

NOTES ON THE ACCOUNTS

賬項附註

1. PRINCIPAL ACTIVITIES 主要業務

The Bank and its subsidiaries (the “Group”) are engaged in the provision of banking and related financial services, and business, corporate and investor services.

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務、以及商務、企業及投資者服務。

2. SIGNIFICANT ACCOUNTING POLICIES 主要會計政策

(a) Statement of Compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Bank. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s and the Bank’s accounting policies applied in these accounts for the years presented.

(a) 符合指引聲明

本賬項乃按照香港會計師公會頒佈所有適用的《香港財務報告準則》(其統稱已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋)、香港一般採用的會計原則及香港《公司條例》而編製。本賬項亦符合《香港聯合交易所有限公司證券上市規則》有關的披露規定。本集團採納的主要會計政策簡列如下。

(b) Basis of Preparation of the Accounts

The accounts for the year ended 31st December, 2008 comprise the Group and the Group’s interest in associates.

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

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (Note 2(f)(ii)); and
- investment properties (Note 2(h)(ii))

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

(b) 賬項編製基準

截至2008年12月31日止年度的賬項包括本集團及其應佔聯營公司之權益。

除以下資產及負債是以公平價值列賬外，本賬項是以原值成本作為計量基準。有關詳情載列於下列會計政策：

- 分類作交易用途、指定通過損益以反映公平價值及可供出售的金融工具(附註2(f)(ii))；及
- 投資物業(附註2(h)(ii))

按《香港財務報告準則》之要求，在編製賬項時，管理層須作判斷、估計及假設從而影響政策實施及資產和負債、及收入與支出之呈報金額。有關估計及假設乃按在既定情況下可合理地相信，根據過往之經驗及其他因素，作出判斷那些未能從其他來源確定的資產及負債的賬面值。實際結果可能與此等估計不盡相同。

Notes on the Accounts (continued)

賬項附註(續)

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.

Details of judgements made by management in the application of HKFRSs that have significant effect on the accounts and estimates with a significant risk of material adjustment in the next year are set out in Note 47.

(c) Basis of Consolidation

(i) Subsidiaries and minority interests

The consolidated accounts include the accounts of the Bank and all its subsidiaries made up to 31st December each year. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

All material intercompany transactions and balances are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to the date of their acquisition or disposal, as appropriate.

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

In the Bank's balance sheet, its investments in subsidiaries are stated at cost less any impairment losses (Note 2(k)).

(ii) Associates

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

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets.

有關估計及假設須持續檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期內確認。

在附註47內，已詳載管理層對實施對下年度的賬項有重大影響的《香港財務報告準則》所作的判斷及產生重大調整風險的估計。

(c) 綜合基準

(i) 附屬公司及少數股東權益

本綜合賬項包括本行及其所有附屬公司截至各相關年度之12月31日止的賬項。附屬公司為本集團所控制之實體。當本集團有權決定該實體的財務及經營政策從而獲取利益，控制權被確立。在評估控制權時，現存並可行使的潛在投票權已計算在內。

一切重大的集團內部交易及結餘已於賬項綜合時抵銷。於年度內購入或出售的附屬公司，其業績是由購入日期開始或截至出售日期止(以適用者為準)計算入綜合賬項內。

無論是直接或間接透過附屬公司，少數股東權益是指非由本行擁有的應佔附屬公司淨資產的權益部分，而本集團未與該權益持有者達成任何附加協議，致令本集團整體上對該等權益產生符合金融負債定義的法定義務。少數股東權益在綜合資產負債表及綜合股東權益轉變表內的股東權益列示，但與可歸屬於本集團股東權益分開。少數股東權益佔本集團年度內溢利在綜合損益賬賬面以分配為少數股東權益及可歸屬於本集團股東權益形式呈報。

在本行的資產負債表中，附屬公司投資是以成本減除減值損失(附註2(k))列賬。

(ii) 聯營公司

聯營公司是指本集團或本行可對其管理發揮重大影響力，包括參予其財務及經營政策的決策，但並不控制或共同控制其管理層。

聯營公司投資是以權益會計法在綜合賬內入賬。入賬方法是先以成本另按本集團於購入後應佔該聯營公司淨資產的轉變而調整。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

The consolidated profit and loss account reflects the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year in accordance with Notes 2(j) and 2(k).

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For these purposes, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

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

The Bank accounts for the results of associates to the extent of dividends received. Investments in associates are stated at cost less any impairment losses (Note 2(k)).

綜合損益賬已反映本集團應佔聯營公司權益後年度除稅後之業績，及減除附註2(j)及2(k)所述有關年度內聯營公司投資的商譽減值損失。

除不超出本集團對該聯營公司所作具法律或推定義務或替該公司償付的承擔外，當本集團應佔該聯營公司的虧損超出本集團應佔該聯營公司之權益時，超出的虧損將不被確認，而本集團應佔該聯營公司之權益將被減值至零。因此，本集團應佔該聯營公司權益即按權益會計法計算投資賬面值，及實質上構成本集團應佔該聯營公司淨資產的長期權益。

本集團與聯營公司交易而產生之未實現溢利及虧損，以本集團應佔該聯營公司之權益為限作沖銷。除非有證據顯示未實現虧損屬資產轉讓的減值損失，則須立即於損益賬內確認。

本行按照已收取股息計算應佔聯營公司業績。聯營公司投資是以成本減除任何減值損失(附註2(k))列賬。

(d) Translation of Foreign Currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

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

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss. All other exchange differences relating to monetary items are presented as gains less losses from dealing in foreign currencies in the profit and loss account.

(d) 外幣換算

外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按結算日的匯率折算為港幣。匯兌差額則計入損益賬內。

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算為港幣。以公平值列賬的非貨幣性資產及負債按釐定其公平價值日的匯率折算。

有關通過損益以反映公平價值投資及衍生金融工具的匯兌差額分別包括於交易用途證券或指定通過損益以反映公平價值投資淨溢虧。其他有關貨幣性資產及負債的匯兌差額則於外幣買賣淨溢虧項下列示。

Notes on the Accounts (continued)

賬項附註(續)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1st January, 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1st January, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(e) Revenue Recognition

Provided it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows.

Interest income for all interest-bearing financial instruments, except those classified as held for trading or designated at fair value through profit or loss, is recognised as interest income in the profit and loss account on an accruals basis using the effective interest method.

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

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase in the present value of impaired loans due to the passage of time is reported as interest income.

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

Fee and commission income is recognised in the profit and loss account when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

海外業務之業績按交易日相約的匯率折算為港幣。資產負債表項目，包括於2005年1月1日或以後因收購海外業務而在綜合時所產生的商譽，按結算日的匯率折算為港幣。產生的匯兌差額直接在股東權益內以獨立組成部分確認。因於2005年1月1日以前收購海外業務而在綜合時所產生的商譽按收購海外業務日的匯率折算。

計算出售海外企業的損益包括截至出售日因該企業產生的累計兌換差額。

(e) 收入確認

假設經濟利益有可能流向本集團及收入和支出(如適用)屬可靠計量的，在損益賬內確認收入的方法如下：

除分類為持有作交易或指定通過損益以反映公平價值外，所有帶息金融工具的利息收入按有效利率方法於損益賬內以應計基準列作利息收入。

有效利率方法是一種計算攤銷成本及分配利息收入於相關期間的方法。有效利率是可準確將金融工具在預計年期內產生之未來現金支出或收入折算為現值，或在較短期內折算為該金融工具賬面值的利率(如適用)。當計算有效利率時，本集團在估計現金流須考慮金融工具的所有合約條款，但不包括未來信貸損失。有效利率組成部分的計算包括所有合約對手之間的費用及基點支出或收入、交易成本及其他所有溢價或折扣。

就減值貸款而言，根據貸款原本條款計算的應計利息收入終止，但因隨時間過去令致減值貸款之現值增加則列作利息收入。

指定通過損益以反映公平價值金融工具的淨收入及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的盈虧(減除應計利息)，以及應歸屬於該等金融工具的股息收入。

服務費及佣金收入在有關服務提供時確認，但如服務費是為彌補持續為客戶提供一項服務的成本或承受風險而收取或費用性質為利息則除外。在此情況下，服務費在成本或風險產生的會計期內列作收入，並按利息收入入賬。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

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

Finance income implicit in finance leases is recognised as interest income over the period of the lease so as to produce an approximately constant periodic rate of return of the outstanding net investment in the leases for each accounting period.

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

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

(f) Financial Instruments

(i) Initial recognition

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

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

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

因本集團創造或購入金融資產而產生之始創或承擔服務費收入／支出須遞延及確認為有效利率之調整。如承擔期滿而本集團毋須貸款，該服務費按承擔期限以直線法列作收入。

融資租賃隱含財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨收款總額的組成部分。或有租金以該收入產生的會計期間列作收入。

非上市投資股息收入在股東收取權被確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

(f) 金融工具

(i) 初始確認

根據購入資產或招致負債之目的，本集團於初始期分類其金融工具為不同種類。種類包括通過損益以反映公平價值、貸款和應收賬款、持至到期投資、可供出售金融資產及其他金融負債。

金融工具於初始期按公平價值計量，而公平值大致與交易價相同。如金融資產或金融負債不屬於通過損益以反映公平價值，則包括直接歸屬於購入之金融資產或發行金融負債的交易成本。通過損益以反映公平價值的金融資產或金融負債的交易成本立即作費用支銷。

當本集團成為金融工具合約其中一方時列作金融資產和金融負債。以有規律方式購買或出售金融資產按交易日會計法計算。該等按通過損益以反映公平價值列賬的金融資產及金融負債因公平價值變動而產生的盈利及虧損由該日起計算。

Notes on the Accounts (continued)

賬項附註(續)

(ii) Categorisation

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Non-hedging derivatives are accounted for as trading instruments.

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

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

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in the profit and loss account 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 profit and loss account.

Loans and receivables

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

(ii) 分類

通過損益以反映公平價值

此類別包括持有作交易用途和初始被指定為通過損益以反映公平價值的金融資產及金融負債，但不包括沒有報價的股份證券投資，及其公平價值是不能夠可靠計量的。

作交易用途的金融工具包括購入金融資產或發行金融負債，主要是作短期出售或屬可辨別金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有短期出售以賺取利潤的模式。非對沖衍生工具視作交易工具。

在以下情況於初始確認為指定為通過損益以反映公平價值的金融工具：

- 該資產或負債是按內部公平值管理、評估及呈報；
- 該指定可抵銷或重大地減低可能產生的會計錯配；
- 該資產或負債包含嵌入衍生工具，而該嵌入衍生工具可重大地改變按合約產生的現金流；或
- 將嵌入衍生工具從金融工具內分開是不被禁止的。

屬於此類別的金融資產及金融負債按公平價值入賬。因公平價值變動產生之未實現盈利和虧損計入在期內發生的損益賬。於出售或重購時，出售所得或淨支付款項與賬面值的差額計入損益賬。

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(a)本集團有計劃於短期內出售而被區分為持有作交易用途；(b)本集團於初始期已指定為通過損益以反映公平價值或可供出售；或(c)本集團可能不能收回大部分初始投資，但不包括因信貸變壞的原因，將會分類為可供出售。貸款和應收賬款主要包括在銀行及其他金融機構的存款、貿易票據及客戶貸款。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

Securities classified as loans and receivables typically comprise securities issued by the same customers with whom the Group has a lending relationship in its wholesale banking business. Investment decisions for credit substitute securities are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. Additionally the yield and maturity terms are generally directly negotiated by the Group with the issuer. These securities include commercial paper, short term debentures and preference shares issued by the borrower.

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (Note 2(k)).

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

Available-for-sale financial assets are carried at fair value except for investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are carried at cost less impairment losses, if any (Note 2(k)). Unrealised gains and losses arising from changes in the fair value are recognised directly in the investment revaluation reserve, except for foreign exchange gains and losses on monetary items such as debt securities which are recognised in the profit and loss account.

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

分類為貸款和應收賬款的證券中，較具代表性的包括由客戶發行的證券，而該客戶是本集團在其批發銀行業務中有借貸關係的相同客戶。作出代替信貸之證券的投資決定與貸款的信貸審批程序相同，尤如本集團須承擔等同借款予同一客戶的風險。另外，回報及到期日條款普遍是透過本集團與客戶直接磋商。此類證券包括商業票據、短期債券及由借款人發行的優先股份。

貸款和應收賬款及分類為貸款和應收賬款的證券按有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

持至到期投資

持至到期投資包括有固定或可確定付款金額及有固定期限的非衍生金融資產而本集團有明確意向和能力持至到期日，但不包括(a)本集團於初始期已指定為通過損益以反映公平價值或可供出售，及(b)符合貸款和應收賬款之定義。

持至到期投資採用有效利率方法計算攤銷成本並減除任何減值損失入賬(附註2(k))。

可供出售金融資產

可供出售金融資產是被指定為可供出售的非衍生金融資產，或並非分類為以上三種類別的金融資產。它包括計劃作不定期限持有的金融資產，但可能因應流動資金之需要或市場環境轉變而出售。

可供出售金融資產按公平值列賬，但不包括沒有活躍市場報價的股份證券及其公平值是不能夠可靠計量的，則按成本並減除任何減值損失入賬(附註2(k))。除如債務證券的貨幣性項目所引致的外匯盈虧須在損益賬入賬外，因公平價值變動而產生之未實現盈利及虧損直接在投資重估儲備內確認。

當出售可供出售金融資產時，出售盈虧包括出售所得款項與賬面值的差額，以及在投資重估儲備內轉回的累計公平價值調整。

Notes on the Accounts (continued)

賬項附註(續)

Other financial liabilities

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

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

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

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

(iv) Derecognition

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

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

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

(v) Offsetting

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

(vi) Embedded derivatives

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

When the embedded derivative is separated, the host contract is accounted for in accordance with note (ii) above.

其他金融負債

金融負債按有效利率方法計算攤銷成本入賬，而作交易用途及通過損益以反映公平價值的金融負債則除外。

(iii) 計量公平價值之原則

金融工具的公平價值是於結算日根據其市場報價但未減除將來的估計出售成本。

如沒有公眾知悉的最後交易價格或在認可交易所的市場報價，或從經紀／交易員獲得屬於非交易所買賣的金融工具報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據市場實際交易提供可靠的估計價格。

當採用現金流折讓價格模式，估計將來現金流按管理層的最佳估計及採用的貼現率是在結算日適用於相同條款工具的市場利率。當採用其他價格模式時，輸入資料是在結算日的市場價格資料。

(iv) 終止確認

當從金融資產獲得現金流的法定權利屆滿或已將重大風險及回報擁有權同時轉移後，本集團終止確認金融資產。

當合約的義務已被履行、取消或期滿，本集團終止確認金融負債。

本集團採用加權平均法以釐定在終止確認時須在損益賬確認的已實現盈利和虧損。

(v) 抵銷

如具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以清償負債，金融資產和金融負債互相抵銷，而在資產負債表內以淨額列示。

(vi) 嵌入衍生工具

嵌入衍生工具屬於一種混合(結合)式工具的組成部分，該工具包括衍生工具及一主合約，並可改變該結合式工具的現金流，其作用類似一張獨立的衍生工具。當(a)該嵌入衍生工具的經濟特性及風險與主合約並非緊密關連的；及(b)混合(結合)式工具並非按公平價值計量及將公平價值變動於損益賬內確認，嵌入衍生工具將與主合約分開並按衍生工具入賬。

當嵌入衍生工具被分開處理，主合約根據上述附註(ii)入賬。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(g) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction and the hedge is effective, the gain or loss on the derivative financial instrument in relation to the hedged risk is recognised directly in equity.

(ii) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of an existing asset or liability that will give rise to a gain or loss being recognised in the profit and loss account.

The hedging instrument is measured at fair value, with fair value changes recognised in the profit and loss account. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the profit and loss account to offset the effect of the gain or loss on the hedging instrument.

The Group currently does not use hedge accounting.

(h) Properties

- (i) Bank premises are stated in the balance sheet at cost or at Directors' valuation, by reference to an independent professional valuation, less accumulated depreciation and accumulated impairment loss (Note 2(k)).

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

In preparing these accounts, advantage has been taken of the transitional provisions set out in paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the Hong Kong Institute of Certified Public Accountants, with the effect that bank premises have not been revalued to fair value at the balance sheet date.

(g) 對沖

(i) 現金流量對沖

當衍生金融工具被指定對沖已確認資產或負債的不既定現金流量，或是甚有可能發生及有法律約束力的預計交易，衍生金融工具產生的盈利和虧損與被對沖風險有關者在股東權益內入賬。

(ii) 公平價值對沖

公平價值對沖用作抵銷現行資產或負債因價格變動產生須在損益賬內入賬的盈利和虧損。

對沖工具按公平值列賬，而公平值的變動在損益賬內入賬。被對沖項目的賬面值按對沖工具所對沖之風險的價格變動予以調整。此調整在損益賬內入賬以抵銷對沖工具產生的盈利和虧損。

本集團現行並未採用對沖會計法。

(h) 物業

- (i) 行址是按成本或董事參照獨立專業評估作出的估值，減除累計折舊及減值損失(附註2(k))後於資產負債表中列賬。

當重估出現虧損時，於損益賬支銷的金額，只限於超過以往因重估相同行址而存入行址重估儲備的結餘；當重估出現盈餘時，存入損益賬內的金額不可超過以往因重估相同行址曾於損益賬支銷的重估虧損。

在編製此等賬項時，由於可採用香港會計師公會頒佈的《香港會計準則》第16號「物業、廠房及設備」第80A段所載的過渡條款，故行址並未在結算日重估至公平價值。

Notes on the Accounts (continued)

賬項附註(續)

- (ii) Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Investment properties are valued annually by external independent valuation companies, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. No allowance has been made in the valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in Note 2(e).

When a bank property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the bank property immediately prior to transfer and its fair value is recognised as a revaluation of bank premises as described in Note 2(h)(i).

If an investment property becomes owner-occupied, it is reclassified as bank premises and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

A property interest under an operating lease is classified and accounted for as an investment property when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in Note 2(l).

- (iii) Profit or loss on disposal of bank premises and investment properties is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account upon disposal. Any surplus that is included in the bank premises revaluation reserve of the related bank premises disposed is transferred to the general reserve.

- (ii) 投資物業是持有用作賺取租金收益或資本增值或二者皆是的物業。投資物業按公平價值列賬。投資物業由外來獨立估價公司每年作估值，該公司擁有適當認可專業資格及對估值物業的所在地和類別有近期經驗。公平價值是根據市值，即於估價日由一願意買方及一願意賣方在經過合理推銷的情況下，及在知情的、謹慎的和沒有威迫的情況下雙方同意該物業作公平交易的估計金額。估值並未計算任何抵押、按揭、欠款、及在出售時可能產生的任何費用或稅項。

因公平價值變動而產生的損益在損益賬內入賬。投資物業租金收入按附註2(e)所載計算。

如附註2(h)(i)所載，當一項物業因其用途改變而須轉作投資物業時，該物業於轉賬日前的賬面值與公平價值之差額視作行址重估。

如一投資物業轉為自用，該物業須重新分類為行址。於重新分類日的公平價值視作日後作會計用途的成本值。

本集團以經營租賃方式持有用作租金收入或資本增值或二者皆是的物業權益分類為投資物業。此等以經營租賃方式持有的物業權益按公平價值列賬。租金支出按附註2(l)所載入賬。

- (iii) 出售行址及投資物業的損益是以出售所得款項淨額與資產賬面值的差價計算，並在出售時於損益賬內入賬。任何有關之重估行址盈餘於出售時從行址重估儲備撥入一般儲備內。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(i) Amortisation and Depreciation

(i) Bank premises

Freehold land is not amortised. Leasehold land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease. Leasehold land is amortised on a straight line basis over the remaining term of the lease. Buildings are depreciated on a straight line basis at rates calculated to write off the cost or valuation of each building over its estimated useful life of 50 years or the remaining lease period of the land on which it is situated, whichever is the shorter.

Investment properties are not depreciated.

(ii) Other fixed assets

Other fixed assets are stated in the balance sheet at cost less accumulated depreciation, which is calculated on a straight line basis to write off the assets over their estimated useful lives from 4 to 20 years.

(j) Goodwill

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

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (Note 2(k)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associates.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the profit and loss account.

On disposal of a cash generating unit, or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

(k) Impairment of Assets

At each balance sheet date, the carrying amount of the Group's assets are reviewed to determine whether there is objective evidence of impairment. If internal and external sources of information indicate such evidence exists, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised in the profit and loss account.

(i) 攤銷及折舊

(i) 行址

永久業權之土地不予攤銷。用作經營租賃的租賃土地，而其公平價值是不能夠與租賃於初始時已存在之建築物的公平價值分開計量，則當作持有融資租賃入賬。租賃土地以直線法按租賃剩餘年期攤銷。建築物的成本或估值以直線法按其預計使用年限50年或其座落土地剩餘租賃期兩者中的較短期限計算折舊。

投資物業是不予折舊。

(ii) 其他固定資產

其他固定資產是按成本減累計折舊於資產負債表列賬。該等資產是以直線法按照由4年至20年的預計使用年期計算折舊。

(j) 商譽

商譽即商業合併或投資聯營公司的成本超過本集團應佔被收購者的可辨別資產、負債及或有負債的公平淨值。

商譽按成本減累計減值損失列賬。商譽被分配為單一現金生產單位，並須每年作減值測試(附註2(k))。就聯營公司而言，商譽的賬面值已包括於聯營公司權益之賬面值內。

在商業合併或投資聯營公司時，若本集團應佔被收購者的可辨別資產、負債及或有負債的公平淨值高於成本價，超出的金額立即在損益賬內入賬。

在年度內出售單一現金生產單位或聯營公司，計算出售溢利時計入任何可歸屬購入商譽的金額。

(k) 資產減值損失

本集團須於結算日檢討資產的賬面值以判斷是否有客觀減值證據。如對內及對外資料來源均顯示減值證據存在，須減低賬面值至可收回金額，而減值損失於損益賬內入賬。

Notes on the Accounts (continued)

賬項附註(續)

(i) Loans and receivables

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

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

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

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

In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

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

All loans and receivables are reviewed and analysed periodically. Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and will be charged or credited to the profit and loss account. A reversal of impairment losses is limited to the loans and receivables' carrying amount that would have been determined had no impairment loss been recognised in prior years.

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

(i) 貸款和應收賬款

貸款和應收賬款的減值損失，是根據資產賬面值及估計未來現金流按資產原本之有效利率（即於初始時確認該等資產之有效利率）折算為現值，以二者之差額計算。如果折算現值後的影響不大，不會折算短期應收賬款。

減值損失準備總額包括兩部分：個別減值準備，及整體減值準備。

本集團首先評估客觀減值證據是否個別存在於個別重大金融資產，及個別或整體存在於非個別重大金融資產。若本集團判斷客觀減值證據並不存在於個別評估金融資產，無論重大與否，本集團將有相同風險特性的金融資產歸類，及作整體減值評估。作個別減值評估的資產而減值損失須持續確認，其減值損失不會包括於整體減值準備內。

個別減值準備是根據管理層的最佳估計將可能收回之現金流按原本的有效利率折算為現值。在估計現金流時，管理層須判斷借款人的財政狀況及給予本集團的抵押品或擔保之可變現淨值。並須評估每宗減值資產的真正價值。

當評估所需的整體減值損失準備時，管理層須考慮的因素包括信貸質素、組合規模、信貸集中、及經濟因素。為求估計所需的準備，本集團根據過往之經驗和現時之經濟情況作假設以模擬潛在損失及判斷所需之輸入變數。

撥備的準確性，須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在判斷整體減值準備時所採用的假設模式及變數。雖然視乎判斷而定，本集團相信貸款損失準備是合理和足夠的。

所有貸款和應收賬款須定期作檢討及分析。在較後期間，任何因估計未來現金流的金額及時間與先前估計的有所轉變，而該轉變是可客觀地與撇銷後發生的事件有關連，從而導致減值損失準備亦需改變，該轉變會支銷或存入損益賬。減值損失之轉回只限於假設該貸款和應收賬款於往年從來未有確認減值損失的賬面值。

倘再無實際機會收回時，則貸款及相關的應收利息會被撇銷。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(ii) Held-to-maturity investments

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

All significant assets found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(iii) Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in the profit and loss account. The amount of the cumulative loss that is recognised in the profit and loss account 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 profit and loss account.

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

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

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

(ii) 持至到期投資

持至到期投資之減值按個別及整體層面考慮。當折算的效果是重大的，個別減值準備按資產賬面值，及估計未來現金流按資產原本之有效利率折算為現值，以二者之差額計算減值損失。

如所有重大資產毋須作個別減值，則須為已發生而未被發現的減值作整體評估。非個別重大資產按相同風險特性歸類及作整體減值評估。

若在較後期間，減值損失的金額減少而該減少是可客觀地與確認減值損失後發生的事件有關連，減值損失轉回損益賬內。減值損失轉回損益賬的金額不能超過假設該資產於往年從來未有確認減值損失的賬面值。

(iii) 可供出售金融資產

當有客觀證據顯示可供出售金融資產已減值，已直接確認在股東權益內的累計虧損會被轉入損益賬內。須於損益賬內入賬的累計虧損金額，是購入成本(減除任何本金償還及攤銷)與現時公平值二者之差額，再減除往年已於損益賬內入賬的減值損失。

按成本列賬之無報價可供出售股份證券，當折算的效果是重大的，股份證券的賬面值及估計未來現金流按相同金融資產的現時市場回報率折算為現值，以二者之差額計算減值損失。

已確認可供出售股份證券的減值損失是不能轉回損益賬的。其後該資產之公平價值增加須直接在股東權益內入賬。

而可供出售債務證券之公平價值增加，而該增加是可客觀地與已確認減值損失後發生的事件有關連，減值損失可轉回。在此情況下，轉回減值損失於損益賬內入賬。

Notes on the Accounts (continued)

賬項附註(續)

(iv) Other assets

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

- property and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associates;
- goodwill; and
- intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in the profit and loss account 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 profit and loss account in the year in which the reversals are recognised.

(iv) 其他資產

在結算日，須檢討對內及對外資料來源以辨別以下資產是否有減值徵兆或，除商譽外，以往已確認之減值損失是否仍然存在或可能已經減少：

- 物業及設備(以重估金額列賬的物業除外)；
- 附屬及聯營公司投資；
- 商譽；及
- 無形資產

如任何該等徵兆存在，須估計該資產的可收回金額。此外，商譽須每年估計可收回金額以確定是否有減值徵兆。

可收回金額之計算

可收回金額是出售淨值及使用值二者中之較高者。在評估使用值時，會採用一項當時市場評估貨幣的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能大部分地獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合(即一個現金生產單位)。

減值損失之確認

當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於損益賬內確認減值損失。有關確認現金生產單位減值損失時，首先減低分配予現金生產單位(或其單位組別)之賬面值，其後再按比例減低在該單位(或其單位組別)其他資產的賬面值，但該資產的賬面值不可低過其個別公平值減出售成本或使用值(如可確定的話)。

減值損失之轉回

除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只局限至該資產的賬面值，猶如該等減值損失從未在往年被確認。

減值損失轉回在該被確認的年度計入損益賬內。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(v) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS34, Interim financial reporting, in respect of the first six months of the year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the year (Note 2(k)(i) to (iv)).

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

(v) 中期財務報告及減值

根據《香港聯合交易所有限公司上市規則》，本集團須按《香港會計準則》第34號「中期財務報告」編制有關年度首6個月的中期財務報告。於中期期末，本集團採用等同年末的減值測試、確認、及轉回標準(附註2(k)(i)至(iv))。

於中期期間確認有關商譽及按成本值入賬之可供出售股份證券的減值損失未有於下一期轉回。假設有關中期期間的減值評估於年末進行，就算是沒有確認損失，或損失屬輕微，皆採用以上相同處理方法。

(l) Leased Assets

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held under finance leases

The amounts due from lessees in respect of finance leases are recorded in the balance sheet as advances to customers at the amounts of net investment which represent the total rentals receivable under finance leases less unearned income. Revenue arising from finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

(ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the leased assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(k). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 2(e).

(iii) Operating lease charges

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

(l) 租賃資產

由承租人承擔擁有權的絕大部分相關風險及報酬的資產租賃列為融資租賃。出租人並未轉讓擁有權的所有風險及報酬的資產租賃列為經營租賃。

(i) 以融資租賃購入的資產

當本行為融資出租人時，按融資租賃而租出資產的投資淨額，即應收租金總額減未賺取收入，在資產負債表列作客戶貸款。來自融資租賃的收入會根據本行的收入確認政策附註2(e)所載計算。

(ii) 用作經營租賃的資產

當本集團以經營租賃方式租出資產，該資產根據其性質包括在資產負債表內，及按附註2(i)所載(如適用者)本集團的折舊會計政策計算折舊。減值損失是根據會計政策附註2(k)所載計算。來自經營租賃的收入是根據本行的收入確認政策附註2(e)所載計算。

(iii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，其租賃付款按該租賃期所涵蓋的會計年期以等額分期記入損益賬。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨付款的組成部分。或有租金在其產生的會計期內在損益賬支銷。

Notes on the Accounts (continued)

賬項附註(續)

(m) Repossession of Assets

In the recovery of impaired loans and advances, the Group may take possession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in Note 2(k), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the collateral assets, usually resulting in a partial write-off of the loans and advances against impairment allowances. Repossessed assets are reported under other assets if it is highly probable that their carrying amount will be recovered through a sale transaction rather than through continuing use and the assets are available for sale in their present condition. Related loans and advances are then written off.

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

Impairment losses on initial classification and on subsequent remeasurement are recognised in the profit and loss account.

(n) Income Tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

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

(m) 收回資產

在收回減值貸款時，本集團會通過法庭程序或借款人自願交出擁有權收回抵押品資產。根據本集團附註2(k)所載的會計政策，計算減值貸款之減值準備已顧及抵押品資產之可變現淨值，通常引致須在減值準備內撇銷部分貸款。如大有可能須透過變賣資產而不是持續使用資產，及該資產可在現況下出售，可收回資產視作其他資產列賬。有關貸款隨後撇銷。

收回資產按有關貸款的金額或於轉換日已減除出售成本後之公平價值，按兩者之較低者入賬。收回資產毋須折舊或攤銷。

在初始期分類及後期再計量所引致的減值損失於損益賬內入賬。

(n) 所得稅

- (i) 本年度所得稅包括本期及遞延稅項資產和負債的變動。除該項目應在股東權益內入賬的金額外，本期稅項及遞延稅項資產和負債的變動計入損益賬內。
- (ii) 本期稅項為年度應課稅收入按結算日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。
- (iii) 遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的稅損及稅項抵免。

除了若干有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在若干期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支持由未使用的稅損或稅免產生的遞延稅項資產確認，即如果是屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

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.

