

**1 ACTIVITIES AND CORPORATE AFFILIATION**

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services. The Directors consider the Group's ultimate holding company at 31 December 2006 to be Fubon Financial Holding Co. Ltd. ("Fubon Financial") which is incorporated in the Republic of China and operates as a financial conglomerate.

**2 SIGNIFICANT ACCOUNTING POLICIES**

Fubon Bank (Hong Kong) Limited (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office at 38 Des Voeux Road Central, Hong Kong. The consolidated financial statements for the year ended 31 December 2006 comprise those of the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

**(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs", which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" and the recommendations in the Supervisory Policy Manual "Financial Disclosures by Locally Incorporated Authorised Institutions" issued by the Hong Kong Monetary Authority ("HKMA"). 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 accounting period beginning on or after 1 January 2006. The Group has not applied any new standard that is not yet effective for the current accounting period.

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

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

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

**1 業務及公司附屬集團**

本行透過其分行及附屬公司提供一系列銀行、金融及相關服務。董事認為，本集團於二零零六年十二月三十一日的最終控股公司為富邦金融控股股份有限公司(「富邦金控」)。該公司於中華民國註冊成立，為一間經營金融企業集團。

**2 主要會計政策**

富邦銀行(香港)有限公司(「本行」)為一間於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中三十八號。截至二零零六年十二月三十一日止年度之綜合財務報告，包括本行及其附屬公司(合稱為「本集團」)及本集團於一間聯營公司之權益之財務報告。

**(a) 遵守聲明**

此等財務報告乃根據香港會計師公會(「香港會計師公會」)頒佈的一切適用香港財務報告準則(「香港財務報告準則」，該統稱包括一切適用的個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港普遍採納的會計準則及香港《公司條例》的規定而編製。此等財務報告亦遵守《香港聯合交易所有限公司證券上市規則》的適用披露規定及香港金融管理局(「金管局」)頒佈的監管政策手冊內《本地註冊認可機構披露財務資料》指引的建議而編製。本集團所採納的主要會計政策概要載於下文。

香港會計師公會已頒佈若干新訂及經修訂的香港財務報告準則，該等準則對二零零六年一月一日或以後開始的會計期間生效或可被提早採用。本集團並無應用於本會計期間仍未生效之任何新準則。

**(b) 財務報告的編製基準**

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

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

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 45.

#### The adoption of new / revised HKFRSs

In 2006, the Group adopted the new / revised Standards and Interpretations of HKFRSs as set out below, which are relevant to its operations.

HKAS 19 (Amendment)	Employee Benefits
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 (Amendment)	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above Standards and Interpretations did not result in substantial changes to the Group's accounting policies, which are consistent with those used in the previous financial year.

## 2 主要會計政策(續)

### (b) 財務報告的編製基準(續)

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

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

管理層應用對財務報告及估計構成重大影響之香港財務報告準則所作出之判斷，對來年的財務報告及估計構成重大調整之風險於附註45中詳述。

#### 採納新訂／修訂香港財務報告準則

於二零零六年，本集團所採納與其業務有關之新訂／修訂香港財務報告準則及詮釋如下：

香港會計準則 第19號(修訂)	僱員福利
香港會計準則 第21號(修訂)	境外業務之淨投資
香港會計準則 第39號(修訂)	預測集團內部交易 之現金流量對沖 會計處理
香港會計準則 第39號(修訂)	公平價值之選擇權
香港會計準則 第39號(修訂)	財務擔保合約
香港財務報告準則 — 詮釋第4號	釐訂一項安排是否 包含租賃

本集團採納上述準則及詮釋並未對本集團的會計政策產生重大改變，該等政策與上一財政年度所採用者一致。

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) Investment in subsidiaries**

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

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

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

**(d) Associated companies**

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

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

**2 主要會計政策(續)****(c) 於附屬公司投資**

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

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

集團公司內部間的結餘及交易，以及集團公司內部間交易所產生的任何未變現溢利，均於編製綜合財務報告時悉數抵銷。集團公司內部間交易所產生的未變現虧損與未變現溢利以相同方式抵銷，惟僅限於無證據顯示已出現減值的情況。

於本行之資產負債表中，於附屬公司的投資乃按成本值減去減值虧損。

**(d) 聯營公司**

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Financial instruments***(i) Initial recognition*

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables and available-for-sale.

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

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. Any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded from this date.

*(ii) Categorisation*

Fair value through profit or loss

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

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

Financial assets and liabilities under this category are carried at fair value. Changes in the fair value are included in the income statement in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the income statement.

**2 主要會計政策(續)****(e) 金融工具***(i) 初始確認*

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

金融工具最初按公平價值計量，而公平價值一般將與交易價相同。此外，如金融資產或金融負債不屬於按公平價值訂值納入損益賬時，更需加上購入或發行該金融資產及金融負債所直接涉及之交易成本。按公平價值訂值納入損益賬的金融資產及金融負債的交易成本，需即時在損益賬支銷。

本集團在成為金融工具合約條文其中一方當日會確認金融資產和金融負債。以定期方式購買或出售之金融資產使用交易日會計法予以確認。因該等金融資產或金融負債的公平價值變動所產生的任何盈利和虧損由該日起計算。

*(ii) 分類*

按公平價值訂值納入損益賬

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

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

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

屬於此類別的金融資產和負債按公平價值入賬。公平價值變動計入在發生期內的收益表。於出售或購回時，出售所得淨款項或償付淨額與賬面值的差額計入收益表。

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

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (a) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (b) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (c) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise loans and advances to customers and placements with banks and financial institutions.

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

## Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified in any of the other two categories above. They include financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are carried at cost less impairment losses, if any.

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

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

## Other financial liabilities

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

**2 主要會計政策 (續)****(e) 金融工具 (續)***(ii) 分類 (續)*

## 貸款和應收賬款

貸款和應收賬款為具固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃即時或於短期內出售而被區分為持作交易用途；(b)於初始確認時已被本集團指定為按公平價值訂值納入損益賬或可供出售；或(c)本集團可能無法收回大部分初始投資而將分類為可供出售資產，但不包括因信用惡化的原因而納入此項類別之資產。貸款和應收賬款主要包括向客戶所提供及存放於銀行及金融機構之貸款和墊款。

貸款和應收賬款及分類為貸款和應收賬款的證券均採用實際利率方法在減去減值虧損後按攤銷成本列賬。現金回贈予住宅按揭貸款予以資本化，並以其預計期限在收益表內作出攤銷。

## 可供出售金融資產

可供出售金融資產為指定為可供出售，或是上述任何其他兩個類別以外之非衍生金融資產。彼等包括無固定持有限期之金融資產，但亦可因應流動資金之需要或市場環境變化而出售。在活躍市場沒有市價及其公平價值是不能可靠計算的股本投資工具，及與該等沒有市價的股本工具掛鈎以及必須透過交付該等工具進行交收之衍生工具，均按成本減去減值虧損(如有)列賬。

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

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

## 其他金融負債

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Financial instruments (continued)***(iii) Fair value measurement principles*

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

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation technique that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

*(iv) Derecognition*

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

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

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

*(v) Offsetting*

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

**2 主要會計政策(續)****(e) 金融工具(續)***(iii) 計量公平價值之原則*

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

如並沒有認可交易所的最新公開成交價或市場報價，經紀／交易商亦無作出非交易所買賣金融工具的報價，或若其市場並不流通，此工具的公平價值按估值模式計算，而該估值模式可根據市場實際交易而提供可靠的估計價格。

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

*(iv) 終止確認*

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

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

當合約的義務已被履行、取消或期滿，本集團終止確認該金融負債。

*(v) 對銷*

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



**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Financial instruments (continued)***(vi) Embedded derivatives*

An embedded derivative is a component of a combined instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and (ii) the combined instrument is not measured at fair value with changes in fair value recognised in the income statement.

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

**(f) Repurchase transactions**

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

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

**(g) Hedging**

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instruments and the hedged items. Under HKAS 39 hedge accounting is classified into three categories: (a) fair value hedges; (b) cash flow hedges and (c) net investment hedges. The Group only applies hedge accounting to the fair value hedges of its subordinated notes programme (note 31) and fixed rate bonds.

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

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

**2 主要會計政策 (續)****(e) 金融工具 (續)***(vi) 嵌入式衍生工具*

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

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

**(f) 回購交易**

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

回購協議產生之利息於各個協議有效期間採用實際利息法確認為利息開支。

**(g) 對沖**

對沖會計處理確認對沖工具及對沖項目之公平價值變動對溢利或虧損之抵銷效應。根據香港會計準則第39號，對沖會計處理分為三類：(a) 公平價值對沖；(b) 現金流量對沖及(c) 投資淨額對沖。本集團僅對其後償票據計劃(附註31)及定息債券的公平價值對沖應用對沖會計處理。

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Hedging (continued)**

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

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

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

**(h) Other property and equipment***Owned assets*

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

In addition, certain of the Group's leasehold land and premises have been included at Directors' valuation made having regard to independent professional valuations carried out in November 1989. The surplus arising on revaluation was credited to the revaluation reserve. Additions to revalued premises made subsequent to the revaluation are included at cost. Premises which have not been the subject of revaluation are included at cost. The revaluation reserve arising from the November 1989 revaluation was transferred to the capital redemption reserve when the Bank redeemed its "A" and "B" preference shares in 1991 and 1992.

**2 主要會計政策(續)****(g) 對沖(續)**

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

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

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

**(h) 其他物業及設備***自有資產*

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

此外，本集團有若干租賃土地及物業按董事編製之估值(已考慮於一九八九年十一月進行之獨立專業估值)因重新估值而產生之盈餘已撥入估值儲備。獲重估之物業於重新估值後按成本包括在內。毋須重估之物業按成本包括在內。當本行於一九九一年和一九九二年贖回「A」類和「B」類優先股後，因一九八九年十一月重新估值而產生之重估儲備已轉撥至資本贖回儲備內。



**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(h) Other property and equipment (continued)***Owned assets (continued)*

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

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

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

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

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

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

**2 主要會計政策(續)****(h) 其他物業及設備(續)***自有資產(續)*

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

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

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

物業和設備項目於預計可用期限內以直線法撇銷成本或估值以計算折舊如下：

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Leases and hire purchase contracts***(i) Classification of leased assets*

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

*(ii) Finance leases*

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

*(iii) Operating leases*

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

**(j) Repossessed assets**

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

Repossessed assets are recorded at the lower of the amount of the related loans and advances and fair value less costs to sell at the date of exchange.

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

**2 主要會計政策(續)****(i) 租約及租購合約***(i) 租賃資產分類*

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

*(ii) 融資租約*

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

*(iii) 經營租約*

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

**(j) 收回資產**

在收回減值貸款及墊款時，本集團可能透過法院訴訟或由借方自願交付財產收回抵押資產。倘預期所得資產將有秩序地變現及本集團不再尋求借方還款時，收回資產在報告內呈列為「其他資產」。

收回資產按相關貸款及墊款之款額及公平價值減出售成本之較低者於交易日期記錄。

初始分類之減值虧損以及其後之重新計量於收益表內確認。

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) Impairment of assets**

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

*(i) Loans and receivables*

For loans and receivables, the impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Receivables with a short duration are not discounted if the effect of discounting is immaterial.

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

The Group first assesses whether any objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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.

**2 主要會計政策 (續)****(k) 資產減值**

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

*(i) 貸款和應收賬款*

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

信貸損失撥備總額包括兩個組成部分：個別減值撥備，及綜合減值撥備。

本集團會首先評估金額重大之個別金融資產有否出現客觀之減值證據，並個別或綜合地評估金額不重大之個別金融資產。若本集團認定被評估之個別金融資產並沒有存在減值之客觀證據，無論該金融資產重大與否，均需將該金融資產包含於信貸風險特徵相近之組別中作出綜合減值評估。綜合減值評估並不包括已被個別評估為需確認減值或需繼續確認減值之金融資產。

個別減值撥備乃根據管理層對現金流量現值之最佳估計，即按原實際利率折現預期將獲得之款項。在估計該等現金流量時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值。每項減值資產均按照其理據進行評估。

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

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

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgement, the Group believes that the impairment allowances on advances to customers are reasonable and supportable.

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

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

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

Where there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

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

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

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

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

在較後期間，任何因估計未來現金流量的金額及時間與先前估計的有所轉變，而該轉變是可客觀地與撇銷後發生的事件有關連，從而導致貸款和應收賬款之減值撥備亦需改變，該轉變會支銷或計入收益表。

於再無合理預期可收回貸款時，則貸款及相關懸欠利息將會撇銷。

*(ii) 可供出售金融資產之減值*

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

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) Impairment of assets (continued)***(iii) Other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- investments in subsidiaries and associates

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

## Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently.

## Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

## Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

**2 主要會計政策(續)****(k) 資產減值(續)***(iii) 其他資產*

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

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

如果出現減值跡象，資產的可收回數額便會作估計。

## 計算可收回數額

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

## 確認減值虧損

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

## 減值虧損轉回

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(l) Cash equivalents**

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

**(m) Employee benefits**

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

**(n) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

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

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

**2 主要會計政策(續)****(l) 等同現金項目**

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

**(m) 僱員福利**

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

**(n) 所得稅**

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

即期稅項乃預期於本年度就應課稅收入應付之稅項（按於結算日已頒佈或實質頒佈之稅率計算），以及過往年度應繳稅項之任何調整。

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

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



**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(n) Income tax (continued)**

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

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

**2 主要會計政策(續)****(n) 所得稅(續)**

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

遞延稅項確認額乃按資產及負債之賬面值之預期變現或支付形式，使用於結算日已頒佈或實質頒佈之稅率計算。遞延稅項資產及負債不予折現計算。

於各結算日，遞延稅項資產之賬面值均進行複核，對預期不再有足夠之應課稅溢利以供使用有關遞延稅項則予扣減。倘若有可能獲得足夠之應課稅溢利，則任何有關扣減均會被撥回。

因分派股息而產生的額外所得稅，於確認支付有關股息的負債時予以確認。

即期稅項結餘及遞延稅項結餘以及有關變動，均會個別呈列及不作抵銷。如(及僅在)本行或本集團可依法行使權利將即期稅項資產抵銷即期稅項負債，並在符合下列其他條件之情況下，即期稅項資產方會與即期稅項負債抵銷，以及遞延稅項資產會與遞延稅項負債抵銷：

- 如屬即期稅項資產及負債，本行或本集團擬以淨額基準清償或同時變現資產並清償負債；或
- 如屬遞延稅項資產及負債，被同一稅務機關對以下實體徵收所得稅而產生：
  - 同一個應課稅實體；或
  - 不同的應課稅實體，在未來每一個預期將清償或收回重大數額之遞延稅項資產及負債的期間，該等實體擬以淨額變現即期稅項資產及清償即期稅項負債或兩者同時進行。

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

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

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

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

*(ii) Other provisions and contingent liabilities*

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Bank has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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

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

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

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

*(ii) 其他撥備及或然負債*

撥備乃本集團或本行因過往事件引致之法律或推定義務而可能需要付出經濟利益以履行有關義務及能作出可靠估計時，就未能確定之時間或數額之其他負債確認。倘金錢時間價值乃屬重大，撥備則以預計用以履行有關義務之開支現值列賬。

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) Revenue recognition**

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

*(i) Interest income*

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar option) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, together with transaction costs and all other premiums or discounts.

Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and dividend income attributable to those financial instruments.

*(ii) Fee and commission income*

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

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

**2 主要會計政策(續)****(p) 收益確認**

當經濟利益很可能流入本集團，而收入及成本(倘適用)能可靠地計算時，收益會按下列方式在收益表確認：

*(i) 利息收入*

所有計息金融工具之利息收入均採用實際利率法在收益表內確認。

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

按公平價值訂值納入損益賬之金融工具淨收益以及交易淨收益，包括來自該等金融資產及金融負債之公平價值變動(扣除應計票息)之所有盈利及虧損，以及該等金融工具應佔之利息收入及開支以及股息收入。

*(ii) 費用及佣金收入*

費用及佣金收入乃本集團提供金融服務，包括現金管理服務、投資銀行服務、項目及結構性融資交易服務之所得收入。費用及佣金收入於提供相關服務時確認，以彌補向客戶持續提供服務之成本、或為客戶承擔風險，屬利息性質之費用則除外。在該等情況下，費用會於產生成本或風險之會計期間確認為收入或作為利息收入入賬。

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

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) Revenue recognition (continued)***(iii) Finance income from finance lease and hire purchase contract*

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

*(iv) Dividend income*

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

**(q) Translation of foreign currencies**

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on investments and net gain/(loss) on derivatives, respectively. All other exchange differences relating to monetary items are presented separately in the income statement.

**(r) Related parties**

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

**2 主要會計政策(續)****(p) 收益確認(續)***(iii) 來自融資租約及租購合約之財務收入*

融資租約之隱含財務收入及租購付款於租約年期確認為利息收入，以令每個會計期間租約尚餘淨投資額的定期回報率大致相同。應收或然租金於應收會計期間確認為收入。

*(iv) 股息收入*

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

**(q) 外匯換算**

年內外匯交易以交易日之匯率折算為港元。以外幣定值之貨幣資產及負債乃以結算日之匯率折算為港元。匯兌盈虧均撥入收益表處理。

以歷史成本列賬並以外幣定值之非貨幣性資產及負債按交易日之匯率計量。以公平價值列賬並以外幣定值之非貨幣性資產及負債按釐定公平價值的日期之匯率換算為港元。

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

**(r) 關連各方**

就此等財務報告而言，被視為與本集團有關連的一方是指：

- (i) 該方有能力直接或間接透過一個或多個中介人控制，或可發揮重大影響本集團的財務及經營決策，或共同控制本集團；

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****(r) Related parties (continued)**

- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

**(s) Segment reporting**

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

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

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

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

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

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

**2 主要會計政策(續)****(r) 關連各方(續)**

- (ii) 本集團及該方均互相控制；
- (iii) 該方屬本集團的聯營公司；
- (iv) 該方屬本集團或本集團母公司主要管理人員的成員，或屬該人士的近親家庭成員，或受該等人士控制，或共同控制或重大影響的實體；
- (v) 該方屬(i)所指一方的近親家庭成員，或受該等人士控制，或共同控制或重大影響的實體；或
- (vi) 該方屬提供福利予本集團僱員的離職後福利計劃或與屬本集團關連方的任何實體。

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

**(s) 分項報告**

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

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

分項收益、開支、業績、資產及負債包括直接劃分入該分項之項目及可合理劃分為該分項之項目。分項收益、開支、資產及負債乃於集團內公司間結算前釐定，集團內公司間交易則予以抵銷作為綜合處理程序之部分，惟集團實體間之集團內公司間結餘及交易為單一分項者除外。

分項間定價按給予外間人士之類似條款釐定。

分項資本開支指期內因收購預計可使用超過一個期間之分項資產(包括有形及無形資產)所產生之總成本。

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

**3 INTEREST INCOME AND EXPENSE****(a) Interest income**

Listed investments	上市投資
Other	其他
Interest income on financial assets that are not at fair value through profit or loss	非按公平價值訂值納入損益賬之金融資產之利息收入
Interest income on trading assets – listed investments	交易資產之利息收入 – 上市投資
– unlisted investments	– 非上市投資
Interest income on financial assets designated at fair value through profit or loss	按公平價值訂值納入損益賬之金融資產之利息收入

**(b) Interest expense**

Deposits from customers, banks and other financial institutions and certificates of deposit issued	客戶、銀行同業及其他金融機構之存款及已發行存款證
Other borrowings	其他借款
Interest expense on financial liabilities that are not at fair value through profit or loss	非按公平價值訂值納入損益賬之金融負債之利息支出
Interest expense on trading liabilities	交易賬項下負債之利息支出

**3 利息收入及支出****(a) 利息收入**

<b>The Group</b> 本集團	
<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>174,286</b>	74,248
<b>2,259,374</b>	1,438,713
<b>2,433,660</b>	1,512,961
<b>112</b>	1,289
<b>53,237</b>	32,957
<b>36,115</b>	24,671
<b>2,523,124</b>	1,571,878

**(b) 利息支出**

<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>1,463,567</b>	853,813
<b>267,589</b>	160,120
<b>1,731,156</b>	1,013,933
<b>95,189</b>	54,174
<b>1,826,345</b>	1,068,107



## 4 OTHER OPERATING INCOME

## 4 其他營運收入

		<b>The Group</b> 本集團	
		<b>2006</b> 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Fee and commission income	費用及佣金收入	<b>194,244</b>	129,657
Less: Fee and commission expense	減：費用及佣金支出	<b>(51,385)</b>	(28,383)
Net fee and commission income	費用及佣金收入淨額	<b>142,859</b>	101,274
Dividend income from listed available-for-sale securities	上市可供出售證券之股息收入	<b>4,593</b>	674
Dividend income from unlisted available-for-sale securities	非上市可供出售證券之股息收入	<b>31,013</b>	9,596
Gains less losses from dealing in foreign currencies	外匯交易收益減虧損	<b>33,809</b>	24,195
Gains less losses from dealing in trading securities	持作交易用途之證券之收益減虧損	<b>(370)</b>	(9,571)
Gains less losses from other dealing activities	其他買賣交易之收益減虧損	<b>170,057</b>	77,669
Gains less losses from short selling activities	賣空交易之收益減虧損	<b>687</b>	9,325
Gains less losses from other financial liabilities	其他金融負債之收益減虧損	<b>(9,895)</b>	75,757
Revaluation loss on other financial instruments designated at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具之重估虧損	<b>(10,907)</b>	(22,635)
Revaluation gain on derivative financial instruments	衍生金融工具之重估收益	<b>16,326</b>	24,095
Rental income	租金收入	<b>870</b>	3,560
Others	其他	<b>51,534</b>	32,851
		<b>430,576</b>	326,790

## 5 OPERATING EXPENSES

## 5 營運支出

		<b>The Group</b> 本集團	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Staff costs	僱員成本		
Contributions to defined contribution scheme	定額供款計劃供款	<b>1,183</b>	839
Defined benefit scheme expenses (Note 36)	定額福利計劃支出 (附註36)	<b>19,978</b>	17,885
Retirement scheme costs	退休計劃成本	<b>21,161</b>	18,724
Salaries and other staff costs	薪金及其他僱員成本	<b>359,672</b>	286,015
		<b>380,833</b>	304,739
Premises and other fixed assets	房地產及其他固定資產		
Rental of premises	房地產租金	<b>26,655</b>	25,863
Depreciation	折舊	<b>72,026</b>	60,688
Others	其他	<b>16,448</b>	13,118
Auditors' remuneration	核數師酬金	<b>2,113</b>	2,250
Other operating expenses	其他營運支出		
Business promotion	業務推廣	<b>56,759</b>	48,469
Legal and professional fees	法律顧問費用	<b>27,963</b>	18,059
Communication	通訊	<b>13,758</b>	20,270
Electronic data processing and computer systems	電子資料處理及 電腦系統	<b>67,731</b>	61,656
Others	其他	<b>52,423</b>	47,654
		<b>716,709</b>	602,766

## 6 DIRECTORS' REMUNERATION

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

## 6 董事酬金

根據香港《公司條例》第161條規定披露之董事酬金如下：

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

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

**7 INDIVIDUAL WITH HIGHEST EMOLUMENTS**

Of the five individuals with the highest emoluments, two (2005: two) are Directors whose emoluments are disclosed in Note 6 above. The aggregate of the emoluments in respect of the other three (2005: three) individuals are as follows:

Basic salaries and other allowances	底薪及其他津貼
Contributions to pension scheme	退休計劃供款
Bonuses	花紅

The emoluments of the three (2005: three) individuals with the highest emoluments are within the following bands:

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

**8 GAINS / (LOSSES) FROM DISPOSALS OF AVAILABLE-FOR-SALE SECURITIES**

Realisation of revaluation (deficit) / surplus previously recognised in revaluation reserve (Note 34)	過往於重估儲備內確認之重估(虧絀)/盈餘之變現(附註34)
Net gains / (losses) arising in current year	年內淨收益/(虧損)

**7 薪酬最高人士**

本集團薪酬最高之5位人士中，2位(二零零五年：2位)為董事，其薪酬已於上文附註6披露。其餘3位(二零零五年：3位)人士之酬金總額如下：

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
6,110	7,972
530	558
1,656	1,580
<b>8,296</b>	<b>10,110</b>

3位(二零零五年：3位)薪酬最高人士之酬金介乎以下範圍：

The Group 本集團	
2006 二零零六年	2005 二零零五年
3	1
–	1
–	1

**8 出售可供出售證券之收益/(虧損)**

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(36,250)	4,234
83,132	(22,033)
<b>46,882</b>	<b>(17,799)</b>

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

Impairment losses (charged) / released on advances to customers (Note 20)	已(扣除)/撥回之客戶貸款減值虧損(附註20)
– Additions	– 增加
– Releases	– 撥回
Provision for loss from obligation under standby credit facility	備用信貸虧損撥備承擔

### 9 客戶貸款減值虧損之(扣除)/撥回

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(107,186)	(64,528)
57,304	84,775
(15,655)	–
(65,537)	20,247

### 10 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

#### (a) Taxation in the consolidated income statement

The provision for Hong Kong Profits Tax for 2006 is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year.

### 10 綜合收益表內的所得稅

#### (a) 綜合收益表內的稅項

二零零六年之香港利得稅準備乃根據本年度之評估應課稅溢利之17.5%(二零零五年: 17.5%)計算。

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Current tax – Hong Kong Profits Tax Tax for the year	即期稅項 – 香港利得稅 年內稅項
– Under / (over)-provision in respect of prior years	– 過往年度準備不足/ (超額準備)
66,932	32,798
1,390	(2,150)
68,322	30,648
Current tax – Overseas Tax Tax for the year	即期稅項 – 海外稅項 年內稅項
– Under-provision in respect of prior years	– 過往年度準備不足
–	–
1,847	–
1,847	–
Deferred tax	遞延稅項
– Origination and reversal of temporary differences (Note 30 (b))	– 暫時性差異 產生及撥回 (附註 30(b))
(5,840)	1,726
Total income tax expense	所得稅支出總額
64,329	32,374

**10 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT**  
*(continued)*
**(b) Reconciliation between tax expense and accounting profit at applicable rate**

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

**10 綜合收益表內的所得稅(續)**
**(b) 稅項支出與按適用應課稅率計算之會計溢利間之對賬**

<b>The Group</b>	
本集團	
2006	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元
<b>391,497</b>	273,815
<b>68,512</b>	47,918
<b>(10,550)</b>	(14,634)
<b>3,130</b>	1,240
<b>3,237</b>	(2,150)
<b>64,329</b>	32,374

**11 DIVIDENDS**
**(a) Dividends declared and proposed**

Interim dividend declared and paid of 6 cents (2005: 6 cents) per share	已宣派及派發中期股息每股6仙 (二零零五年：每股6仙)
Final dividend of 12 cents (2005: 11 cents) per share proposed on 6 March 2007	於二零零七年三月六日建議派發末期股息每股12仙 (二零零五年：每股11仙)

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

**11 股息**
**(a) 已宣派及建議派發股息**

<b>The Bank</b>	
本行	
2006	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元
<b>70,330</b>	70,330
<b>140,659</b>	128,938
<b>210,989</b>	199,268

於結算日後建議派發之末期股息並未於結算日確認為負債。



**11 DIVIDENDS (continued)****(b) Dividends attributable to the previous financial year, approved and paid during the year**

Final dividend in respect of the previous financial year, approved and paid during the year of 11 cents (2005: 11 cents) per share

年內通過及派付上一財政年度之末期股息每股11仙(二零零五年：11仙)

**12 EARNINGS PER SHARE**

The earnings per share is calculated on profit attributable to shareholders of HK\$327,168,000 (2005: HK\$241,441,000) and 1,172,160,000 (2005: 1,172,160,000) ordinary shares in issue during the year. There are no convertible loan capital, options or warrants outstanding which would cause a dilution effect on the earnings per share.

**13 PROFITS ATTRIBUTABLE TO SHAREHOLDERS**

The consolidated profits attributable to shareholders of the Bank includes a profit of HK\$252,199,000 (2005: HK\$211,450,000) which has been dealt with in the financial statements of the Bank.

