，現年51歲，在1987年加入本行為總內部稽核，於2009年4月獲擢升為副行政總裁兼投資總監。李先生主要負責本行的投資活動、資金及經紀業務的運作，包括資金市場。他亦是本集團系內多間公司的董事及多個由董事會委任之委員會的委員。

他是招商局中國基金有限公司的獨立非執行董事及審計委員會主席。

李先生為香港特許秘書公會、英國特許秘書及行政人員公會和英國特許公認會計師公會資深會士、香港會計師公會會士、香港證券學院會員和香港聯合交易所有限公司上市委員會成員，並獲香港理工大學會計學專業文憑。

唐漢城先生

BSc, ACIB, AHKIB, FCIS, FCS

副行政總裁兼營運總監

唐先生，現年52歲，在1975年加入本行。於1995年獲擢升為助理總經理及2000年獲擢升為總經理，2001年至2009年3月期間出任總經理兼個人銀行處主管，並於2009年4月獲擢升為副行政總裁兼營運總監。唐先生主要負責本行的策劃及調控、營運支援、法規監管、人力資源，以及企業傳訊。他亦是本集團系內多間公司的董事及多個由董事會委任之委員會的委員。唐先生為香港特許秘書公會和英國特許秘書及行政人員公會資深會士，及香港銀行學會和英國特許銀行學會會士，並獲英國曼徹斯特大學理學士學位。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTOR

Executive Director

Dr. the Hon. Sir David LI Kwok-po
(Chairman & Chief Executive)

Non-executive Directors

Professor Arthur LI Kwok-cheung
(Deputy Chairman)

Mr. Aubrey LI Kwok-sing

Tan Sri Dr. KHOO Kay-peng

Mr. Richard LI Tzar-kai

Mr. Eric LI Fook-chuen

Mr. Stephen Charles LI Kwok-sze

Dr. Isidro FAINÉ CASAS

Independent Non-executive Directors

Dr. Allan WONG Chi-yun
(Deputy Chairman)

Mr. WONG Chung-hin

Dr. LEE Shau-kee

Mr. Winston LO Yau-lai

Dr. Thomas KWOK Ping-kwong

Mr. Kenneth LO Chin-ming

Mr. William DOO Wai-hoi

Mr. KUOK Khoon-ean

Mr. Valiant CHEUNG Kin-piu

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu
MA (Cantab), MBA, LPC, JP
Deputy Chief Executive

Mr. Brian David LI Man-bun
MA (Cantab), MBA, FCA, JP
Deputy Chief Executive

Mr. Samson LI Kai-cheong
FCCA, CPA, FCIS, FCS, HKSI
Deputy Chief Executive & Chief Investment Officer

Mr. TONG Hon-shing
BSc, ACIB, AHKIB, FCIS, FCS
Deputy Chief Executive & Chief Operating Officer

SENIOR ADVISORS

Mr. Joseph PANG Yuk-wing
BSSc, MBA, Hon. DSocSC, Hon. Fellow (CUHK), ACIB, FHKIB, JP

Mr. CHAN Kay-cheung
FHKIB

Mr. CHAN Tze-ching
FCCA, FCPA, ACIS, ACS

COMPANY SECRETARY

Mr. Alson LAW Chun-tak
FCCA, FCPA, FCIS, FCS

AUDITORS

KPMG
Certified Public Accountants

董事會

執行董事

李國寶爵士
(主席兼行政總裁)

非執行董事

李國章教授
(副主席)

李國星先生

丹斯里邱繼炳博士

李澤楷先生

李福全先生

李國仕先生

范禮賢博士

獨立非執行董事

黃子欣博士
(副主席)

黃頌顯先生

李兆基博士

羅友禮先生

郭炳江博士

駱錦明先生

杜惠愷先生

郭孔演先生

張建標先生

高層管理人員

李民橋先生
MA (Cantab), MBA, LPC, JP
副行政總裁

李民斌先生
MA (Cantab), MBA, FCA, JP
副行政總裁

李繼昌先生
FCCA, CPA, FCIS, FCS, HKSI
副行政總裁兼投資總監

唐漢城先生
BSc, ACIB, AHKIB, FCIS, FCS
副行政總裁兼營運總監

高級顧問

彭玉榮先生
BSSc, MBA, Hon. DSocSC, Hon. Fellow (CUHK), ACIB, FHKIB, JP

陳棋昌先生
FHKIB

陳子政先生
FCCA, FCPA, ACIS, ACS

公司秘書

羅春德先生
FCCA, FCPA, FCIS, FCS

核數師

畢馬威會計師事務所
執業會計師

CHIEF EXECUTIVE AND SENIOR MANAGEMENT
行政總裁及高層管理人員



Mr. Samson LI
Kai-cheong
李繼昌先生

Mr. Adrian David LI
Man-kiu
李民橋先生

Dr. the Hon. Sir David LI
Kwok-po
李國寶爵士

Mr. Brian David LI
Man-bun
李民斌先生

Mr. TONG Hon-shing
唐漢城先生

LIST OF OUTLETS

網絡一覽



1 The Head Office – Hong Kong 香港 — 總行

Greater China ex-Hong Kong 大中華地區 (香港除外)

| | | | | | | | | |
|----|--------------|------|----|---------------|-----|----|-----------|----|
| 2 | Beijing | 北京 | 14 | Xi'an | 西安 | 26 | Foshan | 佛山 |
| 3 | Urumqi | 烏魯木齊 | 15 | Fuping County | 富平縣 | 27 | Huizhou | 惠州 |
| 4 | Harbin | 哈爾濱 | 16 | Zhengzhou | 鄭州 | 28 | Dongguan | 東莞 |
| 5 | Shenyang | 瀋陽 | 17 | Nanjing | 南京 | 29 | Shenzhen | 深圳 |
| 6 | Dalian | 大連 | 18 | Hefei | 合肥 | 30 | Zhuhai | 珠海 |
| 7 | Tianjin | 天津 | 19 | Wuhan | 武漢 | 31 | Zhongshan | 中山 |
| 8 | Shijiazhuang | 石家莊 | 20 | Chengdu | 成都 | 32 | Jiangmen | 江門 |
| 9 | Qingdao | 青島 | 21 | Chongqing | 重慶 | 33 | Zhaoqing | 肇慶 |
| 10 | Suzhou | 蘇州 | 22 | Changsha | 長沙 | 34 | Macau | 澳門 |
| 11 | Kunshan | 昆山 | 23 | Fuzhou | 福州 | 35 | Taipei | 台北 |
| 12 | Shanghai | 上海 | 24 | Xiamen | 廈門 | 36 | Kaohsiung | 高雄 |
| 13 | Hangzhou | 杭州 | 25 | Guangzhou | 廣州 | | | |

Overseas 海外

Singapore 新加坡

Singapore 新加坡

Malaysia 馬來西亞

Labuan 納閩
Kuala Lumpur 吉隆坡

United Kingdom 英國

London 倫敦
Birmingham 伯明翰

United States 美國

New York 紐約
Los Angeles 洛杉磯
San Francisco 三藩市

LIST OF OUTLETS (CONTINUED)

網絡一覽 (續)

GREATER CHINA NETWORK EX-HONG KONG 大中華地區網絡 (香港除外)

Telephone 電話

Mainland China 中國內地

The Bank of East Asia (China) Limited

東亞銀行(中國)有限公司

(86 21) 3866 3866

| | | |
|---|---------------|--------------------|
| • Shanghai Branch | • 上海分行 | (86 21) 3867 5033 |
| • Shanghai Puxi Sub-Branch | • 上海浦西支行 | (86 21) 6329 7338 |
| • Shanghai Gubei Sub-Branch | • 上海古北支行 | (86 21) 6208 0333 |
| • Shanghai Xintiandi Sub-Branch | • 上海新天地支行 | (86 21) 5382 0333 |
| • Shanghai Xujiahui Sub-Branch | • 上海徐家匯支行 | (86 21) 6469 0333 |
| • Shanghai Jing'an Sub-Branch | • 上海靜安支行 | (86 21) 6258 0333 |
| • Shanghai Changning Sub-Branch | • 上海長寧支行 | (86 21) 5241 8333 |
| • Shanghai Dongfang Road Sub-Branch | • 上海東方路支行 | (86 21) 5873 8333 |
| • Shanghai Lianyang Sub-Branch | • 上海聯洋支行 | (86 21) 3392 7333 |
| • Shanghai Hongqiao Sub-Branch | • 上海虹橋支行 | (86 21) 3252 8833 |
| • Shanghai Lujiazui Sub-Branch | • 上海陸家嘴支行 | (86 21) 3883 4567 |
| • Shanghai New Gubei Sub-Branch | • 上海新古北支行 | (86 21) 6278 0333 |
| • Shanghai Zhangjiang Sub-Branch | • 上海張江支行 | (86 21) 3857 3670 |
| • Shanghai Hongkou Sub-Branch | • 上海虹口支行 | (86 21) 6503 0333 |
| • Beijing Branch | • 北京分行 | (86 10) 6589 1000 |
| • Beijing Yabaolu Sub-Branch | • 北京雅寶路支行 | (86 10) 8563 6566 |
| • Beijing Wangjing Sub-Branch | • 北京望京支行 | (86 10) 8472 0036 |
| • Beijing Zhongguancun Sub-Branch | • 北京中關村支行 | (86 10) 6268 2151 |
| • Beijing Fuhua Sub-Branch | • 北京富華支行 | (86 10) 6554 3110 |
| • Beijing Jinrongjie Sub-Branch | • 北京金融街支行 | (86 10) 5931 5060 |
| • Beijing Economic-Technological Development Area Sub-Branch | • 北京經濟技術開發區支行 | (86 10) 6788 6653 |
| • Dalian Branch | • 大連分行 | (86 411) 8280 8222 |
| • Dalian Huafu Sub-Branch | • 大連華府支行 | (86 411) 8370 8333 |
| • Dalian ETDZ Sub-Branch | • 大連開發區支行 | (86 411) 3920 3920 |
| • Dalian Xing Hai Bay Sub-Branch | • 大連星海灣支行 | (86 411) 3960 3960 |
| • Dalian Wusi Square Sub-Branch | • 大連五四廣場支行 | (86 411) 8411 9888 |
| • Dalian Xigang Sub-Branch | • 大連西崗支行 | (86 411) 8250 9666 |
| • Dalian Malan Square Sub-Branch | • 大連馬欄廣場支行 | (86 411) 8497 5888 |
| • Xi'an Branch | • 西安分行 | (86 29) 8765 1188 |
| • Xi'an Beidajie Sub-Branch | • 西安北大街支行 | (86 29) 8720 1608 |
| • Xi'an Xidajie Sub-Branch | • 西安西大街支行 | (86 29) 8725 6969 |
| • Xi'an Hi-Tech District Sub-Branch | • 西安高新區支行 | (86 29) 8833 9955 |
| • Xi'an Economic and Technological Development Zone Sub-Branch | • 西安經濟技術開發區支行 | (86 29) 8655 1188 |
| • Xi'an Changle Road Sub-Branch | • 西安長樂路支行 | (86 29) 8258 9955 |
| • Xi'an North Taihua Road Sub-Branch | • 西安太華北路支行 | (86 29) 8610 2299 |
| • Xiamen Branch | • 廈門分行 | (86 592) 299 1999 |
| • Xiamen Jiahe Sub-Branch | • 廈門嘉禾支行 | (86 592) 507 8383 |
| • Xiamen Hexiang Sub-Branch | • 廈門禾祥支行 | (86 592) 296 6565 |

LIST OF OUTLETS (CONTINUED)

網絡一覽 (續)

GREATER CHINA NETWORK EX-HONG KONG 大中華地區網絡 (香港除外)

Telephone 電話

| | | |
|---|------------|--------------------|
| • Xiamen Xiada Sub-Branch | • 廈門廈大支行 | (86 592) 257 5353 |
| • Xiamen Lianqian Sub-Branch | • 廈門蓮前支行 | (86 592) 598 7171 |
| • Xiamen Wenzao Sub-Branch | • 廈門文灶支行 | (86 592) 585 0512 |
| • Guangzhou Branch | • 廣州分行 | (86 20) 8755 1138 |
| • Guangzhou Huanshilu Sub-Branch | • 廣州環市路支行 | (86 20) 8386 0338 |
| • Guangzhou Panyu Sub-Branch | • 廣州番禺支行 | (86 20) 8482 8100 |
| • Guangzhou Huadu Sub-Branch | • 廣州花都支行 | (86 20) 3680 8800 |
| • Guangzhou Haizhu Sub-Branch | • 廣州海珠支行 | (86 20) 8910 5380 |
| • Guangzhou Development District Sub-Branch | • 廣州開發區支行 | (86 20) 6225 7100 |
| • Guangzhou Bin Jiang Dong Sub-Branch | • 廣州濱江東支行 | (86 20) 8932 2330 |
| • Guangzhou Jiangnanxi Sub-Branch | • 廣州江南西支行 | (86 20) 8441 1998 |
| • Guangzhou Bei Jing Road Sub-Branch | • 廣州北京路支行 | (86 20) 8330 4388 |
| • Foshan Sub-Branch | • 佛山支行 | (86 757) 8185 8088 |
| • Zhaoqing Sub-Branch | • 肇慶支行 | (86 758) 2321 858 |
| • Shenzhen Branch | • 深圳分行 | (86 755) 8203 2313 |
| • Shenzhen Luohu Sub-Branch | • 深圳羅湖支行 | (86 755) 8228 0182 |
| • Shenzhen Nanshan Sub-Branch | • 深圳南山支行 | (86 755) 8621 1882 |
| • Shenzhen BaoAn Sub-Branch | • 深圳寶安支行 | (86 755) 2966 3133 |
| • Shenzhen Longgang Sub-Branch | • 深圳龍崗支行 | (86 755) 8481 5111 |
| • Shenzhen Longhua Sub-Branch | • 深圳龍華支行 | (86 755) 2811 3000 |
| • Shenzhen Huaqiangbei Sub-Branch | • 深圳華強北支行 | (86 755) 8376 3299 |
| • Shenzhen Futian Sub-Branch | • 深圳福田支行 | (86 755) 2533 4488 |
| • Shenzhen Zhongxinqu Sub-Branch | • 深圳中心區支行 | (86 755) 8899 6899 |
| • Shenzhen Huaqiaocheng Sub-Branch | • 深圳華僑城支行 | (86 755) 8662 6132 |
| • Huizhou Sub-Branch | • 惠州支行 | (86 752) 783 9188 |
| • Dongguan Sub-Branch | • 東莞支行 | (86 769) 2338 0508 |
| • Zhuhai Branch | • 珠海分行 | (86 756) 889 6883 |
| • Zhuhai Jida Sub-Branch | • 珠海吉大支行 | (86 756) 321 0928 |
| • Zhuhai Ningxi Sub-Branch | • 珠海寧溪支行 | (86 756) 231 9522 |
| • Zhuhai Xin Xiangzhou Sub-Branch | • 珠海新香洲支行 | (86 756) 260 1600 |
| • Zhongshan Sub-Branch | • 中山支行 | (86 760) 8998 3838 |
| • Jiangmen Sub-Branch | • 江門支行 | (86 750) 3876 288 |
| • Chengdu Branch | • 成都分行 | (86 28) 8620 2020 |
| • Chengdu Jincheng Sub-Branch | • 成都錦城支行 | (86 28) 8626 5050 |
| • Chengdu Yulin Sub-Branch | • 成都玉林支行 | (86 28) 8513 2000 |
| • Chengdu Wuhou Sub-Branch | • 成都武侯支行 | (86 28) 8595 6060 |
| • Chongqing Branch | • 重慶分行 | (86 23) 6388 6388 |
| • Chongqing Shapingba Sub-Branch | • 重慶沙坪壩支行 | (86 23) 6530 0288 |
| • Chongqing Jiangbei Sub-Branch | • 重慶江北支行 | (86 23) 6771 0788 |
| • Chongqing Jiefangbei Sub-Branch | • 重慶解放碑支行 | (86 23) 6310 7929 |
| • Chongqing New North Zone Sub-Branch | • 重慶北部新區支行 | (86 23) 6800 9000 |
| • Hangzhou Branch | • 杭州分行 | (86 571) 8981 2288 |

LIST OF OUTLETS (CONTINUED)

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GREATER CHINA NETWORK EX-HONG KONG 大中華地區網絡 (香港除外)

Telephone 電話

| | | |
|---|--------------------|--------------------|
| • Hangzhou Wenhui Road Sub-Branch | • 杭州文暉路支行 | (86 571) 8835 1131 |
| • Hangzhou Wener Road Sub-Branch | • 杭州文二路支行 | (86 571) 8981 2488 |
| • Qingdao Branch | • 青島分行 | (86 532) 8197 8888 |
| • Qingdao Xiang Gang Zhong Road Sub-Branch | • 青島香港中路支行 | (86 532) 6688 7888 |
| • Qingdao Qin Ling Road Sub-Branch | • 青島秦嶺路支行 | (86 532) 8099 7188 |
| • Shenyang Branch | • 瀋陽分行 | (86 24) 3128 0300 |
| • Shenyang Wu'ai Sub-Branch | • 瀋陽五愛支行 | (86 24) 3129 0300 |
| • Shenyang Nanhu Technology Development Zone Sub-Branch | • 瀋陽南湖科技開發區支行 | (86 24) 6278 6100 |
| • Shenyang Heping Sub-Branch | • 瀋陽和平支行 | (86 24) 3107 9300 |
| • Shenyang Economic and Technological Development Zone Sub-Branch | • 瀋陽經濟技術開發區支行 | (86 24) 3108 9300 |
| • Wuhan Branch | • 武漢分行 | (86 27) 8226 1668 |
| • Wuhan Optics Valley Sub-Branch | • 武漢光谷支行 | (86 27) 8720 0488 |
| • Nanjing Branch | • 南京分行 | (86 25) 8689 9988 |
| • Nanjing East Zhongshan Road Sub-Branch | • 南京中山東路支行 | (86 25) 8464 6657 |
| • Tianjin Branch | • 天津分行 | (86 22) 2836 2288 |
| • Urumqi Branch | • 烏魯木齊分行 | (86 991) 236 4888 |
| • Urumqi Hi-tech Industries Development Zone Sub-Branch | • 烏魯木齊高新區支行 | (86 991) 236 4951 |
| • Hefei Branch | • 合肥分行 | (86 551) 566 3888 |
| • Shijiazhuang Branch | • 石家莊分行 | (86 311) 6678 8000 |
| • Suzhou Branch | • 蘇州分行 | (86 512) 6873 5088 |
| • Kunshan Sub-Branch | • 昆山支行 | (86 512) 3680 3030 |
| • Zhengzhou Branch | • 鄭州分行 | (86 371) 8996 6888 |
| • Harbin Branch | • 哈爾濱分行 | (86 451) 8625 3535 |
| • Changsha Branch | • 長沙分行 | (86 731) 8996 0000 |
| The Bank of East Asia, Limited | 東亞銀行有限公司 | |
| • Shanghai Branch | • 上海分行 | (86 21) 3866 3508 |
| • Fuzhou Representative Office | • 福州代表處 | (86 591) 8780 9306 |
| • Shaanxi Fuping BEA Rural Bank Corporation | • 陝西富平東亞村鎮銀行有限責任公司 | (86 913) 830 9988 |

Macau 澳門

| | | |
|--------------------------------|---------|-----------------|
| Macau Branch | 澳門分行 | (853) 2833 5511 |
| Macau Horta e Costa Sub-Branch | 澳門高士德支行 | (853) 2821 0858 |
| Macau Praia Grande Sub-Branch | 澳門南灣支行 | (853) 2837 0661 |
| Macau Taipa Sub-Branch | 澳門氹仔支行 | (853) 2883 0166 |
| Macau Areia Preta Sub-Branch | 澳門黑沙環支行 | (853) 2875 0036 |

Taiwan 台灣

| | | |
|------------------------------|------------|-------------------|
| Taipei Branch | 台北分行 | (886 2) 8161 2851 |
| Taiwan Offshore Banking Unit | 台灣國際金融業務分行 | (886 2) 8161 2888 |
| Kaohsiung Branch | 高雄分行 | (886 7) 225 2238 |

LIST OF OUTLETS (CONTINUED)

網絡一覽(續)

OVERSEAS NETWORK 海外網絡

Telephone 電話

Singapore 新加坡

| | | |
|------------------|-------|----------------|
| Singapore Branch | 新加坡分行 | (65) 6602 7702 |
|------------------|-------|----------------|

Malaysia 馬來西亞

| | | |
|------------------------------------|--------|------------------|
| Labuan Branch | 納閩分行 | (60 87) 451 145 |
| Kuala Lumpur Representative Office | 吉隆坡代表處 | (60 3) 2161 6210 |

United Kingdom 英國

| | | |
|-------------------|-------|-------------------|
| London Branch | 倫敦分行 | (44 20) 7734 3434 |
| Birmingham Branch | 伯明翰分行 | (44 121) 326 3030 |

United States 美國

The Bank of East Asia, Limited

- New York Branch
- New York Wholesale Branch
- Los Angeles Branch

The Bank of East Asia (U.S.A.) N.A.

- Canal Street Main Branch
- Alhambra Branch
- Brooklyn Branch
- Clement Branch
- Flushing Branch
- Hacienda Heights Branch
- Noriega Branch
- Oakland Branch
- San Francisco Chinatown Branch
- San Gabriel Branch
- South San Francisco Branch
- Temple City Branch
- Torrance Branch

東亞銀行有限公司

- 紐約分行 (1 212) 238 8200
- 紐約企業分行 (1 212) 238 8200
- 洛杉磯分行 (1 626) 656 8818

美國東亞銀行

- 堅尼路總行 (1 212) 238 8208
- 亞罕布拉市分行 (1 626) 300 8888
- 布碌崙分行 (1 718) 210 0508
- 三藩市企李文分行 (1 415) 668 8877
- 法拉盛分行 (1 347) 905 9772
- 哈仙達崗分行 (1 626) 965 3938
- 三藩市諾利加分行 (1 415) 665 8877
- 屋崙分行 (1 510) 208 2140
- 三藩市華埠分行 (1 415) 352 6900
- 聖蓋博分行 (1 626) 656 0880
- 南三藩市分行 (1 650) 872 9700
- 天普市分行 (1 626) 656 8888
- 托倫斯市分行 (1 310) 802 7388

CORPORATE GOVERNANCE REPORT

Being the largest independent local bank in Hong Kong, the Bank is committed to maintaining the highest corporate governance standards. The Board considers such commitment essential in balancing the interests of shareholders, customers and employees; and in upholding accountability and transparency.

The Bank has complied with all the Code Provisions set out in Appendix 14 Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting year ended 31st December, 2011, except for a deviation from Code Provision A.2.1 which is explained in section A below.

The Bank has also complied with the module on "Corporate Governance of Locally Incorporated Authorized Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority ("HKMA").

A. DIRECTORS

The Board

The Bank is headed by an effective Board which assumes responsibility for leadership and control of the Bank and is collectively responsible for promoting the success of the Bank by directing and supervising the Bank's affairs.

Board meetings are held at least 4 times a year at approximately quarterly intervals. In addition, special Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

Directors are consulted on matters to be included in the agenda for regular Board meetings.

Dates of regular Board meetings are scheduled in the prior year to provide sufficient notice to give all Directors an opportunity to attend. For special Board meetings, reasonable notice is given.

Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

Minutes of the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee are kept by the Company Secretary. Minutes of the meetings of other Board Committees (as listed under Board Committees under section D) are kept by the appointed secretary of each Committee. Minutes are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of the meetings of the Board and Board Committees record in sufficient detail the matters considered by the Board and the Committees, decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes of the meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee are sent to all Directors or Committee members for their comment and record respectively within a reasonable period after the meetings are held.

The Bank has established a *Policy on Obtaining Independent Professional Advice by Directors* to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Bank's expense to assist the relevant Director or Directors to discharge his/their duties to the Bank Group.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall not be dealt with by way of circulation or by a Committee (except for an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting shall be held. Independent Non-executive Directors who, and whose associates, have no material interest in the transaction shall be present at such Board meeting.

The Bank has in place Directors & Officers Liability and Company Reimbursement Insurance to protect the Directors and officers of the Bank and its subsidiaries against claims made against them jointly and severally for any wrongful act committed or alleged to have been committed in their capacity as directors or officers of the Bank.

企業管治報告

本行作為本港最大的獨立本地銀行，致力維持最高的企業管治標準。董事會認為此承諾對於平衡股東、客戶及員工的利益，以及保持問責及透明度，至為重要。

除偏離守則條文A.2.1外（該等偏離行為已在下列A項下作出解釋），本行在截至2011年12月31日止會計年度內，已遵守載於《香港聯合交易所有限公司證券上市規則》（「《上市規則》」）附錄14「《企業管治常規守則》」（「《守則》」）中的全部守則條文。

本行亦已遵守香港金融管理局（「金管局」）所發出之監管手冊內的《本地註冊認可機構的企業管治指引》。

A. 董事

董事會

本行以一個行之有效的董事會為首；董事會負有領導及監控本行的責任，並集體負責統管並監督本行事務以促使本行成功。

董事會會議每年召開最少4次，大約每季一次。此外，會在有需要時召開董事會特別會議。此等董事會會議均有大部分董事親身出席，或透過其他電子通訊方法積極參與。

董事會定期會議議程之事項，經諮詢董事後釐定。

董事會定期會議的日期在前一年已安排，以讓所有董事皆有機會騰空出席。至於董事會特別會議，則發出合理通知召開。

所有董事都可獲得公司秘書的意見和服務，確保董事會程序及所有適用規則及規例均獲得遵守。

董事會、審核委員會、薪酬委員會及提名委員會的會議記錄由公司秘書備存。其他董事會轄下委員會（列於D段董事會轄下的委員會項下）的會議記錄則由各個委員會正式委任的秘書備存。若董事發出合理通知，會公開有關會議記錄供其在任何合理時段查閱。

董事會及其轄下委員會的會議記錄，對會議上各董事所考慮事項及達致的決定作足夠詳細的記錄，其中包括董事提出的任何疑慮或表達的反對意見。董事會會議記錄的初稿及最終定稿會發送全體董事或委員會成員，初稿供其表達意見，最後定稿則作其記錄之用。董事會、審核委員會、薪酬委員會及提名委員會的會議記錄通常在會議後的合理期間內發出。

董事會已建立一套董事諮詢獨立專業意見政策，讓董事按合理要求，可在適當的情況下尋求獨立專業意見，以協助有關董事履行其對本集團的責任，費用由本行支付。

若有董事在董事會將予考慮的事項中存有董事會認為重大的利益衝突，有關事項不會以傳閱文件方式處理或交由轄下委員會處理（根據董事會會議上通過的決議而特別就此事項成立的委員會除外），而董事會會就該事項舉行董事會。在交易中本身及其聯繫人均沒有重大利益的獨立非執行董事會出席有關的董事會會議。

本行已購買董事和職員責任及公司償還保險，以保障本行及其附屬公司的董事及員工，因其以本行董事或職員身分觸犯或被指控觸犯行為失當，以集體或個別形式被索償。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' attendance records

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meeting (RCM), Nomination Committee Meeting (NCM) and Annual General Meeting (AGM) held in 2011 are as follows:

| | Number of meetings attended/held during the Directors' terms of office in 2011 | | | | |
|--|--|-----|-----|-----|-----|
| | BM | ACM | RCM | NCM | AGM |
| <i>Executive Director:</i> | | | | | |
| David LI Kwok-po (Chairman & Chief Executive) | 4/4 | N/A | N/A | 2/2 | 1/1 |
| <i>Non-executive Directors:</i> | | | | | |
| Arthur LI Kwok-cheung (Deputy Chairman) | 4/4 | N/A | N/A | N/A | 1/1 |
| Aubrey LI Kwok-sing | 4/4 | N/A | 1/2 | 2/2 | 1/1 |
| KHOO Kay-peng | 4/4 | N/A | N/A | N/A | 1/1 |
| Richard LI Tzar-kai | 2/4 | N/A | N/A | N/A | 0/1 |
| Eric LI Fook-chuen | 4/4 | N/A | 2/2 | 2/2 | 1/1 |
| Stephen Charles LI Kwok-sze | 4/4 | N/A | N/A | N/A | 1/1 |
| Isidro FAINÉ CASAS | 2/4 | N/A | N/A | 1/2 | 1/1 |
| <i>Independent Non-executive Directors:</i> | | | | | |
| Allan WONG Chi-yun (Deputy Chairman) | 4/4 | 3/3 | 2/2 | 1/2 | 1/1 |
| WONG Chung-hin | 3/4 | 3/3 | N/A | N/A | 1/1 |
| LEE Shau-kee | 2/4 | N/A | N/A | 1/2 | 0/1 |
| Winston LO Yau-lai | 4/4 | 3/3 | 2/2 | N/A | 1/1 |
| Thomas KWOK Ping-kwong | 3/4 | N/A | 1/2 | N/A | 0/1 |
| Kenneth LO Chin-ming | 3/4 | 3/3 | N/A | N/A | 0/1 |
| William DOO Wai-hoi | 3/4 | 2/3 | N/A | N/A | 0/1 |
| KUOK Khoon-ean (Resigned as a member of Audit Committee on 15th February, 2011) | 2/4 | 1/1 | N/A | N/A | 0/1 |
| Valiant CHEUNG Kin-piu | 4/4 | 3/3 | N/A | N/A | 1/1 |
| Average attendance rate | 82% | 95% | 80% | 75% | 65% |

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. the Hon. Sir David LI Kwok-po is the Chairman & Chief Executive of the Bank. The Board considers that this structure will not impair the balance of power and authority between the Board and the Management of the Bank. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting operations of the Bank. There is a strong independent element in the composition of the Board.

Out of the 17 Board members, 9 are Independent Non-executive Directors. The Board believes that the current structure is conducive to strong and consistent leadership, enabling the Bank to make and implement decisions promptly and efficiently. The Board believes that Sir David's appointment to the posts of Chairman and Chief Executive is beneficial to the business prospects and management of the Bank.

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings.

The Chairman is responsible for ensuring that Directors receive adequate, complete and reliable information, in a timely manner.

董事會議出席記錄

各董事於2011年內舉行的董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東周年常會的出席記錄如下：

| | 董事於2011年在任期間 會議出席次數/舉行次數 | | | | |
|-------------------------------|-----------------------------|-----------------|-----------------|-----------------|------------|
| | 董事會 會議 | 審核 委員會 會議 | 薪酬 委員會 會議 | 提名 委員會 會議 | 股東周年 常會 |
| 執行董事： | | | | | |
| 李國寶 (主席兼行政總裁) | 4/4 | 不適用 | 不適用 | 2/2 | 1/1 |
| 非執行董事： | | | | | |
| 李國章 (副主席) | 4/4 | 不適用 | 不適用 | 不適用 | 1/1 |
| 李國星 | 4/4 | 不適用 | 1/2 | 2/2 | 1/1 |
| 邱繼炳 | 4/4 | 不適用 | 不適用 | 不適用 | 1/1 |
| 李澤楷 | 2/4 | 不適用 | 不適用 | 不適用 | 0/1 |
| 李福全 | 4/4 | 不適用 | 2/2 | 2/2 | 1/1 |
| 李國仕 | 4/4 | 不適用 | 不適用 | 不適用 | 1/1 |
| 范禮賢 | 2/4 | 不適用 | 不適用 | 1/2 | 1/1 |
| 獨立非執行董事： | | | | | |
| 黃子欣 (副主席) | 4/4 | 3/3 | 2/2 | 1/2 | 1/1 |
| 黃頌顯 | 3/4 | 3/3 | 不適用 | 不適用 | 1/1 |
| 李兆基 | 2/4 | 不適用 | 不適用 | 1/2 | 0/1 |
| 羅友禮 | 4/4 | 3/3 | 2/2 | 不適用 | 1/1 |
| 郭炳江 | 3/4 | 不適用 | 1/2 | 不適用 | 0/1 |
| 駱錦明 | 3/4 | 3/3 | 不適用 | 不適用 | 0/1 |
| 杜惠愷 | 3/4 | 2/3 | 不適用 | 不適用 | 0/1 |
| 郭孔演 (於2011年2月15日辭任審核委員會委員) | 2/4 | 1/1 | 不適用 | 不適用 | 0/1 |
| 張建標 | 4/4 | 3/3 | 不適用 | 不適用 | 1/1 |
| 平均出席率 | 82% | 95% | 80% | 75% | 65% |

主席及行政總裁

《守則》條文 A.2.1 規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

李國寶爵士為本行的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權力和職權的平衡。本行董事會由極具經驗和才幹的成員組成並定期開會，以商討影響本行運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會的組合具有強大的獨立元

素，在17位董事會成員當中，9位是獨立非執行董事。董事會相信現時的架構有助於建立穩健而一致的領導權，使本行能夠迅速及有效地作出及實施各項決定。董事會相信委任李爵士出任主席兼行政總裁之職，會有利於本行的業務發展及管理。

主席確保董事會會議上所有董事均適當知悉當前的事項。

主席負責確保董事及時收到充分、完備及可靠的資訊。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board composition

The current Board is composed of 1 Executive Director, 7 Non-executive Directors and 9 Independent Non-executive Directors. It has a balance of skills and experience appropriate for the requirements of the business of the Bank. Changes to its composition can be managed without undue disruption. There is a strong independent element on the Board, which can effectively exercise independent judgement.

The composition of the Board is shown on page 54 under the subject Corporate Information. All Directors are expressly identified by categories of Executive Director, Non-executive Directors and Independent Non-executive Directors in all corporate communications that disclose the names of Directors of the Bank.

Biographies which include relationships with members of the Board, Senior Management and substantial shareholders (as defined in the Listing Rules) of the Bank are shown on page 40 under the subject Biographical Details of Directors and Senior Management.

Appointments and re-election of Directors – Nomination Committee

The Bank has a procedure for the appointment of new Directors to the Board and plans in place for the succession for appointments to the Board.

Pursuant to the Articles of Association of the Bank, Directors (including Non-executive Directors) are appointed for a term of not more than approximately three years and newly appointed Directors will be subject to re-election by shareholders at the first general meeting after their appointments.

The Bank has established a Nomination Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the Nomination Committee have included the specific duties set out in paragraphs A.4.5 (a) to (d) of the Code, with appropriate modifications where necessary.

The Nomination Committee is responsible for recommending to the Board on relevant matters relating to appointments and re-appointment of Directors, Chief Executive, Senior Management and Division Heads of the Bank and succession planning for Directors (in particular the Chairman), Chief Executive, Senior Management and Division Heads of the Bank.

A majority of the members of the Nomination Committee are Non-executive Directors. This Committee is chaired by Eric LI Fook-chuen. The other members are David LI Kwok-po, Allan WONG Chi-yun, LEE Shau-kee, Aubrey LI Kwok-sing and Isidro FAINÉ CASAS.

Attendance of individual members at Nomination Committee meetings in 2011 is recorded on page 64.

A proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced, high calibre individuals. All candidates must be able to meet the standards set out in the Listing Rules. In addition, they must be assessed by the HKMA and able to meet the standards of the HKMA for being a director of an authorised institution. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

The Nomination Committee had considered and reviewed the following proposals or issues and, where appropriate, made recommendation to the Board:

- Size, structure and composition of the Board;
- Reviews on Terms of Reference of the Nomination Committee;
- Annual review on Management Succession Policy;
- Annual review on Management Succession Plans;
- Extension of employment contract for the Chief Executive;
- Assessment of the independence of Independent Non-executive Directors in particular the independence of WONG Chung-hin and LEE Shau-kee who have served the Board for more than 9 years and will seek re-election at the 2012 Annual General Meeting; and
- Re-election of WONG Chung-hin, LEE Shau-kee, Kenneth LO Chin-ming, Eric LI Fook-chuen, Valiant CHEUNG Kin-piu and Isidro FAINÉ CASAS as Directors of the Bank to be proposed for shareholders' approval at the 2012 Annual General Meeting.

The Nomination Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

The Nomination Committee is provided with sufficient resources to discharge its duties.

Responsibilities of Directors

Every Director is required to keep abreast of his responsibilities as a Director of the Bank and of the conduct, business activities and development of the Bank. In-house briefings will be given by qualified professionals at Board meetings on regulatory requirements.

董事會組成

現時的董事會由1位執行董事、7位非執行董事及9位獨立非執行董事組成。董事會已具備本行業務適當所需的技巧和經驗，其組成人員的變動不會帶來不適當的阻擾。董事會有強大的獨立元素，能夠有效地作出獨立判斷。

董事會的成員刊載於第54頁公司資料內。所有載有董事姓名的公司通訊中，已按董事類別，包括執行董事、非執行董事及獨立非執行董事，明確說明各董事身分。

各董事的簡介，包括其與其他董事會成員、高層管理人員和主要股東（根據《上市規則》之定義）的關係，刊載於第41頁董事及高層管理人員的個人資料項下。

委任及重選董事 — 提名委員會

本行已制定一套新董事委任程序，並設定董事繼任計劃。

根據本行組織章程細則規定，董事（包括非執行董事）的任期為不超過約3年，而新任董事須於獲委任後首次股東大會退任，由股東重選。

本行已設立一個提名委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。提名委員會的職權範圍已包括載於守則第A.4.5 (a)至(d)段所指明的責任，惟因應需要而作出適當修改。

提名委員會負責就本行委任及重選董事、行政總裁、高層管理人員和處級主管，以及本行董事（尤其是主席）、行政總裁、高層管理人員和處級主管的繼任安排，向董事會提出建議。

提名委員會的大部分成員為非執行董事。委員會主席為李福全，其他成員包括李國寶、黃子欣、李兆基、李國星及范禮賢。

2011年提名委員會會議個別成員的出席記錄載於第65頁。

委任新董事的建議會由提名委員會考慮及審議。獲甄選及獲推薦的候選人皆為具有豐富經驗及有才幹的人士。所有候選人必須符合《上市規則》所載的標準。此外，他們亦須經香港金融管理局評核，以符合作為一間認可機構董事的標準。如候選人會獲委任為獨立非執行董事，亦須符合《上市規則》第3.13條所列的獨立性準則。

提名委員會已就下列的提議或事項作出考慮及檢討，並（在適當情況下）向董事會提出建議：

- 董事會的人數、架構及組合；
- 就提名委員會的職權範圍進行檢討；
- 就管理層繼任政策進行年度檢討；
- 就管理層繼任安排進行年度檢討；
- 審議延長行政總裁的服務合約；
- 評核本行獨立非執行董事的獨立性，尤其是對已擔任董事超過9年並將會在2012股東周年常會上膺選連任的黃頌顯及李兆基；及
- 在2012股東周年常會上向股東提呈批准重選黃頌顯、李兆基、駱錦明、李福全、張建標及范禮賢為本行董事。

提名委員會的職權範圍登載於本行的網站上，解釋其角色，以及董事會轉授予其的權力。

提名委員會獲供給充足資源以履行其職責。

董事責任

每名董事須不時瞭解其作為本行董事的職責，以及本行的經營方式、業務活動及發展。本行安排合資格的專業人士於董事會舉行期間提供有關規管要求的講解。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Every newly appointed Director of the Bank shall receive an Information Package from the Company Secretary on the first occasion of his appointment. This Information Package is a comprehensive, formal and tailored induction on the responsibilities and ongoing obligations to be observed by a director. In addition, the Information Package includes materials on the operations and business of the Bank. The Executive Director, Senior Management and the Company Secretary will subsequently conduct such briefing as is necessary, to ensure that the Directors have a proper understanding of the operations and business of the Bank and that they are aware of their responsibilities under the laws and applicable regulations.

The functions of Non-executive Directors, as per the Terms of Reference of the Board of Directors, have included the functions specified in Code Provision A.5.2 (a) to (d) of the Code.

Every Director is aware that he should give sufficient time and attention to the affairs of the Bank.

Directors have satisfactory attendance rates at both Board meetings and Committee meetings.

The Bank has established its own code of securities transactions to be observed by Directors and Chief Executive, i.e. *Policy on Insider Trading – Directors and Chief Executive* (“Bank’s Policy”) on terms no less exacting than the required standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) of the Listing Rules.

The Bank has also established a *Policy on Insider Trading – Group Personnel* to be observed by the employees of the Bank or directors or employees of the Bank’s subsidiaries, in respect of their dealings in the securities of the Bank.

Specific enquiries have been made on all Directors of the Bank. All Directors confirmed that they had complied with the required standard set out in the Model Code and the Bank’s Policy at all the applicable times during the year ended 31st December, 2011.

Supply of and access to information

Directors are provided in a timely manner with appropriate information that enables them to make an informed decision and to discharge their duties and responsibilities as Directors of the Bank.

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers are sent in full to all Directors in a timely manner and at least 3 days before the intended date of a Board meeting or a Board Committee meeting.

Management are aware that they have an obligation to supply the Board and its Committees with adequate

information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable. The Board and each Director have separate and independent access to the Bank’s Senior Management.

All Directors are entitled to have access to Board papers, minutes and related materials.

B. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The level and make-up of remuneration and disclosure – Remuneration Committee

The Bank has established a Remuneration Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the Remuneration Committee have included the specific duties set out in Code Provision B.1.3 (a) to (h) of the Code, with appropriate modifications where necessary.

The Remuneration Committee is responsible for making recommendations to the Board regarding the Bank’s remuneration policy, and for the formulation and review of the remuneration packages of the Directors, Chief Executive, Senior Management and Key Personnel of the Bank Group.

The basis of determining the emoluments payable by the Bank to its Directors and senior executives is by reference to the level of emoluments normally paid by comparable banks and listed companies in Hong Kong to directors and senior executives of comparable calibre and responsibilities so as to ensure a fair and competitive remuneration package. The Bank will also ensure that no Director, Chief Executive or any of their associates will be involved in deciding his own remuneration.

A majority of the members of the Remuneration Committee are Independent Non-executive Directors. This Committee is chaired by Allan WONG Chi-yun. The other members are Aubrey LI Kwok-sing, Winston LO Yau-lai, Thomas KWOK Ping-kwong and Eric LI Fook-chuen.

Attendance of individual members at Remuneration Committee meeting in 2011 is recorded on page 64.

The Remuneration Committee had considered and reviewed the following proposals or issues and, where appropriate, made recommendation to the Board:

- the Variable Remuneration for the Chief Executive, Senior Management & Key Personnel 2010;
- The Departmental Bonus Scheme 2010;
- Annual Salary Review 2011;
- Revision of Senior Executive Bonus Scheme;

每名新任的董事均會在首次接受委任時獲得由公司秘書準備的一份資料套件。此資料套件為一份全面、正式兼特為其而設的董事責任及持續職責須知。此外，該套件亦包括本行的運作及業務資料。其後，執行董事、高層管理人員及公司秘書會向董事提供所需介紹，以確保各董事對本行的運作及業務均有適當的理解，以及知道本身在法律及適用的規定下的職責。

非執行董事的職責（已載列於董事會的職權範圍內）包括守則條文A.5.2 (a)至(d)指明的職能。

每名董事知悉其應付出足夠時間及精神以處理本行的事務。

董事在董事會會議及委員會會議的出席率均令人滿意。

本行已自行訂立一套與《上市規則》附錄10「上市發行人董事進行證券交易的標準守則」（「標準守則」）所訂標準同樣嚴格的董事及行政總裁證券交易政策，即內幕交易政策 — 董事及行政總裁（「本行政策」）。

本行亦已訂立一份內幕交易政策 — 集團人士以供本行僱員，或本行附屬公司的董事或僱員，遵照規定買賣本行證券。

本行經向所有董事明確查詢，所有董事已確認於截至2011年12月31日止年度內之所有適用時期，均已遵守標準守則及本行政策中所要求的標準。

資料提供及使用

董事獲提供適時的適當資料，使其能夠在掌握有關資料的情況下作出決定，並能履行其作為本行董事的職務及責任。

董事會定期會議的議程及相關會議文件（在切實可行的情況下）會全部適時送交全體董事，並最少在計劃舉行董事會會議日期或其轄下委員會會議日期的3天前送出。

管理層知悉其有責任向董事會及其轄下委員會適時提供足夠資料，以使董事能夠在掌握有關資料的情況下作出決

定。管理層所提供的資料均屬完整可靠。董事會及每名董事有自行接觸本行高層管理人員的獨立途徑。

所有董事均有權查閱董事會文件、會議記錄及相關資料。

B. 董事及高級行政人員的薪酬

薪酬及披露的水平及組成 — 薪酬委員會

本行已設立一個薪酬委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權和責任。薪酬委員會的權責範圍已包括守則條文第B.1.3 (a)至(h)段所載的特定職責，惟因應需要而作出適當修改。

薪酬委員會負責就本行的薪酬政策，以及就訂立及審議集團董事、行政總裁、高層管理人員及主要管理人員的薪酬待遇，向董事會提出建議。

本行於釐定其董事及高級行政人員的酬金時，將參照本港同級銀行及上市公司一般支付予其具備同級水平及履行同類職責的董事及高級行政人員的酬金，以確保能提供既公平又具競爭力的薪酬予有關人士。本行亦確保任何董事、行政總裁或任何彼等聯繫人不能自行釐定薪酬。

薪酬委員會的大部分成員為獨立非執行董事。該委員會的主席為黃子欣，其他成員包括李國星、羅友禮、郭炳江及李福全。

2011年薪酬委員會會議個別成員的出席記錄載於第65頁。

薪酬委員會就下列的提議或事項作出考慮及檢討，並（在適當的情況下）向董事會提出建議：

- 2010年度行政總裁、高層管理人員及主要管理人員的浮動薪酬；
- 2010年度部門獎金計劃；
- 2011年度薪酬檢討；
- 修訂高級行政人員獎金計劃；

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Remuneration Package for Chief Executive, Senior Management and Key Personnel 2011;
- First Offer and grant of share options under the Staff Share Option Scheme 2011 to eligible employees including Chief Executive, Senior Management, and Division Heads;
- The employment contract for the Chief Executive;
- Annual review on Terms of Reference of the Remuneration Committee; and
- Annual review on Remuneration Policy.

The Remuneration Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

The Remuneration Committee is provided with sufficient resources, including the advice of professional firms, to discharge its duties, if necessary.

The scales of Director's fees, and fees for membership of the Audit Committee, Nomination Committee and Remuneration Committee are outlined below:

| | Amount per annum |
|--------------------------------|------------------|
| <i>Board of Directors:</i> | |
| Chairman | HK\$350,000 |
| Other Directors | HK\$230,000 |
| <i>Audit Committee:</i> | |
| Chairman | HK\$120,000 |
| Other members | HK\$70,000 |
| <i>Nomination Committee:</i> | |
| Chairman | HK\$60,000 |
| Other members | HK\$35,000 |
| <i>Remuneration Committee:</i> | |
| Chairman | HK\$60,000 |
| Other members | HK\$35,000 |

Information relating to the remuneration of each Director for 2011 is set out in Note 18 on the accounts.

Disclosure of Remuneration Policy

In accordance with the "Guideline on a Sound Remuneration System" (the "Guideline") issued by the HKMA in March 2010, BEA has reviewed and revised its remuneration policy for employees of the Bank Group, including its overseas branches and subsidiaries. The remuneration policy covers all categories of employees, including the four described in paragraph 2.1.1 of the Guideline. BEA's annual review of its remuneration policy includes a

reassessment of the principles applied in determining remuneration packages, as well as the structure and amount of compensation ultimately awarded.

General Principles

The remuneration policy of the Bank Group promotes effective risk management, and is designed to encourage employee behaviour that supports the Bank Group's business objectives, long-term financial soundness, risk tolerance, and risk management framework.

Remuneration Structure

Employee remuneration packages may consist of a combination of fixed and variable remuneration. The appropriate proportion of fixed and variable remuneration shall vary according to an employee's seniority, role, responsibilities, and activities within the Bank Group, among other things.

Fixed remuneration refers to an employee's annual salary (including year-end pay), while variable remuneration – comprising cash bonus payments and/or share options – is awarded based on the employee's performance with a view to better aligning incentives with risk and longer-term value creation. Variable remuneration, which is awarded in the form of cash bonus payments and/or share options, is determined according to existing industry practice and takes into account an employee's seniority, role and responsibilities, and the actual or potential risks that the employee's activities may create for the Bank Group and the extent to which they may affect its overall performance.

Separate bonus schemes apply to risk control personnel, whose awards are not linked to the performances of the business units that they oversee.

Employees' Performance Measurements and the Award of Variable Remuneration

The Remuneration Committee determines the measures and the corresponding target levels of the Bank Group's performance with reference to corporate goals and objectives at the beginning of each financial year and when necessary.

Score-cards comprised of a set of pre-defined and assessable criteria are used to assess the performance of individual employees. The criteria are determined according to the individual's areas of responsibility, as well as relevant financial and non-financial factors. To help ensure a balanced evaluation, a series of compliance and risk management ratings are also taken into account. The major types of risks covered are market, credit, interest rate, liquidity and operational risks. Other risks including legal, reputation and strategic risks are closely monitored at bank level by various risk management

企業管治報告 (續)

- 2011年度行政總裁、高層管理人員及主要管理人員的薪酬組合；
- 根據本行的僱員認股計劃2011，給予及授出第一批認股權予合資格僱員，包括行政總裁、高層管理人員和處級主管；
- 行政總裁的服務合約；
- 就薪酬委員會職權範圍進行年度檢討；及
- 就薪酬政策進行年度檢討。

薪酬委員會職權範圍登載於本行的網站上，當中解釋其角色及獲董事會轉授予的權力。

薪酬委員會獲供給充足資源，包括專業公司的意見（如需要），以履行其職責。

董事袍金，以及審核委員會、提名委員會和薪酬委員會成員的酬金摘錄如下：

| | 年度金額 |
|---------------|-----------|
| 董事會： | |
| 主席 | 港幣 35 萬元 |
| 其他董事 | 港幣 23 萬元 |
| 審核委員會： | |
| 主席 | 港幣 12 萬元 |
| 其他成員 | 港幣 7 萬元 |
| 提名委員會： | |
| 主席 | 港幣 6 萬元 |
| 其他成員 | 港幣 3.5 萬元 |
| 薪酬委員會： | |
| 主席 | 港幣 6 萬元 |
| 其他成員 | 港幣 3.5 萬元 |

有關各董事 2011 年度的薪酬資料載於賬項附註 18。

薪酬政策的披露

按照香港金融管理局於 2010 年 3 月發出的《穩健的薪酬制度指引》（「《指引》」），東亞銀行已檢討並修訂對集團（包括其海外分行及附屬公司）僱員的薪酬政策。薪酬政策適用

於所有僱員，並包括依據《指引》第 2.1.1 段所述而劃分的四類員工。東亞銀行每年檢討薪酬政策，當中包括重新評估應用於薪酬組合，以及報酬的架構及最終所發放金額的釐定原則。

一般原則

集團的薪酬政策以促進有效的風險管理為原則，旨在鼓勵僱員支持集團達致業務目標，維持長期財政穩健，以及集團在風險承擔、風險管理架構等方面的工作。

薪酬架構

僱員的薪酬組合包含固定薪酬和浮動薪酬，兩者之間的合適比例因應僱員的職級、職務、職責，以及其在集團內所進行的業務等而有所不同。

固定薪酬乃指僱員的年薪（包括雙糧），而浮動薪酬（包含現金花紅及/或認股權）則根據僱員的工作表現而發放，使其所獲得的報酬更能配合風險和較長期的價值創造。浮動薪酬（發放的形式包括現金花紅及/或認股權）是以業內現行標準為釐定準則，而其中亦考慮到僱員的職級、職務、職責和他們所進行的業務對集團可能帶來的實質或潛在風險，以及該等風險對集團整體表現的影響程度。

集團亦設有獨立賞金計劃予風險控制人員，而發放的獎金並非與其所監管的業務部門表現掛鈎。

僱員表現的衡量和浮動薪酬的發放

薪酬委員會於各個財政年度開始時及必要時，參考公司的目的和目標以釐定集團表現的有關措施及相應目標水平。

集團使用計分卡來評核個別僱員的工作表現，當中包含一套預設和可供評核的準則。這些準則乃依照僱員的主要職責範圍、相關財務及非財務因素，以及一系列合規和風險管理評級而釐定，確保僱員的工作表現獲平衡考量。主要風險的種類涵蓋市場、信貸、利率、流動資金及營運風險。而其他風險包括法律、信譽及策略風險則由不同的風險管理委員會在銀行層面上作出緊密監察，並於適當時調整個別僱員的浮動薪酬。浮動薪酬乃根據集團的整體表

CORPORATE GOVERNANCE REPORT (CONTINUED)

committees and adjustment will be made to an individual's variable remuneration when appropriate. The award of variable remuneration to an employee is based on the overall performance of the Bank Group, as well as the performance of the relevant business unit, and that individual employee. Poor performance (either financial or non-financial) will result in a reduction or elimination of variable remuneration. Moreover, performance in relation to non-financial factors, including risk and compliance, forms a significant part of the employee performance appraisal exercise, given that poor performance in these areas can be indicative of significant risks to the Bank Group. Adverse performance in non-financial factors, where appropriate, should override outstanding financial achievements. The overall quality of an employee's performance – as opposed to solely his/her financial performance – can therefore be accurately determined as an integral part of the assessment. This ultimately helps mitigate risk to the Bank Group and ensures the deployment of suitable personnel based on competence.

Senior Executive Compensation

The Remuneration Committee annually reviews the remuneration packages of the Chief Executive, Senior Management, and Key Personnel. The Senior Management consists of the four Deputy Chief Executives while Key Personnel includes 12 division heads, the Executive Director & Chief Executive of The Bank of East Asia (China) Limited, and the Head of Capital Markets & Liquidity Management Department. The Remuneration Committee engaged an external consultant, Towers Watson, to review its Senior Executive Bonus Plan to ensure that it is in line with the guidelines issued by the various regulatory authorities in Hong Kong. In determining the remuneration packages of the Chief Executive, Senior Management, and Key Personnel, the Remuneration Committee also takes into account individual performances, performances of respective divisions and departments, and the Bank Group's overall business goals and objectives.

The aggregate payouts for these 19 senior executives for 2011 are shown in the table below in accordance with the disclosure requirement 3.2.3 of the Guideline.

Total value of remuneration in 2011

| Total value of remuneration awards for the current financial year | Non-deferred (HKD Million) | Deferred (HKD Million) |
|---|-------------------------------|---------------------------|
| (i) Chief Executive | | |
| <i>Fixed remuneration</i> | | |
| • Cash-based | 9.00 | 0.00 |
| <i>Variable remuneration</i> | | |
| • Cash-based | 12.99 | 2.03 |
| • Share Options | 0.00 | 17.45 |
| (ii) Senior Management | | |
| <i>Fixed remuneration</i> | | |
| • Cash-based | 13.03 | 0.00 |
| <i>Variable remuneration</i> | | |
| • Cash-based | 13.04 | 0.00 |
| • Share Options | 0.00 | 22.69 |
| (iii) Key Personnel | | |
| <i>Fixed remuneration</i> | | |
| • Cash-based | 29.06 | 0.00 |
| <i>Variable remuneration</i> | | |
| • Cash-based | 17.78 | 4.71 |
| • Share Options | 0.00 | 11.78 |

Remarks:

(i) For indicative purpose only, the value of Share Options is calculated based on the fair value of the Bank's shares on 13th February, 2012.

(ii) No guaranteed bonuses, sign-on, or severance payments were made to the Chief Executive, Senior Management, and Key Personnel of the Bank Group in 2011.

現，以及相關業務部門及個別僱員的表現發放。如僱員表現未如理想（根據財務或非財務因素衡量），其浮動薪酬會有所下調甚至撤銷。由於非財務因素（包括風險和合規）相關的表現未如理想時，可能顯示對集團帶來重大風險，因此該表現將視作為評核僱員表現的重要考量因素。再者，非財務方面表現欠佳（在適當情況下）將凌駕於其財務方面的傑出表現。此舉使僱員的整體表現（而非僅僅考核其財務指標的表現）能準確地反映於一次完整的考核之中，從而有助減低集團承受的風險，及確保根據僱員的能力調配人力資源。

高級行政人員的薪酬

薪酬委員會於每個年度檢討行政總裁、高層管理人員及主要管理人員的薪酬組合。高層管理人員由四名副行政總裁組成，而主要管理人員則包括12名處級主管、東亞銀行（中國）有限公司執行董事兼行長，以及資本市場及流動資金管理部門主管。薪酬委員會委聘外部顧問公司——韜睿惠悅——檢討高級行政人員賞金計劃，並確保其符合香港不同監管機構發佈的指引。在釐定行政總裁、高層管理人員及主要管理人員的薪酬組合時所考慮的因素，包括個人工作表現、相關分處及部門的業績表現，以及集團的整體業務目的和目標。

根據《指引》第3.2.3項的披露規定，此等合共19名高級行政人員於2011年度獲得的薪酬總額載於下表。

2011年度薪酬總值

| 本財政年度發放的薪酬總值 | 非遞延 (港幣百萬元) | 遞延 (港幣百萬元) |
|---------------------|----------------|---------------|
| (i) 行政總裁 | | |
| 固定薪酬 | | |
| • 薪金 | 9.00 | 0.00 |
| 浮動薪酬 | | |
| • 現金花紅 | 12.99 | 2.03 |
| • 認股權 | 0.00 | 17.45 |
| (ii) 高層管理人員 | | |
| 固定薪酬 | | |
| • 薪金 | 13.03 | 0.00 |
| 浮動薪酬 | | |
| • 現金花紅 | 13.04 | 0.00 |
| • 認股權 | 0.00 | 22.69 |
| (iii) 主要管理人員 | | |
| 固定薪酬 | | |
| • 薪金 | 29.06 | 0.00 |
| 浮動薪酬 | | |
| • 現金花紅 | 17.78 | 4.71 |
| • 認股權 | 0.00 | 11.78 |

註：

- (i) 認股權價值乃參照本行股份於2012年2月13日的公平價值計算，僅供參考用途。
(ii) 集團於2011年度並無向行政總裁、高層管理人員及主要管理人員支付保證花紅、簽約受聘酬金或遣散費。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Total outstanding deferred remuneration in 2011

| Outstanding deferred remuneration | Vested (HKD Million) | Unvested (HKD Million) |
|-----------------------------------|-------------------------|---------------------------|
| (i) Chief Executive | | |
| • Cash-based | 0.00 | 1.30 |
| • Share Options | 5.42 | 10.63 |
| (ii) Senior Management | | |
| • Share Options | 7.05 | 13.82 |
| (iii) Key Personnel | | |
| • Cash-based | 0.00 | 5.27 |
| • Share Options | 3.66 | 7.18 |

Remark:

- (i) No adjustments were made to the unvested deferred remuneration and retained remuneration for the Chief Executive, Senior Management, and Key Personnel of the Bank Group in 2011 due to their performance or any other factors.
- (ii) The values of Share Options are calculated based on the fair value on the respective Grant Dates.
- (iii) The vested Share Options relate to the 2009 variable remuneration award granted in 2010 and vested in 2011. The total number of Share Options in this grant is 5,950,000 shares.
- (iv) The unvested cash bonuses and Share Options relate to the 2010 variable remuneration.

Deferral Arrangements

The award of variable remuneration to the Chief Executive, Senior Management, and Key Personnel is subject to deferment in such a manner as determined by the Remuneration Committee. In general, the proportion of variable remuneration which is subject to deferment will increase in line with the seniority, scope of responsibilities, and other relevant factors pertinent to the Chief Executive, Senior Management, and Key Personnel.

The award of deferred remuneration is subject to a minimum vesting period and pre-defined vesting conditions as determined by the Remuneration Committee and communicated to all relevant employees. Deferred remuneration is awarded in such a manner so as to align employees' incentive awards with long-term value creation and the time horizons of risk. The future performance (both financial and non-financial) of the Bank Group, relevant business units, and individual employees, as well as the creation of value for our shareholders, are taken into consideration when determining vesting conditions. Vesting and payment of deferred remuneration will be made gradually over a period of three years and no faster than on a pro-rata basis.

In circumstances where it is later established that any performance measurement for a particular year was based on data that is later proven to have been manifestly misstated, or it is later established that the relevant employee has committed fraud, malfeasance, or a violation of internal control policies, any unvested portions (i.e. both cash bonuses and/or share option tranches that have yet to be vested) of deferred variable remuneration (relating to that particular year in question) should be forgone, either in part or in whole, as determined by the Remuneration Committee. In certain circumstances, claw back of vested portion of the deferred variable remuneration of that particular year may apply.

Future Review

As a major financial institution in Hong Kong, the Bank Group not only takes extensive measures to ensure that it complies with all the relevant guidelines, rules, and regulations, but also adopts positive steps to ensure that ethical, social, and environmental aspects are taken into account when determining remuneration policies and packages.

The Bank Group will keep abreast of the latest development in the labour market, especially in the financial services sector, and will review and refine its compensation and remuneration policies whenever necessary to enable the provision of competitive remuneration packages to ensure the retention of talent.

2011年度未發放的遞延薪酬總額

| 未發放的遞延薪酬 | 已歸屬 (港幣百萬元) | 未歸屬 (港幣百萬元) |
|---------------------|----------------|----------------|
| (i) 行政總裁 | | |
| • 現金花紅 | 0.00 | 1.30 |
| • 認股權 | 5.42 | 10.63 |
| (ii) 高層管理人員 | | |
| • 認股權 | 7.05 | 13.82 |
| (iii) 主要管理人員 | | |
| • 現金花紅 | 0.00 | 5.27 |
| • 認股權 | 3.66 | 7.18 |

註：

(i) 行政總裁、高層管理人員及主要管理人員的未歸屬遞延薪酬及留存薪酬於2011年度並無因彼等工作表現或其他因素而作出調整。

(ii) 認股權價值乃根據各授予日的公平價值計算。

(iii) 已歸屬認股權為2010年授予並於2011年歸屬的2009年浮動薪酬。該次授予的認股權總額為5,950,000股。

(iv) 未歸屬現金花紅及認股權為2010年浮動薪酬。

遞延安排

行政總裁、高層管理人員及主要管理人員的浮動薪酬依照薪酬委員會所定的遞延安排發放。一般而言，行政總裁、高層管理人員及主要管理人員可予遞延的浮動薪酬比例，會按其本身的職級、職責範圍和其他相關因素而增加。

遞延薪酬的發放受限於薪酬委員會所定並通知各有關僱員的最短歸屬期限和預設的歸屬條件。遞延薪酬的發放應能確保僱員所獲的報酬與長期的價值創造和風險的存在時間相配合。在釐定歸屬條件時，會考慮到集團、相關業務部門和僱員日後在財務及非財務方面的表現，以及為股東所創造的價值。遞延薪酬的歸屬和支付將會在三個年度內分階段及按比例進行。

若日後確定用以衡量某年度工作表現的數據被證實為明顯地錯誤陳述，或有關僱員曾作欺詐、違法或違反內部管控政策等行為，其於該年度內遞延浮動薪酬中的全部或部分未歸屬現金花紅及/或認股權將會按照薪酬委員會的決定予以取消。在若干情況下，該特定年度的已歸屬遞延浮動薪酬可予以收回。

未來檢討

集團作為香港主要的金融機構，在釐定薪酬政策和組合時不但採取廣泛措施確保符合所有相關原則、規則和規例，並採取積極的措施以確保顧及道德、社會和環境各方面。

集團將會密切留意勞工市場，尤其是金融服務界別的最新發展，並在必要時檢討及改善薪酬及報酬政策，藉此提供具競爭力的薪酬組合以留住人才。

CORPORATE GOVERNANCE REPORT (CONTINUED)

C. ACCOUNTABILITY AND AUDIT

Financial reporting

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Bank's performance, position and prospects.

Management shall provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information presented before the Board for approval.

The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31st December, 2011, the Directors have:

- consistently applied appropriate accounting policies;
- made judgements and estimates that are prudent and reasonable; and
- prepared the accounts on the going concern basis.

The Bank has announced its annual and interim results within two months after the end of the relevant periods, which is earlier than the limit of three months (for annual results) and within the limit of two months (for interim results) as required by Rule 13.49(1) and (6) of the Listing Rules respectively.

A statement by the auditors about their reporting responsibilities is included in the Independent Auditor's Report on page 116.

The Board will present a balanced, clear and understandable assessment to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Internal controls

It is the responsibility of the Board to ensure that the Bank maintains sound and effective internal controls to safeguard the shareholders' investment and the Bank's assets.

The internal control system of the Bank comprises comprehensive policies and standards under a well-established organisational structure. Areas of responsibilities of each business and operational unit are clearly defined to ensure effective checks and balances.

The key procedures that the Board established to provide effective internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and control responsibilities.
- A comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose.
- Policies and procedures are designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.
- Systems and procedures are also in place to identify, measure, manage, control and report risks including credit, market, operational, liquidity, interest rate, strategic, legal and reputation risks. Exposure to these risks is monitored by Risk Management Committee, assisted by Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee. In addition, procedures are designed to ensure compliance with applicable laws, rules and regulations.
- Audit Committee reviews reports (including management letter) submitted by external auditors to the Group's management in connection with the annual audit and internal audit reports submitted by the Group Chief Auditor.
- A Policy on Handling and Dissemination of Price-Sensitive Information is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner in such a way that it does not place any person in a privileged dealing position and allows time for the market to price the shares of the Bank to reflect the latest available information.

The Board, through the Audit Committee, assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls as well as risk management functions, on an annual basis. Pursuant to a risk-based approach, the Group's Internal Audit Department conducts independent reviews of risks associated with and controls over various operations and activities. Significant findings on internal controls are reported to the Audit Committee twice each year. During the year 2011, no major issue but areas for improvement have been identified and appropriate measures taken. The Audit Committee reports its work to the Board on a semi-annual basis.

C. 問責及稽核

財務匯報

董事會有責任對本行的表現、狀況及前景作出一個平衡、清晰及全面的評核。

管理層須向董事會提供解釋及資料，讓董事會可以就提交予他們批核的財務及其他資料，作出有根據的評審。

董事負責備存適當的會計記錄及編製每個財政期間的賬項，使這些賬項能真實和公平地反映本集團在該段期間的財政狀況、業績及現金流量表現。在編製截至2011年12月31日止年度的賬項時，董事已：

- 貫徹地應用適當的會計政策；
- 作出審慎及合理的判斷及估計；及
- 按持續經營基準編製賬項。

本行一向在有關於財政期間結束後2個月內公佈年度及中期業績，較《上市規則》第13.49(1)條所規定3個月(年度業績)的期限為早及符合《上市規則》第13.49(6)條所規定2個月(中期業績)的期限。

核數師的申報責任聲明載於第117頁的獨立核數師報告內。

董事會在各方面將作出平衡、清晰及可理解的評審，包括：年度報告及中期報告、其他涉及股價敏感資料的通告及根據《上市規則》規定須予披露的其他財務資料，以及向監管者提交的報告書，以至根據法例規定須予披露的資料。

內部監控

董事會負責確保本行的內部監控系統穩健妥善而且有效，以保障股東的投資及本行的資產。

本行的內部監控系統包含一個完善的公司架構以及全面的政策及標準。各業務及營運單位的職責範圍清晰劃分，以確保有效監察和制衡。

以下為董事會為提供有效的內部監控而建立的主要程序：

- 組織架構權責清晰，監控層次分明。
- 設立一個全面的管理會計系統，為管理層提供財務及營運表現的指標，以及用作匯報和披露的財務資料。
- 政策及程序的設計為保障資產不致被非授權挪用或處置；保存恰當的會計記錄；以及確保用作業務及公告上的財務資料的可靠性。有關程序提供合理(而非絕對)的保證，以防出現嚴重的錯誤、損失或舞弊。
- 設有系統及程序去識別、衡量、處理、控制及匯報風險，包括信貸、市場、營運、流動資金、利率、策略、法律以及信譽風險。風險管理委員會，得到信貸委員會、資產及負債管理委員會和營運風險管理委員會協助，負責監察本集團面對風險的程度。此外，程序的設計均為確保遵守適用法例、規則及規例。
- 審核委員會審閱由外聘核數師提交予本集團管理層涉及年度核數的報告(包括致管理層的審核情況說明函件)，及由集團總稽核呈交的內部稽核報告。
- 建立一套處理及發佈股價敏感資料政策，列出指導性原則、程序及內部監控，使股價敏感資料得以適時處理及發佈，而不會導致任何人士在證券買賣上處於有利地位；讓市場有時間定出能反映實況的本行股份價格。

董事會透過審核委員會每年一次評核本集團內部監控系統的效能。該系統涵蓋所有重要監控，包括財務、營運及遵守法規的監控，以及風險管理的功能。本集團稽核部採用風險為本的評估方法，針對與各項運作和活動有關的風險及監控進行獨立審閱。有關內部監控的重要審閱結果，每年兩次向審核委員會匯報。2011年內並無發現重大事項，惟需要改進的地方已予確認並已作出相應措施。審核委員會每半年向董事會匯報其工作。

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee

It is the responsibility of the Board to establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Bank's auditors.

The Bank has established an Audit Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Terms of Reference of the Audit Committee have included the duties set out in Code Provision C.3.3 (a) to (n) of the Code, with appropriate modifications where necessary.

As laid down in the Terms of Reference, the Audit Committee is responsible for reviewing financial controls, internal control and risk management systems, the adequacy of resources, qualifications and experience of the accounting and financial reporting function, annual report and accounts, and half-year interim report.

All the members of the Audit Committee are Independent Non-executive Directors. This Committee is chaired by Winston LO Yau-lai. The other members are Allan WONG Chi-yun, WONG Chung-hin, Kenneth LO Chin-ming, William DOO Wai-hoi and Valiant CHEUNG Kin-piu (Note: KUOK Khooon-ean resigned as a member of Audit Committee on 15th February, 2011).

Attendance of individual members at Audit Committee meetings in 2011 is recorded on page 64.

The following is a summary of the work performed by the Audit Committee during and for the year 2011:

- Met with the external auditors to discuss the general scope of their audit work;
- Reviewed external auditor's management letter and management's response;
- Reviewed and approved the appointment of external auditors for providing non-audit services to the Group;
- Reviewed the Auditors' Independent Assurance Reports in respect of the Bank's financial disclosures under the Banking (Disclosure) Rules for 2010 and six months ended 30th June, 2011;
- Reviewed and recommended to the Board for approval of the audit fee proposal for the Bank Group for 2011;
- Recommended to the Board to re-appoint KPMG as the Bank Group's external auditors for 2011;
- Recommended to the Board for the adoption of the revised or amended Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards;

- Reviewed the internal audit reports covering the evaluation of internal controls, including the adequacy of resources, qualifications and experience of the staff of the Bank's accounting and financial reporting function, and their training programmes and budget;
- Reviewed the Auditor's Report regarding the internal control systems for 2010 prepared under section 63(3A) of the Banking Ordinance;
- Reviewed the Interim Report and the interim results announcement for the six months ended 30th June 2011;
- Reviewed the audited accounts and final results announcement for 2011;
- Reviewed the Terms of Reference of the Audit Committee;
- Reviewed the Group Internal Audit Policy;
- Reviewed the Policy on Appointment of External Auditor for Provision of Non-Audit Services;
- Reviewed and approved Group internal audit plan for 2012;
- Approved the appointment of an independent external service provider to perform a quality assurance review of the Internal Audit Department of the Bank;
- Reviewed the results of the quality assurance review of the Internal Audit Department of the Bank; and
- Met with the Hong Kong Monetary Authority to exchange views.

All matters raised by the Audit Committee have been addressed by Management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of Management and the Board were of sufficient importance to require disclosure in the Annual Report.

The Board agrees with the Audit Committee's proposal for the re-appointment of KPMG as the Bank Group's external auditor for 2012. The recommendation will be presented for the approval of shareholders at the Annual General Meeting to be held on 24th April, 2012.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit Committee meetings will be sent to all members of the Audit Committee for their comment and record respectively, in both cases normally within a reasonable period after the meeting.

審核委員會

董事會負責就如何應用財務匯報及內部監控原則，及如何維持與本行核數師適當的關係，作出正規及具透明度的安排。

本行已設立一個審核委員會，並以書面訂明具體的職權範圍，清楚說明委員會的職權及責任。審核委員會的職權範圍已包括守則條文第C.3.3 (a)至(n)段所載的職責，惟因應需要而作適當修改。

根據其職權範圍，審核委員會負責檢討財務監控、內部監控及風險管理系統、會計及財務匯報職能員工的資源、資歷和經驗，以及審閱年度報告、賬目和半年中期報告。

審核委員會的所有成員均為獨立非執行董事。委員會主席為羅友禮，其他成員包括黃子欣、黃頌顯、駱錦明、杜惠愷及張建標（註：郭孔演於2011年2月15日辭任審核委員會委員）。

2011年審核委員會會議個別成員的出席記錄載於第65頁。

審核委員會在年內及為2011年度所做的工作，摘要如下：

- 會見外聘核數師以商討其核數工作的一般範圍；
- 審閱外聘核數師致管理層的審核情況說明函件及管理層的回應；
- 審閱及批准聘用外聘核數師提供非核數服務；
- 審閱外聘核數師就本行根據《銀行業（披露規則）》作出有關2010年度及截至2011年6月30日止6個月的財務披露的獨立確認報告；
- 審閱及向董事會推薦批准2011年集團的核數費用建議；
- 向董事會建議向股東提呈續聘畢馬威會計師事務所為本集團2011年度的外聘核數師；
- 向董事會建議採納修訂的香港會計準則和香港財務匯報準則；

- 審閱涵蓋內部監控分析的內部稽核計劃，包括檢討本行會計及財務匯報職能員工的資源、資歷和經驗，以及有關職能的培訓計劃和預算是否充裕；
- 審閱《銀行條例》63(3A)條下2010年度內部監控系統核數師報告；
- 審閱截至2011年6月30日止6個月的中期報告及中期業績公告；
- 審閱2011年度經審核賬目及全年業績公告；
- 檢討審核委員會的職權範圍；
- 審閱集團內部稽核政策；
- 審閱委任外聘核數師提供非核數服務政策；
- 審閱及批准2012年度集團的內部稽核計劃；
- 批准聘用獨立外聘顧問公司檢討本行稽核部門之質素保證；
- 審閱本行稽核部門質素保證之檢討結果；及
- 會見金融管理局以交換意見。

審核委員會所提出的事項已交回管理層處理。審核委員會的工作情況及審閱結果已向董事會報告。年內，已提交管理層以及董事會所需留意的事項，其重要性不足以需在年報內披露。

董事會同意審核委員會續聘畢馬威會計師事務所為本集團2012年度外聘核數師的建議。推薦建議將在2012年4月24日舉行的股東周年常會上提呈予股東批准。

審核委員會的完整會議記錄由公司秘書保存。審核委員會會議記錄的初稿及最後定稿通常在會議後合理期間內先後發送予委員會全體成員，初稿供成員表達意見，最後定稿作記錄之用。

CORPORATE GOVERNANCE REPORT (CONTINUED)

No former partners of the Bank's external auditors is acting as a member of the Audit Committee before expiry of a period of one year commencing the later of the date of his ceasing to be a partner of the firm or to have any financial interest in the firm.

The Bank has established the *Policy on Appointment of External Auditor for Provision of Non-Audit Services*, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

During 2011, the fees paid or payable to KPMG, the Bank's external auditor, and its associates for providing non-audit services amounted to approximately HK\$5.7 million, which included the following items:

- Review and consultancy services: HK\$1.9 million;
- Services made at the request of regulators: HK\$0.6 million;
- Taxation services: HK\$1.5 million;
- Ad hoc projects: HK\$0.5 million; and
- Other services: HK\$1.2 million.

The fee paid or payable to KPMG for providing audit service of the Group is HK\$15 million.

The Audit Committee has made available its Terms of Reference, on the website of the Bank, explaining its role and the authority delegated to it by the Board.

The Audit Committee is provided with sufficient resources, including the advice of external auditors and Internal Audit Department, to discharge its duties.

D. DELEGATION BY THE BOARD

Management functions

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. Management of the Group's business is the responsibility of the Management.

When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Bank.

The Bank has established a *Schedule of Matters Reserved to the Board for Decision* to formalise the functions reserved for the Board and those delegated to Management. The Board reviews those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Bank.

Matters reserved to be decided by the Board include:

- Appointment of directors and senior executives;
- Business plans of the Bank;
- Proposal for selection of external auditors;
- Job mandates of the Chief Executive and Deputy Chief Executives;
- Financial statements and budgets;
- Substantial investment in or disposal of assets other than those arising in the ordinary course of banking businesses;
- Proposals for opening overseas branches or establishment or acquisition of China and overseas subsidiaries or associates;
- Formation of policies and codes as required by regulators;
- Formation of board committees; and
- Code of conduct and other ethical policies.

Board Committees

Where Board Committees are established to deal with matters, the Board shall prescribe sufficiently clear terms of reference to enable such Committees to discharge their functions properly.