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

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

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債(須不是商業合併的一部分)、及有關投資附屬公司的暫時性差異，就應課稅差異而言，不超過集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就可扣稅差異而言，除非該差異在可見將來可以轉回。

確認遞延稅項的金額是根據該資產及負債的賬面值之預期收回及結算的方式，按在結算日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

於結算日，本行須重新檢視有關的遞延稅項資產的賬面金額，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。被扣減的遞延稅項資產若於預期將來出現足夠的應課稅溢利時，應予轉回。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

(iv) 本期稅項與遞延稅項結餘及其變動之金額會分別列示而不會相互抵銷。本行或本集團只在有合法權利對本期稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本期及遞延稅項資產及負債作出抵銷：

- 就本期稅項資產及負債而言，本行或本集團計劃支付淨額或同時收回資產及償還負債；或
- 有關的遞延稅項資產及負債屬同一稅務機關對以下機構徵收所得稅而產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體，並預計在未來期間會結算或收回重大遞延稅項負債或資產，該實體計劃以淨額形式變現本期稅項資產及償還本期稅項負債，或同時變現及償還。

Notes on the Accounts (continued)

賬項附註(續)

(o) Insurance Reserves and Provisions for Outstanding Claims

Insurance reserves, except those attributable to long term business, represent the proportion of retained premiums written in the year relating to the period of risk from 1st January in the following year to the subsequent date of expiry of policies which is carried forward as a provision for unearned premiums and calculated on a daily basis.

The insurance reserve for long term business is ascertained by actuarial valuation.

Full provision is made for the estimated cost of claims notified but not settled at the balance sheet date and for the estimated cost of claims incurred but not reported by that date, after deducting the amounts due from reinsurers. Provision has also been made for the estimated cost of servicing claims notified but not settled at the balance sheet date and to meet expenses on claims incurred but not reported at the balance sheet date.

These reserves and provisions are classified as other accounts and provisions.

(p) Provisions and Contingent Liabilities

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

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

(q) Employee Benefits

(i) Salaries, bonuses and leave benefits

Employee entitlements to salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are recognised when the absences occur.

(ii) Performance-related bonus plan

Liabilities for performance-related bonus plan, which are due wholly within twelve months after the balance sheet date, are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(o) 保險基金及未付索償準備

不包括長期業務部分，保險基金指年度內收取但已作保留的保金部分，而有關的風險是屬於下年度1月1日至保單到期日為止，該保留保金視作未賺取保費準備並按每日計算。

長期業務的保險基金是按精算估值。

本集團已就在結算日只已通知但未償付以及已發生但未匯報的索償，經扣除了分保人欠款，作出了充足的準備。此外，已就在結算日已通知但未償付的索償及已發生但未匯報索償而引致的估計費用作出了充足的準備。

此等基金及準備分類為其他賬項及準備。

(p) 準備及或然負債

當負債的限期或金額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當金額的時間值屬重大的，準備金額須按估計清償負債支出的現值列賬。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作或然負債披露。如潛在義務的存在須視乎會否發生一項或多項未來事件才獲確定，除非付出經濟利益的機會是極微，此潛在義務亦視作或然負債披露。

(q) 僱員福利

(i) 薪酬、花紅及假期福利

僱員應享有的薪酬、年終花紅、有薪年假、旅行假期及其他同種類之非金錢性質福利於確立時確認。至結算日已撥備因僱員提供服務所享有之年假的估計負債。

僱員應享有的病假及分娩假於發生時確認。

(ii) 表現獎勵花紅計劃

因僱員提供服務而本集團有現存法律或推定義務於結算日後12個月內須全數支付表現獎勵花紅計劃的負債，對此並能作可靠估計，便須予以確認為負債。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(iii) Retirement benefits

Retirement benefits are provided to eligible staff of the Group. Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme ("MPFEOS") or the Mandatory Provident Fund Scheme ("MPFS"). Both are defined contribution schemes. The employer's monthly contributions to both schemes are at a maximum of 10% of each employee's monthly salary.

The pension schemes covering all the Group's PRC and overseas employees are defined contribution schemes at various funding rates, and are in accordance with local practices and regulations.

The cost of all these schemes is charged to the profit and loss account for the period concerned and the assets of all these schemes are held separately from those of the Group. Under the MPFEOS, the employer's contribution is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Under the MPFS, the employer's contribution is reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iv) Share based payments

The option exercise price is equal to the higher of:

- (a) the closing price of the Bank's shares in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options;
- (b) an amount equivalent to the average closing price of the Bank's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and
- (c) the nominal value of the Bank's shares.

When the options are exercised, equity is increased by the amount of the proceeds received. The fair value of share options granted to employees is recognised as an expense in the profit and loss account with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the trinomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to those share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

(iii) 退休福利

本集團為其合資格的員工提供退休福利。香港員工可獲得強積金豁免的職業退休計劃或強制性公積金計劃的保障。此兩個計劃同時是定額供款計劃。僱主對兩項計劃的每月供款，上限是每位僱員月薪的10%。

本集團為所有國內及海外員工而設的退休計劃是定額供款計劃，供款率按當地慣例及規定而制定。

上述所有計劃的成本計算在相關期間的損益賬內。所有此類計劃的資產均與本集團的資產分開處理。強積金豁免的退休保障計劃中，僱主的供款不會因某些僱員於未完全享有僱主供款前離開計劃而有所減少。而強制性公積金計劃方面，僱主的供款則會因某些僱員於未完全享有僱主供款前離開計劃而減少。

(iv) 以股份為基礎作支付

認股權的行使價為以下三者之最高者：

- (a) 於授出認股權當日本行股份在聯交所日報表的收市價；
- (b) 相等於緊接授出有關認股權當日之前五個營業日，本行股份在聯交所日報表的平均收市價；及
- (c) 本行股份的面值。

認股權行使價與相關股份於授予日的公平價值相同。當認股權被行使時，所得款項存入股東權益。授予僱員之認股權的公平價值於損益賬內確認為支出，而在股東權益賬內的資本儲備作相應的增加。公平價值乃採用三項式期權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，估計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

Notes on the Accounts (continued)

賬項附註(續)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit and loss account for the year of the review unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Bank's shares.

The amount recognised in capital reserve is retained until either the option is exercised (when it is transferred to share premium) or the option expires (when it is released directly to retained profits)

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之調整須在檢討期內的損益賬支銷或回撥，並在資本儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本行股份的市價有關，確認為支出之金額按歸屬認股權的實際數目作調整（並在資本儲備作相應調整）。

確認為資本儲備內的金額會被保留，直至當認股權被行使時（轉入股份溢價），或當認股權之有效期屆滿時（轉入留存溢利）。

(r) Related Parties

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

- (i) The party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) The Group and the party are subject to common control;
- (iii) The party is an associate of the Group;
- (iv) The party is a member of key management personnel of the Group, or 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.

(r) 關聯人士

在編製本賬項時，與本集團關聯人士是指：

- (i) 該人士有能力直接或間接透過一個或多個中介人控制，或可發揮重大影響本集團的財務及經營決策，或共同控制本集團；
- (ii) 本集團及該人士均受共同控制；
- (iii) 該人士屬本集團的聯營公司；
- (iv) 該人士屬本集團主要管理人員的成員、或屬個人的近親家庭成員、或受該等個人人士控制、或共同控制或重大影響的實體；
- (v) 該人士如屬(i)所指的近親家庭成員或受該等個人人士控制、或共同控制或重大影響的實體；
- (vi) 屬提供福利予本集團或與本集團關聯的實體的僱員離職後福利計劃。

個人的近親家庭成員指可影響，或受該個人影響，他們與該實體交易的家庭成員。

Notes on the Accounts (continued)

賬項附註(續)

2. SIGNIFICANT ACCOUNTING POLICIES (continued) 主要會計政策 (續)

(s) Segment Reporting

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

The Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment and 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 enterprises within a single segment. The allocation of revenue reflects the benefits of capital and other funding resources allocated to the business or geographical segments by way of internal capital allocation and fund transfer mechanisms. 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 year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(t) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills and certificates of deposit that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) 分部報告

一分部為本集團可辨認的組成部份，而且從事提供服務所得的風險與回報是有別於其他分部(業務分部)，或在某單一經濟地區提供服務(地區分部)。

本集團採用業務分部為基本報告形式，而地區分部為次要報告形式。

分部收入、支出、業績、資產和負債包括可直接地歸屬於一分部及所有可以合理地分配予該分部的項目。除發生於本集團企業內單一分部之間的本集團內部結餘及交易外，分部收入、支出、資產及負債是包括本集團內部結餘，而本集團內部交易已經在賬項綜合時抵銷。收入分配反映以內部資本分配及資金轉移機制將資本及其他資金來源的利益分配予業務及地區分部。分部間之定價轉移與給予外界人士的條款相同。

分部資本開支是用作收購估計可用期超過1年的分部資產(包括有形及無形)的總成本。

(t) 現金及等同現金項目

就編製現金流量表而言，現金及等同現金項目包括由購入日起少於3個月到期日的結餘，包括現金、銀行及其他金融機構結餘、國庫債券、及其他受較低風險影響價值及隨時可轉換成預知金額的合格票據及存款證。

Notes on the Accounts (continued)
賬項附註(續)

3. INTEREST INCOME 利息收入

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Listed securities classified as held-to-maturity or available-for-sale	分類為持至到期或可供出售的上市證券	261	154
Trading assets	交易用途資產		
– listed	– 上市	2	4
– unlisted	– 非上市	8	35
Interest rate swaps	利率掉期合約	917	770
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值金融資產		
– listed	– 上市	128	152
– unlisted	– 非上市	310	426
Loans, deposits with banks and financial institutions, trade bills, and other unlisted securities that are not at fair value through profit or loss	非按通過損益以反映公平價值列賬的貸款、在銀行和其他金融機構的存款、貿易票據、及其他非上市證券	15,839	16,768
Total interest income	利息收入總額	17,465	18,309

Included above is interest income accrued on impaired financial assets of HK\$73 million (2007: HK\$29 million) which includes interest income on effect of discounting of HK\$12 million (2007: HK\$8 million) (Note 24(b)) for the year ended 31st December, 2008.

以上包括截至2008年12月31日止年度減值金融資產的應計利息港幣73,000,000元(2007年：港幣29,000,000元)，其中包括計算折扣影響的利息收入港幣12,000,000元(2007年：港幣8,000,000元)(附註24(b))。

4. INTEREST EXPENSE 利息支出

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Customer deposits, deposits of banks and other financial institutions and certificates of deposit issued which are stated at amortised cost	按攤銷成本列賬的客戶存款、銀行及其他金融機構的存款及已發行存款證	8,696	10,433
Subordinated notes carried at amortised cost	按攤銷成本列賬的後償票據	184	265
Interest rate swaps	利率掉期合約	1,062	918
Financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具	725	712
Other borrowings	其他借款	5	4
Total interest expense	利息支出總額	10,672	12,332

Notes on the Accounts (continued)

賬項附註(續)

5. FEE AND COMMISSION INCOME 服務費及佣金收入

Fee and commission income arises from the following services:

源自下列服務的服務費及佣金收入：

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Corporate services	企業服務	818	753
Credit cards	信用卡	462	400
Loans, overdrafts and guarantees	貸款、透支及擔保	382	386
Securities and brokerage	證券及經紀	255	443
Other retail banking services	其他零售銀行服務	187	191
Trade finance	貿易融資	160	113
Trust and other fiduciary activities	信託及其他代理業務	102	84
Others	其他	252	238
Total fee and commission income	服務費及佣金收入總額	2,618	2,608

6. NET TRADING (LOSSES)/PROFITS 交易(虧損)/溢利淨額

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Profit on dealing in foreign currencies	外幣買賣溢利	316	173
(Loss)/profit on trading securities	交易用途證券(虧損)/溢利	(618)	852
(Loss)/profit on other dealing activities	其他買賣活動(虧損)/溢利	(1,033)	354
Dividend income from listed trading securities	交易用途上市證券的股息收入	43	38
Total net trading (losses)/profits	淨交易(虧損)/溢利總額	(1,292)	1,417

7. NET RESULT FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS 指定為通過損益以反映公平價值金融工具的淨表現

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Revaluation and disposal loss on Collateralised Debt Obligations	重估及出售債務抵押證券虧損	(3,549)	(1,085)
Revaluation gain/(loss) on debt issued	重估已發行債務盈利/(虧損)	2,624	(84)
Net profit/(loss) on sale of other financial assets designated at fair value through profit or loss	出售其他指定為通過損益以反映公平價值金融資產的淨溢利/(虧損)	3	(2)
Revaluation (loss)/gain on other financial assets designated at fair value through profit or loss	重估其他指定為通過損益以反映公平價值金融資產的(虧損)/盈利	(690)	17
Total net result from financial instruments designated at fair value through profit or loss	指定為通過損益以反映公平價值金融工具的淨表現總額	(1,612)	(1,154)

8. OTHER OPERATING INCOME 其他經營收入

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Dividend income from available-for-sale financial assets	可供出售金融資產股息收入		
– listed	– 上市	20	42
– unlisted	– 非上市	30	21
Rental from safe deposit boxes	保險箱租金收入	87	88
Net revenue from insurance activities	保險業務淨收入	99	139
Rental income on properties	物業租金收入	90	72
Others	其他	97	75
Total other operating income	其他經營收入總額	423	437

Notes on the Accounts (continued)
賬項附註(續)

9. OPERATING EXPENSES 經營支出

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Contributions to defined contribution plan*	定額供款公積金供款*	225	164
Equity-settled share-based payment expenses	以股份為基礎作支付的費用	66	28
Salaries and other staff costs	薪金及其他員工成本	2,689	2,276
Total staff costs	員工成本總額	2,980	2,468
Premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出		
– Rental of premises	– 物業租金	378	288
– Maintenance, repairs and others	– 保養、維修及其他	445	343
Total premises and equipment expenses excluding depreciation	不包括折舊的物業及設備支出總額	823	631
Depreciation on fixed assets (Note 30)	固定資產折舊(附註30)	437	326
Amortisation of intangible assets (Note 29(b))	無形資產攤銷(附註29(b))	3	2
Other operating expenses	其他經營支出		
– Stamp duty, overseas and PRC** business taxes, and value added taxes	– 印花稅、海外及中華人民共和國營業稅，及增值稅	373	217
– Advertising expenses	– 廣告費用	287	270
– Communications, stationery and printing	– 通訊、文具及印刷	274	233
– Legal and professional fees	– 法律及專業服務費用	193	165
– Business promotions and business travel	– 業務推廣及商務旅遊	97	82
– Card related expenses	– 有關信用卡支出	72	60
– Insurance expenses	– 保險費	43	33
– Donations	– 捐款	9	8
– Audit fee	– 核數師酬金	8	7
– Administration expenses of corporate services	– 企業服務的行政費	7	21
– Membership fees	– 會員費用	7	6
– Bank charges	– 銀行收費	7	5
– Bank licence	– 銀行牌照費	4	5
– Others	– 其他	155	152
Total other operating expenses	其他經營支出總額	1,536	1,264
Total operating expenses***	經營支出總額***	5,779	4,691

* Forfeited contributions totalling HK\$10 million (2007: HK\$7 million) were utilised to reduce the Group's contribution during the year. There were no forfeited contributions available for reducing future contributions at the year end (2007: Nil).

** PRC denotes the People's Republic of China.

*** Included in operating expenses are direct operating expenses of HK\$19 million (2007: HK\$21 million) in respect of investment properties which generated rental income during the year.

* 年內沒收之供款共港幣10,000,000元(2007年：港幣7,000,000元)已被用作減少本集團的供款。於年結時並無任何被沒收而可用作減低將來之供款(2007年：無)。

*** 年度內經營支出包括有租金收益的投資物業直接引起的經營支出，金額為港幣19,000,000元(2007年：港幣21,000,000元)。

Notes on the Accounts (continued)
賬項附註(續)

10. IMPAIRMENT LOSSES ON LOANS AND ADVANCES 貸款減值損失

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Net charge for impairment losses on loans and advances	貸款減值損失支銷淨額		
Individual impairment loss	個別減值損失		
– new provisions (Note 24(b))	– 新撥備(附註24(b))	596	346
– releases (Note 24(b))	– 回撥(附註24(b))	(81)	(88)
– recoveries (Note 24(b))	– 收回(附註24(b))	(140)	(107)
		375	151
Collective impairment loss	整體減值損失		
– new provisions (Note 24(b))	– 新撥備(附註24(b))	183	68
– releases (Note 24(b))	– 回撥(附註24(b))	–	(3)
Net charge to profit and loss account	於損益賬支銷淨額	558	216

**11. NET PROFIT ON SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS
出售可供出售金融資產之淨溢利**

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Net revaluation gain/(loss) transferred from reserves (Note 37(h))	由儲備轉撥的重估盈利/(虧損)淨額(附註37(h))	115	(27)
Profit arising in current year	年度內產生的溢利	82	694
		197	667

Notes on the Accounts (continued)
賬項附註(續)

12. INCOME TAX 所得稅

(a) Taxation in the consolidated profit and loss account represents:

(a) 綜合損益賬內稅項指：

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Current tax – provision for Hong Kong Profits Tax	本期稅項－香港利得稅準備		
Tax for the year (Note 32(a))	本年度稅項(附註32(a))	64	265
Write back of over-provision in respect of prior years	往年度撥備過剩的回撥	–	(7)
		64	258
Current tax – overseas	本期稅項－海外		
Tax for the year	本年度稅項	601	347
Write back of over-provision in respect of prior years	往年度撥備過剩的回撥	(35)	(16)
		566	331
Deferred tax (Note 32(b))	遞延稅項(附註32(b))		
Origination and reversal of temporary differences	暫時性差異的產生及轉回	(712)	318
Movements in the value of investment properties	投資物業價值的變動	(14)	57
		(726)	375
		(96)	964

In February 2008, the Government of the Hong Kong Special Administrative Region announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31st December, 2008. This decrease is taken into account in the preparation of the Group's and the Bank's 2008 accounts. Accordingly, the provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year and the opening balance of deferred tax has been re-estimated accordingly.

Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

於2008年2月，香港特別行政區政府頒佈由截至2008年12月31日止年度起適用於本集團在香港的利得稅稅率由17.5%下調至16.5%。在編製本集團及本行2008年度的賬項時已計入該稅率之下調。因此，2008年度香港利得稅稅款是以年度預計應課稅溢利按稅率16.5%(2007年：17.5%)計算，而遞延稅項的承前結餘亦已作重新估計。

海外分行及附屬公司的稅款亦按其經營所在國家現行稅率計算。

Notes on the Accounts (continued)
賬項附註(續)

12. INCOME TAX (continued) 所得稅(續)

(b) Reconciliation between tax (credit)/expense and accounting profit at applicable tax rates: (b) 稅項(抵免)/支出與會計溢利按適用稅率計算稅項的對賬

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Profit before tax	除稅前溢利	8	5,185
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	根據相關國家適用之利得稅稅率按除稅前溢利計算的名義稅款	149	1,032
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	389	228
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	(607)	(240)
Tax effect of tax losses not recognised	未確認的稅損的稅項影響	32	12
Recognition of deferred tax assets on prior year tax losses	往年稅損確認為遞延稅項資產	(14)	(8)
Effect on opening deferred tax balances resulting from a decrease in tax rate during the year	因本年度調低稅率對遞延稅項承前結餘的影響	(22)	—
Write back of over-provision in respect of prior years	往年度撥備過剩的回撥	(35)	(23)
Tax benefits derived from leasing partnerships	源自合夥租賃的稅項利益	(6)	(27)
Others	其他	18	(10)
Actual tax (credit)/expense	實際稅項(抵免)/支出	(96)	964

13. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP
可歸屬於本集團股東(虧損)/溢利

The consolidated (loss)/profit attributable to equity holders of the Group includes a (loss)/profit of (HK\$882) million (2007: HK\$3,004 million) which has been dealt with in the accounts of the Bank.

可歸屬於本集團股東綜合(虧損)/溢利包括已計入本行賬項內的(虧損)/溢利(港幣 882,000,000 元)(2007 年: 港幣 3,004,000,000 元)。

Reconciliation of the above amount to the Bank's (loss)/profit for the year

本行年度內(虧損)/溢利與上述金額之對賬

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Amount of consolidated (loss)/profit attributable to equity holders dealt with in the Bank's financial statements	已計入本行財務報表之可歸屬於本集團股東綜合(虧損)/溢利	(924)	2,876
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year, approved and paid during the year	來自往年度附屬公司及聯營公司溢利之末期股息，並在年度內核准及派發	42	128
Bank's (loss)/profit for the year	本行年度內(虧損)/溢利	(882)	3,004

Notes on the Accounts (continued)
賬項附註(續)

14.DIVIDENDS 股息

(a) Dividends attributable to the year

(a) 應屬本年度股息

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Interim dividend declared and paid of HK\$0.23 per share on 1,670,869,419 shares (2007: HK\$0.48 per share on 1,568,758,481 shares) (Note 37(i))	已宣派及支付1,670,869,419股每股港幣0.23元的中期股息(2007年: 1,568,758,481股每股港幣0.48元)(附註37(i))	384	753
Final dividend paid in respect of the previous financial year on shares issued under the share option schemes subsequent to the balance sheet date and before the close of the Register of Members of the Bank, of HK\$1.18 (2007: HK\$1.03)	支付在結算日後及本行股東登記截止日前根據認股計劃發行股份的上年度每股港幣1.18元的末期股息(2007年: 每股港幣1.03元)	98	3
Final dividend proposed after the balance sheet date of HK\$0.02 per share on 1,673,417,496 shares (2007: HK\$1.18 per share on 1,574,367,205 shares)	在結算日後擬派的末期股息1,673,417,496股每股港幣0.02元(2007年: 1,574,367,205股每股港幣1.18元)	33	1,858
		515	2,614

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

在結算日後的擬派末期股息並未於結算日確認為負債。

(b) Dividends attributable to the previous financial year, approved and paid during the year

(b) 於年度核准及支付屬上年度股息

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1.18 per share on 1,574,367,205 shares (2007: HK\$1.03 per share on 1,550,142,050 shares)	於年度核准及支付1,574,367,205股每股港幣1.18元的上年度末期股息(2007年: 1,550,142,050股每股港幣1.03元)	1,858	1,596

Notes on the Accounts (continued)
賬項附註(續)

15. EARNINGS PER SHARE 每股盈利

(a) Basic earnings per share

The calculation of basic earnings per share is based on earnings of HK\$39 million (2007: HK\$4,144 million) and on the weighted average of 1,666,446,266 (2007: 1,565,141,199) ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares

(a) 每股基本盈利

每股基本盈利乃按照溢利港幣39,000,000元(2007年:港幣4,144,000,000元)及已發行普通股份的加權平均數1,666,446,266股(2007年:1,565,141,199股)計算。

普通股份的加權平均數

		2008 Number of Shares 股份數目	2007 Number of Shares 股份數目
Issued ordinary shares at 1st January	於1月1日的已發行普通股	1,574,367,205	1,550,142,050
Effect of share options exercised and shares issued in lieu of dividends	已行使認股權及以股代息發行新股的影響	92,079,061	14,999,149
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	1,666,446,266	1,565,141,199

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on earnings of HK\$39 million (2007: HK\$4,144 million) and on 1,669,663,642 (2007: 1,574,625,151) ordinary shares, being the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

Weighted average number of ordinary shares (diluted)

(b) 每股攤薄盈利

每股攤薄盈利乃按照溢利港幣39,000,000元(2007年:港幣4,144,000,000元)及就所有具備潛在攤薄影響的普通股作出調整得出的普通股份的加權平均數1,669,663,642股(2007年:1,574,625,151股)計算。

普通股份的加權平均數(攤薄)

		2008 Number of Shares 股份數目	2007 Number of Shares 股份數目
Weighted average number of ordinary shares at 31st December	於12月31日普通股份的加權平均數	1,666,446,266	1,565,141,199
Effect of deemed issue of ordinary shares under the Bank's share option scheme for nil consideration	假設按認股權計劃發行但不計價款的普通股份之影響	3,217,376	9,483,952
Weighted average number of ordinary shares (diluted) at 31st December	於12月31日普通股份的加權平均數(攤薄)	1,669,663,642	1,574,625,151

Notes on the Accounts (continued)
賬項附註(續)

16.DIRECTORS' REMUNERATION 董事酬金

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

根據香港《公司條例》第161條規定公佈董事酬金如下：

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share options	Retirement scheme contributions	2008 Total
		袍金	薪金、津貼及實物收益	酌情花紅	認股權	退休計劃供款	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Chairman and Chief Executive	主席兼行政總裁						
Dr. The Hon. Sir David Li Kwok-po	李國寶爵士	0.3	8.3	–	24.1	0.8	33.5
Executive Directors	執行董事						
Mr. Joseph PANG Yuk-wing	彭玉榮先生	0.2	3.6	–	12.0	0.3	16.1
Non-executive Directors	非執行董事						
Dr. Li Fook-wo	李福和博士	–	–	–	–	–	–
Mr. Aubrey Li Kwok-sing	李國星先生	0.3	–	–	–	–	0.3
Dr. William MONG Man-wai	蒙民偉博士	0.2	–	–	–	–	0.2
Tan Sri Dr. KHOO Kay-peng	丹斯里邱繼炳博士	0.2	–	–	–	–	0.2
Mr. Richard Li Tzar-kai	李澤楷先生	0.2	–	–	–	–	0.2
Mr. Eric Li Fook-chuen	李福全先生	0.3	–	–	–	–	0.3
Mr. Stephen Charles Li Kwok-sze	李國仕先生	0.2	–	–	–	–	0.2
Prof. Arthur Li Kwok-cheung	李國章先生	0.2	–	–	–	–	0.2
Mr. William Doo Wai-hoi	杜惠愷先生	0.3	–	–	–	–	0.3
Mr. Kuok Khoon-ean	郭孔演先生	0.3	–	–	–	–	0.3
Independent Non-executive Directors	獨立非執行董事						
Mr. WONG Chung-hin	黃頌顯先生	0.3	–	–	–	–	0.3
Dr. LEE Shau-kee	李兆基博士	0.2	–	–	–	–	0.2
Dr. Allan WONG Chi-yun	黃子欣博士	0.3	–	–	–	–	0.3
Mr. Winston LO Yau-lai	羅友禮先生	0.3	–	–	–	–	0.3
Mr. Thomas KWOK Ping-kwong	郭炳江先生	0.3	–	–	–	–	0.3
Mr. TAN Man-kou	陳文裘先生	0.2	–	–	–	–	0.2
Mr. Kenneth LO Chin-ming	駱錦明先生	0.3	–	–	–	–	0.3
Mr. Valiant CHEUNG Kin-piu	張建標先生	–	–	–	–	–	–
		4.6	11.9	–	36.1	1.1	53.7

Notes on the Accounts (continued)
賬項附註(續)

16.DIRECTORS' REMUNERATION (continued) 董事酬金 (續)

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share options	Retirement scheme contributions	2007 Total
		袍金	薪金、津貼及實物收益	酌情花紅	認股權	退休計劃供款	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Chairman and Chief Executive	主席兼行政總裁						
Dr. The Hon. Sir David LI Kwok-po	李國寶爵士	0.3	7.9	15.4	9.6	0.7	33.9
Executive Directors	執行董事						
Mr. Joseph PANG Yuk-wing	彭玉榮先生	0.2	3.4	3.9	4.8	0.3	12.6
Mr. CHAN Kay-cheung	陳棋昌先生	0.1	1.2	1.3	1.0	0.1	3.7
Non-executive Directors	非執行董事						
Dr. LI Fook-wo	李福和博士	0.2	—	—	—	—	0.2
Mr. Aubrey LI Kwok-sing	李國星先生	0.2	—	—	—	—	0.2
Dr. William MONG Man-wai	蒙民偉博士	0.2	—	—	—	—	0.2
Tan Sri Dr. KHOO Kay-peng	丹斯里邱繼炳博士	0.2	—	—	—	—	0.2
Mr. Richard LI Tzar-kai	李澤楷先生	0.2	—	—	—	—	0.2
Mr. Eric LI Fook-chuen	李福全先生	0.3	—	—	—	—	0.3
Mr. Stephen Charles LI Kwok-sze	李國仕先生	0.2	—	—	—	—	0.2
Independent Non-executive Directors	獨立非執行董事						
Mr. WONG Chung-hin	黃頌顯先生	0.3	—	—	—	—	0.3
Dr. LEE Shau-kee	李兆基博士	0.2	—	—	—	—	0.2
Dr. Allan WONG Chi-yun	黃子欣博士	0.3	—	—	—	—	0.3
Mr. Winston LO Yau-lai	羅友禮先生	0.3	—	—	—	—	0.3
Mr. Thomas KWOK Ping-kwong	郭炳江先生	0.3	—	—	—	—	0.3
Mr. TAN Man-kou	陳文裘先生	0.3	—	—	—	—	0.3
Mr. Kenneth LO Chin-ming	駱錦明先生	0.3	—	—	—	—	0.3
		4.1	12.5	20.6	15.4	1.1	53.7

Included in the above remuneration were share options granted to Executive Directors under the Bank's Staff Share Option Schemes. The details of these benefits in kind are disclosed under the paragraph "Information on Share Options" in the Report of the Directors and Note 35.

上述酬金包括執行董事根據本行的僱員認股計劃獲授予認股權。有關此等實物收益的詳情載於董事會報告書的「認股權資料」及賬項附註35內。

Notes on the Accounts (continued)
賬項附註(續)

17.FIVE TOP-PAID EMPLOYEES 5名薪酬最高的僱員

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Salaries and other emoluments	薪金及其他酬金	21	19
Performance-related bonuses	表現獎勵花紅	3	25
Share options	認股權	52	21
Pension contributions	退休金供款	2	2
		78	67

The remuneration of the five top-paid employees is within the following bands:

5名薪酬最高的僱員的金額範圍如下：

	2008	2007
	Number of Employees 僱員人數	Number of Employees 僱員人數
HK\$ 港幣		
6,000,001 – 6,500,000	–	1
7,000,001 – 7,500,000	–	2
8,500,001 – 9,000,000	2	–
10,500,001 – 11,000,000	1	–
12,500,001 – 13,000,000	–	1
16,000,001 – 16,500,000	1	–
33,500,001 – 34,000,000	1	1

Included in the emoluments of the five top-paid employees were the emoluments of 2 (2007: 2) Directors. Their respective directors' emoluments have been included in Note 16 above.

5名薪酬最高的僱員中包括2位(2007年：2位)董事。他們的薪酬已包括於上述附註16。

18. SEGMENT REPORTING 分部報告

Segment information is presented in respect of the Group's business or geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Personal financial services include branch operations, personal Internet banking, consumer finance, property loans, credit card business and private banking to personal customers.

Corporate banking business includes corporate lending and loan syndication, asset based lending, commercial lending, enterprise lending, securities lending, trust services, mandatory provident fund business and corporate Internet banking.

Investment banking business includes treasury operations, securities broking and dealing, and provision of internet security trading services.

Corporate services include company secretarial services, share registration and business services, and offshore corporate and trust services.

Other businesses include bancassurance, insurance business and property-related business.

Unallocated items mainly comprise the central management unit, bank premises, and any items which cannot be reasonably allocated to specific business segments.