**11 股息(續)****(b) 年內已通過及派付上一財政年度之股息**

<b>The Bank</b> 本行	
<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
<b>128,938</b>	128,938

**12 每股盈利**

每股盈利乃按年內股東應佔溢利327,168,000港元(二零零五年：241,441,000港元)及於年內已發行普通股1,172,160,000股(二零零五年：1,172,160,000股)計算。本行並無任何可兌換之資本貸款、期權或可兌換認股證以致對每股盈利構成攤薄影響。

**13 股東應佔溢利**

本行股東應佔綜合溢利包括已計入本行財務報告內之溢利252,199,000港元(二零零五年：211,450,000港元)。

**14 SEGMENT REPORTING**

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

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

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

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

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

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

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

**14 分項資料**

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

本行及其附屬公司之主要業務為提供銀行及相關之金融服務。

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

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

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

房地產業務包括管理及有秩序地出售本集團收回及根據貸款協議所得的物業。

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

## 14 SEGMENT REPORTING (continued)

## 14 分項資料(續)

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

## 14 SEGMENT REPORTING (continued)

## 14 分項資料(續)

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

**14 SEGMENT REPORTING (continued)****Geographical segments**

The geographical segmental analysis is based on the locations of the principal operations of the subsidiaries or on the location of the branches of the Bank responsible for reporting the results or booking the assets, the location of customers and the location of assets. For the years ended 31 December 2005 and 2006, all of the Group's operating income and profit before taxation were generated by assets booked by the principal operations of the branches and subsidiaries of the Bank located in Hong Kong. More than 90% of assets were either located in Hong Kong or were extended to companies and individuals domiciled in Hong Kong. The balance of the assets were extended to companies and individuals domiciled outside Hong Kong, mainly in China.

**15 CASH AND SHORT TERM FUNDS**

Cash in hand	現金
Balances with banks and other financial institutions	銀行同業及其他 金融機構結餘
Money at call and short notice *	通知及短期存款*

**14 分項資料(續)****區域分項**

區域分項之資料分析是根據附屬公司之主要業務所在地點，或按負責報告業績或將資產入賬之本行分行位置、客戶位置及資產位置予以披露。截至二零零五年及二零零六年十二月三十一日止年度，本集團之所有營運收入及除稅前溢利均是從位於香港的本行分行及附屬公司入賬之資產所產生。本行超過90%的資產是位於香港或借給以香港為本籍的公司及個人客戶，而剩餘的資產是借給位於香港以外(以中國為主)的公司及個人客戶。

**15 現金及短期資金**

The Group 本集團		The Bank 本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
87,444	77,657	87,436	77,646
207,841	264,564	207,357	264,014
7,523,386	9,814,827	7,523,386	9,814,827
<b>7,818,671</b>	<b>10,157,048</b>	<b>7,818,179</b>	<b>10,156,487</b>

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

\* 通知及短期存款指由結算日起計最長一個月到期之存款。

**16 PLACEMENTS WITH BANKS MATURING BETWEEN ONE AND TWELVE MONTHS**

Maturing within	以下期間內到期
- 3 months or less but over 1 month	- 三個月或以下惟 一個月以上
- 1 year or less but over 3 months	- 一年或以下惟 三個月以上

**16 一至十二個月到期之銀行同業放款**

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
1,023,029	1,573,939
661,172	-
<b>1,684,201</b>	<b>1,573,939</b>

## 17 TRADING SECURITIES

## 17 持作交易用途之證券

		<b>The Group and the Bank</b> 本集團及本行	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Trading securities at fair value	持作交易用途之證券之公平價值		
Debt securities	債務證券		
– Listed in Hong Kong	– 於香港上市	<b>2,548</b>	3,482
– Unlisted	– 非上市	<b>10,914</b>	23,234
Treasury bills (including Exchange Fund Bills) – Unlisted	國庫券(包括外匯基金票據) – 非上市	<b>455,568</b>	368,365
<b>Total</b>	<b>總值</b>	<b>469,030</b>	395,081
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
The trading securities are issued by:	持作交易用途之證券由以下機構發行:		
– Central government and central banks	– 中央政府及中央銀行	<b>456,710</b>	371,507
– Public sector entities	– 公營機構	<b>12,320</b>	23,234
– Corporate entities	– 企業實體	–	340
		<b>469,030</b>	395,081

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

## 18 按公平價值訂值納入損益賬之其他金融工具

		<b>The Group and the Bank</b> 本集團及本行	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元 (restated) (重列)
Debt securities at fair value	按公平價值訂值之債務證券		
– Listed in Hong Kong	– 於香港上市	<b>484,068</b>	571,392
– Listed outside Hong Kong	– 於香港以外上市	<b>74,723</b>	75,315
<b>Total</b>	<b>總值</b>	<b>558,791</b>	646,707

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

為更適當地作出呈列，故已重列上年度之比較數字。

**18 OTHER FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

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

- Central government and central banks
- Public sector entities
- Corporate entities

按公平價值訂值納入損益賬之其他金融工具  
由以下機構發行：

- 中央政府及中央銀行
- 公營機構
- 企業實體

**18 按公平價值訂值納入損益賬之其他金融工具 (續)**

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
	-	77,189
	<b>478,405</b>	488,075
	<b>80,386</b>	81,443
	<b>558,791</b>	646,707

**19 DERIVATIVE FINANCIAL INSTRUMENTS****(a) Notional amounts of derivatives**

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The following is a summary of the notional amounts of each significant type of derivatives entered into by the Group:

**19 衍生金融工具****(a) 衍生工具之名義金額**

衍生工具指價值視乎一項或多項有關資產或指數之價值而定之金融合約。以下為本集團訂立之各主要類型衍生工具之名義金額之概要：

**The Group and the Bank  
本集團及本行**

		2006 二零零六年			2005 二零零五年		
		Trading 交易 HK\$'000 千港元	Hedging 對沖 HK\$'000 千港元	Total 總額 HK\$'000 千港元	Trading 交易 HK\$'000 千港元	Hedging 對沖 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具						
- Forwards	- 遠期	2,616,621	-	2,616,621	1,832,083	-	1,832,083
- Swaps	- 掉期	11,527,646	-	11,527,646	2,105,394	-	2,105,394
- Options purchased	- 購入期權	11,881,004	-	11,881,004	1,517,021	-	1,517,021
- Options written	- 沽出期權	11,880,492	-	11,880,492	1,515,243	-	1,515,243
		<b>37,905,763</b>	<b>-</b>	<b>37,905,763</b>	6,969,741	-	6,969,741
Interest rate derivatives	利率衍生工具						
- Swaps	- 掉期	12,656,871	1,866,840	14,523,711	7,214,414	-	7,214,414
- Options purchased	- 購入期權	492,650	-	492,650	397,900	-	397,900
- Options written	- 沽出期權	300,000	-	300,000	200,000	-	200,000
		<b>13,449,521</b>	<b>1,866,840</b>	<b>15,316,361</b>	7,812,314	-	7,812,314
Equity derivatives	股票衍生工具						
- Swaps	- 掉期	462,882	-	462,882	-	-	-
- Options purchased	- 購入期權	127,419	-	127,419	149,103	-	149,103
- Options written	- 沽出期權	127,419	-	127,419	149,103	-	149,103
		<b>717,720</b>	<b>-</b>	<b>717,720</b>	298,206	-	298,206
Commodity derivatives	商品衍生工具						
- Options purchased	- 購入期權	39,173	-	39,173	-	-	-
- Options written	- 沽出期權	39,173	-	39,173	-	-	-
		<b>78,346</b>	<b>-</b>	<b>78,346</b>	-	-	-
Total	總額	<b>52,151,350</b>	<b>1,866,840</b>	<b>54,018,190</b>	15,080,261	-	15,080,261



**19 DERIVATIVE FINANCIAL INSTRUMENTS (continued)****(a) Notional amounts of derivatives (continued)**

The above amounts are shown on a gross basis without taking into account the effect of bilateral netting arrangements and include all embedded derivatives.

The contract amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date and do not represent amounts at risk.

Trading transactions include positions arising from the execution of trade orders from customers and transactions undertaken to hedge these positions which are not designated as hedges under HKAS 39.

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

**(b) Fair values of derivatives held for trading**

Exchange rate derivatives 匯率衍生工具  
Interest rate derivatives 利率衍生工具  
Equity derivatives 股票衍生工具

<b>The Group and the Bank</b> 本集團及本行			
2006 二零零六年		2005 二零零五年	
Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元
261,368	(152,915)	89,264	(91,739)
245,613	(252,657)	239,686	(261,961)
16,418	(16,418)	1,414	(1,414)
<b>523,399</b>	<b>(421,990)</b>	330,364	(355,114)

**(c) Fair values of derivatives designated as hedging instruments**

Interest rate derivatives 利率衍生工具

*Fair value hedges*

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

**19 衍生金融工具(續)****(a) 衍生工具之名義金額(續)**

上述金額以總額顯示，並無計及雙邊淨額結算安排之影響並包括所有嵌入式衍生工具。

該等工具的合約金額顯示於結算日尚未平倉之交易量，並不代表涉及風險之金額。

買賣交易包括為客戶執行買賣指示之倉盤及用以對沖根據香港會計準則第39號並未指定作為對沖之該等倉盤之交易。

用作對沖之衍生工具指根據香港會計準則第39號指定作為對沖之對沖工具。

**(b) 持作交易用途之衍生工具之公平價值****The Group and the Bank**  
本集團及本行

<b>The Group and the Bank</b> 本集團及本行			
2006 二零零六年		2005 二零零五年	
Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元
261,368	(152,915)	89,264	(91,739)
245,613	(252,657)	239,686	(261,961)
16,418	(16,418)	1,414	(1,414)
<b>523,399</b>	<b>(421,990)</b>	330,364	(355,114)

**(c) 指定作為對沖工具之衍生工具之公平價值****The Group and the Bank**  
本集團及本行

<b>The Group and the Bank</b> 本集團及本行			
2006 二零零六年		2005 二零零五年	
Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元	Fair value asset 公平價值資產 HK\$'000 千港元	Fair value liabilities 公平價值負債 HK\$'000 千港元
14,456	(3,057)	-	-

*公平價值對沖*

公平價值對沖包括用作保障本行的後償票據及若干定息債券因市場利率變動而出現變化的利率掉期。

## 19 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

## (d) Remaining life of derivative financial instruments

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

		The Group and the Bank 本集團及本行			
		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
2006	二零零六年	Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 Years 五年以上 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具	37,905,763	34,705,725	3,200,038	-
Interest rate derivatives	利率衍生工具	15,316,361	2,831,384	11,648,011	836,966
Equity derivatives	股票衍生工具	717,720	338,858	378,862	-
Commodity derivatives	商品衍生工具	78,346	78,346	-	-

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

## 19 衍生金融工具(續)

## (d) 衍生金融工具之剩餘期限

		The Group and the Bank 本集團及本行			
		Notional amounts with remaining life of 屬以下剩餘年期之名義金額			
2005	二零零五年	Total 總額 HK\$'000 千港元	1 year or less 一年或以下 HK\$'000 千港元	Over 1 year to 5 years 一年以上至五年 HK\$'000 千港元	Over 5 Years 五年以上 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具	6,969,741	6,946,499	23,242	-
Interest rate derivatives	利率衍生工具	7,812,314	495,786	6,680,610	635,918
Equity derivatives	股票衍生工具	298,206	298,206	-	-

## (e) Credit risk weighted amounts and replacement cost of derivatives

		The Group and the Bank 本集團及本行					
		2006 二零零六年			2005 二零零五年		
		Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元	Replacement cost 重置成本 HK\$'000 千港元	Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amount 信貸風險 加權金額 HK\$'000 千港元	Replacement cost 重置成本 HK\$'000 千港元
Exchange rate derivatives	匯率衍生工具	37,555,279	140,391	261,139	6,550,815	15,131	89,247
Interest rate derivatives	利率衍生工具	12,045,503	59,970	183,607	5,554,846	32,989	121,242
Equity derivatives	股票衍生工具	397,772	3,535	172	298,206	559	1,414
Commodity derivatives	商品衍生工具	78,346	783	-	-	-	-
		50,076,900	204,679	444,918	12,403,867	48,679	211,903

## (e) 衍生工具之信貸風險加權金額及重置成本

**19 DERIVATIVE FINANCIAL INSTRUMENTS (continued)****(e) Credit risk weighted amounts and replacement cost of derivatives (continued)**

Derivatives arise from forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The contractual amounts of these instruments disclosed in this note indicate the volume of transactions outstanding as at 31 December 2005 and 2006; they do not represent amounts at risk. Embedded derivatives are not included in the above tables.

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

**20 ADVANCES TO CUSTOMERS LESS IMPAIRMENT****(a) Advances to customers less impairment**

Gross advances to customers	客戶貸款總額
Impairment allowances	減值撥備
- Collective impairment allowance	- 綜合減值撥備
- Individual impairment allowance	- 個別減值撥備

**19 衍生金融工具(續)****(e) 衍生工具之信貸風險加權金額及重置成本(續)**

衍生工具乃因本集團在外匯、利率及股票市場進行遠期、掉期及期權交易而產生。本附註披露之該等工具之合約金額顯示於二零零五年及二零零六年十二月三十一日之未平倉交易量，惟並不代表涉及風險之金額。嵌入式衍生工具未列於上表內。

資產負債表以外項目之重置成本及信貸風險加權金額並無計及雙邊淨額結算安排之影響。該等成本及金額乃根據已實施巴塞爾協議內有關資本充足之金管局指引。重置成本指重置所有按市值計算會有正數值之合約成本。信貸風險加權金額指根據有關資本充足之香港《銀行業條例》附表三所計算之金額及視乎交易對手現況及剩餘期限而定。用於匯率、利率及其他衍生工具合約之信貸風險加權比率為0%至50%，而用於或然負債及承擔之有關比率則為0%至100%。

**20 客戶貸款減減值****(a) 客戶貸款減減值**

		The Group 本集團		The Bank 本行	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
		<b>25,914,351</b>	21,544,382	<b>22,537,950</b>	18,354,882
		<b>(81,404)</b>	(76,115)	<b>(62,601)</b>	(58,537)
		<b>(81,787)</b>	(92,701)	<b>(49,575)</b>	(68,222)
		<b>25,751,160</b>	21,375,566	<b>22,425,774</b>	18,228,123

## 20 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

## 20 客戶貸款減減值(續)

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

## (b) 客戶貸款減值撥備變動

		The Group 本集團		The Bank 本行	
		Individual Impairment allowance 個別減值 撥備 HK\$'000 千港元	Collective Impairment allowance 綜合減值 撥備 HK\$'000 千港元	Individual Impairment allowance 個別減值 撥備 HK\$'000 千港元	Collective Impairment allowance 綜合減值 撥備 HK\$'000 千港元
At 1 January 2006	於二零零六年一月一日	92,701	76,115	68,222	58,537
Impairment allowances charged to income statement	於收益表扣除之減值撥備	44,593	5,289	28,718	4,064
Amounts written off	撇賬金額	(77,826)	-	(63,496)	-
Recoveries of advances written off in previous years	過去年度已撇賬貸款之收回	22,319	-	16,131	-
At 31 December 2006	於二零零六年十二月三十一日	81,787	81,404	49,575	62,601
		The Group 本集團		The Bank 本行	
		Individual Impairment allowance 個別減值 撥備 HK\$'000 千港元	Collective Impairment allowance 綜合減值 撥備 HK\$'000 千港元	Individual Impairment allowance 個別減值 撥備 HK\$'000 千港元	Collective Impairment allowance 綜合減值 撥備 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	81,896	106,056	62,861	81,085
Impairment allowances charged/(released) to income statement	於收益表扣除/(撥回)之減值撥備	9,694	(29,941)	(3,361)	(22,548)
Amounts written off	撇賬金額	(41,852)	-	(31,447)	-
Recoveries of advances written off in previous years	過去年度已撇賬貸款之收回	42,963	-	40,169	-
At 31 December 2005	於二零零五年十二月三十一日	92,701	76,115	68,222	58,537