Apart from the Audit Committee (particulars are disclosed under section C), the Remuneration Committee (particulars are disclosed under section B) and the Nomination Committee (particulars are disclosed under section A), the Board has also established the following 9 specialised committees which comprise Directors and where appropriate, other senior executives from relevant areas:

1. Sealing Committee, which is responsible for directing the usage and custody of the Bank's common seal;
2. Executive Committee, which is responsible for reviewing all major functions and critical issues relating to the businesses and operations of the Group;

本行的審核委員會並無任何成員於其終止成為本行核數公司合夥人當日或其不再享有該核數公司財務利益當日起計1年內，擔任核數公司的前任合夥人。

本行已訂立委任外聘核數師提供非核數服務政策，訂明委任外聘核數師提供非核數服務的原則，以確保外聘核數師的獨立性。

2011年內支付或需支付予本行的外聘核數師——畢馬威會計師事務所——及其聯營公司提供非核數服務的費用為港幣570萬元，其中包括以下事項：

- 審查及顧問服務：港幣190萬元；
- 按監管機構要求所作的服務：港幣60萬元；
- 稅務服務：港幣150萬元；
- 非經常性項目：港幣50萬元；及
- 其他服務：港幣120萬元。

為集團提供核數服務的已支付或須支付予畢馬威會計師事務所的費用為港幣1,500萬元。

審核委員會的職權範圍登載於本行的網站上，解釋其角色及董事會轉授予其的權力。

審核委員會獲供給充足資源，包括外聘核數師及稽核部的意見，以履行其職責。

D. 董事會權力的轉授

管理功能

董事會負責制訂整體策略，監察及控制集團的表現，而管理集團業務則是管理層的責任。

當董事會將其管理及行政功能方面的權力轉授予管理層時，已同時就管理層的權力，給予清晰的指引，特別是在何種情況下管理層應向董事會匯報，以及在代表本行作出任何決定或訂立任何承諾前應取得董事會批准等事宜方面。

本行已訂立一份保留予董事會決定的事項表，將那些保留予董事會的職能及轉授予管理層的職能分別確定。董事會定期檢討該等安排，以確保有關安排符合本行的需要。

保留予董事會決定的事項包括：

- 委任董事及高級行政人員；
- 本行的業務計劃；
- 甄選外聘核數師的建議；
- 行政總裁及副行政總裁的職責；
- 財務報表及預算；
- 重大的資產投資或出售，但不包括在銀行日常業務上所作的投資或出售；
- 設立海外分行或設立或收購中國及海外的附屬公司或聯營公司的建議；
- 訂立由監管人規定的政策及守則；
- 成立董事會轄下的委員會；及
- 行為守則及其他行為道德政策。

董事會轄下的委員會

若要成立委員會處理事宜，董事會會充分清楚的訂明該等委員會的職權範圍，讓有關委員會能適當地履行其職能。

除審核委員會（詳情在C項下披露）、薪酬委員會（詳情在B項下披露）及提名委員會（詳情在A項下披露）外，董事會亦設立以下9個專責委員會，該等委員會的成員包括董事及（在適當的情況下）其他有關方面的高級行政人員：

1. 印章委員會負責監督本行之法定印章的使用及保管；
2. 執行委員會負責檢討集團各項有關業務及運作的主要功能和重大事宜；

CORPORATE GOVERNANCE REPORT (CONTINUED)

3. Policy Committee, which is responsible for discussing and formulating various strategies and policies for managing businesses and operations of the Group;
4. Risk Management Committee, which is responsible for dealing with risk management related issues of the Group;
5. Credit Committee, which is responsible for dealing with all credit risk related issues of the Group;
6. Operational Risk Management Committee, which is responsible for dealing with all issues related to operational, legal and reputation risks of the Group;
7. Asset and Liability Management Committee, which is responsible for dealing with all issues related to market, interest rate, liquidity, strategic risks and capital management of the Group;
8. Crisis Management Committee, which is responsible for developing and reviewing the Group's strategy for managing crisis scenarios and taking charge of crisis situations which jeopardise or have the potential to jeopardise the Group in its reputation, liquidity/financial position and business continuity; and
9. Investment Committee, which is responsible for reviewing and formulating investment strategies as well as making investment decisions in respect of fixed income, equity and equity related investments for the Bank, East Asia Investment Holdings Limited, The Bank of East Asia, Limited Employees' Provident Fund and The Bank of East Asia, Limited Employees Provident Fund (UCB).

The Terms of Reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such Committees to report back to the Board on their decisions or recommendations. Material matters will be reported to the Board by the other Board committees according to their respective Terms of Reference.

E. COMMUNICATION WITH SHAREHOLDERS

General Meetings

The Board endeavours to maintain an ongoing dialogue with shareholders and, in particular, to use annual general meetings or other general meetings to communicate with shareholders directly.

At the 2011 Annual General Meeting held on 19th April, 2011:

- (i) A separate resolution was proposed by the Chairman in respect of each separate issue, including the re-election of Directors.
- (ii) The Chairman of the Board, the chairmen of the Audit, Remuneration and Nomination Committees attended to answer questions of shareholders.
- (iii) The Chairman demanded poll on all resolutions. KPMG, the Bank's external auditor, was engaged as scrutineer to ensure the votes were properly counted.

The 2012 Annual General Meeting will be held on 24th April, 2012, the notice of which will be sent to shareholders at least 20 clear business days before the Meeting. Please refer to the 2012 Annual General Meeting Circular which will be despatched to the shareholders on or around 21st March, 2012 for further details.

Shareholders' rights and investor relations

The Articles of Association of the Bank provide that a resolution put to the vote of the general meeting shall be decided on a poll. The poll results will be posted on the websites of the Stock Exchange and the Bank on the same day following the shareholders' meeting.

It is the policy of the Bank to maintain an open and regular dialogue with institutional and individual shareholders, fund managers, analysts and the media through an effective corporate communication system which provides transparent, regular and timely public disclosures on the Group's latest developments and strategies through different means. Apart from annual general meetings as mentioned above, other communication channels include:

- the Group's website at <http://www.hkbea.com> where the Bank's announcements, shareholders corporate communications, business developments and operations, financial information, corporate governance practices and other information are posted;
- annual and interim reports, and press releases;
- press conferences after the announcement of interim and final results for media and analysts;
- meetings with analysts; and
- roadshows.

企業管治報告（續）

3. 政策委員會負責商討及制訂策略和政策以管理集團各類業務及運作；
4. 風險管理委員會負責處理集團各項有關風險管理的事宜；
5. 信貸委員會負責處理集團所有與信貸風險有關的事宜；
6. 營運風險管理委員會負責處理集團所有與營運、法律及信譽風險有關的事宜；
7. 資產及負債管理委員會負責處理集團所有與市場、利率、流動資金、策略風險及資本管理有關的事宜；
8. 危機管理委員會負責建立和檢討集團監控各類危機事故的策略，以及當發生或有可能發生危害集團聲譽、流動資金/財政狀況及持續業務運作的事故時負責危機處理；及
9. 投資委員會負責檢討及制訂本行、東亞投資控股有限公司、以及東亞銀行有限公司僱員公積金及UCB僱員公積金就有關定息債券、股票及其他股票相關投資工具的投資策略。

審核委員會、薪酬委員會及提名委員會的職權範圍規定該等委員會要向董事會匯報其決定或建議。而其他董事會轄下的委員會亦會根據其職權範圍向董事會匯報重要事項。

E. 與股東的溝通

股東常會

董事會盡力與股東持續保持對話，尤其是藉股東周年常會或其他股東大會與股東直接溝通。

於2011年4月19日舉行的股東周年常會上：

- (i) 會議主席就每項實際獨立的事宜，包括重選董事，個別提出決議案。
- (ii) 董事會主席、審核委員會、薪酬委員會及提名委員會的主席，均已出席回應股東提問。
- (iii) 主席已就所有議案要求以投票方式表決。本行的外聘核數師——畢馬威會計師事務所——受聘擔任監察員以確保票數正確地點算。

召開2012年4月24日股東周年常會的通告於會議前最少足20個營業日寄出，詳情請參閱約於2012年3月21日寄發予股東之2012股東周年常會通函。

股東權利及投資者關係

本行組織章程細則訂明於股東大會上提呈的決議案以投票方式表決。投票結果會於股東大會後即在聯交所網站和本行網站刊登。

本行的政策是透過一個有效的企業傳訊系統與機構及個人股東、基金經理、分析員及傳媒維持開放及定期對話；利用不同渠道提供透明、定期及適時的集團最新發展及策略的公開披露。除上述的股東周年常會外，其他傳訊渠道包括：

- 本集團網址<http://www.hkbea.com>，提供本行公告、致股東的公司通訊、業務發展及運作、財務資料、企業管治常規及其他資料；
- 年度及中期報告，以及新聞稿；
- 在中期及年度業績公告後舉行傳媒及分析員新聞發佈會；
- 與分析員會面；及
- 巡迴推介。

CORPORATE SOCIAL RESPONSIBILITY REPORT



Students from Singapore Polytechnic visited BEA to learn more about the Bank's business and operations.

新加坡理工學院的學生參觀東亞銀行，瞭解本行的業務及營運。

In November 2011, BEA staff members and their families visited the Mai Po Nature Reserve and took part in a variety of green activities organised by WWF-Hong Kong.

2011年11月，本行員工及其家屬參觀米埔自然保護區，並參加由世界自然基金會香港分會舉辦的環保活動。



A strong sense of identity with the community and a positive, enabling spirit lie at the heart of the corporate culture of The Bank of East Asia ("BEA") Group. This philosophy is actively promoted within our Group as well as in our relations with our customers, business partners, and the communities we serve through a wide range of social and environmental programmes. In this Report, we highlight many of the initiatives undertaken by the BEA Group in 2011 for the benefit of our stakeholders.

THE BANK OF EAST ASIA

Employees

Healthy Working Environment and Attractive Benefits

We strive to ensure that our staff of over 12,000 enjoys a healthy and positive environment in which to work and interact with others. Staff members receive comprehensive hospitalisation and outpatient medical benefits, dental benefits, as well as flexible maternity leave and compassionate leave. To ensure that we are in line with the best market practices, we have recently introduced a number of new benefits including paternity leave, birthday leave, and a gift celebrating the birth of an employee's child.

In recognition of its efforts to promote a healthy, smoke-free workplace, the Bank was named a "Grand Award" winner in the Hong Kong Smoke-free Leading Company Awards programme in January 2012 by the Hong Kong Council on Smoking and Health.

Personal and Professional Development

BEA supports life-long learning and encourages staff members to attain relevant professional qualifications. In 2011, we organised a total of 690 internal and external classes and delivered more than 4,200 training hours.

Staff Relations Programmes

In the event that an employee has difficulty coping with work or external pressures, the Bank offers counselling and psychological consultation, advice on stress management, and wellness programmes. To encourage staff members to lead healthy, active lives, the Bank's Staff Sports and Recreation Club offered more than 50 activities that involved thousands of employees and their family members.

Recruitment and Outreach Programmes

BEA is an equal-opportunity employer. We have strict policies in place to ensure that all job applicants are considered fairly, and that our employees are given equal opportunity to pursue their careers regardless of gender, religion, or ethnic background.

We conduct recruitment talks at many universities and secondary schools throughout the year. We also support the Work-Integrated Education Scheme organised by The Hong Kong Polytechnic University and the Cooperative Education Scheme of Tung Wah College. Graduates from our Management Trainee and Retail Management Trainee programmes provide the Bank with a steady supply of talented manpower.

企業責任報告



Graduates of BEA's
Management Trainee
Programme

「見習管理人員計劃」
畢業生。

東亞銀行的企業文化蘊含著強烈的社會責任感和積極進取的精神。本行不僅將此理念灌輸予本行員工，而且透過一系列社區及環保活動，廣泛宣揚至與我們緊密聯繫的客戶、業務夥伴，乃至我們服務的廣大社群。本報告綜述東亞銀行集團於2011年為我們的持份者所推行的相關措施和活動。

東亞銀行

僱員

健康的工作環境和完善福利

本行致力為逾12,000名員工提供一個健康及積極的工作環境，確保他們可安心工作，也經常互動交流。僱員可享有全面的住院及門診醫療福利、牙科福利、彈性的分晚假期及喪假等。為配合市場上的最佳做法，本行最近為僱員推出侍產假、生日假和發送新生子女賀禮等員工福利措施。

2012年1月，本行於香港吸煙與健康委員會主辦的「香港無煙領先企業大獎」活動中獲頒「領先大獎」，以表彰本行積極建立健康、無煙工作間的努力和成果。

個人及專業發展

本行提倡終身學習，鼓勵員工考取工作相關的專業資格。2011年，本行安排員工參與了共690項內部和外間培訓課程，提供超過4,200小時的培訓時間。

員工關係活動

如僱員在工作或外間遭受壓力而感到困擾，本行會為他們給予適切和周全的協助，包括專業諮詢、心理輔導、壓力處理建議及其他康健訓練計劃等。為鼓勵員工能健康和積極地生活，本行的員工康體會在年內舉辦逾50項活動，員工及家屬的參與人數逾數千，反應相當熱烈。

招聘及延伸計劃

本行為平等機會僱主。我們制定了嚴格的政策，確保所有應徵者在求職過程中均獲得公平的考慮；而不論我們聘用的員工性別、宗教或種族背景為何，均會獲得在機構內平等發展事業的機會。

本行在年內於香港多家大學及中學舉辦職業講座，並支持香港理工大學的「校企協作教育」和東華學院的「企業協作計劃」，為學生提供結合傳統課堂學習及實際工作經驗的教育模式。同時，本行推行「見習管理人員計劃」和「零售業務見習管理人員計劃」，為發展各項業務作好準備，提供更多穩定而優秀的員工。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



BEA received The Community Chest's "President's Award" for the 12th consecutive year.
東亞銀行連續 12 年獲香港公益金頒發「公益榮譽獎」。



BEA was recognised as a "Caring Company" by The Hong Kong Council of Social Service for the eighth consecutive year.
本行履行良好的企業公民責任，並連續第 8 年獲香港社會服務聯會嘉許為「商界展關懷」機構。

Community Involvement

BEA upholds its duties as a responsible corporate citizen by supporting the community and its members through donation, sponsorship, and many other forms of support.

For the eighth consecutive year, the Bank was named a "Caring Company" by The Hong Kong Council of Social Service ("HKCSS") in recognition of its exemplary corporate citizenship. In addition, BEA's wholly-owned subsidiaries Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross") and Credit Gain Finance Company Limited ("Credit Gain") were both named a "Caring Company", for the third consecutive year and first year, respectively.

Education

A long-term supporter of education, BEA awards prizes to students who excel in their studies. These include the Top Candidate Prize, which is awarded to the highest achievers in the Associate Examinations administered by the Hong Kong Institute of Bankers ("HKIB"). In addition, the Bank gives awards to staff members who achieve excellent results in the HKIB's associateship examination and Outstanding Financial Management Planner Award programme. In 2011, we also sponsored the Hong Kong Institute of Certified Public Accountants' Qualification Programme Case Analysis Competition, an inter-tertiary event that involved teams from both Hong Kong and Mainland China.

Health

BEA continued to play an important role in many health-related programmes and events during the year including the development of the Hong Kong Red Cross' planned blood donation centre in West Kowloon. We also sponsored the New Life Psychiatric Rehabilitation Association's "The Same, Not The Same" Social Inclusive Arts Exhibition, and donated bicycles to the Association for use at the New Life Farm in Tuen Mun. In addition, we arranged outside catering service for Bank functions from the New Life Restaurant, a social enterprise that employs people recovering from mental illness. The Bank also supported the Hong Kong Cancer Fund, Hong Kong Hereditary Breast Cancer Family Registry, and the Hospital Authority in 2011.

Social Welfare

BEA is a long-standing supporter of The Community Chest of Hong Kong (the "Chest"), and has received the President's Award every year since the 1999/2000 campaign year. In 2011, the Bank and its staff participated in many of the Chest's programmes, such as the "Corporate and Employee Contribution Programme", "Dress Casual Day", "Walk for Millions", and "The Community Chest Sports Corporate Challenge 2011". We also supported the "Scheme \$6,000 for the Chest" by posting a donation appeal message on our website, printing a message on account statements mailed to customers, and placing a donation box in our Main Branch.



The Group and its staff support numerous charitable causes. In 2011, these included: (clockwise from the top) The Community Chest Sports Corporate Challenge 2011, Oxfam Trailwalker, and the UNICEF Charity Run 2011.

集團及員工一向積極支持慈善活動，其中包括：(上起，順時針)「公益競技大比拼2011」、「樂施毅行者」，以及「聯合國兒童基金會慈善跑2011」。

參與社區

本行透過捐贈、贊助及不同的參與形式，積極履行企業公民責任，全力支持及投入社區事務。

東亞銀行參與社區、服務社群的表現屢獲嘉許，已連續第8年獲香港社會服務聯會(「社聯」)嘉許為「商界展關懷」機構。此外，本行的全資附屬公司——藍十字(亞太)保險有限公司(「藍十字」)及領達財務有限公司(「領達財務」)，亦分別連續第3年及首年獲社聯嘉許為「商界展關懷」機構。

教育

長期以來，東亞銀行積極支持教育發展，設立獎學金以嘉許成績優異的學生或學員。本行頒發 Top Candidate Prize 予在香港銀行學會會試中考取最優越成績的從業員。此外，在香港銀行學會會試及「傑出財富管理師大獎」中獲取優異成績的本行員工，亦可獲發獎勵。2011年，本行並贊助由香港會計師公會舉辦的「專業資格課程個案分析」比賽，該比賽是為香港及內地的大學參賽隊伍而設。

健康

本行持續支持社會上與健康相關的計劃及活動，包括捐助香港紅十字會於西九龍發展新總部中所設的全新捐血中心。本行又贊助新生精神康復會「一樣、不一樣」的社區共融藝術展覽、捐贈單車予該會在屯門的「新生有機農場」，並且訂購其轄下社會企業——「新生餐廳」提供的外送餐飲服務，以支持精神病康復者重投社會工作及重新適應社會。此外，本行在2011年內分別贊助了香港癌症基金會、香港遺傳性乳癌家族資料庫，以及醫院管理局的相關健康計劃。

社會福利

東亞銀行多年以來一直熱心支持香港公益金(「公益金」)，自1999/2000年度起，每年均獲頒「公益榮譽獎」。於2011年，本行及員工積極參與公益金不同的慈善活動，包括「商業及僱員募捐計劃」、「公益金便服日」、「公益金百萬行」和「公益競技大比拼2011」，為不同的受助社群籌募善款。本行並積極支持「公益金共享\$6,000計劃」，透過不同渠道向客戶宣傳募捐訊息，包括在本行網站上載及在客戶的賬戶月結單上列印有關的募捐訊息，以及在總行放置捐款箱以收集善款。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



BEA and S.K.H. St. Christopher's Home jointly organised an outing for children in May 2011.

2011年5月，本行與聖公會聖基道兒童院合作，為旗下中心的兒童舉辦「愛心展關懷兒童日」外遊活動。



Staff members volunteered to help run a winter solstice gathering jointly held by the Bank and the Senior Citizen Home Safety Association for elderly citizens in December 2011.

本行義工籌備並踴躍參加在2011年12月由本行與長者安居協會攜手為長者送上的冬至午宴，共享溫馨熱鬧的氣氛。



In 2011, BEA was a major sponsor of the People's Food Bank run by St. James' Settlement. The Bank also supported the annual fundraising campaigns of Fu Hong Society, Haven of Hope Christian Service, Po Leung Kuk, Ronald McDonald House Charities Hong Kong Limited, Sedan Chair Charities Fund, Senior Citizen Home Safety Association, The Society for the Promotion of Hospice Care, and Tung Wah Group of Hospitals.

BEA also arranged for staff volunteers to participate in a series of financial education workshops under the Joint Community Education Program organised by The Hong Kong Association of Banks and the HKCSS for low-income and single-parent families. Representatives of the Bank shared their professional knowledge with participants, discussing the concepts of savings and credit, and stressing the importance of proper financial management.

Staff Volunteering

The Bank encourages its staff members to offer their time and care to disadvantaged members of our society. In 2011, we joined hands with Sheng Kung Hui St. Christopher's Home to organise an outing for underprivileged children. In addition, we supported events organised by the Families of SMA Charitable Trust, Senior Citizen Home Safety Association, and The Salvation Army Hong Kong and Macau Command (the "Salvation Army"). In total, the Bank's staff provided more than 2,000 hours of volunteer service to the local community during the year.

Environment

BEA is committed to conducting business in an environmentally responsible manner. In 2011, we became a Silver Member of the World Wide Fund for Nature ("WWF") and participated in WWF's "Earth Hour" in March together with Group subsidiaries – The Bank of East Asia (China) Limited ("BEA China"), Credit Gain, and BEA Wealth Management Services (Taiwan) Limited.

BEA once again became an "Earth Partner" of Friends of the Earth (HK) ("FoEHK") and participated in various programmes organised by the FoEHK including the "Power Smart" Energy Saving Contest. BEA's Head Office Building in Central and BEA Tower in Kwun Tong received the "Class of Excellence" and the "Class of Good" distinction in the Energywi\$e Label Scheme as part of the Hong Kong Awards for Environmental Excellence ("HKAEE") programme for the fourth and third consecutive year, respectively.

In addition, we continued to explore ways to reduce waste in every area of business. For the third straight year, the Bank joined the HKAEE's "Wastewi\$e Label" Scheme, which encourages Hong Kong businesses to adopt measures to reduce the amount of waste generated within their establishments and through the products and services they provide. In 2011, BEA sent nearly 393,000 kg. of paper waste for recycling, which is equivalent to a reduction of more than 1,800 tonnes of carbon dioxide.



BEA sponsored and organised teams to participate in the "Bank Cup of the 19th Green Power Hike" in January 2012.

本行贊助及組織員工隊伍參與2012年1月「第19屆綠色力量環島行慈善行山比賽(銀行杯)」。

2011年，東亞銀行成為聖雅各福群會主辦的食物銀行「眾膳坊」的主要贊助機構。此外，本行捐款贊助多個慈善和社會服務團體所舉辦的公益籌款活動，當中包括：扶康會、基督教靈實協會、保良局、麥當勞叔叔慈善之家有限公司、抬轎比賽慈善基金、長者安居協會、善寧會，以及東華三院等。

另外，在由香港銀行公會與社聯攜手推出「智有財能」教育坊計劃中，本行職員以義工身分，參與在社區舉行的理財教育坊，利用他們的專業知識為低收入及單親家庭講解儲蓄、借貸及正面的理財觀念。

員工義工活動

本行鼓勵員工付出一己時間及關懷，為社會上的弱勢社群服務。2011年，本行與聖公會聖基道兒童院合作，為來自基層家庭的兒童舉辦「愛心展關懷兒童日」外遊活動。此外，本行組織義工隊伍，支持脊髓肌肉萎縮症慈善基金、長者安居協會及香港救世軍港澳軍區(「救世軍」)的活動。本行員工均積極參與，僅僅在2011年，本行員工已提供超過2,000小時的義工服務時間。

The Bank and its staff work together to reduce energy consumption and wastage.

本行及員工上下齊心，實行措施以減少能源消耗和廢物的產生。



環境保護

本行一向關注環境保護，致力以負責任的態度營運業務。2011年，本行參加世界自然基金會成為「純銀會員」，並於3月聯同本集團的附屬公司——東亞銀行(中國)有限公司(「東亞中國」)、領達財務和東亞證券股份有限公司，共同參與該會每年一度的「地球一小時」關燈行動，以實際行動支持對全球暖化的關注。

此外，本行再次成為香港地球之友(「地球之友」)的「Earth Partner」，積極參與該會舉辦的多個節能項目如「知慳惜電」節能比賽。本行位於中環的總行大廈及觀塘的東亞銀行中心，更於「香港環保卓越計劃」中的「節能標誌計劃」中，分別連續第4年及第3年獲頒發「卓越級別」及「良好級別」節能標誌。

此外，我們持續在不同的業務範疇中積極尋求減少廢物的途徑。本行連續3年參加「香港環保卓越計劃」的「明智減廢計劃」，該計劃旨在鼓勵香港企業在其營運環境內及生產和提供服務的過程中，採取適當的措施減少廢物的產生。過去一年，本行將393,000公斤的辦公室廢紙送往供應商安排回收再造，這等同減少逾1,800噸二氧化碳當量的溫室氣體排放。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



In 2011, BEA sponsored the Finale programme of the Hong Kong Arts Festival for the fourth consecutive year.

2011年，本行連續第4年贊助香港藝術節的閉幕演出。

Arts & Culture

BEA sponsored a variety of arts and cultural events in 2011, including “Le French May 2011” organised by the Association Culturelle France – Hong Kong Limited, and the Hong Kong Arts Festival – two of the major events on the Hong Kong cultural calendar. The Bank has sponsored the Arts Festival’s Finale programme since 2008.

Others Forms of Support

In addition to providing financial assistance, BEA supports non-governmental organisations (“NGOs”) through payment in kind. In 2011, this included the insertion of donation appeal material from NGOs (such as the Lions Kidney Educational Centre & Research Foundation and Yan Chai Hospital) in the Bank’s statement mailings to customers, and the assignment of branches to serve as collection depots for donations to the NGOs.

Customer-focused Initiatives

Helping Smaller Businesses

In 2011, BEA participated in three loan schemes that were primarily designed for small and medium enterprises (“SMEs”), namely the Special Loan Guarantee Scheme (loan facility renewal), SME Loan Guarantee Scheme, and the SME Financing Guarantee Scheme. These schemes helped SMEs and non-listed enterprises obtain facilities to meet their business needs and enhance their productivity and competitiveness.

Other Initiatives

In December 2011, following amendments to the Hong Kong Companies Ordinance and the Bank’s Articles of Association, BEA announced that all corporate communications would be disseminated to Shareholders via the Bank’s website at www.hkbea.com (unless otherwise instructed by Shareholders). At present, more than 80% of our Shareholders receive corporate communications from BEA via our website.

The Bank also continued to request non-registered holders of BEA’s ordinary shares in the Central Clearing and Settlement System to receive the Bank’s corporate communications via the Bank’s website. This paper conservation initiative was supported by the majority of the non-registered holders, with less than 16% of approximately 3,350 non-registered holders requesting printed materials.

BEA also encouraged its customers to adopt electronic channels when using the Bank’s services – including Cyberbanking and Corporate Cyberbanking – and receiving account-related information.



The Bank supports different sectors of our society, including small and medium enterprises.

本行致力協助社會各界社群，當中包括協助中小企業取得融資。



文化藝術

上年度，東亞銀行贊助了一系列的文化藝術節目，包括兩項每年一度的本地文化盛事：由 Association Culturelle France – Hong Kong Limited 舉辦的「法國五月」，以及香港藝術節。東亞銀行自 2008 年起，已一直贊助香港藝術節的閉幕演出。

其他支持方法

除提供金錢上的贊助外，東亞銀行也透過服務或其他形式，支持多個非政府組織機構。年內，本行協助將慈善機構如國際獅子會腎病教育中心及研究基金和仁濟醫院的宣傳單張，隨本行之月結單寄付予本行客戶，從而把募捐的訊息傳達予廣大的社群。我們也選定個別分行，作為慈善機構賣旗籌款的收集站。

以客戶為主的措施

協助中小企業

2011 年，東亞銀行參與了 3 個專為中小企業而設的貸款計劃，分別為「特別信貸保證計劃」（主要為敝做續期貸款）、「中小企業信貸保證計劃」，以及「中小企融資擔保計劃」，以協助中小企業及非上市企業獲取融資，應付業務需要，並提升其生產力和競爭力。

其他措施

隨著香港《公司條例》及本行組織章程細則的有關修訂生效以後，本行自 2011 年 12 月起作出新安排，以透過本行網站 www.hkbea.com 發送本行公司通訊予股東（除非股東要求收取印刷本）。至今，超過 80% 的股東透過本行網站收取公司通訊。

同時，本行繼續要求在中央結算系統中持本行普通股股份的非登記持有人，透過本行網站閱覽本行的公司通訊，以替代收取印刷本。此節約紙張措施獲得大多數本行股份非登記持有人的支持，在約 3,350 名非登記持有人當中，僅不足 16% 要求收取印刷本。

此外，本行鼓勵客戶選用電子銀行服務，包括使用電子網路銀行及企業電子網路銀行等，並以電子渠道收取賬戶相關的資訊。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



Four palliative care rooms were set up in 2011 as part of the “Palliative Care in Residential Care Homes for the Elderly” programme established by The Bank of East Asia Charitable Foundation and “la Caixa” Foundation.

東亞銀行慈善基金及“la Caixa”基金會推出「安老院舍完善人生關顧計劃」，4間「完善人生關顧房間」已在2011年改裝完成，並落成啟用。



BEA China distributed 5,000 “Firefly 60 Backpacks” containing books and school supplies to students on the Mainland in 2011.

2011年，東亞中國捐贈了5,000個包含書本及文具等學習用品的「螢火蟲60背包」予內地學童。

The Bank of East Asia Charitable Foundation

Education

The Bank of East Asia Charitable Foundation (“BEA Foundation”) promotes and supports the advancement of education in Hong Kong, particularly at the tertiary level. In 2011, the BEA Foundation awarded scholarships to students in recognition of their outstanding academic achievements at the University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong Polytechnic University, and the Hong Kong Institute of Education.

Palliative Care

Jointly established by BEA Foundation and “la Caixa” Foundation in 2010, the “Palliative Care in Residential Care Homes for the Elderly” programme is an integrated care programme operated by The Salvation Army for terminally-ill senior citizens. In January 2011, the first two palliative care rooms were opened in the Kam Tin Residence for Senior Citizens and the Bradbury Home of Loving Kindness in Shatin. In May 2011, a third room was opened in the Hoi Tai Residence for Senior Citizens in Mongkok, and a fourth room was completed in the Kiangsu Chekiang and Shanghai Residents (H.K.) Association Tuen Mun Hostel for the Elderly in December 2011.

By the end of its three and a half-year pilot period in 2013, the programme will involve a multi-disciplinary team of 600 professionals and serve up to 900 elderly residents and their family members.

THE BANK OF EAST ASIA (CHINA) LIMITED

Shanghai Soong Ching Ling Foundation – BEA Charity Fund

BEA China, the Bank’s wholly-owned subsidiary on the Mainland, supports a wide range of charitable causes through the activities of the Shanghai Soong Ching Ling Foundation – BEA Charity Fund (the “Fund”). The Fund has raised over RMB18.8 million since its establishment in 2009 by BEA China and the Shanghai Soong Ching Ling Foundation.

Firefly Project

In 2011, the Fund continued to focus on improving educational opportunities for children in rural areas of China by organising a number of activities under the Firefly Project.

Six Firefly Centres were established during the year in schools in Sichuan, Guangdong, and Liaoning provinces providing students with furniture, learning materials, and computers. In addition, 5,000 “Firefly 60 Backpacks” containing books and school supplies were distributed to students in China.



By the end of 2011, The Shanghai Soong Ching Ling Foundation – BEA Charity Fund (the “Fund”) had set up 15 Firefly Centres for the benefit of more than 14,000 under-privileged students on the Mainland.

至2011年年底，「上海宋慶齡基金會—東亞銀行公益基金」(「基金」)共成立15所「螢火蟲樂園」，為身處內地偏遠地區逾14,000名兒童提供較佳的學習環境。

東亞銀行慈善基金有限公司

教育

東亞銀行慈善基金積極支持和推動香港教育 — 特別是高等教育的發展。2011年，東亞銀行慈善基金為就讀於香港大學、香港中文大學、香港理工大學，以及香港教育學院而考獲優異成績的學生提供多個獎學金，以茲嘉許鼓勵。

「香港安老院舍完善人生關顧計劃」

東亞銀行慈善基金及“la Caixa”基金會於2010年聯手推出「安老院舍完善人生關顧計劃」，目的是為末期病患長者提供綜合關顧服務。該計劃由救世軍負責營運和管理，首兩間分別位於元朗錦田的救世軍錦田長者之家，以及位於沙田大圍的白普理慈愛長者之家的「完善人生關顧房間」，已在2011年1月落成啟用。第3間及第4間「完善人生關顧房間」，則分別位於旺角的海泰長者之家和屯門的香港蘇浙同鄉會屯門安老院，也先後於去年5月及12月投入服務。

上述的計劃會推行至2013年，以3年半為試驗期。屆時，有關計劃涉及的跨界別專業服務隊伍將達600人，而提供綜合「紓緩關懷」服務的服務對象，包括末期病患長者及其家人，則估計會達到900人。

東亞銀行(中國)有限公司

上海宋慶齡基金會—東亞銀行公益基金

東亞銀行在內地的全資附屬公司—「東亞中國」，與上海宋慶齡基金會共同成立「上海宋慶齡基金會—東亞銀行公益基金」(「基金」)，致力支持社會公益事業。自2009年成立以來，基金已籌募善款逾人民幣1,880萬元。

螢火蟲計劃

2011年，基金繼續透過「螢火蟲計劃」的不同活動，改善內地偏遠地區的兒童教育。

年內，基金於四川、廣東及遼寧省捐建了6所「螢火蟲樂園」，為該等地區的學童提供課室家具、學習材料及電腦。此外，基金捐贈了共5,000個包含書本及文具等學習用品的「螢火蟲60背包」予內地有需要的學童。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



The Fund raised more than RMB 6.7 million during its third annual “Firefly Charity Night” dinner on 8th December, 2011.

2011年12月8日，基金在上海舉辦了第3屆「螢火蟲慈善之夜」慈善晚宴，成功為基金籌得超過人民幣670萬元的善款。

BEA China’s employees planted more than 400 trees in various tree planting initiatives in March 2011.

東亞中國致力支持環境保護工作，於2011年3月透過多個植樹活動，在內地植樹逾400棵。



In 2011, staff members and business partners of BEA China, together with members of the media spent more than 70 hours serving as volunteer teachers in schools in rural areas of China. In April 2011, a team of 15 volunteers organised a 3-day teaching programme for students at Wenchuan Number 2 Primary School in Sichuan and in June 2011, a team of five volunteers revisited the school.

The Fund also provided financial support to 10 teachers of the BEA Hope School in Xinjiang and 10 teachers of Liuji Secondary School in Jishishan County, Gansu Province attending teacher training programmes in July and August 2011, respectively.

BEA University Students Scholarship Programme in China

Launched in 2010, the BEA University Students Scholarship Programme in China provides education grants and subsidies to outstanding students who do not have the financial resources to pursue higher education. Originally offered to students of Fudan University, Sun Yat-sen University, and Shenzhen Polytechnic, the scholarships were further extended to the students of Jinan University’s Shenzhen Tourism College in 2011.

In recognition of its dedication to society, BEA China received the “Best Corporate Social Responsibility Award” from CFO World in its 2011 Chinese CFO’s Most Trustworthy Bank Awards programme and the “Multinational Enterprises Corporate Social Responsibility – Outstanding CSR Case Awards” from *China Philanthropy Times*, the China Association of Social Workers’ Working Committee on Corporate Citizenship, and the School of Social Development and Public Policy of Beijing Normal University.

OTHER SUBSIDIARIES

Credit Gain Finance Company Limited

During the year under review, Credit Gain was awarded the “Heart to Heart Company Logo” by The Hong Kong Federation of Youth Groups in recognition of its generous support of school activities in Hong Kong.

Credit Gain also supported a number of charitable activities throughout the year. In co-operation with the Evangelical Lutheran Church Social Service – Hong Kong (“ELCHK”), Credit Gain employees visited disadvantaged elderly residents of Kwai Tsing district and brought them daily necessities. In addition, the Company organised an ecological outing with ELCHK for underprivileged children to the Hong Kong Wetland Park. In November 2011, Credit Gain employees took part in a Charity Walk held at the Shatin Racecourse organised by The Lok Sin Tong Benevolent Society Kowloon.



BEA China organised the “Today, You Are A Happy Angel” programme to mark the 2011 International Children’s Day on 1st June.

為慶祝6月1日國際兒童節，東亞中國在2011年舉辦了「今天，你就是快樂天使」的學校和孤兒院探訪活動。



2011年，東亞中國員工、其業務夥伴，以及來自媒體的人士，共同為內地鄉村地區的學校進行超過70小時的義務教學。2011年4月，一支由15人組成的義工隊前往四川省汶川縣第二小學進行3天教學；同年6月，另一支5人的義工隊再次探訪該校。

基金同時撥款資助10名來自新疆喀什市疏附縣蘭幹鄉東亞銀行愛心小學的教師，以及10名來自甘肅省積石山縣劉集中學的教師，分別於2011年7月及8月接受教師培訓課程。

東亞銀行大學生助學金計劃

2010年，東亞中國在內地設立了「東亞銀行大學生助學金計劃」，為因經濟困難而無法繼續學業的優秀學生提供助學金。2011年，有關助學金計劃的助學範圍已由復旦大學、中山大學及深圳職業技術學院，進一步擴展至暨南大學深圳旅遊學院。

東亞中國對社會的投入和貢獻備受各界認同，在《首席財務官》雜誌社主辦的「2011年度中國CFO最信賴的銀行」評選中榮膺「最佳社會責任獎」。此外，東亞中國的「螢火蟲計劃」獲《公益時報》社、中國社會工作協會企業公民工作委員會和北京師範大學社會發展與公共政策學院聯合頒發「跨國公司企業社會責任(CSR)優秀案例獎」。

其他附屬公司

領達財務有限公司

2011年內，領達財務榮獲香港青年協會頒發「有心企業」標誌，以表揚其對學校活動的貢獻。

領達財務及其義工隊並積極支持一系列的慈善活動，包括聯同基督教香港信義會社會服務部（「香港信義會」），帶同日常用品探訪葵青區的獨居長者，以及帶領一群低收入家庭兒童遊覽香港濕地公園，一起學習生態保育的重要性。2011年11月，領達財務員工又參與由九龍樂善堂於沙田馬場舉行的慈善步行活動。

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)



Blue Cross continued to partner with Hong Kong Physically Handicapped and Able-Bodied Association in 2011.
2011年，藍十字繼續與香港傷健協會攜手合作，透過參與其活動，宣揚「傷健共融」的理念。

Blue Cross (Asia-Pacific) Insurance Limited

Blue Cross continued to partner with the Hong Kong Physically Handicapped and Able-Bodied Association ("PHAB") in 2011. The Company sponsored the "Happy Teens, Full of Fun" Programme, a communication platform promoting the integration of teenagers, with and without disabilities, into society. More than 120 teenagers participated in this highly successful programme.

In January 2011, Blue Cross supported the "PHAB Walk for Integration", helping to raise funds for the PHAB's integration projects. Over 50 employees and their family members took part in this event. In March, Blue Cross participated in "The Community Chest Sports Corporate Challenge 2011" as a corporate team and helped raise funds for children and youth services supported by the Chest.

Tricor Holdings Limited

As in past years, Tricor offered summer and winter internships to university students in 2011, providing them with exposure to the professional practice environment and the business world. Tricor also awarded need-based scholarships to talented university students.

In addition, the Company sponsored staff members in a wide range of events during the year including the UNICEF Charity Run 2011 and "The Community Chest Sports Corporate Challenge 2011" in Hong Kong, and "The Edge – Bursa Malaysia Kuala Lumpur Rat Race 2011" charity run in Malaysia.

As a responsible corporate citizen, Tricor provides pro bono services to a number of charitable bodies and NGOs. Since 2009, Tricor Singapore has sponsored the secretarial, administrative, and accounting requirements of Lions Savesight Centre Singapore. In Japan, Tricor gives accounting, tax, and payroll service support to The Tyler Foundation, a non-profit organisation dedicated to improving the lives of young cancer patients and their families.



Tricor Malaysia staff members actively participated in "The Edge – Bursa Malaysia Kuala Lumpur Rat Race 2011" charity run.
卓佳的馬來西亞員工熱切參與「The Edge – Bursa Malaysia Kuala Lumpur Rat Race 2011」慈善跑。

藍十字 (亞太) 保險有限公司

2011 年，藍十字繼續與香港傷健協會攜手合作，並贊助該會的「樂Teen滿Fun計劃」，透過建立不同的溝通活動，讓傷殘及健全的青少年一起參與，從而促進「傷健共融」的理念。在是次計劃中，共有逾120名青少年參加並因而受惠。

2011 年 1 月，逾 50 名藍十字員工及家屬參加「傷健共融步行日」活動，為「傷健共融」項目籌募善款。3 月，藍十字組成機構隊伍參加「公益競技大比拼 2011」，為公益金之「兒童及青年服務」籌募善款。

卓佳集團有限公司

多年來，卓佳集團有限公司（「卓佳」）在暑假及寒假期間為大學及大專院校學生提供實習機會，讓他們親身體會專業服務及商業的環境。卓佳並提供獎學金，為成績優異而財政上有需要的大學生提供協助。

年內，卓佳贊助僱員參加一系列慈善活動，包括於香港舉辦的「聯合國兒童基金會慈善跑」及「公益競技大比拼 2011」，以及在馬來西亞舉辦的「The Edge – Bursa Malaysia Kuala Lumpur Rat Race 2011」的慈善跑。

作為良好的企業公民，卓佳為不少慈善團體及非政府機構提供義務企業秘書服務。自 2009 年起，卓佳新加坡辦事處已贊助 Lions Savesight Centre Singapore 的秘書、行政及會計方面的工作。在日本，卓佳亦為非牟利機構 The Tyler Foundation 提供會計、稅務及支薪的服務支援，致力支持日本的癌病兒童及其家人。

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31st December, 2011.

PRINCIPAL PLACE OF BUSINESS

The Bank of East Asia, Limited (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 10 Des Voeux Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services, and business, corporate and investor services.

ACCOUNTS

The profit attributable to equity holders of the Group for the year ended 31st December, 2011 and the state of the Bank's and the Group's affairs as at that date are set out in the accounts on pages 118 to 255.

TRANSFER TO RESERVES

Profit attributable to equity holders of the Group, before dividends, of HK\$4,358 million (2010: HK\$4,224 million) has been transferred to reserves. Other movements in reserves are set out in Note 39 on the accounts.

An interim dividend of HK\$0.43 per share (2010: HK\$0.38 per share) was paid on 19th September, 2011. Instead of recommending a final dividend, the Directors have declared a second interim dividend (in lieu of final dividend) of HK\$0.51 per share (2010: a final dividend of HK\$0.56 per share) in respect of the financial year ended 31st December, 2011.

MAJOR CUSTOMERS

The Directors believe that the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group for the year.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately HK\$8 million (2010: HK\$8 million).

FIXED ASSETS

Details of the movements in fixed assets are set out in Note 32 on the accounts.

SHARE CAPITAL

During the year, a sum of HK\$76,759,022.50 standing to the credit of the share premium account was capitalised and applied in paying up in full at par 30,703,609 shares of HK\$2.50 each that were allotted and issued to shareholders who had elected to receive new shares in lieu of the 2010 final dividend and the 2011 interim dividend.

During the year, 3,385,000 shares of HK\$2.50 each were issued for cash of HK\$93,203,050 on the exercise of options granted under the approved Staff Share Option Schemes.

SUBORDINATED NOTES

The Bank issued 6.375% subordinated notes (under the US\$3,000 million Euro Medium Term Note Programme) qualifying as supplementary capital with face value of US\$500 million on 4th November, 2011 (the "2022 Notes"). The 2022 Notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. The net proceeds from the issue of the 2022 Notes were used for general working capital purposes.

董事會報告書

董事會全寅現謹向各股東發表年度報告書及截至2011年12月31日止年度的已審核賬項。

主要營業地點

東亞銀行有限公司（「本行」）乃一間在香港成立及註冊的持牌銀行，其註冊辦事處和主要營業地點為香港德輔道中10號。

主要業務

本行及其附屬公司（「本集團」）的主要業務為提供銀行及有關的金融服務，以及商務、企業及投資者服務。

賬項

本集團截至2011年12月31日止年度的股東應佔溢利，及本行和本集團於當日的財政狀況，載列於第118頁至255頁的賬項內。

撥入儲備

本集團除股息前的股東應佔溢利中的港幣43億5,800萬元（2010年：港幣42億2,400萬元）已予撥入儲備。至於儲備的其他變動，則載於賬項附註39。

中期股息每股港幣0.43元（2010年：每股港幣0.38元）已於2011年9月19日派發。董事會已宣佈派發截至2011年12月31日止年度第二次中期股息（以替代末期股息）每股港幣0.51元（2010年：末期股息每股港幣0.56元）以代替建議派發末期股息。

主要客戶

董事會認為，本集團5位最大客戶所佔是年度本集團總利息收入及其他經營收入少於30%。

捐款

本集團本年內所作出的慈善及公益捐款約為港幣800萬元（2010年：港幣800萬元）。

固定資產

固定資產的變動詳情載於賬項附註32。

股本

年內，本行由股份溢價賬項中撥出港幣76,759,022.50元作為資本，以發行及繳足30,703,609股每股面值港幣2.50元的股份，派發予各選擇以新股份代替2010年度末期股息及2011年度中期股息的股東。

本年內，在認可僱員認股計劃認股權方面，發行3,385,000股每股面值港幣2.50元的股份，所得現金為港幣93,203,050元。

後償票據

本行於2011年11月4日（根據其30億美元的歐洲形式中期票據計劃）發行面值5億美元評定為附加資本於2022年到期的後償票據（「2022票據」），其孳息率為6.375%。2022票據於新加坡交易所上市，並將於2022年5月4日到期。發行2022票據的淨得款項作本行一般營運資金用途。

REPORT OF THE DIRECTORS (CONTINUED)

DEALINGS IN LISTED SECURITIES OF THE BANK

During the year ended 31st December, 2011, the Bank purchased and redeemed GBP37.737 million face value of the 6.125% step-up perpetual subordinated notes qualifying as supplementary capital, which were issued on 20th March, 2007 (the "Notes"). The Notes are listed on the Singapore Stock Exchange. Save for the purchase and redemption of the Notes, there was no purchase, sale or redemption by the Bank or any of its subsidiaries, of listed securities of the Bank during the year ended 31st December, 2011.

DIRECTORS

The present Directors of the Bank are shown on page 54.

In accordance with the Articles of Association, any Director elected by the Bank by ordinary resolution shall be elected for a term of not more than approximately three years expiring at the conclusion of the annual general meeting of the Bank held in the third year following the year of his appointment and on expiration of his term he shall be deemed a retiring Director and eligible for re-appointment. Accordingly, WONG Chung-hin, LEE Shau-kee, Kenneth LO Chin-ming, Eric LI Fook-chuen, Valiant CHEUNG Kin-piu and Isidro FAINÉ CASAS will retire, and, being eligible, offer themselves for re-election at the Annual General Meeting to be held on 24th April, 2012 ("2012 AGM").

Details of the Directors to be re-elected at the 2012 AGM are set out in the circular to the shareholders sent together with this Annual Report.

No Director proposed for re-election at the 2012 AGM has an unexpired service contract that is not determinable by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

David LI Kwok-po is employed as the Chief Executive of the Bank. His existing three-year term service contract commenced in April 2009 and will expire in March 2012. The service contract has been extended for a further term of 3 years commencing from 1st April, 2012 and expiring on 31st March, 2015. The extension of the term of the service contract has been endorsed by the Nomination Committee and approved by the Board of Directors of the Bank.

No contracts of significance to which the Bank or any of its subsidiaries was a party and in which a Director of the Bank had a material interest subsisted at the end of the year or at any time during the year.

None of the Directors of the Bank is interested in any business apart from the Bank's business that competes or is likely to compete, either directly or indirectly, with the Bank's business.

At no time during the year was the Bank or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate with the exception of the Staff Share Option Schemes, details of which are set out in the following section under the heading "Information on Share Options", and Notes 2(q)(iv) and 37 on the accounts.

The Bank has received independence confirmations from the Independent Non-executive Directors, namely: Allan WONG Chi-yun, WONG Chung-hin, LEE Shau-kee, Winston LO Yau-lai, Thomas KWOK Ping-kwong, Kenneth LO Chin-ming, William DOO Wai-hoi, KUOK Khoo-ean and Valiant CHEUNG Kin-piu and considers them to be independent.

The Chairman received HK\$350,000 and each of the other Directors, including the Independent Non-executive Directors, received HK\$230,000, as director's fees for the year ended 31st December, 2011.

CORPORATE GOVERNANCE

Being the largest independent local bank in Hong Kong, the Bank is committed to maintaining the highest corporate governance standards. Information on the corporate governance practices adopted by the Bank is set out in the Corporate Governance Report.

買賣本行上市證券

本行在截至2011年12月31日止的年度內，購入及贖回面值3,773.7萬英鎊在2007年3月20日發行評定為附加資本，孳息率為6.125%的無到期日步陞後償票據（「該票據」）。該票據在新加坡交易所上市。除購回及贖回該票據外，截至2011年12月31日止的年度內，本行或其任何附屬公司並無購入、出售或贖回本行的上市證券。

董事會

本行現任董事的名單載於第54頁。

根據組織章程細則規定，任何在普通決議案獲選的董事，其任期不得超過約3年，並於其獲委任後的第3年的股東周年常會結束時屆滿；其任期屆滿時，將被視為一位卸任董事而有資格重選。根據此規定，黃頌顯、李兆基、駱錦明、李福全、張建標及范禮賢將於2012年4月24日舉行的股東周年常會（「2012股東周年常會」）上卸任，並願膺選連任。

所有在2012股東周年常會重選的董事的資料，載於連同本年報寄發予股東的股東通函內。

所有擬在2012股東周年常會上膺選連任的董事，並沒有尚未屆滿且屬本行或其附屬公司在一年內不可在不予賠償（法定賠償除外）的情況下終止的服務合約。

李國寶受聘為本行的行政總裁。他現行為期3年的服務合約已於2009年4月起生效，並將於2012年3月屆滿。其服務合約的任期現予再延長3年，由2012年4月1日起生效，並將於2015年3月31日屆滿。延長行政總裁的服務合約的任期已由提名委員會審議，並已獲本行董事會通過。

本年內凡與本行或其任何附屬公司業務有重大關係的合約，本行各董事均無佔有任何實質上的權益。

除本行業務外，本行各董事並無在其他直接或間接與本行的業務構成競爭或可能構成競爭的業務中佔有權益。

除於下列「認股權資料」項下及賬項附註2(q)(iv)及37所詳載的僱員認股計劃外，本年內本行或其任何附屬公司並無作任何安排，以致本行各董事或行政總裁或他們的配偶或18歲以下子女從中取得本行或其他法人團體的股份或債券而獲益。

本行已收到獨立非執行董事：黃子欣、黃頌顯、李兆基、羅友禮、郭炳江、駱錦明、杜惠愷、郭孔演及張建標的獨立性確認函。本行對他們的獨立性表示認同。

本行主席獲港幣35萬元；而其他董事包括獨立非執行董事各獲得港幣23萬元，作為截至2011年12月31日止財政年度的董事袍金。

企業管治

作為本港最大的獨立本地銀行，本行致力維持最高的企業管治標準。有關本行所採納的企業管治常規的資料，載列於企業管治報告內。

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31st December, 2011, the interests and short positions of the Directors and Chief Executive of the Bank in the shares, underlying shares and debentures of the Bank and its associated corporations as recorded in the Register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

I. Long positions in ordinary shares of the Bank:

| Name | Capacity and nature | No. of shares | Total | % of issued share capital |
|-----------------------------|--|---------------|--------------------------|---------------------------|
| David LI Kwok-po | Beneficial owner | 52,385,292 | 54,121,573 ¹ | 2.61 |
| | Interest of spouse | 1,582,293 | | |
| | Interest of corporation | 153,988 | | |
| Arthur LI Kwok-cheung | Beneficial owner | 9,939,457 | 23,884,140 ² | 1.15 |
| | Founder of discretionary trust | 13,944,683 | | |
| Allan WONG Chi-yun | Beneficial owner | 354,443 | 13,646,373 ³ | 0.66 |
| | Interest of spouse | 136 | | |
| | Founder of discretionary trust | 13,291,794 | | |
| WONG Chung-hin | Beneficial owner | 51,491 | 430,035 ⁴ | 0.02 |
| | Interest of spouse | 378,544 | | |
| LEE Shau-kee | Beneficial owner | 2,092,183 | 3,192,183 ⁵ | 0.16 |
| | Interest of corporation | 1,100,000 | | |
| Aubrey LI Kwok-sing | Beneficial owner | 25,730 | 34,268,022 ⁶ | 1.65 |
| | Interest of spouse | 19,154 | | |
| | Beneficiary of discretionary trust | 34,223,138 | | |
| Winston LO Yau-lai | – | – | Nil | Nil |
| KHOO Kay-peng | Interest of corporation | 5,524,572 | 5,524,572 ⁷ | 0.27 |
| Thomas KWOK Ping-kwong | – | – | Nil | Nil |
| Richard LI Tzar-kai | Interest of corporation | 2,646,021 | 2,646,021 ⁸ | 0.13 |
| Kenneth LO Chin-ming | – | – | Nil | Nil |
| Eric LI Fook-chuen | Beneficial owner | 4,618,502 | 36,248,837 ⁹ | 1.75 |
| | Founder and beneficiary of discretionary trust | 22,414,589 | | |
| | Interest of corporation | 9,215,746 | | |
| Stephen Charles LI Kwok-sze | Beneficial owner | 11,743,781 | 14,598,580 ¹⁰ | 0.70 |
| | Interest of children | 537,183 | | |
| | Beneficiary of discretionary trusts | 2,317,616 | | |
| William DOO Wai-hoi | – | – | Nil | Nil |
| KUOK Khoon-ean | – | – | Nil | Nil |
| Valiant CHEUNG Kin-piu | – | – | Nil | Nil |
| Isidro FAINÉ CASAS | – | – | Nil | Nil |

董事及行政總裁權益

於2011年12月31日，根據《證券及期貨條例》第352條須予備存的登記冊所記錄，本行各董事及行政總裁於本行及其相聯法團的股份、相關股份及債權證中擁有的權益及淡倉如下：

I. 本行普通股股份權益的好倉：

| 姓名 | 身分及性質 | 股份數目 | 總數 | 佔已發行股本的百分率 |
|-----|--------------|------------|--------------------------|------------|
| 李國寶 | 實益擁有人 | 52,385,292 | 54,121,573 ¹ | 2.61 |
| | 配偶的權益 | 1,582,293 | | |
| | 法團的權益 | 153,988 | | |
| 李國章 | 實益擁有人 | 9,939,457 | 23,884,140 ² | 1.15 |
| | 酌情信託的成立人 | 13,944,683 | | |
| 黃子欣 | 實益擁有人 | 354,443 | 13,646,373 ³ | 0.66 |
| | 配偶的權益 | 136 | | |
| | 酌情信託的成立人 | 13,291,794 | | |
| 黃頌顯 | 實益擁有人 | 51,491 | 430,035 ⁴ | 0.02 |
| | 配偶的權益 | 378,544 | | |
| 李兆基 | 實益擁有人 | 2,092,183 | 3,192,183 ⁵ | 0.16 |
| | 法團的權益 | 1,100,000 | | |
| 李國星 | 實益擁有人 | 25,730 | 34,268,022 ⁶ | 1.65 |
| | 配偶的權益 | 19,154 | | |
| | 酌情信託的受益人 | 34,223,138 | | |
| 羅友禮 | — | — | 無 | 無 |
| 邱繼炳 | 法團的權益 | 5,524,572 | 5,524,572 ⁷ | 0.27 |
| 郭炳江 | — | — | 無 | 無 |
| 李澤楷 | 法團的權益 | 2,646,021 | 2,646,021 ⁸ | 0.13 |
| 駱錦明 | — | — | 無 | 無 |
| 李福全 | 實益擁有人 | 4,618,502 | 36,248,837 ⁹ | 1.75 |
| | 酌情信託的成立人及受益人 | 22,414,589 | | |
| | 法團的權益 | 9,215,746 | | |
| 李國仕 | 實益擁有人 | 11,743,781 | 14,598,580 ¹⁰ | 0.70 |
| | 子女的權益 | 537,183 | | |
| | 酌情信託的受益人 | 2,317,616 | | |
| 杜惠愷 | — | — | 無 | 無 |
| 郭孔演 | — | — | 無 | 無 |
| 張建標 | — | — | 無 | 無 |
| 范禮賢 | — | — | 無 | 無 |

REPORT OF THE DIRECTORS (CONTINUED)

Notes:

- 1 *David LI Kwok-po was the beneficial owner of 52,385,292 shares and he was deemed to be interested in 1,582,293 shares through the interests of his spouse, Penny POON Kam-chui. He was also deemed to be interested in 153,988 shares held by David LI Kwok-po Charitable Foundation Limited, a charitable institution of which David LI Kwok-po is a director and the sole member.*
- 2 *Arthur LI Kwok-cheung was the beneficial owner of 9,939,457 shares. Arthur LI Kwok-cheung made a voluntary disclosure of 13,944,683 shares held by a discretionary trust of which he is the founder but has no influence on how the trustee exercises his discretion.*
- 3 *Allan WONG Chi-yun was the beneficial owner of 354,443 shares and he was deemed to be interested in 136 shares through the interests of his spouse, Margaret KWOK Chi-wai. He was also deemed to be interested in 13,291,794 shares held by a discretionary trust, Allan Wong 2011 Trust, of which Allan WONG Chi-yun is a founder and an eligible beneficiary.*
- 4 *WONG Chung-hin was the beneficial owner of 51,491 shares and he was deemed to be interested in 378,544 shares through the interests of his spouse, LAM Mei-lin.*
- 5 *LEE Shau-kee was the beneficial owner of 2,092,183 shares.*
LEE Shau-kee was deemed to be interested in 1,100,000 shares held through Superfun Enterprises Limited ("Superfun"). Superfun was wholly owned by The Hong Kong and China Gas Company Limited which was 39.88% held by Henderson Land Development Company Limited ("Henderson Land").
Henderson Land was deemed to be 61.18% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by LEE Shau-kee.
- 6 *Aubrey LI Kwok-sing was the beneficial owner of 25,730 shares and he was deemed to be interested in 19,154 shares through the interests of his spouse, Elizabeth WOO. The remaining 34,223,138 shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing is one of the discretionary beneficiaries.*
- 7 *KHOO Kay-peng was deemed to be interested in 5,524,572 shares out of which (i) 1,231,841 shares were held through Bonham Industries Limited, a company in which he (and his spouse) held 100% of the issued capital; and (ii) 4,292,731 shares were held through the Malayan United Industries Berhad Group of which he is the Chairman and Chief Executive and a deemed substantial shareholder.*
- 8 *Richard LI Tzar-kai was deemed to be interested in 2,646,021 shares held by certain corporations in their capacity as investment managers, out of which (i) 2,517,421 shares were held by PineBridge Investments Asia Limited ("PBIA"), and (ii) 128,600 shares were held by PineBridge Investments LLC ("PBI LLC"). PBIA and PBI LLC are indirect subsidiaries of Chiltonlink Limited which is 100% owned by Richard LI Tzar-kai.*
- 9 *Eric LI Fook-chuen was the beneficial owner of 4,618,502 shares, and 22,414,589 shares were held by New Jerico (PTC) Limited in the capacity of trustee of The Jerico Unit Trust. Eric LI Fook-chuen is the sole director of New Jerico (PTC) Limited. All the units in The Jerico Unit Trust are held by The New Elico Trust, of which Eric LI Fook-chuen is the founder and a discretionary beneficiary. Eric LI Fook-chuen was also deemed to be interested in 9,215,746 shares held by The Kowloon Dairy Limited of which he is the Chairman and Chief Executive Officer.*
- 10 *Stephen Charles LI Kwok-sze was the beneficial owner of 11,743,781 shares, and he was deemed to be interested in 537,183 shares through the interests of his children under the age of 18. Of the remaining 2,317,616 shares, (i) 2,125,600 shares were held by a discretionary trust, Settlement of Dr. Simon F. S. LI, of which Stephen Charles LI Kwok-sze, his spouse and his children under the age of 18 were beneficiaries and (ii) 192,016 shares were held by a discretionary trust, Longevity Trust, of which his children under the age of 18 were beneficiaries.*

II. Long positions (in respect of equity derivatives) in underlying shares of the Bank:

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po pursuant to the approved Staff Share Option Schemes. Information in relation to these shares options during the year ended 31st December, 2011 was shown in the following section under the heading "Information on Share Options".

附註：

- 1 李國寶為52,385,292股的實益擁有人。由於其配偶潘金翠擁有1,582,293股之權益，他亦被視為擁有該等股份。他亦被視為擁有由李國寶慈善基金有限公司持有的153,988股，李國寶為該慈善機構的董事兼唯一成員。
- 2 李國章為9,939,457股的實益擁有人。李國章自願披露其作為成立人的一個酌情信託所持有的13,944,683股，由於他不可以影響受託人如何行使其酌情權，有關披露純屬自願性質。
- 3 黃子欣為354,443股的實益擁有人。由於其配偶郭志蕙擁有136股之權益，黃子欣被視為擁有該等股份。而由於黃子欣為一個酌情信託Allan Wong 2011 Trust的成立人及一位合資格受益人，他亦被視為擁有該酌情信託所持有的13,291,794股。
- 4 黃頌顯為51,491股的實益擁有人。由於其配偶林美蓮擁有378,544股之權益，他亦被視為擁有該等股份。
- 5 李兆基為2,092,183股的實益擁有人。
 李兆基被視為擁有由Superfun Enterprises Limited（「Superfun」）持有之1,100,000股。Superfun由香港中華煤氣有限公司（「中華煤氣」）全資擁有。而恒基兆業地產有限公司（「恒基地產」）持有中華煤氣39.88%股權。
 恒基兆業有限公司（「恒基兆業」）被視為持有恒基地產61.18%股權。Hopkins (Cayman) Limited（「Hopkins」），作為一個單位信託（「該單位信託」）的受託人，擁有恒基兆業的全部已發行普通股股份。Rimmer (Cayman) Limited（「Rimmer」）及Riddick (Cayman) Limited（「Riddick」），分別為不同全權信託的受託人，持有該單位信託的單位。李兆基擁有Hopkins、Rimmer及Riddick的全部已發行股份。
- 6 李國星為25,730股的實益擁有人。由於其配偶吳伊莉擁有19,154股之權益，他亦被視為擁有該等股份。餘下之34,223,138股由一個酌情信託The Fook Wo Trust持有，李國星為該信託的其中一位酌情受益人。
- 7 邱繼炳被視為擁有5,524,572股，其中(i)1,231,841股由邱繼炳（包括其配偶）持有100%已發行股份的Bonham Industries Limited持有，(ii)而另外的4,292,731股則由Malayan United Industries Berhad Group持有，邱繼炳為該法團的主席兼行政總裁，並被視為該法團的主要股東。
- 8 李澤楷被視為擁有由若干法團以投資經理身分所持有的2,646,021股，其中(i)2,517,421股由PineBridge Investments Asia Limited（「PBIA」）持有；而(ii)128,600股則由PineBridge Investments LLC（「PBI LLC」）持有。PBIA及PBI LLC是李澤楷全資擁有的Chiltonlink Limited的間接附屬公司。
- 9 李福全為4,618,502股的實益擁有人。而22,414,589股由New Jerico (PTC) Limited以The Jerico Unit Trust的受託人身分持有，李福全是New Jerico (PTC) Limited的唯一董事。The New Elico Trust持有The Jerico Unit Trust的全部單位，而李福全為The New Elico Trust的成立人及一位酌情受益人。他亦被視為擁有由九龍維記牛奶有限公司持有的9,215,746股，李福全為該公司的主席兼行政總裁。
- 10 李國仕為11,743,781股的實益擁有人。他亦被視為擁有由其18歲以下子女持有的537,183股。餘下的2,317,616股當中：(i) 2,125,600股由一個酌情信託— Settlement of Dr. Simon F. S. Li持有，李國仕、其配偶及其18歲以下子女皆為該酌情信託的受益人；及(ii) 192,016股由一個酌情信託— Longevity Trust持有，而李國仕的18歲以下子女為該酌情信託的受益人。

II. 本行相關股份（就股本衍生工具而言）的好倉：

根據本行的認可僱員認股計劃，李國寶獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交付的期權。有關此等認股權在截至2011年12月31日止年度內的資料，見於下列「認股權資料」項下。

REPORT OF THE DIRECTORS (CONTINUED)

III. Interests in debentures of the Associated Corporation of the Bank:

| Name | Capacity and nature | Amount of debentures |
|--------------------|---------------------------------|----------------------|
| Allan WONG Chi-yun | Interest of spouse ¹ | RMB20,000,000 |
| Eric LI Fook-chuen | Beneficial owner ² | RMB10,000,000 |

Notes:

- Allan WONG Chi-yun was deemed to be interested in the Renminbi bonds issued by The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank, through the interests of his spouse, Margaret KWOK Chi-wai. The bonds, with an aggregate principal amount of RMB4 billion, were issued in 2009 at an annual interest rate of 2.8%.
- Eric LI Fook-chuen was the beneficial owner of the above interests in the Renminbi bonds issued by The Bank of East Asia (China) Limited, a wholly-owned subsidiary of the Bank. The bonds, with an aggregate principal amount of RMB4 billion, were issued in 2009 at an annual interest rate of 2.8%.

IV. Interests in Hybrid Tier I Capital Instruments:

Allan WONG Chi-yun was the beneficial owner of the following capital instruments^{Note}:

| Issuer | Type/Class of securities | Amount of debentures | No. of shares |
|--------------------------------|---|----------------------|---------------|
| The Bank of East Asia, Limited | Subordinated Notes | US\$7,000,000 | – |
| Innovate Holdings Limited | Preference Shares | – | 7,000 |
| The Bank of East Asia, Limited | Substitute Preference Shares (unissued) | – | 7,000 |

Note: In November 2009, the Bank issued capital instruments qualifying as hybrid tier 1 capital with a face value of US\$500 million. The capital instruments comprise 8.5% step-up subordinated notes due 2059 issued by the Bank (the "2059 Notes") stapled with perpetual non-cumulative step-up preference shares issued by Innovate Holdings Limited, a wholly-owned subsidiary of the Bank (the "Innovate Preference Shares"). The 2059 Notes and the Innovate Preference Shares are listed as stapled units on the Singapore Stock Exchange. The Substitute Preference Shares (being perpetual non-cumulative step-up preference shares having a par value of US\$1,000 each) are created, and to be issued by the Bank upon the occurrence of a Substitution Event (as defined in the circular to shareholders of the Bank dated 11th November, 2009) as one of the terms of the issue of the 2059 Notes and the Innovate Preference Shares.

Save as disclosed above, no other interest or short position in the shares, underlying shares or debentures of the Bank or any of its associated corporations were recorded in the Register.

董事會報告書（續）

III. 本行相聯法團債權證權益：

| 姓名 | 身分及性質 | 債權證數額 |
|-----|--------------------|------------------|
| 黃子欣 | 配偶的權益 ¹ | 人民幣 20,000,000 元 |
| 李福全 | 實益擁有人 ² | 人民幣 10,000,000 元 |

附註：

- 由於其配偶郭志蕙擁有上述權益，黃子欣被視為擁有上述人民幣債券的權益。本行全資附屬公司東亞銀行（中國）有限公司於2009年發行本金總額為人民幣40億元的人民幣債券，年息為2.8%。
- 李福全為上述人民幣債券權益的實益擁有人。本行全資附屬公司東亞銀行（中國）有限公司於2009年發行本金總額為人民幣40億元的人民幣債券，年息為2.8%。

IV. 混合一級資本工具的權益：

黃子欣為下列資本工具的實益擁有人^{附註}：

| 發行人 | 證券種類/類別 | 債權證數額 | 股份數目 |
|---------------------------|-------------|--------------|-------|
| 東亞銀行有限公司 | 後償票據 | 7,000,000 美元 | — |
| Innovate Holdings Limited | 優先股 | — | 7,000 |
| 東亞銀行有限公司 | 替代優先股（尚未發行） | — | 7,000 |

附註：本行於2009年11月發行面值為5億美元的混合一級資本工具。該資本工具包括由本行發行並於2059年到期的步陞後償票據（票據初期息率為年利率8.5%）（「2059票據」），以及由本行全資附屬公司Innovate Holdings Limited發行之無面值永久非累積步陞優先股（「Innovate優先股」）。2059票據連同Innovate優先股以不可分拆單位形式於新加坡交易所上市。替代優先股（每股面值1,000美元之永久非累積步陞優先股）由本行設立及將於發生替代事件（定義見日期為2009年11月11日本行發出之股東通函）時發行以作為發行2059票據及Innovate優先股的條款之一。

除上述披露外，概無其他本行或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

REPORT OF THE DIRECTORS (CONTINUED)

INFORMATION ON SHARE OPTIONS

Information in relation to share options disclosed in accordance with the Listing Rules was as follows:

(1) Movement of share options during the year ended 31st December, 2011:

| Name | Date of Grant | Number of Share Options | | | | Outstanding at 31/12/2011 |
|-------------------------------|------------------------|-------------------------|-------------------------|------------------------|-----------|---------------------------|
| | | Outstanding at 1/1/2011 | Granted | Exercised | Lapsed | |
| David LI Kwok-po | 03/5/2006 ^a | 1,100,000 | - | 1,100,000 ^c | - | Nil |
| | 10/5/2007 ^a | 1,100,000 | - | - | - | 1,100,000 |
| | 05/5/2008 ^a | 2,200,000 | - | - | - | 2,200,000 |
| | 05/5/2009 ^a | Nil | - | - | - | Nil |
| | 06/7/2010 ^a | 2,000,000 | - | - | - | 2,000,000 |
| | 05/5/2011 ^b | - | 666,000 ^{T1} | - | - | 666,000 |
| | 05/5/2011 ^b | - | 666,000 ^{T2} | - | - | 666,000 |
| | 05/5/2011 ^b | - | 668,000 ^{T3} | - | - | 668,000 |
| Aggregate of other Employees* | 03/5/2006 ^a | 770,000 | - | 770,000 ^c | - | Nil |
| | 10/5/2007 ^a | 935,000 | - | - | - | 935,000 |
| | 05/5/2008 ^a | 1,870,000 | - | - | - | 1,870,000 |
| | 05/5/2009 ^a | 3,980,000 | - | 465,000 ^c | - | 3,515,000 |
| | 06/7/2010 ^a | 3,950,000 | - | - | - | 3,950,000 |
| | 05/5/2011 ^b | - | 1,314,000 ^{T1} | - | - | 1,314,000 |
| | 05/5/2011 ^b | - | 1,314,000 ^{T2} | - | - | 1,314,000 |
| | 05/5/2011 ^b | - | 1,322,000 ^{T3} | - | - | 1,322,000 |
| Other Participant** | 03/5/2006 ^a | 550,000 | - | 550,000 ^c | - | Nil |
| | 10/5/2007 ^a | 550,000 | - | - | 550,000 | Nil |
| | 05/5/2008 ^a | 1,100,000 | - | - | 1,100,000 | Nil |
| | 05/5/2009 ^a | 500,000 | - | 500,000 ^c | - | Nil |

* Employees working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

** Other Participant refers to a former employee who ceased to be an employee of the Bank in 2010. The share options were granted to him prior to his cessation as employee of the Bank.

Notes:

a Particulars of share options granted in years 2006 to 2010:

| Date of Grant | Vesting Period | Exercise Period | Exercise Price Per Share HK\$ |
|---------------|-----------------------|-----------------------|----------------------------------|
| 03/5/2006 | 03/5/2006 – 02/5/2007 | 03/5/2007 – 03/5/2011 | 30.04 |
| 10/5/2007 | 10/5/2007 – 09/5/2008 | 10/5/2008 – 10/5/2012 | 42.84 |
| 05/5/2008 | 05/5/2008 – 04/5/2009 | 05/5/2009 – 05/5/2013 | 40.09 |
| 05/5/2009 | 05/5/2009 – 04/5/2010 | 05/5/2010 – 05/5/2014 | 21.25 |
| 06/7/2010 | 06/7/2010 – 05/7/2011 | 06/7/2011 – 06/7/2015 | 28.49 |

b Share options granted in year 2011:

(i) Particulars:

| Date of Grant | Tranche | Vesting Period | Exercise Period | Exercise Price Per Share HK\$ |
|---------------|---------|-----------------------|-----------------------|----------------------------------|
| 05/5/2011 | T1 | 05/5/2011 – 04/5/2012 | 05/5/2012 – 05/5/2017 | 32.00 |
| 05/5/2011 | T2 | 05/5/2011 – 04/5/2013 | 05/5/2013 – 05/5/2018 | 32.00 |
| 05/5/2011 | T3 | 05/5/2011 – 04/5/2014 | 05/5/2014 – 05/5/2019 | 32.00 |

(ii) The closing price of the shares of the Bank on 4th May, 2011 (being the business day immediately preceding 5th May, 2011 on which the options were granted) was HK\$31.25.

(iii) Fair value of share options granted during the year ended 31st December, 2011 and the assumptions are set out in Note 37 on the accounts.

認股權資料

根據《上市規則》所披露有關認股權的資料如下：

(1) 截至2011年12月31日止年度內認股權的變動：

| 姓名 | 授予日期 | 認股權數目 | | | | |
|----------|------------------------|-------------------|-------------------------|------------------------|-----------|---------------------|
| | | 於1/1/2011 尚未行使 | 授出 | 行使 | 失效 | 於31/12/2011 尚未行使 |
| 李國寶 | 03/5/2006 ^a | 1,100,000 | - | 1,100,000 ^c | - | 無 |
| | 10/5/2007 ^a | 1,100,000 | - | - | - | 1,100,000 |
| | 05/5/2008 ^a | 2,200,000 | - | - | - | 2,200,000 |
| | 05/5/2009 ^a | 無 | - | - | - | 無 |
| | 06/7/2010 ^a | 2,000,000 | - | - | - | 2,000,000 |
| | 05/5/2011 ^b | - | 666,000 ^{T1} | - | - | 666,000 |
| | 05/5/2011 ^b | - | 666,000 ^{T2} | - | - | 666,000 |
| | 05/5/2011 ^b | - | 668,000 ^{T3} | - | - | 668,000 |
| 其他僱員的總數* | 03/5/2006 ^a | 770,000 | - | 770,000 ^c | - | 無 |
| | 10/5/2007 ^a | 935,000 | - | - | - | 935,000 |
| | 05/5/2008 ^a | 1,870,000 | - | - | - | 1,870,000 |
| | 05/5/2009 ^a | 3,980,000 | - | 465,000 ^c | - | 3,515,000 |
| | 06/7/2010 ^a | 3,950,000 | - | - | - | 3,950,000 |
| | 05/5/2011 ^b | - | 1,314,000 ^{T1} | - | - | 1,314,000 |
| | 05/5/2011 ^b | - | 1,314,000 ^{T2} | - | - | 1,314,000 |
| | 05/5/2011 ^b | - | 1,322,000 ^{T3} | - | - | 1,322,000 |
| 其他參與人** | 03/5/2006 ^a | 550,000 | - | 550,000 ^c | - | 無 |
| | 10/5/2007 ^a | 550,000 | - | - | 550,000 | 無 |
| | 05/5/2008 ^a | 1,100,000 | - | - | 1,100,000 | 無 |
| | 05/5/2009 ^a | 500,000 | - | 500,000 ^c | - | 無 |

* 按香港《僱傭條例》所指的「連續合約」工作的僱員。

** 其他參與人指本行一位於2010年終止為本行僱員的前僱員。在其終止為本行僱員前已獲授予該等認股權。

附註：

a 由2006年至2010年授予的認股權詳情：

| 授予日期 | 有效期 | 行使期 | 每股行使價 港幣(元) |
|-----------|-----------------------|-----------------------|----------------|
| 03/5/2006 | 03/5/2006 – 02/5/2007 | 03/5/2007 – 03/5/2011 | 30.04 |
| 10/5/2007 | 10/5/2007 – 09/5/2008 | 10/5/2008 – 10/5/2012 | 42.84 |
| 05/5/2008 | 05/5/2008 – 04/5/2009 | 05/5/2009 – 05/5/2013 | 40.09 |
| 05/5/2009 | 05/5/2009 – 04/5/2010 | 05/5/2010 – 05/5/2014 | 21.25 |
| 06/7/2010 | 06/7/2010 – 05/7/2011 | 06/7/2011 – 06/7/2015 | 28.49 |

b 於2011年授予的認股權：

(i) 詳情：

| 授予日期 | 部分 | 有效期 | 行使期 | 每股行使價 港幣(元) |
|-----------|----|-----------------------|-----------------------|----------------|
| 05/5/2011 | T1 | 05/5/2011 – 04/5/2012 | 05/5/2012 – 05/5/2017 | 32.00 |
| 05/5/2011 | T2 | 05/5/2011 – 04/5/2013 | 05/5/2013 – 05/5/2018 | 32.00 |
| 05/5/2011 | T3 | 05/5/2011 – 04/5/2014 | 05/5/2014 – 05/5/2019 | 32.00 |

(ii) 本行股份在2011年5月4日的收市價(即2011年5月5日授出認股權當日之前一個營業日)為港幣31.25元。

(iii) 在截至2011年12月31日止年度內授出認股權的公平價值及假設載於賬項附註37。

REPORT OF THE DIRECTORS (CONTINUED)

c The annual weighted average ("AWA") closing price of the shares of the Bank immediately before the date on which the Options were exercised during the year ended 31st December, 2011:

| Date of Grant | No. of Options Exercised | Exercise Price Per Share HK\$ | AWA Closing Price HK\$ |
|---------------|--------------------------|----------------------------------|---------------------------|
| 03/5/2006 | 2,420,000 | 30.04 | 32.13 |
| 05/5/2009 | 965,000 | 21.25 | 31.74 |

(2) No share options were cancelled during the year ended 31st December, 2011.

(3) The accounting policy adopted for share options is set out in Note 2(q)(iv) on the accounts.

Save as disclosed above, as at 31st December, 2011, none of the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Bank or any of its associated corporations.

INFORMATION ON SHARE OPTION SCHEME

The following is a summary of the Staff Share Option Scheme 2011 that was adopted on 19th April, 2011 (the "2011 Scheme") disclosed in accordance with the Listing Rules:

1. Purpose of the 2011 Scheme:

- (a) The 2011 Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that eligible persons had made or may make to the Group.
- (b) The 2011 Scheme will provide the eligible persons with an opportunity to have a personal stake in the Bank with the view to motivating the eligible persons to optimise their performance and efficiency for the benefit of the Group.

2. Participants of the 2011 Scheme:

The Board may at its discretion grant options to any employees including Executive Directors and Chief Executive of the Group.

3. Total number of shares available for issue under the 2011 Scheme and % of issued share capital at 31st December, 2011:

The total number of shares available for issue under the 2011 Scheme is 102,251,616 ordinary shares representing 4.93% of the issued share capital at 31st December, 2011.

4. Maximum entitlement of each participant under the 2011 Scheme:

No options may be granted to any eligible persons, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible person under the 2011 Scheme or any other schemes (which are subject to regulation under Chapter 17 of the Listing Rules) of the Bank (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the 2011 Scheme.