本集團就其業務或地區的分部編製分部資料。由於業務分部較切合本集團內部財務資料的匯報形式，故此採用此業務分部資料為基本報告形式。

(a) 業務分部

本集團經營以下主要業務分部：

個人金融服務包括分行營運、個人電子網絡銀行、消費性貸款、按揭貸款、信用卡業務及提供予個人客戶的私人銀行服務。

企業銀行業務包括企業借貸及銀團貸款、資產融資、商業貸款、企業貸款、證券業務貸款、信託服務、強制性公積金業務及企業電子網絡銀行。

投資銀行業務包括財資運作、證券經紀及買賣、及提供網上證券買賣服務。

企業服務包括公司秘書服務、股票登記及商業服務，及離岸企業及信託服務。

其他業務包括銀行保險、保險業務及與地產有關的業務。

未分類的業務項目主要包括中央管理層、行址，以及其他未能合理分配予特定業務分部的業務。

Notes on the Accounts (continued)
賬項附註(續)

		2008							
		Personal Financial Services 個人 金融服務 HK\$ Mn 港幣百萬元	Corporate Banking 企業銀行 HK\$ Mn 港幣百萬元	Investment Banking 投資銀行 HK\$ Mn 港幣百萬元	Corporate Services 企業服務 HK\$ Mn 港幣百萬元	Others 其他 HK\$ Mn 港幣百萬元	Unallocated 未分類 HK\$ Mn 港幣百萬元	Inter-segment elimination 分部間之 交易抵銷 HK\$ Mn 港幣百萬元	Consolidated 綜合總額 HK\$ Mn 港幣百萬元
The Group	集團								
Net interest income/(expense)	淨利息收入/(支出)	1,686	5,046	(122)	2	181	-	-	6,793
Other operating income/(expense) from external customers	源自外界客戶的其他經營收入/(支出)	808	(156)	(2,009)	815	146	60	-	(336)
Inter-segment income	分部間之交易收入	-	-	-	-	-	213	(213)	-
Operating income	經營收入	2,494	4,890	(2,131)	817	327	273	(213)	6,457
Operating expenses	經營支出	(2,238)	(2,136)	(431)	(502)	(276)	(196)	-	(5,779)
Inter-segment expenses	分部間之交易支出	(165)	(24)	(12)	-	(2)	(10)	213	-
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利/(虧損)	91	2,730	(2,574)	315	49	67	-	678
(Charge for)/Write back of impairment losses on loans and advances	貸款減值損失(支銷)/回撥	(128)	(422)	-	(10)	2	-	-	(558)
Write back of impairment losses on bank premises	行址減值損失回撥	-	-	-	-	-	6	-	6
Impairment losses on available-for-sale financial assets, held-to-maturity investments and associates	可供出售金融資產、持至到期投資及聯營公司之減值損失	-	-	(263)	-	(133)	-	-	(396)
Operating (loss)/profit after impairment losses	已扣除減值損失後之經營(虧損)/溢利	(37)	2,308	(2,837)	305	(82)	73	-	(270)
Profit/(Loss) on sale of fixed assets, available-for-sale financial assets, held-to-maturity investments and subsidiaries/associates	出售固定資產、可供出售金融資產、持至到期投資及附屬公司/聯營公司之溢利/(虧損)	1	(8)	230	-	(9)	179	-	393
Valuation losses on investment properties	重估投資物業虧損	-	-	-	-	(168)	-	-	(168)
Share of profits less losses of associates	應佔聯營公司溢利減虧損	(5)	167	17	-	(127)	1	-	53
(Loss)/Profit before taxation	除稅前(虧損)/溢利	(41)	2,467	(2,590)	305	(386)	253	-	8
Depreciation for the year	年度內折舊	(169)	(116)	(37)	(17)	(10)	(88)	-	(437)
Segment assets	分部資產	54,254	178,015	155,371	3,400	5,506	-	-	396,546
Investments in associates	聯營公司投資	42	2,126	113	-	204	1	-	2,486
Unallocated assets	未分類資產	-	-	-	-	-	16,222	-	16,222
Total assets	資產總額	54,296	180,141	155,484	3,400	5,710	16,223	-	415,254
Segment liabilities	分部負債	173,515	153,810	36,146	119	3,254	-	-	366,844
Unallocated liabilities	未分類負債	-	-	-	-	-	4,889	-	4,889
Loan capital	借貸資本	-	-	-	-	-	11,036	-	11,036
Total liabilities	負債總額	173,515	153,810	36,146	119	3,254	15,925	-	382,769
Capital expenditure incurred during the year	年度內資本開支	105	366	397	72	8	1,667	-	2,615

Notes on the Accounts (continued)
賬項附註(續)

18.SEGMENT REPORTING (continued) 分部報告(續)

(a) Business segments (continued)

(a) 業務分部(續)

		2007							
		Personal Financial Services 個人 金融服務 HK\$ Mn 港幣百萬元	Corporate Banking 企業銀行 HK\$ Mn 港幣百萬元	Investment Banking 投資銀行 HK\$ Mn 港幣百萬元	Corporate Services 企業服務 HK\$ Mn 港幣百萬元	Others 其他 HK\$ Mn 港幣百萬元	Unallocated 未分類 HK\$ Mn 港幣百萬元	Inter-segment elimination 分部間之 交易抵銷 HK\$ Mn 港幣百萬元	Consolidated 綜合總額 HK\$ Mn 港幣百萬元
The Group	集團								
Net interest income/(expense)	淨利息收入／(支出)	1,996	2,970	980	1	31	(1)	–	5,977
Other operating income from external customers	源自外界客戶的其他經營收入	1,056	446	308	759	239	29	–	2,837
Inter-segment income	分部間之交易收入	–	–	–	–	–	158	(158)	–
Operating income	經營收入	3,052	3,416	1,288	760	270	186	(158)	8,814
Operating expenses	經營支出	(1,898)	(1,327)	(570)	(441)	(222)	(233)	–	(4,691)
Inter-segment expenses	分部間之交易支出	(126)	(17)	(7)	–	(2)	(6)	158	–
Operating profit/(loss) before impairment losses	未扣除減值損失之經營溢利／(虧損)	1,028	2,072	711	319	46	(53)	–	4,123
(Charge for)/Write back of impairment losses on loans and advances	貸款減值損失(支銷)／回撥	(43)	(172)	–	(5)	4	–	–	(216)
Write back of impairment losses on bank premises	行址減值損失回撥	–	–	–	–	–	132	–	132
Impairment losses on available-for-sale financial assets, held-to-maturity investments and associates	可供出售金融資產，持至到期投資及聯營公司減值損失	–	–	(311)	–	–	–	–	(311)
Operating profit after impairment losses	已扣除減值損失後之經營溢利	985	1,900	400	314	50	79	–	3,728
Profit/(loss) on sale of fixed assets, available-for-sale financial assets, held-to-maturity investments and subsidiaries/associates	出售固定資產、可供出售金融資產、持至到期投資及附屬公司／聯營公司之溢利／(虧損)	–	–	1,073	–	–	(1)	–	1,072
Valuation gains on investment properties	重估投資物業盈利	–	–	–	–	293	–	–	293
Share of profits less losses of associates	應佔聯營公司溢利減虧損	3	34	52	–	3	–	–	92
Profit before taxation	除稅前溢利	988	1,934	1,525	314	346	78	–	5,185
Depreciation for the year	年度內折舊	(128)	(74)	(26)	(14)	(8)	(76)	–	(326)
Segment assets	分部資產	56,901	159,796	151,171	1,106	8,218	1,014	–	378,206
Investments in associates	聯營公司投資	55	2,261	133	–	343	1	–	2,793
Unallocated assets	未分類資產	–	–	–	–	–	12,980	–	12,980
Total assets	資產總額	56,956	162,057	151,304	1,106	8,561	13,995	–	393,979
Segment liabilities	分部負債	171,181	114,690	55,647	126	2,677	–	–	344,321
Unallocated liabilities	未分類負債	–	–	–	–	–	5,560	–	5,560
Loan capital	借貸資本	–	–	–	–	–	13,652	–	13,652
Total liabilities	負債總額	171,181	114,690	55,647	126	2,677	19,212	–	363,533
Capital expenditure incurred during the year	年度內資本開支	48	400	226	56	17	445	–	1,192

Notes on the Accounts (continued)

賬項附註(續)

(b) Geographical Segments

The information concerning geographical analysis has been classified by the location of the principal operations of the subsidiaries, or in the case of the Bank itself, by the location of the branches of the Bank responsible for reporting the results or booking the assets.

(b) 地區分部

按地區分部之資料是根據附屬公司的主要業務所在地點，或就本行而言，則按負責報告業績或將資產入賬之分行地點予以劃分。

		2008					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
The Group	集團						
Operating income	經營收入	2,962	3,447	525	492	(969)	6,457
Profit(loss) before taxation	除稅前溢利／(虧損)	(1,876)	1,484	381	19	—	8
Total assets	資產總額	284,089	141,012	18,735	28,946	(57,528)	415,254
Total liabilities	負債總額	255,882	129,123	15,778	24,372	(42,386)	382,769
Contingent liabilities and commitments	或然負債及承擔	53,162	15,944	3,818	3,244	—	76,168
Capital expenditure during the year	年度內資本開支	477	2,028	70	40	—	2,615

		2007					
		Hong Kong	People's Republic of China	Other Asian Countries	Others	Inter-segment elimination	Consolidated
		香港	中華人民共和國	亞洲國家	其他	分部間之交易抵銷	綜合總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
The Group	集團						
Operating income	經營收入	5,938	2,391	446	578	(539)	8,814
Profit before taxation	除稅前溢利	3,568	1,227	229	161	—	5,185
Total assets	資產總額	288,115	111,711	19,472	29,968	(55,287)	393,979
Total liabilities	負債總額	261,012	101,516	16,609	26,037	(41,641)	363,533
Contingent liabilities and commitments	或然負債及承擔	52,063	14,431	7,045	5,197	—	78,736
Capital expenditure during the year	年度內資本開支	250	617	238	87	—	1,192

Notes on the Accounts (continued)
賬項附註(續)

19. CASH AND BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (NOTE 42(c))

現金及在銀行和其他金融機構的結存(附註42(c))

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash in hand	現金	1,083	824	698	632
Balances with central banks	在中央銀行的結存	17,911	10,605	167	129
Balances with banks and other financial institutions	在銀行和其他金融機構的結存	9,111	6,424	3,987	2,372
		28,105	17,853	4,852	3,133

20. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

在銀行及其他金融機構的存款

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Placements with banks and authorised institutions	在銀行及認可金融機構的存款	96,458	92,930	92,735	82,967
Placements with other financial institutions	在其他金融機構的存款	116	1,774	-	156
		96,574	94,704	92,735	83,123
Maturing	到期期限				
- within one month	- 1個月內	46,714	65,361	43,009	56,569
- between one month and one year	- 1個月至1年內	49,860	29,343	49,726	26,554
		96,574	94,704	92,735	83,123

21. TRADE BILLS 貿易票據

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross trade bills	貿易票據總額	1,164	812	521	470

Notes on the Accounts (continued)
賬項附註(續)

22. TRADING ASSETS 交易用途資產

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Treasury bills (including Exchange Fund Bills)	國庫債券 (包括外匯基金票據)	400	1,195	400	1,195
Debt securities	債務證券	126	18	126	18
Equity securities	股份證券	989	1,808	949	1,744
Investment funds	投資基金	188	274	188	274
Trading securities	交易用途證券	1,703	3,295	1,663	3,231
Positive fair values of derivatives (Note 41(b))	衍生工具的正公平值 (附註 41(b))	1,734	1,552	1,251	1,390
		3,437	4,847	2,914	4,621
Issued by:	發行機構：				
Central governments and central banks	中央政府和中央銀行	400	1,195	400	1,195
Public sector entities	公營機構	13	19	13	19
Banks and other financial institutions	銀行及其他金融機構	443	546	433	533
Corporate entities	企業實體	840	1,524	810	1,473
Other entities	其他實體	7	11	7	11
		1,703	3,295	1,663	3,231
Analysed by place of listing:	按上市地區分析：				
Listed in Hong Kong	在香港上市	825	1,627	785	1,563
Listed outside Hong Kong	在香港以外地區上市	294	211	294	211
		1,119	1,838	1,079	1,774
Unlisted	非上市	584	1,457	584	1,457
		1,703	3,295	1,663	3,231

Notes on the Accounts (continued)
賬項附註(續)

23. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS
指定為通過損益以反映公平價值的金融資產

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Certificates of deposit held	持有的存款證	–	50	–	50
Debt securities	債務證券	4,130	8,608	4,114	8,591
		4,130	8,658	4,114	8,641
Issued by:	發行機構：				
Public sector entities	公營機構	142	184	142	184
Banks and other financial institutions	銀行及其他金融機構	1,642	1,096	1,634	1,087
Corporate entities	企業實體	2,346	7,378	2,338	7,370
		4,130	8,658	4,114	8,641
Analysed by place of listing:	按上市地區分析：				
Listed in Hong Kong	在香港上市	1,325	1,755	1,325	1,755
Listed outside Hong Kong	在香港以外地區上市	1,178	796	1,161	779
		2,503	2,551	2,486	2,534
Unlisted	非上市	1,627	6,107	1,628	6,107
		4,130	8,658	4,114	8,641

Notes on the Accounts (continued)
賬項附註(續)

24. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS 客戶貸款及其他賬項

(a) Advances to customers and other accounts		(a) 客戶貸款及其他賬項			
		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(i) Advances to customers	客戶貸款	230,339	218,184	131,123	134,858
Less: Impairment allowances	減：減值準備				
– Individual	– 個別	(523)	(264)	(438)	(79)
– Collective	– 整體	(521)	(433)	(392)	(332)
		229,295	217,487	130,293	134,447
(ii) Other accounts	其他賬項				
Advances to banks and other financial institutions*	銀行及其他金融機構貸款*	850	2,008	205	209
Notes and bonds	債券	129	262	125	258
Certificates of deposit held	持有的存款證	39	39	39	39
Accrued interest	應計利息	1,863	1,912	1,119	1,414
Bankers acceptances	銀行承兌匯票	2,989	1,426	272	309
Other accounts	其他賬項	8,592	8,637	6,587	5,016
		14,462	14,284	8,347	7,245
Less: Impairment allowances	減：減值準備				
– Individual	– 個別	(23)	(25)	–	–
– Collective	– 整體	(9)	(6)	–	–
		14,430	14,253	8,347	7,245
		243,725	231,740	138,640	141,692

* The above advances to banks and other financial institutions include:–

Receivables from reverse repurchase agreements under which the Group obtains securities on terms which permit it to re-pledge or resell securities to others in the absence of default. At 31st December, 2008, the fair value of financial assets accepted as collateral that the Group is permitted to sell or re-pledge under such terms is HK\$155 million (2007: HK\$1,275 million).

* 以上銀行及其他金融機構貸款包括：

返售回購協議之應收賬款，根據該協議本集團可獲得證券及依條款在沒有違約之情況下可再抵押或重售證券予其他人士。於2008年12月31日，根據該條款本集團可出售或再抵押的金融資產之公平價值為港幣155,000,000元(2007年：港幣1,275,000,000元)。

Notes on the Accounts (continued)
賬項附註(續)

24.ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (continued) 客戶貸款及其他賬項(續)

(b) Impairment allowances against advances and other accounts for 2008

(b) 2008年貸款及其他賬項之減值準備

		Advances to customers 客戶貸款		Other Accounts 其他賬項		Total 總額	
		Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元	Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元	Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元
At 1st January	於1月1日	264	433	25	6	289	439
New provisions charged to profit and loss account (Note 10)	損益賬內支銷的新準備 (附註10)	583	183	13	–	596	183
Net provisions released back to profit and loss account (Note 10)	撥回損益賬的準備淨額 (附註10)	(204)	–	(5)	–	(209)	–
Amounts written off	撇銷額	(245)	(96)	(10)	–	(255)	(96)
Recoveries (Note 10)	收回額(附註10)	140	–	–	–	140	–
Additions through acquisition of subsidiaries	購入附屬公司的增置	–	–	–	3	–	3
Effect of discounting (Note 3)	計算折扣的影響 (附註3)	(12)	–	–	–	(12)	–
Exchange adjustments	匯兌調整	(3)	1	–	–	(3)	1
At 31st December	於12月31日	523	521	23	9	546	530

		Advances to customers 客戶貸款		Other Accounts 其他賬項		Total 總額	
		Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元	Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元	Individual 個別 HK\$ Mn 港幣百萬元	Collective 整體 HK\$ Mn 港幣百萬元
At 1st January	於1月1日	79	332	–	–	79	332
New provisions charged to profit and loss account	損益賬內支銷的新準備	460	149	6	–	466	149
Net provisions released back to profit and loss account	撥回損益賬的準備淨額	(153)	–	–	–	(153)	–
Amounts written off	撇銷額	(50)	(87)	(6)	–	(56)	(87)
Recoveries	收回額	115	–	–	–	115	–
Effect of discounting	計算折扣的影響	(10)	–	–	–	(10)	–
Exchange adjustments	匯兌調整	(3)	(2)	–	–	(3)	(2)
At 31st December	於12月31日	438	392	–	–	438	392

Notes on the Accounts (continued)
賬項附註(續)

(b) Impairment allowances against advances and other accounts for 2007

		Advances to customers 客戶貸款		Other Accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	254	444	26	8	280	452
New provisions charged to profit and loss account (Note 10)	損益賬內支銷的新準備(附註10)	336	68	10	–	346	68
Net provisions released back to profit and loss account (Note 10)	撥回損益賬的準備淨額(附註10)	(183)	–	(4)	(3)	(187)	(3)
Amounts written off	撇銷額	(246)	(87)	(8)	–	(254)	(87)
Recoveries (Note 10)	收回額(附註10)	107	–	–	–	107	–
Additions through acquisition of subsidiaries	購入附屬公司的增置	–	–	–	1	–	1
Effect of discounting (Note 3)	計算折扣的影響(附註3)	(8)	–	–	–	(8)	–
Exchange adjustments	匯兌調整	4	8	1	–	5	8
At 31st December	於12月31日	264	433	25	6	289	439

(b) 2007年貸款及其他賬項之減值準備

		Advances to customers 客戶貸款		Other Accounts 其他賬項		Total 總額	
		Individual 個別	Collective 整體	Individual 個別	Collective 整體	Individual 個別	Collective 整體
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	160	432	–	–	160	432
New provisions charged to profit and loss account	損益賬內支銷的新準備	251	102	–	–	251	102
Net provisions released back to profit and loss account	撥回損益賬的準備淨額	(153)	–	–	–	(153)	–
Amounts written off	撇銷額	(241)	(84)	–	–	(241)	(84)
Recoveries	收回額	80	–	–	–	80	–
Transfer to The Bank of East Asia (China) Limited	轉入東亞銀行(中國)有限公司	(17)	(122)	–	–	(17)	(122)
Effect of discounting	計算折扣的影響	(5)	–	–	–	(5)	–
Exchange adjustments	匯兌調整	4	4	–	–	4	4
At 31st December	於12月31日	79	332	–	–	79	332

Notes on the Accounts (continued)
賬項附註(續)

24. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (continued) 客戶貸款及其他賬項(續)

(c) Advances to customers – by industry sectors

The analysis of gross advances to customers and the percentage of secured advances by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority.

(c) 客戶貸款 – 按行業分類

按行業分類的客戶貸款總額及有抵押貸款的百分比是按照香港金融管理局所採用的類別和定義。

		2008		2007	
		Gross Advances	% of secured advances	Gross Advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$ Mn 港幣百萬元	% 百分率	HK\$ Mn 港幣百萬元	% 百分率
The Group	集團				
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	8,855	61.25	9,080	66.41
– Property investment	– 物業投資	27,431	86.88	26,023	87.04
– Financial concerns	– 金融企業	2,542	69.94	1,932	76.71
– Stockbrokers	– 股票經紀	550	99.75	659	99.60
– Wholesale and retail trade	– 批發與零售業	2,405	64.60	1,469	50.12
– Manufacturing	– 製造業	2,055	52.54	1,934	48.35
– Transport and transport equipment	– 運輸與運輸設備	3,642	74.80	4,345	70.36
– Recreational activities	– 娛樂活動	285	91.11	285	90.81
– Information technology	– 資訊科技	4	49.13	5	38.89
– Others	– 其他	9,954	71.52	9,673	72.40
– Sub-total	– 小計	57,723	76.78	55,405	77.27
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款	1,318	100.00	1,041	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	24,297	99.74	36,245	99.68
– Credit card advances	– 信用卡貸款	2,997	0.00	2,619	0.00
– Others	– 其他	6,553	74.35	5,450	70.57
– Sub-total	– 小計	35,165	86.52	45,355	90.43
Total loans for use in Hong Kong	在香港使用的貸款總額	92,888	80.47	100,760	83.20
Trade finance	貿易融資	2,905	59.03	3,714	57.09
Loans for use outside Hong Kong*	在香港以外使用的貸款*	134,546	76.56	113,710	72.67
Total advances to customers	客戶貸款總額	230,339	77.91	218,184	77.27

* Loans for use outside Hong Kong includes the following loans for use in the PRC.

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

		2008		2007	
		Gross Advances	% of secured advances	Gross Advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$Mn 港幣百萬元	% 百分率	HK\$Mn 港幣百萬元	% 百分率
Property development	物業發展	14,351	78.64	11,399	72.07
Property investment	物業投資	24,215	87.95	22,049	92.58
Wholesale and retail trade	批發與零售業	19,021	88.93	11,276	84.46
Manufacturing	製造業	9,547	63.58	7,418	47.35
Others	其他	31,906	69.99	27,173	59.45
		99,040	78.66	79,315	72.90

Notes on the Accounts (continued)

賬項附註(續)

		2008		2007	
		Gross Advances	% of secured advances	Gross Advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$ Mn 港幣百萬元	% 百分率	HK\$ Mn 港幣百萬元	% 百分率
The Bank	銀行				
Loans for use in Hong Kong	在香港使用的貸款				
Industrial, commercial and financial	工商金融				
– Property development	– 物業發展	8,844	61.32	8,967	67.25
– Property investment	– 物業投資	27,345	86.84	25,939	87.00
– Financial concerns	– 金融企業	2,542	69.95	1,931	76.73
– Stockbrokers	– 股票經紀	550	99.75	659	99.60
– Wholesale and retail trade	– 批發與零售業	2,353	63.82	1,457	49.72
– Manufacturing	– 製造業	2,055	52.54	1,935	48.35
– Transport and transport equipment	– 運輸與運輸設備	3,642	74.80	4,345	70.36
– Recreational activities	– 娛樂活動	285	91.11	285	90.81
– Information technology	– 資訊科技	4	49.13	5	38.89
– Others	– 其他	9,830	71.16	9,454	71.76
– Sub-total	– 小計	57,450	76.69	54,977	77.30
Individuals	個人				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	– 購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇的貸款	1,318	100.00	1,041	100.00
– Loans for the purchase of other residential properties	– 購買其他住宅物業的貸款	24,273	99.75	36,220	99.68
– Credit card advances	– 信用卡貸款	2,997	0.00	2,619	0.00
– Others	– 其他	6,147	74.92	5,318	71.35
– Sub-total	– 小計	34,735	86.76	45,198	90.58
Total loans for use in Hong Kong	在香港使用的貸款總額	92,185	80.49	100,175	83.29
Trade finance	貿易融資	2,684	58.87	3,353	54.92
Loans for use outside Hong Kong*	在香港以外使用的貸款*	36,254	57.35	31,330	58.35
Total advances to customers	客戶貸款總額	131,123	73.65	134,858	76.79

* Loans for use outside Hong Kong includes the following loans for use in the PRC.

* 在香港以外使用的貸款包括以下在中華人民共和國使用的貸款。

		2008		2007	
		Gross Advances	% of secured advances	Gross Advances	% of secured advances
		貸款總額	有抵押貸款的百分比	貸款總額	有抵押貸款的百分比
		HK\$ Mn 港幣百萬元	% 百分率	HK\$ Mn 港幣百萬元	% 百分率
Property development	物業發展	2,310	0.00	1,381	9.95
Property investment	物業投資	951	98.95	824	96.36
Wholesale and retail trade	批發與零售業	12	99.97	–	0.00
Manufacturing	製造業	1,878	74.86	672	13.92
Others	其他	2,733	8.17	1,870	0.00
		7,884	32.75	4,747	21.59

Notes on the Accounts (continued)

賬項附註(續)

24. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (continued) 客戶貸款及其他賬項(續)

(c) Advances to customers – by industry sectors (continued)

Individually impaired loans, as well as relevant information, in respect of industry sectors which constitute 10% or more of total advances to customers are as follows:

(c) 客戶貸款—按行業分類(續)

以下按行業分類並佔客戶貸款總額百分之十或以上的貸款中，已個別減值的貸款、個別及整體減值準備如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
(i) Property development	(i) 物業發展				
a. Individually impaired loans	a. 已個別減值的貸款	207	305	171	181
b. Individual impairment allowance	b. 個別減值準備	8	90	2	–
c. Collective impairment allowance	c. 整體減值準備	36	35	20	23
d. Provision charged to profit and loss	d. 於損益賬支銷的準備				
– individual impairment loss	– 個別減值損失	2	–	2	–
– collective impairment loss	– 整體減值損失	12	12	7	8
e. Written off	e. 撇銷	84	–	–	–
(ii) Property investment	(ii) 物業投資				
a. Individually impaired loans	a. 已個別減值的貸款	145	23	6	13
b. Individual impairment allowance	b. 個別減值準備	29	–	–	–
c. Collective impairment allowance	c. 整體減值準備	96	89	62	59
d. Provision charged to profit and loss	d. 於損益賬支銷的準備				
– individual impairment loss	– 個別減值損失	29	–	–	–
– collective impairment loss	– 整體減值損失	24	27	16	20
e. Written off	e. 撇銷	–	–	–	–
(iii) Loans for purchase of residential properties	(iii) 購買其他住宅物業的貸款				
a. Individually impaired loans	a. 已個別減值的貸款	117	189	108	166
b. Individual impairment allowance	b. 個別減值準備	2	6	2	6
c. Collective impairment allowance	c. 整體減值準備	30	25	21	18
d. Provision charged to profit and loss	d. 於損益賬支銷的準備				
– individual impairment loss	– 個別減值損失	5	7	5	7
– collective impairment loss	– 整體減值損失	6	3	3	–
e. Written off	e. 撇銷	3	6	3	6
(iv) Wholesale and retail trade	(iv) 批發與零售業				
a. Individually impaired loans	a. 已個別減值的貸款	222	112	181	96
b. Individual impairment allowance	b. 個別減值準備	129	24	120	24
c. Collective impairment allowance	c. 整體減值準備	48	27	24	14
d. Provision charged to profit and loss	d. 於損益賬支銷的準備				
– individual impairment loss	– 個別減值損失	133	39	116	37
– collective impairment loss	– 整體減值損失	21	11	12	3
e. Written off	e. 撇銷	4	8	4	6

Notes on the Accounts (continued)

賬項附註(續)

(d) Advances to customers – by geographical areas

The information concerning the breakdown of the gross amount of advances to customers by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

(d) 客戶貸款-按區域分類

客戶貸款總額按國家或區域的分類，是根據交易對手的所在地，並已顧及轉移風險因素。一般而言，有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地，風險便確認為由一個國家轉移到另一個國家。

		The Group 集團 2008				
		Total advances to customers 客戶貸款 總額 HK\$ Mn 港幣百萬元	Advances overdue for over three months 逾期3個月 以上的 客戶貸款 HK\$ Mn 港幣百萬元	Impaired advances to customers 減值客戶 貸款 HK\$ Mn 港幣百萬元	Individual impairment allowance 個別減值 準備 HK\$ Mn 港幣百萬元	Collective impairment allowance 整體減值 準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	112,038	207	642	267	278
People's Republic of China	中華人民共和國	85,741	242	454	78	115
Other Asian Countries	其他亞洲國家	10,798	159	246	168	103
Others	其他	21,762	25	244	10	25
Total	總額	230,339	633	1,586	523	521
% of total advances to customers	佔客戶貸款總額的 百分比			0.69%		
Market value of security held against impaired advances to customers	減值貸款 抵押品市值			3,769		

		The Group 集團 2007				
		Total advances to customers 客戶貸款 總額 HK\$ Mn 港幣百萬元	Advances overdue for over three months 逾期3個月 以上的 客戶貸款 HK\$ Mn 港幣百萬元	Impaired advances to customers 減值客戶 貸款 HK\$ Mn 港幣百萬元	Individual impairment allowance 個別減值 準備 HK\$ Mn 港幣百萬元	Collective impairment allowance 整體減值 準備 HK\$ Mn 港幣百萬元
Hong Kong	香港	123,539	296	622	148	265
People's Republic of China	中華人民共和國	62,518	114	334	87	84
Other Asian Countries	其他亞洲國家	10,340	57	90	28	60
Others	其他	21,787	1	196	1	24
Total	總額	218,184	468	1,242	264	433
% of total advances to customers	佔客戶貸款總額的 百分比			0.57%		
Market value of security held against impaired advances to customers	減值貸款 抵押品市值			3,647		

Notes on the Accounts (continued)
賬項附註(續)

24. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (continued) 客戶貸款及其他賬項(續)

(d) Advances to customers – by geographical areas (continued)

(d) 客戶貸款—按區域分類(續)

		The Bank 銀行 2008				
		Total advances to customers	Advances overdue for over three months 逾期3個月 以上的 客戶貸款	Impaired advances to customers 減值客戶 貸款	Individual impairment allowance 個別減值 準備	Collective impairment allowance 整體減值 準備
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Hong Kong	香港	93,211	169	556	232	248
People's Republic of China	中華人民共和國	14,271	95	280	36	26
Other Asian Countries	其他亞洲國家	9,856	159	246	168	102
Others	其他	13,785	14	192	2	16
Total	總額	131,123	437	1,274	438	392
% of total advances to customers	佔客戶貸款總額的 百分比			0.97%		
Market value of security held against impaired advances to customers	減值貸款 抵押品市值			2,168		
		The Bank 銀行 2007				
		Total advances to customers	Advances overdue for over three months 逾期3個月 以上的 客戶貸款	Impaired advances to customers 減值客戶 貸款	Individual impairment allowance 個別減值 準備	Collective impairment allowance 整體減值 準備
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Hong Kong	香港	104,082	206	442	50	237
People's Republic of China	中華人民共和國	8,521	2	189	1	23
Other Asian Countries	其他亞洲國家	9,511	56	89	28	60
Others	其他	12,744	–	177	–	12
Total	總額	134,858	264	897	79	332
% of total advances to customers	佔客戶貸款總額的 百分比			0.67%		
Market value of security held against impaired advances to customers	減值貸款 抵押品市值			2,282		

Notes on the Accounts (continued)

賬項附註(續)

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis. The above information by countries or geographical areas is derived according to the location of the counterparties after taking into account any transfer of risk.

There were no impaired advances to banks and other financial institutions as at 31st December, 2008 and 31st December, 2007, nor were there any individual impairment allowances made for them on these two dates.