## 20 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

## 20 客戶貸款減減值(續)

## (c) Advances to customers analysed by industry sector

## (c) 按行業分類的客戶貸款

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

以下經濟行業分析乃根據金管局使用的類別及定義：

	The Group 本集團		The Bank 本行	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (restated) (重列)	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元 (restated) (重列)
Gross advances for use in Hong Kong				
Industrial, commercial and financial				
– Property development	29,392	28,135	28,866	27,208
– Property investment	4,900,296	3,923,769	4,883,717	3,904,098
– Financial concerns	484,250	313,227	484,145	312,157
– Stockbrokers	157,371	159,616	157,371	159,616
– Wholesale and retail trade	202,404	99,242	187,771	80,788
– Manufacturing	1,059,535	1,710,819	830,368	1,430,944
– Transport and transport equipment	756,247	683,299	99,864	74,885
– Others	3,247,433	2,017,055	3,004,985	1,781,778
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme and Private Sector Participation Scheme	3,275	1,461	3,275	1,461
– Loans for the purchase of other residential properties	6,946,882	7,503,104	6,931,526	7,479,857
– Credit card advances	504,157	478,553	504,157	478,553
– Others	1,299,707	952,404	1,169,256	823,474
	19,590,949	17,870,684	18,285,301	16,554,819
Trade finance	943,406	601,902	943,406	601,902
Gross advances for use outside Hong Kong	5,379,996	3,071,796	3,309,243	1,198,161
Gross advances to customers	25,914,351	21,544,382	22,537,950	18,354,882

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

為更適當地作出呈列，故已重列上年度之比較數字。

## (d) Impaired advances to customers

## (d) 客戶減值貸款

	The Group 本集團			
	2006 二零零六年		2005 二零零五年	
	HK\$'000 千港元	% 百分比	HK\$'000 千港元	% 百分比
Gross impaired advances	239,884	0.93	213,133	0.99
Individual impairment allowances made against impaired loans	(81,787)		(92,701)	
	158,097		120,432	

## 20 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)

## 20 客戶貸款減減值(續)

## (d) Impaired advances to customers (continued)

## (d) 客戶減值貸款(續)

		The Bank 本行			
		2006 二零零六年		2005 二零零五年	
		HK\$'000 千港元	i% 百分比	HK\$'000 千港元	i% 百分比
Gross impaired advances	減值貸款總額	179,645	0.80	157,520	0.86
Individual impairment allowances made against impaired loans	就減值貸款作出的 個別減值撥備	(49,575)		(68,222)	
		<b>130,070</b>		89,298	

i. As a percentage of gross advances to customers.

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

i. 佔客戶貸款總額之百分比。

減值貸款是按個別基準在具備客觀的減值證據下而須個別評估的貸款。

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

## (e) 融資租賃及租購合約之投資淨額

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

給予客戶之貸款包括根據融資租賃及具融資租賃特性之租購合約租予客戶之汽車及設備的投資淨額。合約一般初步為期三至五年，附帶按賬面值購買所租用資產之選擇權。根據融資租賃及租購合約應收之最低租賃還款總金額及於年結日之現值如下：

		The Group 本集團		The Bank 本行	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Total minimum lease payments due:	最低租賃還款總金額				
– within 1 year	之到期期限為： — 一年以內	1,453,465	1,268,802	388,376	212,190
– after 1 year but within 5 years	— 一年以後惟五年以內	1,364,472	1,309,098	326,152	253,878
– after 5 years	— 五年以後	406,454	378,900	–	–
		<b>3,224,391</b>	2,956,800	<b>714,528</b>	466,068
Interest income relating to future periods	與未來期間有關 之利息收入	(435,259)	(389,177)	(63,662)	(38,012)
Present value of the minimum lease payment receivable	應收最低租賃還款之現值	2,789,132	2,567,623	650,866	428,056
Unguaranteed residual value	無保證剩餘價值		–		–
Collective impairment allowance	綜合減值撥備	(15,619)	(16,558)	(3,645)	(2,610)
Individual impairment allowance	個別減值撥備	(41,208)	(15,146)	(5,806)	(293)
Net investment in finance lease	融資租賃之投資淨額	<b>2,732,305</b>	2,535,919	<b>641,415</b>	425,153

**20 ADVANCES TO CUSTOMERS LESS IMPAIRMENT (continued)****(e) Net investment in finance leases and hire purchase contracts (continued)**

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

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

**20 客戶貸款減減值(續)****(e) 融資租賃及租購合約之投資淨額(續)**

減值撥備前最低租賃還款現值之期限組別如下：

The Group 本集團		The Bank 本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>1,291,158</b>	1,136,832	<b>345,597</b>	188,723
<b>1,218,780</b>	1,175,053	<b>305,269</b>	239,333
<b>279,194</b>	255,738	-	-
<b>2,789,132</b>	2,567,623	<b>650,866</b>	428,056

**21 AVAILABLE-FOR-SALE SECURITIES****21 可供出售證券**

Listed debt securities at fair value	上市債務證券之公平價值
- Listed in Hong Kong	- 於香港上市
- Listed outside Hong Kong	- 於香港以外上市
Unlisted debt securities at fair value	非上市債務證券之公平價值
- Treasury bills (including Exchange Fund Bills)	- 國庫券(包括外匯基金票據)
- Certificates of deposit	- 存款證
- Debt securities	- 債務證券
Equity shares at fair value	股票之公平價值
- Listed in Hong Kong	- 於香港上市
- Unlisted	- 非上市
Total available-for-sale securities	可供出售證券總值

The Group 本集團		The Bank 本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>3,536,368</b>	1,541,072	<b>3,536,368</b>	1,541,072
<b>477,808</b>	1,688,178	<b>477,808</b>	1,688,178
<b>4,014,176</b>	3,229,250	<b>4,014,176</b>	3,229,250
<b>4,827,763</b>	6,924,752	<b>4,827,763</b>	6,924,752
<b>86,741</b>	373,175	<b>86,741</b>	373,175
<b>5,134,353</b>	2,898,895	<b>5,134,353</b>	2,898,895
<b>10,048,857</b>	10,196,822	<b>10,048,857</b>	10,196,822
<b>14,063,033</b>	13,426,072	<b>14,063,033</b>	13,426,072
<b>68,173</b>	88,098	<b>68,102</b>	87,935
<b>125,948</b>	9,591	<b>125,948</b>	9,591
<b>194,121</b>	97,689	<b>194,050</b>	97,526
<b>14,257,154</b>	13,523,761	<b>14,257,083</b>	13,523,598



**21 AVAILABLE-FOR-SALE SECURITIES (continued)****21 可供出售證券 (續)**

		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
The available-for-sale securities are issued by:	可供出售證券由以下機構發行：				
– Central governments and central banks	– 中央政府及中央銀行	8,001,169	9,720,465	8,001,169	9,720,465
– Public sector entities	– 公營機構	153,000	313,065	153,000	313,065
– Banks and other financial institutions	– 銀行及其他金融機構	4,969,122	2,013,700	4,969,100	2,013,700
– Corporate entities	– 企業實體	1,133,863	1,476,531	1,133,814	1,476,368
		<b>14,257,154</b>	13,523,761	<b>14,257,083</b>	13,523,598

**22 INVESTMENTS IN ASSOCIATED COMPANY****22 聯營公司投資**

		The Group and the Bank 本集團及本行	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份，按成本值	5,761	5,761
Advances	貸款	8,882	8,778
Less: Impairment allowance on unlisted shares	減：非上市股份之減值撥備	(5,761)	(5,761)
Impairment allowance for advances to an associated company	向一間聯營公司貸款之減值撥備	(2,335)	(2,308)
		<b>6,547</b>	6,470

The Bank owns 40% (2005: 40%) of the issued shares capital of IBA Finance Corporation, which is incorporated in the Philippines. The principal activity of the associated company is the provision of financing and leasing services in the Philippines. The Group has not equity accounted for the investments in the associated company in view of the immaterial amount involved.

本行擁有在菲律賓註冊成立之 IBA Finance Corporation 40% (二零零五年：40%) 已發行股本。該聯營公司之主要業務為於菲律賓提供財務及租賃服務。由於投資額並不重大，故本集團並無於賬目中按權益法計入於該聯營公司之投資。

**23 INVESTMENTS IN SUBSIDIARIES****23 附屬公司投資**

		The Bank 本行	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted shares, at cost	非上市股份，按成本值	118,751	118,751

**23 INVESTMENTS IN SUBSIDIARIES (continued)**

All principal subsidiaries are directly owned by the Bank. Details of principal subsidiaries at 31 December 2006 are as follows:

**23 附屬公司投資(續)**

全部主要附屬公司均由本行直接擁有。關於各主要附屬公司於二零零六年十二月三十一日之資料詳述如下：

		Issued and fully paid-up ordinary share capital 已發行及繳足 之普通股股本	% of ownership interest held 所持 股權百分比	Net profit for the year 年度淨溢利	Principal activities 主要業務
<b>Incorporated and operating in Hong Kong</b>		<b>於香港註冊成立及運作</b>			
Fubon Credit (Hong Kong) Limited	富邦財務(香港)有限公司	HK\$65,000,000 65,000,000 港元	100% 100%	HK\$123,195,000 123,195,000 港元	Deposit taking and finance 接受存款及財務
Fubon (Hong Kong) Trustee Limited	富邦(香港)信託有限公司	HK\$5,000,000 5,000,000 港元	100% 100%	HK\$173,000 173,000 港元	Trustee services 信託服務
FB Securities (Hong Kong) Limited	富銀證券(香港)有限公司	HK\$8,000,000 8,000,000 港元	100% 100%	HK\$40,599,000 40,599,000 港元	Securities broking 證券經紀
FB Investment Management Limited	富銀投資管理有限公司	HK\$8,000,000 8,000,000 港元	100% 100%	HK\$1,197,000 1,197,000 港元	Fund management 基金管理
Fubon Nominees (Hong Kong) Limited	Fubon Nominees (Hong Kong) Limited	HK\$200 200 港元	100% 100%	HK\$9,000 9,000 港元	Nominees service 代理人服務
<b>Incorporated and operating in Vanuatu</b>		<b>於瓦魯圖註冊成立及運作</b>			
Fubon Bank Vanuatu Limited	Fubon Bank Vanuatu Limited	US\$4,000,000 4,000,000 美元	100% 100%	US\$230,000 230,000 美元	Finance 財務

**24 FIXED ASSETS****24 固定資產**

The Group	本集團	Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
<b>Cost or valuation</b>	<b>成本值或估值</b>			
At 1 January 2006	於二零零六年一月一日	<b>1,132,743</b>	<b>415,418</b>	<b>1,548,161</b>
Additions	添置	-	<b>40,502</b>	<b>40,502</b>
Disposals	出售	-	<b>(4,956)</b>	<b>(4,956)</b>
At 31 December 2006	於二零零六年十二月三十一日	<b>1,132,743</b>	<b>450,964</b>	<b>1,583,707</b>
<b>Accumulated depreciation</b>	<b>累計折舊</b>			
At 1 January 2006	於二零零六年一月一日	<b>114,714</b>	<b>282,609</b>	<b>397,323</b>
Charge for the year	年內折舊	<b>12,845</b>	<b>59,181</b>	<b>72,026</b>
Released on disposal	出售之抵免	-	<b>(4,898)</b>	<b>(4,898)</b>
At 31 December 2006	於二零零六年十二月三十一日	<b>127,559</b>	<b>336,892</b>	<b>464,451</b>
<b>Net book value</b>	<b>賬面淨值</b>			
At 31 December 2006	於二零零六年十二月三十一日	<b>1,005,184</b>	<b>114,072</b>	<b>1,119,256</b>
At 31 December 2005	於二零零五年十二月三十一日	<b>1,018,029</b>	<b>132,809</b>	<b>1,150,838</b>

## 24 FIXED ASSETS (continued)

## 24 固定資產(續)

The Group	本集團	Premises 物業 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Total 總額 HK\$'000 千港元
<b>Cost or valuation</b>	<b>成本值或估值</b>			
At 1 January 2005	於二零零五年一月一日	1,168,853	390,627	1,559,480
Additions	添置	–	42,445	42,445
Disposals	出售	(36,110)	(17,654)	(53,764)
At 31 December 2005	於二零零五年十二月三十一日	1,132,743	415,418	1,548,161
<b>Accumulated depreciation</b>	<b>累計折舊</b>			
At 1 January 2005	於二零零五年一月一日	104,981	249,789	354,770
Charge for the year	年內折舊	13,084	47,604	60,688
Released on disposal	出售之抵免	(3,351)	(14,784)	(18,135)
At 31 December 2005	於二零零五年十二月三十一日	114,714	282,609	397,323
<b>Net book value</b>	<b>賬面淨值</b>			
At 31 December 2005	於二零零五年十二月三十一日	1,018,029	132,809	1,150,838
At 31 December 2004	於二零零四年十二月三十一日	1,063,872	140,838	1,204,710
<b>The Bank</b>	<b>本行</b>			
<b>Cost or valuation</b>	<b>成本值或估值</b>			
At 1 January 2006	於二零零六年一月一日	1,095,994	413,680	1,509,674
Additions	添置	–	40,411	40,411
Disposals	出售	–	(4,956)	(4,956)
At 31 December 2006	於二零零六年十二月三十一日	1,095,994	449,135	1,545,129
<b>Accumulated depreciation</b>	<b>累計折舊</b>			
At 1 January 2006	於二零零六年一月一日	111,313	281,074	392,387
Charge for the year	年內折舊	12,520	59,037	71,557
Released on disposal	出售之抵免	–	(4,898)	(4,898)
At 31 December 2006	於二零零六年十二月三十一日	123,833	335,213	459,046
<b>Net book value</b>	<b>賬面淨值</b>			
At 31 December 2006	於二零零六年十二月三十一日	972,161	113,922	1,086,083
At 31 December 2005	於二零零五年十二月三十一日	984,681	132,606	1,117,287

## 24 FIXED ASSETS (continued)

## 24 固定資產(續)

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

The net book value of premises comprises:

物業之賬面淨值包括：

		The Group 本集團		The Bank 本行	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Premises held in Hong Kong	於香港之物業				
– Long term leases (over 50 years)	– 長期租賃(超過五十年)	663,107	683,317	630,084	649,969
– Medium term leases (10-50 years)	– 中期租賃(十年至五十年)	342,077	334,712	342,077	334,712
		<b>1,005,184</b>	1,018,029	<b>972,161</b>	984,681

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

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

		The Group and the Bank 本集團及本行	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net book value at 31 December	於十二月三十一日之賬面淨值	<b>15,594</b>	16,000

**25 DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS****25 銀行同業及其他金融機構之存款及結餘**

	<b>The Group</b> 本集團		<b>The Bank</b> 本行	
	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Deposits and balances of banks and authorised institutions	<b>936,677</b>	938,399	<b>936,669</b>	938,352
Deposits and balances with the Hong Kong Monetary Authority	<b>24,838</b>	257,392	<b>24,838</b>	257,392
	<b>961,515</b>	1,195,791	<b>961,507</b>	1,195,744

**26 DEPOSITS FROM CUSTOMERS****26 客戶存款**

	<b>The Group</b> 本集團		<b>The Bank</b> 本行	
	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Demand deposits and current accounts	<b>5,410,210</b>	3,646,745	<b>5,410,210</b>	3,646,745
Savings deposits	<b>833,204</b>	674,688	<b>833,204</b>	674,688
Call deposits	<b>2,247,328</b>	1,767,760	<b>2,246,888</b>	1,767,333
Time deposits	<b>25,320,091</b>	26,453,917	<b>24,920,020</b>	25,669,375
	<b>33,810,833</b>	32,543,110	<b>33,410,322</b>	31,758,141

**27 CERTIFICATES OF DEPOSIT ISSUED**

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

**27 已發行存款證****The Group and the Bank**  
本集團及本行

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>1,047,847</b>	1,078,391
<b>1,983,600</b>	1,347,650
<b>491,900</b>	1,379,300
<b>3,523,347</b>	3,805,341

**28 DEBT SECURITIES ISSUED**

Floating rate notes	浮息票據
Variable coupon rate notes	多個息率之票據

**28 已發行債務證券****The Group and the Bank**  
本集團及本行

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
<b>1,166,775</b>	—
<b>247,387</b>	—
<b>1,414,162</b>	—

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

The floating rate notes of face values and carrying amounts of USD 150 million (equivalent to HK\$1,167 million) were issued by the Bank on 4 April 2006 bearing interest at the rate of three-month USD LIBOR plus 0.22% per annum, payable quarterly. The maturity date for the notes is 6 April 2009.

The variable coupon rate notes were issued by the Bank in the second half of 2006, which are denominated in HKD and USD and mature at various dates through 2016.

債務證券指本行根據其歐元中期票據計劃發行之票據。

本行於二零零六年四月四日發行票面值及賬面金額為一億五千萬美元(相當於十一億六千七百萬港元)的浮息票據，該等票據之年息率為倫敦銀行同業對三個月美元拆息利率加0.22%，須每季付息一次。該等票據的到期日為二零零九年四月六日。

本行於二零零六年下半年發行多個息率的票據，以港元及美元定值並有多個不同到期日，至二零一六年。

## 29 TRADING LIABILITIES

## 29 交易賬項之負債

		<b>The Group and the Bank</b> 本集團及本行	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Short positions in Exchange Fund Bills/Notes	外匯基金票據／債券之短倉	<b>445,695</b>	359,289
Accounts payable under repurchase agreement	根據回購協議應付款項	-	766,245
		<b>445,695</b>	1,125,534

## 30 OTHER ACCOUNTS AND LIABILITIES

## 30 其他賬目及負債

		<b>The Group</b> 本集團		<b>The Bank</b> 本行	
		<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
Other financial liabilities *	其他金融負債*	<b>6,194,642</b>	6,604,025	<b>6,194,642</b>	6,604,025
Accounts payable and other liabilities	應付賬項及其他負債	<b>1,022,450</b>	425,707	<b>732,654</b>	316,453
		<b>7,217,092</b>	7,029,732	<b>6,927,296</b>	6,920,478

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

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



**30 OTHER ACCOUNTS AND LIABILITIES (continued)****Income tax in the balance sheet****(a) Current taxation in the balance sheet represents:**

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

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

**30 其他賬目及負債(續)****資產負債表內之所得稅****(a) 計入資產負債表之本年度稅項為：**

The Group 本集團		The Bank 本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
66,932	32,798	32,137	12,291
(17,008)	(30,697)	(2,608)	(13,569)
49,924	2,101	29,529	(1,278)
(6,189)	552	(3,906)	505
43,735	2,653	25,623	(773)
-	(774)	-	(773)
43,735	3,427	25,623	-
43,735	2,653	25,623	(773)

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

**30 OTHER ACCOUNTS AND LIABILITIES (continued)****Income tax in the balance sheet (continued)****(b) Deferred tax assets and liabilities recognised**

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

**30 其他賬目及負債 (續)****資產負債表內之所得稅 (續)****(b) 已確認遞延稅項資產及負債**

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

		The Group 本集團								
		Depreciation allowances in excess of related depreciation	Defined benefit scheme assets	Collective impairment allowance	Individual impairment allowance	Cash rebate adjustment	Revaluation of available-for- sale securities	Revaluation of premises	Other	Total
		超過有關 折舊的折 舊免稅額 HK\$'000 千港元	定額福利 計劃資產 HK\$'000 千港元	綜合 減值撥備 HK\$'000 千港元	個別 減值撥備 HK\$'000 千港元	現金 回贈之 調整 HK\$'000 千港元	可供出售 證券重估 HK\$'000 千港元	物業 重估 HK\$'000 千港元	其他 HK\$'000 千港元	總額 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	(11,171)	(2,899)	18,564	2,002	(6,059)	924	(7,153)	543	(5,249)
(Charged) / credited to consolidated income statement	綜合收益表之(支出)/進賬	2,800	-	(5,244)	(2,002)	2,781	-	121	(182)	(1,726)
Credited to reserves (Note 34)	儲備進賬(附註34)	-	-	-	-	-	9,647	-	-	9,647
At 31 December 2005	於二零零五年十二月三十一日	(8,371)	(2,899)	13,320	-	(3,278)	10,571	(7,032)	361	2,672
At 1 January 2006	於二零零六年一月一日	(8,371)	(2,899)	13,320	-	(3,278)	10,571	(7,032)	361	2,672
(Charged) / credited to consolidated income statement	綜合收益表之(支出)/進賬	2,336	-	927	-	2,606	-	121	(150)	5,840
Charged to reserves (Note 34)	儲備支出(附註34)	-	-	-	-	-	(14,907)	-	-	(14,907)
At 31 December 2006	於二零零六年十二月三十一日	(6,035)	(2,899)	14,247	-	(672)	(4,336)	(6,911)	211	(6,395)

## 30 OTHER ACCOUNTS AND LIABILITIES (continued)

## Income tax in the balance sheet (continued)

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

## 30 其他賬目及負債(續)

## 資產負債表內之所得稅(續)

## (b) 已確認遞延稅項資產及負債(續)

		Depreciation allowances in excess of related depreciation	Defined benefit assets	Collective impairment allowance	Individual impairment allowance	The Bank		Revaluation of premises	Other	Total
						Cash rebate adjustment	Revaluation of available-for-sale securities			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	現金回贈之調整	可供出售證券重估	物業重估	其他	總額
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2005	於二零零五年一月一日	(10,378)	(2,899)	14,194	1,973	(6,059)	924	(7,153)	543	(8,855)
(Charged) / credited to consolidated income statement	綜合收益表之(支出)/進賬	2,815	-	(3,950)	(1,973)	2,781	-	121	(182)	(388)
Credited to reserves (Note 34)	儲備進賬(附註34)	-	-	-	-	-	9,647	-	-	9,647
At 31 December 2005	於二零零五年十二月三十一日	(7,563)	(2,899)	10,244	-	(3,278)	10,571	(7,032)	361	404
At 1 January 2006	於二零零六年一月一日	(7,563)	(2,899)	10,244	-	(3,278)	10,571	(7,032)	361	404
(Charged) / credited to consolidated income statement	綜合收益表之(支出)/進賬	2,363	-	712	-	2,606	-	121	(150)	5,652
Charged to reserves (Note 34)	儲備支出(附註34)	-	-	-	-	-	(14,907)	-	-	(14,907)
At 31 December 2006	於二零零六年十二月三十一日	(5,200)	(2,899)	10,956	-	(672)	(4,336)	(6,911)	211	(8,851)

**30 OTHER ACCOUNTS AND LIABILITIES (continued)****Income tax in the balance sheet (continued)****(c) Deferred tax assets and liabilities unrecognised**

The Group has no material unrecognised deferred tax asset or liability as at 31 December 2006 (2005: HK\$Nil).

**30 其他賬目及負債 (續)****資產負債表內之所得稅 (續)****(c) 未確認之遞延稅項資產及負債**

本集團於二零零六年十二月三十一日未有重大未確認之遞延稅項資產或負債(二零零五年：零港元)。

	The Group 本集團		The Bank 本行	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Net deferred tax asset recognised on the balance sheet	2,463	2,687	-	404
Net deferred tax liability recognised on the balance sheet	(8,858)	(15)	(8,851)	-
	<b>(6,395)</b>	2,672	<b>(8,851)</b>	404

**31 SUBORDINATED NOTES ISSUED**

Subordinated notes of face value of USD 200 million (equivalent to HK\$1,556 million) and carrying amount of HK\$1,570 million qualifying as tier two capital were issued by the Bank on 25 April 2006. The notes bear interest at 6.125% per annum for the period from the issuance date to 26 April 2011, payable semi-annually. The notes carry a one-time call option exercisable by the Bank on 26 April 2011. If the call option is not exercised, the interest rate for the subordinated notes will be reset at the United States treasury rate plus 1.93875% for the period from 27 April 2011 to the final maturity date on 26 April 2016, payable semi-annually.

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

**31 已發行後償票據**

本行於二零零六年四月二十五日發行票面值二億美元(相當於十五億五千六百萬港元)及賬面數額十五億七千萬港元符合二級資本準則之後償票據。該等票據由發行日期起至二零一一年四月二十六日止期間按年息率6.125%計息，須每半年付息一次。該等票據附帶一次性贖回選擇權，可由本行於二零一一年四月二十六日行使。倘該項贖回選擇權未獲行使，該等後償票據於二零一一年四月二十七日起至最終到期日二零一六年四月二十六日止期間之利率將重定為美國國庫債券利率加1.93875%，並維持每半年付息一次。

上述後償票據之賬面金額已計入因採用公平價值對沖會計法而作出之調整一千四百萬港元。

**32 SHARE CAPITAL**

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

Authorised  
1,406,592,000 (2005: 1,406,592,000)  
ordinary shares of HK\$1 each

法定股本  
1,406,592,000 股(二零零五年：  
1,406,592,000 股)每股面值 1 港元  
之普通股

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

已發行及繳足之普通股本  
於一月一日及於年末

**33 SHARE PREMIUM**

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

**32 股本**

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

<b>The Bank</b>	
本行	
<b>2006</b>	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元
<b>1,406,592</b>	1,406,592
<b>1,172,160</b>	1,172,160

**33 股份溢價**

股份溢價賬之應用受香港《公司條例》第48B條監管。

## 34 RESERVES

## 34 儲備

		Capital redemption reserve 資本贖回 儲備 HK\$'000 千港元	Regulatory reserve 法定 儲備 HK\$'000 千港元	The Group 本集團 Investment revaluation reserve 投資重估 儲備 HK\$'000 千港元	Retained earnings 保留 溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	372,000	-	(4,350)	1,462,646	1,830,296
Profit after tax for the year	年內除稅後溢利	-	-	-	241,441	241,441
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之 重估盈餘變現	-	-	(4,234)	-	(4,234)
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	(50,904)	-	(50,904)
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	-	-	9,647	-	9,647
Dividend paid in respect of the previous financial year	已派付之上一財政 年度股息	-	-	-	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	-	-	-	(70,330)	(70,330)
Establishment of regulatory reserve	設立法定儲備	-	107,722	-	(107,722)	-
At 31 December 2005	於二零零五年十二月三十一日	372,000	107,722	(49,841)	1,397,097	1,826,978
Profit after tax for the year	年內除稅後溢利	-	-	-	327,168	327,168
Realisation of revaluation deficit of available-for-sale securities	可供出售證券之重估 盈餘變現	-	-	36,250	-	36,250
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	80,871	-	80,871
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	-	-	(14,907)	-	(14,907)
Dividend paid in respect of the previous financial year	已派付之上一財政 年度股息	-	-	-	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	-	-	-	(70,330)	(70,330)
Transfer to regulatory reserve	轉撥至法定儲備	-	21,850	-	(21,850)	-
At 31 December 2006	於二零零六年十二月三十一日	372,000	129,572	52,373	1,503,147	2,057,092

## 34 RESERVES (continued)

## 34 儲備(續)

		Capital redemption reserve 資本贖回 儲備 HK\$'000 千港元	Regulatory reserve 法定 儲備 HK\$'000 千港元	The Bank 本行 Investment revaluation reserve 投資重估 儲備 HK\$'000 千港元	Retained earnings 保留 溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2005	於二零零五年一月一日	372,000	-	(4,350)	1,060,029	1,427,679
Profit after tax for the year	年內除稅後溢利	-	-	-	211,450	211,450
Realisation of revaluation surplus of available-for-sale securities	可供出售證券之重估 盈餘變現	-	-	(4,234)	-	(4,234)
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	(50,904)	-	(50,904)
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	-	-	9,647	-	9,647
Dividend paid in respect of the previous financial year	已派付之上一財政 年度股息	-	-	-	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	-	-	-	(70,330)	(70,330)
Establishment of regulatory reserve	設立法定儲備	-	91,774	-	(91,774)	-
At 31 December 2005	於二零零五年十二月三十一日	372,000	91,774	(49,841)	980,437	1,394,370
Profit after tax for the year	年內除稅後溢利	-	-	-	252,199	252,199
Realisation of revaluation deficit of available-for-sale securities	可供出售證券之重估 盈餘變現	-	-	36,250	-	36,250
Net change in fair value of available-for-sale securities	可供出售證券淨公平 價值變動	-	-	80,871	-	80,871
Deferred taxation (Note 30(b))	遞延稅項(附註30(b))	-	-	(14,907)	-	(14,907)
Dividend paid in respect of the previous financial year	已派付之上一財政 年度股息	-	-	-	(128,938)	(128,938)
Interim dividend paid	已派付中期股息	-	-	-	(70,330)	(70,330)
Transfer to regulatory reserve	轉撥至法定儲備	-	20,927	-	(20,927)	-
At 31 December 2006	於二零零六年十二月三十一日	372,000	112,701	52,373	1,012,441	1,549,515



**34 RESERVES (continued)**

- (a) The capital redemption reserve arose from the redemption of the Bank's "A" and "B" preference shares in 1991 and 1992 out of its retained earnings. The capital redemption reserve is undistributable under the Hong Kong Companies Ordinance section 79 C(2) but may be applied by the Bank in paying up its unissued shares to be allotted to its members as fully paid bonus shares.
- (b) Subsequent to the balance sheet date, the Directors have proposed a final dividend of 12 Hong Kong cents per share (2005: 11 Hong Kong cents per share) amounting to HK\$140,659,000 (2005: HK\$128,938,000). This dividend has not been recognised as a liability at the balance sheet date.
- (c) Regulatory reserve

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

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

- (d) Investment revaluation reserve

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

- (e) Distributability of reserves

At 31 December 2006, the aggregate amount of reserves available for distribution to equity shareholders of the Bank was HK\$1,012,441,000 (2005: HK\$980,437,000).