5. The period within which the shares must be taken up under an option:

Beginning on the vesting date of such options, the date on which such option is vested and becomes exercisable, and ending on the fifth anniversary of the vesting date thereof, except as provided otherwise in the rules of the 2011 Scheme.

6. The minimum period for which an option must be held before it can be exercised:

From the Date of Grant of such options up to the day immediately before the vesting date thereof.

董事會報告書（續）

c 在截至2011年12月31日止年度內本行股份在緊接有關認股權行使日期之前的全年加權平均收市價：

| 授予日期 | 行使認股權數目 | 每股行使價 港幣(元) | 全年加權平均收市價 港幣(元) |
|-----------|-----------|----------------|--------------------|
| 03/5/2006 | 2,420,000 | 30.04 | 32.13 |
| 05/5/2009 | 965,000 | 21.25 | 31.74 |

(2) 截至2011年12月31日止年度內並無認股權被註銷。

(3) 有關認股權的會計政策載於賬項附註2(q)(iv)。

除上述所披露外，於2011年12月31日，本行的董事或行政總裁或他們的配偶或18歲以下子女概無獲授或行使任何權利以認購本行或其任何相聯法團的股本或債務證券。

認股權計劃資料

根據《上市規則》披露的有關於2011年4月19日採納的僱員認股計劃2011（「2011計劃」）的摘要如下：

1. 2011計劃的目的：

- (a) 2011計劃屬於一項股份獎勵計劃，設立的目的是在於肯定合資格人士對本集團作出或可能作出的貢獻。
- (b) 2011計劃為合資格人士提供機會持有本行的股權，藉此鼓勵僱員努力工作，提高效率，為本集團賺取更多利益。

2. 2011計劃的參與人：

董事會可按其酌情權，向本集團任何僱員，包括執行董事和行政總裁，授予認股權。

3. 2011計劃中可予發行的股份數目及其於2011年12月31日佔已發行股本的百分率：

2011計劃中可予發行的股份數目為102,251,616股普通股，佔本行於2011年12月31日已發行股本的4.93%。

4. 2011計劃中每名參與人可獲授權益上限：

凡合資格人士在行使全部認股權後，會導致該位合資格人士在截至獲授新認股權之日（包括當日）止十二個月內，因行使已經根據或將會根據2011計劃及本行任何其他計劃（該計劃受《上市規則》第17章的規定所規限）獲授的認股權（包括已行使、已註銷及尚未行使的認股權）時，所獲發行及將予發行的股份總數超出新認股權授出當日的已發行股份的1%，則不得向該位合資格人士再授出新認股權。再度授出超出該上限的認股權，須受載於2011計劃的規則內的若干規定所約束。

5. 可根據認股權認購股份的期限：

除2011計劃的規則另有規定外，由該認股權歸屬日（該認股權被歸屬並變為可行使之日期）開始截至歸屬日的第5周年止。

6. 認股權行使之前必須持有的最短期限：

由認股權授出之日起直至歸屬日之前一日。

REPORT OF THE DIRECTORS (CONTINUED)

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid:

N/A

8. The basis of determining the exercise price:

The exercise price is determined by the Directors and being not less than the highest of:

- (a) the closing price of the Bank's ordinary shares in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options;
- (b) an amount equivalent to the average closing price of the Bank's ordinary shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and
- (c) the nominal value of the Bank's ordinary shares.

9. Vesting of Options:

Save as provided otherwise in the rules of the 2011 Scheme, an option granted under the 2011 Scheme shall be vested and become exercisable as follows:

- (a) not more than one third of the option shall be vested and become exercisable on the first anniversary of the Date of Grant;
- (b) not more than one third of the option shall be vested and become exercisable on the second anniversary of the Date of Grant; and
- (c) the remaining balance of the option shall be vested and become exercisable on the third anniversary of the Date of Grant.

10. The remaining life of the 2011 Scheme:

The Scheme Period will end on 18th April, 2016.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31st December, 2011, the interests and short positions of Substantial Shareholders and Other Persons of the Bank in the shares and underlying shares of the Bank as recorded in the Register required to be kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Bank:

| Name | Capacity and nature | No. of shares | % of issued share capital |
|---|-------------------------|----------------------------|---------------------------|
| CaixaBank, S.A. | Beneficial owner | 330,024,107 ¹ | 16.03 |
| Caja de Ahorros y Pensiones de Barcelona | Interest of corporation | 330,024,107 ¹ | 16.03 |
| Guoco Management Company Limited | Beneficial owner | 291,358,150 ^{2,3} | 14.03 ⁴ |
| Guoco Group Limited | Interest of corporation | 291,358,150 ² | 14.03 |
| GuoLine Overseas Limited | Interest of corporation | 291,358,150 ² | 14.03 ⁴ |
| GuoLine Capital Assets Limited | Interest of corporation | 291,358,150 ² | 14.03 ⁴ |
| Hong Leong Company (Malaysia) Berhad | Interest of corporation | 291,358,150 ^{2,3} | 14.03 |
| HL Holdings Sdn Bhd | Interest of corporation | 291,358,150 ² | 14.03 |
| QUEK Leng Chan | Interest of corporation | 291,358,150 ² | 14.03 |
| Hong Leong Investment Holdings Pte. Ltd. | Interest of corporation | 291,358,150 ³ | 14.03 |
| Davos Investment Holdings Private Limited | Interest of corporation | 291,358,150 ³ | 14.03 |
| KWEK Leng Kee | Interest of corporation | 291,358,150 ³ | 14.03 |

7. 申請或接受認股權須付金額以及付款或通知付款的期限或償還申請期權貸款的期限：

不適用

8. 行使價的釐定基準：

行使價由董事會釐定，但不少於下列的較高價：

- (a) 於授出有關認股權當日，本行普通股股份於聯交所日報表的收市價；
- (b) 相等於緊接授出有關認股權當日之前5個營業日，本行普通股股份於聯交所日報表的平均收市價；及
- (c) 本行普通股股份的面值。

9. 認股權的歸屬：

除2011計劃的規則另有規定外，按2011計劃授出的認股權將被歸屬及成為可行使如下：

- (a) 不多於三分之一的認股權將於授予日的第1周年被歸屬及成為可行使；
- (b) 不多於三分之一的認股權將於授予日的第2周年被歸屬及成為可行使；及
- (c) 餘下的認股權將於授予日的第3周年被歸屬及成為可行使。

10. 2011計劃尚餘的有效期：

計劃期間於2016年4月18日終止。

主要股東及其他人士的權益

於2011年12月31日，根據《證券及期貨條例》第336條須予備存的登記冊所記錄，主要股東及其他人士擁有本行的股份及相關股份的權益如下：

本行普通股股份權益的好倉：

| 姓名 | 身分及性質 | 股份數目 | 佔已發行股本的百分率 |
|---|-------|----------------------------|--------------------|
| CaixaBank, S.A. | 實益擁有人 | 330,024,107 ¹ | 16.03 |
| 西班牙巴塞羅那儲蓄銀行 | 法團的權益 | 330,024,107 ¹ | 16.03 |
| 國浩管理有限公司 | 實益擁有人 | 291,358,150 ^{2,3} | 14.03 ⁴ |
| 國浩集團有限公司 | 法團的權益 | 291,358,150 ² | 14.03 |
| GuoLine Overseas Limited | 法團的權益 | 291,358,150 ² | 14.03 ⁴ |
| GuoLine Capital Assets Limited | 法團的權益 | 291,358,150 ² | 14.03 ⁴ |
| Hong Leong Company (Malaysia) Berhad | 法團的權益 | 291,358,150 ^{2,3} | 14.03 |
| HL Holdings Sdn Bhd | 法團的權益 | 291,358,150 ² | 14.03 |
| 郭令燦 | 法團的權益 | 291,358,150 ² | 14.03 |
| Hong Leong Investment Holdings Pte. Ltd. | 法團的權益 | 291,358,150 ³ | 14.03 |
| Davos Investment Holdings Private Limited | 法團的權益 | 291,358,150 ³ | 14.03 |
| KWEK Leng Kee | 法團的權益 | 291,358,150 ³ | 14.03 |

REPORT OF THE DIRECTORS (CONTINUED)

Notes:

- 1 As at 31st December, 2011, *Caja de Ahorros y Pensiones de Barcelona* was holding an 81.52% interest in *CaixaBank, S.A.* which directly held the above 330,024,107 shares of the Bank. *Caja de Ahorros y Pensiones de Barcelona* was deemed to be interested in the above 330,024,107 shares of the Bank.

The Bank has been notified that the shareholdings of the above two corporations have been increased to 352,919,902 shares (equivalent to approximately 16.99% of the issued share capital of the Bank as at 31st December, 2011). Such increases in shareholdings were not required to be disclosed under Part XV of the SFO.

- 2 The references to 291,358,150 shares of the Bank in Notes 2 and 3 relate to the same block of shares. *Guoco Management Company Limited* was the beneficial owner of 291,358,150 shares. *Hong Leong Company (Malaysia) Berhad* was deemed to be interested in the 291,358,150 shares held by *Guoco Management Company Limited* by virtue of its 100% interest in *GuoLine Capital Assets Limited* which owned a 100% interest in *GuoLine Overseas Limited*. *GuoLine Overseas Limited* held a 71.52% interest in *Guoco Group Limited* which in turn owned a 100% interest in *Guoco Management Company Limited*. *GuoLine Capital Assets Limited*, *GuoLine Overseas Limited* and *Guoco Group Limited* were all deemed to be interested in the 291,358,150 shares held by *Guoco Management Company Limited*.

Quek Leng Chan was deemed to be interested in the 291,358,150 shares held by *Guoco Management Company Limited* by virtue of his 100% interest in *HL Holdings Sdn Bhd ("HLH")*. *Hong Leong Company (Malaysia) Berhad* was 48.96% owned by *Quek Leng Chan* as to 2.424% under his personal name and 46.534% via *HLH* which was wholly-owned by him.

- 3 The references to 291,358,150 shares of the Bank in Notes 2 and 3 relate to the same block of shares. *Hong Leong Company (Malaysia) Berhad* was 34.38% held by *Hong Leong Investment Holdings Pte. Ltd.* which was in turn 33.59% held by *Davos Investment Holdings Private Limited*. *Hong Leong Investment Holdings Pte. Ltd.* and *Davos Investment Holdings Private Limited* were deemed to be interested in the 291,358,150 shares held by *Guoco Management Company Limited* by virtue of their interests in *Hong Leong Company (Malaysia) Berhad*.

KWEK Leng Kee was deemed to be interested in the 291,358,150 shares held by *Guoco Management Company Limited* by virtue of his 41.92% interest in *Davos Investment Holdings Private Limited*.

- 4 *GuoLine Overseas Limited* and *GuoLine Capital Assets Limited* are wholly-owned subsidiaries of *Hong Leong Company (Malaysia) Berhad* and *Guoco Management Company Limited* is a wholly-owned subsidiary of *Guoco Group Limited*. With the filing of the substantial shareholder notices by *Hong Leong Company (Malaysia) Berhad* and *Guoco Group Limited*, *GuoLine Overseas Limited*, *GuoLine Capital Assets Limited* and *Guoco Management Company Limited* do not need to file their respective substantial shareholder notices under the "wholly-owned group exemption" as provided in the SFO.

Save as disclosed above, no other interest or short position in the shares or underlying shares of the Bank were recorded in the Register.

PUBLIC FLOAT

As at the date of this Report, the Bank has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Bank and within the knowledge of the Directors.

COMPLIANCE

The financial statements for the financial year ended 31st December, 2011 comply fully with the applicable disclosure provisions of the Banking (Disclosure) Rules.

AUDITORS

A resolution for the re-appointment of *KPMG* as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

David Li Kwok-po

Chairman & Chief Executive

Hong Kong, 14th February, 2012

附註：

- 1 於2011年12月31日，西班牙巴塞羅那儲蓄銀行持有 CaixaBank, S.A. 81.52% 權益，因此而被視為擁有 CaixaBank, S.A. 所持有上列的330,024,107股本行股份的權益。
本行收到通知，上述2個法團的持股量已增加至352,919,902股（佔本行於2011年12月31日已發行股本約16.99%）。根據《證券及期貨條例》第XV部，彼等增持有關股份無須作出披露。
- 2 附註2及3所指之291,358,150股本行股份為同一批股份。國浩管理有限公司為291,358,150股之實益擁有人。由於Hong Leong Company (Malaysia) Berhad 全資擁有 GuoLine Capital Assets Limited、GuoLine Capital Assets Limited全資擁有 GuoLine Overseas Limited、GuoLine Overseas Limited持有國浩集團有限公司的71.52% 權益及國浩集團有限公司全資擁有國浩管理有限公司，Hong Leong Company (Malaysia) Berhad因此而被視為擁有國浩管理有限公司所持有的291,358,150股的權益。GuoLine Capital Assets Limited、GuoLine Overseas Limited 和國浩集團有限公司均被視為擁有國浩管理有限公司所持有的291,358,150股的權益。
郭令燦擁有 HL Holdings Sdn Bhd (「HLH」) 的全部權益，而郭令燦分別以其個人名義及透過其全資擁有的HLH持有 Hong Leong Company (Malaysia) Berhad 的2.424% 及46.534% 權益（合共48.96% 權益），因此郭令燦被視為擁有國浩管理有限公司持有的291,358,150股股份的權益。
- 3 附註2及3所指之291,358,150股本行股份為同一批股份。Davos Investment Holdings Private Limited 持有 Hong Leong Investment Holdings Pte. Ltd. 的33.59%權益，Hong Leong Investment Holdings Pte. Ltd. 則持有 Hong Leong Company (Malaysia) Berhad 的34.38% 權益。Davos Investment Holdings Private Limited 和 Hong Leong Investment Holdings Pte. Ltd. 因持有 Hong Leong Company (Malaysia) Berhad 的權益而被視為擁有國浩管理有限公司所持有的291,358,150 股的權益。
KWEK Leng Kee 因持有 Davos Investment Holdings Private Limited 的41.92% 權益而被視為擁有國浩管理有限公司所持有之291,358,150股的權益。
- 4 GuoLine Overseas Limited 及 GuoLine Capital Assets Limited 為 Hong Leong Company (Malaysia) Berhad 的全資附屬公司；而國浩管理有限公司則為國浩集團有限公司的全資附屬公司。由於 Hong Leong Company (Malaysia) Berhad 及國浩集團有限公司已將大股東權益的通知存檔，GuoLine Overseas Limited、GuoLine Capital Assets Limited 及國浩管理有限公司根據《證券及期貨條例》中「全資集團豁免條文」毋須將其大股東權益通知存檔。

除上述所披露外，概無其他本行股份或相關股份的權益或淡倉載於該登記冊內。

公眾持股量

基於公開予本行查閱之資料及據董事所知悉，截至本報告日期為止，本行一直維持《上市規則》所訂明之公眾持股量。

符合指引

截至2011年12月31日止年度賬項已完全符合《銀行業（披露）規則》中所適用的披露規定。

核數師

在即將召開的股東周年常會中，將提請通過續聘畢馬威會計師事務所為本行核數師的議案。

主席兼行政總裁

李國寶

香港，2012年2月14日

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF THE BANK OF EAST ASIA, LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group") set out on pages 118 to 255, which comprise the consolidated and the Bank's statements of financial position as at 31st December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Bank and of the Group as at 31st December, 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

Hong Kong, 14th February, 2012

獨立核數師報告



致東亞銀行有限公司各股東：

(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第118頁至第255頁東亞銀行有限公司(「貴銀行」)及其附屬公司(統稱「集團」)的綜合財務報表，此綜合財務報表包括於2011年12月31日的綜合財務狀況表及 貴銀行的財務狀況表，截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴銀行的董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》編製綜合財務報表，以令綜合財務表作出真實而公平的反映及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見。我們是按照香港《公司條例》第141條的規定，僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在重大錯誤陳述。

審計涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序。但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實而公平地反映 貴銀行及 貴集團於2011年12月31日的事務狀況及截至該日止年度的集團利潤及現金流量，並已按照香港《公司條例》妥為編製。

畢馬威會計師事務所

執業會計師

香港中環

遮打道10號

太子大廈8樓

香港，2012年2月14日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31st December, 2011 截至2011年12月31日止年度

| | | Notes 附註 | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
|---|------------------------|----------|-----------------------|-----------------------|
| Interest income | 利息收入 | 4 | 20,868 | 13,626 |
| Interest expense | 利息支出 | 5 | (11,605) | (6,083) |
| Net interest income | 淨利息收入 | | 9,263 | 7,543 |
| Fee and commission income | 服務費及佣金收入 | 6 | 4,105 | 3,649 |
| Fee and commission expense | 服務費及佣金支出 | | (763) | (707) |
| Net fee and commission income | 服務費及佣金淨額 | | 3,342 | 2,942 |
| Net trading loss | 交易溢利虧損 | 7 | (117) | (146) |
| Net result from financial instruments designated at fair value through profit or loss | 指定為通過損益以反映公平價值金融工具的淨表現 | 8 | (354) | 263 |
| Net hedging loss | 對沖虧損淨額 | 9 | (5) | (5) |
| Other operating income | 其他經營收入 | 10 | 586 | 529 |
| Non-interest income | 非利息收入 | | 3,452 | 3,583 |
| Operating income | 經營收入 | | 12,715 | 11,126 |
| Operating expenses | 經營支出 | 11 | (7,992) | (6,904) |
| Operating profit before impairment losses | 未扣除減值損失之經營溢利 | | 4,723 | 4,222 |
| Impairment losses on loans and advances | 貸款及墊款減值損失 | 12 | (75) | (285) |
| Impairment losses on held-to-maturity investments | 持至到期投資減值損失 | 28 | (11) | - |
| Impairment losses on available-for-sale financial assets | 可供出售金融資產減值損失 | | (49) | (24) |
| Write back of impairment losses on associates | 聯營公司減值損失回撥 | | - | 1 |
| Write back of impairment losses on bank premises | 行址減值損失回撥 | 32 | - | 2 |
| Impairment losses | 減值損失 | | (135) | (306) |
| Operating profit after impairment losses | 已扣除減值損失後之經營溢利 | | 4,588 | 3,916 |
| Net profit on sale of available-for-sale financial assets | 出售可供出售金融資產之淨溢利 | 13 | 59 | 234 |
| Net profit on sale of loans and receivables | 出售貸款及應收賬項之淨溢利 | | 3 | 1 |
| Net profit on sale of subsidiaries/associates | 出售附屬公司/聯營公司之淨溢利 | | 122 | 238 |
| Net profit/(loss) on sale of fixed assets | 出售固定資產之淨溢利/(虧損) | | 140 | (6) |
| Valuation gains on investment properties | 重估投資物業盈利 | 32 | 404 | 426 |
| Share of profits less losses of associates | 應佔聯營公司溢利減虧損 | | 435 | 341 |
| Profit for the year before taxation | 年度內除稅前溢利 | | 5,751 | 5,150 |
| Income tax | 所得稅 | 14 | (1,300) | (847) |
| Profit for the year after taxation | 年度內除稅後溢利 | | 4,451 | 4,303 |
| Attributable to: | 可歸屬於: | | | |
| Owners of the parent | 本集團股東 | | 4,358 | 4,224 |
| Non-controlling interests | 非控股權益 | 40 | 93 | 79 |
| Profit after taxation | 除稅後溢利 | | 4,451 | 4,303 |
| Earnings per share | 每股盈利 | | HK\$港幣 | HK\$港幣 |
| Basic | 基本 | 17 | 1.96 | 1.92 |
| Diluted | 攤薄 | 17 | 1.96 | 1.92 |

The notes on pages 126 to 255 form part of these accounts. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 16.

第126至255頁之附註屬本賬項之一部分。有關屬年度內溢利應付予本行股東股息之詳情已詳載於附註16。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31st December, 2011 截至2011年12月31日止年度

| | | Notes 附註 | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
|--|----------------------|----------|-----------------------|-----------------------|
| Net Profit | 淨溢利 | | 4,451 | 4,303 |
| Other comprehensive income for the year (after taxation and reclassification adjustments): | 年內其他全面收益(經除稅及分類調整後): | | | |
| Premises: | 行址: | | | |
| – unrealised surplus on revaluation of premises | – 重估行址所產生的未實現盈餘 | 39(c) | 16 | 40 |
| – deferred taxes | – 遞延稅項 | 39(c) | 3 | (2) |
| – exchange differences | – 匯兌差額 | 39(c) | (3) | 3 |
| Available-for-sale investment revaluation reserve: | 可供出售投資的重估儲備: | | | |
| – fair value changes recognised (from)/to equity | – (轉自)/計入股東權益的公平價值變動 | 39(h) | (326) | 91 |
| – fair value changes reclassified from/(to) income statement: | – 轉自/(撥入)收益表的公平價值變動: | | | |
| – on impairment and amortisation | – 減值及攤銷 | 39(h) | 55 | 24 |
| – on disposal | – 出售 | 39(h) | 5 | (200) |
| – deferred taxes | – 遞延稅項 | 39(h) | 35 | 57 |
| Share of changes in equity of associates | 應佔聯營公司權益的變動 | 39(i) | 7 | 36 |
| Exchange differences on other reserves | 其他儲備所產生的匯兌差額 | 39(d) | 82 | 50 |
| Exchange differences on translation of: | 因折算產生的匯兌差額: | | | |
| – accounts of overseas branches, subsidiaries and associates | – 海外分行、附屬公司及聯營公司的賬項 | 39(f) | 452 | 769 |
| Other comprehensive income | 其他全面收益 | | 326 | 868 |
| Total comprehensive income | 全面收益總額 | | 4,777 | 5,171 |
| Total comprehensive income attributable to: | 全面收益總額可歸屬於: | | | |
| Owners of the parent | 本集團股東 | | 4,684 | 5,092 |
| Non-controlling interests | 非控股權益 | 40 | 93 | 79 |
| | | | 4,777 | 5,171 |

The notes on pages 126 to 255 form part of these accounts.

第126至255頁之附註屬本賬項之一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31st December, 2011 2011年12月31日

| | | | 2011 | 2010 |
|--|---------------------|----------|----------------|----------------|
| | | Notes 附註 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| ASSETS | 資產 | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 21 | 71,761 | 48,293 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 22 | 62,057 | 58,197 |
| Trade bills | 貿易票據 | 23 | 36,823 | 18,548 |
| Trading assets | 交易用途資產 | 24 | 5,600 | 5,845 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 25 | 16,663 | 16,192 |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 26 | 347,950 | 320,040 |
| Available-for-sale financial assets | 可供出售金融資產 | 27 | 44,910 | 40,779 |
| Held-to-maturity investments | 持至到期投資 | 28 | 4,587 | 5,714 |
| Investments in associates | 聯營公司投資 | 30 | 3,820 | 3,573 |
| Fixed assets | 固定資產 | 32 | 12,639 | 12,414 |
| – Investment properties | – 投資物業 | | 2,940 | 2,574 |
| – Other property and equipment | – 其他物業及設備 | | 9,699 | 9,840 |
| Goodwill and intangible assets | 商譽及無形資產 | 31 | 4,215 | 4,188 |
| Deferred tax assets | 遞延稅項資產 | 34(b) | 377 | 410 |
| Total Assets | 資產總額 | | 611,402 | 534,193 |
| EQUITY AND LIABILITIES | 股東權益及負債 | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | | 15,923 | 9,994 |
| Deposits from customers | 客戶存款 | | 467,354 | 419,833 |
| Trading liabilities | 交易用途負債 | 35(a) | 4,548 | 3,101 |
| Certificates of deposit issued | 已發行存款證 | | 11,483 | 5,586 |
| – At fair value through profit or loss | – 通過損益以反映公平價值 | | 5,272 | 2,754 |
| – At amortised cost | – 攤銷成本 | | 6,211 | 2,832 |
| Current taxation | 本期稅項 | 34(a) | 473 | 618 |
| Debt securities issued (at amortised cost) | 已發行債務證券(攤銷成本) | | 6,393 | 4,950 |
| Deferred tax liabilities | 遞延稅項負債 | 34(b) | 461 | 214 |
| Other accounts and provisions | 其他賬項及準備 | 35(b) | 35,982 | 28,561 |
| Loan capital | 借貸資本 | 36 | 16,741 | 12,693 |
| – At fair value through profit or loss | – 通過損益以反映公平價值 | | 3,178 | 3,548 |
| – At amortised cost | – 攤銷成本 | | 13,563 | 9,145 |
| Total Liabilities | 負債總額 | | 559,358 | 485,550 |
| Share capital | 股本 | 38 | 5,190 | 5,105 |
| Reserves | 儲備 | 39 | 42,426 | 39,138 |
| Total equity attributable to owners of the parent | 歸屬於本集團股東權益總額 | | 47,616 | 44,243 |
| Non-controlling interests | 非控股權益 | 40 | 4,428 | 4,400 |
| Total Equity | 股東權益總額 | | 52,044 | 48,643 |
| Total Equity and Liabilities | 股東權益及負債總額 | | 611,402 | 534,193 |

Approved and authorised for issue by the Board of Directors on 14th February, 2012.

董事會於2012年2月14日核准及授權發佈。

Chairman and Chief Executive
DirectorsDavid LI Kwok-po
Allan WONG Chi-yun
WONG Chung-hin
Winston LO Yau-lai主席兼行政總裁
董事李國寶
黃子欣
黃頌顯
羅友禮

The notes on pages 126 to 255 form part of these accounts.

第126至255頁之附註屬本賬項之一部分。

STATEMENT OF FINANCIAL POSITION

財務狀況表

As at 31st December, 2011 2011年12月31日

| | | | 2011 | 2010 |
|--|---------------------|--------------|----------------|----------------|
| | Notes 附註 | HKS Mn 港幣百萬元 | Restated 重報 | HK\$ Mn 港幣百萬元 |
| ASSETS | 資產 | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 21 | 22,570 | 17,808 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 22 | 33,370 | 39,974 |
| Trade bills | 貿易票據 | 23 | 35,876 | 17,491 |
| Trading assets | 交易用途資產 | 24 | 4,159 | 4,196 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 25 | 16,453 | 16,192 |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 26 | 203,593 | 191,063 |
| Amounts due from subsidiaries | 附屬公司欠款 | 33 | 11,498 | 17,469 |
| Available-for-sale financial assets | 可供出售金融資產 | 27 | 28,629 | 21,162 |
| Held-to-maturity investments | 持至到期投資 | 28 | 2,880 | 3,766 |
| Investments in subsidiaries | 附屬公司投資 | 29 | 13,754 | 13,719 |
| Investments in associates | 聯營公司投資 | 30 | 2,466 | 2,390 |
| Fixed assets | 固定資產 | 32 | 6,878 | 6,691 |
| – Investment properties | – 投資物業 | | 2,433 | 2,173 |
| – Other property and equipment | – 其他物業及設備 | | 4,445 | 4,518 |
| Goodwill and intangible assets | 商譽及無形資產 | 31 | 1,460 | 1,460 |
| Deferred tax assets | 遞延稅項資產 | 34(b) | 153 | 208 |
| Total Assets | 資產總額 | | 383,739 | 353,589 |
| EQUITY AND LIABILITIES | 股東權益及負債 | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | | 10,064 | 3,233 |
| Deposits from customers | 客戶存款 | | 290,445 | 276,706 |
| Trading liabilities | 交易用途負債 | 35(a) | 3,827 | 2,432 |
| Certificates of deposit issued | 已發行存款證 | | 13,683 | 7,786 |
| – At fair value through profit or loss | – 通過損益以反映公平價值 | | 5,272 | 2,754 |
| – At amortised cost | – 攤銷成本 | | 8,411 | 5,032 |
| Amounts due to subsidiaries | 欠附屬公司款項 | 33 | 2,416 | 2,722 |
| Current taxation | 本期稅項 | 34(a) | 297 | 441 |
| Debt securities issued (at amortised cost) | 已發行債務證券(攤銷成本) | | 241 | 241 |
| Deferred tax liabilities | 遞延稅項負債 | 34(b) | 454 | 210 |
| Other accounts and provisions | 其他賬項及準備 | 35(b) | 6,221 | 8,343 |
| Loan capital | 借貸資本 | 36 | 20,766 | 17,006 |
| – At fair value through profit or loss | – 通過損益以反映公平價值 | | 7,203 | 7,861 |
| – At amortised cost | – 攤銷成本 | | 13,563 | 9,145 |
| Total Liabilities | 負債總額 | | 348,414 | 319,120 |
| Share capital | 股本 | 38 | 5,190 | 5,105 |
| Reserves | 儲備 | 39 | 30,135 | 29,364 |
| Total equity attributable to owners of the Bank | 歸屬於本行股東權益總額 | | 35,325 | 34,469 |
| Total Equity and Liabilities | 股東權益及負債總額 | | 383,739 | 353,589 |

Approved and authorised for issue by the Board of Directors on 14th February, 2012.

董事會於2012年2月14日核准及授權發佈。

Chairman and Chief Executive
DirectorsDavid LI Kwok-po
Allan WONG Chi-yun
WONG Chung-hin
Winston LO Yau-lai主席兼行政總裁
董事李國寶
黃子欣
黃頌顯
羅友禮

The notes on pages 126 to 255 form part of these accounts.

第126至255頁之附註屬本賬項之一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st December, 2011 截至2011年12月31日止年度

| | Share capital | Share premium | Capital reserve – staff share options issued | Exchange revaluation reserve | Investment revaluation reserve | Revaluation reserve of bank premises | Capital reserve | General reserve | Other reserves | Retained profits | Total | Non-controlling interests | Total equity |
|--|---------------|---------------|--|------------------------------|--------------------------------|--------------------------------------|-----------------|-----------------|----------------|------------------|---------|---------------------------|--------------|
| | 股本 | 股份溢價 | 資本儲備 – 已發行僱員認股權 | 匯兌重估儲備 | 投資重估儲備 | 行址重估儲備 | 資本儲備 | 一般儲備 | 其他儲備 | 留存溢利 | 總額 | 非控股權益 | 權益總額 |
| | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January, 2011 於2011年1月1日 | | | | | | | | | | | | | |
| – As previously reported 如前報告 | 5,105 | 9,331 | 165 | 1,938 | 258 | 1,023 | 86 | 15,453 | 2,043 | 8,841 | 44,243 | 4,400 | 48,643 |
| – Reclassification from general reserve to share premium 由一般儲備重新分類至股份溢價 | - | 2,181 | - | - | - | - | - | (2,181) | - | - | - | - | - |
| – As restated 重報 | 5,105 | 11,512 | 165 | 1,938 | 258 | 1,023 | 86 | 13,272 | 2,043 | 8,841 | 44,243 | 4,400 | 48,643 |
| Changes in equity 權益變動 | | | | | | | | | | | | | |
| Profit for the year 年度內溢利 | - | - | - | - | - | - | - | - | - | 4,358 | 4,358 | 93 | 4,451 |
| Other comprehensive income 其他全面收益 | - | - | - | 452 | (231) | 16 | - | - | 89 | - | 326 | - | 326 |
| Total comprehensive income 全面收益總額 | - | - | - | 452 | (231) | 16 | - | - | 89 | 4,358 | 4,684 | 93 | 4,777 |
| Shares issued in lieu of dividend 以股代息發行的股份 | 77 | 416 | - | - | - | - | - | 441 | - | - | 934 | - | 934 |
| Shares issued under Staff Share Option Schemes 根據僱員認股計劃發行的股份 | 8 | 85 | - | - | - | - | - | - | - | - | 93 | - | 93 |
| Equity settled share-based transaction 以股份為基礎作支付之交易 | - | - | 20 | - | - | - | - | - | - | - | 20 | - | 20 |
| Transfer 轉賬 | - | 24 | (45) | - | - | (7) | - | 31 | 70 | (73) | - | - | - |
| Dividends declared or approved during the year 年度內已宣佈或核准派發股息 | - | - | - | - | - | - | - | - | - | (2,358) | (2,358) | (61) | (2,419) |
| Purchase of interests in businesses from non-controlling interests investors 向非控股權益投資者購入商業權益 | - | - | - | - | - | - | - | - | - | - | - | 2 | 2 |
| Exchange adjustments 匯兌調整 | - | - | - | - | - | - | - | - | - | - | - | (6) | (6) |
| At 31st December, 2011 於2011年12月31日 | 5,190 | 12,037 | 140 | 2,390 | 27 | 1,032 | 86 | 13,744 | 2,202 | 10,768 | 47,616 | 4,428 | 52,044 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表(續)

For the year ended 31st December, 2010 截至2010年12月31日止年度

| | Share capital | Share premium | Capital reserve – staff share options issued | Exchange revaluation reserve | Investment revaluation reserve | Revaluation reserve of bank premises | Capital reserve | General reserve | Other reserves | Retained profits | Total | Non-controlling interests | Total equity | |
|--|-------------------|---------------|--|------------------------------|--------------------------------|--------------------------------------|-----------------|-----------------|----------------|------------------|---------|---------------------------|--------------|---------|
| | 股本 | 股份溢價 | 資本儲備 – 已發行僱員認股權 | 匯兌重估儲備 | 投資重估儲備 | 行址重估儲備 | 資本儲備 | 一般儲備 | 其他儲備 | 留存溢利 | 總額 | 非控股權益 | 權益總額 | |
| | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | |
| | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | |
| At 1st January, 2010 | 於2010年1月1日 | | | | | | | | | | | | | |
| – As previously reported | – 如前報告 | 4,623 | 4,526 | 170 | 1,169 | 286 | 982 | 86 | 14,866 | 1,518 | 7,151 | 35,377 | 4,358 | 39,735 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | – | 1,930 | – | – | – | – | – | (1,930) | – | – | – | – | – |
| – As restated | – 重報 | 4,623 | 6,456 | 170 | 1,169 | 286 | 982 | 86 | 12,936 | 1,518 | 7,151 | 35,377 | 4,358 | 39,735 |
| Changes in equity | 權益變動 | | | | | | | | | | | | | |
| Profit for the year | 年度內溢利 | – | – | – | – | – | – | – | – | – | 4,224 | 4,224 | 79 | 4,303 |
| Other comprehensive income | 其他全面收益 | – | – | – | 769 | (28) | 41 | – | – | 86 | – | 868 | – | 868 |
| Total comprehensive income | 全面收益總額 | – | – | – | 769 | (28) | 41 | – | – | 86 | 4,224 | 5,092 | 79 | 5,171 |
| Shares issued in lieu of dividend | 以股代息發行的股份 | | | | | | | | | | | | | |
| – As previously reported | – 如前報告 | 47 | (47) | – | – | – | – | – | 557 | – | – | 557 | – | 557 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | – | 251 | – | – | – | – | – | (251) | – | – | – | – | – |
| – As restated | – 重報 | 47 | 204 | – | – | – | – | – | 306 | – | – | 557 | – | 557 |
| Subscription of new shares | 認購新股 | 418 | 4,695 | – | – | – | – | – | – | – | – | 5,113 | – | 5,113 |
| Shares issued under Staff Share Option Schemes | 根據僱員認股計劃發行的股份 | 17 | 130 | – | – | – | – | – | – | – | – | 147 | – | 147 |
| Equity settled share-based transaction | 以股份為基礎作支付之交易 | – | – | 29 | – | – | – | – | – | – | – | 29 | – | 29 |
| Transfer | 轉賬 | – | 27 | (34) | – | – | – | – | 30 | 439 | (462) | – | – | – |
| Dividends declared or approved during the year | 年度內已宣佈或核准派發股息 | – | – | – | – | – | – | – | – | – | (2,072) | (2,072) | (56) | (2,128) |
| Sale of interests in businesses to non-controlling interests investors | 出售商業權益予非控股權益投資者 | – | – | – | – | – | – | – | – | – | – | – | 4 | 4 |
| Exchange adjustments | 匯兌調整 | – | – | – | – | – | – | – | – | – | – | – | 15 | 15 |
| At 31st December, 2010 (as restated) | 於2010年12月31日 (重報) | 5,105 | 11,512 | 165 | 1,938 | 258 | 1,023 | 86 | 13,272 | 2,043 | 8,841 | 44,243 | 4,400 | 48,643 |

The notes on pages 126 to 255 form part of these accounts.

第126至255頁之附註屬本賬項之一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st December, 2011 截至2011年12月31日止年度

| | | | 2011 | 2010 |
|--|-----------------------------|----------|-----------------|------------------------------|
| | | Notes 附註 | HK\$ Mn 港幣百萬元 | Restated 重報 HK\$ Mn 港幣百萬元 |
| OPERATING ACTIVITIES | 經營業務活動 | | | |
| Profit for the year before taxation | 年度內除稅前溢利 | | 5,751 | 5,150 |
| Adjustments for: | 調整： | | | |
| Charge for impairment losses on loans and advances | 貸款及墊款減值損失支銷 | 12 | 75 | 285 |
| Charge for impairment allowances on held-to-maturity investments, available-for-sale financial assets and associates | 持至到期投資、可供出售金融資產和聯營公司的減值準備支銷 | | 60 | 23 |
| Share of profits less losses of associates | 應佔聯營公司溢利減虧損 | | (435) | (341) |
| Net profit on sale of available-for-sale financial assets | 出售可供出售金融資產淨溢利 | | (59) | (234) |
| Net profit on sale of subsidiaries and associates | 出售附屬公司及聯營公司淨溢利 | | (122) | (238) |
| Net (profit)/loss on sale of fixed assets | 出售固定資產之淨(溢利)/虧損 | | (140) | 6 |
| Interest expense on loan capital and certificates of deposit | 已發行借貸資本及存款證利息支出 | | 978 | 679 |
| Depreciation on fixed assets | 固定資產折舊 | 11, 32 | 636 | 581 |
| Write back of impairment loss on bank premises | 行址減值損失回撥 | | - | (2) |
| Dividend income from available-for-sale financial assets | 可供出售金融資產股息收入 | | (89) | (66) |
| Amortisation of intangible assets | 無形資產攤銷 | 11 | 33 | 34 |
| Amortisation of premium/discount on certificates of deposit and loan capital issued | 已發行存款證及借貸資本的溢價/折扣攤銷 | | 60 | 68 |
| Revaluation losses on certificates of deposit and loan capital issued | 重估已發行存款證及已發行借貸資本虧損 | | 711 | 6 |
| Valuation gains on investment properties | 重估投資物業盈利 | 32 | (404) | (426) |
| Equity-settled share-based payment expenses | 以股份為基礎作支付費用 | | 20 | 29 |
| OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL | 營運資金變動前的經營溢利 | | 7,075 | 5,554 |
| (Increase)/decrease in operating assets: | 經營資產(增)/減額： | | | |
| Cash and balances with banks with original maturity beyond three months | 原本期限為3個月以上的現金及其他銀行存款的結存 | | (10,076) | (8,176) |
| Placements with banks and other financial institutions with original maturity beyond three months | 原本期限為3個月以上的銀行及其他金融機構存款 | | (28,624) | 21,616 |
| Trade bills | 貿易票據 | | (18,285) | (16,701) |
| Trading assets | 交易用途資產 | | 245 | (191) |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | | (471) | (5,800) |
| Advances to customers | 客戶貸款 | | (24,992) | (52,025) |
| Advances to banks and other financial institutions | 銀行及其他金融機構貸款 | | 1,127 | (642) |
| Held-to-maturity debt securities | 持至到期債務證券 | | 1,276 | 1,467 |
| Available-for-sale financial assets | 可供出售金融資產 | | 259 | (7,112) |
| Other accounts and accrued interest | 其他賬項及應計利息 | | (4,364) | (7,809) |
| Increase/(decrease) in operating liabilities: | 經營負債增/(減)額： | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | | 5,929 | (1,671) |
| Deposits from customers | 客戶存款 | | 47,521 | 79,030 |
| Trading liabilities | 交易用途負債 | | 1,447 | 1,655 |
| Other accounts and provisions | 其他賬項及準備 | | 7,296 | 10,150 |
| Exchange adjustments | 匯兌調整 | | 619 | 685 |
| NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS | 經營活動現金(流出)/流入淨額 | | (14,018) | 20,030 |
| Income tax paid | 已付所得稅 | | | |
| Hong Kong profits tax paid | 已付香港利得稅 | | (69) | (39) |
| Overseas profits tax paid | 已付海外利得稅 | | (817) | (524) |
| NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES | (用於)/源自經營業務活動之現金淨額 | | (14,904) | 19,467 |

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

綜合現金流量表(續)

For the year ended 31st December, 2011 截至2011年12月31日止年度

| | | 2011 | 2010 |
|--|--------------------------|---------------|------------------------------|
| | | HK\$ Mn 港幣百萬元 | Restated 重報 HK\$ Mn 港幣百萬元 |
| | | Notes 附註 | |
| INVESTING ACTIVITIES | 投資活動 | | |
| Dividends received from associates | 收取聯營公司股息 | | 78 |
| Dividends received from available-for-sale equity securities | 收取可供出售股份證券股息 | | 66 |
| Purchase of equity securities | 購入股份證券 | | (937) |
| Proceeds from sale of equity securities | 出售股份證券所得款項 | | 433 |
| Purchase of fixed assets | 購入固定資產 | 32 | (873) |
| Purchase of investment properties | 購入投資物業 | | (16) |
| Proceeds from disposal of fixed assets | 出售固定資產所得款項 | | 56 |
| Disposal/(purchase) of shareholding in associates | 出售/(購入)聯營公司權益 | | (513) |
| Purchase of subsidiaries | 購入附屬公司 | 44(a) | (54) |
| Proceeds from sale of interest in a subsidiary | 出售一間附屬公司權益所得款項 | 44(b) | 521 |
| Sale of interests in business to non-controlling interests investors | 出售商業權益予非控股權益投資者 | | 4 |
| Purchase of interests in business from non-controlling interests investors | 向非控股權益投資者購入商業權益 | | - |
| NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES | 源自/(用於)投資活動之現金淨額 | | (1,235) |
| FINANCING ACTIVITIES | 融資活動 | | |
| Ordinary dividends paid | 支付普通股股息 | | (1,241) |
| Distribution to Hybrid Tier 1 issue holders | 派發予混合一級資本工具持有人 | | (330) |
| Issue of ordinary share capital | 發行普通股股本 | 38 | 147 |
| Subscription for new shares | 認購新股 | | 5,113 |
| Issue of certificates of deposit | 發行存款證 | | 4,111 |
| Issue of debt securities | 發行債務證券 | | 411 |
| Issue of loan capital | 發行借貸資本 | | 4,615 |
| Redemption of certificates of deposit issued | 贖回已發行存款證 | | (1,409) |
| Redemption of debt securities issued | 贖回已發行債務證券 | | - |
| Redemption of loan capital | 贖回已發行借貸資本 | | (4,290) |
| Interest paid on loan capital | 支付借貸資本利息 | | (435) |
| Interest paid on certificates of deposit issued | 支付已發行存款證利息 | | (88) |
| Interest paid on debt securities issued | 支付已發行債務證券利息 | | - |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | 源自融資活動之現金淨額 | | 6,604 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 現金及等同現金項目淨(減)/增額 | | 24,836 |
| CASH AND CASH EQUIVALENTS AT 1ST JANUARY | 於1月1日之現金及等同現金項目 | 44(c) | 60,530 |
| CASH AND CASH EQUIVALENTS AT 31ST DECEMBER | 於12月31日之現金及等同現金項目 | 44(c) | 85,366 |
| Cash flows from operating activities included: | 源自經營業務活動的現金流量包括: | | |
| Interest received | 利息收入 | | 12,733 |
| Interest paid | 利息支出 | | 5,162 |
| Dividend received | 股息收入 | | 97 |

The notes on pages 126 to 255 form part of these accounts.

第126至255頁之附註屬本賬項之一部分。

NOTES ON THE ACCOUNTS

賬項附註

1. PRINCIPAL ACTIVITIES 主要業務

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services, and business, corporate and investor services.

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務、以及商務、企業及投資者服務。

2. SIGNIFICANT ACCOUNTING POLICIES 主要會計政策

(a) Statement of Compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Bank. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these accounts.

(b) Basis of Preparation of the Accounts

The accounts for the year ended 31st December, 2011 comprise the Group and the Group's interest in associates.

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

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (Note 2(f)(ii)); and
- investment properties (Note 2(h)(ii)).

The preparation of accounts 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.

(a) 符合指引聲明

本賬項乃按照香港會計師公會頒佈所有適用的《香港財務報告準則》，其整體已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋，香港一般採用的會計原則及香港《公司條例》而編製。本賬項亦符合《香港聯合交易所有限公司證券上市規則》有關的披露規定。本集團採納的主要會計政策簡列如下。

香港會計師公會已頒佈數項新增及經修訂的《香港財務報告準則》，並於本年度本集團及本行的會計期首次生效或可被提早採納。附註3提供因首次應用該等準則而引致會計政策變動的資料，而該等資料只包括與本集團有關而需反映在本期及去年會計期的賬項。

(b) 賬項編製基準

截至2011年12月31日止年度的賬項包括本集團及其應佔聯營公司之權益。

除以下資產及負債是以公平價值列賬外，本賬項是以原值成本作為計量基準。有關詳情載列於下列會計政策：

- 分類作交易用途、指定通過損益以反映公平價值及可供出售的金融工具(附註2(f)(ii))；及
- 投資物業(附註2(h)(ii))。

按《香港財務報告準則》之要求，在編製賬項時，管理層須作判斷、估計及假設從而影響政策實施及資產和負債、及收入與支出之呈報金額。有關估計及假設乃按在既定情況下可合理地相信，根據過往之經驗及其他因素，作出判斷那些未能從其他來源確定的資產及負債的賬面值。實際結果可能與此等估計不盡相同。

有關估計及假設須持續檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期內確認。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Details of judgements made by management in the application of HKFRSs that have significant effect on the accounts and major sources of estimation uncertainty are discussed in Note 50.

(c) Basis of Consolidation

These consolidated accounts cover the consolidated position of the Bank and all 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 the Notes (1) and (2) in the Unaudited Supplementary Financial Information.

(i) Subsidiaries and Non-controlling interests

The consolidated accounts include the accounts of the Bank and all its subsidiaries made up to 31st December each year. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated accounts 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 accounts. 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.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the Group has not agreed any additional terms with the holders of these interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to equity shareholders of the Group. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the net profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

在附註50內，管理層已解釋實施對賬項有重大影響的《香港財務報告準則》所作的詳細判斷及不明朗估計的主要來源。

(c) 綜合基準

本綜合賬項包括本行及其所有附屬公司(除另外陳述外)及本集團所佔聯營公司之權益的綜合狀況。提據《銀行業(披露)規則》所要求匯報的資料，所採納的綜合基準已在未經審核補充財務資料附註(1)及附註(2)列載。

(i) 附屬公司及非控股權益

本綜合賬項包括本行及其所有附屬公司截至各相關年度之12月31日止的賬項。附屬公司為本集團所控制之實體。當本集團有權決定該實體的財務及經營政策從而獲取利益，控制權被確立。在評估控制權時，現存並可行使的潛在投票權已計算在內。

附屬公司之投資由控制權生效日起至控制權失效日止在綜合賬項內計算。在編製綜合賬項時，集團之間的結餘及交易及任何因集團之間交易所產生的未實現溢利均被抵銷。跟未實現盈利相同，因集團之間交易所產生的未實現虧損亦同樣被抵銷，但只局限於未有減值證據。

非控股權益(以往稱為「少數權益」)指無論是直接或間接並不歸屬於公司之附屬公司的權益部份，及本集團並未與該等權益持有者達成附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。就每一業務合併而言，本集團可選擇按公平價值或應佔該附屬公司的可辨別淨資產以計量非控股權益。

非控股權益在綜合財務狀況表及綜合股東權益變動表內的股東權益列示，但與可歸屬於本集團股東權益分開。非控股權益佔本集團之業績，在綜合收益表內以分配年度溢利之形式列示，而在綜合全面收益表則以分配年度全面收益總額予非控股權益與及可歸屬於本集團股東權益之形式列示。

本集團將不導致喪失控股權之附屬公司權益的變動按權益交易方式入賬，即只調整在綜合權益內之控股及非控股權益的金額以反映其相關權益的變動，但不調整商譽及確認盈虧。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (Note 2(c)(ii)).

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

(ii) Associates

An associate is a company 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.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net 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 (Note 2(j) and 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is 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. For these purposes, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

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 associates, except when unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate.

當本集團喪失對一附屬公司之控股權，將按出售該附屬公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度附屬公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值，或(如適用)按成本初始確認一聯營公司投資(附註2(c)(ii))。

在本行的財務狀況表中，附屬公司投資是以成本減除減值損失(附註2(k))列賬。

(ii) 聯營公司

聯營公司是指本集團或本行可對其管理發揮重大影響力，包括參予其財務及經營政策的決策，但並不控制或共同控制其管理層。

聯營公司投資是以權益會計法在綜合賬內入賬。入賬方法是先以成本另調整本集團於購入後應佔該聯營公司的可辨別淨資產所超出成本之任何金額。往後，需調整在收購後本集團應佔聯營公司淨資產之變動及在附註2(j)和附註2(k)所載有關投資的減值損失。任何超出於收購日之成本、本集團應佔聯營公司收購後和已除稅的業績及年度內任何減值損失均在綜合收益表內確認，而本集團應佔聯營公司收購後和已除稅之其他全面收益項目則在綜合全面收益表內確認。

除本集團對該聯營公司所作具法律或推定義務或替該公司償付的承擔外，當本集團應佔該聯營公司的虧損超出本集團應佔該聯營公司之權益時，超出的虧損將不被確認，而本集團應佔該聯營公司之權益將被減值至零。因此，本集團應佔該聯營公司權益即按權益會計法計算投資賬面值，及實質上構成本集團應佔該聯營公司淨資產的長期權益。

本集團與聯營公司交易而產生之未實現溢利及虧損，按本集團應佔該聯營公司之權益為限作沖銷。若有證據顯示未實現虧損屬資產轉讓的減值損失，則須立即於損益賬內確認。

當本集團喪失對一聯營公司之重大影響力，將按出售該聯營公司之所有權益入賬，而所產生的盈虧確認為損益。任何在喪失控股權日仍保留該前度聯營公司之權益按公平價值確認，而此金額被視為初始確認一金融資產(附註2(f))的公平價值，或(如適用)按成本初始確認一聯營公司投資。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank accounts for the results of associates to the extent of dividends received. Investments in associates are stated at cost less any impairment losses (Note 2(k)).

本行按照已收取股息計算應佔聯營公司業績。聯營公司投資是以成本減除任何減值損失(附註2(k))列賬。

(d) Translation of Foreign Currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the income statement. Differences arising on translation of available-for-sale equity instruments are recognised in other comprehensive income and accumulated separately in equity.

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. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1st January, 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1st January, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

Interest income for all interest-bearing financial instruments, except those classified as held for trading or designated at fair value through profit or loss, is recognised as interest income in the income statement on an accruals basis using the effective interest method.

(d) 外幣換算

外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按結算日的匯率折算為港幣。匯兌差額則計入收益表內。

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算為港幣。以外幣為單位及按公平價值列賬的非貨幣性資產及負債按釐定其公平價值日的匯率折算。

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券淨盈虧或指定通過損益以反映公平價值投資淨盈虧。其他有關貨幣性資產及負債的匯兌差額則於收益表之外幣買賣溢利項下列示。因折算可供出售股份證券而產生的差額則於其他全面收益內確認，並在股東權益內分開累計。

海外業務之業績按交易日相約的匯率折算為港幣。資產負債表項目，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按結算日的匯率折算為港幣。產生的匯兌差額直接在其他全面收益內確認，並分別累計在股東權益之匯兌儲備內。因於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

計算出售海外企業的損益包括截至出售日因該海外企業產生的累計匯兌差額。

(e) 收入確認

收入按已收或應收價款的公平價值釐定。假設經濟利益有可能流向本集團及收入和支出(如適用)屬可靠計量的，在收益表內確認收入的方法如下：

除分類為持有作交易或指定通過損益以反映公平價值外，所有帶息金融工具的利息收入按有效利率方法於收益表內以應計基準列作利息收入。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument 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, transaction costs and all other premiums or discounts.

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase in the present value of impaired loans due to the passage of time is reported as interest income.

Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with dividend income attributable to those financial instruments.

Fee and commission income is recognised in the income statement 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 and is accounted for as interest income.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on a straight-line basis over the commitment period.

Finance income implicit in finance leases is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

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 the income statement 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.

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

有效利率方法是一種計算攤銷成本及分配利息收入於相關期間的方法。有效利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為現值，或在較短期內折算為該金融工具賬面值的利率(如適用)。當計算有效利率時，本集團在估計現金流須考慮金融工具的所有合約條款，但不包括未來信貸損失。有效利率組成部分的計算包括所有合約對手之間的費用及基點支出或收入、交易成本及其他所有溢價或折扣。

就減值貸款而言，根據貸款原本條款計算的應計利息收入終止，但因隨時間過去令致減值貸款之現值增加則列作利息收入。

指定通過損益以反映公平價值金融工具的淨收入及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的盈虧(減除應計利息)，以及應歸屬於該等金融工具的股息收入。

服務費及佣金收入在有關服務提供時確認在收益表內，但如服務費是為彌補持續為客戶提供一項服務的成本或承受風險而收取或費用性質為利息則除外。在此情況下，服務費在成本或風險產生的會計期內列作收入，並按利息收入入賬。

因本集團開展或購入金融資產而產生之開立或承擔服務費收入／支出須遞延及確認為有效利率之調整。如承擔期滿而本集團毋須貸款，該服務費按承擔期限以直線法列作收入。

融資租賃隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨收款總額的組成部分。或有租金以賺取該收入的會計期間列作收入。

非上市投資股息收入在股東收取權被確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

(f) 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 the financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

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

(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, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Non-hedging derivatives are accounted for as trading instruments.

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

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

(f) 金融工具

(i) 初始確認

根據購入資產或導致負債之目的，本集團於初始期分類其金融工具為不同種類。種類包括通過損益以反映公平價值、貸款和應收賬款、持至到期投資、可供出售金融資產及其他金融負債。

金融工具於初始期按公平價值計量，而公平價值大致與交易價相同。如金融資產或金融負債不屬於通過損益以反映公平價值，則包括直接歸屬於購入之金融資產或發行金融負債的交易成本。通過損益以反映公平價值的金融資產或金融負債的交易成本立即作費用支銷。

當本集團成為金融工具合約其中一方時確認金融資產和金融負債。以有規律方式購買或出售金融資產按交易日會計法計算。該等按通過損益以反映公平價值列賬的金融資產及金融負債因公平價值變動而產生的盈利及虧損由該日起計算。

(ii) 分類

通過損益以反映公平價值

此類別包括持有作交易用途和初始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，但不包括沒有報價的股份證券投資，及其公平價值是不能夠可靠計量的。

作交易用途的金融工具包括購入金融資產或發行金融負債，主要是作短期出售或屬可辨別金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有短期出售以賺取利潤的模式。非對沖衍生工具視作交易工具。

在以下情況於初始確認為指定為通過損益以反映公平價值的金融工具：

- 該資產或負債是按內部公平價值管理、評估及呈報；
- 該指定可抵銷或重大地減低可能產生的會計錯配；
- 該資產或負債包含嵌入衍生工具，而該嵌入衍生工具可重大地改變按合約產生的現金流；或
- 將嵌入衍生工具從金融工具內分開是不被禁止的。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in the income statement in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (c) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise placements with banks and other financial institutions, trade bills and loans and advances to customers.

Securities classified as loans and receivables typically comprise securities issued by the same customers with whom the Group has a lending relationship in its wholesale banking business. Investment decisions for credit substitute 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. Additionally the yield and maturity terms are generally directly negotiated by the Group with the issuer. These securities include commercial paper, short term debentures and preference shares issued by the borrower.

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (Note 2(k)).

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 as at fair value through profit or loss or 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 method less impairment losses, if any (Note 2(k)).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are 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.

屬於此類別的金融資產及金融負債按公平價值入賬。因公平價值變動產生之未實現盈利和虧損計入在期內發生的收益表。於出售或重購時，出售所得或淨支付款項與賬面值的差額計入收益表。

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃於短期內出售而被區分為持有作交易用途；(b)本集團於初始期已指定為通過損益以反映公平價值或可供出售；或(c)本集團可能不能收回大部分初始投資(但不包括因信貸轉壞的原因)，則須分類為可供出售。貸款和應收賬款主要包括在銀行及其他金融機構的存款、貿易票據及客戶貸款及墊款。

分類為貸款和應收賬款的證券中，較具代表性的包括由客戶發行的證券，而該客戶是本集團在其批發銀行業務中有借貸關係的相同客戶。作出代替信貸之證券的投資決定與貸款的信貸審批程序相同，尤如本集團須承擔等同借款予同一客戶的風險。另外，回報及到期日條款普遍是透過本集團與客戶直接磋商。此類證券包括商業票據、短期債券及由借款人發行的優先股份。

貸款和應收賬款及分類為貸款和應收賬款的證券按有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

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期限的非衍生金融資產而本集團有明確意向和能力持至到期日，但不包括(a)本集團於初始期已指定為通過損益以反映公平價值或可供出售，及(b)符合貸款和應收賬款之定義。

持至到期投資採用有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

可供出售金融資產

可供出售金融資產是被指定為可供出售的非衍生金融資產，或並非分類為以上三種類別的金融資產。它包括計劃作不定期限持有的金融資產，但可能因應流動資金之需要或市場環境轉變而出售。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, and derivatives that are linked to and must be settled by delivery of such unquoted equity securities are carried at cost less impairment losses, if any (Note 2(k)).

When the available-for-sale financial assets are sold, gains or losses on disposal include the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments which are previously recognised in other comprehensive income shall be reclassified from equity to the income statement.

Other financial liabilities

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

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

(iv) Derecognition

The Group derecognises a financial asset 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.

The Group uses the weighted average method to determine realised gains and losses to be recognised in the income statement on derecognition.

可供出售金融資產按公平價值列賬。除減值損失和貨幣性資產之外匯盈虧(如債務證券)在收益表內確認外，因公平價值的變動所產生的未實現盈虧於其他全面收益內確認，並在股東權益內分開累計。

在活躍市場中沒有市場報價而其公平價值是不能夠可靠計量的股份證券投資，及與之掛勾及在結算時須交出該無報價股份證券的衍生工具，按成本減除任何減值損失(附註2(k))列賬。

當出售可供出售金融資產時，出售盈虧包括出售所得款項淨額與賬面值的差額，以及曾經確認為其他全面收益之累計公平價值調整須由股東權益重新分類而轉入收益表。

其他金融負債

除作交易用途及通過損益以反映公平價值的金融負債外，金融負債按有效利率方法計算攤銷成本入賬。

(iii) 計量公平價值之原則

金融工具的公平價值是於結算日根據其市場報價但未減除將來的估計出售成本。

如沒有公眾知悉的最後交易價格或在認可交易所的市場報價，或從經紀/交易員獲得屬於非交易所買賣的金融工具報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據實際市場交易提供可靠的估計價格。

當採用現金流折讓價格模式，估計將來現金流按管理層的最佳估計及採用的貼現率是在結算日適用於相同條款工具的市場利率。當採用其他價格模式時，輸入參數是在結算日的市場價格資料。

(iv) 終止確認

當從金融資產獲得現金流的法定權利屆滿或已將重大風險及回報擁有權同時轉移後，本集團終止確認金融資產。

當合約的義務已被履行、取消或期滿，本集團終止確認金融負債。

本集團採用加權平均法以釐定在終止確認時須在收益表確認的已實現盈利和虧損。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only where there is a legally enforceable right to set off 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 the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement.

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

(g) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction and the hedge is effective, the gain or loss on the derivative financial instrument in relation to the hedged risk is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve.

(ii) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of an existing asset or liability that will give rise to a gain or loss being recognised in the income statement.

The hedging instrument is measured at fair value, with fair value changes recognised in the income statement. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the income statement to offset the effect of the gain or loss on the hedging instrument.

(h) Properties

- (i) Bank premises are stated in the statement of financial position at cost or at Directors' valuation, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(k)).

When a deficit arises on revaluation, it will be charged to the income statement, to the extent that it exceeds the amount held in the bank premises revaluation reserve in respect of that same asset immediately prior to the revaluation; and when a surplus arises on revaluation, it will be credited to the income statement, to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.

(v) 抵銷

如具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，而在財務狀況表內以淨額列示。

(vi) 嵌入衍生工具

嵌入衍生工具屬於一種混合(結合)式工具的組成部分，該工具包括衍生工具及一主合約，並可改變該結合式工具的現金流，其作用類似一張獨立的衍生工具。當(a)該嵌入衍生工具的經濟特性及風險與主合約並非緊密關連的；及(b)混合(結合)式工具並非按公平價值計量及將公平價值變動於收益表內確認，嵌入衍生工具將與主合約分開並按衍生工具入賬。

當嵌入衍生工具被分開處理，主合約根據上述附註(ii)入賬。

(g) 對沖

(i) 現金流量對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量，或是甚有可能發生及有法律約束力的預計交易，衍生金融工具產生的盈利和虧損與被對沖風險有關者在其他全面收益內確認，並在股東權益中的對沖儲備內分開累計。

(ii) 公平價值對沖

公平價值對沖用作抵銷現行資產或負債因價格變動產生須在收益表內入賬的盈利和虧損。

對沖工具按公平價值列賬，而公平價值的變動在收益表內入賬。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整在收益表內入賬以抵銷對沖工具產生的盈利和虧損。

(h) 物業

- (i) 行址是按成本或董事參照獨立專業評估作出的估值，減除累計折舊及減值損失(附註2(k))後於財務狀況表中列賬。

當重估出現虧損時，於收益表支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘；當重估出現盈餘時，存入收益表內的金額不可超過以往因重估相同行址曾於收益表支銷的重估虧損。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

In preparing these accounts, advantage has been taken of the transitional provisions set out in paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA, with the effect that bank premises have not been revalued to fair value at the balance sheet date.

在編製此等賬項時，由於可採用香港會計師公會頒佈的《香港會計準則》第16號「物業、廠房及設備」第80A段所載的過渡條款，故行址並未在結算日重估至公平價值。

- (ii) Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Investment properties are valued annually by external independent valuation companies, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. No allowance has been made in the valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale.

- (ii) 投資物業是持有用作賺取租金收益或資本增值或二者皆是的物業。投資物業按公平價值列賬。投資物業由外來獨立估價公司每年作估值，該公司擁有適當認可專業資格及對估值物業的所在地和類別有近期經驗。公平價值是根據市值，即於估價日由一願意買方及一願意賣方在經過合理推銷的情況下，及在知情的、謹慎的和沒有威迫的情況下雙方同意該物業作公平交易的估計金額。估值並未計算任何抵押、按揭、欠款、及在出售時可能產生的任何費用或稅項。

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in Note 2(e).

因公平價值變動而產生的損益在收益表內入賬。投資物業租金收入按附註2(e)所載計算。

When a bank property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the bank property immediately prior to transfer and its fair value is recognised as a revaluation of bank premises as described in Note 2(h)(i).

如附註2(h)(i)所載，當一項物業因其用途改變而須轉作投資物業時，該物業於轉賬日前的賬面值與公平價值之差額視作行址重估。

If an investment property becomes owner-occupied, it is reclassified as bank premises and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

如一投資物業轉為自用，該物業須重新分類為行址。於重新分類日的公平價值視作日後作會計用途的成本值。

A property interest under an operating lease is classified and accounted for as an investment property when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in Note 2(l).

本集團以經營租賃方式持有用作租金收入或資本增值或二者皆是的物業權益分類為投資物業。此等以經營租賃方式持有的物業權益按公平價值列賬。租金支出按附註2(l)所載入賬。

- (iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement upon disposal. Any surplus that is included in the bank premises revaluation reserve related to the bank premises disposed is transferred to the general reserve.

- (iii) 出售行址及投資物業的損益是以出售所得款項淨額與資產賬面值的差價計算，並在出售時於收益表內入賬。任何有關之重估行址盈餘於出售時從行址重估儲備撥入一般儲備內。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(i) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(j) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in 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 any 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 (Note 2(k)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associates and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (Note 2(k)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the income statement.

On disposal of a cash generating unit, or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

(i) 攤銷及折舊

(i) 行址

永久業權之土地不予攤銷。用作經營租賃的租賃土地，而其公平價值是不能夠與租賃於初始時已存在之建築物的公平價值分開計量，則當作持有融資租賃入賬。租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊及減值損失於財務狀況表中列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(j) 商譽

商譽指

- (i) 對價轉讓的公平價值、任何被購入者的非控股權益金額及以往本集團曾經持有該被購入者的股東權益公平價值的總和；超出
- (ii) 本集團在收購日計量應該被購入者之可辨別資產及負債的公平價值淨額。

當(ii)是大於(i)時，此超出金額立即在損益賬確認為一項議價收購的盈利。

商譽按成本減除累計減值損失列賬。因商業合併而產生的商譽被分配予每一現金生產單位，或一組合之現金生產單位，而預計該現金生產單位是可從商業合併中獲得協同效應，以及須每年接受減值測試(附註2(k))。在聯營公司方面，商譽的賬面值已包括在聯營公司權益的賬面值內，以及顯示有客觀減值證據時須對該整體投資作減值測試(附註2(k))。

就商業合併或聯營公司投資而言，若本集團應佔被收購者的可辨別資產、負債及或有負債的公平淨值高於該成本價，超出的金額立即在收益表內入賬。

在年度內出售單一現金生產單位或聯營公司，計算出售溢利時計入任何可歸屬購入商譽的金額。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(k) Impairment of Assets

At each balance sheet date, the carrying amount of the Group's assets are reviewed to determine whether there is objective evidence of impairment. If internal and external sources of information indicate such evidence exists, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised in the income statement.

(i) Loans and receivables

The impairment losses of 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 impairment losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgment, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

(k) 資產減值損失

本集團須於結算日檢討資產的賬面值以判斷是否有客觀減值證據。如對內及對外資料來源均顯示減值證據存在，須減低賬面值至可收回金額，而減值損失於收益表內入賬。

(i) 貸款和應收賬款

貸款和應收賬款的減值損失，是根據資產賬面值及估計未來現金流按資產原本之有效利率(即於初始時確認該等資產之有效利率)折算為現值，以二者之差額計算。如果折算現值後的影響不大，不會折算短期應收賬款。

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

本集團首先評估客觀減值證據是否個別存在於個別重大金融資產，及個別或整體存在於非個別重大金融資產。若本集團判斷客觀減值證據並不存在於個別評估金融資產，無論重大與否，本集團將有相同風險特性的金融資產歸類，及作整體減值評估。已作個別減值評估的資產而減值損失已持續確認，該資產不會包括於整體減值評估內。

個別減值準備是根據管理層的最佳估計將可能收回之現金流按原本的有效利率折算為現值。在估計現金流時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值。並須評估每宗減值資產的自身價值。

當評估所需的整體減值損失準備時，管理層須考慮的因素包括信貸質素、組合規模、信貸集中、及經濟因素。為求估計所需的準備，本集團根據過往之經驗和現時之經濟情況作假設以模擬潛在損失及判斷所需之輸入參數。

撥備的準確性，須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在判斷整體減值準備時所採用的假設模式及參數。雖然視乎判斷而定，本集團相信貸款損失準備是合理和足夠的。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

All loans and receivables are reviewed and analysed periodically. 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 will be charged or credited to the income statement. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

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

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

(ii) Held-to-maturity investments

Impairment on held-to-maturity investments is considered at both an individual and collective level. 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 asset's original effective interest rate, where the effect of discounting is material.

All significant assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

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 the income statement. 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.

(iii) Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in the fair value reserve is reclassified to the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

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

所有貸款和應收賬款須定期作檢討及分析。在較後期間，任何因估計未來現金流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，從而導致減值損失準備亦需改變，該轉變會支銷或存入收益表。減值損失之轉回只限於假設該貸款和應收賬款於過往從來未有確認減值損失的賬面值。

倘再無實際機會收回時，則貸款及相關的應收利息會被撇銷。

經重訂條款的貸款和應收賬款是因借款人的財政狀況惡化而須重組的貸款，而本集團已顧及借款人的財政狀況而有所讓步，否則會不作此考慮。經重訂的貸款和應收賬款須持續受監控以判斷它們是否仍然已減值或逾期。

(ii) 持至到期投資

持至到期投資之減值按個別及整體層面考慮。當折算的效果是重大的，個別減值準備按資產賬面值，及估計未來現金流按資產原本之有效利率折算為現值，以二者之差額計算減值損失。

如所有重大資產毋須作個別減值，則須為已發生而未被發現的減值作整體評估。非個別重大資產按相同風險特性歸類及作整體減值評估。

若在較後期間，減值損失的金額減少而該減少是可客觀地與確認減值損失後發生的事件有關連，減值損失轉回收益表內。減值損失轉回收益表的金額不能超過假設該資產於往年從來未有確認減值損失的賬面值。

(iii) 可供出售金融資產

當有客觀證據顯示可供出售金融資產已減值，已直接確認在公平價值儲備內的累計虧損會被轉入收益表內。須於損益賬內入賬的累計虧損金額，是購入成本(減除任何本金償還及攤銷)與現時公平價值二者之差額，再減除往年已於收益表內入賬的減值損失。

按成本列賬之無報價可供出售股份證券，當折算的效果是重大的，股份證券的賬面值及估計未來現金流按相同金融資產的現時市場回報率折算為現值，以二者之差額計算減值損失。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

(iv) Other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associates;
- goodwill; and
- intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

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 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 generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

已確認於收益表之可供出售股份證券的減值損失是不能轉回收益表。其後該資產之公平價值增加則直接確認在其他全面收益。

而可供出售債務證券之公平價值增加，而該增加是可客觀地與已確認減值損失後發生的事件有關連，減值損失可轉回。在此情況下，轉回減值損失於收益表內入賬。

(iv) 其他資產

在結算日，須檢討對內及對外資料來源以辨別以下資產是否有減值徵兆或，除商譽外，以往已確認之減值損失是否仍然存在或可能已經減少：

- 物業及設備(以重估金額列賬的物業除外)；
- 附屬及聯營公司投資；
- 商譽；及
- 無形資產

如任何該等徵兆存在，須估計該資產的可收回金額。此外，商譽須每年估計可收回金額以確定是否有減值徵兆。

可收回金額之計算

可收回金額是公平價值減出售成本及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合(即單一現金生產單位)。

減值損失之確認

當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於收益表內確認減值損失。有關確認現金生產單位減值損失時，首先減低分配予現金生產單位(或其單位群組)之賬面值，其後再按比例減低在該單位(或其單位組別)其他資產的賬面值，但該資產的賬面值不可低過其個別公平價值減出售成本或使用值(如可確定的話)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(v) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not the income statement.

(l) Leased Assets

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held under finance leases

The amounts due from lessees in respect of finance leases are recorded in the statement of financial position as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

(ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the leased assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

減值損失之轉回

除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只局限於該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入收益表內。

(v) 中期財務報告及減值

根據《香港聯合交易所有限公司上市規則》，本集團須按《香港會計準則》第34號「中期財務報告」編製有關年度首6個月的中期財務報告。於中期期末，本集團採用等同年末的減值測試、確認、及轉回標準(附註2(k)(i)至(iv))。

就商譽、可供出售股份證券及無報價的股份證券所確認於中期期間的減值損失，均不能在較後期間轉回。就算假如該減值只在與該中期期間有關之年底作評估而該減值損失是不會發生、或損失之金額會較小，在此情況下亦不可轉回。因此，如可供出售股份證券的公平價值在每年餘下期間、或後期的其他任何期間增加，增加的金額只能在其他全面收益而非收益表內確認。

(l) 租賃資產

由承租人承擔擁有權的絕大部分相關風險及報酬的資產租賃列為融資租賃。出租人並未轉讓擁有權的所有風險及報酬的資產租賃列為經營租賃。

(i) 以融資租賃購入的資產

當本行為融資出租人時，按融資租賃而租出資產的投資淨額，即應收租金總額減未賺取收入，在財務狀況表列作客戶貸款。來自融資租賃的收入會根據本行的收入確認政策附註2(e)所載計算。

(ii) 用作經營租賃的資產

當本集團以經營租賃方式租出資產，該資產根據其性質包括在財務狀況表內，及按附註2(i)所載(如適用者)本集團的折舊會計政策計算折舊。減值損失是根據會計政策附註2(k)所載計算。來自經營租賃的收入是根據本行的收入確認政策附註2(e)所載計算。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(m) Repossession of Assets

In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2(k), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are reported under other assets if it is highly probable that their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition. Related loans and advances are then written off.

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

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

(n) Income Tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognized 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.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) 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.

(iii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，其租賃付款按該租賃期所涵蓋的會計年期以等額分期記入收益表。經營租賃協議所涉及的激勵措施均在收益表中確認為租賃淨付款的組成部分。或有租金在其產生的會計期內在收益表支銷。

(m) 收回資產

在收回減值貸款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2(k)所載的會計政策，計算減值貸款之減值準備已顧及抵押品資產之可變現淨值，通常引致須在減值準備內撇銷部分貸款。如大有可能須透過變賣資產而不是持續使用資產，及該資產可在現況下出售，可收回資產視作其他資產列賬。有關貸款隨後撇銷。

收回資產按有關貸款的金額或於轉換日已減除出售成本後之公平價值，按兩者之較低者入賬。收回資產毋須折舊或攤銷。

在初始期分類及後期再計量所引致的減值損失於收益表確認。

(n) 所得稅

- (i) 本年度所得稅包括本期及遞延稅項資產和負債的變動。除該稅款與其他全面收益或股東權益有關而須在其他全面收益或股東權益確認的金額外，本期稅項及遞延稅項資產和負債的變動計入收益表內。
- (ii) 本期稅項為年度應課稅收入按結算日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。
- (iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing deductible temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h)(ii), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, 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 reporting date. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

除了若干有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在若干期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支持由未使用的稅損或稅免產生的遞延稅項資產確認，即如果是屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債(須不是商業合併的一部分)、及有關投資附屬公司的暫時性差異，就應課稅差異而言，不超過集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就不可扣稅差異而言，除非該差異在可見將來可以轉回。

當投資物業根據附註2(h)(ii)所載按公平價值列賬，除該物業是需折舊的及以一商業模式持有，而其目的是要透過時間使用而非出售該物業以獲取隱合於該物業之重大經濟利益，確認遞延稅項的金額按該物業於結算日假設以賬面值出售的稅率計算。在其他情況下，確認遞延稅項的金額是根據該資產及負債的賬面值之預期收回及結算的方式，按在結算日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

於結算日，本行須重新檢視有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。被扣減的遞延稅項資產若於預期將來出現足夠的應課稅溢利時，應予轉回。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

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

(o) Insurance Reserves and Provisions for Outstanding Claims

Insurance reserves, except those attributable to long term business, represent the proportion of retained premiums written in the year relating to the period of risk from 1st January in the following year to the subsequent date of expiry of policies which is carried forward as a provision for unearned premiums and calculated on a daily basis.

The insurance reserve for long term business is ascertained by actuarial valuation.

Full provision is made for the estimated cost of claims notified but not settled at the balance sheet date and for the estimated cost of claims incurred but not reported by that date, after deducting the amounts due from reinsurers. Provision has also been made for the estimated cost of servicing claims notified but not settled at the balance sheet date and to meet expenses on claims incurred but not reported at the balance sheet date.

These reserves and provisions are classified as other accounts and provisions.

(p) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, and 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.

(iv) 本期稅項與遞延稅項結餘及其變動之金額會分別列示而不會相互抵銷。本行或本集團只有在有合法權利對本期稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本期及遞延稅項資產及負債作出抵銷：

- 就本期稅項資產及負債而言，本行或本集團計劃支付淨額或同時間收回資產及償還負債；或
- 有關的遞延稅項資產及負債屬同一稅務機關對以下機構徵收所得稅而產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體，並預計在未來期間會結算或收回重大遞延稅項負債或資產，該實體計劃以淨額形式變現本期稅項資產及償還本期稅項負債，或同時變現及償還。

(o) 保險基金及未付索償準備

不包括長期業務部分，保險基金指年度內收取但已作保留的保金部分，而有關的風險是屬於下年度1月1日至保單到期日為止，該保留保金視作未賺取保費準備並按每日計算。

長期業務的保險基金是按精算估值。

本集團已就在結算日只已通知但未償付以及已發生但未匯報的索償，經扣除了分保人欠款，作出了充足的準備。此外，已就在結算日已通知但未償付的索償及已發生但未匯報索償而引致的估計費用作出了充足的準備。

此等基金及準備分類為其他賬項及準備。

(p) 準備及或然負債

當負債的限期或金額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當金額的時間值屬重大的，準備金額須按估計清償負債支出的現值列賬。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

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.

(q) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the balance sheet date, are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contributions to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC and overseas employees are defined contribution schemes at various funding rates, and are in accordance with local practices and regulations.

The cost of all these schemes is charged to the income statement for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iv) Share based payments

The option exercise price is equal to the higher of:

- (a) the closing price of the Bank's shares in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options;

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作或然負債披露。如潛在義務的存在須視乎會否發生一項或多項未來事件才獲確定，除非付出經濟利益的機會是極微，此潛在義務亦視作或然負債披露。

(q) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。至結算日已撥備因僱員提供服務所享有之年假的估計負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務而本集團有現存法律或推定義務於結算日後12個月內須全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有國內及海外員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本計算在相關期間的收益表內。所有此類計劃的資產均與本集團的資產分開處理。強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主的供款前離開計劃所沒收的供款而減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主的供款前離開計劃所沒收的供款而減少。

(iv) 以股份為基礎作支付

認股權的行使價為以下三者之最高者：

- (a) 於授出認股權當日日本行股份在聯交所日報表的收市價；

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

- (b) an amount equivalent to the average closing price of the Bank's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and
- (c) the nominal value of the Bank's shares.

When the options are exercised, equity is increased by the amount of the proceeds received. The fair value of share options granted to employees is recognised as an expense in the income statement with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the trinomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Bank's shares.