減值貸款是個別出現客觀減值證據而須個別評估的貸款。以上按國家或區域分類的資料，是根據交易對手的所在地並已顧及轉移風險因素。

於2008年12月31日及2007年12月31日，銀行及其他金融機構的貸款中並無減值貸款，亦無就該等貸款提撥個別減值準備。

(e) Advances to customers – Net investment in finance leases

Advances to customers include net investment in equipment leased under finance leases. The total minimum lease payments receivable under finance leases and their present values at the year end are as follows:

(e) 客戶貸款－融資租賃的淨投資額

客戶貸款包括以融資租賃形式租出的設備。根據融資租賃應收的最低租賃付款總額，及其現值如下：

		The Group and The Bank 集團及銀行					
		2008			2007		
		Present value of the minimum lease payments 最低租賃 付款現值 HK\$ Mn 港幣百萬元	Interest income relating to future periods 相關未來 利息收入 HK\$ Mn 港幣百萬元	Total minimum lease payments 最低租賃 付款總額 HK\$ Mn 港幣百萬元	Present value of the minimum lease payments 最低租賃 付款現值 HK\$ Mn 港幣百萬元	Interest income relating to future periods 相關未來 利息收入 HK\$ Mn 港幣百萬元	Total minimum lease payments 最低租賃 付款總額 HK\$ Mn 港幣百萬元
Amounts receivable:	應收賬款：						
Within one year	1年以內	1,280	152	1,432	1,087	202	1,289
After one year but within five years	1年以後至5年內	1,512	206	1,718	1,434	401	1,835
After five years	5年以後	1,468	246	1,714	1,900	632	2,532
		4,260	604	4,864	4,421	1,235	5,656
Less: Individual impairment allowances	減：個別減值準備	(21)			(4)		
Net investment in finance leases	融資租賃的淨投資額	4,239			4,417		

The net investment in finance leases is carried on the balance sheet as a receivable. No accrual is made for the interest income relating to future periods.

融資租賃的淨投資額被視作應收賬款計入資產負債表，但並無應計未來相關的利息收入。

Notes on the Accounts (continued)
賬項附註(續)

25.AVAILABLE-FOR-SALE FINANCIAL ASSETS 可供出售金融資產

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Treasury bills (including Exchange Fund Bills)	國庫債券 (包括外匯基金票據)	10,391	2,869	4,558	2,838
Certificates of deposit held	持有的存款證	762	807	508	766
Debt securities	債務證券	6,398	6,797	5,210	5,682
Equity securities	股份證券	899	1,602	611	1,248
Investment funds	投資基金	110	142	98	74
		18,560	12,217	10,985	10,608
Issued by:	發行機構:				
Central governments and central banks	中央政府和中央銀行	10,419	2,914	4,558	2,858
Public sector entities	公營機構	231	2,337	126	2,297
Banks and other financial institutions	銀行及其他金融機構	5,773	4,076	4,759	3,616
Corporate entities	企業實體	2,027	2,586	1,444	1,601
Other entities	其他實體	110	304	98	236
		18,560	12,217	10,985	10,608
Analysed by place of listing:	按上市地區分析:				
Listed in Hong Kong	在香港上市	397	1,025	197	760
Listed outside Hong Kong	在香港以外地區上市	9,329	2,548	2,619	1,619
		9,726	3,573	2,816	2,379
Unlisted	非上市	8,834	8,644	8,169	8,229
		18,560	12,217	10,985	10,608

Notes on the Accounts (continued)
賬項附註(續)

26. HELD-TO-MATURITY INVESTMENTS 持至到期投資

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Treasury bills (including Exchange Fund Bills)	國庫債券 (包括外匯基金票據)	180	67	180	67
Certificates of deposit held	持有的存款證	1,717	1,625	1,056	702
Debt securities	債務證券	3,216	9,111	2,189	8,046
		5,113	10,803	3,425	8,815
Less: Impairment allowances	減：減值準備	(107)	(42)	(107)	(42)
		5,006	10,761	3,318	8,773
Issued by:	發行機構：				
Central governments and central banks	中央政府和中央銀行	243	5,411	239	5,407
Public sector entities	公營機構	318	664	231	544
Banks and other financial institutions	銀行及其他金融機構	3,344	3,507	2,117	2,051
Corporate entities	企業實體	1,101	1,179	731	771
		5,006	10,761	3,318	8,773
Analysed by place of listing:	按上市地區分析：				
Listed in Hong Kong	在香港上市	287	194	268	174
Listed outside Hong Kong	在香港以外地區上市	1,863	2,129	1,477	1,696
		2,150	2,323	1,745	1,870
Unlisted	非上市	2,856	8,438	1,573	6,903
		5,006	10,761	3,318	8,773
Market value:	市值：				
Listed securities	上市證券	2,028	2,330	1,640	1,882
Unlisted securities	非上市證券	2,870	8,463	1,569	6,914
		4,898	10,793	3,209	8,796

Movement of impairment allowances

減值準備的變動

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
At 1st January	於1月1日	42	—	42	—
Charge for the year	年度內支銷	44	42	44	42
Exchange and other adjustments	匯兌及其他調整	21	—	21	—
		107	42	107	42
At 31st December	於12月31日	107	42	107	42

Notes on the Accounts (continued)
賬項附註(續)

27.INVESTMENTS IN SUBSIDIARIES 附屬公司投資

		The Bank 銀行	
		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Unlisted shares, at cost	非上市股份(原值)	11,906	10,774
Less: impairment allowances	減: 減值準備	(233)	(170)
		11,673	10,604

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

以下摘要只包括對本集團的業績、資產或負債有重大影響的附屬公司。此等股份屬普通股股份。

Details of these companies are as follows:-

此等公司的詳情如下:

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
Bank of East Asia (Trustees) Limited 東亞銀行(信託)有限公司	Hong Kong 香港	HK\$港幣150,000,000元	100%		Trustee 信託服務
BEA Life Limited 東亞人壽保險有限公司	Hong Kong 香港	HK\$港幣500,000,000元	100%		Life insurance 人壽
BEA Pacific Asia Limited	Hong Kong 香港	US\$13,000,000美元		100%	Investment holding 投資控股
BEA Pacific Holding Company Limited	Bermuda 百慕達	HK\$港幣10,000元	100%		Investment holding 投資控股
Blue Cross (Asia-Pacific) Insurance Limited 藍十字(亞太)保險有限公司	Hong Kong 香港	HK\$港幣750,000,000元	100%		Insurance 保險
BEA Union Investment Management Limited 東亞聯豐投資管理有限公司	Hong Kong 香港	HK\$港幣10,000,000元	51%		Asset management 資產管理
Carribean Corporate Services Ltd.	Barbados 巴巴多斯	BDS巴巴多斯\$2,000元		60.49%	Corporate secretarial and accounting services 公司秘書及會計服務

Notes on the Accounts (continued)

賬項附註(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
Credit Gain Finance Company Limited 領達財務有限公司	Hong Kong 香港	HK\$港幣1元	100%		Money lenders 放款人
East Asia Financial Services (BVI) Ltd.	BVI 英屬處女群島	US\$24,096,000美元	100%		Investment holding 投資控股
East Asia Futures Limited 東亞期貨有限公司	Hong Kong 香港	HK\$港幣7,000,000元	100%		Futures and options trading 期貨及期權買賣
*East Asia Holding Company, Inc.	U.S.A. 美國	US\$5美元	100%		Bank holding company 銀行控股公司
East Asia Indonesian Holdings Limited	Seychelles 塞舌爾	US\$100,000美元		100%	Investment holding 投資控股
East Asia Investments Holdings (BVI) Ltd.	BVI 英屬處女群島	HK\$港幣186,038,725元	100%		Investment holding 投資控股
*East Asia Properties (US), Inc.	U.S.A. 美國	US\$5美元		100%	Property holding 物業持有
East Asia Secretaries (BVI) Limited	BVI 英屬處女群島	HK\$港幣300,000,000元		75.6%	Investment holding 投資控股
East Asia Securities Company Limited 東亞證券有限公司	Hong Kong 香港	HK\$港幣25,000,000元	100%		Securities broking 證券買賣
East Asia Strategic Holdings Limited	BVI 英屬處女群島	US\$50,000,000美元	100%		Investment holding 投資控股
Flowery World Corporation	BVI 英屬處女群島	US\$1美元		75.6%	Holding company 控股公司
PFA Malaysia Sdn. Bhd.	Malaysia 馬來西亞	RM馬幣750,000元		60.49%	Secretarial, finance & accounting services, and human resource consulting services 秘書、財務及 會計服務, 及 人事資源諮詢服務

Notes on the Accounts (continued)
 賬項附註(續)

27. INVESTMENTS IN SUBSIDIARIES (continued) 附屬公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	Issued and paid-up capital 已發行及繳足股本	% Held by		Nature of business 業務性質
			The Bank 本銀行 所佔權益	The Group 本集團 所佔權益	
The Bank of East Asia (Canada) 加拿大東亞銀行	Canada 加拿大	C\$加幣58,000,000元	100%		Banking services 銀行服務
The Bank of East Asia (China) Limited (Note 1) 東亞銀行(中國)有限公司 (附註1)	PRC 中華人民共和國	RMB¥人民幣8,000,000,000元	100%		Banking and related financial services 銀行及有關的金融服務
*The Bank of East Asia (U.S.A.) N.A. *美國東亞銀行	U.S.A. 美國	US\$4,500美元		100%	Banking 銀行
Tricor Consultancy (Beijing) Limited (Note 1) 東亞卓佳諮詢(北京) 有限公司(附註1)	PRC 中華人民共和國	US\$1,850,000美元		75.6%	Business consultancy in China 國內商業諮詢
Tricor Holdings Limited	BVI 英屬處女群島	US\$7,001美元		75.6%	Investment holding 投資控股
Tricor Investor Services Limited 卓佳證券登記有限公司	Hong Kong 香港	HK\$港幣2元		75.6%	Investor services 投資者服務
Tricor Services Limited 卓佳專業商務有限公司	Hong Kong 香港	HK\$港幣2元		75.6%	Business, corporate and investor services 商務、企業及 投資者服務
Tricor Singapore Pte. Ltd.	Singapore 新加坡	S\$新加坡幣100,000元		75.6%	Business management and consultancy services, and employment agency 商務管理及諮詢服務， 及招聘代理
Vitaway (Mauritius) Limited	Mauritius 毛里裘斯	US\$1美元		75.6%	Regional treasurer 地區司庫

Notes on the Accounts (continued)

賬項附註(續)

Notes:

- Represents a wholly foreign owned enterprise.
- BVI denotes the British Virgin Islands and PRC denotes the People's Republic of China.

* Companies not audited by KPMG. The accounts of the subsidiaries not audited by KPMG reflect total net assets and total income constituting approximately 1.6% and 522.0% respectively of the related consolidated totals.

附註：

- 指一全資擁有外資企業。

* 非由畢馬威會計師事務所稽核的公司。
非由畢馬威會計師事務所稽核的附屬公司賬項之資產總額及收入總額分別佔相關綜合總額的1.6%及522.0%。

28. INVESTMENTS IN ASSOCIATES 聯營公司投資

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Listed shares, at cost	上市股份(原值)	—	—	1,743	1,725
Unlisted shares, at cost	非上市股份(原值)	—	—	271	333
Share of net assets	應佔淨資產	2,260	2,607	—	—
Goodwill	商譽	226	227	—	—
		2,486	2,834	2,014	2,058
Less: impairment allowances	減：減值準備	—	(41)	(30)	(93)
		2,486	2,793	1,984	1,965

Loans to associates amounting to HK\$76 million (2007: HK\$102 million) are included under advances to customers.

聯營公司貸款共港幣76,000,000元(2007年：港幣102,000,000元)已包括在客戶貸款。

Share of associates' taxation for the year amounted to HK\$59 million (2007: HK\$22 million)

年度內應佔聯營公司稅項為港幣59,000,000元(2007年：港幣22,000,000元)

The following list contains only the particulars of associates which principally affected the results or assets of the Group:

以下摘要只包括對本集團的業績或資產有重大影響的聯營公司。

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares 普通股 held by		Nature of business 業務性質
		The Bank 銀行所佔權益	The Group 本集團所佔權益	
Listed 上市				
Affin Holdings Berhad	Malaysia 馬來西亞	20.507%		Investment holding 投資控股

Notes on the Accounts (continued)
賬項附註(續)

28.INVESTMENTS IN ASSOCIATES (continued) 聯營公司投資(續)

Name of company 公司名稱	Place of incorporation and operation 註冊及營業地點	% of ordinary shares 普通股 held by		Nature of business 業務性質
		The Bank 銀行所佔權益	The Group 本集團所佔權益	
Unlisted 非上市				
ICEA Finance Holdings Limited 工商東亞金融控股有限公司	BVI 英屬處女群島	25%		Investment holding 投資控股
Mercedes-Benz Financial Services Hong Kong Limited 梅賽德斯－奔馳財務服務香港有限公司	Hong Kong 香港		20%	Financing, leasing and insurance services 財務，租賃及保險服務
Mercedes-Benz Financial Services Korea Limited	Republic of Korea 韓國		20%	Financial services 金融服務
Platinum Holdings Company Limited	Cayman Islands 開曼群島	29.99%		Investment holding 投資控股
PT. Bank Resona Perdania	Indonesia 印尼		30%	Banking and related financial services 銀行及有關金融服務
Sunfire Enterprises Limited 申發企業有限公司	BVI 英屬處女群島		20%	Property development 物業發展
TCL Finance Co., Ltd. TCL集團財務有限公司	PRC 中華人民共和國	20%		Financial services and cash management 金融服務及現金管理
Trans-Ocean Insurance Company, Limited 遠洋保險有限公司	Hong Kong 香港	48.7%		Insurance 保險

Notes on the Accounts (continued)
賬項附註(續)

Summary financial information on associates

聯營公司財務資料摘要

		Assets 資產 HK\$ Mn 港幣百萬元	Liabilities 負債 HK\$ Mn 港幣百萬元	Equity 股東權益 HK\$ Mn 港幣百萬元	Revenues 收入 HK\$ Mn 港幣百萬元	Profit 溢利 HK\$ Mn 港幣百萬元
2008						
100 per cent	百分之一百	95,485	83,118	12,367	3,584	516
Group's effective interest	本集團的有效權益	19,756	17,496	2,260	767	53
2007						
100 per cent	百分之一百	105,537	92,273	13,264	1,098	354
Group's effective interest	本集團的有效權益	22,248	19,641	2,607	295	92

29. GOODWILL AND INTANGIBLE ASSETS 商譽及無形資產

Goodwill and intangible assets include goodwill arising on business combinations and acquired intangible assets. Acquired intangible assets comprise core deposits which are amortised over their estimated economic useful life of ten years.

商譽及無形資產包括因業務合併產生的商譽及購入無形資產。購入無形資產包括核心存款，並按其估計經濟使用期10年攤銷。

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Goodwill	商譽	2,705	2,656	1,460	1,460
Acquired intangible assets	購入無形資產	29	12	–	–
		2,734	2,668	1,460	1,460

(a) Goodwill

(a) 商譽

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	2,656	2,592	1,460	1,460
Additions through acquisition of subsidiaries	經收購附屬公司的增置	52	40	–	–
Exchange adjustments	匯兌調整	(3)	24	–	–
At 31st December	於12月31日	2,705	2,656	1,460	1,460

Notes on the Accounts (continued)
賬項附註(續)

29. GOODWILL AND INTANGIBLE ASSETS (continued) 商譽及無形資產 (續)

(a) Goodwill (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment as follows:

(a) 商譽(續)

包含商譽的現金生產單位之減值測試

本集團按業務分部分配商譽予可辨別的現金生產單位如下：

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Personal Financial Services	個人金融服務	849	849
Corporate Banking	企業銀行	453	453
Investment Banking	投資銀行	158	158
Corporate Services	企業服務	1,067	1,027
Others	其他	178	169
		-----	-----
		2,705	2,656

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The pre-tax discount rate used for value-in-use calculations is 8.28% (2007: 10.88%) and the long-term growth rate is 4% (2007: 5%).

Management determined the budgeted net profit based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports.

現金生產單位的可收回金額則根據使用價值計算。計算方法按照管理層已核准的5年財務預算的現金流估計。超過5年期間的現金流按下述的估計利率作推斷。增長率不可超過該現金生產單位所經營業務的長期平均增長率。

用於計算使用價值的除稅前折扣率為8.28% (2007:10.88%) 及長期增長率為4% (2007:5%)。

管理層根據過往及預計市場發展以釐定預算溢利。加權平均增長率與行業報告的預測是一致的。

Notes on the Accounts (continued)

賬項附註(續)

(b) Intangible assets (other than goodwill)

Intangible assets include acquired core deposits. Intangible assets are stated at cost less accumulated amortisation and impairment loss (Note 2(k)(iv)).

Amortisation of intangible assets with finite useful lives is charged to the profit and loss account on a diminishing basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available to use and their estimated useful lives are as follows:—

Acquired core deposits 10 years

Naming rights over the shorter of the lease period of building or land

Both the period and method of amortisation are reviewed annually.

(b) 無形資產(商譽除外)

無形資產包括購入核心存款。無形資產按成本減除累計折舊及減值損失列賬(附註2(k)(iv))。

有限定可用期的無形資產按其估計可用期以遞減法於損益賬內攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

購入核心存款為10年

冠名權按建築物或土地兩者較短的租賃期

每年須檢討其期限及攤銷方法。

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cost	成本				
At 1st January	於1月1日	16	15	—	—
Additions	增置	6	—	—	—
Formation of a new subsidiary	成立一間附屬公司	—	1	—	—
Exchange and other adjustments	匯兌調整	16	—	—	—
At 31st December	於12月31日	38	16	—	—
Accumulated amortisation and impairment losses	累計攤銷及減值損失				
At 1st January	於1月1日	(4)	(2)	—	—
Amortisation charge for the year (Note 9)	年度內攤銷(附註9)	(3)	(2)	—	—
Exchange adjustments	匯兌調整	(2)	—	—	—
At 31st December	於12月31日	(9)	(4)	—	—
Carrying amount at 31st December	於12月31日賬面值	29	12	—	—

Notes on the Accounts (continued)
賬項附註(續)

30. FIXED ASSETS 固定資產

		2008 The Group 集團			Sub-total 小計	Total 總額
		Investment Properties 投資物業 HK\$ Mn 港幣百萬元	Bank Premises 行址 HK\$ Mn 港幣百萬元	Furniture, Fixtures and Equipment 傢俬、裝修 及設備 HK\$ Mn 港幣百萬元		
Cost or valuation	成本或估值					
At 1st January, 2008	於2008年1月1日	1,726	4,609	2,711	7,320	9,046
Additions	增置	-	1,659	898	2,557	2,557
Additions through acquisition	經收購的增置	303	-	15	15	318
Revaluation losses	重估虧損	(168)	-	-	-	(168)
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	-	9	-	9	9
Transfer from bank premises to investment properties	由行址轉入投資 物業	9	(9)	-	(9)	-
Disposals	出售	(13)	(34)	(126)	(160)	(173)
Exchange adjustments	匯兌調整	(18)	59	9	68	50
At 31st December, 2008	於2008年12月31日	1,839	6,293	3,507	9,800	11,639
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2008	於2008年1月1日	-	617	1,573	2,190	2,190
Additions through acquisition	經收購的增置	-	-	11	11	11
Charge for the year (Note 9)	年度內支銷 (附註9)	-	81	356	437	437
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	-	(1)	-	(1)	(1)
Write back of impairment loss	減值損失回撥	-	(6)	-	(6)	(6)
Written back on disposals	出售時回撥	-	(25)	(113)	(138)	(138)
Exchange adjustments	匯兌調整	-	9	(9)	-	-
At 31st December, 2008	於2008年12月31日	-	675	1,818	2,493	2,493
Net book value at 31st December, 2008	賬面淨值 於2008年12月31日	1,839	5,618	1,689	7,307	9,146
The gross amounts of the above assets are stated:	上述資產的總額 列示如下：					
At cost	按成本	-	5,466	3,507	8,973	8,973
At Directors' valuation - 1989	按董事估值 - 1989年	-	827	-	827	827
At professional valuation - 2008	按專業估值 - 2008年	1,839	-	-	-	1,839
		1,839	6,293	3,507	9,800	11,639

Notes on the Accounts (continued)
賬項附註(續)

		2008 The Bank 銀行 Furniture, Fixtures and Equipment 傢俬、裝修 及設備				
		Investment Properties	Bank Premises		Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元		小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2008	於2008年1月1日	1,829	3,192	1,858	5,050	6,879
Additions	增置	–	2	487	489	489
Revaluation losses	重估虧損	(87)	–	–	–	(87)
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	52	–	52	52
Transfer from bank premises to investment properties	由行址轉入投資 物業	89	(89)	–	(89)	–
Disposals	出售	(12)	(20)	(79)	(99)	(111)
Exchange adjustments	匯兌調整	–	(2)	(20)	(22)	(22)
At 31st December, 2008	於2008年12月31日	1,819	3,135	2,246	5,381	7,200
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2008	於2008年1月1日	–	304	1,168	1,472	1,472
Charge for the year	年度內支銷	–	43	218	261	261
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	(5)	–	(5)	(5)
Write back of impairment loss	減值損失回撥	–	(6)	–	(6)	(6)
Written back on disposals	出售時回撥	–	(12)	(77)	(89)	(89)
Exchange adjustments	匯兌調整	–	(1)	(19)	(20)	(20)
At 31st December, 2008	於2008年12月31日	–	323	1,290	1,613	1,613
Net book value at 31st December, 2008	賬面淨值 於2008年12月31日	1,819	2,812	956	3,768	5,587
The gross amounts of the above assets are stated:	上述資產的總額 列示如下：					
At cost	按成本	–	2,308	2,246	4,554	4,554
At Directors' valuation – 1989	按董事估值 –1989年	–	827	–	827	827
At professional valuation – 2008	按專業估值 –2008年	1,819	–	–	–	1,819
		1,819	3,135	2,246	5,381	7,200

Notes on the Accounts (continued)
賬項附註(續)

30. FIXED ASSETS (continued) 固定資產 (續)

		2007 The Group 集團			Sub-total	Total
		Investment Properties	Bank Premises	Furniture, Fixtures and Equipment 傢俬、裝修 及設備		
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2007	於2007年1月1日	1,288	4,231	2,255	6,486	7,774
Additions	增置	–	442	482	924	924
Additions through acquisition	經收購的增置	–	–	1	1	1
Revaluation surplus	重估盈餘	293	–	–	–	293
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	21	–	21	21
Transfer from bank premises to investment properties	由行址轉入投資物業	143	(143)	–	(143)	–
Disposals	出售	–	(13)	(48)	(61)	(61)
Exchange adjustments	匯兌調整	2	71	21	92	94
At 31st December, 2007	於2007年12月31日	1,726	4,609	2,711	7,320	9,046
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2007	於2007年1月1日	–	684	1,341	2,025	2,025
Additions through acquisition	經收購的增置	–	–	1	1	1
Charge for the year (Note 9)	年度內支銷 (附註9)	–	68	258	326	326
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	(15)	–	(15)	(15)
Write back of impairment loss	減值損失回撥	–	(132)	–	(132)	(132)
Written back on disposals	出售時回撥	–	(7)	(40)	(47)	(47)
Exchange adjustments	匯兌調整	–	19	13	32	32
At 31st December, 2007	於2007年12月31日	–	617	1,573	2,190	2,190
Net book value at 31st December, 2007	賬面淨值 於2007年12月31日	1,726	3,992	1,138	5,130	6,856
The gross amounts of the above assets are stated:	上述資產的總額 列示如下：					
At cost	按成本	–	3,775	2,711	6,486	6,486
At Directors' valuation – 1989	按董事估值 –1989年	–	834	–	834	834
At professional valuation – 2007	按專業估值 –2007年	1,726	–	–	–	1,726
		1,726	4,609	2,711	7,320	9,046

Notes on the Accounts (continued)
賬項附註(續)

		2007 The Bank 銀行				
		Investment Properties	Bank Premises	Furniture, Fixtures and Equipment 傢俬、裝修 及設備	Sub-total	Total
		投資物業 HK\$ Mn 港幣百萬元	行址 HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	小計 HK\$ Mn 港幣百萬元	總額 HK\$ Mn 港幣百萬元
Cost or valuation	成本或估值					
At 1st January, 2007	於2007年1月1日	1,317	3,976	1,937	5,913	7,230
Additions	增置	–	228	206	434	434
Revaluation surplus	重估盈餘	326	–	–	–	326
Revaluation loss on bank premises	行址重估虧損	–	(3)	–	(3)	(3)
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	21	–	21	21
Transfer to The Bank of East Asia (China) Ltd.	轉入東亞銀行 (中國)有限公司	(11)	(835)	(259)	(1,094)	(1,105)
Transfer from bank premises to investment properties	由行址轉入 投資物業	197	(197)	–	(197)	–
Disposals	出售	–	–	(30)	(30)	(30)
Exchange adjustments	匯兌調整	–	2	4	6	6
At 31st December, 2007	於2007年12月31日	1,829	3,192	1,858	5,050	6,879
Accumulated depreciation and amortisation	累計折舊及攤銷					
At 1st January, 2007	於2007年1月1日	–	600	1,155	1,755	1,755
Charge for the year	年度內支銷	–	50	184	234	234
Revaluation of bank premises transferred to investment properties	行址重估轉入 投資物業	–	(15)	–	(15)	(15)
Transfer to The Bank of East Asia (China) Ltd.	轉入東亞銀行 (中國)有限公司	–	(200)	(147)	(347)	(347)
Write back of impairment loss	減值損失回撥	–	(132)	–	(132)	(132)
Written back on disposals	出售時回撥	–	–	(26)	(26)	(26)
Exchange adjustments	匯兌調整	–	1	2	3	3
At 31st December, 2007	於2007年12月31日	–	304	1,168	1,472	1,472
Net book value at 31st December, 2007	賬面淨值 於2007年12月31日	1,829	2,888	690	3,578	5,407
The gross amounts of the above assets are stated:	上述資產的總額 列示如下：					
At cost	按成本	–	2,358	1,858	4,216	4,216
At Directors' valuation – 1989	按董事估值 –1989年	–	834	–	834	834
At professional valuation – 2007	按專業估值 –2007年	1,829	–	–	–	1,829
		1,829	3,192	1,858	5,050	6,879

Notes on the Accounts (continued)
賬項附註(續)

30. FIXED ASSETS (continued) 固定資產(續)

The net book value of bank premises and investment properties comprises:

行址及投資物業的賬面淨值包括:

		The Group 集團			
		2008		2007	
		Investment Properties	Bank Premises	Investment Properties	Bank Premises
		投資物業	行址	投資物業	行址
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	78	1,748	114	408
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	1,449	1,477	1,247	1,477
On medium-term lease (10 – 50 years)	中期租約(10至50年)	303	1,354	352	1,387
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	–	193	–	175
On medium-term lease (10 – 50 years)	中期租約(10至50年)	9	846	13	545
		1,839	5,618	1,726	3,992
		The Bank 銀行			
		2008		2007	
		Investment Properties	Bank Premises	Investment Properties	Bank Premises
		投資物業	行址	投資物業	行址
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Freeholds	永久業權				
Held outside Hong Kong	在香港以外地區	–	150	–	153
Leaseholds	租借地				
Held in Hong Kong	在香港				
On long lease (over 50 years)	長期租約(50年以上)	1,365	1,391	1,315	1,421
On medium-term lease (10 – 50 years)	中期租約(10至50年)	454	1,267	514	1,302
Held outside Hong Kong	在香港以外地區				
On long lease (over 50 years)	長期租約(50年以上)	–	3	–	11
On medium-term lease (10 – 50 years)	中期租約(10至50年)	–	1	–	1
		1,819	2,812	1,829	2,888

The carrying amount of the bank premises of the Group and the Bank would have been HK\$4,624 million (2007: HK\$2,937 million) and HK\$1,929 million (2007: HK\$1,955 million) respectively had they been stated at cost less accumulated depreciation.

假設本集團及本行以成本減累計折舊入賬，行址的賬面值將分別為港幣4,624,000,000元(2007年:港幣2,937,000,000元)及港幣1,929,000,000元(2007年:港幣1,955,000,000元)

Investment properties were valued by independent valuers. Investment properties in Hong Kong were valued at HK\$1,543 million as at 31st December, 2008 by an independent valuer, Savills Valuation and Professional Services Limited, Chartered Surveyors, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuation has been incorporated in the accounts as at 31st December, 2008 and it was performed on an open market value basis.

投資物業是按獨立估值師估值。於2008年12月31日，香港投資物業的估值為港幣1,543,000,000元。該等物業由獨立估值師－特許測量師第一太平戴維斯，其僱員具香港測量師學會士資歷並對須估值物業的所在及類別有近期經驗。估值是以公開市場價值為基礎，並已計入2008年12月31日之賬項內。

Notes on the Accounts (continued)

賬項附註(續)

The Group leases out investment properties under operating leases. The leases typically run for an initial period from 1 to 10 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

Rental income receivable from investment properties held for use under operating leases amounted to HK\$90 million in 2008 (2007: HK\$72 million). There was no contingent rental recognised during the year 2008 (2007: Nil).