**34 儲備(續)**

- (a) 資本贖回儲備因在一九九一年及一九九二年自本行之保留溢利撥款贖回其「A」及「B」類優先股而產生。根據香港《公司條例》第79C(2)條，資本贖回儲備乃不可分派，但可由本行用以繳付將配發予其股東之未發行股份之股款作繳足紅股。
- (b) 於結算日後，董事已建議派付末期股息每股12港仙，合共140,659,000港元(二零零五年：每股11港仙，合共128,938,000港元)。此等股息並未於結算日確認為負債。
- (c) 法定儲備

The Group 本集團		The Bank 本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
107,722	-	91,774	-
21,850	107,722	20,927	91,774
129,572	107,722	112,701	91,774

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

- (d) 投資重估儲備

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

- (e) 可供分派儲備

於二零零六年十二月三十一日，本行可供分派予股東之儲備總額為1,012,441,000港元(二零零五年：980,437,000港元)。

## 35 CASH AND CASH EQUIVALENTS

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

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

## 35 現金及等同現金項目

## (a) 綜合現金流動表之現金及等同現金項目

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
295,285	342,221
7,523,386	9,276,533
1,253,816	488,164
711,888	—
<b>9,784,375</b>	<b>10,106,918</b>

## (b) Reconciliation to the consolidated balance sheet

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

## (b) 綜合資產負債表之對賬

The Group 本集團	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
13,102,002	17,450,165
1,684,201	1,573,939
14,786,203	19,024,104
(5,001,828)	(8,917,186)
<b>9,784,375</b>	<b>10,106,918</b>

**36 EMPLOYEE RETIREMENT BENEFITS****(a) Defined benefit retirement plans**

The Group operates a retirement scheme, namely the Fubon Bank (Hong Kong) Limited Retirement Scheme ("the Scheme"), which incorporates a defined benefits plan for all its full time employees. The Scheme is administered by trustees who are independent. The assets of the Scheme are held separately from those of the Group. The Group has secured Mandatory Provident Fund ("MPF") exemption status for the Scheme. The Scheme is funded by contributions from the Group in accordance with the trust deed governing the Scheme and based on an independent actuary's recommendations. The latest independent actuarial valuation of the Scheme was at 31 December 2006 and was prepared by Kevin Davey, Fellow of the Institute of Actuaries of England, of Mercer Human Resource Consulting Limited using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the Scheme are 90.65% (2005: 98.77%) covered by the plan assets held by the trustee.

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

The Scheme's assets include ordinary shares issued by the Bank with a fair value of HK\$6,749,000 (2005: HK\$5,102,000).

**36 僱員退休福利****(a) 定額福利退休計劃**

本集團推行一項退休計劃，名為富邦銀行（香港）有限公司退休計劃（「該計劃」），為其全體全職僱員設立一項定額福利計劃。該計劃由獨立受託人管理。該計劃資產與本集團的資產分開持有。本集團就該計劃獲得強制性公積金（「強積金」）的豁免地位。該計劃乃由本集團根據規管該計劃的信託契據，並以獨立精算師的意見為基礎作出供款。該計劃最新的獨立精算估值乃於二零零六年十二月三十一日進行，由英國精算師學會會員 Kevin Davey 以預計單位元元信貸方式編製。該精算估值顯示，本集團根據該計劃所承擔之責任中之 90.65%（二零零五年：98.77%），可透過受託人所持有的計劃資產獲得保障。

**The Group and the Bank**  
本集團及本行

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(200,815)	(175,855)
182,029	173,690
34,287	18,028
<b>15,501</b>	15,863

該計劃的資產包括本行發行，公平價值為 6,749,000 港元的普通股（二零零五年：5,102,000 港元）。

**36 EMPLOYEE RETIREMENT BENEFITS (continued)****(b) Movements in net asset recognised in the balance sheet are as follows:**

At 1 January	於一月一日
Contributions paid to the Scheme	對該計劃的供款
Expense recognised in the consolidated income statement (Note 5)	於綜合收益表內已獲確認的支出(附註5)
At 31 December	於十二月三十一日

**36 僱員退休福利(續)****(b) 於資產負債表中已獲確認的資產淨值變動如下：**

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
15,863	18,533
19,616	15,215
(19,978)	(17,885)
15,501	15,863

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

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

**(c) 於綜合收益表內「營運支出－僱員成本」一項已獲確認的支出如下：**

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
21,350	19,602
7,546	6,646
51	343
(8,969)	(8,706)
19,978	17,885

The actual return on the Scheme's assets for the year ended 31 December 2006 amounted to approximately HK\$4,783,000 (2005: loss of HK\$3,391,000).

截至二零零六年十二月三十一日止年度，該計劃資產的實際回報約達4,783,000港元(二零零五年：虧損3,391,000港元)。

**36 EMPLOYEE RETIREMENT BENEFITS (continued)****(d) The principal actuarial assumptions used as at 31 December 2006 are as follows:**

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

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

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

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

**36 僱員退休福利(續)****(d) 於二零零六年十二月三十一日，所用主要精算假設如下：**

<b>The Group and the Bank</b> 本集團及本行	
2006 二零零六年	2005 二零零五年
<b>4.0% p.a.</b> 每年 <b>4.0%</b>	4.5% p.a. 每年4.5%
<b>5.0% p.a.</b> 每年 <b>5.0%</b>	5.0% p.a. 每年5.0%
<b>5.0% p.a.</b> 每年 <b>5.0%</b>	5.0% p.a. 每年5.0%
<b>4.0% p.a.</b> 每年 <b>4.0%</b>	3.0% for 2006 二零零六年為3.0%
	3.5% for 2007 二零零七年為3.5%
	3.5% for 2008 二零零八年為3.5%
	4.0% thereafter 其後為4.0%

**(e) 強制性公積金計劃(「強積金計劃」)**

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

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

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

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

**37 或然負債及承擔****(a) 與信貸有關之承擔及或然項目**

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

		<b>The Group</b> 本集團			
		2006 二零零六年		2005 二零零五年	
		Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 加權金額 HK\$'000 千港元	Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 加權金額 HK\$'000 千港元
Direct credit substitutes	直接信貸替代項目	452,051	452,051	470,557	470,557
Transaction-related contingencies	與交易有關之或然項目	122,334	61,167	109,724	54,862
Trade-related contingencies	與貿易有關之或然項目	599,497	119,899	332,256	66,451
Undrawn loan facilities	未提取之備用貸款				
– with an original maturity of under 1 year or which are unconditionally cancellable	– 原訂到期限少於一年或可無條件地取消	10,008,753	–	9,135,831	–
– with an original maturity of 1 year or over	– 原訂到期限為一年或以上	784,352	392,176	587,635	293,818
Forward forward deposits placed	遠期預約放款	1,288,015	257,603	1,155,067	231,013
		<b>13,255,002</b>	<b>1,282,896</b>	11,791,070	1,116,701

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

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

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

**(b) Lease commitments**

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

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

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

<b>The Bank</b> 本行			
2006 二零零六年		2005 二零零五年	
Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 加權金額 HK\$'000 千港元	Contractual amounts 合約金額 HK\$'000 千港元	Credit risk weighted amounts 信貸風險 加權金額 HK\$'000 千港元
459,551	459,551	478,057	478,057
122,334	61,167	109,724	54,862
599,497	110,814	332,256	54,112
9,826,535	-	8,978,001	-
784,352	392,176	587,635	293,818
1,288,015	257,603	1,155,067	231,013
<b>13,080,284</b>	<b>1,281,311</b>	11,640,740	1,111,862

用於計算信貸風險加權金額之風險加權比率介乎0%至100%。

**(b) 租賃承擔**

於十二月三十一日，不可取消營運租賃下之未來最低應付租金總額如下：

<b>The Group and the Bank</b> 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
31,223	18,777
39,946	5,489
<b>71,169</b>	24,266

**37 CONTINGENT LIABILITIES AND COMMITMENTS (continued)****(c) Capital commitments**

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

Contracted for	已訂合約
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**38 TRUST ACTIVITIES**

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

**39 FINANCIAL RISK MANAGEMENT**

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

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

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

**37 或然負債及承擔 (續)****(c) 資本承擔**

於十二月三十一日未於財務報告內提撥之有關購原設備之未兌現資本承擔如下：

<b>The Group and the Bank</b>	
本集團及本行	
2006	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元
<b>132,319</b>	51,071

**38 存託業務**

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

**39 財務風險管理**

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

- 信貸風險：客戶或交易對手拖欠款項而招致損失的風險，以及各類型信貸風險，包括結算風險。
- 市場風險：市場變數風險，例如息率、匯率及股市等。
- 流動資金及融資風險：本集團未能在付款責任到期時履行付款責任，或無法持續地在市場上以無抵押或甚至以有抵押的方式按可接受之成本借入資金，藉此為實際或建議之承擔提供所需的資金。
- 營運風險：由未遵守制度及程序等事項而引致之風險或由欺詐致使財務或聲譽受損而引致之風險。

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



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

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

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

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

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

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

**39 財務風險管理 (續)****(a) 信貸風險管理**

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

信貸政策授權以下人士依次審批信貸：執行信貸委員會、行政總裁及信貸委員會。

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

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

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

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

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

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

*(i) Corporate lending*

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

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

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

**39 財務風險管理(續)****(a) 信貸風險管理(續)**

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

針對不同類型信貸相關業務之特定政策及措施載列如下：

*(i) 企業借貸*

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

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

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

**39 FINANCIAL RISK MANAGEMENT (continued)****(a) Credit risk management (continued)***(ii) Retail credit risk*

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

*(iii) Credit risk for treasury transactions*

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

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value, credit risk for derivatives is the positive replacement cost together with an estimate for the potential future change in its market value. The credit risk exposure on derivatives is disclosed in Note 19(e) of this annual report.

*(iv) Credit-related commitments*

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

*(v) Concentration of credit risk*

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's portfolio of financial instruments is diversified along industry and product sectors.

Analysis of credit risk concentration of respective financial assets is disclosed in Notes 17 to 21.

**39 財務風險管理 (續)****(a) 信貸風險管理 (續)***(ii) 零售銀行信貸風險*

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

*(iii) 財資交易之信貸風險*

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

有別於資產負債表內項目（通常以本金價值來表示信貸風險），衍生工具之信貸風險為正重置成本連同以其市值之未來潛在變動之估計。衍生工具之信貸風險於本年報附註19(e)內披露。

*(iv) 與信貸有關之承擔*

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

*(v) 信貸風險過份集中*

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

有關各類金融資產之信貸風險集中情況之分析於附註17至21內披露。

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

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

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

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

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

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

*(i) Currency risk*

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

**39 財務風險管理(續)****(b) 市場風險管理**

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

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

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

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

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

*(i) 貨幣風險*

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

**39 FINANCIAL RISK MANAGEMENT (continued)****(b) Market risk management (continued)***(i) Currency risk (continued)*

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

The Group	本集團	2006 二零零六年	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>		
Cash and short term funds	現金及短期資金	4,956,944	2,133,561
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,439,023	245,178
Trading securities	持作交易用途之證券	151	-
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入 損益賬之其他金融工具	558,791	-
Advances to customers less impairment	客戶貸款減減值	2,890,870	1,097,288
Accrued interest and other accounts	應計利息及其他賬目	190,770	15,842
Available-for-sale securities	可供出售證券	5,188,951	101,611
Investment in associated company	聯營公司投資	-	6,547
		<b>15,225,500</b>	<b>3,600,027</b>
<b>LIABILITIES</b>	<b>負債</b>		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	66,828	537,283
Deposits from customers	客戶存款	11,543,042	3,545,998
Certificates of deposit issued	已發行存款證	32,747	-
Debt securities issued	已發行債務證券	1,279,952	-
Other account and liabilities	其他賬目及負債	188,552	17,133
Subordinated notes issued	已發行後償票據	1,555,700	-
		<b>14,666,821</b>	<b>4,100,414</b>
Net on-balance sheet position	資產負債表內持倉淨額	<b>558,679</b>	<b>(500,387)</b>
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	<b>(445,803)</b>	<b>709,468</b>
Net aggregate position	總持倉淨額	<b>112,876</b>	<b>209,081</b>
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔及 其他或然負債	<b>3,301,728</b>	<b>288,212</b>