The equity amount is recognised in capital reserve until either the option is exercised (when it is transferred to share premium) or the option expires (when it is released directly to retained profits).

(r) Related Parties

For the purposes of these accounts, 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) 相等於緊接授出有關認股權當日之前五個營業日，本行股份在聯交所日報表的平均收市價；及
- (c) 本行股份的面值。

當認股權被行使時，所得款項存入股東權益。授予僱員之認股權的公平價值於收益表內確認為支出，而在股東權益賬內的資本儲備作相應的增加。公平價值乃採用三項式期權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，估計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之所需調整須在檢討期內的收益表支銷或回撥，並在資本儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本行股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整(並在資本儲備作相應調整)。

屬股東權益金額確認為資本儲備內，直至當認股權被行使時(轉入股份溢價)，或當認股權之有效期屆滿時(轉入留存溢利)。

(r) 關聯人士

在編製本賬項時，與本集團關聯人士是指：

- (a) 個人或該個人之近親家庭成員，如該個人在以下情況下視為與本集團有關聯：
- (i) 可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之成員。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 主要會計政策(續)

(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 venture of the same third entity.
- (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.
- (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).

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.

(s) Segment Reporting

Operating segments, and the amounts of each segment item reported in the accounts, 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.

(t) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) 在以下任何情況下一實體會視為與本集團有關聯：

- (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與其他有關聯)。
- (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者的合營公司。
- (iv) 一實體是第一第三者的合營公司而另一實體則是該第三者的聯營公司。
- (v) 該實體是提供福利予本集團或與本集團有關聯之實體的僱員離職後之福利計劃。
- (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)的主要管理人員之成員。

個人的近親家庭成員指可影響,或受該個人影響,他們與該實體交易的家庭成員。

(s) 分部報告

營運分部,及在賬項列報的每一分部項目金額,是從財務資料中辨識出來的,並定期地提供予本集團的最高行政管理層作為資源分配,以及評核本集團各業務部份和區域所在地的表現。

除非分部有相同經濟特性及在產品和服務之性質、生產程序之性質、客戶類別和等級、用作銷售產品和提供服務之方法、及監管環境之性質是相同的,個別重大的營運分部不會在財務報表內合計。如它們擁有以上大部份的標準,並非個別重大的營運分部可能會被合計。

(t) 現金及等同現金項目

就編製現金流量表而言,現金及等同現金項目包括由購入日起少於3個月到期日的結餘,包括現金、銀行及其他金融機構結餘、國庫債券、及其他受較低風險影響價值及隨時可轉換成預知金額的合格票據及存款證。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

3. CHANGES IN ACCOUNTING POLICIES 會計政策之變動

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Bank. Of these, the following developments are relevant to the Group's accounts:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK(IFRIC) 14, HKAS 19 – *The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

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

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial accounts as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's accounts as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in Notes 41 and 46 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the accounts in the current and previous periods.

香港會計師公會頒佈多項對本集團及本行本會計年度首次生效的經修訂之《香港財務報告準則》及一項新詮釋。下列為其中對本集團財務賬項相關之最新發展：

- 《香港會計準則》(2009年修訂)第24號「關聯人士交易」
- 優化《香港財務報告準則》(2010)
- 香港(國際財務報告詮釋委員會)第19條詮釋「註銷有附帶股份工具的金融負債」
- 修訂香港(國際財務報告詮釋委員會)第14條詮釋、《香港會計準則》第19號—定期利益資產、最低資金要求及其相互作用的限額—預繳最低資金要求

本集團並未採納任何於本年度尚未生效的新準則或詮釋。

因本集團已採納相同的政策，經修訂香港(國際財務報告詮釋委員會)第14條詮釋對本集團的財務賬項未有重大影響。由於該等變動只在本集團進行有關的交易(例如，附帶股份交換的債務)時才第一次生效，香港(國際財務報告詮釋委員會)第19條詮釋對本集團的財務賬項暫時未有重大影響。

有關其他發展的影響如下：

- 《香港會計準則》(2009年修訂)第24號修訂關聯人士的定義。因此，本集團已重新辨別關聯人士及確定該定義之修改對本集團之本期及往期的關聯人士披露未有重大影響。《香港會計準則》(2009年修訂)第24號亦引入對與政府有關聯之實體的修訂披露要求。因本集團並不是與政府有關聯之實體，此修訂對本集團沒有影響。
- 因優化《香港財務報告準則》(2010年)的多項準則修訂而導致需修訂《香港財務報告準則》第7號「金融工具之披露」。於附註41及46所載有關本集團的金融工具之披露已符合經修訂的披露要求。該修訂對已確認在本期及往期財務賬項之分類、確認及衡量的金額未有重大影響。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

4. INTEREST INCOME 利息收入

| | | 2011 | | 2010 | |
|---|--|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Listed securities classified as held-to-maturity or available-for-sale | 分類為持至到期或可供出售的上市證券 | 388 | | 381 | |
| Trading assets | 交易用途資產 | | | | |
| – listed | – 上市 | 27 | | 22 | |
| – unlisted | – 非上市 | 73 | | 66 | |
| Interest rate swaps | 利率掉期合約 | 3,327 | | 1,382 | |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值金融資產 | | | | |
| – listed | – 上市 | 473 | | 431 | |
| – unlisted | – 非上市 | 229 | | 197 | |
| Loans, deposits with banks and financial institutions, trade bills, and other unlisted securities that are not at fair value through profit or loss | 非按通過損益以反映公平價值列賬的貸款、在銀行和其他金融機構的存款、貿易票據、及其他非上市證券 | 16,351 | | 11,147 | |
| Total interest income | 利息收入總額 | 20,868 | | 13,626 | |

Included above is interest income accrued on impaired financial assets of HK\$62 million (2010: HK\$74 million) which includes interest income on unwinding of discount on loan impairment losses of HK\$17 million (2010: HK\$21 million) (Note 26(b)) for the year ended 31st December, 2011.

以上包括截至2011年12月31日止年度減值金融資產的應計利息港幣62,000,000元(2010年:港幣74,000,000元)·其中包括釋放貸款減值損失之折扣的利息收入港幣17,000,000元(2010年:港幣21,000,000元)(附註26(b))。

5. INTEREST EXPENSE 利息支出

| | | 2011 | | 2010 | |
|---|----------------------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Customer deposits, deposits of banks and other financial institutions and certificates of deposit issued which are stated at amortised cost | 按攤銷成本列賬的客戶存款、銀行及其他金融機構的存款及已發行存款證 | 5,744 | | 3,074 | |
| Debt securities issued | 已發行債務證券 | 209 | | 140 | |
| Subordinated notes carried at amortised cost | 按攤銷成本列賬的後償票據 | 373 | | 174 | |
| Interest rate swaps | 利率掉期合約 | 4,920 | | 2,185 | |
| Financial instruments designated at fair value through profit or loss | 指定為通過損益以反映公平價值金融工具 | 341 | | 500 | |
| Other borrowings | 其他借款 | 18 | | 10 | |
| Total interest expense | 利息支出總額 | 11,605 | | 6,083 | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

6. FEE AND COMMISSION INCOME 服務費及佣金收入

Fee and commission income arises from the following services:

源自下列服務的服務費及佣金收入：

| | | 2011 | 2010 |
|--|---|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Corporate services | 企業服務 | 979 | 856 |
| Credit cards | 信用卡 | 793 | 674 |
| Loans, overdrafts and guarantees | 貸款、透支及擔保 | 502 | 463 |
| Trade finance | 貿易融資 | 409 | 252 |
| Securities and brokerage | 證券及經紀 | 385 | 456 |
| Derivatives transactions | 衍生工具業務 | 292 | 289 |
| Other retail banking services | 其他零售銀行服務 | 273 | 237 |
| Trust and other fiduciary activities | 信託及其他代理業務 | 122 | 100 |
| Others | 其他 | 350 | 322 |
| Total fee and commission income | 服務費及佣金收入總額 | 4,105 | 3,649 |
| of which: | 其中： | | |
| Net fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value through profit or loss | 由非持作交易用途或指定為通過損益以反映公平價值列賬之金融資產或負債所產生之淨服務費收入(不包括用作計算有效利率之金額) | 3,066 | 2,808 |
| Fee income | 服務費收入 | 3,818 | 3,370 |
| Fee expenses | 服務費支出 | (752) | (562) |

7. NET TRADING LOSS 交易虧損淨額

| | | 2011 | 2010 |
|--|----------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Profit on dealing in foreign currencies | 外幣買賣溢利 | 326 | 311 |
| (Loss)/Profit on trading securities | 交易用途證券(虧損)/溢利 | (290) | 133 |
| Net loss on derivatives | 衍生工具淨虧損 | (193) | (620) |
| Loss on other dealing activities | 其他買賣活動虧損 | - | (1) |
| Dividend income from listed trading securities | 交易用途上市證券的股息收入 | 40 | 31 |
| Total net trading loss | 淨交易虧損總額 | (117) | (146) |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

8. NET RESULT FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS 指定為通過損益以反映公平價值金融工具的淨表現

| | | 2011 | 2010 |
|---|--------------------------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Revaluation loss on debts issued | 重估已發行債務虧損 | (158) | (140) |
| Net loss on sale of other financial assets designated at fair value through profit or loss | 出售其他指定為通過損益以反映公平價值金融資產的淨虧損 | (103) | (35) |
| (Loss)/Profit on redemption of subordinated notes issued | 贖回後償票據(虧損)/盈利 | (4) | 8 |
| Revaluation (loss)/gain on other financial assets designated at fair value through profit or loss | 重估其他指定為通過損益以反映公平價值金融資產的(虧損)/盈利 | (94) | 430 |
| Dividend income from financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值金融資產的股息收入 | 5 | – |
| Total net result from financial instruments designated at fair value through profit or loss | 指定為通過損益以反映公平價值金融工具的淨表現總額 | (354) | 263 |

9. NET HEDGING LOSS 對沖虧損淨額

| | | 2011 | 2010 |
|---|-----------------------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Fair value hedges | 公平價值對沖 | | |
| – Net (loss)/gain on hedged items attributable to the hedged risk | – 可歸屬於被對沖項目之對沖風險產生的淨(虧損)/盈利 | (553) | 134 |
| – Net gain/(loss) on hedging instruments | – 用作對沖工具的淨盈利/(虧損) | 548 | (139) |
| | | (5) | (5) |

10. OTHER OPERATING INCOME 其他經營收入

| | | 2011 | 2010 |
|--|--------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Dividend income from available-for-sale financial assets | 可供出售金融資產股息收入 | | |
| – listed | – 上市 | 36 | 35 |
| – unlisted | – 非上市 | 53 | 31 |
| Rental from safe deposit boxes | 保險箱租金收入 | 80 | 78 |
| Net revenue from insurance activities | 保險業務淨收入 | 199 | 221 |
| Rental income on properties | 物業租金收入 | 129 | 92 |
| Others | 其他 | 89 | 72 |
| Total other operating income | 其他經營收入總額 | 586 | 529 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

11. OPERATING EXPENSES 經營支出

| | | 2011 | 2010 |
|--|--------------------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Contributions to defined contribution plan* | 定額供款公積金供款* | 318 | 248 |
| Equity-settled share-based payment expenses | 以股份為基礎作支付的費用 | 21 | 29 |
| Salaries and other staff costs | 薪金及其他員工成本 | 4,045 | 3,338 |
| Total staff costs | 員工成本總額 | 4,384 | 3,615 |
| Premises and equipment expenses excluding depreciation | 不包括折舊的物業及設備支出 | | |
| – Rental of premises | – 物業租金 | 549 | 492 |
| – Maintenance, repairs and others | – 保養、維修及其他 | 549 | 488 |
| Total premises and equipment expenses excluding depreciation | 不包括折舊的物業及設備支出總額 | 1,098 | 980 |
| Depreciation on fixed assets (Note 32) | 固定資產折舊(附註32) | 636 | 581 |
| Amortisation of intangible assets (Note 31(b)) | 無形資產攤銷(附註31(b)) | 33 | 34 |
| Other operating expenses | 其他經營支出 | | |
| – Stamp duty, overseas and PRC** business taxes, and value added taxes | – 印花稅、海外及中華人民共和國營業稅，及增值稅 | 491 | 346 |
| – Communications, stationery and printing | – 通訊、文具及印刷 | 299 | 286 |
| – Advertising expenses | – 廣告費 | 252 | 311 |
| – Legal and professional fees | – 法律及專業服務費 | 251 | 219 |
| – Business promotions and business travel | – 業務推廣及商務旅遊 | 158 | 148 |
| – Card related expenses | – 有關信用卡支出 | 69 | 113 |
| – Insurance expenses | – 保險費 | 35 | 43 |
| – Audit fee | – 核數師酬金 | 15 | 11 |
| – Administration expenses of corporate services | – 企業服務的行政費 | 14 | 9 |
| – Membership fees | – 會員費 | 12 | 10 |
| – Bank charges | – 銀行收費 | 11 | 7 |
| – Donations | – 捐款 | 8 | 8 |
| – Bank licence | – 銀行牌照費 | 4 | 4 |
| – Others | – 其他 | 222 | 179 |
| Total other operating expenses | 其他經營支出總額 | 1,841 | 1,694 |
| Total operating expenses*** | 經營支出總額*** | 7,992 | 6,904 |

* Forfeited contributions totalling HK\$18 million (2010: HK\$9 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2010: Nil).

** PRC denotes the People's Republic of China.

*** Included in operating expenses are direct operating expenses of HK\$19 million (2010: HK\$20 million) in respect of investment properties which generated rental income during the year.

* 年內沒收之供款共港幣18,000,000元(2010年：港幣9,000,000元)已被用作減少本集團的供款。於年末並無任何被沒收而可用作減低將來之供款(2010年：無)。

*** 年度內經營支出包括有租金收益的投資物業直接引起的經營支出，金額為港幣19,000,000元(2010年：港幣20,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

12. IMPAIRMENT LOSSES ON LOANS AND ADVANCES 貸款及墊款減值損失

| | | 2011 | | 2010 | |
|--|----------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Net charge for impairment losses on loans and advances | 貸款及墊款減值損失支銷淨額 | | | | |
| Individual impairment loss | 個別減值損失 | | | | |
| – new provisions | – 新撥備 | 247 | | 463 | |
| – releases | – 回撥 | (125) | | (206) | |
| – recoveries | – 收回 | (74) | | (51) | |
| | | 48 | | 206 | |
| Collective impairment loss | 整體減值損失 | | | | |
| – new provisions (Note 26(b)) | – 新撥備(附註26(b)) | 27 | | 79 | |
| Net charge to income statement | 於收益表支銷淨額 | 75 | | 285 | |

13. NET PROFIT ON SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS 出售可供出售金融資產之淨溢利

| | | 2011 | | 2010 | |
|--|--------------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Net revaluation (loss)/gain transferred from reserves (Note 39(h)) | 由儲備轉撥的重估盈利虧損/淨額(附註39(h)) | (5) | | 200 | |
| Profit arising in current year | 年度內產生的溢利 | 64 | | 34 | |
| | | 59 | | 234 | |

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

14. INCOME TAX 所得稅

(a) Taxation in the consolidated income statement represents:

(a) 綜合收益表內的稅項指：

| | | 2011 | | 2010 | |
|--|-----------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Current tax – Hong Kong (Note 34(a)) | 本期稅項–香港(附註34(a)) | | | | |
| Tax for the year | 本年度稅項 | | 250 | | 359 |
| (Write back of over-provision)/ Under-provision in respect of prior years | (撥備過剩的回撥)/往年度 撥備不足 | | (122) | | 57 |
| | | | 128 | | 416 |
| Current tax – outside Hong Kong | 本期稅項–香港以外 | | | | |
| Tax for the year | 本年度稅項 | | 744 | | 589 |
| Under-provision/(Write back of over-provision) in respect of prior years | 往年度撥備不足/(撥備過剩 的回撥) | | 111 | | (32) |
| | | | 855 | | 557 |
| Deferred tax (Note 34(b)) | 遞延稅項(附註34(b)) | | | | |
| Origination and reversal of temporary differences | 暫時性差異的產生及轉回 | | 317 | | (126) |
| | | | 1,300 | | 847 |

The provision for Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year.

香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%(2010年: 16.5%)計算。

Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

海外分行及附屬公司的稅款亦按其經營所在國家現行稅率計算。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

14. INCOME TAX (CONTINUED) 所得稅(續)

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

(b) 稅項支出與會計溢利按適用稅率計算稅項的對賬：

| | | 2011 | | 2010 | |
|---|-----------------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Profit before tax | 除稅前溢利 | 5,751 | | 5,150 | |
| Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned | 根據相關國家適用之利得稅稅率按除稅前溢利計算的名義稅款 | 1,168 | | 939 | |
| Tax effect of non-deductible expenses | 不可扣減支出的稅項影響 | 317 | | 304 | |
| Tax effect of non-taxable revenue | 毋須課稅收入的稅項影響 | (305) | | (377) | |
| Tax effect of tax losses not recognised | 未確認的稅損的稅項影響 | 15 | | 9 | |
| Recognition of deferred tax assets on prior year tax losses | 往年稅損確認為遞延稅項資產 | (4) | | (12) | |
| (Write back of over-provision)/Under-provision in respect of prior years | (撥備過剩的回撥)/往年度撥備不足 | (11) | | 25 | |
| Others | 其他 | 120 | | (41) | |
| Actual tax expense | 實際稅項支出 | 1,300 | | 847 | |

15. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT 可歸屬於本集團股東溢利

The consolidated profit attributable to owners of the parent includes a profit of HK\$1,881 million (2010 (restated): HK\$1,939 million) which has been dealt with in the accounts of the Bank.

可歸屬於本集團股東綜合溢利包括已計入本行賬項內的溢利港幣1,881,000,000元(2010年(重報): 港幣1,939,000,000元)。

Reconciliation of the above amount to the Bank's profit for the year

本行年度內溢利與上述金額之對賬

| | | 2011 | | 2010 | |
|---|---------------------------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Amount of consolidated profit attributable to equity holders dealt with in the Bank's accounts | 已計入本行賬項之可歸屬於本集團股東綜合溢利 | 1,881 | | 1,939 | |
| Final dividends from subsidiaries and associates attributable to the profits of the previous financial year and general reserves, approved and paid during the year | 來自往年度附屬公司及聯營公司溢利及一般儲備之末期股息，並在年度內核准及派發 | 93 | | 14 | |
| Bank's profit for the year | 本行年度內溢利 | 1,974 | | 1,953 | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

16. DIVIDENDS 股息

(a) Dividends attributable to the year

(a) 應屬本年度股息

| | | 2011 | 2010 |
|--|---|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Interim dividend declared and paid of HK\$0.43 per share on 2,059 million shares (2010: HK\$0.38 per share on 2,034 million shares) (Note 39(j)) | 已宣佈派發及支付中期股息予2,059,000,000股每股港幣0.43元(2010年: 2,034,000,000股每股港幣0.38元)(附註39(j)) | 885 | 772 |
| Final dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the balance sheet date and before the close of the Register of Members of the Bank, of HK\$0.56 per share (2010: HK\$0.48 per share) | 已支付在結算日後及本行股票過戶登記截止日前根據認股計劃發行股份屬上年度每股港幣0.56元的末期股息(2010年: 每股港幣0.48元) | 1 | 2 |
| Final dividend proposed after the balance sheet date of HK\$0.56 per share on 2,042 million shares | 擬於結算日期後派發末期股息2,042,000,000股每股港幣0.56元 | - | 1,144 |
| Second interim dividend in lieu of the final dividend of HK\$0.51 per share on 2,076 million shares | 代替末期股息之第二次中期股息予2,076,000,000股每股港幣0.51元 | 1,059 | - |
| | | 1,945 | 1,918 |

The second interim dividend in lieu of the final dividend and the final dividend proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

於結算日期後擬派發代替末期股息之第二次中期股息及末期股息在結算日並未確認為負債。

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

(b) 於年度核准及支付屬上年度股息

| | | 2011 | 2010 |
|---|--|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.56 per share on 2,042 million shares (2010: HK\$0.48 per share on 2,016 million shares) | 於年度核准及支付予2,042,000,000股每股港幣0.56元的上年度末期股息(2010年: 2,016,000,000股每股港幣0.48元) | 1,144 | 968 |

(c) Distribution to holders of Hybrid Tier 1 capital instruments

(c) 派發予混合一級資本工具持有人

| | | 2011 | 2010 |
|---|--|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Interest payable on the Hybrid Tier 1 capital instruments, the details of which are disclosed in Note 36 and Note 39(j) | 應付予混合一級資本工具持有人的利息, 詳情已在附註36及附註39(j)內披露 | 328 | 330 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

17. EARNINGS PER SHARE 每股盈利

(a) Basic earnings per share

The calculation of basic earnings per share is based on earnings of HK\$4,030 million (2010: HK\$3,894 million) after the distribution of HK\$328 million (2010: HK\$330 million) to Hybrid Tier 1 issue holders and on the weighted average of 2,059 million (2010: 2,024 million) ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares

| | | 2011 Number of Shares 股份數目 million 百萬 | 2010 Number of Shares 股份數目 million 百萬 |
|--|--------------------|--|--|
| Issued ordinary shares at 1st January | 於1月1日的已發行普通股 | 2,042 | 1,849 |
| Effect of share options exercised and shares issued in lieu of dividends | 已行使認股權及以股代息發行新股的影響 | 17 | 175 |
| Weighted average number of ordinary shares at 31st December | 於12月31日普通股份的加權平均數 | 2,059 | 2,024 |

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on earnings of HK\$4,030 million (2010: HK\$3,894 million) after the distribution of HK\$328 million (2010: HK\$330 million) to Hybrid Tier 1 issue holders and on 2,060 million (2010: 2,026 million) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

Weighted average number of ordinary shares (diluted)

| | | 2011 Number of Shares 股份數目 million 百萬 | 2010 Number of Shares 股份數目 million 百萬 |
|---|-------------------------|--|--|
| Weighted average number of ordinary shares at 31st December | 於12月31日普通股份的加權平均數 | 2,059 | 2,024 |
| Effect of deemed issue of ordinary shares under the Bank's share option schemes for nil consideration | 假設按認股權計劃發行但不計價款的普通股份之影響 | 1 | 2 |
| Weighted average number of ordinary shares (diluted) at 31st December | 於12月31日普通股份的加權平均數(攤薄) | 2,060 | 2,026 |

(a) 每股基本盈利

每股基本盈利乃按照已派發予混合一級資本工具持有人港幣328,000,000元(2010年:港幣330,000,000元)後之溢利港幣4,030,000,000元(2010年:港幣3,894,000,000元)及年度內已發行普通股份的加權平均數2,059,000,000股(2010年:2,024,000,000股)計算之方法如下:

普通股份的加權平均數

(b) 每股攤薄盈利

每股攤薄盈利乃按照已派發予混合一級資本工具持有人港幣328,000,000元(2010年:港幣330,000,000元)後之溢利港幣4,030,000,000元(2010年:港幣3,894,000,000元)及就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數2,060,000,000股(2010年:2,026,000,000股)計算。

普通股份的加權平均數(攤薄)

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

18. DIRECTORS' REMUNERATION 董事酬金

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

根據香港《公司條例》第161條規定公佈董事酬金如下：

| | | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Share options | Retirement scheme contributions | 2011 Total |
|--|----------|-----------------|---|-----------------------|---------------|---------------------------------|------------|
| | | 袍金 | 薪金、津貼及實物收益 | 酌情花紅 | 認股權 | 退休計劃供款 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Chairman and Chief Executive 主席兼行政總裁 | | | | | | | |
| Dr. the Hon. Sir David Li Kwok-po | 李國寶爵士 | 0.4 | 9.0 | 15.0 | 7.0 | 0.8 | 32.2 |
| Non-executive Directors 非執行董事 | | | | | | | |
| Prof. Arthur Li Kwok-cheung | 李國章教授 | 0.2 | - | - | - | - | 0.2 |
| Mr. Aubrey Li Kwok-sing | 李國星先生 | 0.3 | - | - | - | - | 0.3 |
| Tan Sri Dr. KHOO Kay-peng | 丹斯里邱繼炳博士 | 0.2 | - | - | - | - | 0.2 |
| Mr. Richard Li Tzar-kai | 李澤楷先生 | 0.2 | - | - | - | - | 0.2 |
| Mr. Eric Li Fook-chuen | 李福全先生 | 0.3 | - | - | - | - | 0.3 |
| Mr. Stephen Charles Li Kwok-sze | 李國仕先生 | 0.2 | - | - | - | - | 0.2 |
| Dr. Isidro FAINÉ CASAS | 范禮賢博士 | 0.3 | - | - | - | - | 0.3 |
| Independent Non-executive Directors 獨立非執行董事 | | | | | | | |
| Dr. Allan WONG Chi-yun | 黃子欣博士 | 0.4 | - | - | - | - | 0.4 |
| Mr. WONG Chung-hin | 黃頌顯先生 | 0.3 | - | - | - | - | 0.3 |
| Dr. LEE Shau-kee | 李兆基博士 | 0.3 | - | - | - | - | 0.3 |
| Mr. Winston LO Yau-lai | 羅友禮先生 | 0.4 | - | - | - | - | 0.4 |
| Dr. Thomas KWOK Ping-kwong | 郭炳江博士 | 0.3 | - | - | - | - | 0.3 |
| Mr. Kenneth LO Chin-ming | 駱錦明先生 | 0.3 | - | - | - | - | 0.3 |
| Mr. William DOO Wai-hoi | 杜惠愷先生 | 0.3 | - | - | - | - | 0.3 |
| Mr. KUOK Khoon-ean | 郭孔演先生 | 0.3 | - | - | - | - | 0.3 |
| Mr. Valiant CHEUNG Kin-piu | 張建標先生 | 0.5 | - | - | - | - | 0.5 |
| | | 5.2 | 9.0 | 15.0 | 7.0 | 0.8 | 37.0 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

18. DIRECTORS' REMUNERATION (CONTINUED) 董事酬金(續)

| | | Salaries, allowances and benefits in kind 薪金、津貼 袍金 及實物收益 HK\$ Mn 港幣百萬元 | Discretionary bonuses 酌情花紅 HK\$ Mn 港幣百萬元 | Share options 認股權 HK\$ Mn 港幣百萬元 | Retirement scheme contributions 退休計劃供款 HK\$ Mn 港幣百萬元 | 2010 Total 總額 HK\$ Mn 港幣百萬元 | |
|--|----------|--|--|---|---|---|------|
| Chairman and Chief Executive 主席兼行政總裁 | | | | | | | |
| Dr. the Hon. Sir David Li Kwok-po | 李國寶爵士 | 0.6 | 8.6 | 11.1 | 9.2 | 0.7 | 30.2 |
| Non-executive Directors 非執行董事 | | | | | | | |
| Prof. Arthur Li Kwok-cheung | 李國章教授 | 0.2 | – | – | – | – | 0.2 |
| Mr. Aubrey Li Kwok-sing | 李國星先生 | 0.3 | – | – | – | – | 0.3 |
| Dr. William MONG Man-wai | 蒙民偉博士 | 0.1 | – | – | – | – | 0.1 |
| Tan Sri Dr. KHOO Kay-peng | 丹斯里邱繼炳博士 | 0.2 | – | – | – | – | 0.2 |
| Mr. Richard Li Tzar-kai | 李澤楷先生 | 0.2 | – | – | – | – | 0.2 |
| Mr. Eric Li Fook-chuen | 李福全先生 | 0.3 | – | – | – | – | 0.3 |
| Mr. Stephen Charles Li Kwok-sze | 李國仕先生 | 0.2 | – | – | – | – | 0.2 |
| Dr. Isidro FAINÉ CASAS | 范禮賢博士 | 0.3 | – | – | – | – | 0.3 |
| Independent Non-executive Directors 獨立非執行董事 | | | | | | | |
| Dr. Allan WONG Chi-yun | 黃子欣博士 | 0.4 | – | – | – | – | 0.4 |
| Mr. WONG Chung-hin | 黃頌顯先生 | 0.3 | – | – | – | – | 0.3 |
| Dr. LEE Shau-kee | 李兆基博士 | 0.3 | – | – | – | – | 0.3 |
| Mr. Winston LO Yau-lai | 羅友禮先生 | 0.4 | – | – | – | – | 0.4 |
| Dr. Thomas KWOK Ping-kwong | 郭炳江博士 | 0.3 | – | – | – | – | 0.3 |
| Mr. Kenneth LO Chin-ming | 駱錦明先生 | 0.3 | – | – | – | – | 0.3 |
| Mr. William DOO Wai-hoi | 杜惠愷先生 | 0.3 | – | – | – | – | 0.3 |
| Mr. KUOK Khooon-ean | 郭孔演先生 | 0.3 | – | – | – | – | 0.3 |
| Mr. Valiant CHEUNG Kin-piu | 張建標先生 | 0.4 | – | – | – | – | 0.4 |
| | | 5.4 | 8.6 | 11.1 | 9.2 | 0.7 | 35.0 |

Included in the above remuneration were share options granted to Executive Directors under the Bank's Staff Share Option Schemes. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 37.

上述酬金包括執行董事根據本行的僱員認股計劃獲授予認股權。有關此等實物收益的詳情載於董事會報告書的「認股權資料」及賬項附註37內。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

19. FIVE TOP-PAID EMPLOYEES 5名薪酬最高的僱員

| | | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
|-------------------------------|---------|--------------------------|--------------------------|
| Salaries and other emoluments | 薪金及其他酬金 | 23 | 21 |
| Performance-related bonuses | 表現獎勵花紅 | 28 | 20 |
| Share options | 認股權 | 16 | 21 |
| Pension contributions | 退休金供款 | 2 | 2 |
| | | 69 | 64 |

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

| | 2011 Number of employees 僱員人數 | 2010 Number of employees 僱員人數 |
|-------------------------|--|--|
| <i>HK\$港幣</i> | | |
| 8,500,001 – 9,000,000 | – | 4 |
| 9,000,001 – 9,500,000 | 4 | – |
| 30,000,001 – 30,500,000 | – | 1 |
| 32,000,001 – 32,500,000 | 1 | – |

Included in the emoluments of the five top-paid employees were the emoluments of 1 (2010: 1) Director. Their respective directors' emoluments have been included in Note 18 above.

5名薪酬最高的僱員中包括1位(2010年：1位)董事。他們的薪酬已包括於上述附註18。

20. SEGMENT REPORTING 分部報告

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and performance assessment, the Group has presented the following eight reportable segments. No operating segments have been aggregated to form the following reportable segments.

本集團按分處管理其業務，而分處則由業務及地區混合組成。分部資料的列報與內部匯報予本集團的最高管理層作為資源分配及表現評核的方式是一致的。本集團列報以下八個可匯報分部。營運分部並未包括在以下的可匯報分部內。

(a) Business segments

The Group has identified the following eight reportable segments.

Personal banking, which includes branch operations, personal internet banking, consumer finance, property loans and credit card business in Hong Kong.

Corporate banking, which includes corporate lending and loan syndication, asset based lending, commercial lending and securities lending in Hong Kong.

(a) 營業分部

本集團已辨識以下八個可匯報分部。

個人銀行包括在香港之分行營運、個人電子網絡銀行、消費貸款、按揭貸款及信用卡業務。

企業銀行包括在香港之企業借貸及銀團貸款、資產融資、商業貸款及證券業務貸款。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

20. SEGMENT REPORTING (CONTINUED) 分部報告(續)

(a) Business segments (continued)

Treasury markets, which include treasury operations and securities dealing in Hong Kong.

Wealth management, which includes private banking business and related assets in Hong Kong.

Financial institutions, which includes trade financing activities with correspondent banks in Hong Kong.

China operations include the back office unit for China operations in Hong Kong, all branches and subsidiaries in China, except those subsidiaries carrying out corporate services, data processing and other back office operations and associates operated in China.

Overseas operations include the back office unit for overseas banking operations in Hong Kong, overseas branches and subsidiaries, except those subsidiaries carrying out corporate services and associates operated in overseas.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include insurance business, property-related business, supporting units of Hong Kong operations, investment properties, bank premises, the net results of associates and other subsidiaries in Hong Kong.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and financial assets with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include deposits, financial liabilities and other liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of revenue and expenses arising from the activities of the Group's associates. Other than reporting inter-segment income, assistance provided by one segment to another, including sharing of assets, is not measured.

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 and impairment losses and additions to non-current segment assets used by the segments in their operations.

(a) 營業分部(續)

財資市場包括在香港之財資運作及證券買賣。

財富管理包括提供予在香港之私人銀行業務及相關資產。

金融機構包括全球同業間的銀行代理行及金融貿易業務。

中國業務包括在香港支援中國業務的後勤單位、在中國的分行及附屬公司，但不包括在中國經營企業服務、資料處理及其他後勤支援之附屬公司，以及在中國經營的聯營公司。

國際業務包括在香港支援國際業務的後勤單位、海外分行及附屬公司，但不包括在海外經營企業服務之附屬公司，以及在海外經營的聯營公司。

企業服務包括公司秘書服務、股票登記及商業服務、及離岸企業及信託服務。

其他業務包括保險業務，與地產有關的業務、香港業務之後勤單位、投資物業、行址、聯營公司的淨表現及其他在香港之附屬公司。

在評估分部表現及分配分部間的資源時，集團的高級行政管理層根據以下基準監控可歸屬於每一可匯報分部之業績、資產及負債：

分部資產包括所有有形資產、無形資產及金融資產(聯營公司之權益除外)、遞延稅項資產及其他企業資產。分部負債包括存款、金融負債及可歸屬於個別分部的其他負債。

收入與支出按有關分部所產生的利息及費用和佣金收入、及由有關分部引致的支出或可歸屬於有關分部產生之折舊或攤銷來分配予可匯報分部。分部收入與支出並不包括集團之聯營公司的活動所產生集團應佔之收入與支出。除匯報分部間的收入外，由一分部提供協助予另一分部，包括分享資產，並未計算在內。

除接收有關稅前溢利的分部資料外，有關分部收入(包括分部間之借款)、利息支出、折舊、攤銷及減值損失和提供予分部營運之非流動分部資產的增置等資料亦提供予管理層。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | 2011 | | | | | | | | | | | |
|---|---|---|--|---|--|---|---|--|---|--|--|---|---------------------------------|
| | | Hong Kong banking operations 香港銀行業務 | | | | | | | | Total reportable segments 可匯報 分部總額 HK\$ Mn 港幣百萬元 | Inter- segment elimination 分部間之 其他 交易抵銷 HK\$ Mn 港幣百萬元 | | Total 總額 HK\$ Mn 港幣百萬元 |
| | | Personal banking 個人銀行 HK\$ Mn 港幣百萬元 | Corporate banking 企業銀行 HK\$ Mn 港幣百萬元 | Treasury markets 財資市場 HK\$ Mn 港幣百萬元 | Wealth management 財富管理 HK\$ Mn 港幣百萬元 | Financial Institutions 金融機構 HK\$ Mn 港幣百萬元 | China operations 中國業務 HK\$ Mn 港幣百萬元 | Overseas operations 國際業務 HK\$ Mn 港幣百萬元 | Corporate services 企業服務 HK\$ Mn 港幣百萬元 | | Others 其他 HK\$ Mn 港幣百萬元 | elimination 交易抵銷 HK\$ Mn 港幣百萬元 | |
| Net interest income/(expense) | 淨利息收入/(支出) | 1,762 | 2,024 | (787) | 279 | 111 | 4,921 | 833 | 3 | 9,146 | 117 | - | 9,263 |
| Non-interest income/(expense) | 非利息收入/(支出) | 603 | 429 | (704) | 276 | 12 | 822 | 303 | 981 | 2,722 | 1,057 | (327) | 3,452 |
| Operating income/(expense) | 經營收入/(支出) | 2,365 | 2,453 | (1,491) | 555 | 123 | 5,743 | 1,136 | 984 | 11,868 | 1,174 | (327) | 12,715 |
| Operating expenses | 經營支出 | (1,321) | (165) | (119) | (153) | (12) | (3,298) | (587) | (664) | (6,319) | (2,000) | 327 | (7,992) |
| Operating profit/(loss) before impairment losses | 未扣除減值損失之 經營溢利/(虧損) | 1,044 | 2,288 | (1,610) | 402 | 111 | 2,445 | 549 | 320 | 5,549 | (826) | - | 4,723 |
| Impairment losses on loans and advances and other accounts | 貸款及墊款及其他賬項 的減值損失支銷 | (63) | 34 | 4 | 15 | - | (161) | 113 | (7) | (65) | (10) | - | (75) |
| Impairment losses on available- for-sale financial assets and associates | 可供出售金融資產及 持至到期投資之 減值損失 | - | - | - | - | - | - | (11) | - | (11) | (49) | - | (60) |
| Operating profit/(loss) after impairment losses | 已扣除減值損失後之 經營溢利/(虧損) | 981 | 2,322 | (1,606) | 417 | 111 | 2,284 | 651 | 313 | 5,473 | (885) | - | 4,588 |
| Profit/(Loss) on sale of fixed assets, available-for-sale financial assets, loans and receivable and subsidiaries/ associates | 出售固定資產、可供 出售金融資產、貸款 和應收賬項及附屬 公司/聯營公司之 溢利/(虧損) | 1 | - | 39 | - | - | 112 | 3 | (2) | 153 | 49 | - | 202 |
| Profit on sale of associates | 出售聯營公司之溢利 | - | - | - | - | - | - | 15 | - | 15 | 107 | - | 122 |
| Valuation gains on investment properties | 重估投資物業盈利 | - | - | - | - | - | 48 | 4 | - | 52 | 352 | - | 404 |
| Share of profits less losses of associates | 應佔聯營公司溢利減 虧損 | - | - | - | - | - | - | - | - | - | 435 | - | 435 |
| Profit/(Loss) before taxation | 除稅前溢利/(虧損) | 982 | 2,322 | (1,567) | 417 | 111 | 2,444 | 673 | 311 | 5,693 | 58 | - | 5,751 |
| Depreciation for the year | 年內折舊 | (68) | (1) | (5) | (2) | (1) | (325) | (26) | (19) | (447) | (189) | - | (636) |
| Segment assets | 分部資產 | 47,797 | 124,066 | 113,204 | 19,133 | 12,345 | 278,152 | 58,935 | 2,881 | 656,513 | 22,954 | (71,885) | 607,582 |
| Investments in associates | 聯營公司投資 | - | - | - | - | - | - | - | - | - | 3,820 | - | 3,820 |
| Total assets | 資產總額 | 47,797 | 124,066 | 113,204 | 19,133 | 12,345 | 278,152 | 58,935 | 2,881 | 656,513 | 26,774 | (71,885) | 611,402 |
| Total liabilities | 負債總額 | 245,027 | 1,026 | 44,395 | 17,199 | - | 256,450 | 50,175 | 762 | 615,034 | 10,496 | (66,172) | 559,358 |
| Capital expenditure incurred during the year | 年度內資本開支 | 66 | 8 | 8 | 6 | 1 | 313 | 2 | 89 | 493 | 142 | - | 635 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

20. SEGMENT REPORTING (CONTINUED) 分部報告(續)

| | | 2010 Restated 重報 | | | | | | | | | | | |
|--|---|--|---------------------------|--------------------------|---------------------------|--------------------------------|--------------------------|-----------------------------|----------------------------|--------------------------------------|-----------------------|---------------------|-------------|
| | | Hong Kong banking operations 香港銀行業務 | | | | | | | | Total reportable segments 可匯報分部總額 | Inter-segment 分部間之 | | Total 總額 |
| | | Personal banking 個人銀行 | Corporate banking 企業銀行 | Treasury markets 財資市場 | Wealth management 財富管理 | Financial Institutions 金融機構 | China operations 中國業務 | Overseas operations 國際業務 | Corporate services 企業服務 | | Others 其他 | elimination 交易抵銷 | |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | |
| Net interest income/(expense) | 淨利息收入/(支出) | 2,011 | 1,129 | 276 | 192 | 27 | 3,462 | 716 | 2 | 7,815 | (272) | - | 7,543 |
| Non-interest income/(expense) | 非利息收入/(支出) | 529 | 270 | 19 | 259 | 9 | 535 | 232 | 864 | 2,717 | 1,116 | (250) | 3,583 |
| Operating income | 經營收入 | 2,540 | 1,399 | 295 | 451 | 36 | 3,997 | 948 | 866 | 10,532 | 844 | (250) | 11,126 |
| Operating expenses | 經營支出 | (1,343) | (138) | (108) | (125) | (8) | (2,566) | (508) | (566) | (5,362) | (1,792) | 250 | (6,904) |
| Operating profit/(loss) before impairment losses | 未扣除減值損失之經營溢利/(虧損) | 1,197 | 1,261 | 187 | 326 | 28 | 1,431 | 440 | 300 | 5,170 | (948) | - | 4,222 |
| Impairment losses on loans and advances and other accounts | 貸款及墊款及其他賬項的減值損失支銷 | (25) | (53) | - | (6) | - | (12) | (184) | (4) | (284) | (1) | - | (285) |
| Impairment losses on available-for-sale financial assets and associates | 可供出售金融資產及持至到期投資之減值損失 | - | - | - | - | - | - | - | - | - | (23) | - | (23) |
| Write back of impairment losses on bank premises | 行址減值損失回撥 | - | - | - | - | - | - | - | - | - | 2 | - | 2 |
| Operating profit/(loss) after impairment losses | 已扣除減值損失後之經營溢利/(虧損) | 1,172 | 1,208 | 187 | 320 | 28 | 1,419 | 256 | 296 | 4,886 | (970) | - | 3,916 |
| Profit/(Loss) on sale of fixed assets, available-for-sale financial assets, loans and receivable and subsidiaries/associates | 出售固定資產、可供出售金融資產、貸款和應收賬項及附屬公司/聯營公司之溢利/(虧損) | (5) | (1) | 145 | - | - | 8 | 1 | 9 | 157 | 310 | - | 467 |
| Valuation gains on investment properties | 重估投資物業盈利 | - | - | - | - | - | 2 | 2 | - | 4 | 422 | - | 426 |
| Share of profits less losses of associates | 應佔聯營公司溢利減虧損 | - | - | - | - | - | - | - | - | - | 341 | - | 341 |
| Profit before taxation | 除稅前溢利 | 1,167 | 1,207 | 332 | 320 | 28 | 1,429 | 259 | 305 | 5,047 | 103 | - | 5,150 |
| Depreciation for the year | 年內折舊 | (67) | (1) | (4) | (2) | - | (268) | (30) | (17) | (389) | (192) | - | (581) |
| Segment assets | 分部資產 | 50,433 | 107,211 | 125,742 | 13,168 | 5,493 | 220,419 | 45,975 | 2,765 | 571,206 | 22,262 | (62,848) | 530,620 |
| Investments in associates | 聯營公司投資 | - | - | - | - | - | - | - | - | - | 3,573 | - | 3,573 |
| Total assets | 資產總額 | 50,433 | 107,211 | 125,742 | 13,168 | 5,493 | 220,419 | 45,975 | 2,765 | 571,206 | 25,835 | (62,848) | 534,193 |
| Total liabilities | 負債總額 | 243,264 | 4,761 | 30,315 | 15,827 | - | 201,609 | 37,427 | 726 | 533,929 | 9,255 | (57,634) | 485,550 |
| Capital expenditure incurred during the year | 年度內資本開支 | 68 | 2 | 6 | 4 | 2 | 553 | 29 | 29 | 693 | 254 | - | 947 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Geographical segments

The information concerning geographical analysis has been classified by the location of the principal operations of the subsidiaries, or in the case of the Bank itself, by the location of the branches of the Bank responsible for reporting the results or booking the assets.

(b) 地區分部

按地區分部之資料是根據附屬公司的主要業務所在地點，或就本行而言，則按負責報告業績或將資產入賬之分行地點予以劃分。

| | | 2011 | | | | | |
|--|-----------|-----------|----------------------------|-----------------------|---------|---------------------------|--------------|
| | | Hong Kong | People's Republic of China | Other Asian Countries | Others | Inter-segment elimination | Consolidated |
| | | 香港 | 中華人民共和國 | 其他亞洲國家 | 其他 | 分部間之交易抵銷 | 綜合總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| The Group | 集團 | | | | | | |
| Operating income | 經營收入 | 6,699 | 5,822 | 745 | 1,014 | (1,565) | 12,715 |
| Profit before taxation | 除稅前溢利 | 1,919 | 2,540 | 733 | 559 | - | 5,751 |
| Total assets | 資產總額 | 356,479 | 278,624 | 33,283 | 37,161 | (94,145) | 611,402 |
| Total liabilities | 負債總額 | 318,237 | 256,498 | 28,665 | 29,256 | (73,298) | 559,358 |
| Contingent liabilities and commitments | 或然負債及承擔 | 56,617 | 84,176 | 4,554 | 3,134 | - | 148,481 |
| Capital expenditure during the year | 年度內資本開支 | 253 | 313 | 69 | - | - | 635 |

| | | 2010 | | | | | |
|--|-----------|-----------|----------------------------|-----------------------|---------|---------------------------|--------------|
| | | Hong Kong | People's Republic of China | Other Asian Countries | Others | Inter-segment elimination | Consolidated |
| | | 香港 | 中華人民共和國 | 其他亞洲國家 | 其他 | 分部間之交易抵銷 | 綜合總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| The Group | 集團 | | | | | | |
| Operating income | 經營收入 | 6,573 | 4,054 | 577 | 906 | (984) | 11,126 |
| Profit before taxation | 除稅前溢利 | 2,891 | 1,506 | 581 | 172 | - | 5,150 |
| Total assets | 資產總額 | 341,115 | 220,761 | 22,633 | 31,407 | (81,723) | 534,193 |
| Total liabilities | 負債總額 | 303,551 | 201,658 | 18,393 | 23,496 | (61,548) | 485,550 |
| Contingent liabilities and commitments | 或然負債及承擔 | 56,882 | 52,544 | 3,875 | 4,577 | - | 117,878 |
| Capital expenditure during the year | 年度內資本開支 | 352 | 553 | 14 | 28 | - | 947 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

21. CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (NOTE 44(c))
現金及在銀行和其他金融機構的結存(附註44(c))

| | | The Group 集團 | | The Bank 銀行 | |
|--|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Cash in hand | 現金 | 1,828 | 1,213 | 1,237 | 699 |
| Balances with central banks | 在中央銀行的結存 | 45,315 | 24,638 | 984 | 1,114 |
| Balances with banks and other financial institutions | 在銀行和其他金融機構的結存 | 24,618 | 22,442 | 20,349 | 15,995 |
| | | 71,761 | 48,293 | 22,570 | 17,808 |

22. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (NOTE 44(c))
在銀行及其他金融機構的存款(附註44(c))

| | | The Group 集團 | | The Bank 銀行 | |
|---|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Placements with banks and authorised institutions | 在銀行及認可金融機構的存款 | 60,830 | 57,955 | 32,570 | 39,810 |
| Placements with other financial institutions | 在其他金融機構的存款 | 1,227 | 242 | 800 | 164 |
| | | 62,057 | 58,197 | 33,370 | 39,974 |
| Maturing | 到期期限 | | | | |
| – within one month | – 1個月內 | 18,440 | 49,548 | 13,603 | 37,232 |
| – between one month and one year | – 1個月至1年內 | 43,617 | 8,649 | 19,767 | 2,742 |
| | | 62,057 | 58,197 | 33,370 | 39,974 |

23. TRADE BILLS 貿易票據

| | | The Group 集團 | | The Bank 銀行 | |
|---------------------------------------|----------|---------------|---------------|---------------|------------------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | Restated 重報 HK\$ Mn 港幣百萬元 |
| Gross trade bills | 貿易票據總額 | 36,835 | 18,548 | 35,880 | 17,491 |
| Less: individual impairment allowance | 減：個別減值準備 | (12) | – | (4) | – |
| | | 36,823 | 18,548 | 35,876 | 17,491 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Movement of individual impairment allowances for 2011

2011年個別減值準備的變動

| | | The Group 集團 | | The Bank 銀行 | |
|--|------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| At 1st January | 於1月1日 | - | - | - | - |
| New provisions charged to income statement | 收益表內支銷的新準備 | 12 | - | 4 | - |
| Net provisions released back to income statement | 撥回收益表的準備淨額 | (2) | - | (2) | - |
| Recoveries | 收回額 | 2 | - | 2 | - |
| At 31st December | 於12月31日 | 12 | - | 4 | - |

24. TRADING ASSETS 交易用途資產

| | | The Group 集團 | | The Bank 銀行 | |
|--|---------------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Debt securities (Note 44(c)) | 債務證券(附註44(c)) | 1,317 | 2,411 | 715 | 1,295 |
| Equity securities | 股份證券 | 1,051 | 1,502 | 1,051 | 1,502 |
| Investment funds | 投資基金 | 17 | 194 | 17 | 193 |
| Trading securities | 交易用途證券 | 2,385 | 4,107 | 1,783 | 2,990 |
| Positive fair values of derivatives (Note 43(b)) | 衍生工具的正公平值(附註 43(b)) | 3,215 | 1,738 | 2,376 | 1,206 |
| | | 5,600 | 5,845 | 4,159 | 4,196 |
| Issued by: | 發行機構: | | | | |
| Central governments and central banks | 中央政府和中央銀行 | 551 | 596 | 11 | 289 |
| Public sector entities | 公營機構 | 10 | 22 | 10 | 10 |
| Banks and other financial institutions | 銀行及其他金融機構 | 374 | 1,066 | 374 | 855 |
| Corporate entities | 企業實體 | 1,433 | 2,229 | 1,371 | 1,643 |
| Other entities | 其他實體 | 17 | 194 | 17 | 193 |
| | | 2,385 | 4,107 | 1,783 | 2,990 |
| Analysed by place of listing: | 按上市地區分析: | | | | |
| Listed in Hong Kong | 在香港上市 | 854 | 1,484 | 854 | 1,484 |
| Listed outside Hong Kong | 在香港以外地區上市 | 717 | 1,071 | 717 | 1,071 |
| | | 1,571 | 2,555 | 1,571 | 2,555 |
| Unlisted | 非上市 | 814 | 1,552 | 212 | 435 |
| | | 2,385 | 4,107 | 1,783 | 2,990 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

25. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS
指定為通過損益以反映公平價值的金融資產

| | | The Group 集團 | | The Bank 銀行 | |
|--|---------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Debt securities (Note 44(c)) | 債務證券(附註44(c)) | 16,330 | 15,989 | 16,330 | 15,989 |
| Equity securities | 股份證券 | 329 | 203 | 123 | 203 |
| Investment funds | 投資基金 | 4 | - | - | - |
| | | 16,663 | 16,192 | 16,453 | 16,192 |
| Issued by: | 發行機構: | | | | |
| Central governments and central banks | 中央政府和中央銀行 | 452 | 531 | 452 | 531 |
| Public sector entities | 公營機構 | - | 175 | - | 175 |
| Banks and other financial institutions | 銀行及其他金融機構 | 8,036 | 8,032 | 8,020 | 8,032 |
| Corporate entities | 企業實體 | 8,171 | 7,454 | 7,981 | 7,454 |
| Other entities | 其他實體 | 4 | - | - | - |
| | | 16,663 | 16,192 | 16,453 | 16,192 |
| Analysed by place of listing: | 按上市地區分析: | | | | |
| Listed in Hong Kong | 在香港上市 | 3,689 | 3,695 | 3,618 | 3,695 |
| Listed outside Hong Kong | 在香港以外地區上市 | 7,572 | 7,171 | 7,438 | 7,171 |
| | | 11,261 | 10,866 | 11,056 | 10,866 |
| Unlisted | 非上市 | 5,402 | 5,326 | 5,397 | 5,326 |
| | | 16,663 | 16,192 | 16,453 | 16,192 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

26. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS 客戶貸款及其他賬項

(a) Advances to customers and other accounts

(a) 客戶貸款及其他賬項

| | | The Group 集團 | | The Bank 銀行 | |
|------|---|----------------|---------------|----------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (i) | Advances to customers 客戶貸款 | 321,890 | 297,044 | 197,923 | 185,213 |
| | Less: Impairment allowances 減：減值準備 | | | | |
| | – Individual – 個別 | (205) | (282) | (130) | (226) |
| | – Collective – 整體 | (763) | (819) | (535) | (654) |
| | | 320,922 | 295,943 | 197,258 | 184,333 |
| (ii) | Other accounts 其他賬項 | | | | |
| | Advances to banks and other financial institutions * 銀行及其他金融機構貸款* | 193 | 1,320 | 192 | 844 |
| | Less: Impairment allowances | | | | |
| | – Individual 減：減值準備– 個別 | (3) | – | (3) | – |
| | | 190 | 1,320 | 189 | 844 |
| | Certificates of deposit held (Note 44(c)) 持有的存款證(附註44(c)) | 39 | 39 | 39 | 39 |
| | Accrued interest 應計利息 | 3,136 | 2,206 | 1,790 | 1,294 |
| | Bankers acceptances 銀行承兌匯票 | 18,381 | 14,583 | 219 | 253 |
| | Other accounts 其他賬項 | 5,374 | 5,990 | 4,101 | 4,303 |
| | | 26,930 | 22,818 | 6,149 | 5,889 |
| | Less: Impairment allowances 減：減值準備 | | | | |
| | – Individual – 個別 | (88) | (38) | (3) | (3) |
| | – Collective – 整體 | (4) | (3) | – | – |
| | | 26,838 | 22,777 | 6,146 | 5,886 |
| | | 347,950 | 320,040 | 203,593 | 191,063 |

* The above advances to banks and other financial institutions include:

Receivables from reverse repurchase agreements under which the Group obtains securities on terms which permit it to re-pledge or resell securities to others in the absence of default. At 31st December, 2011, the fair value of financial assets accepted as collateral that the Group is permitted to sell or re-pledge under such terms is Nil (2010: Nil).

* 以上銀行及其他金融機構貸款包括：

返售回購協議之應收賬款，根據該協議本集團可獲得證券及依條款在沒有違約之情況下可再抵押或重售證券予其他人士。於2011年12月31日，根據該條款本集團可出售或再抵押的金融資產之公平價值為無(2010年：無)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

26. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED) 客戶貸款及其他賬項(續)

(b) Impairment allowances against advances and other accounts for 2011 (b) 2011年貸款及其他賬項之減值準備

| | | The Group 集團 | | | | | | | |
|--|--------------|-------------------------------|------------------|---------------------------|------------------|------------------------|------------------|------------------|------------------|
| | | Advances to customers 客戶貸款 | | Advances to banks 銀行貸款 | | Other accounts 其他賬項 | | Total 總額 | |
| | | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 |
| | | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 |
| At 1st January | 於1月1日 | 282 | 819 | - | - | 38 | 3 | 320 | 822 |
| New provisions charged to income statement | 收益表內支銷的新準備 | 171 | 26 | 3 | - | 61 | 1 | 235 | 27 |
| Net provisions released back to income statement | 撥回收益表的準備淨額 | (172) | - | - | - | (8) | - | (180) | - |
| Amounts written off | 撇銷額 | (131) | (87) | - | - | (3) | - | (134) | (87) |
| Recoveries | 收回額 | 72 | - | - | - | - | - | 72 | - |
| Effect of discounting (Note 4) | 計算折扣的影響(附註4) | (17) | - | - | - | - | - | (17) | - |
| Exchange adjustments | 匯兌調整 | - | 5 | - | - | - | - | - | 5 |
| At 31st December | 於12月31日 | 205 | 763 | 3 | - | 88 | 4 | 296 | 767 |

| | | The Bank 銀行 | | | | | | | |
|--|------------|-------------------------------|------------------|---------------------------|------------------|------------------------|------------------|------------------|------------------|
| | | Advances to customers 客戶貸款 | | Advances to banks 銀行貸款 | | Other accounts 其他賬項 | | Total 總額 | |
| | | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 |
| | | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 | HKS Mn 港幣百萬元 |
| At 1st January | 於1月1日 | 226 | 654 | - | - | 3 | - | 229 | 654 |
| New provisions charged to income statement | 收益表內支銷的新準備 | 78 | - | 3 | - | - | - | 81 | - |
| Net provisions released back to income statement | 撥回收益表的準備淨額 | (129) | (39) | - | - | - | - | (129) | (39) |
| Amounts written off | 撇銷額 | (95) | (79) | - | - | - | - | (95) | (79) |
| Recoveries | 收回額 | 60 | - | - | - | - | - | 60 | - |
| Effect of discounting | 計算折扣的影響 | (9) | - | - | - | - | - | (9) | - |
| Exchange adjustments | 匯兌調整 | (1) | (1) | - | - | - | - | (1) | (1) |
| At 31st December | 於12月31日 | 130 | 535 | 3 | - | 3 | - | 136 | 535 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Impairment allowances against advances and other accounts for 2010 (b) 2010年貸款及其他賬項之減值準備

| | | The Group 集團 | | | | | |
|--|------------------|-------------------------------|------------------|------------------------|------------------|------------------|------------------|
| | | Advances to customers 客戶貸款 | | Other accounts 其他賬項 | | Total 總額 | |
| | | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| At 1st January | 於1月1日 | 534 | 811 | 31 | 9 | 565 | 820 |
| New provisions charged to income statement | 收益表內支銷的新準備 | 451 | 86 | 12 | (7) | 463 | 79 |
| Net provisions released back to income statement | 撥回收益表的準備淨額 | (235) | – | (1) | – | (236) | – |
| Amounts written off | 撇銷額 | (507) | (84) | (6) | – | (513) | (84) |
| Recoveries | 收回額 | 51 | – | – | – | 51 | – |
| Effect of discounting (Note 4) | 計算折扣的影響 (附註4) | (21) | – | – | – | (21) | – |
| Exchange adjustments | 匯兌調整 | 9 | 6 | 2 | 1 | 11 | 7 |
| At 31st December | 於12月31日 | 282 | 819 | 38 | 3 | 320 | 822 |

| | | The Bank 銀行 | | | | | |
|--|------------|-------------------------------|------------------|------------------------|------------------|------------------|------------------|
| | | Advances to customers 客戶貸款 | | Other accounts 其他賬項 | | Total 總額 | |
| | | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 | Individual 個別 | Collective 整體 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| At 1st January | 於1月1日 | 499 | 678 | 3 | – | 502 | 678 |
| New provisions charged to income statement | 收益表內支銷的新準備 | 378 | 49 | – | – | 378 | 49 |
| Net provisions released back to income statement | 撥回收益表的準備淨額 | (207) | – | – | – | (207) | – |
| Amounts written off | 撇銷額 | (481) | (80) | – | – | (481) | (80) |
| Recoveries | 收回額 | 46 | – | – | – | 46 | – |
| Effect of discounting | 計算折扣的影響 | (20) | – | – | – | (20) | – |
| Exchange adjustments | 匯兌調整 | 11 | 7 | – | – | 11 | 7 |
| At 31st December | 於12月31日 | 226 | 654 | 3 | – | 229 | 654 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

26. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED) 客戶貸款及其他賬項(續)

(c) Advances to customers – by industry sectors

The analysis of gross advances to customers and the percentage of secured advances by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority.

(c) 客戶貸款– 按行業分類

按行業分類的客戶貸款總額及有抵押貸款的百分比是按照香港金融管理局所採用的類別和定義。

| | | 2011 | | 2010 | |
|---|---|--------------------------|-----------------------|--------------------------|-----------------------|
| | | Gross advances | % of secured advances | Gross advances | % of secured advances |
| | | 貸款總額 HK\$ Mn 港幣百萬元 | 有抵押貸款的 百分比 百分率 | 貸款總額 HK\$ Mn 港幣百萬元 | 有抵押貸款的 百分比 百分率 |
| The Group | 集團 | | | | |
| Loans for use in Hong Kong | 在香港使用的貸款 | | | | |
| Industrial, commercial and financial | 工商金融 | | | | |
| – Property development | – 物業發展 | 10,946 | 69.03 | 10,245 | 60.04 |
| – Property investment | – 物業投資 | 41,747 | 89.63 | 40,697 | 92.44 |
| – Financial concerns | – 金融企業 | 9,430 | 78.35 | 6,169 | 75.47 |
| – Stockbrokers | – 股票經紀 | 422 | 85.95 | 453 | 84.53 |
| – Wholesale and retail trade | – 批發與零售業 | 7,790 | 33.58 | 4,710 | 40.62 |
| – Manufacturing | – 製造業 | 5,392 | 42.40 | 4,876 | 50.28 |
| – Transport and transport equipment | – 運輸與運輸設備 | 4,642 | 76.38 | 4,461 | 77.56 |
| – Recreational activities | – 娛樂活動 | 272 | 26.60 | 88 | 16.47 |
| – Information technology | – 資訊科技 | 589 | 60.57 | 566 | 57.15 |
| – Others | – 其他 | 5,758 | 44.02 | 4,885 | 55.71 |
| – Sub-total | – 小計 | 86,988 | 73.73 | 77,150 | 77.37 |
| Individuals | 個人 | | | | |
| – Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme | – 購買「居者有其屋計劃」、 「私人參建居屋計劃」及 「租者置其屋計劃」樓宇 的貸款 | 1,379 | 100.00 | 1,611 | 100.00 |
| – Loans for the purchase of other residential properties | – 購買其他住宅物業的貸款 | 27,246 | 99.97 | 30,130 | 99.99 |
| – Credit card advances | – 信用卡貸款 | 3,649 | 0.00 | 3,087 | 0.00 |
| – Others | – 其他 | 14,457 | 70.71 | 13,570 | 73.38 |
| – Sub-total | – 小計 | 46,731 | 83.11 | 48,398 | 86.15 |
| Total loans for use in Hong Kong | 在香港使用的貸款總額 | 133,719 | 77.01 | 125,548 | 80.76 |
| Trade finance | 貿易融資 | 9,707 | 51.23 | 9,554 | 46.03 |
| Loans for use outside Hong Kong* | 在香港以外使用的貸款* | 178,464 | 71.37 | 161,942 | 72.16 |
| Total advances to customers | 客戶貸款總額 | 321,890 | 73.10 | 297,044 | 74.95 |

* Loans for use outside Hong Kong include the following loans for use in the PRC.

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

| | | 2011 | | 2010 | |
|----------------------------|--------|--------------------------|-----------------------|--------------------------|-----------------------|
| | | Gross advances | % of secured advances | Gross advances | % of secured advances |
| | | 貸款總額 HK\$ Mn 港幣百萬元 | 有抵押貸款的 百分比 百分率 | 貸款總額 HK\$ Mn 港幣百萬元 | 有抵押貸款的 百分比 百分率 |
| Property development | 物業發展 | 26,038 | 50.83 | 24,732 | 52.19 |
| Property investment | 物業投資 | 23,123 | 92.69 | 22,722 | 89.55 |
| Wholesale and retail trade | 批發與零售業 | 24,619 | 81.17 | 17,835 | 88.23 |
| Manufacturing | 製造業 | 11,352 | 61.57 | 9,731 | 51.77 |
| Others | 其他 | 52,711 | 68.02 | 47,628 | 73.16 |
| | | 137,843 | 70.73 | 122,648 | 72.46 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | 2011 | | 2010 | |
|---|---|----------------|-----------------------|----------------|-----------------------|
| | | Gross advances | % of secured advances | Gross advances | % of secured advances |
| | | 貸款總額 | 有抵押貸款的 | 貸款總額 | 有抵押貸款的 |
| | | HK\$ Mn | 百分比 | HK\$ Mn | 百分比 |
| | | 港幣百萬元 | % | 港幣百萬元 | % |
| | | 百分率 | 百分率 | 百分率 | 百分率 |
| The Bank | 銀行 | | | | |
| Loans for use in Hong Kong | 在香港使用的貸款 | | | | |
| Industrial, commercial and financial | 工商金融 | | | | |
| – Property development | – 物業發展 | 10,933 | 69.11 | 10,235 | 60.10 |
| – Property investment | – 物業投資 | 41,640 | 89.61 | 40,572 | 92.42 |
| – Financial concerns | – 金融企業 | 9,429 | 78.35 | 6,168 | 75.48 |
| – Stockbrokers | – 股票經紀 | 422 | 85.95 | 452 | 84.53 |
| – Wholesale and retail trade | – 批發與零售業 | 7,701 | 32.82 | 4,652 | 39.88 |
| – Manufacturing | – 製造業 | 5,341 | 41.85 | 4,831 | 49.82 |
| – Transport and transport equipment | – 運輸與運輸設備 | 4,642 | 76.38 | 4,461 | 77.56 |
| – Recreational activities | – 娛樂活動 | 272 | 26.60 | 88 | 16.47 |
| – Information technology | – 資訊科技 | 586 | 60.35 | 563 | 56.87 |
| – Others | – 其他 | 5,327 | 39.48 | 4,212 | 48.63 |
| – Sub-total | – 小計 | 86,293 | 73.54 | 76,234 | 77.12 |
| Individuals | 個人 | | | | |
| – Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme | – 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款 | 1,379 | 100.00 | 1,611 | 100.00 |
| – Loans for the purchase of other residential properties | – 購買其他住宅物業的貸款 | 27,190 | 99.97 | 30,077 | 99.99 |
| – Credit card advances | – 信用卡貸款 | 3,649 | 0.0 | 3,087 | 0.00 |
| – Others | – 其他 | 13,134 | 70.53 | 12,396 | 73.06 |
| – Sub-total | – 小計 | 45,352 | 83.40 | 47,171 | 86.37 |
| Total loans for use in Hong Kong | 在香港使用的貸款總額 | 131,645 | 76.94 | 123,405 | 80.65 |
| Trade finance | 貿易融資 | 5,352 | 39.07 | 7,798 | 38.22 |
| Loans for use outside Hong Kong* | 在香港以外使用的貸款* | 60,926 | 53.96 | 54,010 | 53.59 |
| Total advances to customers | 客戶貸款總額 | 197,923 | 68.84 | 185,213 | 70.98 |

* Loans for use outside Hong Kong include the following loans for use in the PRC.

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

| | | 2011 | | 2010 | |
|----------------------------|--------|----------------|-----------------------|----------------|-----------------------|
| | | Gross advances | % of secured advances | Gross advances | % of secured advances |
| | | 貸款總額 | 有抵押貸款的 | 貸款總額 | 有抵押貸款的 |
| | | HK\$ Mn | 百分比 | HK\$ Mn | 百分比 |
| | | 港幣百萬元 | % | 港幣百萬元 | % |
| | | 百分率 | 百分率 | 百分率 | 百分率 |
| Property development | 物業發展 | 11,064 | 6.87 | 10,122 | 6.95 |
| Property investment | 物業投資 | 1,193 | 67.46 | 1,893 | 70.86 |
| Wholesale and retail trade | 批發與零售業 | 2,187 | 63.26 | 830 | 95.31 |
| Manufacturing | 製造業 | 2,889 | 51.72 | 1,893 | 52.64 |
| Others | 其他 | 3,748 | 15.73 | 3,080 | 8.42 |
| | | 21,081 | 23.87 | 17,818 | 22.97 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

26. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED) 客戶貸款及其他賬項(續)

Individually impaired loans, as well as relevant information, in respect of industry sectors which constitute 10% or more of total advances to customers are as follows:

以下按行業分類並佔客戶貸款總額百分之十或以上的貸款中，已個別減值的貸款、以及相關資料如下：

| | | The Group 集團 | | The Bank 銀行 | | | |
|-------|--|--------------|-------------|-------------|---------|-----|-----|
| | | 2011 | 2010 | 2011 | 2010 | | |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | | |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | | |
| (i) | Property development | (i) | 物業發展 | | | | |
| a. | Individually impaired loans | a. | 已個別減值的貸款 | 274 | 528 | 264 | 487 |
| b. | Individual impairment allowance | b. | 個別減值準備 | 39 | 58 | 29 | 48 |
| c. | Collective impairment allowance | c. | 整體減值準備 | 61 | 64 | 38 | 48 |
| d. | Provision charged to income statement | d. | 於收益表支銷的準備 | | | | |
| | – individual impairment loss | | – 個別減值損失 | 11 | 169 | 10 | 169 |
| | – collective impairment loss | | – 整體減值損失 | 16 | 22 | 7 | 16 |
| e. | Written off | e. | 撇銷 | 7 | 114 | 5 | 112 |
| (ii) | Property investment | (ii) | 物業投資 | | | | |
| a. | Individually impaired loans | a. | 已個別減值的貸款 | 388 | 441 | 181 | 209 |
| b. | Individual impairment allowance | b. | 個別減值準備 | 35 | 67 | 21 | 24 |
| c. | Collective impairment allowance | c. | 整體減值準備 | 226 | 266 | 156 | 192 |
| d. | Provision charged to income statement | d. | 於收益表支銷的準備 | | | | |
| | – individual impairment loss | | – 個別減值損失 | 29 | 87 | 21 | 32 |
| | – collective impairment loss | | – 整體減值損失 | 87 | 82 | 74 | 62 |
| e. | Written off | e. | 撇銷 | 18 | 27 | 12 | 7 |
| (iii) | Loans for purchase of residential properties | (iii) | 購買其他住宅物業的貸款 | | | | |
| a. | Individually impaired loans | a. | 已個別減值的貸款 | 238 | 102 | 232 | 94 |
| b. | Individual impairment allowance | b. | 個別減值準備 | – | – | – | – |
| c. | Collective impairment allowance | c. | 整體減值準備 | 56 | 46 | 37 | 41 |
| d. | Provision charged to income statement | d. | 於收益表支銷的準備 | | | | |
| | – individual impairment loss | | – 個別減值損失 | 1 | 3 | 1 | 1 |
| | – collective impairment loss | | – 整體減值損失 | 20 | 24 | 7 | 19 |
| e. | Written off | e. | 撇銷 | 1 | 3 | 1 | 1 |
| (iv) | Wholesale and retail trade | (iv) | 批發與零售業 | | | | |
| a. | Individually impaired loans | a. | 已個別減值的貸款 | 170 | 117 | 78 | 94 |
| b. | Individual impairment allowance | b. | 個別減值準備 | 73 | 43 | 42 | 43 |
| c. | Collective impairment allowance | c. | 整體減值準備 | 89 | 76 | 54 | 58 |
| d. | Provision charged to income statement | d. | 於收益表支銷的準備 | | | | |
| | – individual impairment loss | | – 個別減值損失 | 63 | 35 | 26 | 35 |
| | – collective impairment loss | | – 整體減值損失 | 30 | 22 | 12 | 18 |
| e. | Written off | e. | 撇銷 | 30 | 96 | 29 | 96 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(d) Advances to customers – by geographical areas

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

(d) 客戶貸款–按區域分類

客戶貸款總額按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。

| | | The Group 集團 2011 | | | | |
|---|-------------|--------------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|
| | | Total advances to customers | Advances overdue for over three months 逾期3個月以上的 | Impaired advances to customers | Individual impairment allowance | Collective impairment allowance |
| | | 客戶貸款總額 HK\$ Mn 港幣百萬元 | 客戶貸款 HK\$ Mn 港幣百萬元 | 減值客戶貸款 HK\$ Mn 港幣百萬元 | 個別減值準備 HK\$ Mn 港幣百萬元 | 整體減值準備 HK\$ Mn 港幣百萬元 |
| Hong Kong | 香港 | 149,309 | 179 | 558 | 66 | 254 |
| People's Republic of China | 中華人民共和國 | 136,366 | 21 | 216 | 24 | 204 |
| Other Asian Countries | 其他亞洲國家 | 15,625 | 20 | 33 | 24 | 131 |
| Others | 其他 | 20,590 | 31 | 668 | 91 | 174 |
| Total | 總額 | 321,890 | 251 | 1,475 | 205 | 763 |
| % of total advances to customers | 佔客戶貸款總額的百分比 | | | 0.46% | | |
| Market value of security held against impaired advances to customers | 減值貸款抵押品市值 | | | 3,267 | | |

| | | The Group 集團 2010 | | | | |
|---|-------------|--------------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|
| | | Total advances to customers | Advances overdue for over three months 逾期3個月以上的 | Impaired advances to customers | Individual impairment allowance | Collective impairment allowance |
| | | 客戶貸款總額 HK\$ Mn 港幣百萬元 | 客戶貸款 HK\$ Mn 港幣百萬元 | 減值客戶貸款 HK\$ Mn 港幣百萬元 | 個別減值準備 HK\$ Mn 港幣百萬元 | 整體減值準備 HK\$ Mn 港幣百萬元 |
| Hong Kong | 香港 | 145,109 | 183 | 337 | 77 | 284 |
| People's Republic of China | 中華人民共和國 | 118,898 | 53 | 222 | 27 | 145 |
| Other Asian Countries | 其他亞洲國家 | 12,061 | 55 | 101 | 62 | 149 |
| Others | 其他 | 20,976 | 105 | 932 | 116 | 241 |
| Total | 總額 | 297,044 | 396 | 1,592 | 282 | 819 |
| % of total advances to customers | 佔客戶貸款總額的百分比 | | | 0.54% | | |
| Market value of security held against impaired advances to customers | 減值貸款抵押品市值 | | | 3,223 | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

26. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED) 客戶貸款及其他賬項(續)

(d) Advances to customers – by geographical areas (continued)

(d) 客戶貸款–按區域分類(續)

| | | The Bank 銀行 2011 | | | | |
|---|-------------|--------------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|
| | | Total advances to customers | Advances overdue for over three months 逾期3個月以上的 客戶貸款 | Impaired advances to customers | Individual impairment allowance | Collective impairment allowance |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| | | 客戶貸款總額 | 客戶貸款 | 減值客戶貸款 | 個別減值準備 | 整體減值準備 |
| Hong Kong | 香港 | 133,412 | 158 | 526 | 56 | 226 |
| People's Republic of China | 中華人民共和國 | 34,724 | 5 | 129 | 1 | 48 |
| Other Asian Countries | 其他亞洲國家 | 14,432 | 20 | 32 | 24 | 129 |
| Others | 其他 | 15,355 | 14 | 447 | 49 | 132 |
| Total | 總額 | 197,923 | 197 | 1,134 | 130 | 535 |
| % of total advances to customers | 佔客戶貸款總額的百分比 | | | 0.57% | | |
| Market value of security held against impaired advances to customers | 減值貸款抵押品市值 | | | 2,694 | | |

| | | The Bank 銀行 2010 | | | | |
|---|-------------|--------------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|
| | | Total advances to customers | Advances overdue for over three months 逾期3個月以上的 客戶貸款 | Impaired advances to customers | Individual impairment allowance | Collective impairment allowance |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| | | 客戶貸款總額 | 客戶貸款 | 減值客戶貸款 | 個別減值準備 | 整體減值準備 |
| Hong Kong | 香港 | 128,124 | 161 | 303 | 66 | 264 |
| People's Republic of China | 中華人民共和國 | 30,691 | 10 | 173 | 27 | 63 |
| Other Asian Countries | 其他亞洲國家 | 10,786 | 55 | 101 | 62 | 148 |
| Others | 其他 | 15,612 | 90 | 691 | 71 | 179 |
| Total | 總額 | 185,213 | 316 | 1,268 | 226 | 654 |
| % of total advances to customers | 佔客戶貸款總額的百分比 | | | 0.68% | | |
| Market value of security held against impaired advances to customers | 減值貸款抵押品市值 | | | 2,733 | | |

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis. The above information by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk.