The total future minimum lease payments of bank premises and investment properties held for use under non-cancellable operating leases are receivable as follows:

本集團以經營租賃形式租出投資物業。租賃年期通常由1年至10年，到期日後可再續約但其他條款須另議。所有租約並不包括或有租金。

於年內，以經營租賃形式租出的投資物業之應收租金為港幣90,000,000元(2007年：港幣72,000,000元)。2008年年度內未有確認或有租金(2007年：無)。

以不可撤銷經營租賃作出租的行址及投資物業的未來最低應收租賃付款總額如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Within one year	1年以內	74	62	69	56
After one year but within five years	1年以後至5年內	62	71	47	36
		136	133	116	92

31.AMOUNTS DUE FROM AND DUE TO SUBSIDIARIES 附屬公司欠款及欠附屬公司款項

During the year, the Bank entered into transactions with certain subsidiaries in the ordinary course of its banking business. Details of the amounts due from and due to subsidiaries are as follows:

於年度內，本行與若干附屬公司有正常的業務交易。附屬公司欠款及欠附屬公司款項詳列如下：

(a) Amounts Due from Subsidiaries

(a) 附屬公司欠款

		The Bank 銀行	
		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Financial institutions	金融機構	15,454	16,316
Others	其他	944	1,648
		16,398	17,964

(b) Amounts Due to Subsidiaries

(b) 欠附屬公司款項

		The Bank 銀行	
		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Financial institutions	金融機構	47	53
Others	其他	1,947	1,581
		1,994	1,634

Notes on the Accounts (continued)
賬項附註(續)

32. INCOME TAX IN THE BALANCE SHEET 資產負債表內的所得稅

(a) Current Taxation in the Balance Sheet Represents:

(a) 資產負債表內的本期稅項為:

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Provision for Hong Kong Profits Tax for the year (Note 12(a))	本年度香港利得稅準備 (附註12(a))	64	265	-	153
Provisional Profits Tax paid	已付暫繳利得稅	(51)	(189)	-	(134)
		13	76	-	19
Balance of Profits Tax provision relating to prior years	以往年度利得稅準備結餘	(1)	15	(14)	10
Overseas taxation	海外稅項	321	138	74	52
		333	229	60	81

(b) Deferred Tax Assets and Liabilities Recognised

(b) 遞延稅項資產及負債確認

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

確認於綜合資產負債表中遞延稅項(資產)/負債的組成部分及年內之變動如下:

		The Group 集團						
		Depreciation allowances in excess of related depreciation	Revaluation of properties	Impairment losses on financial assets	Revaluation of available-for-sale securities	Tax losses	Others	Total
Deferred tax arising from:		超過有關折舊的折舊免稅額	物業重估	金融資產的減值損失	可供出售證券重估	稅損	其他	總額
遞延稅項源自:		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January, 2008	於2008年1月1日	321	274	58	94	(59)	114	802
Charged/(credited) to profit and loss account (Note 12(a))	損益賬內支銷/(存入)(附註 12(a))	26	(14)	(114)	-	(601)	(23)	(726)
Credited to reserves (Notes 37(c) and (h))	存入儲備內(附註 37(c) 及 (h))	-	(3)	-	(98)	-	-	(101)
Additions through acquisition	購入的增置	14	-	-	-	(2)	-	12
Exchange and other adjustments	匯兌及其他調整	-	-	7	-	1	(105)	(97)
At 31st December, 2008	於2008年12月31日	361	257	(49)	(4)	(661)	(14)	(110)

Notes on the Accounts (continued)
賬項附註(續)

		The Group 集團						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK\$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK\$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產的減值損失 HK\$ Mn 港幣百萬元	Revaluation of available-for-sale securities 可供出售證券重估 HK\$ Mn 港幣百萬元	Tax losses 稅損 HK\$ Mn 港幣百萬元	Others 其他 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
遞延稅項源自：								
At 1st January, 2007	於2007年1月1日	277	211	(18)	110	(23)	2	559
Write off against investment	投資撇銷額	–	–	–	–	–	(121)	(121)
Charged/(credited) to profit and loss account (Note 12(a))	損益賬內支銷/(存入)(附註 12(a))	45	57	76	–	(35)	232	375
Charged to reserves (Notes 37(c) and (h))	儲備內支銷(附註 37(c) 及 (h))	–	6	–	(16)	–	–	(10)
Exchange and other adjustments	匯兌及其他調整	(1)	–	–	–	(1)	1	(1)
At 31st December, 2007	於2007年12月31日	321	274	58	94	(59)	114	802

		The Bank 銀行						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK\$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK\$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產的減值損失 HK\$ Mn 港幣百萬元	Revaluation of available-for-sale securities 可供出售證券重估 HK\$ Mn 港幣百萬元	Tax losses 稅損 HK\$ Mn 港幣百萬元	Others 其他 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
遞延稅項源自：								
At 1st January, 2008	於2008年1月1日	313	274	(43)	94	(9)	113	742
Charged/(credited) to profit and loss account	損益賬內支銷/(存入)	34	(14)	(1)	–	(519)	(11)	(511)
Credited to reserves (Notes 37(c) and (h))	存入儲備內(附註 37(c) 及 (h))	–	(3)	–	(99)	–	–	(102)
Exchange and other adjustments	匯兌及其他調整	–	–	–	–	–	(104)	(104)
At 31st December, 2008	於2008年12月31日	347	257	(44)	(5)	(528)	(2)	25

		The Bank 銀行						
Deferred tax arising from:		Depreciation allowances in excess of related depreciation 超過有關折舊的折舊免稅額 HK\$ Mn 港幣百萬元	Revaluation of properties 物業重估 HK\$ Mn 港幣百萬元	Impairment losses on financial assets 金融資產的減值損失 HK\$ Mn 港幣百萬元	Revaluation of available-for-sale securities 可供出售證券重估 HK\$ Mn 港幣百萬元	Tax losses 稅損 HK\$ Mn 港幣百萬元	Others 其他 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
遞延稅項源自：								
At 1st January, 2007	於2007年1月1日	275	211	(12)	110	(23)	11	572
Write off against investment	投資撇銷額	–	–	–	–	–	(121)	(121)
Charged to profit and loss account	損益賬內支銷	38	57	3	–	10	223	331
Charged to reserves (Notes 37(c) and (h))	儲備內支銷(附註 37(c) 及 (h))	–	6	–	(16)	–	–	(10)
Transfer to The Bank of East Asia (China) Ltd.	轉入東亞銀行(中國)有限公司	–	–	(34)	–	4	–	(30)
At 31st December, 2007	於2007年12月31日	313	274	(43)	94	(9)	113	742

Notes on the Accounts (continued)
賬項附註(續)

32. INCOME TAX IN THE BALANCE SHEET (continued) 資產負債表內的所得稅(續)

(b) Deferred Tax Assets and Liabilities Recognised (continued)

(b) 遞延稅項資產及負債確認(續)

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net deferred tax assets recognised on the balance sheet	確認於資產負債表的遞延稅項資產淨額	(187)	(70)	(38)	(12)
Net deferred tax liabilities recognised on the balance sheet	確認於資產負債表的遞延稅項負債淨額	77	872	63	754
		(110)	802	25	742

(c) Deferred Tax Assets Not Recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$737 million (2007: HK\$674 million) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. Under the current tax legislation, the expiry dates of the tax losses were as follows:

(c) 未確認遞延稅項資產

由於可能未來沒有適用於有關稅務機關及實體的應課稅溢利以彌補有關虧損，本集團並未確認累計稅損港幣737,000,000元(2007年: 港幣674,000,000元)為遞延稅項資產。根據現時稅務條例，該等稅損的到期日如下:

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Expiring within 5 years	於五年內到期	57	95
Expiring more than 5 years	五年後到期	7	8
No expiry date	無到期日	673	571
		737	674

33. OTHER LIABILITIES 其他負債

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
(a) Trading Liabilities	交易用途負債				
Exchange fund bills sold	外匯基金票據空倉	330	1,098	330	1,098
Exchange fund notes sold	外匯基金債券空倉	-	33	-	33
		330	1,131	330	1,131
Negative fair value of derivatives	衍生工具的負公平價值	2,516	1,241	2,219	1,044
		2,846	2,372	2,549	2,175
(b) Other Accounts and Provisions	其他賬項及準備				
Accrued interest payable	應計應付利息	1,953	1,586	1,035	1,186
Bankers acceptances	銀行承兌匯票	2,989	1,426	272	309
Other accounts	其他賬項	7,197	7,985	2,172	2,967
		12,139	10,997	3,479	4,462

Notes on the Accounts (continued)
賬項附註(續)

34. LOAN CAPITAL 借貸資本

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
USD550 million 5.625% subordinated notes, measured at fair value through profit or loss	按通過損益以反映公平價值列賬的550,000,000美元年息5.625%的後償票據	3,644	4,383	3,644	4,383
GBP300 million 6.125% step-up perpetual subordinated notes, measured at fair value through profit or loss	按通過損益以反映公平價值列賬的300,000,000英鎊6.125%無到期日步陞後償票據	2,751	4,600	2,751	4,600
USD600 million floating rate step-up subordinated notes, measured at amortised cost	按攤銷成本列賬的600,000,000美元浮息步陞後償票據	4,641	4,669	4,641	4,669
		11,036	13,652	11,036	13,652

Loan capital of face value of HK\$4,263 million (USD550 million) and carrying amount of HK\$3,644 million represents 5.625% subordinated notes qualifying as tier 2 capital which were issued on 13th December, 2005 by the Bank. The notes are listed on the Hong Kong Stock Exchange and will mature on 13th December, 2015.

票面值港幣4,263,000,000元(550,000,000美元)及賬面值港幣3,644,000,000元的借貸資本，是指由本行於2005年12月13日發行年息5.625%，並評定為二級資本的後償票據。該票據於香港交易所上市，並將於2015年12月13日到期。

Loan capital of face value of HK\$3,364 million (GBP300 million) and carrying amount of HK\$2,751 million represents 6.125% step-up perpetual subordinated notes qualifying as tier 2 capital which were issued on 20th March, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange.

票面值港幣3,364,000,000元(300,000,000英鎊)及賬面值港幣2,751,000,000元的借貸資本，是指由本行於2007年3月20日發行年息6.125%，並評定為二級資本的無到期日步陞後償票據。該後償票據於新加坡交易所上市。

The carrying amount of financial liabilities designated at fair value through profit or loss as at 31st December, 2008 was HK\$1,232 million (2007: HK\$16 million) lower than the contractual amount at maturity for the Group and the Bank respectively. The difference in the accumulated amount of the changes in fair value attributable to changes in credit risk were HK\$1,858 million (2007: HK\$325 million) for the Group and the Bank respectively. The charge for the year ended 31st December, 2008 was HK\$2,183 million (2007: HK\$334 million) for the Group and the Bank respectively.

於2008年12月31日，本集團及本行按通過損益以反映公平價值列賬的金融負債在合約到期日的金額比賬面值分別下跌港幣1,232,000,000元(2007年：港幣16,000,000元)。在累計公平價值變動的金額中，可歸屬於本集團及本行之信貸風險變動的差額分別為港幣1,858,000,000元(2007年：港幣325,000,000元)。在截至2008年12月31日止年度本集團及本行賬項內分別支銷的金額為港幣2,183,000,000元(2007年：港幣334,000,000元)。

Loan capital of face value of HK\$4,650 million (USD600 million) and carrying amount of HK\$4,641 million represents floating rate step-up subordinated notes qualifying as tier 2 capital which were issued on 21st June, 2007 by the Bank. The notes are listed on the Singapore Stock Exchange and will mature on 22nd June, 2017. The fair value as of 31st December, 2008 was HK\$3,953 million (USD510 million). There was no material difference between the carrying amount and the fair value as of 31st December, 2007.

票面值港幣4,650,000,000元(600,000,000美元)及賬面值港幣4,641,000,000元的借貸資本，是指由本行於2007年6月21日發行，並評定為二級資本的浮息步陞後償票據。該後償票據於新加坡交易所上市，並將於2017年6月22日到期。於2008年12月31日的公平價值為港幣3,953,000,000元(510,000,000美元)。於2007年12月31日的賬面值與公平價值比較未有重大差別。

Notes on the Accounts (continued)
賬項附註(續)

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS 以股份為基礎作支付的交易

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Directors and Chief Executive, of the Group options to subscribe for shares of the Bank. The options may be exercised during the period beginning on the first anniversary of the Date of Grant and ending on the fifth anniversary of the Date of Grant. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行股份。認股權的行使期限為授予日的第1周年開始至授予日的第5周年止。所有認股權均以不計價款形式發出。

(a) Particulars of share options

(a) 認股權詳情

Date of Grant 發行日期	Vesting Period 有效期	Exercise Period 行使期	Exercise Price Per Share 每股行使價 HK\$港幣元
02/5/2003	02/5/2003 – 01/5/2004	02/5/2004 – 02/5/2008	14.90
22/4/2004	22/4/2004 – 21/4/2005	22/4/2005 – 22/4/2009	23.23
03/5/2005	03/5/2005 – 02/5/2006	03/5/2006 – 03/5/2010	22.95
03/5/2006	03/5/2006 – 02/5/2007	03/5/2007 – 03/5/2011	33.05
10/5/2007	10/5/2007 – 09/5/2008	10/5/2008 – 10/5/2012	47.13
05/8/2008	05/5/2008 – 04/5/2009	05/5/2009 – 05/5/2013	44.10

(b) The number and weighted average exercise prices of share options are as follows:

(b) 已行使認股權的數目及加權平均行使價如下：

		2008		2007	
		Weighted average exercise price 加權平均行使價 HK\$港幣元	Number of options 認股權數目 Mn	Weighted average exercise price 加權平均行使價 HK\$港幣元	Number of options 認股權數目 Mn
Outstanding at the beginning of the year	年初結餘	27.21	19	22.86	24
Exercised during the year	年度內行使	20.42	(5)	20.58	(8)
Granted during the year	年度內授予	44.10	6	47.13	3
Lapsed during the year	年度內失效	23.23	—	—	—
Outstanding at the end of the year	年末結餘	33.59	20	27.21	19
Exercisable at the end of the year	年末可供行使	29.55	14	23.90	16

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$33.72 (2007: HK\$46.16).

年度內於行使認股權當日的加權平均股價為港幣33.72元(2007年：港幣46.16元)。

The options outstanding at 31st December, 2008 had an exercise price from HK\$22.95 to HK\$47.13 (2007: from HK\$14.90 to HK\$47.13) and a weighted average remaining contractual life of 2.44 years (2007: 2.35 years).

於2008年12月31日，尚未行使認股權的行使價由港幣22.95元至港幣47.13元(2007年：由港幣14.90元至港幣47.13元)，及剩餘合約年期之加權平均數為2.44年(2007年：2.35年)。

Notes on the Accounts (continued)

賬項附註(續)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on a trinomial lattice model. The contractual life of the option is used as an input into this model.

(c) 認股權的公平價值及假設

獲得服務以換取認股權的公平價值按授予認股權的公平價值計量。授予認股權之估計公平價值按三項式期權定價模式。認股權的合約年期須輸入該定價模式。

		2008	2007
Fair value at measurement date	於計量日的公平價值	HK\$港幣15.27元	HK\$港幣11.13元
Share price	股價	HK\$港幣44.10元	HK\$港幣47.00元
Exercise price	行使價	HK\$港幣44.10元	HK\$港幣47.13元
Expected volatility (expressed as weighted average volatility used in the modelling under trinomial lattice model)	預計波幅(以三項式期權定價模式內採用的加權平均波幅)	48.88%	30.92%
Option life	認股權年期	5 years年	5 years年
Expected dividends	估計股息	4.64%	4.82%
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率(根據外匯基金票據)	2.48%	4.10%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

預計波幅是根據過往之波幅(以認股權的加權剩餘年期計算)，再調整因公眾知悉的資訊影響未來波幅的估計變動。估計股息按過往的股息。主觀輸入假設的變動可能重大影響公平價值的估計。

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

認股權的授予須符合服務條件。該服務條件並未納入計算於授予日獲得服務的公平價值。授予認股權與市場情況並無關係。

Notes on the Accounts (continued)
賬項附註(續)

36.SHARE CAPITAL 股本

		2008		2007	
		No. of shares	Nominal value	No. of shares	Nominal value
		股份數目	面值	股份數目	面值
		million 百萬	HK\$ Mn 港幣百萬元	million 百萬	HK\$ Mn 港幣百萬元
Authorised:	法定股本：				
Ordinary shares of HK\$2.50 each	普通股每股港幣2.50元	2,600	6,500	2,600	6,500
Issued and fully paid:	已發行及繳足股本：				
At 1st January	於1月1日	1,574	3,936	1,550	3,875
Shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份	5	12	7	19
Subscription for new shares	發行新股	79	197	—	—
Shares issued in lieu of dividends	以股代息發行的股份	15	38	17	42
At 31st December	於12月31日	1,673	4,183	1,574	3,936

Pursuant to the approved Staff Share Option Schemes (the "Schemes"), options to purchase ordinary shares in the Bank were granted to eligible employees. The option price of the Schemes equals the fair value of the underlying shares at the date of grant. The options granted under the Schemes will be exercisable between the first and the fifth anniversaries of the date of grant.

根據已核准的僱員認股權計劃「計劃」，認股權授予合格僱員以認購本行的普通股股份。認股權行使價與相關股份於授予日的公平價值相同。根據計劃所授予的認股權可於授予日的第1周年至授予日的第5周年期間內行使。

(a) Shares Issued under Staff Share Option Scheme

During the year, options were exercised to subscribe for 4,910,000 ordinary shares in the Bank at a consideration of HK\$100 million of which HK\$12 million was credited to share capital and the balance of HK\$88 million was credited to the share premium account (Note 37). HK\$9 million has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2(q)(iv).

(a) 根據僱員認股權計劃發行的股份

年度內，已行使認股權以認購本行普通股4,910,000股之代價為港幣100,000,000元，其中港幣12,000,000元存入股本，餘數港幣88,000,000元存入股份溢價(附註37)。根據附註2(q)(iv)所載，已由資本儲備轉撥港幣9,000,000元往股份溢價內。

(b) Terms of Unexpired and Unexercised Share Options at Balance Sheet Date

(b) 於結算日尚未期滿及行使的認股權之條款

		2008	2007
Date of options granted	Option price	No. of shares	No. of shares
認股權授予日期	認購價	股份數目	股份數目
02/5/2003	HK\$港幣14.90元	—	2,205,000
22/4/2004	HK\$港幣23.23元	2,765,000	3,915,000
03/5/2005	HK\$港幣22.95元	6,105,000	7,230,000
03/5/2006	HK\$港幣33.05元	2,700,000	3,200,000
10/5/2007	HK\$港幣47.13元	2,750,000	2,750,000
05/5/2008	HK\$港幣44.10元	5,500,000	—
		19,820,000	19,300,000

Notes on the Accounts (continued)
賬項附註(續)

37. RESERVES 儲備

		2008	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
(a) Share premium (undistributable)	(a) 股份溢價(不可派發)		
At 1st January	於1月1日	1,118	1,118
Net premium on shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份溢價淨額	88	88
Transfer of the fair value of options from capital reserve – share options issued	撥自資本儲備(已發行認股權)的認股權之公平價值	9	9
Shares issued in lieu of dividends	以股代息發行的股份	(38)	(38)
Subscription for new shares	發行新股	3,745	3,745
As 31st December	於12月31日	4,922	4,922
(b) General reserve	(b) 一般儲備		
At 1st January	於1月1日	14,004	13,757
Transfer from retained profits	撥自留存溢利	18	–
Shares issued in lieu of dividends	以股代息發行的股份	597	597
Realised surplus on disposals transferred from property revaluation reserve	撥自物業重估儲備的已實現出售物業盈餘	15	15
At 31st December	於12月31日	14,634	14,369
(c) Revaluation reserve on bank premises (undistributable)	(c) 行址重估儲備(不可派發)		
At 1st January	於1月1日	866	854
Recognition of net deferred tax liabilities (Note 32(b))	確認遞延稅項負債淨額(附註 32(b))	3	3
Revaluation surplus on bank premises transferred to investment properties	行址轉作投資物業所產生的重估盈餘	10	57
Realised surplus on disposals transferred to general reserve	已實現出售物業盈餘撥入一般儲備	(15)	(15)
Exchange adjustments	匯兌調整	(1)	–
At 31st December	於12月31日	863	899
(d) Statutory reserves (undistributable)	(d) 法定儲備(不可派發)		
At 1st January	於1月1日	–	–
Transfer from retained profits	撥自留存溢利	1,216	–
At 31st December	於12月31日	1,216	–
(e) Capital reserve (undistributable)	(e) 資本儲備(不可派發)		
At 1st January and 31st December	於1月1日及12月31日	86	–
(f) Exchange revaluation reserve (undistributable)	(f) 匯兌重估儲備(不可派發)		
At 1st January	於1月1日	672	80
Exchange adjustments	匯兌調整	334	(32)
At 31st December	於12月31日	1,006	48

Notes on the Accounts (continued)
賬項附註(續)

37. RESERVES (continued) 儲備(續)

		2008	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
(g) Capital reserve – staff share options issued (undistributable)	(g) 資本儲備-已發行僱員認股權 (不可派發)		
At 1st January	於1月1日	68	68
Transfer of the fair value of options to share premium	認股權公平價值撥入股份溢價	(9)	(9)
Additions	增加	66	66
At 31st December	於12月31日	125	125
(h) Investment revaluation reserve (undistributable)	(h) 投資重估儲備 (不可派發)		
At 1st January	於1月1日	475	422
Changes in fair value of securities	證券的公平價值變動	(830)	(472)
Reversal upon disposal (Note 11)	於出售時轉回(附註11)	(115)	(114)
Recognition of deferred tax liabilities (Note 32(b))	確認遞延稅項負債 (附註32(b))	98	99
Impairment loss	減值損失	153	20
Exchange adjustments	匯兌調整	(9)	–
At 31st December	於12月31日	(228)	(45)
(i) Retained Profits	(i) 留存溢利		
At 1st January	於1月1日	8,874	5,946
Net profit/(loss) for the year	年度內溢利/(虧損)	39	(882)
Transfer to general reserve	撥入一般儲備	(18)	–
Transfer to statutory reserve	撥入法定儲備	(1,216)	–
Dividends (Note 14)	股息(附註14)		
– Interim dividend	– 中期股息	(384)	(384)
– Final dividend in respect of previous year	– 上年度末期股息	(1,956)	(1,956)
At 31st December	於12月31日	5,339	2,724
(j) Total Reserves	(j) 儲備總額	27,963	23,042

Notes on the Accounts (continued)

賬項附註(續)

		2007	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
(a) Share premium (undistributable)	(a) 股份溢價(不可派發)		
At 1st January	於1月1日	1,012	1,012
Net premium on shares issued under Staff Share Option Schemes	根據僱員認股計劃發行的股份溢價淨額	136	136
Transfer of the fair value of options from capital reserve – share options issued	撥自資本儲備(已發行認股權)的認股權之公平價值	12	12
Shares issued in lieu of dividends	以股代息發行的股份	(42)	(42)
As 31st December	於12月31日	1,118	1,118
(b) General reserve	(b) 一般儲備		
At 1st January	於1月1日	13,257	13,027
Transfer from retained profits	撥自留存溢利	17	–
Shares issued in lieu of dividends	以股代息發行的股份	730	730
At 31st December	於12月31日	14,004	13,757
(c) Revaluation reserve on bank premises (undistributable)	(c) 行址重估儲備(不可派發)		
At 1st January	於1月1日	836	838
Recognition of net deferred tax liabilities (Note 32(b))	確認遞延稅項負債淨額(附註 32(b))	(6)	(6)
Revaluation surplus on bank premises transferred to investment properties	行址轉作投資物業所產生的重估盈餘	36	36
Transfer to The Bank of East Asia (China) Ltd.	轉入東亞銀行(中國)有限公司	–	(14)
At 31st December	於12月31日	866	854
(d) Statutory reserves (undistributable)	(d) 法定儲備(不可派發)		
At 1st January and 31st December	於1月1日及12月31日	–	–
(e) Capital reserve (undistributable)	(e) 資本儲備(不可派發)		
At 1st January and 31st December	於1月1日及12月31日	86	–
(f) Exchange revaluation reserve (undistributable)	(f) 匯兌重估儲備(不可派發)		
At 1st January	於1月1日	184	125
Exchange adjustments	匯兌調整	488	(45)
At 31st December	於12月31日	672	80

Notes on the Accounts (continued)
賬項附註(續)

37. RESERVES (continued) 儲備(續)

		2007	
		The Group 集團 HK\$ Mn 港幣百萬元	The Bank 銀行 HK\$ Mn 港幣百萬元
(g) Capital reserve – staff share options issued (undistributable)	(g) 資本儲備-已發行僱員認股權 (不可派發)		
At 1st January	於1月1日	52	52
Transfer of the fair value of options to share premium	認股權公平價值撥入股份溢價	(12)	(12)
Additions	增加	28	28
At 31st December	於12月31日	68	68
(h) Investment revaluation reserve (undistributable)	(h) 投資重估儲備 (不可派發)		
At 1st January	於1月1日	861	642
Changes in fair value of securities	證券的公平價值變動	(421)	(323)
Reversal upon disposal (Note 11)	於出售時轉回(附註11)	27	99
Recognition of deferred tax liabilities (Note 32(b))	確認遞延稅項負債 (附註32(b))	16	16
Exchange adjustments	匯兌調整	(8)	(12)
At 31st December	於12月31日	475	422
(i) Retained profits	(i) 留存溢利		
At 1st January	於1月1日	7,099	5,294
Net profit for the year	年度內溢利	4,144	3,004
Transfer to general reserve	撥入一般儲備	(17)	–
Dividends (Note 14)	股息(附註14)		
– Interim dividend	– 中期股息	(753)	(753)
– Final dividend in respect of previous year	– 上年度末期股息	(1,599)	(1,599)
At 31st December	於12月31日	8,874	5,946
(j) Total Reserves	(j) 儲備總額	26,163	22,245

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

股份溢價賬目的運用，受香港《公司條例》第48B條所管控。

General reserve was set up from the transfer of retained earnings, the realised revaluation surplus on disposal of properties and the value of shares issued in lieu of dividend.

一般儲備的組成，包括留存溢利轉賬、出售物業時的已實現重估盈餘及以股代息發行的股份的價值。

Revaluation reserve on bank premises and exchange revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for the revaluation of bank premises and foreign currency translation.

行址及匯兌重估儲備的組成及處理，是根據行址和外幣折算所採用的會計政策。

Notes on the Accounts (continued)

賬項附註(續)

Statutory reserves are set up to supplement the paid-up capital until the sum of paid-up capital and the statutory reserves is equal to the registered capital for a subsidiary and certain associates.

Capital reserve represents the capitalization of subsidiaries' reserves.

Capital reserve – staff share options issued comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Bank recognised in accordance with the accounting policy adopted for share based payment in Note 2(q)(iv).

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities held until the securities are derecognised and is dealt with in accordance with the accounting policies in Notes 2(f) and (k).

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Bank will or may incur on loans and advances and investments in addition to impairment losses recognised. Movements in the reserve are earmarked directly through retained earnings and in consultation with the Hong Kong Monetary Authority. As at 31st December, 2008, HK\$1,996 million (2007: HK\$2,100 million) was included in the retained profits in this respect which was distributable to equity holders of the Group subject to consultation with the Hong Kong Monetary Authority.

At 31st December, 2008, the aggregate amount of reserves available for distribution to equity holders of the Bank was HK\$17,093 million (2007: HK\$19,703 million). After the balance sheet date the directors proposed a final dividend of HK\$0.02 per ordinary share (2007: HK\$1.18 per share), amounting to HK\$33 million (2007: HK\$1,858 million). The dividend has not been recognised as a liability at the balance sheet date.

法定儲備是用作支持實收股本直至實收股本及法定儲備的總額與一間附屬公司及若干聯營公司的註冊股本相同。

資本儲備指附屬公司儲備的資本化發行。

資本儲備(已發行僱員認股權)包括根據已採納有關附註2(q)(iv)所載以股份為基礎作支付的會計政策確認授予本行僱員之實際或估計未行使認股權數目的公平價值。

投資重估儲備包括持有可供出售證券直至證券被終止確認的累計公平價值變動淨額，有關處理的會計政策已詳載於附註2(f)和(k)。

為符合香港《銀行條例》有關審慎監管的規定，本行需在規管儲備中維持超過已確認減值損失的可能貸款減值損失金額。經諮詢香港金融管理局後，儲備的變動已直接在留存溢利內劃定。於2008年12月31日，留存溢利中包括與此有關屬可派發予本集團股東港幣1,996,000,000元(2007年：港幣2,100,000,000元)，但派發前須諮詢香港金融管理局。

於2008年12月31日，可派發予本行股東的儲備總額為港幣17,093,000,000元(2007年：港幣19,703,000,000元)。在結算日後董事擬派末期息每股普通股港幣0.02元(2007年：港幣1.18元)，總額達港幣33,000,000元(2007年：港幣1,858,000,000元)。於結算日並未確認該股息為負債。

38. MINORITY INTERESTS 少數股東權益

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
At 1st January	於1月1日	347	382
– sale of interests in businesses to minority interests investors	– 出售商業權益予少數股東投資者	–	50
– purchase of interests in businesses from minority interests investors	– 向少數股東投資者購入商業權益權益	(64)	(15)
– reversal upon disposal of available-for-sale financial assets	– 於出售可供出售金融資產時轉回	–	(149)
– final dividend in respect of previous year	– 屬上年度末期股息	(7)	–
– exchange adjustments	– 匯兌調整	(2)	2
Profit for the year	年度內溢利	65	77
At 31st December	於12月31日	339	347

39. FINANCIAL RISK MANAGEMENT 財務風險管理

This section presents information on the Group's management of principal risks.

The Group has in place a risk management system to identify, measure, monitor and control the various types of risk that the Group faces and, where appropriate, to set strategy and allocate capital against those risks. The risk management policies covering credit risk, market risk, operational risk, liquidity risk, interest rate risk and foreign exchange risk of the Group are reviewed regularly by the Management and specialized risk management committees, and recommendations are made by the Risk Management Committee, which comprises the Group's Chairman and Chief Executive, Executive Director and Deputy Chief Executive, General Manager and Head of Investment Banking Division, General Manager and Head of Strategic Planning & Control Division who is also Group Chief Financial Officer and Chief Compliance Officer, Head of Operations Support Division and Chief Risk Officer, for the approval of the Board of Directors. There is an independent centralized risk management unit responsible for monitoring the activities relating to these principal risks. The internal auditors also perform regular audits on business units to check compliance with policies and procedures.

(a) Credit Risk Management

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from counterparty risks from loan and advances, issuer risks from the securities business and counterparty risks from trading activities.

The Board of Directors has delegated authority to the Credit Committee to oversee management of the Group's credit risk, independent of the business units. The Credit Committee reports to the Board of Directors via the Risk Management Committee, which deals with all risk management related issues of the Group. Credit risk control limits are set at different levels and dimensions. The Board of Directors approves the core control limits and delegates the Credit Committee to approve the detailed control limits. Risk, return and market situations are considered in the limits setting. Active limit monitoring process is undertaken.

The Credit Committee is responsible for all credit risk related issues of the Group. The Group identifies and manages credit risk through defining target market segment, formulation of credit policies, credit approval process and monitoring of asset quality.

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining collateral from the customer or counterparty.

本部分載述有關本集團財務風險管理的資料。

本集團已建立一套完善的風險管理系統，以識別、衡量、監察及控制本集團所承受各類風險，並於適當的情況下調配資本以抵禦該等風險。本集團就信貸風險、市場風險、利率風險、流動資金風險、營運風險、法律風險、信譽風險和策略風險制定的管理政策，均由管理層和有關的專責委員會定期檢討，並由風險管理委員會提出建議，最後經董事會批核。該委員會由本集團主席兼行政總裁、執行董事兼副行政總裁、總經理兼投資銀行處主管、總經理兼策劃及調控處主管暨集團財務總監兼法規監管總監、營運支援處主管和風險總監組成。本集團設有一個獨立中央風險管理單位，專責處理與主要風險有關的活動。內部稽核員亦會對業務部門定期進行稽核，以確保該等政策及程序得以遵從。

(a) 信貸風險管理

信貸風險源於客戶或交易對手未能履行其承擔，可來自本集團貸款中的交易對手風險、證券業務的發行商風險和交易活動的交易對手風險。

為監察本集團的信貸風險管理，董事會已授權信貸委員會執行此職能；而信貸風險管理乃獨立於所有業務部門。信貸委員會經風險管理委員會向董事會匯報。風險管理委員會負責處理本集團所有與風險管理相關的事項。信貸風險控制限額設有不同層次和範疇。董事會審批核心控制限額，並授權信貸委員會審批具體控制限額。釐定限額時會考慮風險、回報及市場情況，並且採用積極限額監控程序。

信貸委員會負責處理所有與本集團信貸風險有關的事務。本集團識別和管理信貸風險的方法，包括設定目標市場分部、制定信貸政策和信貸審批程序，以及監控資產素質。

本集團在評估與個別客戶或交易對手相關的信貸風險時，雖然可藉客戶或交易對手的抵押品減低信貸風險，然而他們的財政實力以及還款能力才是本集團的主要考慮因素。

Notes on the Accounts (continued)

賬項附註(續)

The Group has established policies, procedures and rating systems to identify, measure, monitor and control credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Manual. These guidelines stipulate delegated lending authorities, credit extension criteria, credit monitoring process, internal rating structure, credit recovery and provisioning policy. They are reviewed and enhanced on an on-going basis to cater for the market change, statutory requirement and best practice risk management processes. The independent centralized risk management unit of the Group is responsible for monitoring activities relating to credit risk.