**39 財務風險管理 (續)****(b) 市場風險管理 (續)***(i) 貨幣風險 (續)*

下表列示於結算日之貨幣風險：

**39 FINANCIAL RISK MANAGEMENT (continued)****(b) Market risk management (continued)***(i) Currency risk (continued)*

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

**39 財務風險管理(續)****(b) 市場風險管理(續)***(i) 貨幣風險(續)*

## 39 FINANCIAL RISK MANAGEMENT (continued)

## (b) Market risk management (continued)

## (i) Currency risk (continued)

The Bank	本行	2006 二零零六年	
		USD 美元 HK\$'000 千港元	Other currencies 其他貨幣 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>		
Cash and short term funds	現金及短期資金	4,956,885	2,132,869
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,439,023	245,178
Trading securities	持作交易用途之證券	151	-
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入 損益賬之其他金融工具	558,791	-
Advances to customers less impairment	客戶貸款減減值	2,890,870	1,097,288
Accrued interest and other accounts	應計利息及其他賬目	190,770	15,842
Available-for-sale securities	可供出售證券	5,188,951	101,611
Investment in associated company	聯營公司投資	-	6,547
Investment in subsidiaries	附屬公司投資	31,036	239
Amounts due from subsidiaries	應收附屬公司款項	-	265
		<b>15,256,477</b>	<b>3,599,839</b>
<b>LIABILITIES</b>	<b>負債</b>		
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	66,828	537,283
Deposits from customers	客戶存款	11,387,885	3,331,680
Certificates of deposit issued	已發行存款證	32,747	-
Debt securities issued	已發行債務證券	1,279,952	-
Other account and liabilities	其他賬目及負債	188,815	16,770
Subordinated notes issued	已發行後償票據	1,555,700	-
Amount due to subsidiaries	應付附屬公司款項	185,965	214,812
		<b>14,697,892</b>	<b>4,100,545</b>
Net on-balance sheet position	資產負債表內持倉淨額	<b>558,585</b>	<b>(500,706)</b>
Off-balance sheet position	資產負債表外倉盤		
Foreign exchange derivative contracts	外匯衍生合約	<b>(445,803)</b>	<b>709,468</b>
Net aggregate position	總持倉淨額	<b>112,782</b>	<b>208,762</b>
Credit commitments and other contingent liabilities in foreign currencies	以外幣結算之信貸承擔 及其他或然負債	<b>3,301,728</b>	<b>288,212</b>



**39 FINANCIAL RISK MANAGEMENT (continued)****(b) Market risk management (continued)***(i) Currency risk (continued)*

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

**39 財務風險管理(續)****(b) 市場風險管理(續)***(i) 貨幣風險(續)*



**39 FINANCIAL RISK MANAGEMENT (continued)****(b) Market risk management (continued)***(ii) Interest rate risk*

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

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

**39 財務風險管理(續)****(b) 市場風險管理(續)***(ii) 利率風險*

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

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

## 39 FINANCIAL RISK MANAGEMENT (continued)

## 39 財務風險管理(續)

## (b) Market risk management (continued)

## (b) 市場風險管理(續)

## (ii) Interest rate risk (continued)

## (ii) 利率風險(續)

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

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

The Group	本集團	Average effective interest rate 平均實際利率	2006 二零零六年					Non-interest bearing 不計息
			Total 合計	3 months or less (include overdue) 三個月或以下 (包括逾期部份)	Over 3 months to 1 year 三個月以上至一年	Over 1 year to 5 years 一年以上至五年	Over 5 years 五年以上	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
<b>ASSETS</b>		<b>資產</b>						
Cash and short term funds	現金及短期資金	5.35%	7,818,671	7,523,386	-	-	-	295,285
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5.50%	1,684,201	1,023,029	661,172	-	-	-
Trading securities	持作交易用途之證券	3.51%	469,030	258,575	197,641	9,804	3,010	-
Other financial instruments designated as at fair value through profit or loss	按公平價值計值納入損益賬之其他金融工具	6.88%	558,791	-	-	403,682	155,109	-
Derivative financial instruments	衍生金融工具	0%	537,855	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	5.83%	25,751,160	21,517,300	1,974,776	1,844,653	334,968	79,463
Other assets	其他資產	0%	550,871	-	-	-	-	550,871
Available-for-sale securities	可供出售證券	4.49%	14,257,154	1,711,595	6,629,624	4,474,611	1,217,280	224,044
Undated assets	無定期資產	0%	1,719,143	-	-	-	-	1,719,143
			53,346,876	32,033,885	9,463,213	6,732,750	1,710,367	3,406,661
<b>LIABILITIES</b>		<b>負債</b>						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	2.43%	961,515	860,491	-	-	-	101,024
Deposits from customers	客戶存款	3.63%	33,810,833	32,704,817	842,912	23	-	263,081
Certificates of deposit issued	已發行存款證	3.85%	3,523,347	2,050,000	374,550	1,098,797	-	-
Debt securities issued	已發行債務證券	4.89%	1,414,162	1,414,162	-	-	-	-
Derivative financial instruments	衍生金融工具	0%	425,047	-	-	-	-	425,047
Trading liabilities	交易賬項之負債	3.47%	445,695	248,956	185,765	7,966	3,008	-
Other liabilities	其他負債	3.48%	6,808,249	5,001,884	590,862	601,897	-	613,606
Subordinated notes issued	已發行後償票據	6.13%	1,570,155	-	-	1,570,155	-	-
Undated liabilities	無定期負債	0%	408,843	-	-	-	-	408,843
			49,367,846	42,280,310	1,994,089	3,278,838	3,008	1,811,601
<b>Asset-liability gap</b>	<b>資產負債缺口</b>			(10,246,425)	7,469,124	3,453,912	1,707,359	

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

備註: 資產負債表外衍生工具對上表並無重大影響。

## 39 FINANCIAL RISK MANAGEMENT (continued)

## 39 財務風險管理(續)

## (b) Market risk management (continued)

## (b) 市場風險管理(續)

## (ii) Interest rate risk (continued)

## (ii) 利率風險(續)

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

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

備註：資產負債表外衍生工具對上表並無重大影響。

## 39 FINANCIAL RISK MANAGEMENT (continued)

## 39 財務風險管理(續)

## (b) Market risk management (continued)

## (b) 市場風險管理(續)

## (ii) Interest rate risk (continued)

## (ii) 利率風險(續)

The Bank	本行	Average effective interest rate 平均實際利率	2006 二零零六年					Non-interest bearing 不計息
			Total 合計	3 months or less (include overdue) 三個月或以下 (包括逾期部份)	Over 3 months to 1 year 三個月以上 至一年	Over 1 year to 5 years 一年以上 至五年	Over 5 years 五年以上	
			HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元
<b>ASSETS</b>		<b>資產</b>						
Cash and short term funds	現金及短期資金	5.35%	7,818,179	7,523,386	-	-	-	294,793
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	5.50%	1,684,201	1,023,029	661,172	-	-	-
Trading securities	持作交易用途之證券	3.51%	469,030	258,575	197,641	9,804	3,010	-
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	6.88%	558,791	-	-	403,682	155,109	-
Derivative financial instruments	衍生金融工具	0%	537,855	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	5.19%	22,425,774	21,341,033	486,972	194,685	334,968	68,116
Other assets	其他資產	0%	521,836	-	-	-	-	521,836
Available-for-sale securities	可供出售證券	4.49%	14,257,083	1,711,595	6,629,624	4,474,611	1,217,280	223,973
Amount due from subsidiaries	應收附屬公司款項	4.56%	2,835,225	687,160	2,030,000	-	-	118,065
Undated assets	無定期資產	0%	1,624,682	-	-	-	-	1,624,682
			<b>52,732,656</b>	<b>32,544,778</b>	<b>10,005,409</b>	<b>5,082,782</b>	<b>1,710,367</b>	<b>3,389,320</b>
<b>LIABILITIES</b>		<b>負債</b>						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	2.43%	961,507	860,491	-	-	-	101,016
Deposits from customers	客戶存款	3.68%	33,410,322	32,303,865	842,912	23	-	263,522
Certificates of deposit issued	已發行存款證	3.85%	3,523,347	2,050,000	374,550	1,098,797	-	-
Debt securities issued	已發行債務證券	4.89%	1,414,162	1,414,162	-	-	-	-
Derivative financial instruments	衍生金融工具	0%	425,047	-	-	-	-	425,047
Trading liabilities	交易賬項之負債	3.47%	445,695	248,956	185,765	7,966	3,008	-
Other liabilities	其他負債	3.48%	6,650,422	5,001,884	590,862	601,897	-	455,779
Subordinated notes issued	已發行後償票據	6.13%	1,570,155	-	-	1,570,155	-	-
Amounts due to subsidiaries	應付附屬公司款項	4.50%	583,672	492,679	23,322	-	-	67,671
Undated liabilities	無定期負債	0%	276,874	-	-	-	-	276,874
			<b>49,261,203</b>	<b>42,372,037</b>	<b>2,017,411</b>	<b>3,278,838</b>	<b>3,008</b>	<b>1,589,909</b>
<b>Asset-liability gap</b>	<b>資產負債缺口</b>			<b>(9,827,259)</b>	<b>7,987,998</b>	<b>1,803,944</b>	<b>1,707,359</b>	

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

備註：資產負債表外衍生工具對上表並無重大影響。

## 39 FINANCIAL RISK MANAGEMENT (continued)

## 39 財務風險管理(續)

## (b) Market risk management (continued)

## (b) 市場風險管理(續)

## (ii) Interest rate risk (continued)

## (ii) 利率風險(續)

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

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

備註：資產負債表外衍生工具對上表並無重大影響。

**39 FINANCIAL RISK MANAGEMENT (continued)****(c) Liquidity risk management**

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

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

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

**39 財務風險管理(續)****(c) 流動資金風險管理**

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

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

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

## 39 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk management (continued)

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

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

The Group	本集團	2006 二零零六年						
		Total	Repayable on demand	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Undated or overdue
		總額	即時還款	三個月或以下	三個月以上至一年	一年以上至五年	五年以上	無定期或逾期
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
<b>ASSETS</b>	<b>資產</b>							
Cash and short term funds	現金及短期資金	7,818,671	295,285	7,523,386	-	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之銀行同業放款	1,684,201	-	1,023,029	661,172	-	-	-
Trading securities	持作交易用途之證券	469,030	-	258,575	197,641	9,804	3,010	-
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬之其他金融工具	558,791	-	-	-	403,682	155,109	-
Derivative financial instruments	衍生金融工具	537,855	-	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	25,751,160	860,688	5,748,449	3,847,986	7,547,045	7,656,293	90,699
Other assets	其他資產	550,871	-	496,139	52,269	2,463	-	-
Available-for-sale securities	可供出售證券	14,257,154	-	1,711,595	6,629,624	4,474,611	1,217,280	224,044
Undated assets	無定期資產	1,719,143	-	-	-	-	-	1,719,143
		<b>53,346,876</b>	<b>1,155,973</b>	<b>16,761,173</b>	<b>11,388,692</b>	<b>12,437,605</b>	<b>9,031,692</b>	<b>2,571,741</b>
<b>LIABILITIES</b>	<b>負債</b>							
Deposits and balances of banks and other financial institutions	銀行同業及其他金融機構之存款及結餘	961,515	101,024	860,491	-	-	-	-
Deposits from customers	客戶存款	33,810,833	8,490,742	23,418,093	1,018,763	743,222	140,013	-
Certificates of deposit issued	已發行存款證	3,523,347	-	1,047,847	1,983,600	491,900	-	-
Debt securities issued	已發行債務證券	1,414,162	-	-	42,010	1,358,151	14,001	-
Derivative financial instruments	衍生金融工具	425,047	-	-	-	-	-	425,047
Trading liabilities	交易賬項之負債	445,695	-	248,956	185,765	7,966	3,008	-
Other liabilities	其他負債	6,808,249	-	5,578,136	628,216	601,897	-	-
Subordinated notes issued	已發行後價票據	1,570,155	-	-	-	1,570,155	-	-
Undated liabilities	無定期負債	408,843	-	-	-	-	-	408,843
		<b>49,367,846</b>	<b>8,591,766</b>	<b>31,153,523</b>	<b>3,858,354</b>	<b>4,773,291</b>	<b>157,022</b>	<b>833,890</b>
<b>Net liquidity gap</b>	<b>流動資金缺口淨額</b>		<b>7,435,793</b>	<b>14,392,350</b>	<b>(7,530,338)</b>	<b>(7,664,314)</b>	<b>(8,874,670)</b>	

## 39 財務風險管理 (續)

## (c) 流動資金風險管理 (續)

## (i) 按剩餘期限分析之資產及負債

下列期限組別乃基於結算日至合約訂明到期日之剩餘期限：

## 39 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk management (continued)

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

The Group	本集團	2005 (restated) 二零零五年 (重列)					Undated or overdue 無定期 或逾期 HK\$'000 千港元
		Total 總額 HK\$'000 千港元	Repayable on demand 即時還款 HK\$'000 千港元	3 months or less 三個月 或以下 HK\$'000 千港元	Over 3 months to 1 year 三個月以上 至一年 HK\$'000 千港元	Over 1 year to 5 years 一年以上 至五年 HK\$'000 千港元	
<b>ASSETS</b>		<b>資產</b>					
Cash and short term funds	現金及短期資金	10,157,048	342,221	9,814,827	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,573,939	-	1,573,939	-	-	-
Trading securities	持作交易用途之證券	395,081	-	369,012	12,308	10,267	3,494
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬 之其他金融工具	646,707	-	-	-	412,760	233,947
Derivative financial instruments	衍生金融工具	330,364	-	-	-	-	330,364
Advances to customers less impairment	客戶貸款減減值	21,375,566	733,196	3,922,433	2,472,134	6,893,361	7,325,111
Available-for-sale securities	可供出售證券	13,523,761	-	3,045,539	7,933,154	2,010,760	404,839
Other assets	其他資產	278,649	-	85,201	190,761	2,687	-
Undated assets	無定期資產	1,522,423	-	-	-	-	1,522,423
		49,803,538	1,075,417	18,810,951	10,608,357	9,329,835	7,967,391
							2,011,587
<b>LIABILITIES</b>		<b>負債</b>					
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	1,195,791	284,094	911,697	-	-	-
Deposits from customers	客戶存款	32,543,110	6,089,193	24,912,689	776,611	632,780	131,837
Certificates of deposit issued	已發行存款證	3,805,341	-	1,078,391	1,347,650	1,379,300	-
Derivative financial instruments	衍生金融工具	355,114	-	-	-	-	355,114
Trading liabilities	交易賬項之負債	1,125,534	-	1,099,660	15,109	7,835	2,930
Other liabilities	其他負債	6,850,158	-	4,718,655	2,131,503	-	-
Undated liabilities	無定期負債	179,574	-	-	-	-	179,574
		46,054,622	6,373,287	32,721,092	4,270,873	2,019,915	134,767
							534,688
<b>Net liquidity gap</b>	<b>流動資金缺口淨額</b>		5,297,870	13,910,141	(6,337,484)	(7,309,920)	(7,832,624)