減值貸款及墊款是個別出現客觀減值證據而須個別評估的貸款。以上按國家或區域分類的資料，是根據交易對手的所在地並已顧及轉移風險因素。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(e) Advances to customers – net investment in finance leases

Advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

(e) 客戶貸款– 融資租賃的淨投資額

客戶貸款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

| | | The Group and The Bank 集團及銀行 | | | | | |
|---|-----------|---|--|---------------------------------------|---|--|---------------------------------------|
| | | 2011 | | | 2010 | | |
| | | Present value of the minimum lease payments | Interest income relating to future periods | Total minimum lease payments | Present value of the minimum lease payments | Interest income relating to future periods | Total minimum lease payments |
| | | 最低租賃 付款現值 | 相關未來 利息收入 | 最低租賃 付款總額 | 最低租賃 付款現值 | 相關未來 利息收入 | 最低租賃 付款總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Amounts receivable: | 應收賬款： | | | | | | |
| Within one year | 1年以內 | 1,157 | 155 | 1,312 | 1,045 | 137 | 1,182 |
| After one year but within five years | 1年以後至5年內 | 1,506 | 206 | 1,712 | 1,391 | 201 | 1,592 |
| After five years | 5年以後 | 2,023 | 262 | 2,285 | 2,096 | 272 | 2,368 |
| | | 4,686 | 623 | 5,309 | 4,532 | 610 | 5,142 |
| Less: Individual impairment allowances | 減：個別減值準備 | (1) | | | (6) | | |
| Net investment in finance leases | 融資租賃的淨投資額 | 4,685 | | | 4,526 | | |

The net investment in finance leases is carried on the statement of financial position as a receivable. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作應收賬計入財務狀況表，但並無應計未來相關的利息收入。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

27. AVAILABLE-FOR-SALE FINANCIAL ASSETS 可供出售金融資產

| | | The Group 集團 | | The Bank 銀行 | |
|---|-----------------------------|--------------|---------|-------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Treasury bills (including Exchange Fund Bills) (Note 44(c)) | 國庫債券(包括外匯基金票據) (附註44(c)) | 14,106 | 6,744 | 14,095 | 6,704 |
| Certificates of deposit held (Note 44(c)) | 持有的存款證(附註44(c)) | 3,120 | 2,152 | 1,931 | 1,345 |
| Debt securities (Note 44(c)) | 債務證券(附註44(c)) | 25,671 | 29,271 | 11,641 | 11,911 |
| Equity securities | 股份證券 | 1,910 | 2,290 | 878 | 982 |
| Investment funds | 投資基金 | 103 | 322 | 84 | 220 |
| | | 44,910 | 40,779 | 28,629 | 21,162 |
| Issued by: | 發行機構: | | | | |
| Central governments and central banks | 中央政府和中央銀行 | 17,751 | 11,882 | 15,184 | 8,244 |
| Public sector entities | 公營機構 | 1,917 | 3,726 | - | 1 |
| Banks and other financial institutions | 銀行及其他金融機構 | 14,202 | 14,861 | 8,419 | 9,872 |
| Corporate entities | 企業實體 | 10,900 | 10,016 | 4,942 | 2,825 |
| Other entities | 其他實體 | 140 | 294 | 84 | 220 |
| | | 44,910 | 40,779 | 28,629 | 21,162 |
| Analysed by place of listing: | 按上市地區分析: | | | | |
| Listed in Hong Kong | 在香港上市 | 1,761 | 2,249 | 1,114 | 1,565 |
| Listed outside Hong Kong | 在香港以外地區上市 | 6,284 | 6,545 | 3,705 | 4,136 |
| | | 8,045 | 8,794 | 4,819 | 5,701 |
| Unlisted | 非上市 | 36,865 | 31,985 | 23,810 | 15,461 |
| | | 44,910 | 40,779 | 28,629 | 21,162 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

28. HELD-TO-MATURITY INVESTMENTS (NOTE 44(c)) 持至到期投資 (附註44(c))

| | | The Group 集團 | | The Bank 銀行 | |
|---|--------------------|--------------|---------|-------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Treasury bills (including Exchange Fund Bills) | 國庫債券 (包括外匯基金票據) | 445 | 64 | 445 | 64 |
| Certificates of deposit held | 持有的存款證 | 1,165 | 1,288 | 1,107 | 1,106 |
| Debt securities | 債務證券 | 2,988 | 4,362 | 1,339 | 2,596 |
| | | 4,598 | 5,714 | 2,891 | 3,766 |
| Less: Impairment allowances | 減: 減值準備 | (11) | - | (11) | - |
| | | 4,587 | 5,714 | 2,880 | 3,766 |
| Issued by: | 發行機構: | | | | |
| Central governments and central banks | 中央政府和中央銀行 | 1,372 | 1,506 | 1,368 | 1,506 |
| Public sector entities | 公營機構 | 428 | 455 | 169 | 172 |
| Banks and other financial institutions | 銀行及其他金融機構 | 2,335 | 2,897 | 1,243 | 1,737 |
| Corporate entities | 企業實體 | 452 | 856 | 100 | 351 |
| | | 4,587 | 5,714 | 2,880 | 3,766 |
| Analysed by place of listing: | 按上市地區分析: | | | | |
| Listed in Hong Kong | 在香港上市 | 289 | 948 | 216 | 824 |
| Listed outside Hong Kong | 在香港以外地區上市 | 2,192 | 2,548 | 1,522 | 1,861 |
| | | 2,481 | 3,496 | 1,738 | 2,685 |
| Unlisted | 非上市 | 2,106 | 2,218 | 1,142 | 1,081 |
| | | 4,587 | 5,714 | 2,880 | 3,766 |
| Fair value: | 公平價值: | | | | |
| Listed securities | 上市證券 | 2,549 | 3,614 | 1,778 | 2,750 |
| Unlisted securities | 非上市證券 | 2,109 | 2,237 | 1,144 | 1,086 |
| | | 4,658 | 5,851 | 2,922 | 3,836 |

Movement of impairment allowances

減值準備的變動

| | | The Group 集團 | | The Bank 銀行 | |
|---------------------|---------|--------------|---------|-------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January | 於1月1日 | - | 38 | - | 38 |
| Charge for the year | 年度內支銷 | 11 | - | 11 | - |
| Write-off | 撇銷 | - | (38) | - | (38) |
| At 31st December | 於12月31日 | 11 | - | 11 | - |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

28. HELD-TO-MATURITY INVESTMENTS (NOTE 44(C)) (CONTINUED) 持至到期投資(附註44(C))(續)

Reclassification of Available-for-sale Financial Assets

On 1st January, 2009, the management have assessed the intention and ability to hold to maturity the Group's available-for-sale financial assets. Based on this assessment, the management concluded that they have the positive intention and ability to hold them to maturity and therefore have reclassified the portfolio from the available-for-sale category to held-to-maturity. The amount reclassified on the date of reclassification was HK\$676 million.

There are no unrealised gains and losses arising from changes in fair value recognised in the investment revaluation reserve during the year.

The net unamortised revaluation deficit was HK\$12.2 million (2010: HK\$18.5 million).

The unamortised revaluation surplus or deficit of individual investments reclassified shall be amortised to the income statement over the respective remaining life of investment using the effective interest method. The net unamortisation during the year was HK\$6.3 million (2010: HK\$0.5 million).

重新分類可供出售金融資產

於2009年1月1日，管理層已評估對本集團之可供出售金融資產持有至到期日的意向和能力。根據此評估，管理層決定他們有正面的意向和能力持有至到期日，因此，已將組合由可供出售類別重新分類為持至到期。於重新分類日所重新分類的金額為港幣676,000,000元。

年度內並無源自公平價值變動而產生的未實現盈虧在投資重估儲備內確認。

未攤銷重估虧損淨額為港幣12,200,000元(2010年：港幣18,500,000元)。

個別已重新分類投資的未攤銷重估盈餘或虧損將採用有效利率方法按有關投資的尚餘年期在收益表內分攤。年度內攤銷的金額為港幣6,300,000元(2010年：港幣500,000元)。

29. INVESTMENTS IN SUBSIDIARIES 附屬公司投資

| | | The Bank 銀行 | |
|-----------------------------|-----------|--------------------|---------|
| | | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 |
| Unlisted shares, at cost | 非上市股份(原值) | 13,987 | 13,952 |
| Less: Impairment allowances | 減：減值準備 | (233) | (233) |
| | | 13,754 | 13,719 |

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.

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。此等股份屬普通股股份。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Details of these companies are as follows:

此等公司的詳情如下：

| Name of company 公司名稱 | Place of incorporation and operation 註冊及營業地點 | Issued and paid-up capital 已發行及繳足股本 | % Held by | | Nature of business 業務性質 |
|--|---|--|---------------------|----------------------|--|
| | | | The Bank 本銀行所佔權益 | The Group 本集團所佔權益 | |
| Ample Delight Limited 承悅有限公司 | Hong Kong 香港 | HK\$港幣450,000,000元 | | 100% | Investment holding 投資控股 |
| Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司 | Hong Kong 香港 | HK\$港幣150,000,000元 | 100% | | Trustee 信託服務 |
| BEA Life Limited 東亞人壽保險有限公司 | Hong Kong 香港 | HK\$港幣500,000,000元 | 100% | | Life insurance 人壽 |
| BEA Union Investment Management Limited 東亞聯豐投資管理有限公司 | Hong Kong 香港 | HK\$港幣374,580,000元 | 51% | | Asset management 資產管理 |
| BEA Wealth Management Services (Taiwan) Limited 東亞證券股份有限公司 | Taiwan, Republic of China 台灣·中華民國 | NTD新台幣273,200,000元 | | 100% | Wealth management services 財富管理服務 |
| Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司 | Hong Kong 香港 | HK\$港幣750,000,000元 | 100% | | Insurance 保險 |
| Central Town Limited 滙中興業有限公司 | Hong Kong 香港 | HK\$港幣2元 | 100% | | Property investment 物業投資 |
| Century Able Limited 階潤有限公司 | Hong Kong 香港 | HK\$港幣929,752,849元 | | 100% | Investment holding 投資控股 |
| Corona Light Limited | BVI 英屬處女群島 | HK\$港幣929,752,849元 | | 100% | Investment holding 投資控股 |
| Credit Gain Finance Company Limited 領達財務有限公司 | Hong Kong 香港 | HK\$港幣1元 | 100% | | Money lenders 放債人 |
| Crystal Gleaming Limited | BVI 英屬處女群島 | HK\$港幣929,752,849元 | 100% | | Investment holding 投資控股 |
| EA China Finance Limited | BVI 英屬處女群島 | US\$6,970,000美元 | | 100% | Inactive 非活躍 |
| East Asia Electronic Data Processing (Guangzhou) Limited 東亞電子資料處理(廣州)有限公司 | PRC 中華人民共和國 | US\$3,000,000美元 | | 100% | Servicing 服務性 |
| East Asia Futures Limited 東亞期貨有限公司 | Hong Kong 香港 | HK\$港幣25,000,000元 | 100% | | Futures and options trading 期貨及期權買賣 |
| *East Asia Holding Company, Inc. | U.S.A. 美國 | US\$5美元 | 100% | | Bank holding company 銀行控股公司 |
| East Asia Indonesian Holdings Limited | Seychelles 塞舌爾 | US\$100,000美元 | | 100% | Investment holding 投資控股 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

29. INVESTMENTS IN SUBSIDIARIES (CONTINUED) 附屬公司投資(續)

| Name of company 公司名稱 | Place of incorporation and operation 註冊及營業地點 | Issued and paid-up capital 已發行及繳足股本 | % Held by | | Nature of business 業務性質 |
|--|---|---|---------------------|----------------------|--|
| | | | The Bank 本銀行所佔權益 | The Group 本集團所佔權益 | |
| East Asia Investments Holdings (BVI) Ltd. | BVI 英屬處女群島 | HK\$港幣186,038,725元 | 100% | | Investment holding 投資控股 |
| East Asia Secretaries (BVI) Limited | BVI 英屬處女群島 | HK\$港幣300,000,000元 | | 75.61% | Investment holding 投資控股 |
| East Asia Securities Company Limited 東亞證券有限公司 | Hong Kong 香港 | HK\$港幣25,000,000元 | 100% | | Securities broking 證券買賣 |
| East Asia Strategic Holdings Limited | BVI 英屬處女群島 | US\$50,000,000美元 | 100% | | Investment holding 投資控股 |
| Innovate Holdings Limited | BVI 英屬處女群島 | US\$1美元(Ordinary 普通股) US\$500,000,000美元 (with a liquidation preference of US\$1,000 per share 附有每股1,000美元之清盤優先權) | 100% | | Special purpose vehicle company 特定目的投資工具 |
| Keen Sight Development Limited | BVI 英屬處女群島 | US\$26,200,000美元 | 100% | | Investment holding 投資控股 |
| Powerhouse Worldwide Limited | BVI 英屬處女群島 | US\$26,200,000美元 | | 100% | Investment holding 投資控股 |
| Skyray Holdings Limited | BVI 英屬處女群島 | HK\$港幣450,000,000元 | 100% | | Investment holding 投資控股 |
| Speedfull Limited | BVI 英屬處女群島 | HK\$港幣450,000,000元 | | 100% | Investment holding 投資控股 |
| The Bank of East Asia (China) Limited (Note 1) 東亞銀行(中國)有限公司(附註1) | PRC 中華人民共和國 | CNY人民幣8,000,000,000元 | 100% | | Banking and related financial services 銀行及有關的金融服務 |
| *The Bank of East Asia (U.S.A.) N.A. *美國東亞銀行 | U.S.A. 美國 | US\$4,500美元 | | 100% | Banking 銀行 |
| Tricor Consultancy (Beijing) Limited (Note 1) 東亞卓佳諮詢(北京)有限公司(附註1) | PRC 中華人民共和國 | US\$1,850,000美元 | | 75.61% | Business consultancy in China 國內商業諮詢 |
| Tricor Holdings Limited | BVI 英屬處女群島 | US\$7,001美元 | | 75.61% | Investment holding 投資控股 |
| Tricor Holdings Pte. Ltd. | Singapore 新加坡 | S\$新加坡幣5,000,002元 | | 75.61% | Investment holding 投資控股 |
| Tricor Investor Services Limited 卓佳證券登記有限公司 | Hong Kong 香港 | HK\$港幣2元 | | 75.61% | Investor services 投資者服務 |
| Tricor Services Limited 卓佳專業商務有限公司 | Hong Kong 香港 | HK\$港幣2元 | | 75.61% | Business, corporate and investor services 商務、企業及投資者服務 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| Name of company 公司名稱 | Place of incorporation and operation 註冊及營業地點 | Issued and paid-up capital 已發行及繳足股本 | % Held by | | Nature of business 業務性質 |
|---|---|--|---------------------|----------------------|--|
| | | | The Bank 本銀行所佔權益 | The Group 本集團所佔權益 | |
| Tricor Services (BVI) Limited | BVI 英屬處女群島 | US\$250,000美元 | | 75.61% | Registered agent and trustee services 註冊代理及信託服務 |
| Tricor Services (Malaysia) Sdn. Bhd. | Malaysia 馬來西亞 | RM馬幣5,672,484元 | | 68.05% | Investment holding 投資控股 |
| Tung Shing Holdings Company Limited 東盛控股有限公司 | BVI 英屬處女群島 | US\$20,000,000美元 | 100% | | Investment holding 投資控股 |

Notes:

- Represents a wholly foreign owned enterprise.
- BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

* Companies not audited by KPMG. The accounts of the subsidiaries not audited by KPMG reflect total net assets and total income constituting approximately 1.2% and 1.9% respectively of the related consolidated totals.

附註:

- 指一全資擁有外資企業。

* 非由畢馬威會計師事務所稽核的公司。非由畢馬威會計師事務所稽核的附屬公司賬項之資產總額及收入總額分別佔相關綜合總額的1.2%及1.9%。

30. INVESTMENTS IN ASSOCIATES 聯營公司投資

| | | The Group 集團 | | The Bank 銀行 | |
|-----------------------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| Listed shares, at cost | 上市股份(原值) | - | - | 2,040 | 2,040 |
| Unlisted shares, at cost | 非上市股份(原值) | - | - | 426 | 364 |
| Share of net assets | 應佔淨資產 | 3,569 | 3,322 | - | - |
| Goodwill | 商譽 | 251 | 251 | - | - |
| | | 3,820 | 3,573 | 2,466 | 2,404 |
| Less: Impairment allowances | 減: 減值準備 | - | - | - | (14) |
| | | 3,820 | 3,573 | 2,466 | 2,390 |

Loans to associates amounting to HK\$233 million (2010: HK\$44 million) are included under placements with banks and other financial institutions (2010: advances to customers).

Share of associates' taxation for the year amounted to HK\$148 million (2010: HK\$109 million).

Shareholdings in associates held by the Bank include listed investments of HK\$2,040 million (2010: HK\$2,040 million). As at the balance sheet date, the fair value of these investments held by the Group, based on quoted market prices, was HK\$2,652 million (2010: HK\$2,738 million).

聯營公司貸款共港幣233,000,000元(2010年: 港幣44,000,000元)已包括在在銀行及其他金融機構的存款(2010年: 客戶貸款)。

年度內應佔聯營公司稅項為港幣148,000,000元(2010年: 港幣109,000,000元)。

本行持有之聯營公司股權包括上市投資港幣2,040,000,000元, (2010年: 港幣2,040,000,000元)。於結算日, 本集團所持此等投資按市場報價計算之公平價值為港幣2,652,000,000元(2010年: 港幣2,738,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

30. INVESTMENTS IN ASSOCIATES (CONTINUED) 聯營公司投資(續)

The following list contains only the particulars of associates which principally affected the results or assets of the Group:

以下摘要只包括對本集團的業績或資產有重大影響的聯營公司：

| Name of company 公司名稱 | Place of incorporation and operation 註冊及營業地點 | % of ordinary shares held by 普通股 | | Nature of business 業務性質 |
|--|--|--|---------------------|--|
| | | The Bank 銀行所佔權益 | The Group 集團所佔權益 | |
| Listed 上市 | | | | |
| AFFIN Holdings Berhad | Malaysia 馬來西亞 | 23.52% | | Investment holding 投資控股 |
| Unlisted 非上市 | | | | |
| Dolford Property Holdings Limited | BVI 英屬處女群島 | | 30% | Investment holding 投資控股 |
| Founder BEA Trust Company Limited 方正東亞信託有限公司 | PRC 中華人民共和國 | 19.99% | | Trust and other financial businesses 信託及其他金融資產 |
| Industrial and Commercial Bank of China (Canada) 中國工商銀行(加拿大)有限公司 | Canada 加拿大 | 20% | | Banking services 銀行服務 |
| Platinum Holdings Company Limited | Cayman Islands 開曼群島 | 29.99% | | Investment holding 投資控股 |
| PT. Bank Resona Perdania | Indonesia 印尼 | | 30% | Banking and related financial services 銀行及有關金融服務 |
| TCL Finance Co., Ltd. TCL 集團財務有限公司 | PRC 中華人民共和國 | 20% | | Financial services and cash management 金融服務及現金管理 |

Notes: BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

Summary financial information on associates

聯營公司財務資料摘要

| | | Assets 資產 HK\$ Mn 港幣百萬元 | Liabilities 負債 HK\$ Mn 港幣百萬元 | Equity 股東權益 HK\$ Mn 港幣百萬元 | Revenue 收入 HK\$ Mn 港幣百萬元 | Profit 溢利 HK\$ Mn 港幣百萬元 |
|----------------------------|----------|----------------------------------|---------------------------------------|------------------------------------|-----------------------------------|----------------------------------|
| 2011 | | | | | | |
| 100 per cent | 百分之一百 | 143,878 | 126,984 | 16,894 | 4,482 | 1,765 |
| Group's effective interest | 本集團的有效權益 | 33,621 | 30,052 | 3,569 | 1,074 | 435 |
| 2010 | | | | | | |
| 100 per cent | 百分之一百 | 133,531 | 117,319 | 16,212 | 4,453 | 1,475 |
| Group's effective interest | 本集團的有效權益 | 31,267 | 27,945 | 3,322 | 1,062 | 341 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

31. GOODWILL AND INTANGIBLE ASSETS 商譽及無形資產

Goodwill and intangible assets include goodwill arising on business combinations and acquired intangible assets. Acquired intangible assets include core deposits which are amortised over their estimated economic useful life of ten years, and naming rights.

商譽及無形資產包括因業務合併產生的商譽及購入無形資產。購入無形資產包括核心存款及命名權，並按其估計經濟使用期10年攤銷。

| | | The Group 集團 | | The Bank 銀行 | |
|----------------------------|--------|--------------|---------|-------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Goodwill | 商譽 | 2,882 | 2,822 | 1,460 | 1,460 |
| Acquired intangible assets | 購入無形資產 | 1,333 | 1,366 | - | - |
| | | 4,215 | 4,188 | 1,460 | 1,460 |

(a) Goodwill

(a) 商譽

| | | The Group 集團 | | The Bank 銀行 | |
|---|------------|--------------|---------|-------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January | 於1月1日 | 2,822 | 2,738 | 1,460 | 1,460 |
| Additions through acquisition of subsidiaries | 經收購附屬公司的增置 | 68 | 47 | - | - |
| Exchange adjustments | 匯兌調整 | (8) | 37 | - | - |
| At 31st December | 於12月31日 | 2,882 | 2,822 | 1,460 | 1,460 |

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segments as follows:

包含商譽的現金生產單位之減值測試

本集團按業務分部分配商譽予可辨別的現金生產單位如下：

| | | 2011 | 2010 |
|--------------------|------|---------|---------|
| | | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 |
| Personal banking | 個人銀行 | 849 | 849 |
| Corporate banking | 企業銀行 | 453 | 453 |
| Treasury markets | 財資市場 | 158 | 158 |
| Corporate services | 企業服務 | 1,210 | 1,183 |
| Others | 其他 | 212 | 179 |
| | | 2,882 | 2,822 |

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流作估計。超過5年期間的現金流按下述的估計利率作推斷。增長率不可超過該現金生產單位所經營業務的長期平均增長率。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

31. GOODWILL AND INTANGIBLE ASSETS (CONTINUED) 商譽及無形資產(續)

The pre-tax discount rate used for value-in-use calculations is 10%–12.28% (2010: 17.14%) and the long-term growth rate is 2%–10% (2010: 3%–10%).

Management determined the budgeted net profit based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the internal forecasts.

(b) Intangible assets (other than goodwill)

Intangible assets include acquired core deposits. Intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(k)(iv)).

Amortisation of intangible assets with finite useful lives is charged to the income statement over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:

Acquired core deposits 10 years

Naming rights over the shorter of the lease period of building or land

Both the period and method of amortisation are reviewed annually.

用於計算使用價值的除稅前折扣率為10%–12.28% (2010: 17.14%) 及長期增長率為2%–10% (2010: 3%–10%)。

管理層根據過往表現及預計市場發展以釐定預算淨溢利。所採用的加權平均增長率與內部預測是一致的。

(b) 無形資產(商譽除外)

無形資產包括購入核心存款。無形資產按成本減除累計攤銷及減值損失列賬(附註2(k)(iv))。

有限定可用期的無形資產按其估計可用期於收益表內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

購入核心存款為10年

冠名權按建築物或土地兩者較短的租賃期

每年須檢討其期限及攤銷方法。

| | | The Group 集團 | | The Bank 銀行 | |
|---|-------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Cost | 成本 | | | | |
| At 1st January | 於1月1日 | 1,433 | 1,418 | – | – |
| Additions through acquisition of subsidiaries | 經收購附屬公司的增置 | – | 14 | – | – |
| Exchange and other adjustments | 匯兌調整 | – | 1 | – | – |
| At 31st December | 於12月31日 | 1,433 | 1,433 | – | – |
| Accumulated amortisation | 累計攤銷 | | | | |
| At 1st January | 於1月1日 | (67) | (21) | – | – |
| Amortisation charge for the year (Note 11) | 年度內攤銷(附註11) | (33) | (34) | – | – |
| Additions through acquisition of subsidiaries | 經收購附屬公司的增置 | – | (12) | – | – |
| At 31st December | 於12月31日 | (100) | (67) | – | – |
| Carrying amount at 31st December | 於12月31日賬面值 | 1,333 | 1,366 | – | – |

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

32. FIXED ASSETS 固定資產

| | | 2011 The Group 集團 | | | | |
|---|----------------------|--------------------------|------------------|---|-----------|---------|
| | | Investment properties | Bank premises | Furniture, fixtures and equipment 傢俬、裝修 及設備 | Sub-total | Total |
| | | 投資物業 | 行址 | 及設備 | 小計 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Cost or valuation | 成本或估值 | | | | | |
| At 1st January, 2011 | 於2011年1月1日 | 2,574 | 9,031 | 4,160 | 13,191 | 15,765 |
| Additions | 增置 | - | 61 | 506 | 567 | 567 |
| Additions through acquisition | 經收購的增置 | - | - | 3 | 3 | 3 |
| Revaluation surplus | 重估盈餘 | 404 | - | - | - | 404 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資物業 | - | 14 | - | 14 | 14 |
| Transfer from bank premises to investment properties | 由行址轉入投資物業 | 25 | (25) | - | (25) | - |
| Redevelopment cost | 重建成本 | 8 | 10 | - | 10 | 18 |
| Disposals | 出售 | (94) | (306) | (161) | (467) | (561) |
| Exchange adjustments | 匯兌調整 | 23 | 206 | 55 | 261 | 284 |
| At 31st December, 2011 | 於2011年12月31日 | 2,940 | 8,991 | 4,563 | 13,554 | 16,494 |
| Accumulated depreciation and amortisation | 累計折舊及攤銷 | | | | | |
| At 1st January, 2011 | 於2011年1月1日 | - | 877 | 2,474 | 3,351 | 3,351 |
| Additions through acquisition | 經收購的增置 | - | - | 2 | 2 | 2 |
| Charge for the year (Note 11) | 年度內支銷(附註11) | - | 164 | 472 | 636 | 636 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資物業 | - | (2) | - | (2) | (2) |
| Write back on disposals | 出售時回撥 | - | (45) | (137) | (182) | (182) |
| Exchange adjustments | 匯兌調整 | - | 18 | 32 | 50 | 50 |
| At 31st December, 2011 | 於2011年12月31日 | - | 1,012 | 2,843 | 3,855 | 3,855 |
| Net book value at 31st December, 2011 | 賬面淨值 於2011年12月31日 | 2,940 | 7,979 | 1,720 | 9,699 | 12,639 |
| The gross amounts of the above assets are stated: | 上述資產的總額列示如下: | | | | | |
| At cost | 按成本 | - | 8,178 | 4,563 | 12,741 | 12,741 |
| At Directors' valuation - 1989 | 按董事估值 - 1989年 | - | 813 | - | 813 | 813 |
| At professional valuation - 2011 | 按專業估值 - 2011年 | 2,940 | - | - | - | 2,940 |
| | | 2,940 | 8,991 | 4,563 | 13,554 | 16,494 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

| | | Investment properties | Bank premises | 2011 The Bank 銀行 Furniture, fixtures and equipment 傢俬、裝修 及設備 | Sub-total | Total |
|--|----------------------|--------------------------|------------------|--|-----------|---------|
| | | 投資物業 | 行址 | 及設備 | 小計 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Cost or valuation | 成本或估值 | | | | | |
| At 1st January, 2011 | 於2011年1月1日 | 2,173 | 4,081 | 2,430 | 6,511 | 8,684 |
| Additions | 增置 | - | - | 219 | 219 | 219 |
| Revaluation surplus | 重估盈餘 | 338 | - | - | - | 338 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資 物業 | - | 9 | - | 9 | 9 |
| Transfer from bank premises to investment properties | 由行址轉入投資物業 | 13 | (13) | - | (13) | - |
| Redevelopment cost | 重建成本 | 3 | 10 | - | 10 | 13 |
| Disposals | 出售 | (94) | (8) | (72) | (80) | (174) |
| Exchange adjustments | 匯兌調整 | - | (8) | (1) | (9) | (9) |
| At 31st December, 2011 | 於2011年12月31日 | 2,433 | 4,071 | 2,576 | 6,647 | 9,080 |
| Accumulated depreciation and amortisation | 累計折舊及攤銷 | | | | | |
| At 1st January, 2011 | 於2011年1月1日 | - | 398 | 1,595 | 1,993 | 1,993 |
| Charge for the year | 年度內支銷 | - | 49 | 221 | 270 | 270 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資 物業 | - | (2) | - | (2) | (2) |
| Write back on disposals | 出售時回撥 | - | (1) | (57) | (58) | (58) |
| Exchange adjustments | 匯兌調整 | - | - | (1) | (1) | (1) |
| At 31st December, 2011 | 於2011年12月31日 | - | 444 | 1,758 | 2,202 | 2,202 |
| Net book value at 31st December, 2011 | 賬面淨值於 2011年12月31日 | 2,433 | 3,627 | 818 | 4,445 | 6,878 |
| The gross amounts of the above assets are stated: | 上述資產的總額列示 如下: | | | | | |
| At cost | 按成本 | - | 3,258 | 2,576 | 5,834 | 5,834 |
| At Directors' valuation - 1989 | 按董事估值 - 1989年 | - | 813 | - | 813 | 813 |
| At professional valuation - 2011 | 按專業估值 - 2011年 | 2,433 | - | - | - | 2,433 |
| | | 2,433 | 4,071 | 2,576 | 6,647 | 9,080 |

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

| | | 2010 The Group 集團 | | | | |
|--|----------------------|--------------------------|------------------------|---|------------------------|------------------------|
| | | Investment properties | Bank premises | Furniture, fixtures and equipment 傢俬、裝修 及設備 | Sub-total | Total |
| | | 投資物業 HK\$ Mn 港幣百萬元 | 行址 HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | 小計 HK\$ Mn 港幣百萬元 | 總額 HK\$ Mn 港幣百萬元 |
| Cost or valuation | 成本或估值 | | | | | |
| At 1st January, 2010 | 於2010年1月1日 | 2,095 | 8,572 | 3,673 | 12,245 | 14,340 |
| Additions | 增置 | 14 | 313 | 559 | 872 | 886 |
| Additions through acquisition | 經收購的增置 | - | - | 37 | 37 | 37 |
| Revaluation surplus | 重估盈餘 | 426 | - | - | - | 426 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資 物業 | - | 36 | - | 36 | 36 |
| Transfer from bank premises to investment properties | 由行址轉入投資物業 | 26 | (26) | - | (26) | - |
| Redevelopment cost | 重建成本 | 2 | 1 | - | 1 | 3 |
| Disposals | 出售 | - | (83) | (154) | (237) | (237) |
| Exchange adjustments | 匯兌調整 | 11 | 218 | 45 | 263 | 274 |
| At 31st December, 2010 | 於2010年12月31日 | 2,574 | 9,031 | 4,160 | 13,191 | 15,765 |
| Accumulated depreciation and amortisation | 累計折舊及攤銷 | | | | | |
| At 1st January, 2010 | 於2010年1月1日 | - | 775 | 2,098 | 2,873 | 2,873 |
| Additions through acquisition | 經收購的增置 | - | - | 33 | 33 | 33 |
| Charge for the year (Note 11) | 年度內支銷(附註11) | - | 132 | 449 | 581 | 581 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資 物業 | - | (4) | - | (4) | (4) |
| Write back on impairment loss | 減值損失回撥 | - | (2) | - | (2) | (2) |
| Write back on disposals | 出售時回撥 | - | (37) | (131) | (168) | (168) |
| Exchange adjustments | 匯兌調整 | - | 13 | 25 | 38 | 38 |
| At 31st December, 2010 | 於2010年12月31日 | - | 877 | 2,474 | 3,351 | 3,351 |
| Net book value at 31st December, 2010 | 賬面淨值 於2010年12月31日 | 2,574 | 8,154 | 1,686 | 9,840 | 12,414 |
| The gross amounts of the above assets are stated: | 上述資產的總額列示 如下: | | | | | |
| At cost | 按成本 | - | 8,216 | 4,160 | 12,376 | 12,376 |
| At Directors' valuation - 1989 | 按董事估值 - 1989年 | - | 815 | - | 815 | 815 |
| At professional valuation - 2010 | 按專業估值 - 2010年 | 2,574 | - | - | - | 2,574 |
| | | 2,574 | 9,031 | 4,160 | 13,191 | 15,765 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

| | | Investment properties | Bank premises | 2010 The Bank 銀行 Furniture, fixtures and equipment 傢俬、裝修 及設備 | Sub-total | Total |
|---|----------------------|--------------------------|------------------------|--|------------------------|------------------------|
| | | 投資物業 HK\$ Mn 港幣百萬元 | 行址 HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | 小計 HK\$ Mn 港幣百萬元 | 總額 HK\$ Mn 港幣百萬元 |
| Cost or valuation | 成本或估值 | | | | | |
| At 1st January, 2010 | 於2010年1月1日 | 1,798 | 3,949 | 2,255 | 6,204 | 8,002 |
| Additions | 增置 | – | 76 | 224 | 300 | 300 |
| Revaluation surplus | 重估盈餘 | 416 | – | – | – | 416 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資物業 | – | 16 | – | 16 | 16 |
| Transfer from investment properties to bank premises | 由投資物業轉入行址 | (42) | 42 | – | 42 | – |
| Redevelopment cost | 重建成本 | 1 | 2 | – | 2 | 3 |
| Disposals | 出售 | – | (61) | (53) | (114) | (114) |
| Exchange adjustments | 匯兌調整 | – | 57 | 4 | 61 | 61 |
| At 31st December, 2010 | 於2010年12月31日 | 2,173 | 4,081 | 2,430 | 6,511 | 8,684 |
| Accumulated depreciation and amortisation | 累計折舊及攤銷 | | | | | |
| At 1st January, 2010 | 於2010年1月1日 | – | 382 | 1,400 | 1,782 | 1,782 |
| Charge for the year | 年度內支銷 | – | 50 | 238 | 288 | 288 |
| Revaluation of bank premises transferred to investment properties | 行址重估轉入投資物業 | – | (3) | – | (3) | (3) |
| Write back on impairment loss | 減值損失回撥 | – | (2) | – | (2) | (2) |
| Write back on disposals | 出售時回撥 | – | (29) | (45) | (74) | (74) |
| Exchange adjustments | 匯兌調整 | – | – | 2 | 2 | 2 |
| At 31st December, 2010 | 於2010年12月31日 | – | 398 | 1,595 | 1,993 | 1,993 |
| Net book value at 31st December, 2010 | 賬面淨值 於2010年12月31日 | 2,173 | 3,683 | 835 | 4,518 | 6,691 |
| The gross amounts of the above assets are stated: | 上述資產的總額列示如下： | | | | | |
| At cost | 按成本 | – | 3,266 | 2,430 | 5,696 | 5,696 |
| At Directors' valuation – 1989 | 按董事估值 – 1989年 | – | 815 | – | 815 | 815 |
| At professional valuation – 2010 | 按專業估值 – 2010年 | 2,173 | – | – | – | 2,173 |
| | | 2,173 | 4,081 | 2,430 | 6,511 | 8,684 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The net book value of bank premises and investment properties comprises:

行址及投資物業的賬面淨值包括：

| | | The Group 集團 | | | |
|---|------------------|----------------------------------|---------------------|----------------------------------|---------------------|
| | | 2011 | | 2010 | |
| | | Investment properties 投資物業 | Bank premises 行址 | Investment properties 投資物業 | Bank premises 行址 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Freeholds | 永久業權 | | | | |
| Held outside Hong Kong | 在香港以外地區 | 97 | 4,074 | 94 | 4,125 |
| Leaseholds | 租借地 | | | | |
| Held in Hong Kong | 在香港 | | | | |
| On long lease (over 50 years) | 長期租約(50年以上) | 2,127 | 1,646 | 1,877 | 1,653 |
| On medium-term lease (10 – 50 years) | 中期租約 (10至50年) | 313 | 1,335 | 271 | 1,371 |
| Held outside Hong Kong | 在香港以外地區 | | | | |
| On long lease (over 50 years) | 長期租約(50年以上) | - | 62 | - | 178 |
| On medium-term lease (10 – 50 years) | 中期租約 (10至50年) | 403 | 862 | 332 | 827 |
| | | 2,940 | 7,979 | 2,574 | 8,154 |

| | | The Bank 銀行 | | | |
|---|------------------|----------------------------------|---------------------|----------------------------------|---------------------|
| | | 2011 | | 2010 | |
| | | Investment properties 投資物業 | Bank premises 行址 | Investment properties 投資物業 | Bank premises 行址 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Freeholds | 永久業權 | | | | |
| Held outside Hong Kong | 在香港以外地區 | - | 781 | - | 804 |
| Leaseholds | 租借地 | | | | |
| Held in Hong Kong | 在香港 | | | | |
| On long lease (over 50 years) | 長期租約(50年以上) | 1,877 | 1,618 | 1,678 | 1,617 |
| On medium-term lease (10 – 50 years) | 中期租約 (10至50年) | 556 | 1,225 | 495 | 1,259 |
| Held outside Hong Kong | 在香港以外地區 | | | | |
| On long lease (over 50 years) | 長期租約(50年以上) | - | 3 | - | 3 |
| | | 2,433 | 3,627 | 2,173 | 3,683 |

The carrying amount of the bank premises of the Group and the Bank would have been HK\$6,723 million (2010: HK\$7,245 million) and HK\$2,472 million (2010: HK\$2,533 million) respectively had they been stated at cost less accumulated depreciation.

假設本集團及本行以成本減累計折舊入賬，行址的賬面淨值將分別為港幣6,723,000,000元(2010年：港幣7,245,000,000元)及港幣2,472,000,000元(2010年：港幣2,533,000,000元)。

Investment properties were valued by independent valuers. Investment properties in Hong Kong were valued at HK\$2,440 million as at 31st December, 2011 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the accounts as at 31st December, 2011 and it was performed on an open market value basis.

投資物業是按獨立估值師估值。於2011年12月31日，香港投資物業的估值為港幣2,440,000,000元。該等物業由獨立估值師—特許測量師第一太平戴維斯，其僱員具香港測量師學會士資歷並對須估值物業的所在及類別有近期經驗。估值是以公開市場價值為基礎，並已計入2011年12月31日之賬項內。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

32. FIXED ASSETS (CONTINUED) 固定資產(續)

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 10 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

Rental income receivable from investment properties held for use under operating leases amounted to HK\$129 million in 2011 (2010: HK\$92 million). There was no contingent rental recognised during the year 2011 (2010: Nil).

The total future minimum lease payments of bank premises and investment properties held for use under non-cancellable operating leases are receivable as follows:

集團以經營租賃形式租出投資物業。租賃年期通常由1年至10年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

於年內，以經營租賃形式租出的投資物業之應收租金為港幣129,000,000元(2010年：港幣92,000,000元)。2011年年度內未有確認或有租金(2010年：無)。

以不可撤銷經營租賃作出租的行址及投資物業的未來最低應收租賃付款總額如下：

| | | The Group 集團 | | The Bank 銀行 | |
|--------------------------------------|----------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Within one year | 1年以內 | 128 | 108 | 63 | 73 |
| After one year but within five years | 1年以後至5年內 | 123 | 142 | 33 | 60 |
| After five years | 5年以後 | - | 1 | - | - |
| | | 251 | 251 | 96 | 133 |

33. AMOUNTS DUE FROM AND DUE TO SUBSIDIARIES 附屬公司欠款及欠附屬公司款項

During the year, the Bank entered into transactions with certain subsidiaries in the ordinary course of its banking business. Details of the amounts due from and due to subsidiaries are as follows:

於年度內，本行與若干附屬公司有正常的業務交易。附屬公司欠款及欠附屬公司款項詳列如下：

| | | The Bank 銀行 | |
|-------------------------------|---------|---------------|------------------------------|
| | | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | Restated 重報 HK\$ Mn 港幣百萬元 |
| Amounts due from subsidiaries | 附屬公司欠款 | 11,498 | 17,469 |
| Amounts due to subsidiaries | 欠附屬公司款項 | 2,416 | 2,722 |
| | | 9,082 | 14,747 |

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

| | | The Bank 銀行 | |
|---|------------------|---------------|---------------|
| | | 2011 | 2010 |
| | | Restated 重報 | |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Assets: | 資產： | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 545 | 1,850 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 1,582 | 1,982 |
| Trading assets | 交易用途資產 | 248 | 93 |
| Other assets | 其他資產 | 10,292 | 15,026 |
| | | 12,667 | 18,951 |
| Liabilities: | 負債： | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 824 | 1,083 |
| Deposits from customers | 客戶存款 | 2,312 | 2,776 |
| Trading liabilities | 交易用途負債 | 162 | 183 |
| Other liabilities | 其他負債 | 287 | 162 |
| | | 3,585 | 4,204 |
| | | 9,082 | 14,747 |

34. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION
財務狀況表內的所得稅

(a) Current taxation in the statement of financial position represents: (a) 資產負債表內的本期稅項為：

| | | The Group 集團 | | The Bank 銀行 | |
|---|---------------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Provision for Hong Kong profits tax for the year (Note 14(a)) | 本年度香港利得稅準備(附註14(a)) | 250 | 359 | 189 | 279 |
| Impact of leasing partnerships | 合夥租賃的影響 | (189) | - | (189) | - |
| | | 61 | 359 | - | 279 |
| Provisional profits tax paid | 已付暫繳利得稅 | (58) | (55) | - | - |
| | | 3 | 304 | - | 279 |
| Balance of profits tax provision relating to prior years | 以往年度利得稅準備結餘 | 202 | 109 | 156 | 71 |
| Outside Hong Kong taxation | 海外稅項 | 268 | 205 | 141 | 91 |
| | | 473 | 618 | 297 | 441 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

財務狀況表內的所得稅(續)

(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:

(b) 遞延稅項資產及負債確認

確認於綜合財務狀況表中遞延稅項(資產)/負債的組成部分及年內之變動如下:

| | | The Group 集團 | | | | | | |
|---|---------------------|---|---------------------------|---------------------------------------|--|------------|---------|---------|
| Deferred tax arising from: | | Depreciation allowances in excess of related depreciation | Revaluation of properties | Impairment losses on financial assets | Revaluation of available-for-sale securities | Tax losses | Others | Total |
| 遞延稅項源自: | | 超過有關折舊的折舊免稅額 | 物業重估 | 金融資產的減值損失 | 可供出售證券重估 | 稅損 | 其他 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January, 2011 | 於2011年1月1日 | 322 | 145 | (131) | (19) | (147) | (366) | (196) |
| Charged to income statement (Note 14(a)) | 收益表內支銷 (附註14(a)) | 44 | 6 | 34 | - | 123 | 110 | 317 |
| Credited to reserves (Notes 39(c) and (h)) | 存入儲備內 (附註39(c)及(h)) | - | (3) | - | (35) | - | - | (38) |
| Additions through acquisition of subsidiaries | 經收購附屬公司的增置 | - | - | - | - | - | - | - |
| Exchange and other adjustments | 匯兌及其他調整 | - | 2 | 3 | (3) | (1) | - | 1 |
| At 31st December, 2011 | 於2011年12月31日 | 366 | 150 | (94) | (57) | (25) | (256) | 84 |

| | | The Group 集團 | | | | | | |
|--|--------------------------|---|---------------------------|---------------------------------------|--|------------|---------|---------|
| Deferred tax arising from: | | Depreciation allowances in excess of related depreciation | Revaluation of properties | Impairment losses on financial assets | Revaluation of available-for-sale securities | Tax losses | Others | Total |
| 遞延稅項源自: | | 超過有關折舊的折舊免稅額 | 物業重估 | 金融資產的減值損失 | 可供出售證券重估 | 稅損 | 其他 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January, 2010 | 於2010年1月1日 | | | | | | | |
| - As restated | - 重報 | 300 | 142 | 23 | 39 | (216) | (302) | (14) |
| Charged/(credited) to income statement (Note 14(a)) | 收益表內支銷/(存入) (附註14(a)) | 21 | - | (158) | - | 69 | (58) | (126) |
| Charged/(credited) to reserves (Notes 39(c) and (h)) | 支銷/(存入)儲備內 (附註39(c)及(h)) | - | 2 | - | (57) | - | - | (55) |
| Additions through acquisition of subsidiaries | 經收購附屬公司的增置 | (1) | - | - | - | (3) | - | (4) |
| Exchange and other adjustments | 匯兌及其他調整 | 2 | 1 | 4 | (1) | 3 | (6) | 3 |
| At 31st December, 2010 | 於2010年12月31日 | 322 | 145 | (131) | (19) | (147) | (366) | (196) |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | The Bank 銀行 | | | | | | |
|--|-------------------------|---|---------------------------|---------------------------------------|--|------------|---------|---------|
| | | Depreciation allowances in excess of related depreciation | Revaluation of properties | Impairment losses on financial assets | Revaluation of available-for-sale securities | Tax losses | Others | Total |
| Deferred tax arising from: | | 超過有關折舊的折舊免稅額 | 物業重估 | 金融資產的減值損失 | 可供出售證券重估 | 稅損 | 其他 | 總額 |
| 遞延稅項源自： | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January, 2011 | 於2011年1月1日 | 314 | 91 | (177) | 43 | (61) | (208) | 2 |
| Charged to income statement | 收益表內支銷 | 40 | - | 49 | - | 48 | 215 | 352 |
| Credited to reserves (Notes 39 (c) and (h)) | 存入儲備內 (附註39 (c)及(h)) | - | (1) | - | (54) | - | - | (55) |
| Exchange and other adjustments | 匯兌及其他調整 | - | - | (1) | (1) | - | 4 | 2 |
| At 31st December, 2011 | 於2011年12月31日 | 354 | 90 | (129) | (12) | (13) | 11 | 301 |

| | | The Bank 銀行 | | | | | | |
|--|---------------------------------|---|---------------------------|---------------------------------------|--|------------|---------|---------|
| | | Depreciation allowances in excess of related depreciation | Revaluation of properties | Impairment losses on financial assets | Revaluation of available-for-sale securities | Tax losses | Others | Total |
| Deferred tax arising from: | | 超過有關折舊的折舊免稅額 | 物業重估 | 金融資產的減值損失 | 可供出售證券重估 | 稅損 | 其他 | 總額 |
| 遞延稅項源自： | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| At 1st January, 2010 | 於2010年1月1日 | | | | | | | |
| - As restated | - 重報 | 289 | 89 | (126) | 44 | (110) | (221) | (35) |
| Charged/(credited) to income statement | 收益表內支銷/(存入) | 25 | - | (50) | - | 46 | 17 | 38 |
| Charged/(credited) to reserves (Notes 39 (c) and (h)) | 支銷/(存入)儲備內 (附註 39 (c) 及 (h)) | - | 2 | - | (1) | - | - | 1 |
| Exchange and other adjustments | 匯兌及其他調整 | - | - | (1) | - | 3 | (4) | (2) |
| At 31st December, 2010 | 於2010年12月31日 | 314 | 91 | (177) | 43 | (61) | (208) | 2 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

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

財務狀況表內的所得稅(續)

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

(b) 遞延稅項資產及負債確認(續)

| | | The Group 集團 | | The Bank 銀行 | |
|--|-------------------|--------------|-------|-------------|-------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Net deferred tax assets recognised on the statement of financial position | 確認於財務狀況表的遞延稅項資產淨額 | (377) | (410) | (153) | (208) |
| Net deferred tax liabilities recognised on the statement of financial position | 確認於財務狀況表的遞延稅項負債淨額 | 461 | 214 | 454 | 210 |
| | | 84 | (196) | 301 | 2 |

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$842 million (2010: HK\$712 million) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣842,000,000元(2010年：港幣712,000,000元)為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下：

| | | 2011 | | 2010 | |
|----------------------------|--------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Expiring within 5 years | 於五年內到期 | 30 | 23 | | |
| Expiring more than 5 years | 五年後到期 | 101 | 83 | | |
| No expiry date | 無到期日 | 711 | 606 | | |
| | | 842 | 712 | | |

35. OTHER LIABILITIES 其他負債

| | | The Group 集團 | | The Bank 銀行 | |
|---|---------------------|--------------|--------|-------------|-------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| (a) Trading liabilities | (a) 交易用途負債 | | | | |
| Shares sold | 股份空倉 | 10 | 1 | 10 | 1 |
| Negative fair value of derivatives (Note 43(b)) | 衍生工具的負公平價值(附註43(b)) | 4,538 | 3,100 | 3,817 | 2,431 |
| | | 4,548 | 3,101 | 3,827 | 2,432 |
| (b) Other accounts and provisions | (b) 其他賬項及準備 | | | | |
| Accrued interest payable | 應計應付利息 | 3,897 | 2,010 | 1,716 | 1,083 |
| Acceptance draft payable | 應付承兌票據 | 18,381 | 14,583 | 219 | 4,051 |
| Other accounts | 其他賬項 | 13,704 | 11,968 | 4,286 | 3,209 |
| | | 35,982 | 28,561 | 6,221 | 8,343 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

36. LOAN CAPITAL 借貸資本

| | The Group 集團 | | | | The Bank 銀行 | | | |
|--|---|-------|--------------|---------------|--------------|--------|---------|-------|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| GBP262 million (2010: GBP300 million) 6.125% step-up perpetual subordinated notes, measured at fair value through profit or loss | 按通過損益以反映公平價值列賬的 262,000,000 英鎊(2010年: 300,000,000英鎊) 6.125%無到期日步陞後償票據 | | 3,178 | 3,548 | 3,178 | 3,548 | | |
| USD600 million floating rate step-up subordinated notes, measured at amortised cost | 按攤銷成本列賬的 600,000,000美元 浮息步陞後償票據 | | 4,659 | 4,660 | 4,659 | 4,660 | | |
| USD500 million Hybrid Tier 1 | 500,000,000美元混合一級資本工具 | | - | - | 4,025 | 4,313 | | |
| USD600 million subordinated notes, measured at amortised cost | 按攤銷成本列賬的 600,000,000美元後償票據 | | 5,031 | 4,485 | 5,031 | 4,485 | | |
| USD400 million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost | 按攤銷成本列賬的 400,000,000美元後償票據(按歐洲形式中期票據計劃) | | 3,100 | - | 3,100 | - | | |
| USD100million subordinated notes (under the Euro Medium Term Note Programme), measured at amortised cost | 按攤銷成本列賬的 100,000,000美元後償票據(按歐洲形式中期票據計劃) | | 773 | - | 773 | - | | |
| | 16,741 | | 12,693 | 20,766 | | 17,006 | | |

Loan capital of face value of HK\$3,163 million (GBP262 million) (2010: HK\$3,609 million (GBP300 million)) and carrying amount of HK\$3,178 million represents 6.125% step-up perpetual subordinated notes qualifying as tier 2 capital which were issued on 20th March, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange. The Bank purchased and redeemed GBP 37.737 million face value in 2011.

票面值港幣3,163,000,000元(262,000,000英鎊)(2010年:港幣3,609,000,000元(300,000,000英鎊))及賬面值港幣3,178,000,000元的借貸資本,是指由本行於2007年3月20日發行年息6.125%,並評定為二級資本的無到期日步陞後償票據。該票據於新加坡交易所上市。於2011年,本行購入及贖回面值37,737,000英鎊。

The carrying amount of financial liabilities designated at fair value through profit or loss for the Group as at 31st December, 2011 was HK\$15 million higher than the contractual amount at maturity (2010: HK\$61 million lower than the contractual amount at maturity) and for the Bank was HK\$156 million (2010: HK\$365 million) higher than the contractual amount at maturity. The difference in the accumulated amount of the changes in fair value attributable to changes in credit risk for the Group were HK\$853 million (2010: HK\$651 million) and for the Bank were HK\$1,521 million (2010: HK\$966 million). The change for the year ended 31st December, 2011 for the Group was HK\$202 million (2010: HK\$33 million) and for the Bank was HK\$555 million (2010: HK\$277 million).

於2011年12月31日,本集團按通過損益以反映公平價值列賬的金融負債之賬面值比合約到期日的金額上升港幣15,000,000元(2010年:比合約到期日的金額下跌港幣61,000,000元),而本行按通過損益以反映公平價值列賬的金融負債之賬面值比合約到期日的金額則上升港幣156,000,000元(2010年:港幣365,000,000元)。在累計公平價值變動的金額中,可歸屬於本集團及本行之信貸風險變動的差額分別為港幣853,000,000元(2010年:港幣651,000,000元)及港幣1,521,000,000元(2010年:港幣966,000,000元)。在截至2011年12月31日止年度本集團及本行的變動金額分別為港幣202,000,000元(2010年:港幣33,000,000元)及港幣555,000,000元(2010年:港幣277,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

36. LOAN CAPITAL (CONTINUED) 借貸資本(續)

Loan capital of face value of HK\$4,660 million (USD600 million) and carrying amount of HK\$4,659 million represents floating rate step-up subordinated notes qualifying as tier 2 capital which were issued on 21st June, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 22nd June, 2017. The fair value as of 31st December, 2011 was HK\$4,611 million (USD594 million) (2010: HK\$4,560 million (USD587 million)).

Hybrid Tier 1 capital instruments comprising step-up subordinated notes ("Notes") of face value HK\$3,883 million (USD500 million) and carrying amount of HK\$4,025 million and HK\$3,883 million (USD500 million) non-cumulative preference shares ("Innovate Preference Shares") were issued respectively by the Bank and by Innovate Holdings Limited, a wholly owned subsidiary of the Bank, on 5th November, 2009. The Notes bear a fixed interest rate of 8.5% per annum and will mature on 5th November, 2059. The Innovate Preference Shares are perpetual securities on which no dividend is payable. The Notes and the Innovate Preference Shares are listed, and traded together as units, on the Singapore Stock Exchange. The Hybrid Tier 1 capital instruments are qualified as tier 1 capital of the Bank and the Group. In the consolidated accounts, the Notes are eliminated and the Innovate Preference Shares are classified as non-controlling interests.

Loan capital of face value of HK\$4,660 million (USD600 million) and carrying amount of HK\$5,031 million represents 6.125% subordinated notes qualifying as tier 2 capital which were issued on 16th July, 2010 (USD450 million) and on 23rd July, 2010 (USD150 million) by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 16th July, 2020. Hedge ineffectiveness of HK\$3 million in 2011 (2010: 5 million) was recorded under fair value hedge accounting.

Loan capital of face value of HK\$3,107 million (USD400 million) and carrying amount of HK\$3,100 million represents 6.375% subordinated notes (under the Euro Medium Term Note Programme) qualifying as supplementary capital which were issued on 4th November, 2011 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. Hedge ineffectiveness of HK\$2 million was recorded under the fair value hedge accounting.

Loan capital of face value of HK\$777 million (USD100 million) and carrying amount of HK\$773 million represents floating rate subordinated notes (under the Euro Medium Term Note Programme) qualifying as supplementary capital which were issued on 4th November, 2011 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 4th May, 2022. The fair value as of 31st December, 2011 was HK\$ 817 million (USD105 million).

票面值港幣4,660,000,000元(600,000,000美元)及賬面值港幣4,659,000,000元的借貸資本，是指由本行於2007年6月21日發行，並評定為二級資本的浮息步陞後償票據。該票據於新加坡交易所上市，並將於2017年6月22日到期。於2011年12月31日的公平價值為港幣4,611,000,000元(594,000,000美元)(2010年：港幣4,560,000,000元(587,000,000美元))。

混合一級資本工具包括分別由本行發行面值港幣3,883,000,000元(500,000,000美元)及賬面值港幣4,025,000,000元之步陞後償票據(「票據」)及由本行一全資附屬公司Innovate Holdings Limited所發行賬面值港幣3,883,000,000元(500,000,000美元)非累積優先股份(「Innovate優先股份」)，發行日期為2009年11月5日。該票據之固定利率為年息8.5%，並將於2059年11月5日到期。Innovate優先股份是毋須支付股息的無到期日證券。該票據及Innovate優先股份是於新加坡交易所上市及以單位組合形式交易。混合一級資本工具已被評定為本行及本集團的一級資本。在綜合賬項中，票據已被抵銷及Innovate優先股份則被分類為少數股東權益。

票面值港幣4,660,000,000元(600,000,000美元)及賬面值港幣5,031,000,000元的借貸資本，是指由本行於2010年7月16日發行(450,000,000美元)及於2010年7月23日發行(150,000,000美元)年息6.125%，並評定為二級資本的後償票據。該票據於新加坡交易所上市，並將於2020年7月16日到期。在2011年，因採用公平價值對沖會計法而錄得的無效對沖部份淨額為港幣3,000,000元(2010年：港幣5,000,000元)。

票面值港幣3,107,000,000元(400,000,000美元)及賬面值港幣3,100,000,000元的借貸資本，是指由本行於2011年11月14日發行年息6.375%，並評定為附加資本的後償票據(按歐洲形式中期票據計劃發行)。該票據於新加坡交易所上市，並將於2022年5月4日到期。因採用公平價值對沖會計法而錄得的無效對沖部份淨額為港幣2,000,000元。

票面值港幣777,000,000元(100,000,000美元)及賬面值港幣773,000,000元的借貸資本，是指由本行於2011年11月4日發行，並評定為附加資本的浮息後償票據(按歐洲形式中期票據計劃)。該票據於新加坡交易所上市，並將於2022年5月4日到期。於2011年12月31日的公平價值為港幣817,000,000元(105,000,000美元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS 以股份為基礎作支付的交易

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Directors and Chief Executive, of the Group options to subscribe for ordinary shares of the Bank. Except as provided otherwise in the rules of the relevant Schemes, share options granted under Staff Share Option Schemes 2002 and 2007, may be exercised during the period beginning on the first anniversary of the Date of Grant and ending on the fifth anniversary of the Date of Grant while share options granted under the Staff Share Option Scheme 2011 may be exercised beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。除有關計劃的規則另有規定外，根據僱員認股計劃2002及2007所授予的認股權的行使期限為授予日的第1周年開始至授予日的第5周年止；而根據僱員認股計劃2011所授予的認股權的行使期限為歸屬日開始至歸屬日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of share options:

(i) Share options granted under Staff Share Option Schemes 2002 and 2007:

| Date of grant 授予日期 | Vesting period 有效期 | Exercise period 行使期 | Exercise price per share 每股行使價 HK\$ 港幣元 |
|-----------------------|-----------------------|------------------------|---|
| 03/5/2006 | 03/5/2006 – 02/5/2007 | 03/5/2007 – 03/5/2011 | 30.04 |
| 10/5/2007 | 10/5/2007 – 09/5/2008 | 10/5/2008 – 10/5/2012 | 42.84 |
| 05/5/2008 | 05/5/2008 – 04/5/2009 | 05/5/2009 – 05/5/2013 | 40.09 |
| 05/5/2009 | 05/5/2009 – 04/5/2010 | 05/5/2010 – 05/5/2014 | 21.25 |
| 06/7/2010 | 06/7/2010 – 05/7/2011 | 06/7/2011 – 06/7/2015 | 28.49 |

(a) 認股權詳情：

(i) 根據僱員認股計劃2002及2007所授予的認股權：

(ii) Share options granted under Staff Share Option Scheme 2011:

(ii) 根據僱員認股計劃2011所授予的認股權：

| Date of grant 授予日期 | Tranche 部分 | Vesting period 有效期 | Exercise period 行使期 | Exercise price per share 每股行使價 HK\$ 港幣元 |
|-----------------------|---------------|-----------------------|------------------------|---|
| 05/5/2011 | T1 | 05/5/2011 – 04/5/2012 | 05/5/2012 – 05/5/2017 | 32.00 |
| 05/5/2011 | T2 | 05/5/2011 – 04/5/2013 | 05/5/2013 – 05/5/2018 | 32.00 |
| 05/5/2011 | T3 | 05/5/2011 – 04/5/2014 | 05/5/2014 – 05/5/2019 | 32.00 |

(b) The number and weighted average exercise prices of share options are as follows:

(b) 已行使認股權的數目及加權平均行使價如下：

| | | 2011 | | 2010 | |
|--|--------|--|-------------------------------------|--|-------------------------------------|
| | | Weighted average exercise price 加權平均行使價 HK\$ 港幣元 | Number of options 認股權數目 Mn 百萬 | Weighted average exercise price 加權平均行使價 HK\$ 港幣元 | Number of options 認股權數目 Mn 百萬 |
| Outstanding at the beginning of the year | 年初結餘 | 31.81 | 21 | 29.55 | 22 |
| Exercised during the year | 年度內行使 | 27.53 | (3) | 21.12 | (7) |
| Granted during the year | 年度內授予 | 32.00 | 6 | 28.49 | 6 |
| Lapsed during the year | 年度內失效 | 41.01 | (2) | 38.27 | – |
| Outstanding at the end of the year | 年末結餘 | 31.83 | 22 | 31.81 | 21 |
| Exercisable at the end of the year | 年末可供行使 | 31.76 | 16 | 33.16 | 15 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

37. EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED) 以股份為基礎作支付的交易(續)

(b) The number and weighted average exercise prices of share options are as follows: (continued)

The weighted average share price at the date of exercise for share options exercised during the year was HK\$30.61 (2010: HK\$30.19).

The options outstanding at 31st December, 2011 had an exercise price from HK\$21.25 to HK\$42.84 (2010: from HK\$21.25 to HK\$42.84) and a weighted average remaining contractual life of 2.83 years (2010: 2.82 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a trinomial lattice model. The contractual life of the option is used as an input into this model.

(b) 已行使認股權的數目及加權平均行使價如下：(續)

年度內於行使認股權當日的加權平均股價為港幣30.61元(2010年：港幣30.19)。

於2011年12月31日，尚未行使認股權的行使價由港幣21.25元至港幣42.84元(2010年：由港幣21.25元至港幣42.84)，及剩餘合約年期之加權平均數為2.83年(2010年：2.82年)。

(c) 認股權的公平價值及假設

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式。認股權的合約年期為該定價模式的輸入參數。

| | | 2011 | 2010 |
|--|----------------------------|---------------------|--------------|
| Fair value at measurement date | 於計量日的公平價值 | | HK\$港幣 2.71元 |
| – Tranche 1 | – 部分1 | HK\$港幣 5.12元 | – |
| – Tranche 2 | – 部分2 | HK\$港幣 5.34元 | – |
| – Tranche 3 | – 部分3 | HK\$港幣 5.48元 | – |
| Share price | 股價 | HK\$港幣31.60元 | HK\$港幣28.25元 |
| Exercise price | 行使價 | HK\$港幣32.00元 | HK\$港幣28.49元 |
| Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model) | 預計波幅(以三項式期權定價模式內採用的加權平均波幅) | 21.78% | 15.07% |
| Option life | 認股權年期 | | 5 years年 |
| – Tranche 1 | – 部分1 | 6 years年 | – |
| – Tranche 2 | – 部分2 | 7 years年 | – |
| – Tranche 3 | – 部分3 | 8 years年 | – |
| Expected dividends | 預計股息 | 2.98% | 3.64% |
| Risk-free interest rate (based on Exchange Fund Notes) | 無風險利率(根據外匯基金票據) | 1.66% | 1.49% |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

預計波幅是根據過往之波幅(以認股權的加權剩餘年期計算)，再調整因公眾知悉的資訊影響未來波幅的預計變動。預計股息按過往的股息。主觀輸入假設的變動可能重大影響公平價值的估計。

認股權的授予須符合服務條件。該服務條件並未納入計算於授予日獲得服務的公平價值。授予認股權與市場情況並無關係。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

38. SHARE CAPITAL 股本

| | | 2011 | | 2010 | |
|--|--------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| | | No. of shares 股份數目 million 百萬 | Nominal value 面值 | No. of shares 股份數目 million 百萬 | Nominal value 面值 |
| Authorised: | 法定股本: | | | | |
| Ordinary shares of HK\$2.50 each | 普通股每股港幣2.50元 | 4,000 | HK\$港幣10,000,000,000元 | 4,000 | HK\$港幣10,000,000,000元 |
| Substitute preference shares of US\$1,000 each | 替代優先股 每股1,000美元 | 0.5 | US\$500,000,000美元 | 0.5 | US\$500,000,000美元 |
| | | | HK\$ Mn 港幣百萬元 | | HK\$ Mn 港幣百萬元 |
| Issued and fully paid: | 已發行及繳足股本: | | | | |
| At 1st January | 於1月1日 | 2,042 | 5,105 | 1,849 | 4,623 |
| Shares issued under Staff Share Option Schemes | 根據僱員認股計劃發行的股份 | 3 | 8 | 7 | 17 |
| Subscription for new shares | 發行新股 | - | - | 167 | 418 |
| Shares issued in lieu of dividends | 以股代息發行的股份 | 31 | 77 | 19 | 47 |
| At 31st December | 於12月31日 | 2,076 | 5,190 | 2,042 | 5,105 |

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible employees. The option price of the Schemes equals the fair value of the underlying shares at the date of grant. Except as provided otherwise in the rules of the relevant Schemes, the share options granted under the Schemes 2002 & 2007 will be exercisable between the first and the fifth anniversaries of the date of grant while share options granted under Scheme 2011 will be exercisable on the Vesting Date and ending on the fifth anniversary of the Vesting Date.

根據已核准的僱員認股權計劃(「計劃」)，認股權授予合格僱員以認購本行的普通股股份。認股權行使價與相關股份於授予日的公平價值相同。除在有關計劃的規則另有規定外，根據計劃2002及2007所授予的認股權的行使期限為授予日的第1周年開始至授予日的第5周年止；而根據計劃2011所授予的認股權的行使期限則由歸屬日開始至歸屬日的第5周年止。

(a) Shares issued under Staff Share Option Scheme

During the year, options were exercised to subscribe for 3 million ordinary shares in the Bank at a consideration of HK\$93 million of which HK\$8 million was credited to share capital and the balance of HK\$85 million was credited to the share premium account (Note 39). HK\$24 million has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2(q)(iv).

(a) 根據僱員認股權計劃發行的股份

年度內，已行使認股權以認購本行普通股3,000,000股之代價為港幣93,000,000元，其中港幣8,000,000元存入股本，餘數港幣85,000,000元存入股份溢價(附註39)。根據附註2(q)(iv)所載，已由資本儲備轉撥港幣24,000,000元往股份溢價內。

(b) Terms of unexpired and unexercised share options at balance sheet date

(b) 於結算日尚未期滿及行使的認股權之條款

| Date of options granted 認股權授予日期 | Option price 認購價 | 2011 No. of shares 股份數目 | 2010 No. of shares 股份數目 |
|------------------------------------|---------------------|-------------------------------|-------------------------------|
| 03/5/2006 | HK\$港幣30.04元 | - | 2,420,000 |
| 10/5/2007 | HK\$港幣42.84元 | 2,035,000 | 2,585,000 |
| 05/5/2008 | HK\$港幣40.09元 | 4,070,000 | 5,170,000 |
| 05/5/2009 | HK\$港幣21.25元 | 3,515,000 | 4,480,000 |
| 06/7/2010 | HK\$港幣28.49元 | 5,950,000 | 5,950,000 |
| 05/5/2011 (T1) | HK\$港幣32.00元 | 1,980,000 | - |
| 05/5/2011 (T2) | HK\$港幣32.00元 | 1,980,000 | - |
| 05/5/2011 (T3) | HK\$港幣32.00元 | 1,990,000 | - |
| | | 21,520,000 | 20,605,000 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

39. RESERVES 儲備

| | | 2011 | |
|---|-------------------------|---------------|---------------|
| | | The Group 集團 | The Bank 銀行 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (a) Share premium | (a) 股份溢價 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 9,331 | 9,331 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | 2,181 | 2,181 |
| – As restated | – 重報 | 11,512 | 11,512 |
| Net premium on shares issued under Staff Share Option Schemes | 根據僱員認股計劃發行的股份溢價淨額 | 85 | 85 |
| Transfer of the fair value of options from capital reserve – share options issued | 撥自資本儲備(已發行認股權)的認股權之公平價值 | 24 | 24 |
| Shares issued in lieu of dividends | 以股代息發行的股份 | 416 | 416 |
| As 31st December | 於12月31日 | 12,037 | 12,037 |
| (b) General reserve | (b) 一般儲備 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 15,453 | 15,109 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | (2,181) | (2,181) |
| – As restated | – 重報 | 13,272 | 12,928 |
| Transfer from retained profits | 撥自留存溢利 | 24 | – |
| Shares issued in lieu of dividends | 以股代息發行的股份 | 441 | 441 |
| Realised surplus on disposals transferred from property revaluation reserve | 撥自物業重估儲備的已實現出售物業盈餘 | 7 | 7 |
| At 31st December | 於12月31日 | 13,744 | 13,376 |
| (c) Revaluation reserve on bank premises | (c) 行址重估儲備 | | |
| At 1st January | 於1月1日 | 1,023 | 965 |
| Recognition of deferred tax liabilities (Note 34(b)) | 確認遞延稅項負債(附註34(b)) | 3 | 1 |
| Revaluation surplus on bank premises transferred to investment properties | 行址轉作投資物業所產生的重估盈餘 | 16 | 12 |
| Realised surplus on disposals transferred to general reserve | 已實現出售物業盈餘撥入一般儲備 | (7) | (7) |
| Exchange adjustments | 匯兌調整 | (3) | – |
| At 31st December | 於12月31日 | 1,032 | 971 |
| (d) Statutory reserves | (d) 法定儲備 | | |
| At 1st January | 於1月1日 | 1,990 | 7 |
| Transfer from retained profits | 撥自留存溢利 | 70 | (5) |
| Exchange adjustments | 匯兌調整 | 82 | – |
| At 31st December | 於12月31日 | 2,142 | 2 |
| (e) Capital reserve | (e) 資本儲備 | | |
| At 1st January and 31st December | 於1月1日及12月31日 | 86 | – |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | 2011 | |
|--|-----------------------|---------------|---------------|
| | | The Group 集團 | The Bank 銀行 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (f) Exchange revaluation reserve | (f) 匯兌重估儲備 | | |
| At 1st January | 於1月1日 | 1,938 | 96 |
| Exchange adjustments | 匯兌調整 | 452 | (74) |
| At 31st December | 於12月31日 | 2,390 | 22 |
| (g) Capital reserve – staff share options issued | (g) 資本儲備– 已發行僱員認股權 | | |
| At 1st January | 於1月1日 | 165 | 165 |
| Transfer of the fair value of options to share premium | 認股權公平價值撥入股份溢價 | (24) | (24) |
| Forfeited options transfer to retained profits | 已失效的認股權轉入留存溢利 | (21) | (21) |
| Additions | 增加 | 20 | 20 |
| At 31st December | 於12月31日 | 140 | 140 |
| (h) Investment revaluation reserve | (h) 投資重估儲備 | | |
| At 1st January | 於1月1日 | 258 | 141 |
| Changes in fair value of securities | 證券的公平價值變動 | (326) | (123) |
| Reversal upon disposal (Note 13) | 於出售時轉回(附註13) | 5 | (5) |
| Recognition of deferred tax liabilities (Note 34(b)) | 確認遞延稅項負債(附註34(b)) | 35 | 54 |
| Impairment loss and amortisation | 減值損失及攤銷 | 55 | – |
| At 31st December | 於12月31日 | 27 | 67 |
| (i) Other reserves | (i) 其他儲備 | | |
| At 1st January | 於1月1日 | 53 | – |
| Share of changes in equity of associates | 應佔聯營公司權益的變動 | 7 | – |
| At 31st December | 於12月31日 | 60 | – |
| (j) Retained profits | (j) 留存溢利 | | |
| At 1st January | 於1月1日 | 8,841 | 3,550 |
| Net profit for the year | 年度內溢利 | 4,358 | 1,974 |
| Transfer to general reserve | 撥入一般儲備 | (24) | – |
| Transfer to statutory reserve | 撥入法定儲備 | (70) | 5 |
| Forfeited options transfer to retained profits | 已失效的認股權轉入留存溢利 | 21 | 21 |
| Dividends (Note 16) | 股息(附註16) | | |
| – Interim dividend | – 中期股息 | (885) | (885) |
| – Final dividend in respect of previous year | – 上年度末期股息 | (1,145) | (1,145) |
| – Hybrid Tier 1 USD 500M | – 混合一級資本500,000,000美元 | (328) | – |
| At 31st December | 於12月31日 | 10,768 | 3,520 |
| (k) Total reserves | (k) 儲備總額 | 42,426 | 30,135 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

39. RESERVES (CONTINUED) 儲備(續)

| | | 2010 | |
|---|-------------------------|---------------|---------------|
| | | The Group 集團 | The Bank 銀行 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (a) Share premium | (a) 股份溢價 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 4,526 | 4,526 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | 1,930 | 1,930 |
| – As restated | – 重報 | 6,456 | 6,456 |
| Net premium on shares issued under Staff Share Option Schemes | 根據僱員認股計劃發行的股份溢價淨額 | 130 | 130 |
| Transfer of the fair value of options from capital reserve – share options issued | 撥自資本儲備(已發行認股權)的認股權之公平價值 | 27 | 27 |
| Shares issued in lieu of dividends | 以股代息發行的股份 | | |
| – As previously reported | – 如前報告 | (47) | (47) |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | 251 | 251 |
| – As restated | – 重報 | 204 | 204 |
| Subscription of new shares | 認購新股 | 4,695 | 4,695 |
| As 31st December | 於12月31日 | 11,512 | 11,512 |
| (b) General reserve | (b) 一般儲備 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 14,866 | 14,552 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | (1,930) | (1,930) |
| – As restated | – 重報 | 12,936 | 12,622 |
| Transfer from retained profits | 撥自留存溢利 | 30 | – |
| Shares issued in lieu of dividends | 以股代息發行的股份 | | |
| – As previously reported | – 如前報告 | 557 | 557 |
| – Reclassification from general reserve to share premium | – 由一般儲備重新分類至股份溢價 | (251) | (251) |
| – As restated | – 重報 | 306 | 306 |
| At 31st December | 於12月31日 | 13,272 | 12,928 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | 2010 | |
|---|---------------------|---------------|---------------|
| | | The Group 集團 | The Bank 銀行 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (c) Revaluation reserve on bank premises | (c) 行址重估儲備 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 928 | 895 |
| – Adjustment arising from changes in accounting policies | – 因會計政策轉變引致的調整 | 54 | 54 |
| – As restated | – 重報 | 982 | 949 |
| Recognition of deferred tax liabilities (Note 34(b)) | 確認遞延稅項負債 (附註 34(b)) | (2) | (2) |
| Revaluation surplus on bank premises transferred to investment properties | 行址轉作投資物業所產生的重估盈餘 | 40 | 18 |
| Exchange adjustments | 匯兌調整 | 3 | – |
| At 31st December | 於12月31日 | 1,023 | 965 |
| (d) Statutory reserves | (d) 法定儲備 | | |
| At 1st January | 於1月1日 | 1,501 | 7 |
| Transfer from retained profits | 撥自留存溢利 | 439 | – |
| Exchange adjustments | 匯兌調整 | 50 | – |
| At 31st December | 於12月31日 | 1,990 | 7 |
| (e) Capital reserve | (e) 資本儲備 | | |
| At 1st January and 31st December | 於1月1日及12月31日 | 86 | – |
| (f) Exchange revaluation reserve | (f) 匯兌重估儲備 | | |
| At 1st January | 於1月1日 | 1,169 | 55 |
| Exchange adjustments | 匯兌調整 | 769 | 41 |
| At 31st December | 於12月31日 | 1,938 | 96 |
| (g) Capital reserve – staff share options issued | (g) 資本儲備 – 已發行僱員認股權 | | |
| At 1st January | 於1月1日 | 170 | 170 |
| Transfer of the fair value of options to share premium | 認股權公平價值撥入股份溢價 | (27) | (27) |
| Forfeited options transfer to retained profits | 已失效的認股權轉入留存溢利 | (7) | (7) |
| Additions | 增加 | 29 | 29 |
| At 31st December | 於12月31日 | 165 | 165 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

39. RESERVES (CONTINUED) 儲備(續)

| | | 2010 | |
|--|-----------------------|---------------|---------------|
| | | The Group 集團 | The Bank 銀行 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| (h) Investment revaluation reserve | (h) 投資重估儲備 | | |
| At 1st January | 於1月1日 | 286 | 178 |
| Changes in fair value of securities | 證券的公平價值變動 | 91 | 89 |
| Reversal upon disposal (Note 13) | 於出售時轉回(附註13) | (200) | (127) |
| Recognition of deferred tax liabilities (Note 34(b)) | 確認遞延稅項負債(附註34(b)) | 57 | 1 |
| Impairment loss and amortisation | 減值損失及攤銷 | 24 | – |
| At 31st December | 於12月31日 | 258 | 141 |
| (i) Other reserves | (i) 其他儲備 | | |
| At 1st January | 於1月1日 | 17 | – |
| Share of changes in equity of associates | 應佔聯營公司權益的變動 | 36 | – |
| At 31st December | 於12月31日 | 53 | – |
| (j) Retained profits | (j) 留存溢利 | | |
| At 1st January | 於1月1日 | | |
| – As previously reported | – 如前報告 | 6,993 | 3,186 |
| – Adjustment arising from changes in accounting policies | – 因會計政策轉變引致的調整 | 158 | 146 |
| – As restated | – 重報 | 7,151 | 3,332 |
| Net profit for the year | 年度內溢利 | 4,224 | 1,953 |
| Transfer to general reserve | 撥入一般儲備 | (30) | – |
| Transfer to statutory reserve | 撥入法定儲備 | (439) | – |
| Forfeited options transfer to retained profits | 已失效的認股權轉入留存溢利 | 7 | 7 |
| Dividends (Note 16) | 股息(附註16) | | |
| – Interim dividend | – 中期股息 | (772) | (772) |
| – Final dividend in respect of previous year | – 上年度末期股息 | (970) | (970) |
| – Hybrid Tier 1 USD 500M | – 混合一級資本500,000,000美元 | (330) | – |
| At 31st December | 於12月31日 | 8,841 | 3,550 |
| (k) Total reserves | (k) 儲備總額 | 39,138 | 29,364 |

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

General reserve was set up from the transfer of retained earnings, the realized revaluation surplus on disposal of properties and the value of shares issued in lieu of dividend.

股份溢價賬目的運用是受香港《公司條例》第48B條所規管。

一般儲備的建立，包括來自留存溢利、出售物業時的已實現重估盈餘及以股代息發行的股份價值。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Revaluation reserve on bank premises and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises and foreign currency translation.

行址及匯兌重估儲備的建立及處理是根據重估行址和外幣折算所採用的會計政策。

Statutory reserves are set up to supplement the paid-up capital until the sum of paid-up capital and the statutory reserves are equal to the registered capital for a branch, subsidiary and certain associates.

法定儲備是用作支持實收股本直至實收股本及法定儲備的總額與一家分行、一家附屬公司及若干聯營公司的註冊股本相同。

Capital reserve represents the capitalisation of subsidiaries' reserves.

資本儲備指附屬公司儲備的資本化發行。

Capital reserve – staff share options issued comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Bank recognised in accordance with the accounting policy adopted for share based payment in Note 2(q)(iv).

資本儲備(已發行僱員認股權)包括根據已採納有關附註2(q)(iv)所載以股份為基礎作支付的會計政策確認授予本行僱員之實際或估計未行使認股權數目的公平價值。

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities held until the securities are derecognised and is dealt with in accordance with the accounting policies in Notes 2(f) and (k).

投資重估儲備包括持有可供出售證券直至證券被終止確認的累計公平價值變動淨額，有關處理的會計政策已詳載於附註2(f)和(k)。

Other reserves represent share of changes in equity of associates of investment revaluation reserve and revaluation reserve of bank premises.

其他儲備包括應佔聯營公司權益之投資重估儲備及重估行址儲備的變動。

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the Hong Kong Monetary Authority. As at 31st December, 2011, HK\$4,065 million (2010: HK\$2,306 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the Hong Kong Monetary Authority.

為符合香港《銀行條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款減值損失金額。經諮詢香港金融管理局後，儲備的變動已直接在留存溢利內劃定。於2011年12月31日，留存溢利中包括與此有關屬可派發予本集團股東港幣4,065,000,000元(2010年：港幣2,306,000,000元)，但派發前須諮詢香港金融管理局。

At 31st December, 2011, the aggregate amount of reserves available for distribution to equity holders of the Bank was HK\$11,427 million (2010(restated): HK\$13,355 million). After the balance sheet date the directors declared a second interim dividend of HK\$0.51 per ordinary share (2010: proposed final dividend of HK\$0.56 per share), amounting to HK\$1,059 million (2010: HK\$1,144 million). The dividend has not been recognised as a liability at the balance sheet date.