The Group's credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and bank credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that are applied to each counterparty. For exposure classified as Specialized Lending in particular, supervisory slotting criteria are used. To monitor concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of internal rating system and formulation of credit policies are primarily based on the demographic factors and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit for treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate lending risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

本集團已制訂多項政策及程序，以辨別、衡量、監察及控制本集團所承受的信貸風險。在此方面，本集團已將信貸風險管理指引詳列於信貸手冊內，對信貸權限授權、授信標準、信貸監控程序、內部評級架構、信貸追收及撥備政策訂下規定。本集團持續檢討和改善該等指引，以配合市場轉變、有關法定要求及最佳作業風險管理程序。本集團之獨立中央風險管理單位，負責監察與信貸風險有關的活動。

本集團就下列各類主要信貸風險實行信貸風險管理：

(i) 企業及銀行信貸風險

本集團已制訂多項政策及程序，以評估特定交易對手或交易的潛在信貸風險，以及決定批核有關交易與否。就企業及銀行客戶而言，本集團已制定適用於所有交易對手的內部評級系統。監管分類準則尤其適用於歸類為專門性借貸的風險承擔。為監控信貸集中的潛在風險。本集團已就個別行業及不同的借款人和借款人團體預設風險承擔限額。本集團亦已釐定檢討程序，確保按照貸款的規模和信貸評級，為貸款進行適當的檢討和審批。

本集團持續進行多個層次的信貸分析和監控。有關政策乃旨在盡早發現需要特別監控的交易對手、行業或產品的風險承擔。交易組合的整體風險和個別減值貸款及潛在減值貸款，均定期予以監控。

(ii) 零售信貸風險

本集團的零售信貸政策和審批程序是因應各類零售貸款中均有大量類似的小額交易而制定的。在設計內部評級系統和制訂信貸政策時，本集團的主要考慮因素包括人口結構因素和有關貸款組合過往的損失。本集團監控本身和行業狀況以釐定和定期修訂產品條款和目標客戶組合。

(iii) 財資交易的信貸風險

本集團採用企業信貸風險的管理方法，管理本集團財資交易的信貸風險，包括引用內部評級系統處理交易對手及設定個別交易對手的風險限額。

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(iv) Credit-related commitment

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

(v) Concentrations of credit risk

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

The Group monitors its concentration risk by adopting appropriate risk control measures, such as setting limits on exposures to different industries and loan portfolios.

(vi) Maximum exposure

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

(iv) 與信貸有關的承諾

與信貸有關的承諾和或有事項的風險，本質上與提供貸款予客戶時的信貸風險相同。因此，有關交易必須符合客戶申請貸款時所要達到的信貸申請，組合保存和抵押要求。

(v) 信貸集中的風險

信貸集中的風險源於交易對手團體受到地緣、經濟或行業因素的影響，而該等團體的整體信貸風險承擔對本集團的總體風險承擔至關重要。本集團的財務工具分散覆蓋不同地區、行業和產品。

本集團一直採用適當的風險控制措施，例如就不同行業和貸款組合釐定限額，以監控信貸集中的風險。

(vi) 最高風險

於結算日並未計算任何抵押品或其他信貸提升的最高信貸風險，即指每一項已減除任何減值準備的金融資產在資產負債表的賬面值。最高風險摘要如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash and balances with banks, central banks and other financial institutions	現金及在銀行、中央銀行和其他金融機構的結存	27,022	17,029	4,154	2,501
Placements with banks, central banks and other financial institutions	在銀行、中央銀行和其他金融機構的存款	96,574	94,704	92,735	83,123
Trade bills	貿易票據	1,164	812	521	470
Trading assets	交易用途資產	2,260	2,765	1,777	2,603
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	4,130	8,658	4,114	8,641
Loans and advances to customers	客戶貸款	230,339	218,184	131,123	134,858
Available-for-sale financial assets	可供出售金融資產	17,551	10,473	10,276	9,286
Held-to-maturity investments	持至到期投資	5,006	10,761	3,318	8,773
Other assets	其他資產	11,478	12,312	7,376	6,209
Financial guarantees and other credit related contingent liabilities	財務擔保其他與信貸有關的或然負債	10,088	10,965	9,138	10,891
Loan commitments and other credit related commitments	貸款承擔及其他與信貸有關的承擔	66,080	67,771	53,283	52,858
		471,692	454,434	317,815	320,213

Notes on the Accounts (continued)
賬項附註(續)

(vii) Credit quality of loans and advances

Loans and advances to banks are only made to banks with good credit standing. At 31st December, 2008 and 2007, no loans and advances to bank are impaired. The credit quality of loans and advances to customers can be analysed as follows:

(vii) 貸款的信貨質素

銀行貸款只提供予信貸信譽優良之銀行。於2008年及2007年12月31日，均沒有減值銀行貸款。客戶貸款的信貨質素分析如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers	客戶貸款總額				
– neither past due nor impaired	– 無逾期及減值	228,479	216,485	129,683	133,852
– past due but not impaired	– 有逾期但未有減值	274	457	166	109
– impaired	– 已減值	1,586	1,242	1,274	897
		230,339	218,184	131,123	134,858

Of which: 其中：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are neither past due nor impaired	無逾期及減值的客戶貸款總額				
– Pass	– 合格	226,550	214,476	128,219	132,488
– Special mention	– 需要關注	1,929	2,009	1,464	1,364
		228,479	216,485	129,683	133,852

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

本集團根據用作匯報予香港金融管理局的貸款分類系統以分類貸款。

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

已逾期但未有減值之客戶貸款的年期分析如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Gross loans and advances to customers that are past due but not impaired	有逾期但未有減值的客戶貸款總額				
– Overdue 3 months or less	– 逾期3個月以下	274	409	166	109
– 6 months or less but over 3 months	– 3個月以上至6個月	–	16	–	–
– 1 year or less but over 6 months	– 6個月以上至1年	–	32	–	–
		274	457	166	109

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(vii) Credit quality of loans and advances (continued)

Loans and advances that would be past due or impaired had the terms not been renegotiated amounted to HK\$239 million as at 31st December, 2008 (2007: HK\$283 million).

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

Credit risk of treasury transactions is managed in the same way as the Group manages its corporate lending risk and risk gradings are applied to the counterparties with individual counterparty limits set.

At the balance sheet date, the credit quality of investment in debt securities analysed by designation of external credit assessment institution, Moody's Investor Services, or equivalent, is as follow:

(vii) 貸款的信貨質素(續)

於2008年12月31日，假如並未重訂條款而可能變作逾期或減值貸款的金額為港幣239,000,000元(2007年：港幣283,000,000元)。

(viii) 非貸款金融資產的信貨質素

資金交易的信貨風險管理方法，與本集團管理其企業借貸的方法一致及風險級別是適用於設有個別對手限額的對手。

於結算日，按照外部信貨評級機構，穆迪投資服務，或相同等級的評級機構，所指定之債務證券投資的信貨質素分析如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Aaa	Aaa	1,790	9,983	1,608	9,869
Aa1 to Aa3	Aa1 至 Aa3	5,706	4,524	4,604	3,355
A1 to A3	A1 至 A3	2,706	1,919	2,029	1,413
Lower than A3	A3 以下	1,121	5,319	851	4,911
		11,323	21,745	9,092	19,548
Unrated	無評級	2,440	2,747	2,440	2,747
Total	總額	13,763	24,492	11,532	22,295

(ix) Collateral and other credit enhancements

The Group holds collateral against loans and advances to customers in the forms of mortgages over property, other registered securities over assets, cash deposits and guarantees. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collaterals held as security for financial assets other than loans and advances is determined by the nature of the instrument.

Debt securities, treasury and other eligible bills are generally unsecured with the exception of asset-based securities and similar instruments, which are secured by pools of financial assets. The Group entered into the ISDA Master Agreement which contractually binds both parties to apply close-out netting arrangement across outstanding derivatives.

(ix) 抵押品及其他信用提升

本集團持有以物業按揭形式、其他登記抵押資產、現金存款及擔保，以用作貸款的抵押品。除持有用作反向回購及證券借貸活動的抵押品外，銀行貸款一般不需要抵押品。持有用作非貸款金融資產的抵押品，是按照工具之性質決定。

除以一籃子金融資產作抵押的資產融資證券及相同工具外，債務證券、庫券及其他認可票據一般俱屬無抵押的。本集團簽訂ISDA的主合約，可合法地約束雙方以淨額結算安排一律應用於未履行之衍生交易。

Notes on the Accounts (continued)

賬項附註(續)

The lower of gross loan amount and the estimate of the fair value of collateral and other credit enhancements held against financial assets is as follows:

貸款總額及持有作抵押金融資產之抵押品及其他信用提升的估計公平價值兩者之較低者如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Fair value of collateral and other credit enhancements held against financial assets that are:	持有作抵押金融資產之抵押品及其他信用提升的公平價值如下：				
– neither past due nor impaired	– 無逾期及減值	178,200	167,370	95,567	102,777
– past due but not impaired	– 有逾期但未有減值	210	360	147	86
		178,410	167,730	95,714	102,863

(b) Market risk management

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

The Board of Directors reviews and approves policies for the management of market risks. The Board has delegated the responsibility for ongoing market risk management to the Asset and Liability Management Committee. The Asset and Liability Management Committee reports to the Board of Directors via the Risk Management Committee.

The Asset and Liability Management Committee deals with all market risk and liquidity risk related issues of the Group. It is also responsible for deciding the future business strategy with respect to interest rates trend review.

The use of derivatives for proprietary trading and their sale to customers as risk management products is an integral part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk, as part of its asset and liability management process. The principal derivatives instruments used by the Group are interest rate, foreign exchange and equity related contracts, in the form of both over-the-counter derivatives and exchange traded derivatives. Most of the Group's derivatives positions have been entered into to meet customer demand and to manage the risk of these and other trading positions.

In this connection, the key types of risk to manage are:

(i) Currency risk

The Group's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. All foreign currency positions are managed within limits approved by the Board.

Structural foreign currency positions, which arise mainly from foreign currency investments in the Group's branches, subsidiaries and associated companies, are excluded from VaR measurements, as related gains or losses are taken to reserves. Such foreign currency positions are managed with the principal objective of ensuring that the Group's reserves are protected from exchange rate fluctuations. The Group seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies.

(b) 市場風險管理

市場風險源自所有對市場風險敏感的財務工具，包括債務證券、外匯合約、股份和衍生工具，以及資產負債表或結構性持倉。市場風險管理旨在減少本集團因財務工具內在的波動性而承受的風險。

董事會檢討和審批市場風險的管理政策，並已授權資產負債管理委員會負責持續進行一般的市場風險管理。資產負債管理委員會經風險管理委員會向董事會匯報。

資產負債管理委員會負責處理本集團一切與市場風險和流動資金風險相關的事項，亦負責根據利率走勢而釐定未來業務策略。

進行衍生工具交易及向客戶出售衍生工具以用作風險管理產品為本集團其中一項重要業務。此等工具亦用以管理本集團所承受的市場風險，作為本集團資產負債管理的一部分程序。本集團所採用的衍生工具主要為利率、外匯和股份相關合約，即為場外或場外交易的衍生工具。本集團大部分的衍生工具持倉均為切合客戶需求，以及為此等和其他交易項目而進行對沖。

在此方面需要管理的主要風險類別如下：

(i) 貨幣風險

本集團的外匯風險源自外匯買賣、商業銀行業務和結構性外匯風險。所有外幣持倉均維持在董事會所訂定的限額內。

本集團於分行、附屬公司和聯營公司的外匯投資，其有關的溢利及虧損因為已撥入儲備，所以未計算在風險數額內。管理此等外幣投資的主要目的，是保障本集團的儲備免受匯率波動的影響。本集團盡力將以外幣計值的資產與以同一貨幣計值的負債，保持在相若水平。

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(b) Market risk management (continued)

(i) Currency risk (continued)

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

The Group

(b) 市場風險管理(續)

(i) 貨幣風險(續)

下表顯示於結算日貨幣風險集中的情況：

集團

		2008				2007			
		USD 美元 HK\$ Mn 港幣百萬元	CNY 人民幣 HK\$ Mn 港幣百萬元	Other foreign currencies 其他外幣 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元	USD 美元 HK\$ Mn 港幣百萬元	CNY 人民幣 HK\$ Mn 港幣百萬元	Other foreign currencies 其他外幣 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	2,425	23,215	1,263	26,903	1,331	11,133	870	13,334
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	28,670	1,252	18,795	48,717	36,794	2,179	19,554	58,527
Trade bills	貿易票據	1,078	-	72	1,150	564	198	31	793
Trading assets	交易用途資產	652	438	160	1,250	792	-	192	984
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	2,158	-	631	2,789	6,278	-	316	6,594
Advances to customers and other accounts	貸款及其他賬項	42,442	75,119	17,419	134,980	38,066	61,919	18,670	118,655
Available-for-sale financial assets	可供出售金融資產	3,261	6,184	3,594	13,039	2,427	118	2,588	5,133
Held-to-maturity investments	持至到期投資	1,941	-	1,864	3,805	7,786	-	1,540	9,326
Investment in associates	聯營公司投資	292	-	-	292	327	-	-	327
Fixed assets	固定資產	211	3,083	267	3,561	188	53	303	544
Goodwill and intangible assets	商譽及無形資產	241	20	386	647	249	1	331	581
Deferred tax assets	遞延稅項資產	161	-	8	169	57	-	10	67
Spot assets	現貨資產	83,532	109,311	44,459	237,302	94,859	75,601	44,405	214,865
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	(1,456)	(25,020)	(297)	(26,773)	(742)	(35,965)	(2,174)	(38,881)
Deposits from customers	客戶存款	(59,678)	(73,464)	(41,000)	(174,142)	(69,467)	(33,681)	(37,959)	(141,107)
Trading liabilities	交易用途負債	(1,595)	(148)	(199)	(1,942)	(317)	-	(141)	(458)
Certificates of deposit issued	已發行存款證	(2,452)	-	(426)	(2,878)	(1,497)	-	(553)	(2,050)
Current taxation	本期稅項	(27)	(192)	(31)	(250)	(14)	(68)	(53)	(135)
Deferred tax liabilities	遞延稅項負債	(4)	-	-	(4)	(4)	-	-	(4)
Other accounts and provisions	其他賬項及準備	(2,176)	(4,524)	(966)	(7,666)	(1,494)	(669)	(1,640)	(3,803)
Loan capital	借貸資本	(8,285)	-	(2,751)	(11,036)	(9,052)	-	(4,600)	(13,652)
Spot liabilities	現貨負債	(75,673)	(103,348)	(45,670)	(224,691)	(82,587)	(70,383)	(47,120)	(200,090)
Forward purchases	遠期買入	51,244	18,872	11,843	81,959	36,089	3,399	15,231	54,719
Forward sales	遠期賣出	(55,976)	(18,781)	(8,713)	(83,470)	(45,224)	(4,418)	(11,369)	(61,011)
Net option position	期權倉淨額	3	-	(4)	(1)	(10)	-	22	12
Net long non-structural position	非結構性長盤淨額	3,130	6,054	1,915	11,099	3,127	4,199	1,169	8,495
Net structural position	結構性持倉淨額	2,179	6,602	940	9,721	1,792	4,771	891	7,454

Notes on the Accounts (continued)
賬項附註(續)

The Bank		銀行							
		2008				2007			
		USD	CNY	Other foreign	Total	USD	CNY	Other foreign	Total
		美元	人民幣	其他外幣	總額	美元	人民幣	其他外幣	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	1,107	1,373	962	3,442	557	1,375	680	2,612
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	26,730	–	18,795	45,525	29,405	–	19,228	48,633
Trade bills	貿易票據	454	–	55	509	425	–	26	451
Trading assets	交易用途資產	611	1	159	771	778	–	44	822
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	2,141	–	631	2,772	6,262	–	316	6,578
Advances to customers and other accounts	貸款及其他賬項	20,184	18	14,602	34,804	17,532	7	14,810	32,349
Available-for-sale financial assets	可供出售金融資產	2,178	428	3,511	6,117	1,305	118	2,487	3,910
Amounts due from subsidiaries	附屬公司欠款	12,663	549	–	13,212	206	–	634	840
Held-to-maturity investments	持至到期投資	1,098	–	1,738	2,836	6,823	–	1,384	8,207
Investment in subsidiaries and associates	附屬公司和聯營公司的投資	1,786	–	361	2,147	1,233	–	209	1,442
Fixed assets	固定資產	9	–	203	212	7	–	189	196
Deferred tax assets	遞延稅項資產	33	–	5	38	6	–	6	12
Spot assets	現貨資產	68,994	2,369	41,022	112,385	64,539	1,500	40,013	106,052
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	(620)	–	(202)	(822)	(647)	–	(1,755)	(2,402)
Deposits from customers	客戶存款	(48,260)	(2,488)	(39,107)	(89,855)	(52,751)	(1,477)	(36,323)	(90,551)
Trading liabilities	交易用途負債	(1,464)	–	(181)	(1,645)	(207)	–	(53)	(260)
Certificates of deposit issued	已發行存款證	(2,452)	–	(426)	(2,878)	(1,497)	–	(553)	(2,050)
Amounts due to subsidiaries	欠附屬公司款項	(552)	–	(198)	(750)	(1,111)	–	(2)	(1,113)
Current taxation	本期稅項	(29)	–	(45)	(74)	(5)	–	(47)	(52)
Other accounts and provisions	其他賬項及準備	(821)	(6)	(829)	(1,656)	(927)	(2)	(745)	(1,674)
Loan capital	借貸資本	(8,285)	–	(2,751)	(11,036)	(9,052)	–	(4,600)	(13,652)
Spot liabilities	現貨負債	(62,483)	(2,494)	(43,739)	(108,716)	(66,197)	(1,479)	(44,078)	(111,754)
Forward purchases	遠期買入	44,169	15	11,820	56,004	33,069	216	14,800	48,085
Forward sales	遠期賣出	(49,326)	(19)	(8,184)	(57,529)	(43,248)	(371)	(10,749)	(54,368)
Net option position	期權倉淨額	3	–	(4)	(1)	(10)	–	22	12
Net long(short) non-structural position	非結構性長/(短)盤淨額	1,357	(129)	915	2,143	(11,847)	(134)	8	(11,973)
Net structural position	結構性持倉淨額	2,179	6,602	940	9,721	1,792	4,771	891	7,454

Notes on the Accounts (continued)

賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(b) Market risk management (continued)

(ii) Interest rate risk

The Group's interest rate positions arise from treasury and commercial banking activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities. Interest rate risk is managed daily by the Treasury Department within the limits approved by the Board of Directors. The instruments used to manage interest rate risk include interest rate swaps and other derivatives.

(iii) Equity risk

The Group's equity positions arise from equity investment and dynamic hedging of equity options in connection with the Bank's linked deposit business. Equity risk is managed daily by the Investment Department within the limits approved by the Board of Directors.

Market risk control limits have been set at varying levels according to the practical requirements of different units. The Board of Directors approves the core control limits and has delegated the power to set detailed control limits to the Asset and Liability Management Committee. Risk, return and market conditions are considered when setting limits. Active limit monitoring is carried out.

In this connection, the Asset and Liability Management Committee monitors the related market risk arising from risk-taking activities of the Group, to ensure that overall and individual market risks are within the Group's risk tolerance level. Risk exposures are monitored on a frequent basis to ensure that they are within established control limits.

The Group quantifies the market risk of the underlying trading portfolio by means of value-at-risk ("VaR"). VaR is a statistical estimate that measures the potential losses in market value of a portfolio as a result of unfavourable movements in market rates and prices, if positions are held unchanged over a certain horizon time period.

The Group estimates VaR for the Group's trading portfolio by the Parametric Approach, where the VaR is derived from the underlying variances and covariances of the constituents of a portfolio. This methodology uses historical movements in market rates and prices, a 99% confidence level, a one-day holding period, a one-year historical observation period with higher weights being assigned to more recent observations, and takes into account correlations between different markets and rates.

Structural foreign exchange positions arising from net investments in branches and subsidiaries are not included in the VaR for the foreign exchange trading position.

(b) 市場風險管理(續)

(ii) 利率風險

本集團的利率持倉來自財資及商業銀行業務。交易組合和非交易組合均會產生利率風險。利率風險主要是由帶息資產、負債及承擔在再定息時的時差所致，亦與無息負債持倉有關，其中包括股東資金和往來賬戶及若干定息貸款和負債。利率風險由資金部按董事會批准的限額範圍進行日常管理。管理利率風險的工具包括利率掉期和其他衍生工具。

(iii) 股份風險

本集團的股份持倉來自股份投資及銀行掛鈎存款業務相關的動態對沖股份期權。股份風險由投資部按董事會批准的限額範圍進行日常管理。

市場風險控制限額設有不同層次以配合各類業務的實際需要。董事會審批核心控制限額並授權資產負債管理委員會審批具體的控制限額。釐定限額時會考慮風險、回報及市場情況等因素，並且採用積極限額監控程序。

在此方面，資產負債管理委員會負責監察本集團承擔市場風險的活動，確保整體及個別市場風險處於本集團的風險承受範圍內。本集團會經常監控風險承擔情況，以確保所承擔風險屬於既定的控制限額內。

本集團運用風險值來量化相關交易組合的市場風險。風險值是統計學上的估計，用來量度於某一時段內持倉維持不變的情況下，因市場息率及價格的不利波動而引致組合的市值潛在虧損。

本集團通過參數法評估本集團交易組合的風險值，其中，風險值乃透過組成份的有關方差及協方差計算得出。該方法是依據過往市場息率與價格的波動、99%置信水平、1日持倉期以及對較近期觀察給予較高權重的1年過往觀察期，並計入不同市場及息率的相關程度來推算。

由分行及附屬公司的淨投資產生的結構性外匯持倉不會包括在計算外匯交易持倉的風險值。

Notes on the Accounts (continued)

賬項附註(續)

The book value of listed shares, as well as the book value of private equity funds and unlisted equities (excluding credit-related unlisted securities) (collectively the "Unlisted Securities"), are subject to limits and these are monitored by the management of the Group. The Unlisted Securities and listed non-trading equities are not included in the VaR for the equity trading position, and are managed through delegated limits. The limits are subject to regular review by the Board.

Value-at-risk statistics

		2008			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險數額總額	70	139	39	73
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*	12	21	1	5
VaR for interest rate trading positions	利率交易持倉的風險數額	1	2	–	1
VaR for equity trading positions	股份交易持倉的風險數額	57	123	38	69

		2007			
		At 31st December 於12月31日	Maximum 最高	Minimum 最低	Mean 平均
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
VaR for total trading activities	交易活動的風險數額總額	62	98	22	54
VaR for foreign exchange trading positions*	外匯交易持倉的風險數額*	1	9	1	1
VaR for interest rate trading positions	利率交易持倉的風險數額	1	1	–	–
VaR for equity trading positions	股份交易持倉的風險數額	61	95	21	53

* Included all foreign exchange positions but excluded structured foreign exchange positions.

除上市股份外，私人股份基金及非上市股份（不包括與信貸有關之非上市證券）（統稱「非上市證券」）均由集團管理層按限額控制。非上市證券及非交易上市股份是根據特定限額管理及並不包括在交易股份持倉的風險數額內。董事會須定期檢討該限額。

風險數額統計

(c) Operational risk management

Operational risk is the risk arising from the potential loss due to inadequate or failed internal processes, people and systems or from external events.

The objective of operational risk management is to identify, assess and monitor operational risk and, in particular, to comply with the relevant regulatory requirements.

The Group has implemented a centralized risk management framework since January 2006. The Board of Directors reviews and approves the policies for operational risk management, and it has delegated the responsibility for ongoing operational risk management to the Operational Risk Management Committee. The Operational Risk Management Committee regularly reports status of operational risk management to the Board of Directors via the Risk Management Committee. The independent centralized risk management unit of the Group is responsible for monitoring activities relating to operational risk.

(c) 營運風險管理

營運風險指由於內部流程、人手及系統不足或不成熟或因外部事件而導致的潛在損失所引致的風險。

營運風險管理的目標在於辨別、評估及監控營運風險，尤其是要遵守相關監管規定。

本集團自2006年1月起實施統一的風險管理制度。董事會審閱並批准營運風險管理政策，並已授權營運風險管理委員會，負責持續管理營運風險。營運風險管理委員會透過風險管理委員會定期向董事會匯報營運風險管理的情況。本集團之獨立中央風險管理單位，負責監控與營運風險有關的活動。

Notes on the Accounts (continued)

賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(c) Operational risk management (continued)

Operational risk management tools adopted include operational risk incidents reporting, control self-assessment, key risk indicators, operation manuals, insurance policies, business continuity planning, etc.

Furthermore, the independent centralized risk management unit of the Group has also performed self-assessment on the Group's compliance with the requirements of HKMA Supervisory Policy Manual on Operational Risk Management, with satisfactory result which has been reviewed independently by the Internal Audit Department.

(d) Liquidity risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment 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.

The management of the Bank's liquidity risk is governed by the Liquidity Risk Management Policy, endorsed by the Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's liquidity risk management, set the strategy and policy for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Liquidity risk is daily managed by the Treasury Department within the limits approved by the Board of Directors. The independent centralized risk management unit of the Group is responsible for monitoring the activities of the Treasury Department in compliance with the Liquidity Risk Management Manual and Policy. The Internal Audit Department performs periodic review to make sure the liquidity risk management functions are effectively carried out.

The Group manages liquidity risk by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits. Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

The Group conducts stress testing regularly to analyze liquidity risk and has formulated a contingency plan that sets out a strategy for dealing with a liquidity problem and the procedures for making up cash flow deficits in emergency situations.

In addition to observing the statutory liquidity ratio, the Bank also monitors the loan to deposit ratio and maturity mismatch between assets and liabilities to control the Bank's liquidity risk.

(c) 營運風險管理(續)

本集團所採用的營運風險管理工具包括營運風險事件報告、自我評估監控、主要風險指標、營運手冊、保險政策及業務持續規劃等等。

此外，本集團之獨立中央風險管理單位亦就本集團是否符合香港金管局監管政策手冊關於業務操作風險管理的規定進行自我評估，並經內部稽核部獨立審閱後得出滿意的結果。

(d) 流動資金風險管理

流動資金風險管理是為了確保本集團維持充足的現金以配合所有財務承擔，並掌握業務擴展的機會。當中包括確保本集團能夠在即時或合約期滿時滿足客戶的提款要求；本集團在借款期滿時能夠還款；本集團符合法定的流動資金比率，以及掌握貸款和投資的機會。

本行的流動資金風險管理受風險管理委員會認可並經董事會核准的流動資金風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的流動資金風險管理，並制訂管理流動資金風險的策略與政策以及確保執行有關策略與政策的措施。流動資金風險由資金部每日按董事會批核的限額範圍進行管理。本集團之獨立中央風險管理單位，負責監控資金部的活動是否遵從流動資金風險管理手冊及政策。內部稽核部會定期作出檢討，確保流動資金風險管理功能得以有效執行。

本集團透過維持充足的流動資產，例如適當的現金和短期資金和證券數量，管理流動資金風險，以確保能在經審慎釐定的限額內符合短期融資要求。本集團維持充足的備用信貸，能提供策略性的流動資金，以應付日常業務過程中未能預計的大量資金需求。

本集團會定期進行壓力測試，以分析流動資金風險，並已制訂應急計劃，當中訂明了處理流動資金問題的策略及於緊急情況下彌補現金流不足的程序。

除緊守法定的流動資金比率外，本銀行亦會監控貸存比率及資產與負債的期限錯配，以控制本行的流動資金風險。

Notes on the Accounts (continued)
賬項附註(續)

Analysis of assets and liabilities by remaining maturity:

資產及負債的剩餘期限分析：

The Group

集團

		Repayable on demand	3 months or less	1 year or less but over 3 months	2008 5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
		即時還款	3個月或以下	3個月以上 至1年	1年以上至 5年	5年以上	無註明日期 或逾期	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產							
Cash and balances with banks and other financial institutions	現金及在銀行和其他 金融機構的結存	19,099	67	-	-	-	8,939	28,105
Placements with banks and other financial institutions	在銀行及其他金融 機構的存款	-	82,624	13,950	-	-	-	96,574
Trade bills	貿易票據	18	991	139	-	-	16	1,164
Trading assets	交易用途資產	-	400	2	81	43	2,911	3,437
Financial assets designated at fair value through profit or loss	指定為通過損益以反映 公平價值的金融工具	-	140	448	3,104	438	-	4,130
Advances to customers and other accounts	客戶貸款及其他賬項	4,431	43,750	42,249	86,169	55,285	11,841	243,725
Available-for-sale financial assets	可供出售金融資產	-	5,441	5,651	5,510	949	1,009	18,560
Held-to-maturity investments	持至到期投資	-	980	1,546	2,160	320	-	5,006
Undated assets	無註明日期資產	-	-	-	-	-	14,553	14,553
Total assets	資產總額	23,548	134,393	63,985	97,024	57,035	39,269	415,254
Liabilities	負債							
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的 存款及結餘	871	18,150	7,644	362	10	8	27,045
Deposits from customers	客戶存款	86,109	192,093	35,341	9,237	1,022	-	323,802
- Demand deposits and current accounts	- 活期存款及往來賬戶	36,332	-	-	-	-	-	36,332
- Savings deposit	- 儲蓄存款	45,781	-	-	-	-	-	45,781
- Time, call and notice deposits	- 定期及通知存款	3,996	192,093	35,341	9,237	1,022	-	241,689
Trading liabilities	交易用途負債	-	130	200	-	-	2,516	2,846
Certificates of deposit issued	已發行存款證	-	1,941	881	2,028	641	-	5,491
Current taxation	本期稅項	-	-	333	-	-	-	333
Loan capital	借貸資本	-	-	-	11,036	-	-	11,036
Undated liabilities	無註明日期負債	-	-	-	-	-	12,216	12,216
Total liabilities	負債總額	86,980	212,314	44,399	22,663	1,673	14,740	382,769
Net gap	淨差距	(63,432)	(77,921)	19,586	74,361	55,362		

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理 (續)