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

為更適當地作出呈列，故已重列上年度之比較數字。



## 39 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk management (continued)

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

The Bank	本行	2006 二零零六年					
		Total	Repayable on demand	3 months or less 三個月 或以下	3 months to 1 year 三個月以上 至一年	Over 1 year to 5 years 一年以上 至五年	Over 5 years 五年以上
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>						
Cash and short term funds	現金及短期資金	7,818,179	294,793	7,523,386	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,684,201	-	1,023,029	661,172	-	-
Trading securities	持作交易用途之證券	469,030	-	258,575	197,641	9,804	3,010
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬 之其他金融工具	558,791	-	-	-	403,682	155,109
Derivative financial instruments	衍生金融工具	537,855	-	-	-	-	537,855
Advances to customers less impairment	客戶貸款減減值	22,425,774	833,108	5,278,252	2,716,475	6,149,365	7,375,503
Other assets	其他資產	521,836	-	474,787	47,049	-	-
Available-for-sale securities	可供出售證券	14,257,083	-	1,711,595	6,629,624	4,474,611	1,217,280
Amounts due from subsidiaries	應收附屬公司款項	2,835,225	54,905	711,770	2,066,328	-	2,222
Undated assets	無定期資產	1,624,682	-	-	-	-	1,624,682
		52,732,656	1,182,806	16,981,394	12,318,289	11,037,462	8,750,902
							2,461,803
<b>LIABILITIES</b>	<b>負債</b>						
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	961,507	101,016	860,491	-	-	-
Deposits from customers	客戶存款	33,410,322	8,490,302	23,018,022	1,018,763	743,222	140,013
Certificates of deposit issued	已發行存款證	3,523,347	-	1,047,847	1,983,600	491,900	-
Debt securities issued	已發行債務證券	1,414,162	-	-	42,010	1,358,151	14,001
Derivative financial instruments	衍生金融工具	425,047	-	-	-	-	425,047
Trading liabilities	交易賬項之負債	445,695	-	248,956	185,765	7,966	3,008
Other liabilities	其他負債	6,650,422	-	5,420,309	628,216	601,897	-
Subordinated notes issued	已發行後償票據	1,570,155	-	-	-	1,570,155	-
Amounts due to subsidiaries	應付附屬公司款項	583,672	45,319	510,728	23,418	-	4,207
Undated liabilities	無定期負債	276,874	-	-	-	-	276,874
		49,261,203	8,636,637	31,106,353	3,881,772	4,773,291	157,022
							706,128
<b>Net liquidity gap</b>	<b>流動資金缺口淨額</b>		7,453,831	14,124,959	(8,436,517)	(6,264,171)	(8,593,880)

## 39 財務風險管理 (續)

## (c) 流動資金風險管理 (續)

(i) 按剩餘期限分析之資產及負債 (續)

## 39 FINANCIAL RISK MANAGEMENT (continued)

## (c) Liquidity risk management (continued)

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

The Bank	本行	2005 (restated) 二零零五年 (重列)					
		Total	Repayable on demand	3 months or less 三個月 或以下	3 months to 1 year 三個月以上 至一年	Over 1 year to 5 years 一年以上 至五年	Over 5 years 五年以上
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>ASSETS</b>		<b>資產</b>					
Cash and short term funds	現金及短期資金	10,156,487	341,660	9,814,827	-	-	-
Placements with banks maturing between one and twelve months	一至十二個月到期之 銀行同業放款	1,573,939	-	1,573,939	-	-	-
Trading securities	持作交易用途之證券	395,081	-	369,012	12,308	10,267	3,494
Other financial instruments designated as at fair value through profit or loss	按公平價值訂值納入損益賬 之其他金融工具	646,707	-	-	-	412,760	233,947
Derivative financial instruments	衍生金融工具	330,364	-	-	-	-	330,364
Advances to customers less impairment	客戶貸款減減值	18,228,123	717,640	3,472,010	1,418,076	5,541,723	7,068,133
Other assets	其他資產	255,967	-	85,201	170,363	403	-
Amounts due from subsidiaries	應收附屬公司款項	3,312,535	387	1,334,845	1,975,067	-	2,236
Available-for-sale securities	可供出售證券	13,523,598	-	3,045,539	7,933,154	2,010,760	404,839
Undated assets	無定期資產	1,573,702	-	-	-	-	1,573,702
		49,996,503	1,059,687	19,695,373	11,508,968	7,975,913	7,710,413
							2,046,149
<b>LIABILITIES</b>		<b>負債</b>					
Deposits and balances of banks and other financial institutions	銀行同業及其他金融 機構之存款及結餘	1,195,744	284,047	911,697	-	-	-
Deposits from customers	客戶存款	31,758,141	6,088,766	24,128,147	776,611	632,780	131,837
Certificates of deposit issued	已發行存款證	3,805,341	-	1,078,391	1,347,650	1,379,300	-
Derivative financial instruments	衍生金融工具	355,114	-	-	-	-	355,114
Trading liabilities	交易賬項之負債	1,125,534	-	1,099,660	15,109	7,835	2,930
Other liabilities	其他負債	6,846,732	-	4,718,655	2,128,077	-	-
Amounts due to subsidiaries	應付附屬公司款項	1,519,843	49,196	1,443,924	22,625	-	4,098
Undated liabilities	無定期負債	73,746	-	-	-	-	73,746
		46,680,195	6,422,009	33,380,474	4,290,072	2,019,915	134,767
							432,958
<b>Net liquidity gap</b>	<b>流動資金缺口淨額</b>	5,362,322	13,685,101	(7,218,896)	(5,955,998)	(7,575,646)	

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

為更適當地作出呈列，故已重列上年度之比較數字。

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

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

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

Internal controls, an integral part of a sound operational risk management framework, are maintained by the established departmental operational manuals. Departments are required to report any risk events and failings promptly through a reporting mechanism, as well as to review their control procedures regularly to ensure compliance of the regulatory and industry requirements.

**39 財務風險管理 (續)****(d) 營運風險管理**

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

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

內部控制作為穩健營運風險管理框架之重要部分，已按照所建立之部門營運手冊而實施。部門須透過匯報機制迅速報告任何風險事故及不善之處，同時定期檢討其控制程序，以確保符合監管及行業規定。

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

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

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

The following methods and significant assumptions have been applied in determining the fair values of financial instruments presented in the table set out in Note 40(b),

- (i) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;
- (ii) the fair value of variable rate financial instruments is assumed to be approximated by their carrying amounts and, in the case of loans, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value;
- (iii) the fair value of fixed rate loans and mortgages carried at amortized cost is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the impairment loss and allowances from both the carrying amount and fair value;
- (iv) the fair value of forward exchange contracts and interest rate swaps is estimated either using broker quotes or by discounting future cash flows.

**40 金融工具之公平價值****(a) 公平價值之估計**

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

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

以下方法及重大假設已用於釐定附註40(b)表中所列金融工具之公平價值。

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

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

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2006 and 2005 except as follows:

**40 金融工具之公平價值(續)****(b) 公平價值**

於二零零六年及二零零五年十二月三十一日，所有金融工具均按公平價值或與公平價值無重大差異之金額呈列，惟以下所列除外：

The Group	本集團	2006 二零零六年		2005 二零零五年	
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元
Financial assets	金融資產				
Advances to customers	客戶貸款	<b>4,380,024</b>	<b>4,269,530</b>	3,825,638	3,706,803
Financial liabilities	金融負債				
Other accounts and liabilities	其他賬目及負債	<b>6,194,635</b>	<b>6,196,401</b>	6,614,911	6,625,797
<hr/>					
The Bank	本行	2006 二零零六年		2005 二零零五年	
		Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元	Carrying amount 賬面金額 HK\$'000 千港元	Fair value 公平價值 HK\$'000 千港元
Financial assets	金融資產				
Advances to customers	客戶貸款	<b>1,725,691</b>	<b>1,674,636</b>	1,338,690	1,291,832
Financial liabilities	金融負債				
Other accounts and liabilities	其他賬目及負債	<b>6,194,635</b>	<b>6,196,401</b>	6,614,911	6,625,797

**41 MATERIAL RELATED PARTY TRANSACTIONS**

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

**(a) Income/expenses**

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

**(b) Commission and services charges**

Fellow subsidiaries*	同系附屬公司*
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**(c) Placement of deposits**

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

There was no impairment allowance made against these amounts.

\* The amount represents aggregate customer referral and support service fees paid to Taipei Fubon Commercial Bank, Fubon Securities Co., Ltd. and Fubon Life Assurance Co., Ltd. by the Group's entities during 2006 pursuant to the business co-operation agreements dated 23 February 2005. These transactions constitute continuing connected transactions of the Group under Rule 14A.14 of the Listing Rules.

**41 重大關連各方交易**

有關年內關連各方交易所產生之收支及於結算日尚未償還餘額之資料載列如下：

**(a) 收入／支出**

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
190	7
3,330	2,116
1,775	23,997

**(b) 佣金及服務費**

2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
10,050	4,875

**(c) 放款**

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
-	7,000
787,526	336,762
(787,526)	(343,762)
-	-
-	2

該等款項並無作減值撥備。

\* 該款額乃本集團機構於二零零六年內根據於二零零五年二月二十三日訂立之業務合作協議，向台北富邦商業銀行股份有限公司、富邦綜合證券股份有限公司及富邦人壽保險股份有限公司支付之轉介客戶及服務費用總額。該合作協議乃屬於上市規則第14A.14條內所提及之持續關連交易。

## 41 MATERIAL RELATED PARTY TRANSACTIONS (continued)

## (d) Acceptance of deposits

<i>Ultimate holding company</i>	最終控股公司
At 1 January	於一月一日
Acceptance during the year	年內接納
Repayments during the year	年內償還
At 31 December	於十二月三十一日
<i>Fellow subsidiaries</i>	同系附屬公司
At 1 January	於一月一日
Acceptance during the year	年內接納
Repayments during the year	年內償還
At 31 December	於十二月三十一日
<i>Fellow subsidiaries</i>	同系附屬公司
Other accounts and liabilities	其他賬目及負債

## (e) Financial Instruments

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

## 41 重大關連各方交易(續)

## (d) 接納存款

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
3,722	3,620
917,875 (917,678)	40,434 (40,332)
3,919	3,722
-	3,887,300
3,052,610 (2,728,610)	8,220,004 (12,107,304)
324,000	-
110,509	71,527

## (e) 金融工具

The Group and the Bank 本集團及本行	
2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
-	33,347
97,231	-

**41 MATERIAL RELATED PARTY TRANSACTIONS (continued)****(f) Loans to officers**

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

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

There was no interest due but unpaid nor any impairment allowance made against these loan at 31 December 2006.

**(g) Key management personnel remuneration**

Remuneration for key management personnel, including amounts paid to the Bank's Directors as disclosed in Note 6 and certain of the highest paid employees as disclosed in Note 7 is as follows:

Salaries and short-term employee benefits	薪金及短期僱員福利
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**41 重大關連各方交易 (續)****(f) 高級職員貸款**

本行根據香港《公司條例》第161B條須予披露之高級職員貸款如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Aggregate amount of relevant loan at 31 December	31,613	–
– by the Bank	–	–
– by a subsidiary	–	–
Maximum aggregate amount of relevant loans outstanding during the year	32,410	3,200
– by the Bank	–	–
– by a subsidiary	–	–
	<b>32,410</b>	<b>3,200</b>

於二零零六年十二月三十一日，此等貸款並無逾期未償付利息，或就有關貸款進行任何減值撥備。

**(g) 主要管理人員酬金**

主要管理人員之酬金(包括附註6所披露付予本行董事之款項及附註7所披露付予最高薪僱員之款項)如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Salaries and short-term employee benefits	48,238	44,959



**41 MATERIAL RELATED PARTY TRANSACTIONS (continued)****(h) Credit facilities to key management personnel**

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

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

**42 ASSETS PLEDGED AS SECURITY**

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

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

**41 重大關連各方交易(續)****(h) 主要管理人員信貸服務**

年內，本行向本集團之主要管理人員及彼等之直系親屬以及受該等人士所控制之公司或該等人士具有重大影響力之公司提供貸款及信貸。信貸服務乃於正常業務過程中提供，而有關係款與其他僱員所訂立之可資比較交易大致相同。

	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
	<b>9,189</b>	12,916
	<b>39,859</b> <b>(1,916)</b>	— (3,727)
	<b>47,132</b>	9,189
	<b>1,027</b>	246
	<b>4,780</b>	2,475
	<b>500</b> <b>(1,250)</b>	2,570 (265)
	<b>4,030</b>	4,780

**42 質押作為抵押品之資產**

下列資產已根據回購協議質押作為負債抵押品。質押資產代表持有之國庫券。

<b>The Group and the Bank</b> 本集團及本行		
	<b>2006</b> 二零零六年 <b>HK\$'000</b> 千港元	2005 二零零五年 HK\$'000 千港元
	—	766,245
	—	763,636

**43 PARENT AND ULTIMATE HOLDING COMPANY**

At 31 December 2006, the Directors consider the parent and ultimate controlling party of the Group to be Fubon Financial Holding Company Limited, which is incorporated in the Republic of China.

**44 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current year.

**45 ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**(a) Impairment allowances for advances to customers**

Loan portfolios are reviewed periodically to assess whether impairment losses exist. The Group makes judgements as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payment status of borrowers in a group has adversely changed. It may also include observable data of local or economic conditions that correlate with defaults on the assets in the Group. If management has determined, based on their judgement, that objective evidence for impairment exists, expected future cash flows are estimated based on historical loss experience for assets with credit risk characteristics similar to those of the Group. Historical loss experience is adjusted on the basis of the current observable data.

Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

**(b) Fair value determination**

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

**43 母公司及最終控股公司**

於二零零六年十二月三十一日，董事認為本集團之母公司及最終控股公司為富邦金融控股股份有限公司。該公司於中華民國註冊成立。

**44 比較數字**

若干比較數字已經重新歸類，以符合本年度所採納之財務報表呈列方式。

**45 會計估計及判斷**

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

**(a) 客戶貸款之減值撥備**

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

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

**(b) 公平價值釐定**

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

#### 46 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2006

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations and the HKMA has recommended additional disclosures, which are not yet effective for the accounting year ended 31 December 2006 and which have not been adopted in these financial statements.

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

In addition, the following developments may result in new or amended disclosures in the financial statements:

##### Effective for accounting periods beginning on or after

HKFRS 7, Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1, Presentation of financial statements: capital disclosures	1 January 2007
Banking (Disclosure) Rules	1 January 2007

#### 46 已公佈但於截至二零零六年十二月三十一日止年度之會計期間尚未生效之修訂、新準則及詮釋之可能影響

於此等財務報告公佈日，香港會計師公會已公佈以下修訂、新準則及詮釋，而金管局已建議披露額外資料。該等修訂、準則、詮釋及額外披露於截至二零零六年十二月三十一日止會計年度尚未生效，此等財務報告亦未予採納。

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

另外，以下發展可能導致在財務報告中作出新或經修訂披露：

##### 自以下日期或以後開始之會計期生效

香港財務報告準則第7號， 金融工具：披露	二零零七年一月一日
香港會計準則第1號之 修訂，財務報告之呈列： 資本披露	二零零七年一月一日
銀行業(披露)規則	二零零七年一月一日