於2011年12月31日，可派發予本行股東的儲備總額為港幣11,427,000,000元(2010年(重報)：港幣13,355,000,000元)。在結算日後董事宣布派發第二次中期股息每股普通股港幣0.51元(2010年：擬派末期息每股港幣0.56元)，總額達港幣1,059,000,000元(2010年：港幣1,144,000,000元)。於結算日並未確認該股息為負債。

40. NON-CONTROLLING INTERESTS 非控股權益

| | | 2011 | 2010 |
|--|-----------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| At 1st January | 於1月1日 | 4,400 | 4,358 |
| – sale of interests in businesses to non-controlling interests investors | – 出售商業權益予非控股投資者 | 2 | 4 |
| – final dividend in respect of previous year | – 屬上年度末期股息 | (61) | (56) |
| – exchange adjustments | – 匯兌調整 | (6) | 15 |
| Profit for the year | 年度內溢利 | 93 | 79 |
| At 31st December | 於12月31日 | 4,428 | 4,400 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT 財務風險管理

This section presents information on the Group's management of principal risks.

The Group has in place a risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to set strategy and allocate capital against those risks. The major risk management policies for the various types of risk that the Bank faces including credit risk, market risk, liquidity risk and operational risk are reviewed regularly by the Management and specialised risk management committees, and recommendations are made by the Risk Management Committee, which comprises the Group's Chairman and Chief Executive, Senior Advisors, Deputy Chief Executives and the Group Chief Risk Officer, for the approval of the Board of Directors. There is an independent centralised risk management unit, Risk Management Division, responsible for monitoring the activities relating to these principal risks. The internal auditors also perform regular audits on business units to check compliance with policies and procedures.

(a) Credit risk management

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from counterparty risks from loans and advances, issuer risks from the securities business and counterparty risks from trading activities.

The Board of Directors has delegated authority to the Credit Committee to oversee management of the Group's credit risk, independent of the business units. The Credit Committee reports to the Board of Directors via the Risk Management Committee, which deals with all risk management related issues of the Group. Credit risk control limits are set at different levels and dimensions. The Board of Directors approves the core control limits and delegates the Credit Committee to approve the detailed control limits. Risk, return and market situations are considered in the limits setting. Active limit monitoring process is undertaken.

The Credit Committee is responsible for all credit risk related issues of the Group. The Group identifies and manages credit risk through defining target market segment, formulation of credit policies, credit approval process and monitoring of asset quality.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

本部分載述有關本集團財務風險管理的資料。

本集團已建立一套完善的風險管理制度，以識別、衡量、監察及控制本集團所承受各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團就銀行承受之各種風險如信貸風險、市場風險、流動資金風險和營運風險所制定的主要管理政策，均由管理層和有關專責委員會定期檢討，並由風險管理委員會提出建議，最後經董事會批核。該委員會由本集團主席兼行政總裁、高級顧問、副行政總裁和集團風險總監組成。本集團設有一個獨立的中央風險管理單位（風險管理處），專責處理與主要風險有關的活動。內部稽核員亦會對業務部門定期進行稽核，以確保該等政策及程序得以遵從。

(a) 信貸風險管理

信貸風險源於客戶或交易對手未能履行其承擔，可來自本集團貸款中的交易對手風險、證券業務的發行商風險和交易活動的交易對手風險。

為監察本集團的信貸風險管理，董事會已授權信貸委員會執行此職能；而信貸風險管理乃獨立於所有業務部門。信貸委員會經風險管理委員會向董事會匯報。風險管理委員會負責處理本集團所有與風險管理相關的事項。信貸風險控制限額設有不同層次和範疇。董事會審批核心控制限額，並授權信貸委員會審批具體控制限額。釐定限額時會考慮風險、回報及市場情況，並且採用積極限額監控程序。

信貸委員會負責處理所有與本集團信貸風險有關的事務。本集團識別和管理信貸風險的方法，包括設定目標市場分部、制定信貸政策和信貸審批程序，以及監控資產素質。

本集團在評估與個別客戶或交易對手相關的信貸風險時，雖然可藉客戶或交易對手的抵押品減低信貸風險，然而他們的財政實力以及還款能力才是本集團的主要考慮因素。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

The Group has established policies, procedures and rating systems to identify, measure, monitor and control credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit extension criteria, credit monitoring process, internal rating structure, credit recovery and provisioning policy. They are reviewed and enhanced on an on-going basis to cater for the market change, statutory requirement and best practice risk management processes. Credit Risk Management Department under Risk Management Division of the Group is responsible for monitoring activities relating to credit risk.

The Group's credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and bank credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are used. To monitor concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of internal rating system and formulation of credit policies are primarily based on the demographic factors and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit for treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate lending risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

本集團已制訂多項政策及程序，以辨別、衡量、監察及控制本集團所承受的信貸風險。在此方面，本集團已將信貸風險管理指引詳列於信貸風險管理手冊內，對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收及撥備政策訂下規定。本集團持續檢討和改善該等指引，以配合市場轉變、有關法定要求及最佳作業風險管理程序。本集團之風險管理處轄下的信貸風險管理部，負責監察與信貸風險有關的活動。

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定適用於所有交易對手的內部評級系統。監管分類準則尤其適用於歸類為專門性借貸的風險承擔。為監控信貸集中的潛在風險。本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

本集團持續進行多個層次的信貸分析和監控。有關政策乃旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括人口結構因素和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

(iii) 財資交易的信貸風險

本集團採用企業信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(a) Credit risk management (continued)

(iv) Credit-related commitment

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

(v) Concentrations of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's credit portfolio is diversified along geographic, industry and product sectors.

The Group monitors its concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(vi) Maximum exposure

The maximum exposure to credit risk at the balance sheet date without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial assets in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

(a) 信貸風險管理(續)

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請，組合保存和抵押要求。

(v) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地緣、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的信貸組合分散覆蓋不同地區、行業和產品。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

(vi) 最高風險

於結算日並未計算任何抵押品或其他信貸提升的最高信貸風險，即指每一項已減除任何減值準備的金融資產在財務狀況表的賬面值。最高風險摘要如下：

| | | The Group 集團 | | The Bank 銀行 | |
|--|-----------------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | | | Restated 重報 | |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Cash and balances with banks, central banks and other financial institutions | 現金及在銀行、中央銀行和其他金融機構的結存 | 69,933 | 47,080 | 21,333 | 17,109 |
| Placements with banks, central banks and other financial institutions | 在銀行、中央銀行和其他金融機構的存款 | 62,057 | 58,197 | 33,370 | 39,974 |
| Trade bills | 貿易票據 | 36,823 | 18,548 | 35,876 | 17,491 |
| Trading assets | 交易用途資產 | 4,532 | 4,149 | 3,091 | 2,501 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 16,330 | 15,989 | 16,330 | 15,989 |
| Loans and advances to customers | 客戶貸款 | 320,922 | 295,943 | 197,258 | 184,333 |
| Available-for-sale financial assets | 可供出售金融資產 | 42,897 | 38,167 | 27,667 | 19,960 |
| Held-to-maturity investments | 持至到期投資 | 4,587 | 5,714 | 2,880 | 3,766 |
| Other assets | 其他資產 | 25,979 | 23,166 | 5,538 | 5,891 |
| Financial guarantees and other credit related contingent liabilities | 財務擔保及其他與信貸有關的或然負債 | 13,936 | 12,131 | 9,017 | 7,829 |
| Loan commitments and other credit related commitments | 貸款承擔及其他與信貸有關的承擔 | 134,545 | 105,747 | 59,489 | 62,590 |
| | | 732,541 | 624,831 | 411,849 | 377,433 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

(vii) Credit quality of loans and advances

Loans and advances to banks are only made to banks with good credit standing. At 31st December, 2011 and 2010, no loans and advances to bank are impaired. The credit quality of loans and advances to customers can be analysed as follows:

(vii) 貸款及墊款的信貸質素

銀行貸款及墊款只提供予信貸信譽優良之銀行。於2011年及2010年12月31日，均沒有減值銀行貸款及墊款。客戶貸款及墊款的信貸質素分析如下：

| | | The Group 集團 | | The Bank 銀行 | |
|---------------------------------------|------------|----------------|----------------|----------------|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Gross loans and advances to customers | 客戶貸款及墊款總額 | | | | |
| – neither past due nor impaired | – 無逾期及減值 | 320,254 | 295,383 | 196,675 | 183,877 |
| – past due but not impaired | – 有逾期但未有減值 | 161 | 69 | 114 | 68 |
| – impaired | – 已減值 | 1,475 | 1,592 | 1,134 | 1,268 |
| | | 321,890 | 297,044 | 197,923 | 185,213 |

Of which: 其中：

| | | The Group 集團 | | The Bank 銀行 | |
|--|------------------|----------------|----------------|----------------|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Gross loans and advances to customers that are neither past due nor impaired | 無逾期及減值的客戶貸款及墊款總額 | | | | |
| – pass | – 合格 | 318,499 | 293,456 | 195,622 | 182,251 |
| – special mention | – 需要關注 | 1,755 | 1,927 | 1,053 | 1,626 |
| | | 320,254 | 295,383 | 196,675 | 183,877 |

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

本集團根據用作匯報予香港金融管理局的貸款分類系統以分類貸款。

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

已逾期但未有減值之客戶貸款及墊款的年期分析如下：

| | | The Group 集團 | | The Bank 銀行 | |
|--|--------------------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Gross loans and advances to customers that are past due but not impaired | 有逾期但未有減值的客戶貸款及墊款總額 | | | | |
| – overdue 3 months or less | – 逾期3個月以下 | 161 | 69 | 114 | 68 |

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$392 million as at 31st December, 2011 (2010: HK\$443 million).

於2011年12月31日，假如並未重訂條款而可能變作逾期或減值貸款及墊款的金額為港幣392,000,000元(2010年：港幣443,000,000元)。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(a) Credit risk management (continued)

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

Credit risk of treasury transactions is managed in the same way as the Group manages its corporate lending risk and risk gradings are applied to the counterparties with individual counterparty limits set.

At the balance sheet date, the credit quality of investment in debt securities analysed by designation of external credit assessment institution, Moody's Investor Services, or equivalent, is as follows:

(a) 信貸風險管理(續)

(viii) 非貸款及墊款金融資產的信貸質素

資金交易的信貸風險管理方法，與本集團管理其企業借貸的方法一致及風險級別是適用於設有個別對手限額的對手。

於結算日，按照外部信貸評級機構，穆迪投資服務，或相同等級的評級機構，所指定之債務證券投資的信貸質素分析如下：

| | | The Group 集團 | | The Bank 銀行 | |
|---------------|-----------|---------------|---------------|---------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Aaa | Aaa | 22,519 | 6,277 | 17,292 | 5,991 |
| Aa1 to Aa3 | Aa1 至 Aa3 | 14,735 | 20,519 | 12,907 | 19,426 |
| A1 to A3 | A1 至 A3 | 11,165 | 10,664 | 9,864 | 9,180 |
| Lower than A3 | A3 以下 | 5,454 | 4,761 | 3,577 | 2,776 |
| | | 53,873 | 42,221 | 43,640 | 37,373 |
| Unrated | 無評級 | 11,297 | 20,099 | 3,991 | 3,676 |
| Total | 總額 | 65,170 | 62,320 | 47,631 | 41,049 |

(ix) Collateral and other credit enhancements

The Group holds collateral against loans and advances to customers in the forms of mortgages over property, other registered securities over assets, cash deposits and guarantees. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collaterals held as security for financial assets other than loans and advances is determined by the nature of the instrument.

Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-based securities and similar instruments, which are secured by pools of financial assets. The Group entered into the ISDA Master Agreement which contractually binds participating parties to apply close-out netting arrangement across outstanding derivatives.

(ix) 抵押品及其他信用提升

本集團持有以物業按揭形式、其他登記抵押資產、現金存款及擔保，以用作貸款及墊款的抵押品。除持有用作反向回購及證券借貸活動的抵押品外，銀行貸款一般不需要抵押品。持有用作非貸款金融資產的抵押品，是按照工具之性質決定。

除以一籃子金融資產作抵押的資產融資證券及相同工具外，債務證券、庫券及其他認可票據一般俱屬無抵押的。本集團簽訂ISDA的主合約，可合法地約束參與者以淨額結算安排一律應用於未履行之衍生交易。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The lower of gross loan amount and the estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

貸款總額及持有作抵押金融資產之抵押品及其他信用提升的估計公平價值兩者之較低者如下：

| | The Group 集團 | | The Bank 銀行 | |
|--|---------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Fair value of collateral and other credit enhancements held against financial assets that are: | | | | |
| 持有作抵押金融資產之抵押品及其他信用提升的公平價值如下： | | | | |
| – neither past due nor impaired | 233,040 | 221,122 | 134,323 | 130,213 |
| – past due but not impaired | 157 | 60 | 111 | 59 |
| | 233,197 | 221,182 | 134,434 | 130,272 |

(b) Market risk management

Market risk arises from all market risk sensitive financial instruments, including debt securities, foreign exchange contracts, equity and derivative instruments, as well as from statement of financial position or structural positions. The objective of market risk management is to reduce the Group's exposure to the volatility inherent in financial instruments.

The Board of Directors reviews and approves the major policies for the management of market risks. The Board has delegated the responsibility for ongoing market risk management to the Asset and Liability Management Committee. The Asset and Liability Management Committee reports to the Board of Directors via the Risk Management Committee.

The Asset and Liability Management Committee deals with all market risk and liquidity risk related issues of the Group. It is also responsible for deciding the future business strategy with respect to interest rates based on internal forecast.

The use of derivatives for proprietary trading and their sale to customers as risk management products is an integral part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivatives instruments used by the Group are interest rate, foreign exchange and equity related contracts, in the form of both over-the-counter derivatives and exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

In this connection, the key types of risk to manage are:

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed within limits approved by the Board.

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries and associated companies, are excluded from value-at-risk ("VaR") measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

(b) 市場風險管理

市場風險源自所有對市場風險敏感的財務工具，包括債務證券、外匯合約、股份和衍生工具，以及財務狀況表或結構性持倉。市場風險管理旨在減少本集團因財務工具內在的波動性而承受的風險。

董事會檢討和審批市場風險的主要管理政策，並已授權資產負債管理委員會負責持續進行一般的市場風險管理。資產負債管理委員會經風險管理委員會向董事會匯報。

資產負債管理委員會負責處理本集團一切與市場風險和流動資金風險相關的事項，亦負責根據內部估計之利率走勢而釐定未來業務策略。

進行衍生工具交易及向客戶出售衍生工具以用作風險管理產品為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的部分程序。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場外交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此和其他交易項目而進行對沖。

在此方面，需要管理的主要風險類別如下：

(i) 貨幣風險

本集團的外匯風險源自外匯買賣、商業銀行業務和結構性外匯風險。所有外幣持倉均維持在董事會所訂定的限額內。

本集團於分行、附屬公司和聯營公司的外匯投資，其有關的溢利及虧損因為已撥入儲備，所以未計算在風險數額內。管理此等外幣投資的主要目的，是保障本集團的儲備免受匯率波動的影響。本集團盡力將以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(b) Market risk management (continued)

(i) Currency risk (continued)

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

The Group

| | | 2011 | | | Total 總額 |
|----------------------------------|----------|-----------|-----------|--------------------|-------------|
| | | USD | RMB | Other foreign | |
| | | 美元 | 人民幣 | currencies 其他外幣 | |
| Spot assets | 現貨資產 | 104,573 | 258,210 | 49,159 | 411,942 |
| Spot liabilities | 現貨負債 | (100,147) | (224,582) | (59,225) | (383,954) |
| Forward purchases | 遠期買入 | 101,184 | 70,840 | 16,861 | 188,885 |
| Forward sales | 遠期賣出 | (100,235) | (98,790) | (5,539) | (204,564) |
| Net options position* | 期權倉淨額* | 31 | - | (25) | 6 |
| Net long non-structural position | 非結構性長盤淨額 | 5,406 | 5,678 | 1,231 | 12,315 |

| | | 2010 Restated 重報 | | | Total 總額 |
|----------------------------------|----------|------------------|-----------|--------------------|-------------|
| | | USD | RMB | Other foreign | |
| | | 美元 | 人民幣 | currencies 其他外幣 | |
| Spot assets | 現貨資產 | 94,806 | 192,680 | 50,424 | 337,910 |
| Spot liabilities | 現貨負債 | (84,212) | (172,452) | (53,480) | (310,144) |
| Forward purchases | 遠期買入 | 148,090 | 94,932 | 12,559 | 255,581 |
| Forward sales | 遠期賣出 | (156,605) | (108,056) | (8,196) | (272,857) |
| Net options position* | 期權倉淨額* | 154 | - | (10) | 144 |
| Net long non-structural position | 非結構性長盤淨額 | 2,233 | 7,104 | 1,297 | 10,634 |

| | | 2011 | | | Total 總額 |
|-------------------------|---------|-------|-------|--------------------|-------------|
| | | USD | RMB | Other foreign | |
| | | 美元 | 人民幣 | currencies 其他外幣 | |
| Net structural position | 結構性持倉淨額 | 2,573 | 8,631 | 734 | 11,938 |

| | | 2010 | | | Total 總額 |
|-------------------------|---------|-------|-------|--------------------|-------------|
| | | USD | RMB | Other foreign | |
| | | 美元 | 人民幣 | currencies 其他外幣 | |
| Net structural position | 結構性持倉淨額 | 2,467 | 6,855 | 727 | 10,049 |

* The net option position is calculated in the basis of the delta-weighted position of option contracts.

* 期權倉淨額乃根據所有期權合約之得爾塔加權持倉為基礎計算。

(b) 市場風險管理(續)

(i) 貨幣風險(續)

下表顯示於結算日貨幣風險集中的情況：

集團

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

The Bank

銀行

| | | 2011 | | | |
|--|--------------|---------------|----------|---------------|-----------|
| | | HK\$ Mn 港幣百萬元 | | Other foreign | |
| | | USD | RMB | currencies | Total |
| | | 美元 | 人民幣 | 其他外幣 | 總額 |
| Spot assets | 現貨資產 | 77,097 | 51,587 | 47,527 | 176,211 |
| Spot liabilities | 現貨負債 | (78,008) | (23,838) | (58,447) | (160,293) |
| Forward purchases | 遠期買入 | 69,359 | 38,208 | 16,251 | 123,818 |
| Forward sales | 遠期賣出 | (68,652) | (65,796) | (5,274) | (139,722) |
| Net options position* | 期權倉淨額* | 31 | - | (25) | 6 |
| Net long/(short) non-structural position | 非結構性長/(短)盤淨額 | (173) | 161 | 32 | 20 |

| | | 2010 Restated 重報 | | | |
|--|--------------|------------------|----------|---------------|-----------|
| | | HK\$ Mn 港幣百萬元 | | Other foreign | |
| | | USD | RMB | currencies | Total |
| | | 美元 | 人民幣 | 其他外幣 | 總額 |
| Spot assets | 現貨資產 | 72,725 | 29,488 | 48,785 | 150,998 |
| Spot liabilities | 現貨負債 | (63,988) | (17,902) | (52,345) | (134,235) |
| Forward purchases | 遠期買入 | 127,075 | 21,397 | 11,815 | 160,287 |
| Forward sales | 遠期賣出 | (136,323) | (34,207) | (7,743) | (178,273) |
| Net options position* | 期權倉淨額* | 154 | - | (10) | 144 |
| Net long/(short) non-structural position | 非結構性長/(短)盤淨額 | (357) | (1,224) | 502 | (1,079) |

| | | 2011 | | | |
|-------------------------|---------|---------------|-------|---------------|--------|
| | | HK\$ Mn 港幣百萬元 | | Other foreign | |
| | | USD | RMB | currencies | Total |
| | | 美元 | 人民幣 | 其他外幣 | 總額 |
| Net structural position | 結構性持倉淨額 | 2,573 | 8,631 | 734 | 11,938 |

| | | 2010 | | | |
|-------------------------|---------|---------------|-------|---------------|--------|
| | | HK\$ Mn 港幣百萬元 | | Other foreign | |
| | | USD | RMB | currencies | Total |
| | | 美元 | 人民幣 | 其他外幣 | 總額 |
| Net structural position | 結構性持倉淨額 | 2,467 | 6,855 | 727 | 10,049 |

* The net option position is calculated in the basis of the delta-weighted position of option contracts.

* 期權倉淨額乃根據所有期權合約之得爾塔加權持倉為基礎計算。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(b) Market risk management (continued)

(ii) Interest rate risk

The Group's interest rate positions arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed daily by the Treasury Markets Division within the limits approved by the Board of Directors. The instruments used to manage interest rate risk include interest rate swaps and other derivatives.

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of equity options in connection with the Bank's linked deposit business and warrants issuance business. Equity risk is managed daily by the Investment Department within the limits approved by the Board of Directors.

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board of Directors approves the core control limits and has delegated the power to set detailed control limits to the Asset and Liability Management Committee. Risk, return and market conditions are considered when setting limits. Active limit monitoring is carried out.

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from risk-taking activities of the Group, to ensure that overall and individual market risks are within the Group's risk tolerance level. Risk exposures are monitored on a frequent basis to ensure that they are within established control limits.

The Group quantifies the market risk of the underlying trading portfolio by means of VaR. VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period.

The Group estimates VaR for the Group's trading portfolio by the Parametric Approach, where the VaR is derived from the underlying variances and covariances of the constituents of a portfolio. This methodology uses historical movements in market rates and prices, a 99% confidence level, a one-day holding period, a one-year historical observation period with higher weights being assigned to more recent observations, and takes into account correlations between different markets and rates.

Structural foreign exchange positions arising from net investments in branches and subsidiaries are not included in the VaR for the foreign exchange trading position.

(b) 市場風險管理(續)

(ii) 利率風險

本集團的利率持倉來自財資及商業銀行業務。交易組合和非交易組合均會產生利率風險。利率風險主要是由帶息資產、負債及承擔在再定息時的時差所致，亦與無息負債持倉有關，其中包括股東資金和往來賬戶及若干定息貸款和負債。利率風險由資金市場處按董事會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。

(iii) 股份風險

本集團的股份持倉來自股份投資、銀行掛鈎存款業務及認股證業務相關的動態對沖股份期權。股份風險由投資部按董事會批准的限額範圍進行日常管理。

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

在此方面，資產負債管理委員會負責監察本集團承擔市場風險的活動，確保整體及個別市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

本集團通過參數法評估本集團交易組合的風險值，其中，風險值乃透過組合成份的有關方差及協方差計算得出。該方法是依據過往市場息率與價格的波動、99%置信水平、1日持倉期以及對較近期觀察給予較高權重的1年過往觀察期，並計入不同市場及息率的相關程度來推算。

由分行及附屬公司的淨投資產生的結構性外匯持倉不會包括在計算外匯交易持倉的風險值。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The book value of listed shares, as well as the book value of private equity funds and unlisted equities (excluding credit-related unlisted securities) (collectively the "Unlisted Securities"), are subject to limits and these are monitored by the management of the Group. The Unlisted Securities and listed non-trading equities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Board.

除上市股份外，私人股份基金及非上市股份（不包括與信貸有關之非上市證券）（統稱「非上市證券」）均由集團管理層按限額控制。非上市證券及非交易上市股份是根據特定限額管理及並不包括在交易股份持倉的風險數額內。董事會須定期檢討該限額。

Value-at-risk statistics

風險數額統計

| | | 2011 | | | |
|---|--------------|---|-----------------------------------|-----------------------------------|--------------------------------|
| | | At 31st December 於12月31日 HK\$ Mn 港幣百萬元 | Maximum 最高 HK\$ Mn 港幣百萬元 | Minimum 最低 HK\$ Mn 港幣百萬元 | Mean 平均 HK\$ Mn 港幣百萬元 |
| VaR for total trading activities | 交易活動的風險數額總額 | 40 | 75 | 28 | 46 |
| VaR for foreign exchange trading positions* | 外匯交易持倉的風險數額* | 13 | 13 | 1 | 4 |
| VaR for interest rate trading positions | 利率交易持倉的風險數額 | 2 | 8 | 2 | 4 |
| VaR for equity trading positions | 股份交易持倉的風險數額 | 31 | 70 | 25 | 41 |

| | | 2010 | | | |
|---|--------------|---|-----------------------------------|-----------------------------------|--------------------------------|
| | | At 31st December 於12月31日 HK\$ Mn 港幣百萬元 | Maximum 最高 HK\$ Mn 港幣百萬元 | Minimum 最低 HK\$ Mn 港幣百萬元 | Mean 平均 HK\$ Mn 港幣百萬元 |
| VaR for total trading activities | 交易活動的風險數額總額 | 37 | 52 | 33 | 42 |
| VaR for foreign exchange trading positions* | 外匯交易持倉的風險數額* | 4 | 8 | 2 | 4 |
| VaR for interest rate trading positions | 利率交易持倉的風險數額 | 7 | 9 | 2 | 4 |
| VaR for equity trading positions | 股份交易持倉的風險數額 | 30 | 45 | 24 | 35 |

* Including all foreign exchange positions but excluding structured foreign exchange positions.

* 包括所有外匯持倉但不包括結構性外匯持倉。

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The objective of operational risk management is to identify, assess and monitor operational risk and, in particular, to comply with the relevant regulatory requirements.

The Group has implemented a centralised risk management framework since January 2006. The Board of Directors reviews and approves the major policies for operational risk management, and it has delegated the responsibility for ongoing operational risk management to the Operational Risk Management Committee. The Operational Risk Management Committee regularly reports status of operational risk management to the Board of Directors via the Risk Management Committee. Operational Risk Management Department under Risk Management Division of the Group is responsible for monitoring activities relating to operational risk.

Operational risk management tools adopted include operational risk incidents reporting, control self-assessment, key risk indicators, operation manuals, insurance policies, business continuity planning, etc.

(c) 營運風險管理

營運風險是指由於內部流程、人手及系統不足或不成熟或因外部事件而導致損失的潛在風險。

營運風險管理的目標在於辨別、評估及監控營運風險，尤其是要遵守相關監管規定。

本集團自2006年1月起實施統一的風險管理制度。董事會審閱並批准營運風險管理的主要政策，並已授權營運風險管理委員會，負責持續管理營運風險。營運風險管理委員會透過風險管理委員會定期向董事會匯報營運風險管理的情況。本集團之風險管理處轄下的營運風險管理部，負責監控與營運風險有關的活動。

本集團所採用的營運風險管理工具包括營運風險事件報告、自我評估監控、主要風險指標、營運手冊、保險政策及業務持續規劃等等。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(c) Operational risk management (continued)

Furthermore, Operational Risk Management Department under Risk Management Division of the Group has also performed self-assessment on the Group's compliance with the requirements of HKMA Supervisory Policy Manual on Operational Risk Management, with satisfactory result which had been reviewed independently by Internal Audit Department.

(d) 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 management of the Bank's liquidity risk is governed by the Liquidity Risk Management Policy, endorsed by the Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's liquidity risk management, set the strategy and policy for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Liquidity risk is managed daily by the Treasury Markets Division within the limits approved by the Board of Directors. Asset and Liability Management Department under Risk Management Division of the Group is responsible for monitoring the activities of the Treasury Markets Division in compliance with the Liquidity Risk Management Manual. The Internal Audit Department performs periodic review to make sure the liquidity risk management functions are carried out effectively.

The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

The Group conducts stress testing regularly to analyse liquidity risk and has formulated a contingency plan that sets out a strategy for dealing with a liquidity problem and the procedures for making up cash flow deficits in emergency situations.

In addition to observing the statutory liquidity ratio, the Bank also monitors the loan to deposit ratio and maturity mismatch between assets and liabilities to control the Bank's liquidity risk.

(c) 營運風險管理(續)

此外，本集團之風險管理處轄下的營運風險管理部亦就本集團是否符合香港金管局監管政策手冊關於業務操作風險管理的規定進行自我評估，並經內部稽核部獨立審閱後得出滿意的結果。

(d) 流動資金風險管理

流動資金風險管理是為了確保本集團維持充足的現金以配合所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足客戶的提款要求；本集團在借款期滿時能夠還款；本集團符合法定的流動資金比率，以及掌握貸款和投資的機會。

本行的流動資金風險管理受風險管理委員會認可並經董事會核准的流動資金風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的流動資金風險管理，並制訂管理流動資金風險的策略與政策以及確保執行有關策略與政策的措施。流動資金風險由資金市場處每日按董事會批核的限額範圍進行管理。本集團之風險管理處轄下的資產負債管理部，負責監控資金市場處的活動是否遵從流動資金風險管理手冊。內部稽核部會定期作出檢討，確保流動資金風險管理功能得以有效執行。

本集團透過維持充足的流動資產，例如適當的現金和短期資金和證券數量，管理流動資金風險，以確保能在經審慎釐定的限額內符合短期融資要求。本集團維持充足的備用信貸，能提供策略性的流動資金，以應付日常業務過程中未能預計的大量資金需求。

本集團會定期進行壓力測試，以分析流動資金風險，並已制訂應急計劃，當中訂明了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。

除緊守法定的流動資金比率外，本行亦會監控貸存比率及資產與負債的期限錯配，以控制本行的流動資金風險。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Analysis of assets and liabilities by remaining maturity:

資產及負債的剩餘期限分析：

The Group**集團**

| | | 2011 | | | | | | | |
|--|---------------------|------------------------|-------------------|--|---|--|-----------------|-----------------------|----------------|
| | | Repayable on demand | Within 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 5 years or less but over 1 year | Over 5 years | Undated or overdue | Total |
| | | 即時還款 | 1個月內 | 至3個月 | 至1年 | 至5年 | 5年以上 | 或逾期 | 總額 |
| | | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Assets | 資產 | | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 40,392 | 210 | 43 | 125 | - | - | 30,991 | 71,761 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 1,027 | 17,413 | 14,569 | 29,048 | - | - | - | 62,057 |
| Trade bills | 貿易票據 | 55 | 5,459 | 11,471 | 19,833 | - | - | 5 | 36,823 |
| Trading assets | 交易用途資產 | - | - | - | 572 | 683 | 62 | 4,283 | 5,600 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | - | - | 648 | 826 | 12,119 | 2,737 | 333 | 16,663 |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 5,466 | 33,888 | 35,816 | 76,810 | 117,738 | 73,072 | 5,160 | 347,950 |
| Available-for-sale financial assets | 可供出售金融資產 | 107 | 3,382 | 7,990 | 7,950 | 20,149 | 3,319 | 2,013 | 44,910 |
| Held-to-maturity investments | 持至到期投資 | - | 1,088 | 339 | 1,307 | 1,622 | 231 | - | 4,587 |
| Undated assets | 無註明日期資產 | - | - | - | - | - | - | 21,051 | 21,051 |
| Total assets | 資產總額 | 47,047 | 61,440 | 70,876 | 136,471 | 152,311 | 79,421 | 63,836 | 611,402 |
| Liabilities | 負債 | | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 711 | 4,688 | 1,425 | 8,485 | 423 | - | 191 | 15,923 |
| Deposits from customers | 客戶存款 | 135,783 | 137,548 | 101,956 | 76,692 | 15,375 | - | - | 467,354 |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 56,896 | - | - | - | - | - | - | 56,896 |
| - Savings deposit | - 儲蓄存款 | 77,452 | - | - | - | - | - | - | 77,452 |
| - Time, call and notice deposits | - 定期及通知存款 | 1,435 | 137,548 | 101,956 | 76,692 | 15,375 | - | - | 333,006 |
| Trading liabilities | 交易用途負債 | - | - | - | - | - | - | 4,548 | 4,548 |
| Certificates of deposit issued | 已發行存款證 | - | 1,110 | 1,658 | 5,386 | 3,329 | - | - | 11,483 |
| Current taxation | 本期稅項 | - | - | - | 473 | - | - | - | 473 |
| Debt securities issued | 已發行債務證券 | - | - | - | 241 | 6,152 | - | - | 6,393 |
| Loan capital | 借貸資本 | - | - | 3,178 | 4,659 | - | 8,904 | - | 16,741 |
| Other liabilities | 其他負債 | 1,926 | 4,775 | 7,036 | 9,820 | 312 | 1 | 12,573 | 36,443 |
| Total liabilities | 負債總額 | 138,420 | 148,121 | 115,253 | 105,756 | 25,591 | 8,905 | 17,312 | 559,358 |
| Net gap | 淨差距 | (91,373) | (86,681) | (44,377) | 30,715 | 126,720 | 70,516 | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

| The Group | | 2010 | | | | | | | Total |
|--|---------------------|---------------------|----------------|-----------------------------------|----------------------------------|---------------------------------|--------------|--------------------|---------|
| | | Repayable on demand | Within 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 5 years or less but over 1 year | Over 5 years | Undated or overdue | |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Assets | 資產 | | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 28,108 | 70 | 63 | 40 | - | - | 20,012 | 48,293 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 121 | 49,427 | 2,161 | 6,488 | - | - | - | 58,197 |
| Trade bills | 貿易票據 | 554 | 4,723 | 11,752 | 1,513 | - | - | 6 | 18,548 |
| Trading assets | 交易用途資產 | - | - | 12 | 947 | 1,204 | 248 | 3,434 | 5,845 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | - | - | 135 | 1,049 | 11,676 | 3,129 | 203 | 16,192 |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 4,922 | 30,209 | 24,198 | 65,844 | 117,380 | 73,008 | 4,479 | 320,040 |
| Available-for-sale financial assets | 可供出售金融資產 | 120 | 1,734 | 5,333 | 8,547 | 19,385 | 3,048 | 2,612 | 40,779 |
| Held-to-maturity investments | 持至到期投資 | 27 | 868 | 203 | 1,456 | 2,388 | 772 | - | 5,714 |
| Undated assets | 無註明日期資產 | - | - | - | - | - | - | 20,585 | 20,585 |
| Total assets | 資產總額 | 33,852 | 87,031 | 43,857 | 85,884 | 152,033 | 80,205 | 51,331 | 534,193 |
| Liabilities | 負債 | | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 1,013 | 2,941 | 1,429 | 3,992 | 596 | - | 23 | 9,994 |
| Deposits from customers | 客戶存款 | 142,673 | 126,658 | 72,199 | 64,052 | 14,251 | - | - | 419,833 |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 59,699 | - | - | - | - | - | - | 59,699 |
| - Savings deposit | - 儲蓄存款 | 82,366 | - | - | - | - | - | - | 82,366 |
| - Time, call and notice deposits | - 定期及通知存款 | 608 | 126,658 | 72,199 | 64,052 | 14,251 | - | - | 277,768 |
| Trading liabilities | 交易用途負債 | - | - | - | - | - | - | 3,101 | 3,101 |
| Certificates of deposit issued | 已發行存款證 | - | - | 535 | 874 | 1,776 | 2,401 | - | 5,586 |
| Current taxation | 本期稅項 | - | - | - | 618 | - | - | - | 618 |
| Debt securities issued | 已發行債務證券 | - | - | - | 4,709 | 241 | - | - | 4,950 |
| Loan capital | 借貸資本 | - | - | - | - | 8,208 | 4,485 | - | 12,693 |
| Other liabilities | 其他負債 | 1,674 | 2,823 | 4,168 | 9,522 | 358 | - | 10,230 | 28,775 |
| Total liabilities | 負債總額 | 145,360 | 132,422 | 78,331 | 83,767 | 25,430 | 6,886 | 13,354 | 485,550 |
| Net gap | 淨差距 | (111,508) | (45,391) | (34,474) | 2,117 | 126,603 | 73,319 | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank

銀行

| | | 2011 | | | | | | | Total |
|--|---------------------|------------------------|-------------------|--|---|--|-----------------|-----------------------|---------|
| | | Repayable on demand | Within 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 5 years or less but over 1 year | Over 5 years | Undated or overdue | |
| | | 即時還款 | 1個月內 | 3個月 至3個月 | 1年 至1年 | 5年 至5年 | 5年以上 | 無註明日期 或逾期 | 總額 |
| | | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn | HKS Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Assets | 資產 | | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 20,758 | 172 | - | - | - | - | 1,640 | 22,570 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 1,027 | 12,576 | 9,790 | 9,977 | - | - | - | 33,370 |
| Trade bills | 貿易票據 | 55 | 9,006 | 10,506 | 16,304 | - | - | 5 | 35,876 |
| Trading assets | 交易用途資產 | - | - | - | 31 | 622 | 62 | 3,444 | 4,159 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | - | - | 648 | 826 | 12,119 | 2,737 | 123 | 16,453 |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 4,747 | 25,888 | 18,890 | 33,869 | 71,368 | 43,778 | 5,053 | 203,593 |
| Available-for-sale financial assets | 可供出售金融資產 | 107 | 3,345 | 7,721 | 6,069 | 9,321 | 1,104 | 962 | 28,629 |
| Held-to-maturity investments | 持至到期投資 | - | 917 | 219 | 1,164 | 580 | - | - | 2,880 |
| Undated assets | 無註明日期資產 | - | - | - | - | - | - | 36,209 | 36,209 |
| Total assets | 資產總額 | 26,694 | 51,904 | 47,774 | 68,240 | 94,010 | 47,681 | 47,436 | 383,739 |
| Liabilities | 負債 | | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 696 | 4,150 | 1,201 | 3,826 | - | - | 191 | 10,064 |
| Deposits from customers | 客戶存款 | 89,884 | 109,183 | 64,900 | 24,736 | 1,742 | - | - | 290,445 |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 15,844 | - | - | - | - | - | - | 15,844 |
| - Savings deposit | - 儲蓄存款 | 73,317 | - | - | - | - | - | - | 73,317 |
| - Time, call and notice deposits | - 定期及通知存款 | 723 | 109,183 | 64,900 | 24,736 | 1,742 | - | - | 201,284 |
| Trading liabilities | 交易用途負債 | - | - | - | - | - | - | 3,827 | 3,827 |
| Certificates of deposit issued | 已發行存款證 | - | 1,110 | 1,658 | 5,386 | 3,329 | 2,200 | - | 13,683 |
| Current taxation | 本期稅項 | - | - | - | 297 | - | - | - | 297 |
| Debt securities issued | 已發行債務證券 | - | - | - | 241 | - | - | - | 241 |
| Loan capital | 借貸資本 | - | - | 3,178 | 4,659 | - | 12,929 | - | 20,766 |
| Other liabilities | 其他負債 | 8 | 1,072 | 308 | 136 | 22 | - | 7,545 | 9,091 |
| Total liabilities | 負債總額 | 90,588 | 115,515 | 71,245 | 39,281 | 5,093 | 15,129 | 11,563 | 348,414 |
| Net gap | 淨差距 | (63,894) | (63,611) | (23,471) | 28,959 | 88,917 | 32,552 | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

| The Bank | | 銀行 | | | | | | | | |
|--|---------------------|------------------------|-------------------|--|---|--|-----------------|-----------------------|---------|---------|
| | | 2010 Restated 重報 | | | | | | | | |
| | | Repayable on demand | Within 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 5 years or less but over 1 year | Over 5 years | Undated or overdue | Total | |
| | | 即時還款 | 1個月內 | 1個月以上 至3個月 | 3個月以上 至1年 | 1年以上 至5年 | 5年以上 | 無註明日期 或逾期 | 總額 | |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Assets | 資產 | | | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 16,583 | - | - | - | - | - | 1,225 | 17,808 | |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 121 | 37,111 | 675 | 2,067 | - | - | - | 39,974 | |
| Trade bills | 貿易票據 | 175 | 1,103 | 2,539 | 13,669 | - | - | 5 | 17,491 | |
| Trading assets | 交易用途資產 | - | - | - | 291 | 756 | 248 | 2,901 | 4,196 | |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | - | - | 135 | 1,049 | 11,676 | 3,129 | 203 | 16,192 | |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 3,983 | 24,199 | 13,366 | 29,309 | 73,221 | 43,185 | 3,800 | 191,063 | |
| Available-for-sale financial assets | 可供出售金融資產 | 120 | 1,244 | 4,018 | 5,076 | 8,711 | 791 | 1,202 | 21,162 | |
| Held-to-maturity investments | 持至到期投資 | 27 | 793 | 153 | 1,373 | 1,420 | - | - | 3,766 | |
| Undated assets | 無註明日期資產 | - | - | - | - | - | - | 41,937 | 41,937 | |
| Total assets | 資產總額 | 21,009 | 64,450 | 20,886 | 52,834 | 95,784 | 47,353 | 51,273 | 353,589 | |
| Liabilities | 負債 | | | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 927 | 1,382 | 901 | - | - | - | 23 | 3,233 | |
| Deposits from customers | 客戶存款 | 95,570 | 106,057 | 50,570 | 23,390 | 1,119 | - | - | 276,706 | |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 16,796 | - | - | - | - | - | - | 16,796 | |
| - Savings deposit | - 儲蓄存款 | 78,595 | - | - | - | - | - | - | 78,595 | |
| - Time, call and notice deposits | - 定期及通知存款 | 179 | 106,057 | 50,570 | 23,390 | 1,119 | - | - | 181,315 | |
| Trading liabilities | 交易用途負債 | - | - | - | - | - | - | 2,432 | 2,432 | |
| Certificates of deposit issued | 已發行存款證 | - | 535 | 874 | 1,776 | 2,401 | 2,200 | - | 7,786 | |
| Current taxation | 本期稅項 | - | - | - | 441 | - | - | - | 441 | |
| Debt securities issued | 已發行債務證券 | - | - | - | - | 241 | - | - | 241 | |
| Loan capital | 借貸資本 | - | - | - | - | 8,208 | 8,798 | - | 17,006 | |
| Other liabilities | 其他負債 | - | 736 | 105 | 3,851 | 3 | - | 6,580 | 11,275 | |
| Total liabilities | 負債總額 | 96,497 | 108,710 | 52,450 | 29,458 | 11,972 | 10,998 | 9,035 | 319,120 | |
| Net gap | 淨差距 | (75,488) | (44,260) | (31,564) | 23,376 | 83,812 | 36,355 | | | |

As the trading and available-for-sale portfolios may be sold before maturity or deposits from customers may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

由於作交易及可供出售用途的組合可能於到期前出售或客戶存款可能在到期前被提取，合約到期日並非代表未來現金流的預計日期。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The following tables provide an analysis of the undiscounted cashflow projection of the financial liabilities of the Group at the balance sheet date based on the dates of their contractual payment obligations:

下表展示於結算日集團的未經折扣之金融負債的預計現金流按其合約支付債務之日期分析：

The Group

集團

| | | 2011 | | | | | | | |
|---|-----------------|-----------------|--------------------|---------------------|--------------|---------------------------|--------------------|------------|---------|
| | | Carrying amount | Gross cash outflow | Repayable on demand | Less than | Between | Between | More than | Undated |
| | | | | | three months | three months and one year | one and five years | five years | |
| | | 賬面值 | 現金流出 | 即時還款 | 3個月或以下 | 3個月以上至1年 | 1年以上至5年 | 5年以上 | 無註明日期 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 15,923 | 15,957 | 711 | 6,133 | 8,496 | 426 | - | 191 |
| Deposits from customers | 客戶存款 | 467,354 | 470,311 | 135,853 | 240,178 | 77,864 | 16,416 | - | - |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 56,896 | 56,934 | 56,934 | - | - | - | - | - |
| - Savings deposit | - 儲蓄存款 | 77,452 | 77,453 | 77,453 | - | - | - | - | - |
| - Time, call and notice deposits | - 定期及通知存款 | 333,006 | 335,924 | 1,466 | 240,178 | 77,864 | 16,416 | - | - |
| Trading liabilities | 交易用途負債 | 4,548 | 4,548 | - | - | - | - | - | 4,548 |
| Certificates of deposit issued | 已發行存款證 | 11,483 | 11,743 | - | 2,812 | 5,453 | 3,478 | - | - |
| Current taxation | 本期稅項 | 473 | 473 | - | - | 473 | - | - | - |
| Debt securities issued | 已發行債務證券 | 6,393 | 6,861 | - | 25 | 398 | 6,438 | - | - |
| Loan capital | 借貸資本 | 16,741 | 23,435 | - | 3,431 | 5,392 | 3,452 | 11,160 | - |
| Interest rate swaps | 利率掉期合約 | 4,817 | 4,817 | - | 423 | 789 | 2,673 | 932 | - |
| Other liabilities | 其他負債 | 36,443 | 36,443 | 1,926 | 11,811 | 9,820 | 312 | 1 | 12,573 |
| Total | 總額 | 564,175 | 574,588 | 138,490 | 264,813 | 108,685 | 33,195 | 12,093 | 17,312 |

| | | 2010 | | | | | | | |
|---|-----------------|-----------------|--------------------|---------------------|--------------|---------------------------|--------------------|------------|---------|
| | | Carrying amount | Gross cash outflow | Repayable on demand | Less than | Between | Between | More than | Undated |
| | | | | | three months | three months and one year | one and five years | five years | |
| | | 賬面值 | 現金流出 | 即時還款 | 3個月或以下 | 3個月以上至1年 | 1年以上至5年 | 5年以上 | 無註明日期 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 9,994 | 10,057 | 1,013 | 4,377 | 4,037 | 607 | - | 23 |
| Deposits from customers | 客戶存款 | 419,833 | 421,914 | 142,715 | 199,143 | 64,699 | 15,357 | - | - |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 59,699 | 59,737 | 59,737 | - | - | - | - | - |
| - Savings deposit | - 儲蓄存款 | 82,366 | 82,367 | 82,367 | - | - | - | - | - |
| - Time, call and notice deposits | - 定期及通知存款 | 277,768 | 279,810 | 611 | 199,143 | 64,699 | 15,357 | - | - |
| Trading liabilities | 交易用途負債 | 3,101 | 3,101 | - | - | - | - | - | 3,101 |
| Certificates of deposit issued | 已發行存款證 | 5,586 | 5,676 | - | 538 | 903 | 1,834 | 2,401 | - |
| Current taxation | 本期稅項 | 618 | 618 | - | - | 618 | - | - | - |
| Debt securities issued | 已發行債務證券 | 4,950 | 5,086 | - | 68 | 4,776 | 242 | - | - |
| Loan capital | 借貸資本 | 12,693 | 16,052 | - | 262 | 281 | 9,595 | 5,914 | - |
| Interest rate swaps | 利率掉期合約 | 6,101 | 6,101 | - | 552 | 1,006 | 3,023 | 1,520 | - |
| Other liabilities | 其他負債 | 28,775 | 28,775 | 1,674 | 6,991 | 9,522 | 358 | - | 10,230 |
| Total | 總額 | 491,651 | 497,380 | 145,402 | 211,931 | 85,842 | 31,016 | 9,835 | 13,354 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(d) Liquidity risk management (continued)

(d) 流動資金風險管理(續)

| The Bank | | 2011 | | | | | | | |
|---|-----------------|-----------------|--------------------|---------------------|------------------------|-----------------------------------|----------------------------|----------------------|---------|
| | | Carrying amount | Gross cash outflow | Repayable on demand | Less than three months | Between three months and one year | Between one and five years | More than five years | Undated |
| | | 賬面值 | 總額 | 即時還款 | 或以下 | 至1年 | 至5年 | 5年以上 | 無註明日期 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 10,064 | 10,075 | 696 | 5,359 | 3,829 | - | - | 191 |
| Deposits from customers | 客戶存款 | 290,445 | 290,985 | 89,885 | 174,379 | 24,951 | 1,770 | - | - |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 15,844 | 15,845 | 15,845 | - | - | - | - | - |
| - Savings deposit | - 儲蓄存款 | 73,317 | 73,317 | 73,317 | - | - | - | - | - |
| - Time, call and notice deposits | - 定期及通知存款 | 201,284 | 201,823 | 723 | 174,379 | 24,951 | 1,770 | - | - |
| Trading liabilities | 交易用途負債 | 3,827 | 3,827 | - | - | - | - | - | 3,827 |
| Certificates of deposit issued | 已發行存款證 | 13,683 | 13,943 | - | 2,812 | 5,453 | 3,478 | 2,200 | - |
| Current taxation | 本期稅項 | 297 | 297 | - | - | 297 | - | - | - |
| Debt securities issued | 已發行債務證券 | 241 | 243 | - | 1 | 242 | - | - | - |
| Loan capital | 借貸資本 | 20,766 | 27,460 | - | 3,431 | 5,392 | 3,452 | 15,185 | - |
| Interest rate swaps | 利率掉期合約 | 4,368 | 4,368 | - | 305 | 627 | 2,514 | 922 | - |
| Other liabilities | 其他負債 | 9,091 | 9,110 | 8 | 1,381 | 137 | 39 | - | 7,545 |
| Total | 總額 | 352,782 | 360,308 | 90,589 | 187,668 | 40,928 | 11,253 | 18,307 | 11,563 |

| | | 2010 | | | | | | | |
|---|-----------------|-----------------|--------------------|---------------------|------------------------|-----------------------------------|----------------------------|----------------------|---------|
| | | Carrying amount | Gross cash outflow | Repayable on demand | Less than three months | Between three months and one year | Between one and five years | More than five years | Undated |
| | | 賬面值 | 總額 | 即時還款 | 或以下 | 至1年 | 至5年 | 5年以上 | 無註明日期 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 3,233 | 3,233 | 927 | 2,283 | - | - | - | 23 |
| Deposits from customers | 客戶存款 | 276,706 | 277,066 | 95,570 | 156,781 | 23,565 | 1,150 | - | - |
| - Demand deposits and current accounts | - 活期存款及往來賬戶 | 16,796 | 16,796 | 16,796 | - | - | - | - | - |
| - Savings deposit | - 儲蓄存款 | 78,595 | 78,595 | 78,595 | - | - | - | - | - |
| - Time, call and notice deposits | - 定期及通知存款 | 181,315 | 181,675 | 179 | 156,781 | 23,565 | 1,150 | - | - |
| Trading liabilities | 交易用途負債 | 2,432 | 2,432 | - | - | - | - | - | 2,432 |
| Certificates of deposit issued | 已發行存款證 | 7,786 | 7,876 | - | 1,412 | 1,805 | 2,459 | 2,200 | - |
| Current taxation | 本期稅項 | 441 | 441 | - | - | 441 | - | - | - |
| Debt securities issued | 已發行債務證券 | 241 | 245 | - | 1 | 2 | 242 | - | - |
| Loan capital | 借貸資本 | 17,006 | 23,338 | - | 262 | 611 | 10,917 | 11,548 | - |
| Interest rate swaps | 利率掉期合約 | 4,965 | 4,965 | - | 302 | 624 | 2,550 | 1,489 | - |
| Other liabilities | 其他負債 | 11,275 | 11,329 | - | 844 | 3,858 | 47 | - | 6,580 |
| Total | 總額 | 324,085 | 330,925 | 96,497 | 161,885 | 30,906 | 17,365 | 15,237 | 9,035 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(e) Interest rate risk management

The management of the Bank's interest rate risk is governed by the Interest Rate Risk Management Policy endorsed by Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's interest rate risk management, set the strategy and policy for managing interest rate risk and the means for ensuring that such strategy and policy are implemented. Interest rate risk is daily managed by the Treasury Markets Division within the limits approved by the Board of Directors. The independent centralised risk management unit of the Group is responsible for monitoring the activities of the Treasury Markets Division in compliance with the Interest Rate Risk Management Manual and Policy. The Internal Audit Department performs periodic review to make sure the interest rate risk management functions are implemented effectively.

The Bank manages the interest rate risk on the banking book primarily by focusing on the repricing mismatches. Gap analysis provides a static view of the maturity and repricing characteristics of the Bank's balance sheet positions. Repricing gap limits are set to control the Bank's interest rate risk.

Stress tests on the Bank's various types of interest rate risk are conducted regularly. The Asset and Liability Management Committee monitors the results of the stress tests and decides remedial action if required.

Sensitivity analysis in relation to the impact of changes in interest rates on earnings and economic value is assessed through a hypothetical interest rate shock of 200 basis points across the yield curve on both sides of the balance sheet and is performed on monthly basis. Sensitivity limits are set to control the Bank's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee and the Board of Directors on a regular basis.

Sensitivity analysis on interest rate risk

The Bank uses sensitivity analysis to measure the potential effect of changes in interest rates on our net interest income and economic value change:

| | | 2011 | | | 2010 | | |
|---|-------------------------|-------------------------------|-------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| | | HKD 港元 HK\$ Mn 港幣百萬元 | USD 美元 HK\$ Mn 港幣百萬元 | RMB 人民幣 HK\$ Mn 港幣百萬元 | HKD 港元 HK\$ Mn 港幣百萬元 | USD 美元 HK\$ Mn 港幣百萬元 | RMB 人民幣 HK\$ Mn 港幣百萬元 |
| Impact on earnings over the next 12 months if interest rates rise by 200 basis points | 倘利率上調200個基點對未來12個月的盈利影響 | 116 | (12) | 346 | 272 | (172) | 331 |
| Impact on economic value if interest rates rise by 200 basis points | 倘利率上調200個基點對經濟價值的影響 | (156) | 195 | 126 | (66) | (637) | (230) |

This sensitivity analysis, which is based on a static interest rate risk profile of assets and liabilities, is used for risk management purposes only. The analysis is based on the following assumptions:

- there is a parallel shift in the yield curve and in interest rates;
- there are no other changes to the portfolio;
- no loan prepayment is assumed as the majority of loans is on a floating rate basis; and
- deposits without fixed maturity dates are assumed to be repriced on the next day.

(e) 利率風險管理

本行的利率風險管理受風險管理委員會認可並經董事會核准的利率風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的利率風險管理，並制訂管理利率風險的策略與政策以及確保執行有關策略與政策的措施。利率風險由資金市場處每日按董事會批核的限額範圍進行管理。本集團之風險管理處轄下的資產負債管理部，負責監控資金市場處的活動是否遵從利率風險管理手冊及政策。內部稽核部會定期作出檢討，確保利率風險管理功能得以有效執行。

本行管理銀行賬冊利率風險的主要方法是集中於重訂息率的錯配。差距分析可讓本行從靜態角度瞭解資產負債的到期情況及再定息特點。本行設有重訂息率差距限額以控制本行的利率風險。

本行會對各種利率風險定期進行壓力測試。資產負債管理委員會監控壓力測試的結果，並在需要時釐定補救措施。

盈利和經濟價值對利率變動的敏感度分析乃透過每月假設資產負債的收益率曲線出現200個基點的利率衝擊來估算。本行設有敏感度限額，以控制本行的盈利及經濟價值兩方面的利率風險承擔。有關結果定期向資產負債管理委員會及董事會匯報。

利率風險敏感度分析

本行採用敏感度分析來量度利率變動對淨利息收入及經濟價值變動可能產生的影響：

該敏感度分析僅用於風險管理目的，乃依據資產及負債的靜態利率風險資料作出。有關分析乃根據以下假設進行：

- 收益率曲線及利率出現平行移動；
- 組合並無其他變動；
- 假設沒有提早償還貸款，因大部份貸款屬於浮息貸款；及
- 假設沒有固定到期日的存款於翌日再定息。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(e) Interest rate risk management (continued)

Actual changes in the Bank's net interest income and the economic value resulting from the increases in interest rates may differ from the results of this sensitivity analysis.

The following table indicates the expected next repricing dates (or maturity dates whichever are earlier) for the interest bearing assets and liabilities at the balance sheet date:

The Group

(e) 利率風險管理(續)

利率上調而導致本行淨利息收入及經濟價值的實際變動與該敏感度分析的結果可能有所不同。

下表顯示於結算日帶息資產及負債的預計下次利率重訂日(或到期日取其較短者)：

集團

| | | 2011 | | | | | |
|--|---------------------|---|---|---|---|--|---------------------------------|
| | | 3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元 | Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元 | Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元 | Over 5 years 5年以上 HK\$ Mn 港幣百萬元 | Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 |
| Assets | 資產 | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 66,976 | 125 | 8 | - | 4,652 | 71,761 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 33,654 | 27,276 | 1,127 | - | - | 62,057 |
| Trade bills | 貿易票據 | 20,859 | 15,822 | - | - | 142 | 36,823 |
| Trading assets | 交易用途資產 | - | 572 | 684 | 61 | 4,283 | 5,600 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 1,208 | 826 | 11,559 | 2,737 | 333 | 16,663 |
| Advances to customers | 客戶貸款 | 274,410 | 36,060 | 9,108 | 1,286 | 58 | 320,922 |
| Other accounts | 其他賬項 | 372 | 197 | 12 | 5 | 26,442 | 27,028 |
| Available-for-sale financial assets | 可供出售金融資產 | 17,465 | 7,243 | 15,257 | 2,961 | 1,984 | 44,910 |
| Held-to-maturity investments | 持至到期投資 | 1,907 | 827 | 1,622 | 231 | - | 4,587 |
| Non-interest bearing assets | 非帶息資產 | - | - | - | - | 21,051 | 21,051 |
| Total assets | 資產總額 | 416,851 | 88,948 | 39,377 | 7,281 | 58,945 | 611,402 |
| Liabilities | 負債 | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 14,147 | 880 | 43 | - | 853 | 15,923 |
| Deposits from customers | 客戶存款 | 368,135 | 74,389 | 11,123 | - | 13,707 | 467,354 |
| Trading liabilities | 交易用途負債 | - | - | - | - | 4,548 | 4,548 |
| Certificates of deposit issued | 已發行存款證 | 6,242 | 4,195 | 1,046 | - | - | 11,483 |
| Debt securities issued | 已發行債務證券 | 241 | - | 6,152 | - | - | 6,393 |
| Loan capital | 借貸資本 | 7,837 | - | - | 8,904 | - | 16,741 |
| Non-interest bearing liabilities | 非帶息負債 | - | - | - | - | 36,916 | 36,916 |
| Total liabilities | 負債總額 | 396,602 | 79,464 | 18,364 | 8,904 | 56,024 | 559,358 |
| Interest rate sensitivity gap | 利率敏感度差距 | 20,249 | 9,484 | 21,013 | (1,623) | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註 (續)

The Group

集團

| | | 2010 | | | | | | |
|--|---------------------|---|---|---|---|--|---------------------------------|--|
| | | 3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元 | Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元 | Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元 | Over 5 years 5年以上 HK\$ Mn 港幣百萬元 | Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 | |
| Assets | 資產 | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 44,547 | 40 | - | - | 3,706 | 48,293 | |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 51,709 | 6,488 | - | - | - | 58,197 | |
| Trade bills | 貿易票據 | 16,411 | 1,530 | - | - | 607 | 18,548 | |
| Trading assets | 交易用途資產 | 12 | 947 | 1,204 | 248 | 3,434 | 5,845 | |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 1,144 | 620 | 11,096 | 3,129 | 203 | 16,192 | |
| Advances to customers | 客戶貸款 | 243,887 | 41,301 | 6,677 | 1,400 | 2,678 | 295,943 | |
| Other accounts | 其他賬項 | 1,719 | 120 | - | 2 | 22,256 | 24,097 | |
| Available-for-sale financial assets | 可供出售金融資產 | 13,642 | 6,971 | 14,583 | 2,971 | 2,612 | 40,779 | |
| Held-to-maturity investments | 持至到期投資 | 1,729 | 1,381 | 1,832 | 772 | - | 5,714 | |
| Non-interest bearing assets | 非帶息資產 | - | - | - | - | 20,585 | 20,585 | |
| Total assets | 資產總額 | 374,800 | 59,398 | 35,392 | 8,522 | 56,081 | 534,193 | |
| Liabilities | 負債 | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 8,734 | 1,222 | 10 | - | 28 | 9,994 | |
| Deposits from customers | 客戶存款 | 330,410 | 69,189 | 6,143 | - | 14,091 | 419,833 | |
| Trading liabilities | 交易用途負債 | - | - | - | - | 3,101 | 3,101 | |
| Certificates of deposit issued | 已發行存款證 | 2,230 | 1,420 | 1,936 | - | - | 5,586 | |
| Debt securities issued | 已發行債務證券 | 241 | 4,709 | - | - | - | 4,950 | |
| Loan capital | 借貸資本 | 4,660 | - | 3,548 | 4,485 | - | 12,693 | |
| Non-interest bearing liabilities | 非帶息負債 | - | - | - | - | 29,393 | 29,393 | |
| Total liabilities | 負債總額 | 346,275 | 76,540 | 11,637 | 4,485 | 46,613 | 485,550 | |
| Interest rate sensitivity gap | 利率敏感度差距 | 28,525 | (17,142) | 23,755 | 4,037 | | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(e) Interest rate risk management (continued)

(e) 利率風險管理(續)

| The Bank | | 銀行 | | | | | |
|--|---------------------|---|---|---|---|--|---------------------------------|
| | | 2011 | | | | | |
| | | 3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元 | Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元 | Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元 | Over 5 years 5年以上 HK\$ Mn 港幣百萬元 | Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 |
| Assets | 資產 | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 19,655 | - | - | - | 2,915 | 22,570 |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 26,368 | 7,002 | - | - | - | 33,370 |
| Trade bills | 貿易票據 | 15,934 | 19,918 | - | - | 24 | 35,876 |
| Trading assets | 交易用途資產 | - | 31 | 622 | 62 | 3,444 | 4,159 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 1,208 | 826 | 11,559 | 2,737 | 123 | 16,453 |
| Advances to customers | 客戶貸款 | 181,822 | 10,425 | 4,445 | 460 | 106 | 197,258 |
| Other accounts | 其他賬項 | 165 | 196 | - | - | 5,974 | 6,335 |
| Available-for-sale financial assets | 可供出售金融資產 | 17,170 | 5,352 | 4,429 | 746 | 932 | 28,629 |
| Held-to-maturity investments | 持至到期投資 | 1,616 | 685 | 579 | - | - | 2,880 |
| Non-interest bearing assets | 非帶息資產 | - | - | - | - | 36,209 | 36,209 |
| Total assets | 資產總額 | 263,938 | 44,435 | 21,634 | 4,005 | 49,727 | 383,739 |
| Liabilities | 負債 | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 8,947 | 264 | - | - | 853 | 10,064 |
| Deposits from customers | 客戶存款 | 250,659 | 24,736 | 1,742 | - | 13,308 | 290,445 |
| Trading liabilities | 交易用途負債 | - | - | - | - | 3,827 | 3,827 |
| Certificates of deposit issued | 已發行存款證 | 6,242 | 4,195 | 1,046 | 2,200 | - | 13,683 |
| Debt securities issued | 已發行債務證券 | 241 | - | - | - | - | 241 |
| Loan capital | 借貸資本 | 7,837 | - | - | 12,929 | - | 20,766 |
| Non-interest bearing liabilities | 非帶息負債 | - | - | - | - | 9,388 | 9,388 |
| Total liabilities | 負債總額 | 273,926 | 29,195 | 2,788 | 15,129 | 27,376 | 348,414 |
| Interest rate sensitivity gap | 利率敏感度差距 | (9,988) | 15,240 | 18,846 | (11,124) | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Bank

銀行

| | | 2010 Restated 重報 | | | | | | |
|--|---------------------|---|---|---|---|--|---------------------------------|--|
| | | 3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元 | Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元 | Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元 | Over 5 years 5年以上 HK\$ Mn 港幣百萬元 | Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 | |
| Assets | 資產 | | | | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 15,663 | – | – | – | 2,145 | 17,808 | |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | 37,907 | 2,067 | – | – | – | 39,974 | |
| Trade bills | 貿易票據 | 10,288 | 7,007 | – | – | 196 | 17,491 | |
| Trading assets | 交易用途資產 | 1 | 290 | 756 | 248 | 2,901 | 4,196 | |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 1,144 | 620 | 11,096 | 3,129 | 203 | 16,192 | |
| Advances to customers | 客戶貸款 | 168,249 | 8,477 | 4,431 | 502 | 2,674 | 184,333 | |
| Other accounts | 其他賬項 | 916 | 105 | – | – | 5,709 | 6,730 | |
| Available-for-sale financial assets | 可供出售金融資產 | 11,838 | 3,500 | 3,909 | 713 | 1,202 | 21,162 | |
| Held-to-maturity investments | 持至到期投資 | 1,604 | 1,298 | 864 | – | – | 3,766 | |
| Non-interest bearing assets | 非帶息資產 | – | – | – | – | 41,937 | 41,937 | |
| Total assets | 資產總額 | 247,610 | 23,364 | 21,056 | 4,592 | 56,967 | 353,589 | |
| Liabilities | 負債 | | | | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 3,205 | – | – | – | 28 | 3,233 | |
| Deposits from customers | 客戶存款 | 239,202 | 23,390 | 1,119 | – | 12,995 | 276,706 | |
| Trading liabilities | 交易用途負債 | – | – | – | – | 2,432 | 2,432 | |
| Certificates of deposit issued | 已發行存款證 | 2,230 | 1,420 | 1,936 | 2,200 | – | 7,786 | |
| Debt securities issued | 已發行債務證券 | 241 | – | – | – | – | 241 | |
| Loan capital | 借貸資本 | 4,660 | – | 3,548 | 8,798 | – | 17,006 | |
| Non-interest bearing liabilities | 非帶息負債 | – | – | – | – | 11,716 | 11,716 | |
| Total liabilities | 負債總額 | 249,538 | 24,810 | 6,603 | 10,998 | 27,171 | 319,120 | |
| Interest rate sensitivity gap | 利率敏感度差距 | (1,928) | (1,446) | 14,453 | (6,406) | | | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

41. FINANCIAL RISK MANAGEMENT (CONTINUED) 財務風險管理(續)

(e) Interest rate risk management (continued)

The following table summarises the range of effective average interest rates for the year ended 31st December for monetary financial instruments:

| | | The Group 集團 | | The Bank 銀行 | |
|---|---------------------------------|-------------------|------------|-------------------|------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | % | % | % | % |
| Assets | 資產 | | | | |
| Cash and short-term funds and placements with banks and other financial institutions | 現金及在銀行和其他金融機構的結存，及在銀行及其他金融機構的存款 | 0-5.72 | 0-7.65 | 0.01-5.43 | 0-5.45 |
| Trade bills, advances to customers and advances to banks and other financial institutions | 貿易票據，客戶貸款及銀行及其他金融機構的貸款 | 0.31-53.39 | 0.46-52.03 | 0.31-21.49 | 0.46-18.00 |
| Securities (Note) | 證券(附註) | 0.10-7.75 | 0.04-7.75 | 0.10-7.75 | 0.04-7.75 |
| | | | | | |
| Liabilities | 負債 | | | | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | 0.01-7.41 | 0.01-6.50 | 0.01-7.41 | 0.01-4.65 |
| Deposits from customers | 客戶存款 | 0-8.11 | 0-12.04 | 0-6.25 | 0-5.30 |
| Certificates of deposit issued and loan capital | 已發行存款證及借貸資本 | 0.67-8.44 | 0.36-10.17 | 0.67-8.44 | 0.74-10.17 |

Note: Securities include certificates of deposit held, trading assets, financial assets designated at fair value through profit or loss, securities measured as loans and receivables, available-for-sale financial assets and held-to-maturity investments.

附註：證券包括持有存款證、交易資產、指定為通過損益以反映公平價值的金融資產、以貸款及應收賬款計量的證券、可供出售金融資產及持至到期投資。

(f) Strategic risk management

The objective of strategic risk management is to monitor the risk to earnings or capital arising from bad business decisions or from an improper implementation of good business decisions.

The Board of Directors reviews and approves policy for the management of the strategic risk. The Board has delegated the responsibility for ongoing strategic risk management to the Asset and Liability Management Committee. The Asset and Liability Management Committee reports to the Board of Directors via the Risk Management Committee.

(g) Legal risk and reputation risk management

Legal risk is the risk arising from the potential that unenforceable contracts, lawsuits or adverse judgements may disrupt or otherwise negatively affect the operations or financial condition of the Group.

Reputation risk is the risk that the Group's reputation is damaged by one or more than one reputation event, as reflected from negative publicity about the Group's business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence in the Group, result in costly litigation, or lead to a decline in the customer base, business or revenue.

The objective of managing the aforesaid risks is to identify, assess and monitor these risks and, in particular, to comply with the relevant regulatory requirements.

(e) 利率風險管理(續)

下表概述於截至12月31日止年度按貨幣金融工具之有效利率範圍：

(f) 策略性風險管理

策略性風險管理的目的是監控因不良商業決定或不當地實施良好商業決定而引致盈利或資本方面的風險。

董事會檢討和審批策略性風險管理政策，及已授權資產負債管理委員會負責持續管理策略性風險。資產負債管理委員會經風險管理委員會向董事會匯報。

(g) 法律風險和信譽風險管理

法律風險，是指於合約未能如期執行、一般訴訟、或不利審判的情形下，可能影響本集團的日常運作或財務狀況。

信譽風險源自公眾對本集團一宗或多宗營商規則、行為或財務情況的報導，此等報導，不管真實與否，有可能影響公眾對本集團的信心，因而導致高昂之訴訟費用，令本集團之客戶基礎下跌、或業務或收入減少。

有關風險管理之目的，在於識別、評估和監控各項風險，及確實執行有關監管條例之要求。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

The Board of Directors has delegated the responsibility for ongoing risk management of these risks to the Operational Risk Management Committee. The Operational Risk Management Committee reports to the Board of Directors via the Risk Management Committee.

董事會已授權營運風險管理委員會負責持續管理此等風險。營運風險管理委員會經風險管理委員會向董事會匯報。

(h) Capital management

The Hong Kong Monetary Authority (“HKMA”) sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The Group calculates requirements for market risk in its trading portfolios based upon the Group’s VaR models and uses its internal gradings as the basis for risk weightings for credit risk. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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 otherwise be possible with greater gearing 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 process of allocating capital to specific operations and activities is undertaken by the Asset and Liability Management Committee and is reviewed regularly by the Board of Directors.

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

The capital adequacy ratios as at 31st December, 2011 and 31st December, 2010 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1st January, 2007.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2011 and 31st December, 2010 and the Group are well above the minimum required ratio set by the HKMA.

(h) 資本管理

香港金融管理局(「金管局」)制定及監察本集團整體的資本規定。在實施現行的資本規定時，金管局規定本集團維持既定的總資本對總風險加權資產比率。本集團根據風險值模式計算交易組合的市場風險，及根據內部評級作為信貸風險之風險比重的基準。銀行業務分為交易賬冊或銀行賬冊。風險加權資產依照特別規定而定，特別規定旨在反映與資產的不同風險水平及資產負債表外的風險。

除符合監管規定外，本集團管理資本的主要目的是保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

調配資本至特定業務及活動的程序由資產及負債管理委員會進行，並由董事會定期檢討。

本集團依據行業慣例，以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變。

2011年12月31日及2010年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合2007年1月1日生效的香港《銀行條例》的《銀行業(資本)規則》。

截至2011年12月31日及2010年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS 金融工具的公平價值

(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 hierarchy of methods:

Level 1 – Quoted market price in an active market for an identical instrument.

Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for 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 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or counterparty quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market widely recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, historical or implied volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter (OTC) derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(a) 以公平價值列賬的金融工具

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。本集團以下列的分級方法計算公平價值：

第1級 – 參考同一工具在活躍市場取得的市場報價。

第2級 – 根據可觀察的輸入參數之估值模式。為此級別估值的工具，包括以下方式：就相若工具在活躍市場取得的市場報價；就相若工具在非活躍市場取得的市場報價；或其他估值模式，而該等估值模式所用的輸入參數，是直接或間接可從市場觀察所得的數據。

第3級 – 根據重要但非可觀察得到的輸入參數之估值模式。為此級別估值的工具，其估值模式所輸入之參數為非可觀察的數據，惟該等非可觀察的數據可以對估值產生重大影響。為此級別估值的工具，也包括在活躍市場取得相若金融工具的市場報價，惟當中需要作出非可觀察之調整或假設，以反映不同金融工具之間的差別。

於活躍市場買賣的金融資產及金融負債，是根據市場報價或交易對手報價以釐定其公平價值。而對於所有其他金融工具，本集團則利用估值模式以釐定公平價值。估值模式包括淨現值及現金流量折現模式，以及其他市場廣泛應用的期權估值模式。用於估值模式之假設及輸入參數包括無風險利率、基準利率、股票價格、外幣兌換率、指數價格、過往或預期波幅及相聯關係。採用估值模式的目的是釐定出公平價值，藉以在申報日能反映金融工具的價格，而該價格可被視為等同在公平交易下由市場人士決定的價格。

本集團會使用廣泛應用的估值模式，以釐定一般性及較簡單金融工具的公平價值，例如僅使用可觀察市場價格、及毋須管理層耗時判斷及估計之利率及貨幣掉期。可觀察價格及模式的輸入參數，通常可從市場上的上市債務及股份證券、在交易所買賣的衍生工具和簡單的場外交易衍生工具如利率掉期獲取。獲取可觀察市場價格及模式的輸入參數，可以減省管理層需時判斷及估計，也可減少有關釐定公平價值的不穩定因素。是否取得可觀察市場價格及輸入參數，視乎產品及市場性質，並會因金融市場的個別事件和一般情況而有不同變化。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

For more complex instruments, the Group uses valuation models, which usually are developed from recognised valuation methodologies. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation control function, namely Financial Instruments Valuation Group (“FIVG”) which comprises control units independent of front office management. Procedures for price verification have been established. Any pricing models to be used would be subject to a rigorous validation and approval process.