(d) Liquidity risk management (continued)
The Group

(d) 流動資金風險管理(續)
集團

				2007					
		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total	
		即時還款	3個月或以下	3個月以上 至1年	1年以上至 5年	5年以上	無註明日期 或逾期	總額	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他 金融機構的結存	13,583	63	–	–	–	4,207	17,853	
Placements with banks and other financial institutions	在銀行及其他金融 機構的存款	–	90,574	4,130	–	–	–	94,704	
Trade bills	貿易票據	58	624	91	–	–	39	812	
Trading assets	交易用途資產	–	798	397	–	18	3,634	4,847	
Financial assets designated at fair value through profit or loss	指定為通過損益以反映 公平價值的金融工具	–	155	523	7,980	–	–	8,658	
Advances to customers and other accounts	客戶貸款及其他賬項	4,211	36,840	34,529	83,440	61,708	11,012	231,740	
Available-for-sale financial assets	可供出售金融資產	–	1,922	4,681	2,899	971	1,744	12,217	
Held-to-maturity investments	持至到期投資	–	970	6,096	2,607	1,088	–	10,761	
Undated assets	無註明日期資產	–	–	–	–	–	12,387	12,387	
Total assets	資產總額	17,852	131,946	50,447	96,926	63,785	33,023	393,979	
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的 存款及結餘	3,722	17,592	17,685	50	10	1	39,060	
Deposits from customers	客戶存款	81,228	178,156	17,107	7,659	36	–	284,186	
– Demand deposits and current accounts	– 活期存款及往來賬戶	29,990	–	–	–	–	–	29,990	
– Savings deposit	– 儲蓄存款	49,216	–	–	–	–	–	49,216	
– Time, call and notice deposits	– 定期及通知存款	2,022	178,156	17,107	7,659	36	–	204,980	
Trading liabilities	交易用途負債	–	1,098	–	33	–	1,241	2,372	
Certificates of deposit issued	已發行存款證	–	288	9,663	1,326	888	–	12,165	
Current taxation	本期稅項	–	–	229	–	–	–	229	
Loan capital	借貸資本	–	–	–	9,269	4,383	–	13,652	
Undated liabilities	無註明日期負債	–	–	–	–	–	11,869	11,869	
Total liabilities	負債總額	84,950	197,134	44,684	18,337	5,317	13,111	363,533	
Net gap	淨差距	(67,098)	(65,188)	5,763	78,589	58,468			

Notes on the Accounts (continued)
賬項附註(續)

The Bank		銀行						
				2008				
		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total
		即時還款	3個月或以下	3個月以上 至1年	1年以上至 5年	5年以上	無註明日期 或逾期	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Assets	資產							
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	4,189	-	-	-	-	663	4,852
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	-	78,787	13,948	-	-	-	92,735
Trade bills	貿易票據	14	356	135	-	-	16	521
Trading assets	交易用途資產	-	400	2	81	43	2,388	2,914
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	-	140	448	3,088	438	-	4,114
Advances to customers and other accounts	客戶貸款及其他賬項	4,319	27,088	16,085	51,694	31,570	7,884	138,640
Available-for-sale financial assets	可供出售金融資產	-	1,136	3,947	5,067	126	709	10,985
Held-to-maturity investments	持至到期投資	-	462	1,092	1,653	111	-	3,318
Undated assets	無註明日期資產	-	-	-	-	-	37,140	37,140
Total assets	資產總額	8,522	108,369	35,657	61,583	32,288	48,800	295,219
Liabilities	負債							
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	329	749	7	-	-	8	1,093
Deposits from customers	客戶存款	54,219	166,314	18,439	1,057	-	-	240,029
- Demand deposits and current accounts	- 活期存款及往來賬戶	10,272	-	-	-	-	-	10,272
- Savings deposit	- 儲蓄存款	43,262	-	-	-	-	-	43,262
- Time, call and notice deposits	- 定期及通知存款	685	166,314	18,439	1,057	-	-	186,495
Trading liabilities	交易用途負債	-	130	200	-	-	2,219	2,549
Certificates of deposit issued	已發行存款證	-	1,941	881	2,028	2,841	-	7,691
Current taxation	本期稅項	-	-	60	-	-	-	60
Loan capital	借貸資本	-	-	-	11,036	-	-	11,036
Undated liabilities	無註明日期負債	-	-	-	-	-	5,536	5,536
Total liabilities	負債總額	54,548	169,134	19,587	14,121	2,841	7,763	267,994
Net gap	淨差距	(46,026)	(60,765)	16,070	47,462	29,447		

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(d) Liquidity risk management (continued)
The Bank

(d) 流動資金風險管理(續)
銀行

				2007					
		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue	Total	
		即時還款	3個月或以下	3個月以上 至1年	1年以上至 5年	5年以上	無註明日期 或逾期	總額	
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
Assets	資產								
Cash and balances with banks and other financial institutions	現金及在銀行和其他 金融機構的結存	2,721	–	–	–	–	412	3,133	
Placements with banks and other financial institutions	在銀行及其他金融 機構的存款	–	80,493	2,630	–	–	–	83,123	
Trade bills	貿易票據	34	312	85	–	–	39	470	
Trading assets	交易用途資產	–	798	397	–	18	3,408	4,621	
Financial assets designated at fair value through profit or loss	指定為通過損益以反映 公平價值的金融工具	–	154	523	7,964	–	–	8,641	
Advances to customers and other accounts	客戶貸款及其他賬項	3,862	23,246	12,886	52,567	42,388	6,743	141,692	
Available-for-sale financial assets	可供出售金融資產	–	1,903	4,393	2,745	244	1,323	10,608	
Held-to-maturity investments	持至到期投資	–	735	5,554	1,821	663	–	8,773	
Undated assets	無註明日期資產	–	–	–	–	–	37,412	37,412	
Total assets	資產總額	6,617	107,641	26,468	65,097	43,313	49,337	298,473	
Liabilities	負債								
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的 存款及結餘	369	1,923	287	–	–	2	2,581	
Deposits from customers	客戶存款	56,358	164,306	9,445	2,479	–	–	232,588	
– Demand deposits and current accounts	– 活期存款及往來賬戶	10,144	–	–	–	–	–	10,144	
– Savings deposit	– 儲蓄存款	46,189	–	–	–	–	–	46,189	
– Time, call and notice deposits	– 定期及通知存款	25	164,306	9,445	2,479	–	–	176,255	
Trading liabilities	交易用途負債	–	1,099	–	33	–	1,043	2,175	
Certificates of deposit issued	已發行存款證	–	289	9,662	1,326	3,088	–	14,365	
Current taxation	本期稅項	–	–	81	–	–	–	81	
Loan capital	借貸資本	–	–	–	9,270	4,382	–	13,652	
Undated liabilities	無註明日期負債	–	–	–	–	–	6,850	6,850	
Total liabilities	負債總額	56,727	167,617	19,475	13,108	7,470	7,895	272,292	
Net gap	淨差距	(50,110)	(59,976)	6,993	51,989	35,843			

As the trading and available-for-sale portfolios may be sold before maturity or deposits from customers may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

由於作交易及可供出售用途的組合可能於到期前出售或客戶存款可能在到期前被提取，合約到期日並非代表未來現金流的估計日期。

Notes on the Accounts (continued)

賬項附註(續)

The following tables provide an analysis of the residual contractual maturities of non-derivatives financial liabilities of the Group at the balance sheet date:

下表提供於結算日集團的非衍生性金融負債之剩餘合約期限分析：

The Group

集團

		2008							
		Carrying Amount	Gross cash outflow	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years	Undated
		賬面值	現金流出總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	27,045	27,374	871	18,293	7,803	389	10	8
Deposits from customers	客戶存款	323,802	326,711	86,289	193,188	36,028	9,964	1,242	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	36,332	36,332	36,332	-	-	-	-	-
- Savings deposit	- 儲蓄存款	45,781	45,781	45,781	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	241,689	244,598	4,176	193,188	36,028	9,964	1,242	-
Trading liabilities	交易用途負債	2,846	2,846	-	130	200	-	-	2,516
Certificates of deposit issued	已發行存款證	5,491	5,625	-	1,996	911	2,077	641	-
Current taxation	本期稅項	333	333	-	-	333	-	-	-
Loan capital	借貸資本	11,036	12,621	-	130	422	12,069	-	-
Interest rate swaps	利率掉期合約	1,792	1,792	-	297	522	835	138	-
Other liabilities	其他負債	12,216	12,216	-	-	-	-	-	12,216
Total	總額	384,561	389,518	87,160	214,034	46,219	25,334	2,031	14,740

		2007							
		Carrying Amount	Gross cash outflow	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years	Undated
		賬面值	現金流出總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	無註明日期
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	39,060	39,649	3,741	17,784	18,063	49	10	2
Deposits from customers	客戶存款	284,186	286,298	81,232	179,299	17,674	8,054	39	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	29,990	29,990	29,990	-	-	-	-	-
- Savings deposit	- 儲蓄存款	49,216	49,216	49,216	-	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	204,980	207,092	2,026	179,299	17,674	8,054	39	-
Trading liabilities	交易用途負債	2,372	2,377	-	1,099	2	35	-	1,241
Certificates of deposit issued	已發行存款證	12,165	12,635	-	365	9,995	1,387	888	-
Current taxation	本期稅項	229	229	-	-	229	-	-	-
Loan capital	借貸資本	13,652	16,861	-	210	584	11,684	4,383	-
Interest rate swaps	利率掉期合約	2,247	2,247	72	151	366	1,449	209	-
Other liabilities	其他負債	11,869	11,869	-	-	-	-	-	11,869
Total	總額	365,780	372,165	85,045	198,908	46,913	22,658	5,529	13,112

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理 (續)

(d) Liquidity risk management (continued)
The Bank

(d) 流動資金風險管理(續)
銀行

		2008						
		Carrying Amount	Gross cash outflow	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years
		賬面值	現金流出總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	1,093	1,094	329	750	7	-	-
Deposits from customers	客戶存款	240,029	241,201	54,219	167,044	18,744	1,194	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	10,272	10,272	10,272	-	-	-	-
- Savings deposit	- 儲蓄存款	43,262	43,262	43,262	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	186,495	187,667	685	167,044	18,744	1,194	-
Trading liabilities	交易用途負債	2,549	2,549	-	130	200	-	-
Certificates of deposit issued	已發行存款證	7,691	7,825	-	1,996	911	2,077	2,841
Current taxation	本期稅項	60	60	-	-	60	-	-
Loan capital	借貸資本	11,036	12,621	-	130	422	12,069	-
Interest rate swaps	利率掉期合約	1,285	1,285	-	226	373	616	70
Other liabilities	其他負債	5,536	5,695	-	10	23	68	58
Total	總額	269,279	272,330	54,548	170,286	20,740	16,024	2,969
		7,763						
		2007						
		Carrying Amount	Gross cash outflow	Repayable on demand	Less than three months	Between three months and one year	Between one and five years	More than five years
		賬面值	現金流出總額	即時還款	3個月或以下	3個月以上至1年	1年以上至5年	5年以上
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	2,581	2,597	369	1,937	289	-	-
Deposits from customers	客戶存款	232,588	233,975	56,358	165,342	9,773	2,502	-
- Demand deposits and current accounts	- 活期存款及往來賬戶	10,144	10,144	10,144	-	-	-	-
- Savings deposit	- 儲蓄存款	46,189	46,189	46,189	-	-	-	-
- Time, call and notice deposits	- 定期及通知存款	176,255	177,642	25	165,342	9,773	2,502	-
Trading liabilities	交易用途負債	2,175	2,179	-	1,099	2	35	-
Certificates of deposit issued	已發行存款證	14,365	14,835	-	365	9,995	1,388	3,087
Current taxation	本期稅項	81	81	-	-	81	-	-
Loan capital	借貸資本	13,652	16,861	-	210	584	11,684	4,383
Interest rate swaps	利率掉期合約	2,247	2,247	73	150	365	1,449	210
Other liabilities	其他負債	6,850	6,856	2	4	-	-	-
Total	總額	274,539	279,631	56,802	169,107	21,089	17,058	7,680
		7,895						

Notes on the Accounts (continued)

賬項附註(續)

(e) Interest rate risk management

The management of the Bank's interest rate risk is governed by the Interest Rate Risk Management Policy endorsed by Risk Management Committee and approved by the Board of Directors. The Asset and Liability Management Committee is delegated by the Board of Directors to oversee the Bank's interest rate risk management, set the strategy and policy for managing interest rate risk and the means for ensuring that such strategy and policy are implemented. Interest rate risk is daily managed by the Treasury Department within the limits approved by the Board of Directors. The independent centralized risk management unit of the Group is responsible for monitoring the activities of the Treasury Department in compliance with the Interest Rate Risk Management Manual and Policy. The Internal Audit Department performs periodic review to make sure the interest rate risk management functions are effectively carried out.

The Bank manages the interest rate risk on the banking book primarily by focusing on the repricing mismatches. Gap analysis provides a static view of the maturity and repricing characteristics of the Bank's balance sheet positions. Repricing gap limits are set to control the Bank's interest rate risk.

Stress tests on the Bank's various types of interest rate risk are conducted regularly. The Asset and Liability Management Committee monitors the results of stress tests and decides remedial action if required.

Sensitivity analysis on earnings and economic value to interest rate changes is assessed through a hypothetical interest rate shock of 200 basis points across the yield curve on both sides of the balance sheet and performed on monthly basis. Sensitivity limits are set to control the Bank's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to the Asset and Liability Management Committee and the Board of Directors on a regular basis.

Sensitivity analysis on interest rate risk

The Bank uses sensitivity analysis to measure the potential effect of changes in interest rates on our net interest income and economic value change:

		2008			2007		
		HKD 港元 HK\$ Mn 港幣百萬元	USD 美元 HK\$ Mn 港幣百萬元	CNY 人民幣 HK\$ Mn 港幣百萬元	HKD 港元 HK\$ Mn 港幣百萬元	USD 美元 HK\$ Mn 港幣百萬元	CNY 人民幣 HK\$ Mn 港幣百萬元
Impact on earnings over the next 12 months if interest rates rise by 200 basis points	倘利率上調200個基點對未來12個月的盈利影響	64	(26)	185	57	(112)	36
Impact on economic value if interest rates rise by 200 basis points	倘利率上調200個基點對經濟價值的影響	(98)	(203)	113	(180)	(273)	(56)

This sensitivity analysis, which is based on a static interest rate risk profile of assets and liabilities, is used for risk management purposes only. The analysis is based on the following assumptions:

- (i) there is a parallel shift in the yield curve and in interest rates;
- (ii) there are no other changes to the portfolio;
- (iii) no loan prepayment is assumed as the majority of loans is on a floating rate basis; and
- (iv) deposits without fixed maturity dates are assumed to be repriced on the next day.

(e) 利率風險管理

本行的利率風險管理受風險管理委員會認可並經董事會核准的利率風險管理政策監管。資產負債管理委員會獲董事會授權，負責監察本行的利率風險管理，並制訂管理利率風險的策略與政策以及確保執行有關策略與政策的措施。利率風險由資金部每日按董事會批核的限額範圍進行管理。本集團之獨立中央風險管理單位，負責監控資金部的活動是否遵從利率風險管理手冊及政策。內部稽核部會定期作出檢討，確保利率風險管理功能得以有效執行。

本行管理銀行賬冊利率風險的主要方法是集中於重訂息率的錯配。差距分析可讓本行從靜態角度瞭解資產負債的到期情況及再定息特點。本行設有重訂息率差距限額以控制本行的利率風險。

本行會對各種利率風險定期進行壓力測試。資產負債管理委員會監控壓力測試的結果，並在需要時釐定補救措施。

盈利和經濟價值對利率變動的敏感度分析乃透過每月假設資產負債的收益率曲線出現200個基點的利率衝擊來估算。本行設有敏感度限額，以控制本行的盈利及經濟價值兩方面的利率風險承擔。有關結果定期向資產負債管理委員會及董事會匯報。

利率風險敏感度分析

本行採用敏感度分析來量度利率變動對淨利息收入及經濟價值變動可能產生的影響：

該敏感度分析僅用於風險管理目的，乃依據資產及負債的靜態利率風險資料作出。有關分析乃根據以下假設進行：

- (i) 收益率曲線及利率出現平行移動；
- (ii) 組合並無其他變動；
- (iii) 假設沒有提早償還貸款，因大部份貸款屬於浮息貸款；及
- (iv) 假設沒有固定到期日的存款於翌日再定息。

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(e) Interest rate risk management (continued)

Actual changes in the Bank's net interest income and the economic value resulting from the increases in interest rates may differ from the results of this sensitivity analysis.

The following table indicates the expected next repricing dates (or maturity dates whichever are earlier) for the interest bearing assets and liabilities at the balance sheet date:

(e) 利率風險管理(續)

利率上調而導致本行淨利息收入及經濟價值的實際變動與該敏感度分析的結果可能有所不同。

下表顯示於結算日帶息資產及負債的預計下次利率重訂日(或到期日取其較短者)：

The Group

集團

		2008					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	25,610	-	-	-	2,495	28,105
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	82,624	13,950	-	-	-	96,574
Trade bills	貿易票據	977	137	-	-	50	1,164
Trading assets	交易用途資產	406	2	81	37	2,911	3,437
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	1,110	595	1,987	438	-	4,130
Advances to customers	客戶貸款	152,460	40,417	27,439	6,556	2,423	229,295
Other accounts	其他賬項	551	661	-	-	13,218	14,430
Available-for-sale financial assets	可供出售金融資產	8,125	5,508	2,965	953	1,009	18,560
Held-to-maturity investments	持至到期投資	2,029	1,513	1,197	267	-	5,006
Non-interest bearing assets	非帶息資產	-	-	-	-	14,553	14,553
Total Assets	資產總額	273,892	62,783	33,669	8,251	36,659	415,254
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	18,091	8,671	260	10	13	27,045
Deposits from customers	客戶存款	270,892	38,309	4,354	33	10,214	323,802
Trading liabilities	交易用途負債	130	200	-	-	2,516	2,846
Certificates of deposit issued	已發行存款證	2,503	654	1,014	1,320	-	5,491
Loan capital	借貸資本	4,641	-	6,395	-	-	11,036
Non-interest bearing liabilities	非帶息負債	-	-	-	-	12,549	12,549
Total liabilities	負債總額	296,257	47,834	12,023	1,363	25,292	382,769
Interest rate sensitivity gap	利率敏感度差距	(22,365)	14,949	21,646	6,888		

Notes on the Accounts (continued)
賬項附註(續)

The Group		集團					
		2007					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	12,679	–	–	–	5,174	17,853
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	90,578	4,126	–	–	–	94,704
Trade bills	貿易票據	687	53	–	–	72	812
Trading assets	交易用途資產	815	397	–	–	3,635	4,847
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	5,353	446	2,845	–	14	8,658
Advances to customers	客戶貸款	140,055	42,212	26,094	6,920	2,206	217,487
Other accounts	其他賬項	1,269	1,352	39	–	11,593	14,253
Available-for-sale financial assets	可供出售金融資產	7,109	1,842	807	743	1,716	12,217
Held-to-maturity investments	持至到期投資	2,122	6,064	1,569	1,006	–	10,761
Non-interest bearing assets	非帶息資產	–	–	–	–	12,387	12,387
Total Assets	資產總額	260,667	56,492	31,354	8,669	36,797	393,979
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	19,327	14,414	49	10	5,260	39,060
Deposits from customers	客戶存款	249,053	22,275	3,439	378	9,041	284,186
Trading liabilities	交易用途負債	1,099	–	33	–	1,240	2,372
Certificates of deposit issued	已發行存款證	3,918	6,533	504	1,210	–	12,165
Loan capital	借貸資本	4,669	–	4,600	4,383	–	13,652
Non-interest bearing liabilities	非帶息負債	–	–	–	–	12,098	12,098
Total liabilities	負債總額	278,066	43,222	8,625	5,981	27,639	363,533
Interest rate sensitivity gap	利率敏感度差距	(17,399)	13,270	22,729	2,688		

Notes on the Accounts (continued)
賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理(續)

(e) Interest rate risk management (continued)
The Bank

(e) 利率風險管理(續)
銀行

		2008					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	3,619	–	–	–	1,233	4,852
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	78,787	13,948	–	–	–	92,735
Trade bills	貿易票據	342	129	–	–	50	521
Trading assets	交易用途資產	406	2	81	37	2,388	2,914
Financial assets designated at fair value through profit or loss	指定為透過損益以反映公平價值之金融工具	1,110	595	1,971	438	–	4,114
Advances to customers	客戶貸款	89,323	9,292	24,308	4,996	2,374	130,293
Other accounts	其他賬項	340	188	–	–	7,819	8,347
Available-for-sale financial assets	可供出售金融資產	3,821	3,803	2,522	126	713	10,985
Held-to-maturity investments	持至到期投資	1,512	1,058	690	58	–	3,318
Non-interest bearing assets	非帶息資產	–	–	–	–	37,140	37,140
Total Assets	資產總額	179,260	29,015	29,572	5,655	51,717	295,219
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	1,072	8	–	–	13	1,093
Deposits from customers	客戶存款	211,740	18,398	1,057	–	8,834	240,029
Trading liabilities	交易用途負債	130	200	–	–	2,219	2,549
Certificates of deposit issued	已發行之存款證	2,503	654	1,014	3,520	–	7,691
Loan capital	借貸資本	4,641	–	6,395	–	–	11,036
Non-interest bearing liabilities	非帶息負債	–	–	–	–	5,596	5,596
Total liabilities	負債總額	220,086	19,260	8,466	3,520	16,662	267,994
Interest rate sensitivity gap	利率敏感度差距	(40,826)	9,755	21,106	2,135		

Notes on the Accounts (continued)
賬項附註(續)

The Bank		銀行					
		2007					
		3 months or less 3個月 或以下 HK\$ Mn 港幣百萬元	Over 3 months to 1 year 3個月以上 至1年 HK\$ Mn 港幣百萬元	Over 1 year to 5 years 1年以上 至5年 HK\$ Mn 港幣百萬元	Over 5 years 5年以上 HK\$ Mn 港幣百萬元	Non-interest bearing 非帶息 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Assets	資產						
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	2,087	–	–	–	1,046	3,133
Placements with banks and other financial institutions	在銀行及其他金融機構的存款	80,493	2,630	–	–	–	83,123
Trade bills	貿易票據	375	47	–	–	48	470
Trading assets	交易用途資產	815	397	–	–	3,409	4,621
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融工具	5,353	446	2,828	–	14	8,641
Advances to customers	客戶貸款	96,635	8,200	22,316	5,154	2,142	134,447
Other accounts	其他賬項	463	238	39	–	6,505	7,245
Available-for-sale financial assets	可供出售金融資產	7,006	1,553	653	69	1,327	10,608
Held-to-maturity investments	持至到期投資	1,886	5,523	783	581	–	8,773
Non-interest bearing assets	非帶息資產	–	–	–	–	37,412	37,412
Total Assets	資產總額	195,113	19,034	26,619	5,804	51,903	298,473
Liabilities	負債						
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	2,284	287	–	–	10	2,581
Deposits from customers	客戶存款	213,128	9,476	2,101	378	7,505	232,588
Trading liabilities	交易用途負債	1,099	–	33	–	1,043	2,175
Certificates of deposit issued	已發行之存款證	3,918	6,533	504	3,410	–	14,365
Loan capital	借貸資本	4,669	–	4,600	4,383	–	13,652
Non-interest bearing liabilities	非帶息負債	–	–	–	–	6,931	6,931
Total liabilities	負債總額	225,098	16,296	7,238	8,171	15,489	272,292
Interest rate sensitivity gap	利率敏感度差距	(29,985)	2,738	19,381	(2,367)		

Notes on the Accounts (continued)

賬項附註(續)

39. FINANCIAL RISK MANAGEMENT (continued) 財務風險管理 (續)

(e) Interest rate risk management (continued)

The following table summarises the range of effective average interest rates for the year ended 31st December for monetary financial instruments:

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		%	%	%	%
Assets	資產				
Cash and short-term funds and placements with banks and other financial institutions	現金及在銀行和其他金融機構的結存，及在銀行及其他金融機構的存款	0-10.28	0-10.00	0-10.28	0.10-8.60
Trade bills, advances to customers and advances to banks and other financial institutions	貿易票據，客戶貸款及銀行及其他金融機構的貸款	0.50-36.10	0-37.62	0.60-18.33	0.88-18.36
Securities (Note)	證券(附註)	0.04-8.23	1.00-7.75	0.04-8.23	1.00-7.75
Liabilities	負債				
Deposits and balances of banks and other financial institutions	銀行及其他金融機構的存款及結餘	0.02-13.21	0.01-8.48	0.02-13.21	0.01-7.90
Deposits from customers	客戶存款	0-9.00	0-13.33	0-9.00	0-8.75
Certificates of deposit issued and loan capital	已發行存款證及借貸資本	0.92-10.14	2.25-10.48	0.92-10.14	2.25-10.48

Note: Securities include certificates of deposit held, trading assets, financial assets designated at fair value through profit or loss, securities measured as loans and receivables, available-for-sale financial assets and held-to-maturity investments.

(e) 利率風險管理(續)

下表概述於截至12月31日止年度按貨幣金融工具之有效利率範圍：

附註：證券包括持有存款證、交易資產、指定為通過損益以反映公平價值的金融資產、以貸款及應收賬款計量的證券、可供出售金融資產及持至到期投資。

(f) Strategic risk management

The objective of strategic risk management is to monitor the risk to earnings or capital arising from bad business decisions or from an improper implementation of good business decisions.

The Board of Directors reviews and approves policy for the management of the strategic risk. The Board has delegated the responsibility for ongoing strategic risk management to the Asset and Liability Management Committee. The Asset and Liability Management Committee reports to the Board of Directors via the Risk Management Committee.

(f) 策略性風險管理

策略性風險管理的目的是監控因不良商業決定或不當地實施良好商業決定而引致盈利或資本方面的風險。

董事會檢討和審批策略性風險管理政策，及已授權資產負債管理委員會負責持續管理策略性風險。資產負債管理委員會經風險管理委員會向董事會匯報。

(g) Legal risk and reputation risk management

Legal risk is the risk arising from the potential that unenforceable contracts, lawsuits or adverse judgements may disrupt or otherwise negatively affect the operations or financial condition of the Group.

Reputation risk is the risk arising from the potential that negative publicity regarding the Group's business practices, whether true or not, will cause a decline in the customer base or lead to costly litigation or revenue reductions.

The objective of managing the aforesaid risks is to identify, assess and monitor these risks and, in particular, to comply with the relevant regulatory requirements.

The Board of Directors reviews and approves policies for these risks, and it has delegated the responsibility for ongoing risk management to the Operational Risk Management Committee. The Operational Risk Management Committee reports to the Board of Directors via the Risk Management Committee.

(g) 法律風險和信譽風險管理

法律風險，是指於合約未能如期執行、一般訴訟、或不利審判的情形下，可能影響本集團的日常運作或財務狀況。

聲譽風險，通常源自公眾對本集團營商規則的報導，不管真實與否，有可能令本集團之客戶基礎下跌、或導致高昂之訴訟費用或收入減少。

有關風險管理之目的，在於識別、評估和監控各項風險，及確實執行有關監管條例之要求。

董事會為此等風險檢討和審批有關政策，已授權營運風險管理委員會負責持續管理此等風險。營運風險管理委員會經風險管理委員會向董事會匯報。

Notes on the Accounts (continued)

賬項附註(續)

(h) Capital management

The HKMA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the HKMA requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The Group calculates requirements for market risk in its trading portfolios based upon the Group's VAR models and uses its internal gradings as the basis for risk weightings for credit risk. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

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

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

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

The capital adequacy ratios as at 31st December, 2008 and 31st December, 2007 are computed on the consolidated basis of the Bank and certain of its subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1st January, 2007.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year ended 31st December, 2008 and 31st December, 2007 and the Group is well above the minimum required ratio set by the HKMA.

(h) 資本管理

金管局制定及監察本集團整體的資本規定。在實施現行的資本規定時，金管局規定本集團維持既定的總資本對總風險加權資產比率。本集團根據風險值模式計算交易組合的市場風險，及根據內部評級作為信貸風險之風險比重的基準。銀行業務分為交易賬冊或銀行賬冊。風險加權資產依照特別規定而定，特別規定旨在反映與資產的不同風險水平及資產負債表外的風險。

除符合監管規定外，本集團管理資本的主要目的是保障本集團可持續經營，藉以不斷為股東提供回報及為其他利益關涉者帶來利益。方法包括依照風險水平釐定產品及服務價格，及以合理的成本提供融資渠道。

本集團積極定期檢討及管理資本架構，以期在爭取更高股東回報與維持良好資本的好處和安全之間取得平衡，並且因應經濟情況的轉變調整資本架構。

調配資本至特定業務及活動的程序由資產及負債管理委員會進行，並由董事會定期檢討。

本集團依據行業慣例，以資本充足比率為基準監察資本架構，年度內本集團資本管理政策並無重大改變，唯一改變是資本充足比率的計算方法。

2008年12月31日及2007年12月31日的資本充足比率是依據金管局為監管目的而制定的，本行及若干附屬公司已按綜合基準計算，並符合2007年1月1日生效的香港《銀行條例》的《銀行業(資本)規則》。

截至2008年12月31日及2007年12月31日止年度內，本集團及其個別受監管業務已符合所有外間訂立的資本規定，以及本集團俱遠高於金管局所定的最低規定比率。

40. FAIR VALUES OF FINANCIAL INSTRUMENTS 金融工具的公平價值

(a) Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organised secondary markets for most financial instruments, and in particular for loans, deposits and unlisted derivatives, direct market prices are not available. The fair value of such instruments was 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 value realisable in a future sale.

The Group compares valuations derived from models with quoted prices of similar financial instruments, and with actual values when realised, in order to further validate and calibrate the models. These techniques involve uncertainties and 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 loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. 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:

- (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 approximate their carrying amounts and, in the case of loans and unquoted debt securities, does not, therefore, reflect changes in their credit quality, as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances from both the carrying amount and fair value;
- (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.

(a) 公平價值估計

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。若有市場報價，市場報價是計量公平價值最適合的方法，但由於大多數金融工具，尤其是貸款、存款及非上市衍生工具，均欠缺一個有組織的二手市場，因此並無直接市場報價。此等工具的公平價值會根據一些使用現時市場參數的既定估值模式計算。要特別指出的是，公平價值是指適用於某一特定報告日期的理論價值，所以只可作為日後將金融工具出售時，金融工具可變現價值的指標。

本集團會將使用模式推算所得的估值與相若金融工具的報價比較，及在變現後將估值與實際價值比較，以進一步驗證此等模式和作出調整。此等模式涉及不穩定因素，並會受到本集團所用假定和本集團對各類金融工具的風險特性、貼現率、估計將來現金流、預期將來損失和其他因素所作判斷的重大影響。如本集團更改有關假定，便可能對此等估計和估計所得的公平價值產生顯著影響。本集團不一定能夠與獨立市場內的相若價值比較，以證明推算所得的公平價值估計正確。在很多時候，本集團均不能將金融工具即時出售以實現此等公平價值。

本集團採用下列方法和重要假定，以釐定金融工具的公平價值：

- (i) 不設指定期限的活期存款和儲蓄賬戶的公平價值，乃假定為於結算日可按要求而支付的金額；
- (ii) 浮息金融工具的公平價值，乃假定為與其賬面值相若。如此等工具為貸款和非上市債務證券，由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，因此其公平價值不能反映其信貸素質的改變；
- (iii) 以攤銷成本入賬的定息貸款和按揭貸款的公平價值，乃在此等貸款按相若貸款所獲提供的目前市場利率批出時，以市場利率比較的方式估計。由於相關的信貸風險影響是在賬面值和公平價值中將減值準備金額減除後才分別予以確認，在決定公平價值總額時，貸款組合內各項貸款的信貸素質的改變均不會予以考慮。

Notes on the Accounts (continued)

賬項附註(續)

(iv) the fair value of unquoted equity investments is estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuers.