The table below analyses financial instruments carried at fair value, by valuation method:

至於較複雜的金融工具，本集團會使用通常由已有認受性的估值模式改動而來。部分甚或所有須予輸入模式的重要參數或未能從市場中觀察得出，而必須從市場價格或利率計算、或基於假設而估計而得出。該等須利用重要而非可觀察之輸入參數的估值模式，需要管理層投入較多時間於判斷及估計，始能釐定金融工具的公平價值；而揀選適當的估值模式、為估值之金融工具決定其預期的未來現金流、決定交易對手方違約和提早還款的或然率，以及挑選適用的貼現率等，一般皆需要管理層的判斷和估計。

本集團已就計算公平價值設立了監控機制。此機制包括擁有產品監控功能並獨立於前線管理人員，稱為金融工具估值群組(「群組」)。價格核實的程序已經確立。任何將被採用的價格模式必須經過嚴格的檢測及審批程序。

下表是根據估值方法，分析金融工具之公平價值：

| | | 2011 | | | | | | | |
|---|---------------------|--------------|-----------|-------------|---------|-------------|-----------|-------------|---------|
| | | The Group 集團 | | | | The Bank 銀行 | | | |
| | | Level One | Level Two | Level Three | Total | Level One | Level Two | Level Three | Total |
| | | 第1級 | 第2級 | 第3級 | 總額 | 第1級 | 第2級 | 第3級 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Assets | 資產 | | | | | | | | |
| Trading assets | 交易用途資產 | 2,363 | 2,886 | 351 | 5,600 | 1,761 | 2,260 | 138 | 4,159 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 10,784 | 5,879 | - | 16,663 | 10,578 | 5,875 | - | 16,453 |
| Available-for-sale financial assets | 可供出售金融資產 | 35,860 | 8,374 | 676 | 44,910 | 21,265 | 6,796 | 568 | 28,629 |
| | | 49,007 | 17,139 | 1,027 | 67,173 | 33,604 | 14,931 | 706 | 49,241 |
| Liabilities | 負債 | | | | | | | | |
| Trading liabilities | 交易用途負債 | 18 | 4,197 | 333 | 4,548 | 18 | 3,489 | 320 | 3,827 |
| Financial liabilities designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融負債 | 3,178 | 5,272 | - | 8,450 | 7,203 | 5,272 | - | 12,475 |
| | | 3,196 | 9,469 | 333 | 12,998 | 7,221 | 8,761 | 320 | 16,302 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

(a) 以公平價值列賬的金融工具(續)

| | | 2010 | | | | | | | |
|---|---------------------|--------------------|------------------|------------------|-------------|--------------------|------------------|------------------|-------------|
| | | The Group 集團 | | | Total 總額 | The Bank 銀行 | | | Total 總額 |
| Level One 第1級 | Level Two 第2級 | Level Three 第3級 | Level One 第1級 | Level Two 第2級 | | Level Three 第3級 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | |
| Assets | 資產 | | | | | | | | |
| Trading assets | 交易用途資產 | 4,147 | 1,404 | 294 | 5,845 | 3,030 | 962 | 204 | 4,196 |
| Financial assets designated at fair value through profit or loss | 指定為透過損益以反映公平價值的金融資產 | 11,406 | 4,786 | - | 16,192 | 11,406 | 4,786 | - | 16,192 |
| Available-for-sale financial assets | 可供出售金融資產 | 35,632 | 4,528 | 619 | 40,779 | 17,277 | 3,341 | 544 | 21,162 |
| | | 51,185 | 10,718 | 913 | 62,816 | 31,713 | 9,089 | 748 | 41,550 |
| Liabilities | 負債 | | | | | | | | |
| Trading liabilities | 交易用途負債 | 3 | 2,820 | 278 | 3,101 | 3 | 2,173 | 256 | 2,432 |
| Financial liabilities designated at fair value through profit or loss | 指定為透過損益以反映公平價值的金融負債 | 3,548 | 2,754 | - | 6,302 | 7,861 | 2,754 | - | 10,615 |
| | | 3,551 | 5,574 | 278 | 9,403 | 7,864 | 4,927 | 256 | 13,047 |

During the year there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

年內，根據第1級及第2級分級方法釐定公平價值之金融工具，兩者之間並無重大的轉移。

(1) Valuation of financial instruments with significant unobservable inputs

(1) 使用重要而非可觀察之輸入參數的金融工具估值

Movements in the recognised fair values of instruments with significant unobservable inputs were as follows:

已列賬並含有重要而非可觀察輸入參數的工具，其公平價值之變動如下：

| | | The Group 集團 | | |
|--|---|---|--|---------------------------------|
| | | Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元 | Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 |
| Assets | 資產 | | | |
| At 1st January, 2011 | 於2011年1月1日 | 294 | 619 | 913 |
| Purchases | 購入 | - | 94 | 94 |
| Settlements | 結算 | (104) | (117) | (221) |
| Changes in fair value recognised in the income statement | 公平價值變動確認於收益表 | 161 | - | 161 |
| Changes in fair value recognised in the other comprehensive income | 公平價值變動確認於其他全面收益 | - | 80 | 80 |
| At 31st December, 2011 | 於2011年12月31日 | 351 | 676 | 1,027 |
| Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date | 於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額 | - | 80 | 80 |
| Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income | 於結算日持有之資產而已計入年度內收益表之交易收入淨額 | 161 | - | 161 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | The Bank 銀行 | | |
|--|---|---|--|---------------------------------|
| | | Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元 | Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 |
| Assets | 資產 | | | |
| At 1st January, 2011 | 於2011年1月1日 | 204 | 544 | 748 |
| Purchases | 購入 | - | 44 | 44 |
| Settlements | 結算 | (57) | (106) | (163) |
| Changes in fair value recognised in the income statement | 公平價值變動確認於收益表 | (9) | - | (9) |
| Changes in fair value recognised in the other comprehensive income | 公平價值變動確認於其他全面收益 | - | 86 | 86 |
| At 31st December, 2011 | 於2011年12月31日 | 138 | 568 | 706 |
| Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date | 於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額 | - | 86 | 86 |
| Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income | 於結算日持有之資產而已計入年度內收益表之交易收入淨額 | (9) | - | (9) |

| | | The Group 集團 | | |
|--|---|---|--|---------------------------------|
| | | Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元 | Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元 | Total 總額 HK\$ Mn 港幣百萬元 |
| Assets | 資產 | | | |
| At 1st January, 2010 | 於2010年1月1日 | 101 | 393 | 494 |
| Purchases | 購入 | - | 191 | 191 |
| Settlements | 結算 | (47) | (1) | (48) |
| Changes in fair value recognised in the income statement | 公平價值變動確認於收益表 | 240 | - | 240 |
| Changes in fair value recognised in the other comprehensive income | 公平價值變動確認於其他全面收益 | - | 36 | 36 |
| At 31st December, 2010 | 於2010年12月31日 | 294 | 619 | 913 |
| Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date | 於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額 | - | 36 | 36 |
| Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income | 於結算日持有之資產而已計入年度內收益表之交易收入淨額 | 240 | - | 240 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

(a) 以公平價值列賬的金融工具(續)

(1) Valuation of financial instruments with significant unobservable inputs (continued)

(1) 使用重要而非可觀察之輸入參數的金融工具估值(續)

| Assets | 資產 | The Bank 銀行 | | Total 總額 HK\$ Mn 港幣百萬元 |
|--|---|---|--|---------------------------------|
| | | Trading assets – Positive fair value of derivatives 交易用途資產 – 衍生工具之 正公平價值 HK\$ Mn 港幣百萬元 | Available-for-sale financial assets 可供出售 金融資產 HK\$ Mn 港幣百萬元 | |
| At 1st January, 2010 | 於2010年1月1日 | 21 | 341 | 362 |
| Purchases | 購入 | – | 168 | 168 |
| Settlements | 結算 | (2) | (1) | (3) |
| Changes in fair value recognised in the income statement | 公平價值變動確認於收益表 | 185 | – | 185 |
| Changes in fair value recognised in the other comprehensive income | 公平價值變動確認於其他全面收益 | – | 36 | 36 |
| At 31st December, 2010 | 於2010年12月31日 | 204 | 544 | 748 |
| Total gains or losses for the year included in available-for-sale fair value reserve of the other comprehensive income for assets held at the balance sheet date | 於結算日持有之資產而已計入年度內其他全面收益之可供出售公平價值儲備之收益或虧損總額 | – | 36 | 36 |
| Total gains or losses for the year included in the income statement for assets held at the balance sheet date recorded in net trading income | 於結算日持有之資產而已計入年度內收益表之交易收入淨額 | 185 | – | 185 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

| | | The Group 集團 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元 | The Bank 銀行 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元 |
|--|------------------------------------|---|--|
| Liabilities | 負債 | | |
| At 1st January, 2011 | 於2011年1月1日 | 278 | 256 |
| Settlements | 結算 | (123) | (118) |
| Changes in fair value recognised in the income statement | 公平價值變動確認 於收益表 | 178 | 182 |
| At 31st December, 2011 | 於2011年12月31日 | 333 | 320 |
| Total gains or losses for the year included in the income statement for liabilities held at the balance sheet date recorded in net trading income | 於結算日持有之負債 而已計入年度內 收益表之交易收入淨額 | 178 | 182 |

| | | The Group 集團 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元 | The Bank 銀行 Trading liabilities – Negative fair value of derivatives 交易用途負債 – 衍生工具之負公平價值 HK\$ Mn 港幣百萬元 |
|--|------------------------------------|---|--|
| Liabilities | 負債 | | |
| At 1st January, 2010 | 於2010年1月1日 | 92 | 90 |
| Settlements | 結算 | (45) | (44) |
| Changes in fair value recognised in the income statement | 公平價值變動確認 於收益表 | 231 | 210 |
| At 31st December, 2010 | 於2010年12月31日 | 278 | 256 |
| Total gains or losses for the year included in the income statement for liabilities held at the balance sheet date recorded in net trading income | 於結算日持有之負債 而已計入年度內 收益表之交易收入淨額 | 231 | 210 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

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

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

(a) 以公平價值列賬的金融工具(續)

(2) 因重要而非可觀察之假設變動至合理可行之另類假設所產生的影響

| | | 2011 | | | |
|-------------------------------------|----------|--|------------------------|---|------------------------|
| | | Effect recorded in profit or loss 直接記錄於損益上之影響 | | Effect recorded directly in equity 直接記錄於股東權益上之影響 | |
| | | Favourable 有利 | (Unfavourable) (不利) | Favourable 有利 | (Unfavourable) (不利) |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Trading assets | 交易用途資產 | 29 | (29) | - | - |
| Available-for-sale financial assets | 可供出售金融資產 | - | - | 56 | (56) |
| | | 29 | (29) | 56 | (56) |
| Trading liabilities | 交易用途負債 | 28 | (28) | - | - |

| | | 2010 | | | |
|-------------------------------------|----------|--|------------------------|---|------------------------|
| | | Effect recorded in profit or loss 直接記錄於損益上之影響 | | Effect recorded directly in equity 直接記錄於股東權益上之影響 | |
| | | Favourable 有利 | (Unfavourable) (不利) | Favourable 有利 | (Unfavourable) (不利) |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Trading assets | 交易用途資產 | 25 | (25) | - | - |
| Available-for-sale financial assets | 可供出售金融資產 | - | - | 52 | (52) |
| | | 25 | (25) | 52 | (52) |
| Trading liabilities | 交易用途負債 | 23 | (23) | - | - |

The fair values of financial instruments are in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The table above shows the sensitivity of fair values due to parallel movement of plus or minus 10 per cent in reasonably possible alternative assumptions.

在若干情況下，計算金融工具的公平價值所使用的估值模式，其含有的假設並非依據在相同工具的當前可觀察市場交易價格，亦非依賴其他可觀察的市場數據。上表顯示出公平價值的敏感度，即因轉用至合理可行之另類假設所產生的正、負10%的價值的並行變動。

(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 below:

- (i) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date.
- (ii) The fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances from both the carrying amount and fair value.

(b) 以公平價值以外列賬的金融工具公平價值

本集團採用下列方法和重要假定，以釐定如下的金融工具的公平價值：

- (i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於結算日可按要求而支付的金額。
- (ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

- (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.
- (iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。
- (iv) The fair value of unquoted equity investments is estimated, if possible, using the applicable dividend discount model, or share of net asset value in the investment, or applying a discount to the market value of investments with a lock-up period.
- (iv) 非上市股票投資的公平價值是在可能情況下採用適用的股息折扣模式，或應佔投資的淨資產，或為設有禁售期之投資按其市值以折扣計算。
- (v) The fair value of unlisted open-ended investment funds is estimated using the net asset value per share as reported by the managers of such funds.
- (v) 非上市開放式投資基金的公平價值估計，是基於投資經理所匯報的每股資產淨值作出。
- (vi) The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.
- (vi) 已發出的融資擔保之公平價值，是以參考在相若服務的公平交易中所徵收費用之可取得相關資料而釐定；有關的資料也可參考利率差價而估計，亦可以就貸款機構對發出擔保所實際徵收的息率，與在沒有取得擔保之情況下而貸款機構將可能徵收的估計息率作出比較，並在當中取用較可靠的相關資料以釐定公平價值。

The carrying amount of the Group's and the Bank's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December, 2011 and 2010 except as follows:

除下列者外，本集團及銀行以成本或攤銷成本入賬之金融工具賬面值，與其於2011年12月31日及2010年同日之公平價值相若：

The Group

集團

| | | 2011 | | 2010 | |
|------------------------------|---------|-----------------|------------|-----------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value |
| | | 賬面值 | 公平價值 | 賬面值 | 公平價值 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Financial assets | 金融資產 | | | | |
| Held-to-maturity investments | 持至到期投資 | 4,587 | 4,658 | 5,714 | 5,851 |
| Financial liabilities | 金融負債 | | | | |
| Debt securities issued | 已發行債務證券 | 6,393 | 6,515 | 4,950 | 5,048 |
| Subordinated liabilities | 後償負債 | 13,563 | 13,559 | 9,145 | 9,045 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED) 金融工具的公平價值(續)

(b) Fair values of financial instruments carried at other than fair value (continued) (b) 以公平價值以外列賬的金融工具公平價值(續)

| The Bank | | 2011 | | 2010 | |
|------------------------------|---------|------------------------|--------------------|------------------------|--------------------|
| | | Carrying amount 賬面值 | Fair value 公平價值 | Carrying amount 賬面值 | Fair value 公平價值 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Financial assets | 金融資產 | | | | |
| Held-to-maturity investments | 持至到期投資 | 2,880 | 2,922 | 3,766 | 3,836 |
| Financial liabilities | 金融負債 | | | | |
| Debt securities issued | 已發行債務證券 | 241 | 241 | 241 | 241 |
| Subordinated liabilities | 後償負債 | 13,563 | 13,559 | 9,145 | 9,045 |

43. OFF-BALANCE SHEET EXPOSURES 資產負債表以外的風險

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

(a) 或然負債及承擔

每項或然負債及承擔主要類別的合約金額摘要如下：

| | | The Group 集團 | | The Bank 銀行 | |
|---|------------------|--------------|---------|-------------|--------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Direct credit substitutes | 直接信貸替代品 | 10,456 | 8,915 | 6,464 | 5,687 |
| Transaction-related contingencies | 與交易有關的或然項目 | 1,159 | 1,309 | 880 | 826 |
| Trade-related contingencies | 與貿易有關的或然項目 | 2,321 | 1,907 | 1,673 | 1,316 |
| Commitments that are unconditionally cancellable without prior notice | 可無條件取消而毋須事先通知的承擔 | 41,114 | 37,453 | 40,246 | 37,521 |
| Other commitments with an original maturity | 其他承擔的原到期日 | | | | |
| - up to 1 year | - 1年或以下 | 76,774 | 48,604 | 4,299 | 6,775 |
| - over 1 year | - 1年以上 | 16,657 | 19,690 | 14,944 | 18,294 |
| | | 148,481 | 117,878 | 68,506 | 70,419 |
| Credit risk weighted amounts | 信貸風險加權金額 | 49,965 | 40,584 | 15,514 | 18,296 |

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts does not represent expected future cash flows.

或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。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的金額。由於預期擔保書及承付款項的大部分金額會在未經提取前逾期，合約金額並不代表預計未來現金流量。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivative for the Group and the Bank:

The Group

(b) 衍生工具

衍生工具是指由一項或多項潛在資產或指數價值釐定價值的財務合約。

集團及銀行的每項衍生工具主要類別的名義金額摘要如下：

集團

| | | 2011 | | | | | |
|-------------------------|---------|---------|---|----------------------|-------------------|---------|---------|
| | | Trading | Managed in conjunction with financial instruments designated at fair value through profit or loss | Others | Non-trading Total | Total | |
| | | 交易 | 符合對沖會計法 | 按通過損益以反映公平價值金融工具模式管理 | 其他 | 非交易總額 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Exchange rate contracts | 匯率合約 | | | | | | |
| Forwards and futures | 遠期交易及期貨 | 87,776 | - | - | - | - | 87,776 |
| Swaps | 掉期交易 | 75,636 | - | - | 94,850 | 94,850 | 170,486 |
| Options purchased | 購入期權 | 1,707 | - | - | 50,120 | 50,120 | 51,827 |
| Options written | 沽出期權 | 2,383 | - | - | 49,974 | 49,974 | 52,357 |
| Interest rate contracts | 利率合約 | | | | | | |
| Forwards and futures | 遠期交易及期貨 | - | - | - | 1,689 | 1,689 | 1,689 |
| Swaps | 掉期交易 | 53,225 | 11,354 | 15,995 | 66,128 | 93,477 | 146,702 |
| Equity contracts | 股份合約 | | | | | | |
| Swaps | 掉期交易 | - | - | - | 7,089 | 7,089 | 7,089 |
| Options purchased | 購入期權 | 168 | - | - | 2,558 | 2,558 | 2,726 |
| Options written | 沽出期權 | 275 | - | - | 1,894 | 1,894 | 2,169 |
| Others | 其他 | - | - | - | 2,091 | 2,091 | 2,091 |
| | | 221,170 | 11,354 | 15,995 | 276,393 | 303,742 | 524,912 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

43. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(b) 衍生工具(續)

The Group

集團

| | | 2010 Restated 重報 | | | | |
|-------------------------|---------|------------------------|---|------------------------|---------------------------|------------------------|
| | | Trading | Managed in conjunction with financial instruments designated at fair value through profit or loss Qualifying for hedge accounting 符合對沖會計法 | Others | Non-trading Total | Total |
| | | 交易 HK\$ Mn 港幣百萬元 | 價值金融工具 模式管理 HK\$ Mn 港幣百萬元 | 其他 HK\$ Mn 港幣百萬元 | 非交易總額 HK\$ Mn 港幣百萬元 | 總額 HK\$ Mn 港幣百萬元 |
| Exchange rate contracts | 匯率合約 | | | | | |
| Forwards and futures | 遠期交易及期貨 | 53,582 | – | – | – | 53,582 |
| Swaps | 掉期交易 | 17,636 | – | 83,318 | 83,318 | 100,954 |
| Options purchased | 購入期權 | 1,325 | – | 29,643 | 29,643 | 30,968 |
| Options written | 沽出期權 | 1,793 | – | 29,826 | 29,826 | 31,619 |
| Interest rate contracts | 利率合約 | | | | | |
| Forwards and futures | 遠期交易及期貨 | – | – | 1,678 | 1,678 | 1,678 |
| Swaps | 掉期交易 | 21,894 | 8,242 | 17,385 | 62,822 | 84,716 |
| Equity contracts | 股份合約 | | | | | |
| Swaps | 掉期交易 | – | – | 6,044 | 6,044 | 6,044 |
| Options purchased | 購入期權 | 111 | – | 2,431 | 2,431 | 2,542 |
| Options written | 沽出期權 | 106 | – | 1,766 | 1,766 | 1,872 |
| Others | 其他 | – | – | 513 | 513 | 513 |
| | | 96,447 | 8,242 | 17,385 | 218,041 | 314,488 |

NOTES ON THE ACCOUNTS (CONTINUED)
賬項附註(續)

The Bank

銀行

| | | 2011 | | | | | |
|-------------------------|---------|------------------------|--|------------------|------------------------|---------------------------|------------------------|
| | | Trading | Managed in conjunction with financial instruments designated at fair value through profit or loss 按通過損益以反映公平價值金融工具 符合對沖會計法 模式管理 | | Others | Non-trading Total | Total |
| | | 交易 HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | 其他 HK\$ Mn 港幣百萬元 | 非交易總額 HK\$ Mn 港幣百萬元 | 總額 HK\$ Mn 港幣百萬元 |
| Exchange rate contracts | 匯率合約 | | | | | | |
| Forwards and futures | 遠期交易及期貨 | 73,543 | - | - | - | - | 73,543 |
| Swaps | 掉期交易 | 28,324 | - | - | 94,092 | 94,092 | 122,416 |
| Options purchased | 購入期權 | 1,707 | - | - | 50,120 | 50,120 | 51,827 |
| Options written | 沽出期權 | 2,383 | - | - | 49,974 | 49,974 | 52,357 |
| Interest rate contracts | 利率合約 | | | | | | |
| Forwards and futures | 遠期交易及期貨 | - | - | - | 1,689 | 1,689 | 1,689 |
| Swaps | 掉期交易 | 3,602 | 11,354 | 15,995 | 63,291 | 90,640 | 94,242 |
| Equity contracts | 股份合約 | | | | | | |
| Swaps | 掉期交易 | - | - | - | 6,796 | 6,796 | 6,796 |
| Options purchased | 購入期權 | 168 | - | - | 2,558 | 2,558 | 2,726 |
| Options written | 沽出期權 | 275 | - | - | 2,558 | 2,558 | 2,833 |
| Others | 其他 | - | - | - | 2,081 | 2,081 | 2,081 |
| | | 110,002 | 11,354 | 15,995 | 273,159 | 300,508 | 410,510 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

43. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives (continued)

(b) 衍生工具(續)

The Bank

銀行

| | | 2010 Restated 重報 | | | | |
|-------------------------|---------|------------------------|---|------------------------|---------------------------|------------------------|
| | | Trading | Managed in conjunction with financial instruments designated at fair value through profit or loss Qualifying for hedge accounting 符合對沖會計法 | Others | Non-trading Total | Total |
| | | 交易 HK\$ Mn 港幣百萬元 | 價值金融工具 HK\$ Mn 港幣百萬元 | 其他 HK\$ Mn 港幣百萬元 | 非交易總額 HK\$ Mn 港幣百萬元 | 總額 HK\$ Mn 港幣百萬元 |
| Exchange rate contracts | 匯率合約 | | | | | |
| Forwards and futures | 遠期交易及期貨 | 46,127 | - | - | - | 46,127 |
| Swaps | 掉期交易 | 17,636 | - | 54,146 | 54,146 | 71,782 |
| Options purchased | 購入期權 | 1,325 | - | 29,643 | 29,643 | 30,968 |
| Options written | 沽出期權 | 1,793 | - | 29,826 | 29,826 | 31,619 |
| Interest rate contracts | 利率合約 | | | | | |
| Forwards and futures | 遠期交易及期貨 | - | - | 1,678 | 1,678 | 1,678 |
| Swaps | 掉期交易 | - | 8,242 | 17,385 | 63,012 | 63,012 |
| Equity contracts | 股份合約 | | | | | |
| Swaps | 掉期交易 | - | - | 6,142 | 6,142 | 6,142 |
| Options purchased | 購入期權 | 111 | - | 2,431 | 2,431 | 2,542 |
| Options written | 沽出期權 | 106 | - | 2,431 | 2,431 | 2,537 |
| Others | 其他 | - | - | 435 | 435 | 435 |
| | | 67,098 | 8,242 | 17,385 | 164,117 | 189,744 |
| | | | | | | 256,842 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

Derivatives arise from futures, forward, swap and option transactions undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

衍生工具是由本集團及本行在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在結算日仍未完成的交易量，但並不代表所承受風險的金額。

The fair value and credit risk weighted amounts of the aforesaid off-balance sheet exposures are as follows. These amounts do not take into account the effects of bilateral netting arrangements.

前述資產負債表以外風險的公平價值及信貸風險加權金額如下。這些金額並未計入雙邊淨額安排的影響。

| | | The Group 集團 | | | |
|------------------------------|---------------|------------------|-------------------|------------------|-------------------|
| | | 2011 | | 2010 Restated 重報 | |
| | | Assets 資產 | Liabilities 負債 | Assets 資產 | Liabilities 負債 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Fair value (Notes 24 and 35) | 公平價值(附註24及35) | | | | |
| Exchange rate contracts | 匯率合約 | 1,440 | 1,397 | 879 | 712 |
| Interest rate contracts | 利率合約 | 1,403 | 2,829 | 703 | 2,280 |
| Equity contracts | 股份合約 | 337 | 292 | 154 | 104 |
| Others | 其他 | 35 | 20 | 2 | 4 |
| | | 3,215 | 4,538 | 1,738 | 3,100 |

| | | The Bank 銀行 | | | |
|------------------------------|---------------|------------------|-------------------|------------------|-------------------|
| | | 2011 | | 2010 Restated 重報 | |
| | | Assets 資產 | Liabilities 負債 | Assets 資產 | Liabilities 負債 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Fair value (Notes 24 and 35) | 公平價值(附註24及35) | | | | |
| Exchange rate contracts | 匯率合約 | 984 | 1,076 | 545 | 466 |
| Interest rate contracts | 利率合約 | 1,185 | 2,433 | 535 | 1,877 |
| Equity contracts | 股份合約 | 179 | 288 | 124 | 88 |
| Others | 其他 | 28 | 20 | 2 | - |
| | | 2,376 | 3,817 | 1,206 | 2,431 |

| | | The Group 集團 | | The Bank 銀行 | |
|--------------------------------|------------|------------------|---------------------|------------------|---------------------|
| | | 2011 | 2010 Restated 重報 | 2011 | 2010 Restated 重報 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Credit risk weighted amounts * | 信貸風險加權金額 * | | | | |
| Exchange rate contracts | 匯率合約 | 3,148 | 2,144 | 2,834 | 1,916 |
| Interest rate contracts | 利率合約 | 1,378 | 678 | 1,189 | 551 |
| Equity contracts | 股份合約 | 328 | 219 | 383 | 283 |
| Others | 其他 | 6 | 15 | 9 | 23 |
| | | 4,860 | 3,056 | 4,415 | 2,773 |

* The Bank adopted the Foundation Internal Ratings Based ("IRB") approach according to Banking (Capital) Rules for calculating the credit risk weighted amount as at 31st December, 2011.

* 根據《銀行業(資本)規則》，本行採納「基礎內部評級基準計算法」計算於2011年12月31日之信貸風險之風險加權金額。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

43. OFF-BALANCE SHEET EXPOSURES (CONTINUED) 資產負債表以外的風險(續)

(b) Derivatives (continued)

The tables above give the contractual or notional amounts, fair value and credit risk weighted amounts of off-balance sheet transactions. The fair value is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Banking (Capital) Rules. Fair value represents the cost of replacing all contracts which have a positive value when marked to market.

Fair value is a close approximation of the credit risk for these contracts as at the balance sheet date. The credit risk weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules.

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 balance sheet date.

(b) 衍生工具(續)

上表列出資產負債表以外交易的合約或名義金額、公平價值及信貸風險加權金額。公平價值是用來計算信貸風險加權金額。該等金額是按照《銀行業(資本)規則》作評估。公平價值是指重置所有按市場價值計算差額時附有正值的合約成本。

公平價值是在結算日該等合約的略計信貸風險。信貸風險加權金額是指按照《銀行業(資本)規則》計算。

下表分析在結算日本集團根據到期期限歸類之剩餘結算期限有關衍生工具的名義金額。

| | | The Group 集團 | | | | | | | |
|---------------------------|--------|--|---------------------------|-----------------|---------|-------------------|---------------------------|-----------------|---------|
| | | Notional amounts with remaining life of 剩餘期限的名義金額 | | | | | | | |
| | | 2011 | | | | 2010 Restated 重報 | | | |
| | | 1 year or less | Over 1 year to 5 years | Over 5 years | Total | 1 year or less | Over 1 year to 5 years | Over 5 years | Total |
| | | 1年或以下 | 1年以上至5年 | 5年以上 | 總額 | 1年或以下 | 1年以上至5年 | 5年以上 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Interest rate derivatives | 利率衍生工具 | 90,748 | 42,601 | 15,042 | 148,391 | 29,144 | 41,589 | 15,661 | 86,394 |
| Currency derivatives | 貨幣衍生工具 | 274,940 | 83,951 | 77 | 358,968 | 210,211 | 6,783 | 129 | 217,123 |
| Other derivatives | 其他衍生工具 | 6,312 | 7,625 | 138 | 14,075 | 7,004 | 3,756 | 211 | 10,971 |
| | | 372,000 | 134,177 | 15,257 | 521,434 | 246,359 | 52,128 | 16,001 | 314,488 |

| | | The Bank 銀行 | | | | | | | |
|---------------------------|--------|--|---------------------------|-----------------|---------|-------------------|---------------------------|-----------------|---------|
| | | Notional amounts with remaining life of 剩餘期限的名義金額 | | | | | | | |
| | | 2011 | | | | 2010 Restated 重報 | | | |
| | | 1 year or less | Over 1 year to 5 years | Over 5 years | Total | 1 year or less | Over 1 year to 5 years | Over 5 years | Total |
| | | 1年或以下 | 1年以上至5年 | 5年以上 | 總額 | 1年或以下 | 1年以上至5年 | 5年以上 | 總額 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Interest rate derivatives | 利率衍生工具 | 56,070 | 24,827 | 15,034 | 95,931 | 23,829 | 25,205 | 15,655 | 64,689 |
| Currency derivatives | 貨幣衍生工具 | 213,529 | 83,136 | - | 296,665 | 174,039 | 6,457 | - | 180,496 |
| Other derivatives | 其他衍生工具 | 6,275 | 7,906 | 255 | 14,436 | 6,927 | 4,320 | 410 | 11,657 |
| | | 275,874 | 115,869 | 15,289 | 407,032 | 204,795 | 35,982 | 16,065 | 256,842 |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(c) Capital commitments

Capital commitments outstanding at 31st December and not provided for in the accounts were as follows:

| | The Group 集團 | | | | The Bank 銀行 | | | |
|--|--------------|-------|------------|-------|-------------|-------|------------|-------|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Expenditure authorised and contracted for 已核准支出並已簽約 | 171 | | 179 | | 117 | | 136 | |
| Expenditure authorised but not contracted for 已核准支出但未簽約 | 213 | | 298 | | 175 | | 208 | |
| | 384 | | 477 | | 292 | | 344 | |

(c) 資本承擔

於2011年12月31日未償付但並未在賬項中提撥準備的資本承擔如下：

(d) Operating lease commitments

At 31st December, 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | The Group 集團 | | | | The Bank 銀行 | | | |
|--|--------------|-------|--------------|-------|-------------|-------|------------|-------|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Properties 物業 | | | | | | | | |
| Within one year 1年以內 | 472 | | 428 | | 174 | | 153 | |
| After one year but within five years 1年至5年內 | 986 | | 764 | | 150 | | 156 | |
| After five years 5年以後 | 300 | | 374 | | - | | - | |
| | 1,758 | | 1,566 | | 324 | | 309 | |

(d) 經營租賃承擔

於2011年12月31日，在不可撤銷的經營租賃內，未來最低應付租賃款項總額如下：

| | The Group 集團 | | | | The Bank 銀行 | | | |
|--|--------------|-------|-----------|-------|-------------|-------|----------|-------|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Equipment 設備 | | | | | | | | |
| Within one year 1年以內 | 6 | | 20 | | 2 | | 2 | |
| After one year but within five years 1年至5年內 | 11 | | 18 | | 2 | | 3 | |
| | 17 | | 38 | | 4 | | 5 | |

The Group and the Bank lease certain properties and equipment under operating leases. The leases run for an initial period of one to twenty five years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted annually to reflect market rentals. None of the leases includes contingent rentals.

本集團及本行以經營租賃形式租入若干物業和設備。租賃年期由1年至25年，到期日後可再續約但其他條款須另議。租賃付款金額通常每年調整以反映市值租金。所有租約並不包括或有租金。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

44. NOTES ON CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表附註

(a) Purchase of subsidiaries

(a) 收購附屬公司

| | | 2011 | | 2010 | |
|---|------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Net assets acquired | 已購入淨資產 | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 15 | | 310 | |
| Advances and other accounts less provisions | 已扣除準備之貸款及其他賬項 | 18 | | 473 | |
| Fixed assets | 固定資產 | 1 | | 2 | |
| Deferred tax assets | 遞延稅項資產 | - | | 3 | |
| Current taxation | 本期稅項 | (2) | | (2) | |
| Other accounts and provisions | 其他賬項及準備 | (10) | | (471) | |
| | | | 22 | | 315 |
| Goodwill arising on consolidation | 賬項綜合時產生的商譽 | 68 | | 47 | |
| Intangible assets acquired | 購入無形資產 | - | | 2 | |
| Total purchase price | 以現金支付的購入價 | 90 | | 364 | |
| Less: Cash and cash equivalents acquired | 減: 購入的現金及等同現金項目 | (15) | | (310) | |
| Cash flow on acquisition net of cash acquired | 已抵銷因收購所購入的現金流 | 75 | | 54 | |

(b) Disposal of subsidiary

(b) 出售附屬公司

| | | 2011 | | 2010 | |
|---|------------------|---------|-------|---------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Net assets disposed of | 已出售淨資產 | | | | |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | - | | 68 | |
| Placements with banks and other financial institutions | 在銀行及其他金融機構的存款 | - | | 296 | |
| Advances and other accounts less provisions | 已扣除準備之貸款及其他賬項 | - | | 2,410 | |
| Held-to-maturity investments | 持至到期投資 | - | | 240 | |
| Fixed assets | 固定資產 | - | | 7 | |
| Deferred tax assets | 遞延稅項資產 | - | | 8 | |
| Deposits and balances of banks and other financial institutions | 銀行及其他金融機構的存款及結餘 | - | | (221) | |
| Deposits from customers | 客戶存款 | - | | (1,725) | |
| Trading liabilities | 交易用途負債 | - | | (9) | |
| Current taxation | 稅項 | - | | (1) | |
| Other accounts and provisions | 其他賬項及準備 | - | | (722) | |
| | | | - | | 351 |
| Add: Gain on disposal | 加: 出售盈利 | - | | 238 | |
| Less: Cash and cash equivalents disposed | 減: 出售現金及等同現金項目 | - | | (68) | |
| Cash flow on disposal of subsidiary | 出售附屬公司的現金流 | - | | 521 | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(c) Cash and cash equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

(c) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

| | | 2011 | | 2010 | |
|---|-------------------------|---------------|-------|---------------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Cash and balances with banks and other financial institutions | 現金及在銀行和其他金融機構的結存 | 43,041 | | 29,649 | |
| Placements with banks and other financial institutions with original maturity within three months | 原本期限為3個月以內在銀行及其他金融機構的存款 | 25,338 | | 50,102 | |
| Treasury bills with original maturity within three months | 原本期限為3個月以內的國庫債券 | 9,791 | | 4,539 | |
| Certificates of deposit held with original maturity within three months | 原本期限為3個月以內之持有的存款證 | 911 | | 841 | |
| Debt securities with original maturity within three months | 原本期限為3個月以內的債務證券 | 100 | | 235 | |
| | | 79,181 | | 85,366 | |

(ii) Reconciliation with the consolidated statement of financial position

(ii) 與綜合財務狀況表的對賬

| | | 2011 | | 2010 | |
|---|------------------------|-----------------|-------|-----------------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Cash and balances with banks and other financial institutions (Note 21) | 現金及在銀行及其他金融機構的結存(附註21) | 71,761 | | 48,293 | |
| Placements with banks and other financial institutions (Note 22) | 在銀行及其他金融機構的存款(附註22) | 62,057 | | 58,197 | |
| Treasury bills, certificates of deposit held and debt securities | 國庫債券、持有存款證及債務證券 | | | | |
| – trading assets (Note 24) | – 交易用途資產(附註24) | 1,317 | | 2,411 | |
| – designated at fair value through profit or loss (Note 25) | – 指定為通過損益以反映公平價值(附註25) | 16,330 | | 15,989 | |
| – advances and other accounts (Note 26(a)) | – 貸款及其他賬項(附註26(a)) | 39 | | 39 | |
| – available-for-sale (Note 27) | – 可供出售(附註27) | 42,897 | | 38,167 | |
| – held-to-maturity (Note 28) | – 持至到期(附註28) | 4,598 | | 5,714 | |
| | | 65,181 | | 62,320 | |
| Amounts shown in the consolidated statement of financial position | 在綜合財務狀況表出現的金額 | 198,999 | | 168,810 | |
| Less: Amounts with an original maturity of beyond three months | 減：原本期限為3個月以上的金額 | (91,098) | | (64,800) | |
| Cash balance with central bank subject to regulatory restriction | 受規管限制的在中央銀行的現金結存 | (28,720) | | (18,644) | |
| Cash and cash equivalents in the consolidated cash flow statement | 在綜合現金流量表內的現金及等同現金項目 | 79,181 | | 85,366 | |

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

45. ASSETS PLEDGED AS SECURITY 用作抵押品的資產

The following assets have been pledged as collateral for own liabilities at the balance sheet date: 於結算日，以下資產經已用作本身負債之抵押品：

| | | The Group 集團 | | The Bank 銀行 | |
|--|---------------------|--------------|----------|--------------|----------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | | Restated | | Restated |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Secured liabilities | 有抵押負債 | 3,631 | 813 | 3,621 | 677 |
| Assets pledged: | 抵押資產： | | | | |
| Advances to customers and other accounts | 客戶貸款及其他賬項 | 2,976 | 1,810 | 1,631 | 39 |
| Financial assets designated at fair value through profit or loss | 指定為通過損益以反映公平價值的金融資產 | 2,474 | 227 | 2,474 | 227 |
| Available-for-sale financial assets | 可供出售金融資產 | 138 | 40 | 127 | - |
| Held-to-maturity investments | 持至到期投資 | 1,087 | 448 | 1,087 | 448 |
| | | 6,675 | 2,525 | 5,319 | 714 |

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives. 以下的銀行結餘已用作證券借貸及衍生工具孖展按金之抵押品。

| | | The Group 集團 | | The Bank 銀行 | |
|--|------------------|--------------|---------|--------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | HK\$ Mn | HK\$ Mn | HK\$ Mn | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| Cash collateral for borrowed securities | 用作證券借貸的現金抵押品 | 39 | 16 | 39 | 16 |
| Margin accounts for open futures and forward contracts | 用作開立期貨及遠期合約的孖展賬戶 | 1,464 | 727 | 1,431 | 682 |
| | | 1,503 | 743 | 1,470 | 698 |

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities. 此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

46. LOANS TO OFFICERS 行政人員貸款

The aggregate of loans to officers of the Bank disclosed pursuant to Section 161B(4B) and (4C) of the Hong Kong Companies Ordinance is as follows:

按照香港《公司條例》第161B條(4B)及(4C)款規定，本行行政人員之貸款總額公佈如下：

| | | 2011 | 2010 |
|--|------------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Aggregate amount of relevant loans outstanding at 31st December | 相關貸款於12月31日的結欠總額 | | |
| By the Bank | 由銀行借出 | 3,427 | 4,809 |
| By subsidiaries | 由附屬公司借出 | 851 | 1,334 |
| | | 4,278 | 6,143 |
| The maximum aggregate amount of relevant loans outstanding during the year | 年度內相關貸款之最高結欠總額 | | |
| By the Bank | 由銀行借出 | 6,365 | 7,131 |
| By subsidiaries | 由附屬公司借出 | 1,230 | 1,509 |
| | | 7,595 | 8,640 |

There was no interest due but unpaid nor any impairment allowance made against these loans at 31st December, 2011 and 31st December, 2010.

於2011年12月31日及2010年12月31日，沒有逾期未償付利息，亦未有對該等貸款作減值準備。

47. MATERIAL RELATED PARTY TRANSACTIONS 關聯人士的重大交易

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Bank's directors as disclosed in Note 18 and certain of the highest paid employees as disclosed in Note 19, is as follows:

(a) 主要管理人員薪酬

本集團之主要管理人員薪酬，已包括在附註18中所披露支付予本行董事及在附註19中所披露支付予本行若干最高薪酬僱員的金額如下：

| | | 2011 | 2010 |
|------------------------------|--------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Short-term employee benefits | 短期僱員福利 | 95 | 82 |
| Post-employment benefits | 僱員退休福利 | 5 | 4 |
| Equity compensation benefits | 股份補償福利 | 37 | 50 |
| | | 137 | 136 |

(b) The Group maintains certain retirement benefit schemes for its staff as per Note 2(q)(iii). In 2011, the total amount of contributions the Group made to the schemes was HK\$131 million (2010: HK\$106 million).

(b) 本集團為其職員提供若干退休保障計劃，並已於附註2(q)(iii)披露。於2011年內，本集團對該等計劃的供款總數為港幣131,000,000元(2010年：港幣106,000,000元)。

The Group enters into a number of transactions with the Group's related parties, including its associates, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. All interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

本集團與其關聯人士進行多項交易，該等人士包括聯營公司、及主要行政人員與其直系親屬、及受該等人士所控制或具有重大影響力的公司。該等交易包括接受該等人士存款及為他們提供信貸。所有存款及信貸的利率，均按照給予一般相若水平客戶的條款。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

47. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED) 關聯人士的重大交易(續)

(b) (continued)

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

(b) (續)

於2011年，本集團從關聯人士所收取與支付予他們的利息，及在2011年12月31日，關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

| | | Key management personnel 主要管理人員 | | Subsidiaries 附屬公司 | | Associates 聯營公司 | |
|--------------------------|------------|------------------------------------|------------------|----------------------|------------------------|--------------------|------------------|
| | | 2011 | 2010 | 2011 | 2010 Restated 重報 | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Interest income | 利息收入 | 117 | 130 | 253 | 272 | 19 | 3 |
| Interest expense | 利息支出 | 86 | 34 | 157 | 161 | - | - |
| Amounts due from | 關聯人士的欠款 | 7,518 | 8,601 | 11,498 | 17,469 | 585 | 1,141 |
| Amounts due to | 欠關聯人士的款項 | 8,475 | 8,871 | 2,416 | 2,722 | 203 | 4 |
| Maximum amounts due from | 關聯人士的最高欠款 | 12,298 | 14,229 | 18,802 | 25,572 | 1,018 | 1,625 |
| Maximum amounts due to | 欠關聯人士的最高款項 | 14,858 | 39,999 | 3,013 | 2,838 | 203 | 15 |
| Committed facilities to | 信貸承諾予 | 2,535 | 2,631 | 835 | 1,442 | 10 | 424 |

48. EQUITY COMPENSATION PLANS 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees of the Group, including Executive Directors and Chief Executive, options to subscribe for ordinary shares of the Bank. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行普通股股份。所有認股權均以無計價款形式發出。

(a) Particulars of share options

(a) 認股權詳情

| Date of grant 授予日期 | Vesting period 有效期 | Exercise period 行使期 | Exercise price per share 每股行使價 HK\$ 港幣 |
|-----------------------|-----------------------|------------------------|---|
| 03/5/2006 | 03/5/2006 – 02/5/2007 | 03/5/2007 – 03/5/2011 | 30.04* |
| 10/5/2007 | 10/5/2007 – 09/5/2008 | 10/5/2008 – 10/5/2012 | 42.84* |
| 05/5/2008 | 05/5/2008 – 04/5/2009 | 05/5/2009 – 05/5/2013 | 40.09* |
| 05/5/2009 | 05/5/2009 – 04/5/2010 | 05/5/2010 – 05/5/2014 | 21.25 |
| 06/7/2010 | 06/7/2010 – 05/7/2011 | 06/7/2011 – 06/7/2015 | 28.49 |
| 05/5/2011(T1) | 05/5/2011 – 04/5/2012 | 05/5/2012 – 05/5/2017 | 32.00 |
| 05/5/2011(T2) | 05/5/2011 – 04/5/2013 | 05/5/2013 – 05/5/2018 | 32.00 |
| 05/5/2011(T3) | 05/5/2011 – 04/5/2014 | 05/5/2014 – 05/5/2019 | 32.00 |

* After adjusting for the bonus issue one for ten in April 2009.

* 經調整2009年4月所發行的10送1紅股。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(b) Movement of share options during the period

(b) 期內認股權之變動

| 2011 | | | Number of share options 認股權數目 | | | | |
|---------------|---------|--------------|---|-----------|-----------|-----------|---|
| Date of grant | Tranche | Option Price | Outstanding at 1/1/2011 於 2011年1月1日 尚未行使 | Granted | Exercised | Lapsed | Outstanding at 31/12/2011 於 2011年12月31日 尚未行使 |
| 授予日期 | 部分 | 認股價 | | 已授予 | 已行使 | 已失效 | |
| 03/5/2006 | | 30.04* | 2,420,000 | - | 2,420,000 | - | - |
| 10/5/2007 | | 42.84* | 2,585,000 | - | - | 550,000 | 2,035,000 |
| 05/5/2008 | | 40.09* | 5,170,000 | - | - | 1,100,000 | 4,070,000 |
| 05/5/2009 | | 21.25 | 4,480,000 | - | 965,000 | - | 3,515,000 |
| 06/7/2010 | | 28.49 | 5,950,000 | - | - | - | 5,950,000 |
| 05/5/2011 | T1 | 32.00 | - | 1,980,000 | - | - | 1,980,000 |
| 05/5/2011 | T2 | 32.00 | - | 1,980,000 | - | - | 1,980,000 |
| 05/5/2011 | T3 | 32.00 | - | 1,990,000 | - | - | 1,990,000 |
| Total 總額 | | | 20,605,000 | 5,950,000 | 3,385,000 | 1,650,000 | 21,520,000 |

| 2010 | | Number of share options 認股權數目 | | | | |
|---------------|---|-------------------------------|-----------|---------|---|--|
| Date of grant | Outstanding at 1/1/2010 於 2010年1月1日 尚未行使 | Granted | Exercised | Lapsed | Outstanding at 31/12/2010 於 2010年12月31日 尚未行使 | |
| 授予日期 | | 已授予 | 已行使 | 已失效 | | |
| 03/5/2005 | 4,737,000 | - | 4,737,000 | - | - | |
| 03/5/2006 | 2,695,000 | - | 110,000 | 165,000 | 2,420,000 | |
| 10/5/2007 | 2,750,000 | - | - | 165,000 | 2,585,000 | |
| 05/5/2008 | 5,500,000 | - | - | 330,000 | 5,170,000 | |
| 05/5/2009 | 6,600,000 | - | 2,120,000 | - | 4,480,000 | |
| 06/7/2010 | - | 5,950,000 | - | - | 5,950,000 | |
| Total 總額 | 22,282,000 | 5,950,000 | 6,967,000 | 660,000 | 20,605,000 | |

* After adjusting for the bonus issue one for ten in April 2009.

* 經調整2009年4月所發行的10送1紅股。

(c) No share options were cancelled during the years ended 31st December, 2011 and 2010.

(c) 截至2011年12月31日及2010年12月31日年度內並未有認股權被註銷。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

48. EQUITY COMPENSATION PLANS (CONTINUED) 股份補償計劃(續)

(d) Details of share options exercised

(d) 已行使認股權詳情

| Exercise period 行使期間 | Date of grant 授予日期 | Number of share options 認股權數目 | |
|-------------------------|-----------------------|----------------------------------|-----------|
| | | 2011 | 2010 |
| January 1月 | 03/5/2005 | - | 235,500 |
| February 2月 | 03/5/2005 | - | 142,500 |
| March 3月 | 03/5/2005 | - | 3,048,500 |
| | 03/5/2006 | 2,255,000 | - |
| | 05/5/2009 | 765,000 | - |
| April 4月 | 03/5/2005 | - | 811,000 |
| | 05/5/2009 | 20,000 | - |
| May 5月 | 03/5/2005 | - | 499,500 |
| | 03/5/2006 | 165,000 | - |
| June 6月 | 05/5/2009 | 100,000 | - |
| August 8月 | 05/5/2009 | - | 2,020,000 |
| September 9月 | 05/5/2009 | - | 10,000 |
| October 10月 | 03/5/2006 | - | 110,000 |
| | 05/5/2009 | - | 50,000 |
| November 11月 | 05/5/2009 | 80,000 | 40,000 |
| | | 3,385,000 | 6,967,000 |

49. NON-ADJUSTING POST BALANCE SHEET EVENTS 毋須調整的資產負債表日後事件

After the balance sheet date the directors declared a second interim dividend. Further details are disclosed in Note 16(a).

董事於結算日後擬派發第二次中期股息。詳情已在附註16(a)作披露。

50. ACCOUNTING ESTIMATES AND JUDGEMENTS 會計估計及判斷

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these accounts and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the accounts in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the accounts therefore present the financial position and results fairly, in all material respects.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

在編製本集團的賬項時，管理層必須作出若干於該等賬項的日期，對所匯報資產及負債之金額和或然資產及負債披露有影響的估計和假定，同時亦須作出若干對報告年度內收入及支出之金額有影響的估計和假定。如本集團更改該等假定，便可能對作出有關改變期間的賬項產生重大影響。採用此等不同的假定和估計意味本集團之報告會有所不同。在各個重要環節方面，本集團認為已作出適當之假定，而本集團的財務報表均能公平地反映其財政狀況和業績。

管理層已與審核委員會商討關於本集團重要會計政策及估計的制定、選擇和披露，以及該等政策和估計的應用。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

(a) Key sources of estimation uncertainty

Notes 31, 37 and 42 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment losses

Loans and advances

Loan portfolios are reviewed periodically to assess whether impairment losses exist. The Group makes judgement as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payment status of borrowers in a group has adversely changed. It may also include observable data that 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 similar credit risk characteristics. Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

Available-for-sale financial assets and held-to-maturity investments

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

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. The fair value of collateralised debt obligations is based on bid prices quoted by reputable brokers and has been carefully assessed for reasonableness by management. The fair value of a SIV is based on its net asset values as provided by the SIV's manager.

(a) 估計不穩定因素的主要來源

附註31、37和42載述有關商譽減值、已授予股權的公平價值和金融工具的公平價值的假設及其風險因素。估計不穩定因素的其他主要來源如下：

(i) 減值損失

貸款

本集團會定期檢討貸款組合，以評估減值損失是否存在。本集團需要判斷是否有任何客觀證據可以證明貸款組合已經減值，即估計將來現金流有所減少。減值客觀證據包括與借款人有關的可觀察資料整體上的付款狀況已出現逆轉，而該等資料與本集團的不履行資產是互相關連的。當管理層根據其判斷決定減值的客觀證據存在，便會依據若干與該等資產的信貸風險特性相若之資產的以往損失經驗，以估計預期將來現金流。以往損失經驗是以目前的可觀察資料為基礎作出調整。管理層亦會定期檢討用以估計將來現金流的方法和假設，從而減少估計損失與實際損失的差異。

可供出售金融資產及持至到期投資

若可供出售金融資產及持至到期投資的公平價值明顯或持續地低於其成本，本集團即判斷該等資產及投資已減值。本集團判斷公平價值低於成本的金額會在一段合理時間內不可收回純屬假設性質，因此判斷之差異會對損益有所影響。

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀/交易員的報價。債務抵押債券的公平價值由聲譽良好的經紀按買入價提供報價，及經已被管理層小心評估其適當性。特別投資工具的公平價值是根據特別投資工具之管理人所提供該工具的資產淨值。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

50. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED) 會計估計及判斷(續)

(b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Held-to-maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity and where 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 for certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale, as such class is deemed to have been tainted.

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

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 持至到期投資

本集團將設有固定或可確定付款金額和固定到期日，以及本集團有確信的意向及能力持有至到期日的非衍生金融資產，分類為持至到期投資。在作出有關判斷時，本集團會評估本身是否有意向及能力持有該等投資至到期日。

除若干特殊情況外，若本集團未能持有該等投資至到期日，本集團會將整個可持至到期日的投資組合，重新分類為可供出售。這是由於此類投資已被蒙污。

以上之情況會導致原以攤銷成本計量的可持至到期投資改以公平價值計量。

(ii) 遞延稅項資產之確認

須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

51. COMPARATIVE FIGURES 比較數字

The Bank has changed the basis of accounting for the interim scrip dividend from bonus share approach to reinvestment approach, which is considered a more accurate method to reflect the legal form of scrip dividends. The Share Premium and General Reserve Accounts for the period from 1991 to 2010 are restated accordingly to reflect the new approach.

The 2010 figures in Note 20 – Segment Reporting have been restated due to a change in the presentation of certain assets and liabilities within supporting units in Hong Kong, and an addition of a new reportable segment, for reporting to the Group's most senior executive management with effect from 2011.

The 2010 figures in Note 41(b) – Currency Concentrations have been restated to better reflect, from a risk management point of view, the economic substance of certain classes of trades.

For other restatements, the comparative figure has been restated to conform with current year's presentation.

對於中期以股代息之入賬方法，本行已變更會計基準並採納再投資法以取代紅股法。本行認為再投資法是更準確的方法以反映中期以股代息的法定形式。由1991年至2010年股份溢價及一般儲備經已重報，以反映最新的入賬方法。

由2011年開始，由於用作匯報予本集團的最高管理層有關若干香港支援單位內的資產和負債的列報方式有所改變，與及新增加一個可匯報分部，在附註20 – 分部報告內2010年的數字已作重報。

在附註41(b) – 貨幣風險中2010年的數字經已重報，因從風險管理角度上，能更有效反映若干交易類別的經濟實質。

就其他重報數字而言，比較的數字經已重報，以符合本年度的呈報方式。

NOTES ON THE ACCOUNTS (CONTINUED)

賬項附註(續)

52. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2011 在截至2011年12月31日止年度前已公佈但尚未生效的修訂、新標準和詮釋所產生的可能影響

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31st December, 2011 and which have not been adopted in these accounts. These include the following which may be relevant to the group.

直至此等賬項之發佈日期，香港會計師公會已頒佈了多項修訂及五項新準則；但該等修訂和新準則於截至2011年12月31日止會計年度尚未生效，因此尚未應用於此等賬項。可能與本集團有關之修訂和新準則以下。

| | Effective for accounting periods beginning on or after 由會計期開始或以後起生效 |
|---|--|
| Amendments to HKFRS 7, <i>Financial instruments</i> : <i>Disclosures – Transfers of financial assets</i> | 1st July, 2011 |
| 經修訂《香港財務報告準則》第7號「金融工具披露 – 金融資產轉換」 | 2011年7月1日 |
| Amendments to HKAS 1, <i>Presentation of financial statements</i> <i>– Presentation of items of other comprehensive income</i> | 1st July, 2012 |
| 經修訂《香港會計準則》第1號「金融工具呈報 – 其他全面收益項目之呈報」 | 2012年7月1日 |
| HKFRS 9, <i>Financial instruments</i> | 1st January, 2015 |
| 《香港財務報告準則》第9號「金融工具」 | 2015年1月1日 |
| HKFRS 10, <i>Consolidated financial statements</i> | 1st January, 2013 |
| 《香港財務報告準則》第10號「綜合財務報表」 | 2013年1月1日 |
| HKFRS 11, <i>Joint arrangements</i> | 1st January, 2013 |
| 《香港財務報告準則》第11號「共同協定」 | 2013年1月1日 |
| HKFRS 12, <i>Disclosure of interests in other entities</i> | 1st January, 2013 |
| 《香港財務報告準則》第12號「其他實體權益之披露」 | 2013年1月1日 |
| HKFRS 13, <i>Fair value measurement</i> | 1st January, 2013 |
| 《香港財務報告準則》第13號「釐定公平價值」 | 2013年1月1日 |
| HKAS 27, <i>Separate financial statements (2011)</i> | 1st January, 2013 |
| 《香港會計準則》第27號「獨立財務報表(2011)」 | 2013年1月1日 |
| HKAS 28, <i>Investments in associates and joint ventures</i> | 1st January, 2013 |
| 《香港會計準則》第28號「聯營公司及合營公司投資」 | 2013年1月1日 |
| Revised HKAS 19, <i>Employee benefits</i> | 1st January, 2013 |
| 經修訂《香港會計準則》第19號「僱員福利」 | 2013年1月1日 |

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial instruments, which will have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

本集團正在評估該等修訂對首個應用期可能產生的影響。除《香港財務報告準則》第9號「金融工具」將引致本集團在分類及計量金融工具時可能對本集團的業績及財務狀況有影響外，至今所得結論是若採納該等修訂對本集團的業績及財務狀況不可能構成重大影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

The following information is disclosed as part of the accompanying information to the accounts and does not form part of the audited accounts.

以下所披露的資料只屬於賬項的附帶資料而並不構成已審核賬項之一部分。

The preparation of supplementary financial information is in accordance with the Banking (Disclosure) Rules and consolidated supervision arrangement approved by the Hong Kong Monetary Authority (“HKMA”).

編制補充財務資料是根據《銀行業(披露)規則》及香港金融管理局核準的綜合監管要求。

(1) CAPITAL ADEQUACY RATIO AND CAPITAL BASE 資本充足比率及資本基礎

(a) Capital adequacy ratio

(a) 資本充足比率

| | 2011 %百分率 | 2010 %百分率 |
|--|--------------|--------------|
| Capital adequacy ratio as at 31st December 於12月31日的資本充足比率 | 13.7 | 13.2 |
| Core capital adequacy ratio as at 31st December 於12月31日的核心資本充足比率 | 9.4 | 9.8 |

Capital adequacy ratios at 31st December, 2011 and 31st December, 2010 were compiled in accordance with the Banking (Capital) Rules (“the Capital Rules”) issued by the Hong Kong Monetary Authority under Section 98A of the Hong Kong Banking Ordinance for the implementation of the “Basel II” capital accord, which became effective on 1st January, 2007. In accordance with the Capital Rules, the Bank has adopted the foundation internal ratings-based approach for the calculation of the risk-weighted assets for credit risk and the internal models approach for the calculation of market risk and standardised approach for operational risk.

The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 98(2) of the Banking Ordinance. Subsidiaries not included in consolidation for regulatory purposes are securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Banking (Capital) Rules and the Banking Ordinance. The Bank’s shareholdings in these subsidiaries are deducted from its core capital and supplementary capital as determined in accordance with Part 3 of the Banking (Capital) Rules.

With respect to Note 29, the principal subsidiaries that are not included in consolidation for regulatory purposes are:

Blue Cross (Asia-Pacific) Insurance Limited

BEA Life Limited

East Asia Futures Limited

East Asia Securities Company Limited

The Group operates subsidiaries in a number of countries and territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the banking group.

於2011年12月31日及2010年12月31日之資本充足比率，乃根據香港金融管理局所頒佈的《銀行業(資本)規則》(「資本規則」)計算。此「資本規則」乃根據香港《銀行條例》第98A條因應實施新巴塞爾資本協定而制定，並於2007年1月1日生效。根據「資本規則」，本行選擇採納「基礎內部評級基準計算法」計算信貸風險之風險加權資產、「內部模式計算法」計算市場風險及「標準計算法」計算營運風險。

用作監管用途之綜合基礎與作會計用途之綜合基礎是不相同的。包括在用作監管用途之附屬公司乃按香港金融管理局根據香港《銀行條例》第98(2)條所頒佈的通知內列載。不包括在用作監管用途之綜合基礎之附屬公司為已核准和受一監管機構規管的證券及保險公司，對該等公司有關維持足夠資本以支持商業活動的監管安排，與按照適用於「資本規則」及香港《銀行條例》的金融機構之標準相符。本行於該等公司的權益已從其核心資本及按「資本規則」第3部份所計算之附加資本中扣除。

就附註29而言，不包括在用作監管用途之綜合基礎之主要附屬公司如下：

藍十字(亞太)保險有限公司

東亞人壽保險有限公司

東亞期貨有限公司

東亞證券有限公司

本集團之附屬公司在多個國家及地區營運而其資本乃受當地法則約束，可能在轉移受規管資本及在銀行集團成員間的資金調配方面存在某些限制。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(b) Group capital base after deductions

(b) 集團扣減後的資本基礎

| | | 2011 | 2010 |
|---|--|----------------|------------------------------|
| | | HK\$ Mn 港幣百萬元 | Restated 重報 HK\$ Mn 港幣百萬元 |
| Core capital | 核心資本 | | |
| Paid up ordinary share capital | 繳足股款的普通股股本 | 5,190 | 5,105 |
| Share premium | 股份溢價 | 12,037 | 11,512 |
| Reserves | 儲備 | 17,847 | 17,629 |
| Profit or loss account | 損益賬 | 2,169 | 1,380 |
| Non-controlling interests | 非控股權益 | 3,555 | 3,557 |
| Deduct: Goodwill | 減：商譽 | (1,658) | (1,658) |
| Net deferred tax assets | 淨遞延稅項資產 | (377) | (399) |
| Other intangible assets | 其他無形資產 | (26) | (27) |
| | | 38,737 | 37,099 |
| Less: Core capital items deductions | 減：核心資本的扣減項目 | (3,319) | (3,593) |
| Total core capital | 核心資本總額 | 35,418 | 33,506 |
| Eligible supplementary capital | 可計算的附加資本 | | |
| Reserves attributable to fair value gains on revaluation of holdings of land and building | 因按公平價值重估持有土地及建築物而產生盈利的儲備 | 970 | 970 |
| Revaluation reserves for fair value gains on revaluation of holdings of available-for-sale equities and debt securities | 因按公平價值重估持有可供出售股份及債務證券而產生盈利的重估儲備 | 32 | 65 |
| Unrealised fair value gains arising from holdings of equities and debt securities designated at fair value through profit or loss | 因按公平價值重估持有被指定為通過損益以反映公平價值之股份及債務證券而產生的未實現盈利 | 2 | 197 |
| Regulatory reserve for general banking risks | 一般銀行業風險的法定儲備 | 163 | 54 |
| Collectively assessed impairment allowances | 整體評估減值準備 | 93 | 129 |
| Surplus provisions | 過剩準備 | 1,849 | 921 |
| Perpetual subordinated debt | 無到期日的後償債項 | 3,163 | 3,606 |
| Term subordinated debt | 有期後償債項 | 13,146 | 9,280 |
| | | 19,418 | 15,222 |
| Less: Supplementary capital items deductions | 減：附加資本的扣減項目 | (3,319) | (3,593) |
| Total supplementary capital | 附加資本總額 | 16,099 | 11,629 |
| Total capital base | 資本基礎總額 | 51,517 | 45,135 |

Deductions from total capital base include investments in subsidiaries of which their risk weighted assets have not been consolidated into the total risk weighted assets of the Group, which mainly conduct non-banking related businesses.

資本基礎總額扣減項目，包括主要從事與非銀行業有關業務的附屬公司投資，而其風險加權資產並未在本集團的風險加權資產總額內綜合計算。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(2) LIQUIDITY RATIO 流動資金比率

| | | 2011 | 2010 |
|--------------------------------------|-------------|------|------|
| | | %百分率 | %百分率 |
| Average liquidity ratio for the year | 年度內平均流動資金比率 | 42.8 | 44.9 |

The average liquidity ratio for the year is the simple average of each calendar month's average liquidity ratio, which is computed on the consolidated basis as required by the Hong Kong Monetary Authority for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

年度內平均流動資金比率是每月平均比率的簡單平均數，其計算是根據香港金融管理局訂定用作規管用途的綜合基準及香港《銀行條例》(附表4)。

(3) CROSS-BORDER CLAIMS 跨國債權

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

跨國債權資料披露對海外交易對手風險額最終風險的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。當某一地區的風險額佔風險總額的百分之十或以上，該地區的風險額便須予以披露。

| | | 2011 | | | | Total |
|---|--------------------|--|-------|------------------------|-------|---------|
| | | Banks and other financial institutions | | Public sector entities | | Others |
| | | 銀行及其他金融機構 | | 公營機構 | | 其他 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| The Group | 集團 | | | | | |
| People's Republic of China | 中華人民共和國 | 38,220 | | 2,122 | | 69,168 |
| Asian countries, excluding People's Republic of China | 其他亞洲國家(不包括中華人民共和國) | 18,329 | | 5,056 | | 19,734 |
| North America | 北美洲 | 7,009 | | 269 | | 3,219 |
| Western Europe | 西歐 | 10,477 | | - | | 1,253 |
| | | | | | | 109,510 |
| | | | | | | 43,119 |
| | | | | | | 10,497 |
| | | | | | | 11,730 |

| | | 2010 | | | | Total |
|---|--------------------|--|-------|------------------------|-------|---------|
| | | Banks and other financial institutions | | Public sector entities | | Others |
| | | 銀行及其他金融機構 | | 公營機構 | | 其他 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 | HK\$ Mn |
| | | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 | 港幣百萬元 |
| The Group | 集團 | | | | | |
| People's Republic of China | 中華人民共和國 | 17,270 | | 2,153 | | 56,083 |
| Asian countries, excluding People's Republic of China | 其他亞洲國家(不包括中華人民共和國) | 23,537 | | 3,047 | | 16,128 |
| North America | 北美洲 | 8,035 | | 210 | | 11,273 |
| Western Europe | 西歐 | 29,620 | | - | | 4,802 |
| | | | | | | 75,506 |
| | | | | | | 42,712 |
| | | | | | | 19,518 |
| | | | | | | 34,422 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

(4) NON-BANK MAINLAND EXPOSURES 內地非銀行類客戶風險

The total direct non-bank Mainland exposures and the individual impairment allowances are as follows:

內地非銀行類客戶直接風險總額及其個別減值準備如下：

| | | 2011 | | | |
|--|--------------------------|----------------|----------------|---------|---------------------------------|
| Type of counterparties | 交易對手的類別 | On-balance | Off-balance | Total | Individual impairment allowance |
| | | sheet exposure | sheet exposure | | |
| | | 資產負債表 | 資產負債表 | | |
| | | 以內的風險 | 以外的風險 | 總額 | 個別減值準備 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Mainland entities | 內地實體 | 164,801 | 66,182 | 230,983 | 87 |
| Companies and individuals outside the Mainland where the credit is granted for use in the Mainland | 信貸是用於內地而借款的公司及個人是在國外 | 28,295 | 2,742 | 31,037 | 1 |
| Other counterparties the exposures to whom are considered to be non-bank Mainland exposures | 其他交易對手而其風險被認為為內地非銀行類客戶風險 | 15,865 | 1,643 | 17,508 | - |
| Total | 總額 | 208,961 | 70,567 | 279,528 | 88 |

| | | 2010 | | | |
|--|--------------------------|----------------|----------------|---------|---------------------------------|
| Type of counterparties | 交易對手的類別 | On-balance | Off-balance | Total | Individual impairment allowance |
| | | sheet exposure | sheet exposure | | |
| | | 資產負債表 | 資產負債表 | | |
| | | 以內的風險 | 以外的風險 | 總額 | 個別減值準備 |
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Mainland entities | 內地實體 | 136,500 | 41,863 | 178,363 | 31 |
| Companies and individuals outside the Mainland where the credit is granted for use in the Mainland | 信貸是用於內地而借款的公司及個人是在國外 | 36,223 | 2,631 | 38,854 | 5 |
| Other counterparties the exposures to whom are considered to be non-bank Mainland exposures | 其他交易對手而其風險被認為為內地非銀行類客戶風險 | 12,660 | 102 | 12,762 | - |
| Total | 總額 | 185,383 | 44,596 | 229,979 | 36 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(5) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS 逾期、經重組及收回資產

(a) Overdue and rescheduled advances

(a) 逾期及經重組貸款

| | | 2011 | | 2010 | |
|--|------------------|---|-----|---|-----|
| | | % of total advances to customers 佔客戶貸款總額的百分比 | | % of total advances to customers 佔客戶貸款總額的百分比 | |
| | | HK\$ Mn 港幣百萬元 | | HK\$ Mn 港幣百萬元 | |
| The Group | 集團 | | | | |
| Advances to customers overdue for | 逾期客戶貸款 | | | | |
| – 6 months or less but over 3 months | – 3個月以上至6個月 | 92 | 0.0 | 98 | 0.0 |
| – 1 year or less but over 6 months | – 6個月以上至1年 | 60 | 0.0 | 139 | 0.0 |
| – Over 1 year | – 1年以上 | 99 | 0.1 | 159 | 0.1 |
| | | 251 | 0.1 | 396 | 0.1 |
| Rescheduled advances to customers | 經重組客戶貸款 | 392 | 0.1 | 443 | 0.2 |
| Total overdue and rescheduled advances | 逾期及經重組客戶貸款總額 | 643 | 0.2 | 839 | 0.3 |
| Secured overdue advances | 有抵押逾期貸款 | 152 | 0.1 | 220 | 0.1 |
| Unsecured overdue advances | 無抵押逾期貸款 | 99 | 0.1 | 176 | 0.1 |
| Market value of security held against secured overdue advances | 有抵押逾期貸款抵押品市值 | 439 | | 561 | |
| Individual impairment allowance made on loans overdue for more than 3 months | 逾期3個月以上貸款的個別減值準備 | 84 | | 148 | |

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at year-end. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

當本金或利息已逾期及在年底仍未清還，有特定還款日期的貸款及墊款將分類為逾期貸款。當分期逾期及在年底仍未清還時，以固定分期償還的貸款亦視作逾期貸款。若即時還款通知書已給予借款人但卻未能即時償還，即時償還的貸款當作逾期，及／或該貸款已持續超出已知會借款人所核准的限額，而超出已知會借款人所核准限額的時間比貸款逾期的時間更長。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

An asset considered as an eligible collateral should generally satisfy the following:

- (a) The market value of the asset is readily determinable or can be reasonably established and verified;
- (b) The asset is marketable and there exists a readily available secondary market for disposing of the asset;
- (c) The Bank's right to repossess the asset is legally enforceable and without impediment; and
- (d) The Bank is able to secure control over the asset if necessary.

The two main types of "Eligible Collateral" are as follows:

- (i) "Eligible Financial Collateral" mainly comprises cash deposits and shares.
- (ii) "Eligible Physical Collateral" mainly comprises land and buildings, vehicles and equipment.

When the Bank's clients face financial difficulties and fail to settle their loans, depending on different situations, the Bank usually takes the following actions to recover the debt:

- (a) Debt rescheduling/restructuring
- (b) Enforcement of security
- (c) Legal action
- (d) Recovery via debt collector

There were no advances to banks and other financial institutions which were overdue for over 3 months as at 31st December, 2011 and 31st December, 2010, nor were there any rescheduled advances to banks and other financial institutions on these two dates.

可視作合格抵押品的資產須符合下列條件：

- (a) 該資產的市值是可即時決定的或是可合理地確定及證實的；
- (b) 該資產是有市價的及有二手市場可即時將該資產出售；
- (c) 本行收回資產的權利是有法律依據及沒有障礙的；及
- (d) 本行在有需要時可對該資產行使控制權。

合格抵押品主要分為下列兩種：

- (i) 合格金融抵押品主要包括現金存款及股票。
- (ii) 合格實物抵押品主要包括土地及建築物、汽車及設備。

按不同情況下，當本行客戶面對財政困難而無力償還貸款，本行一般採用以下方式以追收欠款：

- (a) 重新編排債務還款期時間表／債務重組
- (b) 沒收抵押品
- (c) 採取法律行動
- (d) 通過收數公司追收

於2011年12月31日及2010年12月31日，銀行及其他金融機構的貸款中，並無逾期3個月以上或經重組的貸款。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(5) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS (CONTINUED) 逾期、經重組及收回資產(續)

(b) Other overdue and rescheduled assets

(b) 其他逾期及經重組資產

| | | 2011 | | 2010 | |
|--|--------------|---|---|---|---|
| | | Accrued interest 應計利息 HK\$ Mn 港幣百萬元 | Other assets* 其他資產* HK\$ Mn 港幣百萬元 | Accrued interest 應計利息 HK\$ Mn 港幣百萬元 | Other assets* 其他資產* HK\$ Mn 港幣百萬元 |
| The Group | 集團 | | | | |
| Other assets overdue for | 其他逾期資產 | | | | |
| – 6 months or less but over 3 months | – 3個月以上至6個月 | – | 8 | – | – |
| – 1 year or less but over 6 months | – 6個月以上至1年 | – | – | – | – |
| – Over 1 year | – 1年以上 | – | – | – | 5 |
| | | – | 8 | – | 5 |
| Rescheduled assets | 經重組資產 | – | 4 | – | – |
| Total other overdue and rescheduled assets | 其他逾期及經重組資產總額 | – | 12 | – | 5 |

* Other assets refer to trade bills and receivables.

* 其他資產是指貿易票據及應收款項。

(c) Repossessed assets

(c) 收回資產

| | | 2011 | | 2010 | |
|-----------------------------------|-----------|---------------|---------------|---------------|---------------|
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| The Group | 集團 | | | | |
| Reposessed land and buildings* | 收回土地及建築物* | | 22 | | 8 |
| Reposessed vehicles and equipment | 收回汽車及設備 | | – | | – |
| Total reposessed assets | 收回資產總額 | | 22 | | 8 |

The amount represents the estimated market value of the reposessed assets as at 31st December.

此等金額指於12月31日收回資產的估計市值。

* The balance included HK\$4 million (2010: HK\$2 million) relating to properties that were contracted for sale but not yet completed.

* 結餘包括總值港幣4,000,000元(2010年:港幣2,000,000元)已簽約出售但仍未成交的物業。

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY 主要風險及資本充足度

(a) Summary of approach to assess capital adequacy

Different approaches are adopted for assessing capital adequacy as follows:

(a) 評估資本充足度的方法概要

評估資本充足度採納以下不同方法:

| Risk areas 風險範圍 | Approach for assessing capital adequacy 評估資本充足率的方法 |
|--------------------------|---|
| Credit Risk 信貸風險 | Foundation Internal Ratings-Based (“IRB”) Approach 基礎內部評級基準計算法 |
| Market Risk 市場風險 | Internal Models Approach 內部模式計算法 |
| Operational Risk 營運風險 | Standardised Approach 標準計算法 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(b) Principal risks

This section presents information on the Group's management of principal risks.

The Group has in place a risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to set strategy and allocate capital against those risks. The major risk management policies for the various types of risk that the Bank faces including credit risk, market risk, liquidity risk and operational risk are reviewed regularly by the Management and specialised risk management committees, and recommendations are made by the Risk Management Committee, which comprises the Group's Chairman and Chief Executive, Senior Advisors, Deputy Chief Executives and the Group Chief Risk Officer, for the approval of the Board of Directors. There is an independent centralised risk management unit, Risk Management Division, responsible for monitoring the activities relating to these principal risks. The internal auditors also perform regular audits on business units to check compliance with policies and procedures.

Credit risk management

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from counterparty risks from loan and advances, issuer risks from the securities business and counterparty risks from trading activities.

The Board of Directors has delegated authority to the Credit Committee to oversee management of the Group's credit risk, independent of the business units. The Credit Committee reports to the Board of Directors via the Risk Management Committee, which deals with all risk management related issues of the Group. Credit risk control limits are set at different levels and dimensions. The Board of Directors approves the core control limits and delegates the Credit Committee to approve the detailed control limits. Risk, return and market situations are considered in the limits setting. Active limit monitoring process is undertaken.

The Credit Committee is responsible for all credit risk related issues of the Group. The Group identifies and manages credit risk through defining target market segment, formulation of credit policies, credit approval process and monitoring of asset quality.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

The Group has established policies, procedures and rating systems to identify, measure, monitor and control credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit extension criteria, credit monitoring process, internal rating structure, credit recovery and provisioning policy. They are reviewed and enhanced on an on-going basis to cater for the market change, statutory requirement and best practice risk management processes. Credit Risk Management Department under Risk Management Division of the Group is responsible for monitoring activities relating to credit risk.

(b) 主要風險

本部分載述有關本集團主要風險管理的資料。

本集團已建立一套完善的風險管理制度，以識別、衡量、監察及控制本集團所承受各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團就銀行承受之各種風險如信貸風險、市場風險、流動資金風險及營運風險所制定的主要管理政策，均由管理層和有關專責委員會定期檢討，並由風險管理委員會提出建議，最後經董事會批核。該委員會由本集團主席兼行政總裁、高級顧問、副行政總裁和集團風險總監組成。本集團設有一個獨立的中央風險管理單位（風險管理處），專責處理與主要風險有關的活動。內部稽核員亦會對業務部門定期進行稽核，以確保該等政策及程序得以遵從。

信貸風險管理

信貸風險源於客戶或交易對手未能履行其承擔，可來自本集團貸款中的交易對手風險、證券業務的發行商風險和交易活動的交易對手風險。

為監察本集團的信貸風險管理，董事會已授權信貸委員會執行此職能；而信貸風險管理乃獨立於所有業務部門。信貸委員會經風險管理委員會向董事會匯報。風險管理委員會負責處理本集團所有與風險管理相關的事項。信貸風險控制限額設有不同層次和範疇。董事會審批核心控制限額，並授權信貸委員會審批具體控制限額。釐定限額時會考慮風險、回報及市場情況，並且採用積極限額監控程序。

信貸委員會負責處理所有與本集團信貸風險有關的事務。本集團識別和管理信貸風險的方法，包括設定目標市場、制定信貸政策和信貸審批程序，以及監控資產素質。

本集團在評估與個別客戶或交易對手相關的信貸風險時，雖然可藉客戶或交易對手的抵押品減低信貸風險，然而他們的財政實力以及還款能力才是本集團的主要考慮因素。

本集團已制訂多項政策、程序及評級系統，以辨別、衡量、監察及控制本集團所承受的信貸風險。在此方面，本集團已將信貸風險管理指引詳列於信貸手冊內，對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收及撥備政策訂下規定。本集團持續檢討和改善該等指引，以配合市場轉變、有關法定要求及最佳作業風險管理程序。本集團之風險管理處轄下的信貸風險管理部，負責監察與信貸風險有關的活動。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Credit risk management (continued)

The Group's credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and bank credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are used. To monitor concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are being monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of internal rating system and formulation of credit policies are primarily based on the demographic factors and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit for treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate and bank lending risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

(iv) Credit-related commitment

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

(b) 主要風險(續)

信貸風險管理(續)

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定適用於所有交易對手的內部評級系統。監管分類準則尤其適用於歸類為專門性借貸的風險承擔。為監控信貸集中的潛在風險。本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

本集團持續進行多個層次的信貸分析和監控。有關政策乃旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括人口結構因素和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

(iii) 財資交易的信貸風險

本集團採用企業及銀行信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請，組合保存和抵押要求。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(v) *Concentrations of credit risk*

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's credit portfolio is diversified along geographic, industry and product sectors.

The Group monitors its concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(vi) *Capital requirement for credit risk by exposure class*

The following table indicates the capital requirement for credit risk on each class of exposure at 31st December, 2011 and 31st December, 2010 respectively:

| Exposure class | 風險承擔類別 | Capital requirement | Capital requirement |
|---|------------------------|---------------------|---------------------|
| | | 資本要求 | 資本要求 |
| | | 2011 | 2010 |
| | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| Bank | 銀行 | 3,914 | 3,398 |
| Corporate | 企業 | 17,265 | 15,890 |
| Residential mortgage | 住宅按揭 | 707 | 828 |
| Qualifying revolving retail | 合資格循環零售 | 554 | 491 |
| Other retail | 其他零售 | 555 | 427 |
| Equity booked on banking book under Simple Risk-weight Method | 銀行賬下的股權 -以簡單風險加權法計算 | 197 | 242 |
| Equity booked on banking book under Internal Models Method | 銀行賬下的股權 -以內部模型計算法計算 | 177 | 129 |
| Others* | 其他* | 4,590 | 4,185 |

* Including cash items, other IRB exposures and insignificant credit portfolios in which the Bank adopted Standardised Approach for assessing capital adequacy.

Market risk management

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

The Board of Directors reviews and approves the major policies for the management of market risks. The Board has delegated the responsibility for ongoing market risk management to the Asset and Liability Management Committee. The Asset and Liability Management Committee reports to the Board of Directors via the Risk Management Committee.

The Asset and Liability Management Committee deals with all market risk and liquidity risk related issues of the Group. It is also responsible for deciding the future business strategy with respect to the interest rates based on internal forecast.

(v) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地區、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的信貸組合分散覆蓋不同地區、行業和產品。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

(vi) 各風險承擔類別的信貸風險資本要求

下表分別顯示於2011年12月31日及2010年12月31日每種風險承擔類別的信貸風險資本要求情況：

市場風險管理

市場風險源自所有對市場風險敏感的財務工具，包括債務證券、外匯合約、股份和衍生工具，以及結算表或結構性持倉。市場風險管理旨在減少本集團因財務工具內在的波動性而承受的風險。

董事會檢討和審批市場風險的主要管理政策，並已授權資產負債管理委員會負責持續進行一般的市場風險管理。資產負債管理委員會經風險管理委員會向董事會匯報。

資產負債管理委員會負責處理本集團一切與市場風險和流動資金風險相關的事項，亦負責根據內部估計之利率走勢而釐定未來業務策略。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Market risk management (continued)

The use of derivatives for proprietary trading and their sale to customers as risk management products is an integral part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivatives instruments used by the Group are interest rate, foreign exchange and equity related contracts, in the form of both over-the-counter derivatives and exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

In this connection, the key types of risk to manage are:

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed within limits approved by the Board.

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries and associated companies, are excluded from value-at-risk ("VaR") measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

(ii) Interest rate risk

The Group's interest rate positions arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed daily by the Treasury Markets Division within the limits approved by the Board of Directors. The instruments used to manage interest rate risk include interest rate swaps and other derivatives.

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of equity options in connection with the Bank's linked deposit business and warrants issuance business. Equity risk is managed daily by the Investment Department within the limits approved by the Board of Directors.

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board of Directors approves the core control limits and has delegated the power to set detailed control limits to the Asset and Liability Management Committee. Risk, return and market conditions are considered when setting limits. Active limit monitoring is carried out.

(b) 主要風險(續)

市場風險管理(續)

進行衍生工具交易及向客戶出售衍生工具以用作風險管理產品為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的一部分程序。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場外交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此等和其他交易項目而進行對沖。

在此方面，本集團主要管理的風險包括：

(i) 貨幣風險

本集團的外匯風險源自外匯買賣、商業銀行業務和結構性外匯風險。所有外幣持倉均維持在董事會所訂定的限額內。

本集團於分行、附屬公司和聯營公司的外匯投資，其有關的溢利及虧損因為已撥入儲備，所以未計算在風險數額內。管理此等外幣投資的主要目的，是保障本集團的儲備免受匯率波動的影響。本集團盡力以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

(ii) 利率風險

本集團的利率持倉來自財資及商業銀行業務。交易組合和非交易組合均會產生利率風險。利率風險主要是由帶息資產、負債及承擔在再定息時的時差所致，亦與無息負債持倉有關，其中包括股東資金和往來賬戶及若干定息貸款和負債。利率風險由資金市場處按董事會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。

(iii) 股份風險

本集團的股份持倉來自股份投資，本行掛鈎存款業務及認股證業務相關的動態對沖股份期權。股份風險由投資部按董事會批准的限額範圍進行日常管理。

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from risk-taking activities of the Group, to ensure that overall and individual market risks are within the Group's risk tolerance level. Risk exposures are monitored on a frequent basis to ensure that they are within established control limits.

The Group quantifies the market risk of the underlying trading portfolio by means of VaR. VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period.

The Group estimates VaR for the Group's trading portfolio by the Parametric Approach, where the VaR is derived from the underlying variances and covariances of the constituents of a portfolio. This methodology uses historical movements in market rates and prices, a 99% confidence level, a one-day holding period, a one-year historical observation period with higher weights being assigned to more recent observations, and takes into account correlations between different markets and rates.

Structural foreign exchange positions arising from net investments in branches and subsidiaries are not included in the VaR for the foreign exchange trading position.

The book value of listed shares, as well as the book value of private equity funds and unlisted equities (excluding credit-related unlisted securities) (collectively the "Unlisted Securities"), are subject to limits and these are monitored by the management of the Group. The Unlisted Securities and listed non-trading equities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Board.

Total market risk capital charge under the advanced approach adopted by the Group is divided into two parts, market risk capital charge for specific risk and market risk capital charge for general market risk. Under capital charge for general market risk, the Group uses the internal models approach for the VaR calculation, by applying full 10-day price movement. For specific risk, the Group uses the Standardised (market risk) Approach for the calculation. In 2011, the Group uses internal models approach for Vega risk capital charge calculation.

在此方面，資產負債管理委員會負責監察本集團承擔市場風險的活動，確保整體及個別市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

本集團通過參數法評估本集團交易組合的風險值，其中，風險值乃透過組成份的有關方差及協方差計算得出。該方法是依據過往市場息率與價格的波動、99%置信水平、1日持倉期以及對較近期觀察給予較高權重的1年過往觀察期，並計入不同市場及息率的相關程度來推算。

由分行及附屬公司的淨投資產生的結構性外匯持倉不會包括在計算外匯交易持倉的風險值。

除上市股份外，私人股份基金及非上市股份（不包括與信貸有關之非上市證券）（統稱「非上市證券」）均由本集團管理層按限額控制。非上市證券及非交易上市股份是根據特定限額管理及並不包括在交易股份持倉的風險金額內。董事會須定期檢討該限額。

本集團採用的先進方法計算所得的市場風險資本支出總額分為兩個部分：特定風險的市場風險資本支出及一般市場風險的市場風險資本支出。本集團採用內部模式計算法，利用完整的10天價格變動計算風險值，計算一般市場風險的市場風險資本支出。本集團採用標準（市場風險）計算法計算特定風險。於2011年，本集團更採用內部模式計算法計算維加風險的資本支出。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Market risk management (continued)

The following table indicates the capital charge for market risk:

(b) 主要風險(續)

市場風險管理(續)

下表顯示市場風險的資本要求：

| | | Market risk capital charge 市場風險資本要求 As at 31st December, 2011 於2011年12月31日 HK\$ Mn 港幣百萬元 | Market risk capital charge 市場風險資本要求 As at 31st December, 2010 於2010年12月31日 HK\$ Mn 港幣百萬元 |
|--------------------------------------|--------------|---|---|
| Internal Models Approach | 內部模式計算法 | | |
| – General Market Risk | – 一般市場風險 | 583 | 362 |
| Standardised Approach | 標準計算法 | | |
| – Specific Market Risk Debt Charge | – 特定市場風險債務要求 | 26 | 22 |
| – Specific Market Risk Equity Charge | – 特定市場風險股份要求 | 93 | 119 |
| – Vega Risk | – 維加風險 | – | 1 |
| Total | 總額 | 702 | 504 |

According to the Banking (Capital) Rules, the Group adopts back testing to assess the predictive power of the VaR estimation. Back testing consists of a periodic comparison of the daily VaR measures with the subsequent daily actual and hypothetical trading outcomes. Back testing is a statistical technique developed to gauge the quality and accuracy of risk measurement model. 5 exceptions were found during 2011 (1 exception during 2010), 99% confidence level and 250-day observation period.

Back testing exceptions

| | | 9th February, 2011 2011年2月9日 HK\$ Mn 港幣百萬元 | 23rd May, 2011 2011年5月23日 HK\$ Mn 港幣百萬元 | 12th July, 2011 2011年7月12日 HK\$ Mn 港幣百萬元 | 5th August, 2011 2011年8月5日 HK\$ Mn 港幣百萬元 | 22nd September, 2011 2011年9月22日 HK\$ Mn 港幣百萬元 |
|--|----------|--|---|--|--|---|
| Year 2011 年 | | | | | | |
| Loss of total trading activities | 交易活動的虧損 | 32 | 32 | 37 | 45 | 67 |
| VaR for total trading activities at corresponding date | 相對當日的風險值 | 31 | 28 | 35 | 41 | 50 |

根據《銀行(資本)規則》，本集團採用回溯測試評估風險值估計數字的預測準確度。回溯測試包括定期將每日風險值與其後的每日實際及模擬交易結果進行對比。回溯測試是一種用以衡量風險管理模式的質素與準確度的統計技術。2011年發現了5次例外情況(2010年1次例外情況)，99%的置信水平及250日觀察期。

回溯測試的例外情況

| | | 25th May, 2010 2010年5月25日 HK\$ Mn 港幣百萬元 |
|--|----------|---|
| Year 2010 年 | | |
| Loss of total trading activities | 交易活動的虧損 | 50 |
| VaR for total trading activities at corresponding date | 相對當日的風險值 | 44 |

In addition, stress testing on market risk is performed for the Group as a supplement to the daily VaR assessment. The Group applies sensitivity analysis and scenario analysis, on individual portfolios and/or on the Group's consolidated positions, to assess the potential impact of extreme movements in market prices on the Group's earnings.

此外，本集團利用市場風險壓力測試以補足每日風險數額的評估。本集團對個別組合及/或本集團綜合持倉進行敏感度分析及情景分析，以評估市場價格的大幅波動對本集團盈利可能產生的影響。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

Value-at-risk statistics

風險數額統計

| | | At 31st December 於 12 月 31 日 | Maximum 最高 | Minimum 最低 | Mean 平均 |
|---|---------------|---------------------------------|---------------|---------------|---------------|
| Year 2011 年 | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| VaR for total trading activities | 交易活動的風險數額總額 | 40 | 75 | 28 | 46 |
| VaR for foreign exchange trading positions* | 外匯交易持倉的風險數額 * | 13 | 13 | 1 | 4 |
| VaR for interest rate trading positions | 利率交易持倉的風險數額 | 2 | 8 | 2 | 4 |
| VaR for equity trading positions | 股份交易持倉的風險數額 | 31 | 70 | 25 | 41 |

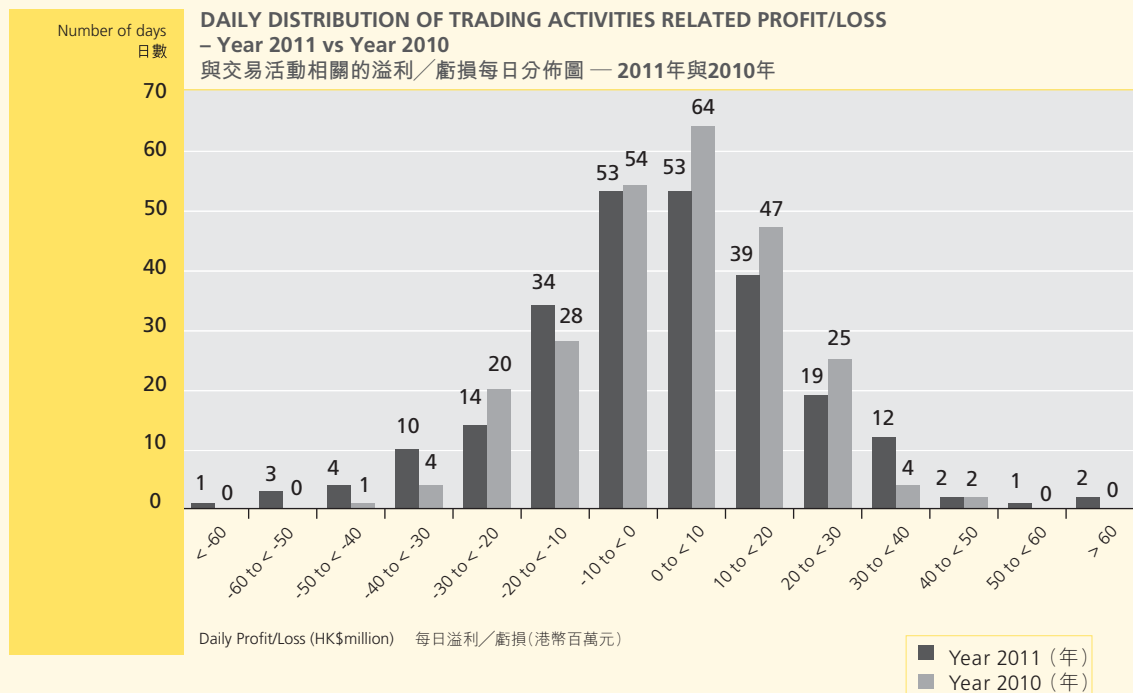
| | | At 31st December 於 12 月 31 日 | Maximum 最高 | Minimum 最低 | Mean 平均 |
|---|---------------|---------------------------------|---------------|---------------|---------------|
| Year 2010 年 | | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 | HK\$ Mn 港幣百萬元 |
| VaR for total trading activities | 交易活動的風險數額總額 | 37 | 52 | 33 | 42 |
| VaR for foreign exchange trading positions* | 外匯交易持倉的風險數額 * | 4 | 8 | 2 | 4 |
| VaR for interest rate trading positions | 利率交易持倉的風險數額 | 7 | 9 | 2 | 4 |
| VaR for equity trading positions | 股份交易持倉的風險數額 | 30 | 45 | 24 | 35 |

* Including all foreign exchange positions but excluding structured foreign exchange positions.

* 包括所有外匯持倉但不包括結構性外匯持倉。

The average daily profit for all trading activities (including foreign exchange, interest rate and equity trading activities) in 2011 was HK\$0.58 million (average daily profit of HK\$1.94 million in 2010). The standard deviation of the daily profit/loss was HK\$20.16 million (standard deviation of HK\$15.74 million for 2010). The frequency distribution of daily profit/loss is shown below:

於2011年，所有交易活動(包括貨幣、利率、股份交易活動)所得的每日平均收入為港幣580,000元(2010年的每日平均收入為港幣1,940,000元)。每日溢利/虧損的標準差為港幣20,160,000元(2010年為港幣15,740,000元)。以下為每日溢利/虧損的頻率分佈情況：



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The objective of operational risk management is to identify, assess and monitor operational risk and, in particular, to comply with the relevant regulatory requirements.

The Group has implemented a centralised risk management framework since January 2006. The Board of Directors reviews and approves the major policies for operational risk management, and it has delegated the responsibility for ongoing operational risk management to the Operational Risk Management Committee. The Operational Risk Management Committee regularly reports status of operational risk management to the Board of Directors via the Risk Management Committee. Operational Risk Management Department under Risk Management Division of the Group is responsible for monitoring activities relating to operational risk.

Operational risk management tools adopted include operational risk incidents reporting, control self-assessment, key risk indicators, operation manuals, insurance policies, business continuity planning, etc.

Furthermore, Operational Risk Management Department under Risk Management Division of the Group has also performed self-assessment on the Group's compliance with the requirements of HKMA Supervisory Policy Manual on Operational Risk Management, with satisfactory result which has been reviewed independently by the Internal Audit Department.

Capital Charge for Operational Risk

As at 31st December 2011, capital charge for operational risk amounted to HK\$1,576 million (2010: HK\$1,274 million).

Liquidity risk management

The purpose of liquidity risk 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.

(b) 主要風險(續)

營運風險管理

營運風險是指由於內部流程、人手及系統不足或不成熟或因外部事件而導致損失的潛在風險。

營運風險管理的目的在於辨別、評估及監控營運風險，尤其是要遵守相關監管規定之要求。

本集團自2006年1月起實施統一的風險管理制度。在此方面，董事會審閱並批准營運風險管理的主要政策，並已授權營運風險管理委員會，負責持續管理營運風險。營運風險管理委員會透過風險管理委員會定期向董事會匯報營運風險管理的情況。本集團之風險管理處轄下的營運風險管理部，負責監控與營運風險有關的活動。

本集團所採用的營運風險管理工具包括營運風險事件匯報、自我評估監控、主要風險指標、營運手冊、保險政策及業務持續規劃等。

此外，本集團之風險管理處轄下的營運風險管理部亦就本集團是否符合香港金管局監管政策手冊關於業務操作風險管理的規定進行自我評估，並經內部稽核部獨立審閱後得出滿意的結果。

營運風險的資本要求

於2011年12月31日，營運風險的資本要求為港幣1,576,000,000元(2010年：港幣1,274,000,000元)。

流動資金風險管理

流動資金風險管理是為了確保本集團維持充足的現金以配合所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足客戶的提款要求，在借款期滿時能夠還款，符合法定的流動資金比率，以及掌握貸款和投資的機會。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED) 未經審核補充財務資料(續)

The management of the Bank's liquidity risk is governed by the liquidity risk management policy, endorsed by the Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's liquidity risk management, set the strategy and policy for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Liquidity is managed daily by the Treasury Markets Division within the limits approved by the Board of Directors. Asset and Liability Management Department under Risk Management Division of the Group is responsible for monitoring the activities of the Treasury Markets Division in compliance with the Liquidity Risk Management Manual. The Internal Audit Department performs periodic reviews to make sure the liquidity risk management functions are carried out effectively.

The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

The Group conducts stress testing regularly to analyse liquidity risk and has formulated a contingency plan that sets out a strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

In addition to observing the statutory liquidity ratio, the Bank also monitors the loan-to-deposit ratio and maturity mismatch between assets and liabilities to control the Bank's liquidity risk.

Interest rate risk management

The management of the Bank's interest rate risk is governed by the interest rate risk management policy endorsed by Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's interest rate risk management, set the strategy and policy for managing interest rate risk and the means for ensuring that such strategy and policy are implemented. Interest rate risk is daily managed by the Treasury Markets Division within the limits approved by the Board of Directors. The independent centralised risk management unit of the Group is responsible for monitoring the activities of the Treasury Markets Division in compliance with the Interest Rate Risk Management Manual and Policy. The Internal Audit Department performs periodic review to make sure the interest rate risk management functions are implemented effectively.

The Bank manages the interest rate risk on the banking book primarily by focusing on the repricing mismatches. Gap analysis provides a static view of the maturity and repricing characteristics of the Bank's balance sheet positions. Repricing gap limits are set to control the Bank's interest rate risk.

Stress tests on the Bank's various types of interest rate risk are conducted regularly. The Asset and Liability Management Committee monitors the results of the stress tests and decides remedial action if required.

本行的流動資金風險管理受風險管理委員會認可並經董事會核准的流動資金風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的流動資金風險管理，並制訂管理流動資金風險的策略與政策以及確保執行有關策略與政策的措施。流動資金狀況由資金市場處每日按董事會批核的限額範圍進行管理。本集團之風險管理處轄下的資產負債管理部，負責監控資金市場處的活動是否遵從流動資金風險管理手冊。內部稽核部會定期作出檢討，確保流動資金風險管理功能得以有效執行。

本集團透過維持充足的流動資產，例如適當的現金和短期資金和證券數量，管理流動資金風險，以確保能在經審慎釐定的限額內符合短期融資要求。本集團維持充足的備用信貸，能提供策略性的流動資金，以應付日常業務過程中未能預計的大量資金需求。

本集團會定期進行壓力測試，以分析流動資金風險，並已制訂應急計劃，當中訂明了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。

除緊守法定的流動資金比率外，本銀行亦會監控貸存比率及資產與負債的期限錯配，以控制本行的流動資金風險。

利率風險管理

本行的利率風險管理受風險管理委員會認可並經董事會核准的利率風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的利率風險管理，並制訂管理利率風險的策略與政策以及確保執行有關策略與政策的措施。利率風險由資金市場處每日按董事會批核的限額範圍進行管理。本集團轄下所設的獨立中央風險管理單位，負責監控資金市場處的活動是否遵從利率風險管理手冊及政策。內部稽核部會定期作出檢討，確保利率風險管理功能得以有效執行。

本行管理銀行賬冊利率風險的主要方法是集中於重訂息率的錯配。差距分析可讓本行從靜態角度瞭解資產負債的到期情況及再定息特點。本行設有重訂息率差距限額以控制本行的利率風險。

本行會對各種利率風險定期進行壓力測試。資產負債管理委員會監控壓力測試的結果，並在需要時釐定補救措施。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(6) PRINCIPAL RISKS AND CAPITAL ADEQUACY (CONTINUED) 主要風險及資本充足度(續)

(b) Principal risks (continued)

Interest rate risk management (continued)

Sensitivity analysis in relation to the impact of changes in interest rates on earnings and economic value is assessed through a hypothetical interest rate shock of 200 basis points across the yield curve on both sides of the balance sheet and is performed on monthly basis. Sensitivity limits are set to control the Bank's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee and the Board of Directors on a regular basis.

Sensitivity analysis on interest rate risk

The Bank uses sensitivity analysis to measure the potential effect of changes in interest rates on our net interest income and economic value change:

(b) 主要風險(續)

利率風險管理(續)

有關利率變動影響對盈利和經濟價值的敏感度分析乃透過每月假設資產負債的收益率曲線出現200個基點的利率衝擊來估算。本行設有敏感度限額，以控制本行的盈利及經濟價值兩方面的利率風險承擔。有關結果定期向資產負債管理委員會及董事會匯報。

利率風險敏感度分析

本行採用敏感度分析來量度利率變動對淨利息收入及經濟價值變動可能產生的影響：

| | | 2011 | | | 2010 | | |
|---|-------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|----------------------------|
| | | HKD港元 HK\$ Mn 港幣百萬元 | USD美元 HK\$ Mn 港幣百萬元 | RMB人民幣 HK\$ Mn 港幣百萬元 | HKD港元 HK\$ Mn 港幣百萬元 | USD美元 HK\$ Mn 港幣百萬元 | RMB人民幣 HK\$ Mn 港幣百萬元 |
| Impact on earnings over the next 12 months if interest rates rise by 200 basis points | 倘利率上調200個基點對未來12個月的盈利影響 | 116 | (12) | 346 | 272 | (172) | 331 |
| Impact on economic value if interest rates rise by 200 basis points | 倘利率上調200個基點對經濟價值的影響 | (156) | 195 | 126 | (66) | (637) | (230) |

This sensitivity analysis, which is based on a static interest rate risk profile of assets and liabilities, is used for risk management purposes only. The analysis is based on the following assumptions:

- (i) there is a parallel shift in the yield curve and in interest rates;
- (ii) there are no other changes to the portfolio;
- (iii) no loan prepayment is assumed as the majority of loans are on a floating rate basis; and
- (iv) deposits without fixed maturity dates are assumed to be repriced on the next day.

Actual changes in the Bank's net interest income and the economic value resulting from the increases in interest rates may differ from the results of this sensitivity analysis.

該敏感度分析僅用於風險管理目的，乃依據資產及負債的靜態利率風險資料作出。有關分析乃根據以下假設進行：

- (i) 收益率曲線及利率出現平行移動；
- (ii) 組合並無其他變動；
- (iii) 假設沒有提早償還貸款，因大部份貸款屬於浮息貸款；及
- (iv) 假設沒有固定到期日的存款於翌日再定息。

利率上調而導致本行淨利息收入及經濟價值的實際變動與該敏感度分析的結果可能有所不同。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(c) Capital management

The HKMA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The Group calculates requirements for market risk in its trading portfolios based upon the Group's VAR models and uses its internal gradings as the basis for risk weightings for credit risk. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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 otherwise be possible with greater gearing 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 process of allocating capital to specific operations and activities is undertaken by the Asset and Liability Management Committee and is reviewed regularly by the Board of Directors.

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

The capital adequacy ratios as at 31st December, 2011 and 31st December, 2010 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1st January, 2007.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2011 and 31st December, 2010 and the Group is well above the minimum required ratio set by the HKMA.

(c) 資本管理

金管局制定及監察本集團整體的資本規定。在實施現行的資本規定時，金管局規定本集團維持既定的總資本對總風險加權資產比率。本集團根據風險值模式計算交易組合的市場風險，及根據內部評級作為信貸風險之風險比重的基準，計算交易組合的市場風險要求。銀行業務分為交易賬冊或銀行賬冊。風險加權資產依照特別規定而定，特別規定旨在反映與資產的不同風險水平及資產負債表外的風險。

除符合監管規定外，本集團管理資本的主要目的是保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

調配資本至特定業務及活動的程序由資產及負債管理委員會進行，並由董事會定期檢討。

本集團依據行業慣例，以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變。

2011年12月31日及2010年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合2007年1月1日生效的香港《銀行條例》的《銀行(資本)規則》。

截至2011年12月31日及2010年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH

根據內部評級基準計算法計算的信貸風險

This section presents information on the Group’s risk management for credit exposures under IRB approach.

Foundation IRB approach is adopted for capital adequacy assessment for credit risk where internal rating systems are applied against different types of counterparties in the risk management process.

(a) Structure of internal ratings systems

The internal ratings system serves as the foundation for the Bank’s risk management and capital adequacy assessment. In general, the system adopts a 20-tier rating structure.

For Corporate, Bank and Retail exposures, internal measure of credit risks are based on an assessment of the borrower and transaction characteristics of each exposure. Therefore the Bank has a two-dimensional rating structure, one dimension being the borrower grade, and the other being facility grade.

The borrower grade reflects risk of borrower default. The borrower’s Probability of Default over a one-year horizon is linked up to the 20-tier structure, with the last 3 tiers down the structure being default grades. The facility grade incorporates transaction specific factors e.g. collateral, guarantee, etc. These factors are directly linked up to the transaction’s Expected Loss, which is in turn transformed into a 20-tier structure.

On the other hand, the Bank utilises the Supervisory Slotting Criteria Approach in rating Specialised Lending exposures. Under this approach, a single-dimension rating considering both the borrower and transaction characteristics will be assigned to the credit exposure, with the same 20-tier risk structure.

For Corporate and Bank exposures, borrower grades generated from the internal rating systems are benchmarked to external credit ratings.

(b) Use of internal ratings

The Bank has used information generated from internal rating systems in various areas including but not limited to credit approval, credit monitoring, loan classification, pricing, formulating business strategies and capital adequacy assessment.

(c) Control mechanisms for rating systems

In order to ensure that the rating systems are robust, the Bank has a control mechanism and relevant policies in place to validate the accuracy and consistency of the systems, which are used for the estimation of all relevant risk components for risk management and capital adequacy calculation.

The validation process covers 2 major aspects: review of internal rating models (i.e. quantitative assessment) and review of internal control and compliance (i.e. qualitative assessment). For the purpose of independency and accountability, staff members who are responsible for carrying out the validation process should be independent of those staff members who are responsible for designing and developing the rating systems. The Credit Committee oversees the whole validation process and reviews/approves the validation results and deliverables of the validating team on an annual basis.

本節呈列本集團對根據內部評級基準計算法計算的信貸風險承擔進行的風險管理資料。

本集團採納基礎內部評級基準計算法以評估信貸風險的資本充足度，並於風險管理程序中使用內部評級系統處理不同類型的交易對手。

(a) 內部評級系統的架構

內部評級系統為本行風險管理及資本充足評估的基礎。整體而言，該評級系統分為20個等級。

就企業、銀行及零售的風險承擔而言，信貸風險的內部量度方法以評估借款人及每項風險承擔的交易特性為基礎。因此，本行的評級架構有兩個層面，第一個是借款人等級，另一個是融通等級。

借款人等級反映借款人違責的風險。借款人一年內的違責或然率與20等級的架構掛鉤，最低的3個等級為違責等級。融通等級已考慮特定交易因素，如抵押品、擔保等。該等因素直接換算出交易的預期損失，再與20等級的架構掛鉤。

另一方面，本行為專門性借貸風險承擔評級時，會使用監管分類準則計算法。根據此計算法，信貸風險承擔會獲得一個已經兼顧借款人及交易特性的單一層面評級，這評級同樣分為20個等級。

就企業及銀行風險承擔而言，自內部評級系統產生的借款人等級與外部信貸評級對應，並作為基準。

(b) 內部評級的應用

本行在多方面均使用自內部評級系統取得的資料，包括但不限於信貸審批、信貸監控、貸款分類、定價、業務策略制訂及資本充足評估方面。

(c) 評級系統的監控機制

為確保評級系統的穩健性，本行設有監控機制及有關政策，以核實系統是否準確及一致，而系統乃用於估計一切相關風險成份以用作風險管理及資本充足計算。

核實程序涵蓋兩個主要方面：審查內部評級模型(即數量評估)及審查內部監控及違規(即質量評估)。就獨立性及問責性而言，負責進行核實程序的員工應獨立於負責設計及制定評級系統的員工。信貸委員會監察整個核實程序，並每年審查／批准核實結果及核實小組所呈交的報告。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(d) Internal rating process

The Bank's internal rating process begins with the business units. These units apply different models for rating different types of credit exposures. During the process of rating assignment, overriding of the rating generated by the models is possible if it is considered that material information has not been taken into account by the models. The justification for overrides should be properly documented.

The rated credits, whether or not overrides are necessary, are then reviewed and approved by an individual party other than the one responsible for the assignment of the rating. This ensures accuracy and precision of the ratings, and that ratings are prudent and comply with the credit policies of the Bank. Based on the policies of the Bank, ratings of credit exposures will be reviewed at least annually.

(e) Types of exposures

- Corporate exposure includes exposures to corporate small-and-medium enterprises, other corporate and specialised lending.
- Bank exposure includes exposures to banks, regulated securities firms and public sector entities.
- Retail exposure includes residential mortgages, qualifying revolving retail exposures and other retail exposures.

(f) Variables, methods and data for estimation and validation of internal ratings

Probability of Default (PD)

For corporate exposures, PD is estimated based on both financial and business variables. Financial variables are financial ratios which link up to the profitability, liquidity and capital structure of the borrower, whereas for business variables, risk factors are assessed through management quality, industry risk and company standing. The two assessments are combined based on a scorecard methodology to produce the PD which is estimated through the Bank's default data.

For Retail exposures, borrowers with homogenous nature and transaction characteristics are segmented into pools in each of which an estimated PD is assigned.

For Bank exposures, the estimation of PD takes into account the market value of asset of the borrower, asset volatility and the borrowers' liabilities. The model measures and compares values of the borrower's assets and liabilities and converts the measurement to PD.

Loss-Given-Default (LGD)

For corporate and bank exposures, the Bank applies the supervisory LGD estimate provided by the Hong Kong Monetary Authority ("HKMA").

For retail exposures, the LGD estimate is based on historical realised loss and total historical default amount within a defined period.

(d) 內部評級程序

本行的內部評級程序由業務單位開始。該等部門對不同類別的信貨風險承擔評級時，均會採用不同的模型。在評級程序中，倘認為模型並無考慮重要資料，模型得出的評級可能會遭調整，但調整評級的理據應妥為存檔。

然後，不論是否需要調整評級，獲評級的信貨繼而由負責評級者以外的獨立方審查及批准。此舉可確保評級準確精密，且以審慎方式作出，並符合本行的信貸政策。根據本行的政策，信貸風險承擔的評級最少每年審查一次。

(e) 風險承擔類別

- 企業風險承擔包括對中小型企業、其他企業及專門性借貸的風險承擔。
- 銀行風險承擔包括對銀行、受監管的證券商號及公營單位的風險承擔。
- 零售風險承擔包括住宅按揭、合資格循環零售風險承擔及其他零售風險承擔。

(f) 估計及核實內部評級的可變因素、方法及數據

違責或然率

就企業風險承擔而言，違責或然率乃以財務及業務的可變因素估計。財務可變因素為與借款人的盈利能力、資金流動性及資本架構有關的財務比率。而就業務可變因素而言，風險因素按管理質素、行業風險及公司於行內地位作評估。兩項評估乃根據評分卡法結合，從而得出利用本行的違責數據所估計的違責或然率。

就零售風險承擔而言，性質及交易特性相近的借助人會被分成多個組別，而該等組別會被賦予一估計違責或然率。

就銀行風險承擔而言，估計違責或然率時會計及借助人資產的市值、資產波動幅度及借款人的負債。模型會計算及比較借助人資產及負債的價值，並把計算所得轉化為違責或然率。

違責損失率

就企業及銀行風險承擔而言，本行採用香港金融管理局(「金管局」)提供的監管性估計的違責損失率。

就零售風險承擔而言，違責損失率估計乃基於已界定期間內的過往變現損失及過往違責總額計出。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貸風險(續)

(f) Variables, methods and data for estimation and validation of internal ratings (continued)

Exposure-at-Default (EAD)

EAD is calculated as sum of on-balance sheet amount and credit equivalent amount of off-balance sheet items. Credit equivalent amount is the exposure amount of off-balance sheet items multiplied by the respective credit conversion factors according to the Banking (Capital) Rules. For certain revolving retail exposures, the credit conversion factor is estimated with reference to the historical realised further drawdown rate prior to defaults.

The exposure amount disclosed in the following of this report relating to IRB exposure refers to EAD.

Assumptions Employed in Derivation of Variables

The assumptions behind the estimation of PD are: (1) Risk factors selected for estimation are valid and significant. (2) The weight assigned to each risk factor is reasonable and appropriate for the estimation in the context of the Bank's credit portfolio. (3) The estimation model/methodology is valid and appropriate for the Bank's credit portfolio and risk environment. (4) For retail exposures, default rate from year to year does not exhibit significant fluctuations so that historical data (default rate) could be applied as PD estimate.

The underlying assumption of LGD estimate is that the loss and recovery pattern of the credit portfolio from year to year does not exhibit significant fluctuations so that historical realised LGD could be applied as LGD estimate. It is also assumed that realised LGD differs significantly across the credit portfolios.

For certain revolving retail exposures, the EAD is estimated based on the assumption that the historical further drawdown rate from year to year does not differ significantly so that historical data could be used for estimation of current EAD of the revolving retail exposures.

Methods of Validation

In order to ensure that the above assumptions for estimation are valid and the Bank's internal rating system is reliable and suitable for the Bank's credit portfolio, regular validation is indispensable.

The validation of the rating models is divided into (1) review of rating systems (quantitative assessment); (2) review of use of ratings (qualitative assessment).

The review of rating systems is carried out through a series of statistical tests. The purpose of the review is to assess the predictive power and robustness of model and the presence of under/over estimation.

The review of use of ratings focuses on the process of rating assignment, review and approval.

(f) 估計及核實內部評級的可變因素、方法及數據(續)

違責風險承擔

違責風險承擔計算為資產負債表內項目的數額及資產負債表外項目的信貸等值數額的總和。根據《銀行(資本)規則》，信貸等值數額為資產負債表外項目的風險承擔數額乘以相應的信貸換算因數。就若干循環零售風險承擔而言，信貸換算因數乃參考在過往信貸違責前實際之進一步提取貸款比率而作出估計。

本報告下文所披露有關內部評級基準風險承擔的風險承擔數額所指的是違責風險承擔。

計算可變因素時採用的假設

估計違責或然率時所作的假設：(1)進行估計所選用的風險因素乃屬有效及重要。(2)在本行信貸組合方面，以各風險因素獲賦予的權重進行估計，乃屬合理及適當。(3)估計模型/方法就本行的信貸組合及風險狀況而言乃屬有效及適當。(4)就零售風險承擔而言，年來的違責率並無顯示重大波動，故過往數據(違責率)可應用作違責或然率估計。

違責損失率估計的相關假設是，信貸組合年來的損失及收回模式並無顯示重大波動而令過往實際違責損失率可應用作違責損失率估計，以及各信貸組合的實際違責損失率顯著不同。

就若干循環零售風險承擔而言，估計違責風險承擔時的假設是，年來過往進一步提取貸款比率並無顯著不同而令過往數據可用作估計循環零售風險承擔的現行違責風險承擔。

核實方法

為確保上述為進行估計而作的假設有效，以及本行內部評級系統就本行信貸組合而言乃屬可靠及適合，定期作出核實是必須的。

評級模型的核實方法分為：(1)審查評級系統(數量評估)；(2)審查評級的應用(質量評估)。

審查評級系統乃透過一系列統計測試進行。審查目的乃評估模型的預示能力及穩健程度，以及是否存在低估/高估的情況。

就評級應用的審查，乃以評級及審批程序為重點。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(g) Policies for establishing provisions

The impairment losses of 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. Receivables with a short duration are not discounted if the effect of discounting is immaterial.

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

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgment, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

All loans and receivables are reviewed and analysed periodically. 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 will be charged or credited to the income statement. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

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

(g) 設立準備金的政策

貸款和應收賬款的減值損失，是根據資產賬面值及估計未來現金流按資產原本之有效利率折算為現值，以二者之差額計算。如果折算現值後的影響不大，不會折算短期應收賬款。

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

本集團首先評估客觀減值證據是否個別存在於個別重大金融資產，及個別或整體存在於非個別重大金融資產。若本集團判斷客觀減值證據並不存在於個別評估金融資產，無論重大與否，本集團將有相同風險特性的金融資產歸類，及作整體減值評估。作個別減值評估的資產而減值損失須持續確認，其減值損失不會包括於整體減值準備內。

個別減值準備是根據管理層的最佳估計將可能收回之現金流按原本的有效利率折算為現值。在估計現金流時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值，並須評估每宗減值資產的真正價值。

當評估所需的整體減值損失準備時，管理層須考慮的因素包括信貸質素、組合規模、信貸集中，及經濟因素。為求估計所需的準備，本集團根據過往之經驗和現時之經濟情況作假設以模擬潛在損失及判斷所需之輸入變數。

撥備的準確性，須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在判斷整體減值準備時所採用的假設模式及變數。雖然視乎判斷而定，本集團相信貸款損失準備是合理和足夠的。

所有貸款和應收賬款須定期作檢討及分析。在較後期間，任何因估計未來現金流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，從而導致減值損失準備亦需改變，該轉變會支銷或存入損益賬。減值損失之轉回只限於假設該貸款和應收賬款於往年從來未有確認減值損失的賬面值。

倘再無實際機會收回時，則貸款及相關的應收利息會被撇銷。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貨風險(續)

(g) Policies for establishing provisions (continued)

The Bank takes into consideration the provision made in its capital maintenance decisions as in accordance with Section 220 of the Capital Rules. The Bank compares the total expected loss (“EL”) amount and the total eligible provisions, and if total EL amount exceeds total eligible provisions, the Bank deducts the difference from the core capital and supplementary capital. On the other hand, if total EL amount is less than the eligible provisions, the Bank includes the differences in its supplementary capital up to a maximum of 0.6% of the Bank’s risk weighted amount for credit risk calculated using IRB Approach.

(h) Exposure subject to supervisory estimates

The following table indicates the exposure classes and the respective exposure amounts that are subject to supervisory estimates as at 31st December, 2011 and 31st December 2010 respectively:

| Exposure class | 風險承擔類別 | Exposure amount 風險承擔數額 2011 | | Exposure amount 風險承擔數額 2010 | |
|---|---------------------|-----------------------------------|-------|-----------------------------------|-------|
| | | HK\$ Mn | 港幣百萬元 | HK\$ Mn | 港幣百萬元 |
| Bank | 銀行 | 85,750 | | 87,378 | |
| Corporate | 企業 | 349,519 | | 292,871 | |
| Equity booked on banking book under Simple Risk-weight Method | 在銀行賬下以簡單風險權重方法計算之股權 | 580 | | 714 | |

(i) Risk assessment for IRB exposure classes

The following tables indicate the exposure amount, exposure weighted average risk weight and exposure weighted average PD under bank exposure and corporate exposure across borrower grade and the exposure amount under retail exposures across facility grade as at 31st December, 2011 and 31st December, 2010 respectively:

For bank exposure

2011

| Borrower grade 借款人等級 | Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元 | Exposure weighted average risk weight 平均風險承擔加權風險權重 | Exposure weighted average PD 風險承擔加權平均違責或然率 |
|-------------------------|---|--|--|
| 1 | 896 | 14.58% | 0.03% |
| 2 | 11,971 | 19.20% | 0.05% |
| 3 | 4,715 | 24.05% | 0.07% |
| 4 | 4,725 | 33.64% | 0.13% |
| 5 | 15,223 | 37.95% | 0.16% |
| 6 | 4,923 | 44.81% | 0.21% |
| 7 | 4,312 | 51.25% | 0.26% |
| 8 | 14,113 | 58.44% | 0.35% |
| 9 | 13,739 | 70.76% | 0.52% |
| 10 | 1,346 | 84.85% | 0.83% |
| 11 | 4,215 | 102.92% | 1.33% |
| 12 | 1,501 | 117.18% | 2.15% |
| 13 | 3,395 | 129.97% | 3.13% |
| 14 | 544 | 146.23% | 4.64% |
| 15 | 55 | 168.51% | 6.96% |
| 18 | 76 | 394.16% | 100.00% |

(g) 設立準備金的政策(續)

根據資本規則第220條，本行在作出有關維持資本的決定時，會考慮所作出的準備金。本行比較預期損失總額及合資格準備金總額，倘預期損失總額超過合資格準備金總額，本行會自核心資本及附加資本減去超出數額。相反，倘預期損失總額較合資格準備金總額低，本行則把差額計入本行附加資本內，上限為以內部評級基準計算法計算所得本行信貸風險的風險加權數額的0.6%。

(h) 受限於監管性估計的風險承擔

下表分別顯示於2011年12月31日及2010年12月31日受限於監管性估計的風險承擔類別及相應的風險承擔數額：

(i) 內部評級基準風險承擔類別的風險評估

下表分別顯示於2011年12月31日及2010年12月31日各級借款人在銀行風險承擔及企業風險承擔下的風險承擔數額、平均風險承擔加權風險權重及風險承擔加權平均違責或然率，以及各級融通在零售風險承擔下的風險承擔數額：

就銀行風險承擔而言

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

For bank exposure

就銀行風險承擔而言

2010

| Borrower grade 借款人等級 | Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元 | Exposure weighted average risk weight 平均風險承擔加權風險權重 | Exposure weighted average PD 風險承擔加權平均違責或然率 |
|-------------------------|---|--|--|
| 1 | 2,117 | 14.44% | 0.03% |
| 2 | 8,839 | 18.29% | 0.04% |
| 3 | 8,623 | 22.90% | 0.06% |
| 4 | 21,726 | 29.76% | 0.10% |
| 5 | 11,292 | 38.10% | 0.16% |
| 6 | 3,382 | 44.55% | 0.21% |
| 7 | 5,473 | 50.73% | 0.26% |
| 8 | 9,147 | 57.76% | 0.35% |
| 9 | 3,782 | 70.19% | 0.53% |
| 10 | 4,052 | 86.09% | 0.87% |
| 11 | 6,606 | 103.92% | 1.39% |
| 12 | 2,002 | 117.35% | 2.14% |
| 13 | 76 | 129.70% | 3.11% |
| 14 | 260 | 146.23% | 4.64% |

For corporate exposure

就企業風險承擔而言

2011

| Borrower grade 借款人等級 | Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元 | Exposure weighted average risk weight 平均風險承擔加權風險權重 | Exposure weighted average PD 風險承擔加權平均違責或然率 |
|-------------------------|---|--|--|
| 1 | 130 | 5.27% | 0.03% |
| 2 | 12,832 | 16.40% | 0.04% |
| 3 | 4,219 | 21.88% | 0.07% |
| 4 | 26,717 | 28.68% | 0.11% |
| 5 | 26,596 | 32.67% | 0.16% |
| 6 | 39,141 | 40.57% | 0.20% |
| 7 | 36,053 | 44.72% | 0.25% |
| 8 | 28,525 | 52.23% | 0.35% |
| 9 | 30,238 | 63.04% | 0.55% |
| 10 | 21,167 | 77.54% | 0.87% |
| 11 | 13,478 | 84.92% | 1.37% |
| 12 | 11,425 | 90.25% | 2.05% |
| 13 | 9,967 | 95.73% | 3.03% |
| 14 | 7,019 | 117.94% | 4.64% |
| 15 | 1,785 | 106.15% | 6.94% |
| 16 | 522 | 159.88% | 9.54% |
| 17 | 316 | 174.22% | 34.24% |
| 18 | 382 | 335.55% | 100.00% |
| 19 | 184 | 323.30% | 100.00% |
| 20 | 12 | 191.48% | 100.00% |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED ("IRB") APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貸風險(續)

(i) Risk assessment for IRB exposure classes (continued)

For corporate exposure

2010

| Borrower grade 借款人等級 | Exposure amount 風險承擔數額 HK\$ Mn 港幣百萬元 | Exposure weighted average risk weight 平均風險承擔加權風險權重 | Exposure weighted average PD 風險承擔加權平均違責或然率 |
|-------------------------|---|--|--|
| 1 | 382 | 12.34% | 0.03% |
| 2 | 6,952 | 16.49% | 0.04% |
| 3 | 2,707 | 21.70% | 0.07% |
| 4 | 17,321 | 29.26% | 0.12% |
| 5 | 14,403 | 35.16% | 0.16% |
| 6 | 25,772 | 39.90% | 0.20% |
| 7 | 24,705 | 44.11% | 0.25% |
| 8 | 22,552 | 52.21% | 0.35% |
| 9 | 29,493 | 64.11% | 0.56% |
| 10 | 28,253 | 74.59% | 0.86% |
| 11 | 10,179 | 87.22% | 1.42% |
| 12 | 7,250 | 97.10% | 2.05% |
| 13 | 8,697 | 109.22% | 2.92% |
| 14 | 6,552 | 110.97% | 4.42% |
| 15 | 2,438 | 128.65% | 6.81% |
| 16 | 2,205 | 164.74% | 9.19% |
| 17 | 778 | 195.10% | 22.97% |
| 18 | 310 | 449.13% | 100.00% |
| 19 | 208 | 163.24% | 100.00% |
| 20 | 7 | 457.92% | 100.00% |

(i) 內部評級基準風險承擔類別的風險評估(續)

就企業風險承擔而言

For residential mortgages

就住宅按揭而言

| Facility grade 融通等級 | Exposure amount 風險承擔數額 | |
|------------------------|---------------------------|--------------------------|
| | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| 1 | 81 | 118 |
| 3 | 30,042 | 19,075 |
| 4 | 2,651 | 2,143 |
| 5 | 19,757 | 26,905 |
| 6 | 166 | 1,696 |
| 7 | 2,286 | 4,640 |
| 10 | 2 | 2 |
| 11 | 1,505 | 1,544 |
| 12 | 67 | 101 |
| 13 | 1 | – |
| 14 | 24 | 20 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
未經審核補充財務資料(續)

For qualifying revolving retail exposures

就合資格循環零售風險承擔而言

| Facility grade 融通等級 | Exposure amount 風險承擔數額 | |
|------------------------|---------------------------|--------------------------|
| | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| 5 | 4,481 | 4,769 |
| 6 | 456 | 3,450 |
| 7 | 11,748 | 4,856 |
| 8 | 739 | 1,900 |
| 9 | 2,360 | 664 |
| 10 | 397 | 4,166 |
| 11 | 786 | 101 |
| 12 | 1,017 | 83 |
| 13 | 32 | 78 |
| 14 | 379 | 144 |
| 15 | 334 | 37 |
| 16 | 9 | 77 |
| 17 | – | 102 |
| 18 | 6 | – |

For other retail exposures

就其他零售風險承擔而言

| Facility grade 融通等級 | Exposure amount 風險承擔數額 | |
|------------------------|---------------------------|--------------------------|
| | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| 1 | 273 | 5 |
| 2 | – | 1 |
| 3 | 1,309 | 1,438 |
| 4 | – | 2 |
| 5 | 4,918 | 4,630 |
| 6 | 1 | 13 |
| 7 | 1,430 | 949 |
| 8 | 24 | – |
| 9 | 2,639 | 1,748 |
| 10 | 231 | 73 |
| 11 | 513 | 1,107 |
| 12 | 1,150 | 948 |
| 13 | 143 | 31 |
| 14 | 9 | 8 |
| 15 | 56 | 65 |
| 17 | 3 | 5 |
| 18 | 7 | 4 |
| 20 | 3 | 5 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(7) CREDIT RISK UNDER INTERNAL RATINGS-BASED (“IRB”) APPROACH (CONTINUED)

根據內部評級基準計算法計算的信貸風險(續)

(j) Comparison of rating estimates against actual outcome

Comparison is made on the 1-year rating estimates for the Group’s performing credit portfolios at 31st December, 2010 against the actual outcome for the same portfolios during the financial period ended 31st December, 2011.

Comparison of actual loss and estimated loss

The following tables indicate the actual loss during the financial year ended 31st December, 2011 and 31st December, 2010 which are compared against the estimated loss at 31st December, 2010 and 31st December, 2009 of the respective portfolio. Actual loss refers to impairment loss allowance and charge-off charged to the Group’s income statement during the financial year ended 31st December, 2011 and 31st December, 2010. The difference between the actual loss for the financial year ended 31st December, 2011 and 31st December, 2010 is immaterial when compared with the Group’s loan portfolio in the respective period.

2011

| Exposure class | 風險承擔類別 | Actual loss for the year ended 31st December, 2011 截至2011年12月31日止 之財政年度的實際損失 HK\$ Mn 港幣百萬元 | Estimated 1-year loss at 31st December, 2010 於2010年12月31日 內估計的一年損失 HK\$ Mn 港幣百萬元 |
|-----------------------------|---------|--|--|
| Bank | 銀行 | 10 | 137 |
| Corporate | 企業 | 109 | 824 |
| Residential mortgage | 住宅按揭 | – | 88 |
| Qualifying revolving retail | 合資格循環零售 | 45 | 164 |
| Other retail | 其他零售 | 16 | 84 |
| Total | 總額 | 180 | 1,297 |

2010

| Exposure class | 風險承擔類別 | Actual loss for the year ended 31st December, 2010 截至2010年12月31日止 之財政年度的實際損失 HK\$ Mn 港幣百萬元 | Estimated 1-year loss at 31st December, 2009 於2009年12月31日 內估計的一年損失 HK\$ Mn 港幣百萬元 |
|-----------------------------|---------|--|--|
| Bank | 銀行 | – | 69 |
| Corporate | 企業 | 123 | 674 |
| Residential mortgage | 住宅按揭 | – | 81 |
| Qualifying revolving retail | 合資格循環零售 | 43 | 169 |
| Other retail | 其他零售 | 7 | 78 |
| Total | 總額 | 173 | 1,071 |

(j) 比較評級估計與實際數字

以於2010年12月31日本集團履行中信貸組合的一年評級估計與截至2011年12月31日止財政期間內相同組合的實際數字作比較。

比較實際損失與估計損失

下表顯示截至2011年12月31日及2010年12月31日止財政年度的實際損失，並與相應的組合在截至2010年12月31日及2009年12月31日的估計損失比較。實際損失指截至2011年12月31日及2010年12月31日止財政年度的減值損失準備及計入本集團損益表的撇賬。截至2011年12月31日及截至2010年12月31日的實際損失，相對於本集團的貸款組合在相關期間的總額，並沒有重大的分別。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

Comparison of actual default against estimated probability of default

The following tables indicate the actual percentage of default during the financial year ended 31st December, 2011 and 31st December, 2010, which is compared against the estimated 1-year probability of default (PD) at 31st December, 2010 and 31st December, 2009 of the respective portfolio.

比較實際違責與估計違責或然率

下表顯示截至2011年12月31日及2010年12月31日止財政年度的實際違責百分比，並與相應的組合分別於2010年12月31日及2009年12月31日的估計一年違責或然率比較。

2011

| Exposure class | 風險承擔類別 | Actual percentage of default for the year ended 31st December, 2011 截至2011年12月31日止之財政年度的實際違責百分比 | Estimated 1-year probability of default at 31st December, 2010 於2010年12月31日內估計的一年違責或然率 |
|-----------------------------|---------|--|---|
| Bank | 銀行 | 0.19% | 0.39% |
| Corporate | 企業 | 0.84% | 1.75% |
| Residential mortgage | 住宅按揭 | 0.07% | 0.79% |
| Qualifying revolving retail | 合資格循環零售 | 0.21% | 0.70% |
| Other retail | 其他零售 | 1.05% | 2.23% |

2010

| Exposure class | 風險承擔類別 | Actual percentage of default for the year ended 31st December, 2010 截至2010年12月31日止之財政年度的實際違責百分比 | Estimated 1-year probability of default at 31st December, 2009 於2009年12月31日內估計的一年違責或然率 |
|-----------------------------|---------|--|---|
| Bank | 銀行 | 0.00% | 0.29% |
| Corporate | 企業 | 0.98% | 3.18% |
| Residential mortgage | 住宅按揭 | 0.22% | 0.84% |
| Qualifying revolving retail | 合資格循環零售 | 0.23% | 0.68% |
| Other retail | 其他零售 | 0.79% | 2.61% |

(8) CREDIT RISK UNDER STANDARDISED APPROACH 標準計算法下的信貸風險

This section presents information on the Group's risk management for credit exposure in which the Bank adopted Standardised Approach for capital adequacy assessment.

本節呈列本集團有關使用標準計算法計算資本充足度的信貸風險承擔的風險管理資料。

(a) Ratings from external credit assessment institutions (ECAI)

Credit ratings from Moody's Investors Service and Standard & Poor's are used for all classes of credit exposures under Standardised Approach. The Bank follows the process prescribed in Part 4 of the Banking (Capital) Rules to map the ratings to the exposures booked in the Bank's banking book.

(a) 外部信貸評估機構的評級

穆迪投資服務及標準普爾的信貸評級用於標準計算法下的各類信貸風險承擔。本行根據《銀行(資本)規則》第4部規定的程序，把評級對應本行銀行賬載列的風險承擔。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(8) CREDIT RISK UNDER STANDARDISED APPROACH (CONTINUED) 標準計算法下的信貸風險(續)

(b) Risk assessment for exposure classes under Standardised Approach

(b) 標準計算法下風險承擔類別的風險評估

The following tables indicate the exposure amount and risk weighted amount for each class of exposure with and without ECAI ratings as at 31st December, 2011 and 31st December, 2010 respectively:

下表顯示分別於2011年12月31日及2010年12月31日經由及沒有經由外部信貸評估機構評級的每種風險承擔類別下的風險承擔數額及風險加權數額：

2011

| Exposure type | 風險承擔類別 | Total exposure 風險承擔總額 HK\$ Mn 港幣百萬元 | Total exposure after credit risk mitigation 使用減低信貸風險措施後 的風險承擔總額 | | Risk weight amount after credit risk mitigation 使用減低信貸風險措施後 的風險加權數額 | |
|---------------------------------------|-------------|--|--|------------------------------------|--|------------------------------------|
| | | | Rated 獲評級 HK\$ Mn 港幣百萬元 | Unrated 無評級 HK\$ Mn 港幣百萬元 | Rated 獲評級 HK\$ Mn 港幣百萬元 | Unrated 無評級 HK\$ Mn 港幣百萬元 |
| Sovereign | 主權 | 82,228 | 82,228 | - | 49 | - |
| Public sector entities | 公營機構 | 520 | 520 | 2 | 10 | - |
| Bank | 銀行 | 16,759 | 7,646 | 9,105 | 3,638 | 3,644 |
| Corporate | 企業 | 20,626 | 104 | 16,028 | 70 | 16,028 |
| Regulatory retail | 監管零售 | 474 | - | 460 | - | 345 |
| Residential mortgage | 住宅按揭 | 5,743 | - | 5,665 | - | 5,642 |
| Other exposures that are not past due | 未逾期的其他風險承擔 | 7,874 | - | 4,304 | - | 4,304 |
| Past due | 逾期 | 65 | - | 47 | - | 88 |
| Off balance sheet exposure | 資產負債表外的風險承擔 | 7,735 | 223 | 6,210 | 12 | 6,125 |
| Counterparty exposure | 交易對手風險承擔 | 2,966 | 948 | 930 | 475 | 924 |
| Total | 總額 | 144,990 | 91,669 | 42,751 | 4,254 | 37,100 |

2010

| Exposure type | 風險承擔類別 | Total exposure 風險承擔總額 HK\$ Mn 港幣百萬元 | Total exposure after credit risk mitigation 使用減低信貸風險措施後 的風險承擔總額 | | Risk weight amount after credit risk mitigation 使用減低信貸風險措施後 的風險加權數額 | |
|---------------------------------------|-------------|--|--|------------------------------------|--|------------------------------------|
| | | | Rated 獲評級 HK\$ Mn 港幣百萬元 | Unrated 無評級 HK\$ Mn 港幣百萬元 | Rated 獲評級 HK\$ Mn 港幣百萬元 | Unrated 無評級 HK\$ Mn 港幣百萬元 |
| Sovereign | 主權 | 41,417 | 41,417 | - | 128 | - |
| Public sector entities | 公營機構 | 2,338 | 2,338 | - | 19 | - |
| Bank | 銀行 | 24,511 | 32 | 24,479 | 6 | 6,211 |
| Corporate | 企業 | 14,931 | - | 13,335 | - | 13,335 |
| Regulatory retail | 監管零售 | 221 | - | 219 | - | 165 |
| Residential mortgage | 住宅按揭 | 7,902 | - | 7,330 | - | 7,307 |
| Other exposures that are not past due | 未逾期的其他風險承擔 | 7,871 | - | 3,936 | - | 3,936 |
| Past due | 逾期 | 64 | - | 44 | - | 85 |
| Off balance sheet exposure | 資產負債表外的風險承擔 | 6,579 | - | 5,079 | - | 4,780 |
| Counterparty exposure | 交易對手風險承擔 | 1,207 | - | 910 | - | 834 |
| Total | 總額 | 107,041 | 43,787 | 55,332 | 153 | 36,653 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) CREDIT RISK MITIGATION 減低信貸風險措施

(a) Process of managing and recognising credit risk mitigation

The Bank has established policies on managing and recognising credit risk mitigation, which is approved by Credit Committee, for all types of credit exposure under both IRB approach and standardised approach including counterparty credit risk-related exposure which arises from OTC derivative transactions and credit derivative contracts. The Bank applies prudent assessments of eligibility and quality of collaterals. A list of credit risk mitigations which is deemed appropriate by the Bank is in place. The Bank also applies safe custodian of collaterals, regular revaluation and close monitoring. Marketable securities are marked-to-market on a daily basis whilst valuations on properties are reviewed periodically.

For regulatory capital calculation, only recognised collaterals, guarantees and credit derivative contracts as laid down under the Banking (Capital) Rules are considered as recognised credit risk mitigations and the Bank adheres to the criteria as stipulated in the Banking (Capital) Rule when assessing the eligibility.

Recognised collaterals include both financial and physical collaterals. Financial collaterals include cash deposit, gold, shares and debt securities and mutual fund/undertakings for collective investments in transferable securities, whilst physical collaterals include commercial real estate, residential real estate, vehicles and equipments. The exposure amount after mitigation is determined by applying the standard supervisory haircut laid down in the Banking (Capital) Rules as an adjustment discount to the current collateral value.

Recognised guarantors are any sovereign entities, public sector entities, banks and regulated securities firms with a lower risk weight than the borrower, or companies that are internally rated with a rating equivalent to external rating of A- or better.

On-balance and off-balance sheet recognised netting is not adopted by the Bank. No recognised guarantees and credit derivative contracts are applied as credit risk mitigation for capital adequacy calculation at balance sheet date.

(b) Total exposures covered by recognised collateral under IRB Approach

| Exposure class | 風險承擔類別 | Exposure amount covered 已涵蓋的風險承擔金額 | |
|----------------|--------|---------------------------------------|--------------------------|
| | | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| Bank | 銀行 | 1,217 | 469 |
| Corporate | 企業 | 54,285 | 42,298 |
| Retail | 零售 | 63,862 | 61,139 |
| Total | 總額 | 119,364 | 103,906 |

The total exposures indicated above represent 21.86% of the total exposure amount under IRB Approach as at 31st December, 2011 and 21.40% as at 31st December, 2010.

(a) 管理及認定減低信貸風險措施的程序

本行已制定管理及認定減低信貸風險措施的政策，而政策亦經信貸委員會批准，適用於內部評級基準計算法及標準計算法下各類信貸風險承擔，包括與由場外衍生工具交易及信貸衍生工具合約引致的交易對手信用風險相關的風險承擔。本行審慎評估抵押品是否合資格及其質素的高低。本行已備有一系列本行視為合適的減低信貸風險措施。本行亦妥善保管抵押品、定期作重新估值及作出緊密的監察。有價證券每日均按市值計算，物業的估值則定期審查。

就計算監管資本而言，只有《銀行(資本)規則》訂下的認可抵押品、擔保及信貸衍生工具合約方可視為認可的減低信貸風險措施，本行在評估減低信貸風險措施是否合資格時，會遵守《銀行(資本)規則》規定的準則。

認可抵押品包括金融及實物抵押品。金融抵押品包括現金存款、黃金、股份及債務證券及互惠基金／集體投資於可轉換證券的業務，而實物抵押品包括商業地產、住宅地產、車輛及設備。減低風險後的風險承擔數額乃以《銀行(資本)規則》訂下的標準監管扣減作為對現行抵押品價值的調整扣減而釐定。

認可擔保人乃任何主權實體、公營單位、銀行及受監管證券商號，其風險權重較借款人為低，或任何於內部評級取得相等於外部評級A-或以上等級的公司。

本行並無採納資產負債表內及資產負債表外認可淨額結算方法。於計算日，本行並無採用認可擔保及信貸衍生工具合約作為減低信貸風險措施，以計算資本充足度。

(b) 內部評級基準計算法下以認可抵押品涵蓋的風險承擔總額

於2011年12月31日及2010年12月31日，上述所示的風險承擔總額分別佔內部評級基準計算法下風險承擔總額的21.86%及21.40%。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(9) CREDIT RISK MITIGATION (CONTINUED) 減低信貸風險措施(續)

(c) Total exposures covered by recognised collateral under Standardised Approach (c) 標準計算法下以認可抵押品涵蓋的風險承擔總額

| Exposure class | 風險承擔類別 | Exposure amount covered 已涵蓋的風險承擔金額 | |
|--|------------|---------------------------------------|--------------------------|
| | | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
| Bank | 銀行 | 8 | – |
| Corporate | 企業 | 4,494 | 1,596 |
| Regulatory retail | 監管零售 | 14 | 2 |
| Residential mortgage | 住宅按揭 | 76 | 572 |
| Other exposures which are not past due | 未逾期的其他風險承擔 | 3,570 | 3,935 |
| Past due | 逾期 | 18 | 20 |
| Counterparty | 交易對手 | 1,088 | 297 |
| Off balance sheet | 資產負債表外項目 | 1,302 | 1,500 |
| Total | 總額 | 10,570 | 7,922 |

The total exposures indicated above represent 7.29% of the total exposure amount under Standardised Approach as at 31st December, 2011 and 7.40% as at 31st December, 2010.

於2011年12月31日及2010年12月31日，上述所示的風險承擔總額分別佔標準計算法下風險承擔總額的7.29%及7.40%。

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE
與交易對手信貸風險相關的風險承擔

The Bank has in place a set of internal policies and a comprehensive framework to effectively manage the counterparty credit risk which arises from OTC derivative transactions and credit derivative contracts in banking book and trading book. Under this management framework, distinct credit limits for counterparty credit exposure for individual counterparties are determined based on the credit standing of the counterparties while the exposure amount are measured and monitored by the credit equivalent amount which comprises replacement cost and potential exposure.

At 31st December, 2011, there is no repo-style transaction falling under paragraph (c) and (d) of Section 2 (1) of the Banking (Capital) Rules in the Bank. No recognised credit derivative contract is applied as credit risk mitigation and no valid bilateral netting agreement as defined in HKMA Guideline No. 4.4 is taken into account in the calculation of regulatory capital.

本行已制訂一系列內部政策及完善的管理架構，以有效地管理本行的銀行賬及交易賬中由場外衍生工具交易及信貸衍生工具合約引致的交易對手信貸風險。在這管理架構下，不同交易對手的交易對手風險信貸限額會根據個別交易對手的信用狀況釐定，而相關的風險承擔金額則會以由取代成本及潛在風險組成的信貸等值金額計算及監控。

於2011年12月31日，本行並無《銀行(資本)規則》第2(1)條(c)和(d)段的回購形式交易。就計算監管資本而言，本行並無任何認可信貸衍生工具合約作為減低信貸風險措施，亦沒有採納按香港金融管理局指引第4.4號之有效雙邊淨額結算協議。

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(a) Counterparty credit risk-related exposures under IRB Approach

The following tables indicate the information of counterparty credit risk-related exposures under IRB approach by exposure class as at 31st December, 2011 and 31st December, 2010 respectively:

2011

| Exposure class | 風險承擔類別 | Current exposure | Credit equivalent amount | Credit equivalent amount after credit risk mitigation | Risk weighted amount |
|----------------|--------|----------------------------|----------------------------|---|----------------------------|
| | | 現行風險承擔 HK\$ Mn 港幣百萬元 | 信貸等值金額 HK\$ Mn 港幣百萬元 | 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | 風險加權金額 HK\$ Mn 港幣百萬元 |
| Corporate | 企業 | 514 | 1,570 | 1,400 | 883 |
| Bank | 銀行 | 1,436 | 4,114 | 4,114 | 2,341 |
| Total | 總額 | 1,950 | 5,684 | 5,514 | 3,224 |

2010

| Exposure class | 風險承擔類別 | Current exposure | Credit equivalent amount | Credit equivalent amount after credit risk mitigation | Risk weighted amount |
|----------------|--------|----------------------------|----------------------------|---|----------------------------|
| | | 現行風險承擔 HK\$ Mn 港幣百萬元 | 信貸等值金額 HK\$ Mn 港幣百萬元 | 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | 風險加權金額 HK\$ Mn 港幣百萬元 |
| Corporate | 企業 | 96 | 617 | 515 | 387 |
| Bank | 銀行 | 761 | 2,823 | 2,823 | 1,133 |
| Total | 總額 | 857 | 3,440 | 3,338 | 1,520 |

The following tables indicate the information of counterparty credit risk-related exposures under IRB Approach by transaction type as at 31st December, 2011 and 31st December, 2010 respectively:

2011

| Transaction Type | 交易類別 | Current exposure | Credit equivalent amount | Credit equivalent amount after credit risk mitigation | Risk weighted amount |
|----------------------------|----------|----------------------------|----------------------------|---|----------------------------|
| | | 現行風險承擔 HK\$ Mn 港幣百萬元 | 信貸等值金額 HK\$ Mn 港幣百萬元 | 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | 風險加權金額 HK\$ Mn 港幣百萬元 |
| OTC Derivative Transaction | 場外衍生工具交易 | 1,950 | 5,661 | 5,491 | 3,220 |
| Repo-style Transaction | 回購形式交易 | - | - | - | - |
| Credit Derivative Contract | 信貸衍生工具合約 | - | 23 | 23 | 4 |
| Total | 總額 | 1,950 | 5,684 | 5,514 | 3,224 |

(a) 內部評級基準計算法下與交易對手信貸風險相關的風險承擔

於2011年12月31日及2010年12月31日，下表分別顯示按不同風險承擔類別劃分的內部評級基準計算法下與交易對手信貸風險相關的風險承擔的資料：

於2011年12月31日及2010年12月31日，下表分別顯示按不同交易類別劃分的內部評級基準計算法下與交易對手信貸風險相關的風險承擔的資料：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE (CONTINUED)

與交易對手信貸風險相關的風險承擔(續)

(a) Counterparty credit risk-related exposures under IRB Approach
(continued)(a) 內部評級基準計算法下與交易對手
信貸風險相關的風險承擔(續)

2010

| Transaction Type | 交易類別 | Current exposure 現行風險承擔 HK\$ Mn 港幣百萬元 | Credit equivalent amount 信貸等值金額 HK\$ Mn 港幣百萬元 | Credit equivalent amount after credit risk mitigation 使用減低風險措施後的 信貸等值金額 HK\$ Mn 港幣百萬元 | Risk weighted amount 風險加權金額 HK\$ Mn 港幣百萬元 |
|----------------------------|----------|--|--|---|--|
| OTC Derivative Transaction | 場外衍生工具交易 | 857 | 3,440 | 3,338 | 1,520 |
| Repo-style Transaction | 回購形式交易 | - | - | - | - |
| Credit Derivative Contract | 信貸衍生工具合約 | - | - | - | - |
| Total | 總額 | 857 | 3,440 | 3,338 | 1,520 |

The following tables indicate the exposure amount of counterparty credit risk-related exposures covered by recognised collaterals under IRB Approach as at 31st December, 2011 and 31st December, 2010 respectively:

於2011年12月31日及2010年12月31日，下表分別顯示內部評級基準計算法下以認可抵押品涵蓋的與交易對手信貸風險相關的風險承擔總額：

2011

| Collateral Type | 抵押品類別 | OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元 | Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元 | Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元 |
|-----------------|-------|--|--|--|
| Cash | 現金 | 169 | - | - |
| Others | 其他 | 1 | - | - |
| Total | 總額 | 170 | - | - |

2010

| Collateral Type | 抵押品類別 | OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元 | Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元 | Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元 |
|-----------------|-------|--|--|--|
| Cash | 現金 | 101 | - | - |
| Others | 其他 | 1 | - | - |
| Total | 總額 | 102 | - | - |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(b) Counterparty credit risk-related exposures under Standardised Approach

The following tables indicate the information of counterparty credit risk-related exposures under Standardised Approach by exposure class as at 31st December, 2011 and 31st December, 2010 respectively:

2011

| Exposure class | 風險承擔類別 | Current exposure | Credit equivalent amount | Credit equivalent amount after credit risk mitigation | Risk weighted amount |
|----------------|--------|----------------------------|----------------------------|---|----------------------------|
| | | 現行風險承擔 HK\$ Mn 港幣百萬元 | 信貸等值金額 HK\$ Mn 港幣百萬元 | 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | 風險加權金額 HK\$ Mn 港幣百萬元 |
| Corporate | 企業 | 461 | 914 | 604 | 604 |
| Bank | 銀行 | 14 | 958 | 958 | 479 |
| Retail | 零售 | 549 | 1,094 | 316 | 316 |
| Total | 總額 | 1,024 | 2,966 | 1,878 | 1,399 |

2010

| Exposure class | 風險承擔類別 | Current exposure | Credit equivalent amount | Credit equivalent amount after credit risk mitigation | Risk weighted amount |
|----------------|--------|----------------------------|----------------------------|---|----------------------------|
| | | 現行風險承擔 HK\$ Mn 港幣百萬元 | 信貸等值金額 HK\$ Mn 港幣百萬元 | 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | 風險加權金額 HK\$ Mn 港幣百萬元 |
| Corporate | 企業 | 374 | 758 | 639 | 639 |
| Bank | 銀行 | 76 | 124 | 124 | 48 |
| Retail | 零售 | 197 | 325 | 147 | 147 |
| Total | 總額 | 647 | 1,207 | 910 | 834 |

(b) 標準計算法下與交易對手信貸風險相關的風險承擔

於2011年12月31日及2010年12月31日，下表分別顯示按不同風險承擔類別劃分的標準計算法下與交易對手信貸風險相關的風險承擔的資料：

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(10) COUNTERPARTY CREDIT RISK-RELATED EXPOSURE (CONTINUED)

與交易對手信貸風險相關的風險承擔(續)

(b) Counterparty credit risk-related exposures under Standardised Approach (continued)

The following tables indicate the information of counterparty credit risk-related exposures under Standardised Approach by transaction type as at 31st December, 2011 and 31st December, 2010 respectively:

(b) 標準計算法下與交易對手信貸風險相關的風險承擔(續)

於2011年12月31日及2010年12月31日，下表分別顯示按不同交易類別劃分的標準計算法下與交易對手信貸風險相關的風險承擔的資料：

2011

| Transaction Type | 交易類別 | Current exposure 現行風險承擔 HK\$ Mn 港幣百萬元 | Credit equivalent amount 信貸等值金額 HK\$ Mn 港幣百萬元 | Credit equivalent amount after credit risk mitigation 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | Risk weighted amount 風險加權金額 HK\$ Mn 港幣百萬元 |
|----------------------------|----------|--|--|---|--|
| OTC Derivative Transaction | 場外衍生工具交易 | 1,024 | 2,056 | 968 | 944 |
| Repo-style Transaction | 回購形式交易 | - | - | - | - |
| Credit Derivative Contract | 信貸衍生工具合約 | - | 910 | 910 | 455 |
| Total | 總額 | 1,024 | 2,966 | 1,878 | 1,399 |

2010

| Transaction Type | 交易類別 | Current exposure 現行風險承擔 HK\$ Mn 港幣百萬元 | Credit equivalent amount 信貸等值金額 HK\$ Mn 港幣百萬元 | Credit equivalent amount after credit risk mitigation 使用減低風險措施後的信貸等值金額 HK\$ Mn 港幣百萬元 | Risk weighted amount 風險加權金額 HK\$ Mn 港幣百萬元 |
|----------------------------|----------|--|--|---|--|
| OTC Derivative Transaction | 場外衍生工具交易 | 647 | 1,207 | 910 | 834 |
| Repo-style Transaction | 回購形式交易 | - | - | - | - |
| Credit Derivative Contract | 信貸衍生工具合約 | - | - | - | - |
| Total | 總額 | 647 | 1,207 | 910 | 834 |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

The following tables indicate the exposure amount of counterparty credit risk-related exposures covered by recognised collaterals under Standardised Approach as at 31st December, 2011 and 31st December, 2010 respectively:

於2011年12月31日及2010年12月31日，下表分別顯示在標準計算法下以認可抵押品涵蓋的與交易對手信貸風險相關的風險承擔總額：

2011

| Collateral Type | 抵押品類別 | OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元 | Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元 | Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元 |
|-----------------|-------|---|---|---|
| Cash | 現金 | 944 | - | - |
| Others | 其他 | 144 | - | - |
| Total | 總額 | 1,088 | - | - |

2010

| Collateral Type | 抵押品類別 | OTC Derivative Transaction 場外衍生工具交易 HK\$ Mn 港幣百萬元 | Repo-style Transaction 回購形式交易 HK\$ Mn 港幣百萬元 | Credit Derivative Contract 信貸衍生工具合約 HK\$ Mn 港幣百萬元 |
|-----------------|-------|---|---|---|
| Cash | 現金 | 237 | - | - |
| Others | 其他 | 60 | - | - |
| Total | 總額 | 297 | - | - |

(c) Credit derivative contracts which create exposures to counterparty credit risk

The following table indicates the notional amount of credit derivative contracts which create exposures to counterparty credit risk as at 31st December, 2011 and 31st December, 2010 respectively:

(c) 會引致交易對手信貸風險的信貸衍生工具合約

於2011年12月31日及2010年12月31日，下表分別顯示按不同合同類別劃分的會引致交易對手信貸風險的信貸衍生工具合約的名義數額：

| | | 2011 HK\$ Mn 港幣百萬元 | 2010 HK\$ Mn 港幣百萬元 |
|-------------------------------|--------|--------------------------|--------------------------|
| For credit portfolio | 用作信貸組合 | | |
| Credit default swap | 信用違責掉期 | | |
| Protection bought | 購入保障 | - | - |
| Protection sold | 售出保障 | 23 | - |
| Total return swap | 總回報掉期 | | |
| Protection bought | 購入保障 | - | - |
| Protection sold | 售出保障 | - | - |
| For intermediation activities | 用作中介活動 | | |
| Credit default swap | 信用違責掉期 | | |
| Protection bought | 購入保障 | 910 | - |
| Protection sold | 售出保障 | 910 | - |
| Total return swap | 總回報掉期 | | |
| Protection bought | 購入保障 | - | - |
| Protection sold | 售出保障 | - | - |

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

未經審核補充財務資料(續)

(11) ASSET SECURITISATION 資產證券化

As at 31st December, 2011 and 31st December, 2010 respectively, the Bank had no asset securitisation exposure.

於2011年12月31日及2010年12月31日，本行並無證券化類別風險承擔。

(12) EQUITY EXPOSURES BOOKED IN BANKING BOOK 銀行賬下的股權風險承擔

The Bank deducts those equity holdings taken for relationship and strategic reasons from the core & supplementary capital and includes those equity holdings taken for other reasons in the risk-weighted assets for capital adequacy ratio purpose.

我行將因關係及策略性理由而持有的股權從核心及附加資本內扣減，及將因其他理由而持有的股權包括在風險加權資產內，以用作計算資本充足比率。

The Bank applies the same accounting techniques and valuation methodologies as detailed in the Bank's notes on accounts for all available-for-sale financial assets, including equity exposures booked in banking book. There are no significant changes during the annual reporting period.

我行處理所有可供出售金融資產，包括銀行賬下的股權風險承擔時，均採用已詳列於本行之賬項附註中相同之會計技巧及評估方式。有關處理方法在周年報告期內並無重大改變。

| | | For the year ended 31st December, 2011 截至2011年12月31日止年度 | |
|--|--|--|------------------------------------|
| | | The Group 集團 HK\$ Mn 港幣百萬元 | The Bank 銀行 HK\$ Mn 港幣百萬元 |
| Cumulative realised gains or (losses) arising from sales and liquidations of equity exposure | 來自出售和兌現持有股權的累積實現收益或(虧損) | (34) | 7 |
| Total unrealised gains or (losses) recognised in the Bank's reserves but not through the income statement | 在儲備內確認，但沒有經損益表入賬的未實現收益或(虧損)的總計 | (231) | (74) |
| Unrealised gains included in or (losses deducted from) the Bank's supplementary capital for capital adequacy ratio purpose | 為計算資本充足比率而包括在附加資本內的任何未實現收益的金額或(從該附加資本中扣減的未實現虧損的金額) | 2 | 2 |
| | | For the year ended 31st December, 2010 截至2010年12月31日止年度 | |
| | | The Group 集團 HK\$ Mn 港幣百萬元 | The Bank 銀行 HK\$ Mn 港幣百萬元 |
| Cumulative realised gains or (losses) arising from sales and liquidations of equity exposure | 來自出售和兌現持有股權的累積實現收益或(虧損) | 114 | 60 |
| Total unrealised gains or (losses) recognised in the Bank's reserves but not through the income statement | 在儲備內確認，但沒有經損益表入賬的未實現收益或(虧損)的總計 | 28 | 37 |
| Unrealised gains included in or (losses deducted from) the Bank's supplementary capital for capital adequacy ratio purpose | 為計算資本充足比率而包括在附加資本內的任何未實現收益的金額或(從該附加資本中扣減的未實現虧損的金額) | 197 | 197 |

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

| | |
|--|--|
| 2011 full year results announced | 14th February, 2012 |
| 2011 Second Interim Dividend declared | 14th February, 2012 |
| Ex-all date for 2011 Second Interim Dividend | 1st March, 2012 |
| Closure of register of members - 2011 Second Interim Dividend | 5th March, 2012 and 6th March, 2012 |
| Record date for 2011 Second Interim Dividend | 6th March, 2012 |
| Despatch of Scrip Dividend Scheme Listing Document and Form of Election | 6th March, 2012 |
| Despatch of dividend warrants and share certificates for 2011 Second Interim Dividend | (on or about) 27th March, 2012 |
| Closure of register of members - Annual General Meeting | 23rd April, 2012 and 24th April, 2012 |
| Annual General Meeting | 24th April, 2012 |
| 2012 interim results to be announced | August, 2012* |
| * Subject to change | |

SHARE LISTING

The Stock Exchange of Hong Kong Limited

SHARE REGISTRARS

Tricor Standard Limited

Telephone: (852) 2980 1768

Facsimile: (852) 2861 1465

ADR DEPOSITARY BANK

The Bank of New York Mellon

Telephone: 1 201 680 6825

Toll free (domestic): 1-888-BNY-ADRS

E-mail: shrrelations@bnymellon.com

REGISTERED OFFICE

10 Des Voeux Road Central, Hong Kong

Telephone: (852) 3608 3608

Facsimile: (852) 3608 6000

Website: www.hkbea.com

E-mail: info@hkbea.com

股東資料

財務日誌

| | |
|-------------------------------|---------------------------|
| 公佈2011年度全年業績 | 2012年2月14日 |
| 宣佈派發2011年度第二次中期股息 | 2012年2月14日 |
| 2011年度第二次中期股息除淨日期 | 2012年3月1日 |
| 暫停辦理過戶登記手續 - 2011年度第二次中期股息 | 2012年3月5日 及2012年3月6日 |
| 2011年度第二次中期股息記錄日期 | 2012年3月6日 |
| 寄發以股代息計劃上市文件及選擇表格 | 2012年3月6日 |
| 寄發2011年度第二次中期股息單及股票 (約於) | 2012年3月27日 |
| 暫停辦理過戶登記手續 - 股東周年常會 | 2012年4月23日 及2012年4月24日 |
| 股東周年常會 | 2012年4月24日 |
| 公佈2012年度中期業績 | 2012年8月* |
| * 可予更改 | |

股份上市

香港聯合交易所有限公司

股份登記處

卓佳標準有限公司

電話: (852) 2980 1768

傳真: (852) 2861 1465

美國預託證券託管銀行

The Bank of New York Mellon

電話: 1 201 680 6825

美國境內免費電話: 1-888-BNY-ADRS

電郵: shrrelations@bnymellon.com

註冊行址

香港德輔道中10號

電話: (852) 3608 3608

傳真: (852) 3608 6000

網站: www.hkbea.com

電郵: info@hkbea.com

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|-------------|----|---|
| Head Office | 總行 | 10 Des Voeux Road Central Hong Kong 香港德輔道中10號 |
| Telephone | 電話 | (852) 3608 3608 |
| Facsimile | 傳真 | (852) 3608 6000 |
| Website | 網址 | www.hkbea.com |