(v) the fair value of unlisted open-ended investment funds are estimated using the net asset value per share as reported by the managers of such funds.

(vi) the fair value of forward exchange contracts and interest rate swaps is estimated either using broker quotes or by discounting future cash flows. Future cash flows are estimated based on management's best estimate of the amount it would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties. The discount rate used is a market rate for a similar instrument at the balance sheet date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model. Inputs are based on market related data at the balance sheet date.

(b) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31st December, 2008 and 2007, except for held-to-maturity investments as set out in Note 26.

(iv) 非上市股票投資的公平價值是在可能情況下，將相若上市公司適用的價格／盈利比率調整，以反映發行商所處的特殊狀況。

(v) 非上市開放式投資基金的公平價值估計，是基於投資經理所匯報的每股資產淨值作出。

(vi) 遠期外匯合約和利率掉期的公平價值，是採用經紀報價或折讓將來現金流方法估計。將來現金流乃按管理層在考慮市場現況和另一方的目前信貸狀況後，就其在結算日可藉終止合約而收取或支付的最佳估計金額。本集團採用的貼現率是在結算日適用於相若工具的市場利率。期權合約的公平價值是採用柏力克－舒爾斯期權估值模式估計。本集團輸入的資料則是以結算日的相關市場資料為基礎。

(b) 公平價值

除附註26所載有關持至到期投資外，所有金融工具均是以公平價值或與其於2007年12月31日和2006年同日的公平價值相若的金額入賬。

41.OFF-BALANCE SHEET EXPOSURES 資產負債表以外的風險

(a) Contingent Liabilities and Commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

(a) 或然負債及承擔

以下為每項或然負債及承擔主要類別的合約數額摘要：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Direct credit substitutes	直接信貸代替品	7,272	8,496	6,888	9,151
Transaction-related contingencies	與交易有關的或然項目	1,771	976	1,529	707
Trade-related contingencies	與貿易有關的或然項目	1,045	1,493	721	1,033
Commitments that are unconditionally cancellable without prior notice	可無條件取消而毋須事先通知的承擔	41,692	49,117	38,683	37,442
Other commitments	其他承擔：				
– up to 1 year	–1年或以下	5,651	4,510	3,049	2,062
– over 1 year	–1年以上	18,737	14,144	11,551	13,354
		76,168	78,736	62,421	63,749

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contract amounts does not represent expected future cash flows.

或然負債及承擔是與信貸有關的工具，包括用以提供信貸的承兌票據、信用證、擔保書和承付款項。合約數額是指當合約被完全提取及客戶違約時所承擔風險的數額。由於預期擔保書及承付款項的大部分數額會在未經提取前逾期，合約總額並不代表估計未來現金流量。

Notes on the Accounts (continued)
賬項附註(續)

41.OFF-BALANCE SHEET EXPOSURES (continued) 資產負債表以外的風險 (續)

(b) Derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts of each significant type of derivative for the Group and the Bank:

(b) 衍生工具

衍生工具是指由一項或多項基本資產或指數價值釐定價值的財務合約。

以下為集團及銀行的每項衍生工具主要類別的名義數額摘要：

		The Group 集團					
		2008			2007		
		Trading 交易 HK\$ Mn 港幣百萬元	Non-trading 非交易 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元	Trading 交易 HK\$ Mn 港幣百萬元	Non-trading 非交易 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	23,860	–	23,860	14,816	22	14,838
Swaps	掉期交易	1,633	12,863	14,496	15,141	8,456	23,597
Options purchased	購入期權	919	151	1,070	3,717	–	3,717
Options written	沽出期權	1,075	151	1,226	3,527	–	3,527
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	25	–	25	185	–	185
Swaps	掉期交易	–	44,699	44,699	1,261	26,894	28,155
Equity contracts	股份合約						
Swaps	掉期交易	–	–	–	–	2,864	2,864
Options purchased	購入期權	82	1,638	1,720	1,332	6,031	7,363
Options written	沽出期權	427	1,039	1,466	3,545	–	3,545
		28,021	60,541	88,562	43,524	44,267	87,791
		The Bank 銀行					
		2008			2007		
		Trading 交易 HK\$ Mn 港幣百萬元	Non-trading 非交易 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元	Trading 交易 HK\$ Mn 港幣百萬元	Non-trading 非交易 HK\$ Mn 港幣百萬元	Total 總額 HK\$ Mn 港幣百萬元
Exchange rate contracts	匯率合約						
Forwards and futures	遠期交易及期貨	10,842	–	10,842	12,707	–	12,707
Swaps	掉期交易	1,311	12,253	13,564	15,141	9,840	24,981
Options purchased	購入期權	971	151	1,122	3,717	–	3,717
Options written	沽出期權	1,075	151	1,226	3,527	–	3,527
Interest rate contracts	利率合約						
Forwards and futures	遠期交易及期貨	25	–	25	185	–	185
Swaps	掉期交易	–	42,684	42,684	1,261	24,893	26,154
Equity contracts	股份合約						
Swaps	掉期交易	–	–	–	–	4,093	4,093
Options purchased	購入期權	82	2,307	2,389	1,331	6,031	7,362
Options written	沽出期權	427	1,039	1,466	3,545	–	3,545
		14,733	58,585	73,318	41,414	44,857	86,271

Notes on the Accounts (continued)

賬項附註(續)

Derivatives arise from futures, forward, swap and option transactions undertaken by the Group and the Bank in the foreign exchange, interest rate and equity markets. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

The fair value and credit risk weighted amounts of the aforesaid off-balance sheet exposures are as follows. These amounts do not take into account the effects of bilateral netting arrangements.

衍生工具是由本集團及本行在外匯、利率及股票市場進行期貨、遠期、掉期及期權交易而產生。這些工具的名義金額指在結算日仍未完成的交易量，但並不代表所承受風險的數額。

前述資產負債表以外風險的公平價值及信貸風險加權金額如下。這些金額並未計入雙邊淨額安排的影響。

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Fair value (Note 22)	公平價值 (附註22)				
Exchange rate contracts	匯率合約	488	235	262	172
Interest rate contracts	利率合約	1,012	804	755	705
Options purchased	購入期權				
– exchange rate contracts	– 匯率合約	3	–	3	–
– equity contracts	– 股份合約	231	513	231	513
		1,734	1,552	1,251	1,390
		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Credit risk weighted amounts*	信貸風險加權金額*				
Contingent liabilities and commitments	或然負債及承擔	20,642	18,725	14,002	12,305
Exchange rate contracts	匯率合約	391	130	340	131
Interest rate contracts	利率合約	225	196	321	197
Equity contracts	股份合約	181	75	248	99
Debt security & other commodity	債務證券及商品	22	–	38	–
		21,461	19,126	14,949	12,732

* The Bank adopted the Foundation Internal Ratings Based ("IRB") approach according to Banking (Capital) Rules for calculating the credit risk weighted amount as at 31st December, 2008.

* 根據《銀行業(資本)規則》，本行採納「基礎內部評級基準計算法」計算於2008年12月31日之信貸風險之風險加權金額。

Notes on the Accounts (continued)

賬項附註(續)

41.OFF-BALANCE SHEET EXPOSURES (continued) 資產負債表以外的風險 (續)

(b) Derivatives (continued)

The tables above give the contractual or notional amounts, fair value and credit risk weighted amounts of off-balance sheet transactions. The fair value is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Banking (Capital) Rules. Fair value represents the cost of replacing all contracts which have a positive value when marked to market.

Fair value is a close approximation of the credit risk for these contracts as at the balance sheet date. The credit risk weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules.

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

(b) 衍生工具(續)

上表列出資產負債表以外交易的合約或名義金額、公平價值及信貸風險加權金額。公平價值是用來計算信貸風險加權金額。該等金額是按照《銀行業(資本)規則》作評估。公平價值是指重置所有按市場價值計算差額時附有正值的合約成本。

公平價值是在結算日該等合約的略計信貸風險。信貸風險加權金額是指按照《銀行業(資本)規則》計算。

下表分析在結算日本集團根據到期期限歸類之剩餘結算期限有關衍生工具的名義金額。

		The Group 集團							
		Notional amounts with remaining life of 剩餘期限的名義金額							
		2008				2007			
		1 year or less	Over 1 year to 5 years	Over 5 years	Total	1 years or less	Over 1 year to 5 years	Over 5 years	Total
		1年或以下	1年以上 至5年	5年以上	總額	1年或以下	1年以上 至5年	5年以上	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Interest rate derivatives	利率衍生工具	26,641	14,193	3,890	44,724	10,651	13,047	4,642	28,340
Currency derivatives	貨幣衍生工具	35,145	5,507	–	40,652	40,699	4,980	–	45,679
Other derivatives	其他衍生工具	2,514	8	664	3,186	10,737	2,450	585	13,772
		64,300	19,708	4,554	88,562	62,087	20,477	5,227	87,791

		The Bank 銀行							
		Notional amounts with remaining life of 剩餘期限的名義金額							
		2008				2007			
		1 year or less	Over 1 year to 5 years	Over 5 years	Total	1 years or less	Over 1 year to 5 years	Over 5 years	Total
		1年或以下	1年以上 至5年	5年以上	總額	1年或以下	1年以上 至5年	5年以上	總額
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Interest rate derivatives	利率衍生工具	26,341	12,384	3,984	42,709	11,021	11,222	4,096	26,339
Currency derivatives	貨幣衍生工具	21,247	5,507	–	26,754	40,286	4,646	–	44,932
Other derivatives	其他衍生工具	3,183	8	664	3,855	11,137	3,278	585	15,000
		50,771	17,899	4,648	73,318	62,444	19,146	4,681	86,271

Notes on the Accounts (continued)
賬項附註(續)

(c) Capital Commitments

Capital commitments outstanding at 31st December and not provided for in the accounts were as follows:

(c) 資本承擔

於12月31日未償付但並未在賬項中提撥準備的資本承擔如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Expenditure authorised and contracted for	已核准支出並已簽約	1,611	1,880	608	647
Expenditure authorised but not contracted for	已核准支出但未簽約	107	131	98	89
		1,718	2,011	706	736

(d) Operating Lease Commitments

At 31st December, 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

(d) 經營租賃承擔

於2008年12月31日，在不可撤銷的經營租賃內，未來最低應付租賃款項總額如下：

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Properties	物業				
Within one year	1年以內	338	272	135	119
After one year but within five years	1年至5年內	684	619	117	125
After five years	5年以後	358	307	–	1
		1,380	1,198	252	245

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Equipment	設備				
Within one year	1年以內	7	5	2	2
After one year but within five years	1年至5年內	10	9	2	2
After five years	5年以後	–	–	–	–
		17	14	4	4

The Group and the Bank lease certain properties and equipment under operating leases. The leases run for an initial period of one to twenty five years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted annually to reflect market rentals. None of the leases includes contingent rentals.

本集團及本行以經營租賃形式租入某些物業和設備。租賃年期由1年至25年，到期日後可再續約但其他條款須另議。租賃付款金額通常每年調整以反映市值租金。所有租約並不包括或有租金。

Notes on the Accounts (continued)
賬項附註(續)

42. NOTES ON CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表附註

(a) Purchase of Subsidiaries

(a) 收購附屬公司

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Net assets acquired	已購入淨資產		
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	12	2
Advances and other accounts less provisions	已扣除準備之貸款及其他賬項	10	5
Fixed assets	固定資產	4	–
Goodwill	商譽	25	–
Other accounts and provisions	其他賬項及準備	(45)	(3)
		6	4
Goodwill arising on consolidation	賬項綜合時產生的商譽	27	36
Total purchase price	以現金支付的購入價	33	40
Less: cash and cash equivalents acquired	減: 購入的現金及等同現金項目	(12)	(2)
Cash flow on acquisition net of cash acquired	已抵銷因收購所購入的現金流	21	38

(b) Disposal of Subsidiary

(b) 出售附屬公司

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Advances and other accounts less provisions	已扣除準備之貸款及其他賬項	–	53
Taxation	稅項	–	(3)
Other accounts and provisions	其他賬項及準備	–	(1)
		–	49
Add: gain on disposal	加: 出售盈利	–	406
Cash flow on disposal of subsidiary	出售附屬公司的現金流	–	455

Notes on the Accounts (continued)

賬項附註(續)

(c) Cash and Cash Equivalents

(i) Components of cash and cash equivalents in the consolidated cash flow statement

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Cash and balances with banks and other financial institutions	現金及在銀行和其他金融機構的結存	20,042	14,187
Placements with banks and other financial institutions with original maturity within three months	原本期限為3個月以內在銀行及其他金融機構的存款	70,442	87,395
Treasury bills with original maturity within three months	原本期限為3個月以內的國庫債券	3,251	1,919
Certificates of deposit held with original maturity within three months	原本期限為3個月以內之持有的存款證	371	217
		94,106	103,718

(ii) Reconciliation with the consolidated balance sheet

(c) 現金及等同現金項目

(i) 在綜合現金流量表內現金及等同現金項目的組成部分

		2008 HK\$ Mn 港幣百萬元	2007 HK\$ Mn 港幣百萬元
Cash and balances with banks and other financial institutions (Note 19)	現金及在銀行及其他金融機構的結存(附註19)	28,105	17,853
Placements with banks and other financial institutions (Note 20)	在銀行及其他金融機構的存款(附註20)	96,574	94,704
Treasury bills and certificates of deposit held	國庫債券及持有存款證		
– trading assets (Note 22)	– 交易用途資產(附註22)	400	1,195
– designated at fair value through profit or loss (Note 23)	– 指定通過損益以反映公平價值(附註23)	–	50
– advances and other accounts (Note 24)	– 貸款及其他賬項(附註24)	39	39
– available-for-sale (Note 25)	– 可供出售(附註25)	11,153	3,676
– held-to-maturity (Note 26)	– 持至到期(附註26)	1,897	1,692
		13,489	6,652
Amounts shown in the consolidated balance sheet	在綜合資產負債表出現的金額	138,168	119,209
Less: amounts with an original maturity of beyond three months	減：原本期限為3個月以上的金額	(35,999)	(11,825)
cash balance with central bank subject to regulatory restriction	受規管限制的在中央銀行的現金結存	(8,063)	(3,666)
		94,106	103,718
Cash and cash equivalents in the consolidated cash flow statement	在綜合現金流量表內的現金及等同現金項目	94,106	103,718

Notes on the Accounts (continued)
賬項附註(續)

43. ASSETS PLEDGED AS SECURITY 用作抵押品的資產

The following balances with banks have been pledged as collateral for securities borrowings and margin deposits of derivatives.

以下的銀行結餘經已用予抵押證券借貸及衍生工具孖展按金之抵押品。

		The Group 集團		The Bank 銀行	
		2008	2007	2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Cash collateral for borrowed securities	用作證券借貸的現金抵押品	7	-	7	-
Collateral deposit for derivatives dealing	用作衍生工具買賣的抵押按金	912	55	912	55
		919	55	919	55

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

此等交易之條款是按一般及慣常標準借款及證券借貸交易進行。

44. LOANS TO OFFICERS 行政人員貸款

The aggregate of loans to officers of the Bank disclosed pursuant to Section 161B(4B) and (4C) of the Hong Kong Companies Ordinance is as follows:

按照香港《公司條例》第161B條(4B)及(4C)款規定，本行行政人員之貸款總額公佈如下：

		2008	2007
		HK\$ Mn 港幣百萬元	HK\$ Mn 港幣百萬元
Aggregate amount of relevant loans outstanding at 31st December	相關貸款於12月31日的結欠總額		
By the Bank	由銀行借出	4,169	1,432
By subsidiaries	由附屬公司借出	1,073	625
		5,242	2,057
The maximum aggregate amount of relevant loans outstanding during the year	年度內相關貸款之最高結欠總額		
By the Bank	由銀行借出	4,573	1,864
By subsidiaries	由附屬公司借出	1,492	625
		6,065	2,489

There was no interest due but unpaid nor any impairment allowance made against these loans at 31st December, 2008 and 31st December, 2007.

於2008年12月31日及2007年12月31日，沒有逾期未償付利息，亦未有對該等貸款作減值準備。

Notes on the Accounts (continued)
賬項附註(續)

45. MATERIAL RELATED PARTY TRANSACTIONS 關聯人士的重大交易

The Group maintains certain retirement benefit schemes for its staff as per Note 2(q)(iii). In 2008, the total amount of contributions the Group made to the schemes was HK\$107 million (2007: HK\$93 million).

The Group enters into a number of transactions with the Group's related parties, including its associates, and key management personnel and their close family members and companies controlled or significantly influenced by them. The transactions include accepting deposits from and extending credit facilities to them. Except that there is interest free shareholder's advance extended to one (2007: one) associate amounting to HK\$7 million at 31st December, 2008 (2007: HK\$7 million), all interest rates in connection with the deposits taken and credit facilities extended are under terms and conditions normally applicable to customers of comparable standing.

The interest received from and interest paid to the Group's related parties for the year, outstanding balances of amounts due from and due to at the year end, and maximum outstanding balance of amounts due from and due to them during the year are aggregated as follows:

本集團為其職員提供某些退休保障計劃，並已於附註2(q)(iii)披露。於2008年內，本集團對這些計劃的供款總數為港幣107,000,000元(2007年：港幣93,000,000元)。

本集團與其關聯人士進行多項交易，這些人士包括聯營公司、主要行政人員與其近親家庭成員、及受這些人士所控制的公司或具有重大影響力的公司。這些交易包括接受這些人士存款及為他們提供信貸。除本行借予一間(2007年：一間)聯營公司的免息股東貸款外，其於2008年12月31日的結餘為港幣7,000,000元(2007年：港幣7,000,000元)，除此之外，所有存款及信貸的利率，均按照與一般同等信用水平之客戶相若的條款及規定。

於2008年，本集團從關聯人士所收取與支付予他們的利息，及在2008年12月31日，關聯人士的欠款及欠關聯人士的款項，及在年度內關聯人士最高欠款及欠關聯人士的最高款項現總結如下：

		Key management personnel 主要管理人員		Subsidiaries 附屬公司		Associates 聯營公司	
		2008	2007	2008	2007	2008	2007
		HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn	HK\$ Mn
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
Interest income	利息收入	264	155	1,079	833	8	9
Interest expense	利息支出	88	134	148	204	—	—
Amounts due from	關聯人士的欠款	8,209	10,448	16,398	17,964	124	213
Amounts due to	欠關聯人士的款項	3,696	3,961	1,994	1,634	7	10
Maximum amounts due from	關聯人士的最高欠款	12,429	11,361	22,072	23,699	446	422
Maximum amounts due to	欠關聯人士的最高款項	8,527	8,593	2,850	1,894	34	62

Notes on the Accounts (continued)
賬項附註(續)

46. EQUITY COMPENSATION PLANS 股份補償計劃

The Bank has adopted Staff Share Option Schemes whereby the Board of the Bank may at its discretion grant to any employees, including Executive Directors and Chief Executive, of the Group options to subscribe for shares of the Bank. The options may be exercised during the period beginning on the first anniversary of the Date of Grant and ending on the fifth anniversary of the Date of Grant. All options were granted for nil consideration.

本行所採納的僱員認股計劃是本行董事會可酌情發出認股權予本集團之任何僱員，包括執行董事及行政總裁，以認購本行股份。認股權的行使期限為授予日的第1周年開始至授予日的第5周年止。所有認股權均以無計價形式發出。

(a) Particulars of Share Options

(a) 認股權詳情

Date of Grant 授予日期	Vesting Period 有效期	Exercise Period 行使期	Exercise Price Per Share 每股行使價 HK\$港幣
02/5/2003	02/5/2003 – 01/5/2004	02/5/2004 – 02/5/2008	14.90
22/4/2004	22/4/2004 – 21/4/2005	22/4/2005 – 22/4/2009	23.23
03/5/2005	03/5/2005 – 02/5/2006	03/5/2006 – 03/5/2010	22.95
03/5/2006	03/5/2006 – 02/5/2007	03/5/2007 – 03/5/2011	33.05
10/5/2007	10/5/2007 – 09/5/2008	10/5/2008 – 10/5/2012	47.13
05/5/2008	05/5/2008 – 04/5/2009	05/5/2009 – 05/5/2013	44.10

(b) Movement of Share Options

(b) 認股權之變動

2008	Number of Share Options 認股權數目				
Date of Grant 授予日期	Outstanding at 1/1/2008 於2008年 1月1日 尚未行使	Granted 已授予	Exercised 已行使	Lapsed 已失效	Outstanding at 31/12/2008 於2008年 12月31日 尚未行使
02/5/2003	2,205,000	–	2,205,000	–	Nil
22/4/2004	3,915,000	–	1,080,000	70,000	2,765,000
03/5/2005	7,230,000	–	1,125,000	–	6,105,000
03/5/2006	3,200,000	–	500,000	–	2,700,000
10/5/2007	2,750,000	–	–	–	2,750,000
05/5/2008	–	5,500,000	–	–	5,500,000
Total 總額	19,300,000	5,500,000	4,910,000	70,000	19,820,000

Notes on the Accounts (continued)
賬項附註(續)

2007 Date of Grant 授予日期	Outstanding at 1/1/2007 於2007年 1月1日 尚未行使	Number of Share Options 認股權數目			Outstanding at 31/12/2007 於2007年 12月31日 尚未行使
		Granted 已授予	Exercised 已行使	Lapsed 已失效	
18/4/2002	1,855,000	—	1,855,000	—	NIL
02/5/2003	2,895,000	—	690,000	—	2,205,000
22/4/2004	5,750,000	—	1,835,000	—	3,915,000
03/5/2005	10,310,000	—	3,080,000	—	7,230,000
03/5/2006	3,250,000	—	50,000	—	3,200,000
10/5/2007	—	2,750,000	—	—	2,750,000
Total 總額	24,060,000	2,750,000	7,510,000	—	19,300,000

(c) No share options were cancelled during the years ended 31st December, 2008 and 2007.

(c) 截至2008及2007年12月31日年度內並未有認股權被註銷。

(d) Details of Share Options Exercised

(d) 已行使認股權詳情

Exercise Period 行使期間	Date of Grant 授予日期	Number of Share Options 認股權數目	
		2008	2007
January 1月	18/4/2002	—	20,000
	02/5/2003	1,005,000	55,000
	22/4/2004	130,000	390,000
	03/5/2005	75,000	420,000
February 2月	18/4/2002	—	55,000
	02/5/2003	20,000	55,000
	22/4/2004	20,000	155,000
	03/5/2005	25,000	320,000
March 3月	18/4/2002	—	930,000
	02/5/2003	1,060,000	125,000
	22/4/2004	665,000	180,000
	03/5/2005	715,000	180,000
April 4月	03/5/2006	500,000	—
	18/4/2002	—	850,000
	02/5/2003	30,000	10,000
	22/4/2004	165,000	75,000
May 5月	03/5/2005	110,000	290,000
	02/5/2003	90,000	210,000
	22/4/2004	20,000	155,000
	03/5/2005	75,000	390,000

Notes on the Accounts (continued)
賬項附註(續)

46.EQUITY COMPENSATION PLANS (continued) 股份補償計劃(續)

(d) Details of Share Options Exercised (continued)

(d) 已行使認股權詳情(續)

Exercise Period 行使期間	Date of Grant 授予日期	Number of Share Options 認股權數目	
		2008	2007
June 6月	02/5/2003	—	150,000
	22/4/2004	25,000	65,000
	03/5/2005	25,000	655,000
July 7月	22/4/2004	5,000	75,000
	03/5/2005	55,000	145,000
August 8月	02/5/2003	—	30,000
	22/4/2004	30,000	120,000
	03/5/2005	45,000	105,000
September 9月	22/4/2004	20,000	30,000
	03/5/2005	—	115,000
October 10月	22/4/2004	—	180,000
	03/5/2005	—	100,000
November 11月	02/5/2003	—	15,000
	22/4/2004	—	310,000
	03/5/2005	—	160,000
	03/5/2006	—	50,000
December 12月	02/5/2003	—	40,000
	22/4/2004	—	100,000
	03/5/2005	—	200,000
		4,910,000	7,510,000

47.ACCOUNTING ESTIMATES AND JUDGEMENTS 會計估計及判斷

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these accounts and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the accounts in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the accounts therefore present the financial position and results fairly, in all material respects.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

在編製本集團的賬項時，管理層必須作出若干於該等賬項的日期，對所匯報資產及負債之金額和或然資產及負債披露有影響的估計和假定，同時亦須作出若干對報告年度內收入及支出之金額有影響的估計和假定。如本集團更改該等假定，便可能對作出有關改變期間的賬項產生重大影響。採用此等不同的假定和估計意味本集團之報告會有所不同。在各個重要環節方面，本集團認為已作出適當之假定，而本集團的財務報表均能公平地反映其財政狀況和業績。

管理層已與審核委員會商討關於本集團重要會計政策及估計的制定、選擇和披露，以及該等政策和估計的應用。

Notes on the Accounts (continued)

賬項附註(續)

(a) Key Sources of Estimation Uncertainty

Notes 29, 35 and 40 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment losses

Loans and advances

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

Available-for-sale financial assets and held-to-maturity investments

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

(ii) Valuation of financial instruments

The Group's accounting policy for valuation of financial instruments is included in Note 2. The fair value of the financial instruments is mainly based on the quoted market price on a recognised stock exchange or a price quoted from a broker/dealer for non-exchanged traded financial instruments. The fair value of collateralised debt obligations is based on bid prices quoted by reputable brokers and has been carefully assessed for reasonableness by management. The fair value of SIV is based on their net asset values as provided by the SIV's managers.

(a) 估計不確定因素的主要來源

附註29、35和40載述有關商譽減值、已授予股權的公平價值和金融工具的公平價值的假設及其風險因素。估計不確定因素的其他主要來源如下：

(i) 減值損失

貸款

本集團會定期檢討貸款組合，以評估減值損失是否存在。本集團需要判斷是否有任何客觀證據可以證明貸款組合已經減值，即估計將來現金流有所減少。減值客觀證據包括與借款人有關的可觀察資料整體上的付款狀況已出現逆轉，而該等資料與本集團的不履行資產是互相關連的。當管理層根據其判斷決定減值的客觀證據存在，便會依據若干與該等資產的信貸風險特性相若之資產的以往損失經驗，以估計預期將來現金流。以往損失經驗是以目前的可觀察資料為基礎作出調整。管理層亦會定期檢討用以估計將來現金流的方法和假設，從而減少估計損失與實際損失的差異。

可供出售金融資產及持至到期投資

若可供出售金融資產及持至到期投資的公平價值明顯或持續地低於其成本，本集團即判斷該等資產及投資已減值。本集團判斷公平價值低於成本的金額會在一段合理時間內不可收回純屬假設性質，因此判斷之差異會對損益賬有所影響。

(ii) 金融工具的估值

本集團對金融工具估值的會計政策列載於附註2。金融工具的公平價值主要根據認可之交易所的市場報價，或就非在交易所作交易的金融工具而言，則根據經紀／交易員的報價。債務抵押債券的公平價值由聲譽良好的經紀按買入價提供報價，及經已被管理層小心評估其適當性。特別投資工具的公平價值是根據特別投資工具之管理人所提供該工具的資產淨值。

Notes on the Accounts (continued)

賬項附註(續)

47.ACCOUNTING ESTIMATES AND JUDGEMENTS (continued) 會計估計及判斷(續)

(b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below:

(i) Held-to-maturity investments

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

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

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

(ii) Recognition of deferred tax assets

The group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Estimates and judgements are applied in determining the amount of future taxable profits and the probability that such future taxable profits are available in the foreseeable future to support recognition of the deferred tax assets. The group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs, in determining future taxable profits. Changes in these estimates could significantly affect the timing of deferred tax asset recognition and the amount of asset recognised.

(b) 本集團應用會計政策的重要會計判斷

本集團應用會計政策的若干重要會計判斷如下：

(i) 持至到期投資

本集團將設有固定或可確定付款金額和固定到期日，以及本集團有正面計劃及能力持有至到期日的非衍生金融資產，分類為持至到期投資。在作出有關判斷時，本集團會評估本身是否有計劃及能力持有該等投資至到期日。

在若干特殊情況下除外，若本集團未能持有該等投資至到期日，本集團會將整個可持至到期日的投資組合，重新分類為可供出售。這是由於此類投資已被蒙污。

因此，原以攤銷成本計量的可持至到期投資會改以公平價值計量。

(ii) 遞延稅項資產之確認

須在未來可能有應課稅溢利予以抵銷遞延稅項資產的情況下，本集團才確認遞延稅項資產。在釐定未來應課稅溢利的金額及其可能性時，須估計及判斷在可見之將來該未來應課稅溢利可否支持確認該遞延稅項資產。本集團使用所有已有的資料，包括根據合理及可支持之假設和對收入及支出成本的估計，以釐定未來應課稅溢利。此等估計的變動可能對遞延稅項資產確認的時間及資產確認的金額有重大影響。

48.COMPARATIVE FIGURES 比較數字

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

比較數字已作重報，以符合本年度的呈報方式。

49.PROPOSED IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2008

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments, new standard and interpretations which are not yet effective for the accounting year ended 31st December, 2008 and which have not been adopted in these accounts.

在截至2008年12月31日止年度前已公佈但尚未生效的修訂、新標準和詮釋所產生的可能影響

直至此等賬項發佈日期，香港會計師公會已頒佈了多項經修訂、新標準和詮釋；但該等經修訂、新標準和詮釋及額外的披露於截至2008年12月31日止年度尚未生效，因此尚未應用於此等賬項。

Notes on the Accounts (continued)

賬項附註(續)

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

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

本集團正在評估該等修訂、新標準、新詮釋和額外披露在首個應用期可能產生的影響。至今所得結論為若採納該等修訂、新標準、新詮釋和額外披露對銀行的業績及財務狀況未有重大影響。

此外，以下的發展可能引致在賬項中作出全新或修訂的披露。

Effective for accounting periods beginning on or after 由會計期開始或以後起生效

HK(IFRIC) 13 – Customer loyalty programmes	1st July 2008
香港(國際財務報告準則詮釋委員會)詮釋第13條—「客戶忠心方案」	2008年7月1日
HKFRS 2 – Share-based payment (Revised)	1st January 2009
經修訂《香港財務報告準則》第2號—「以股份為基礎的支出」	2009年1月1日
HKFRS 8 – Operating segments	1st January 2009
《香港財務報告準則》第8號—「營運分部」	2009年1月1日
Amendment to HKAS 1, Presentation of financial statements: capital disclosures	1st January 2009
經修訂《香港會計準則》第1號「財務報表之呈報：資本披露」	2009年1月1日